

**JEA  
BOARD AGENDA**

**DATE:** March 20, 2018

**TIME:** 12:00 PM

**PLACE:** JEA  
21 West Church Street  
19<sup>th</sup> Floor

**I. WELCOME**

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing
- F. Sunshine Law/Public Records Statement – Jody Brooks, Chief Legal Officer

**II. PRESENTATIONS AND COMMENTS**

- A. Comments from the Public
- B. Council Liaison's Comments – Matt Schellenberg
- C. Office of the Mayor Liaison's Comments – Dr. Johnny Gaffney
- D. Recognition of JEA Employees

**III. FOR BOARD CONSIDERATION**

- A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.
  - 1. Approval of Special City Council Meeting Minutes February 14, 2018 – action
  - 2. Approval of Board Meeting Minutes February 20, 2018 – action
  - 3. Monthly JEA Financial Review & Statements – information
  - 4. Monthly JEA Operations Report – information

5. Monthly FY18 Communications & Engagement Calendar and Plan Update – information

B. Strategic Discussions/Action

1. Annual Report on JEA's Jacksonville Small & Emerging Business (JSEB) Program – John McCarthy, Senior Director, Supply Chain Management and Operations Support – presentation/information
2. JEA FY2017 Annual Disclosure Reports – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/information
3. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information

C. Open Discussion

D. Other New Business

E. Old Business – none

**IV. REPORTS**

A. Finance and Audit Committee Report – Kelly Flanagan, Committee Chair

1. Approval of Minutes – December 5, 2017 – information
2. FY2019 Budget Assumptions – information
3. JEA Annual Disclosure Policy Report – information
4. Dark Fiber Utility Services for the 21<sup>st</sup> Century Digital Utility – **action**
5. Quarterly Audit Services Update – information
6. Ethics Officer Quarterly Report – information
7. Treasury
  - a. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
  - b. Recap of Recent JEA Water and Sewer System and Electric System Fixed Rate Debt Refunding Delegated Transactions – information
8. JEA Energy Market Risk Management Policy Report – information
9. Announcements
  - a. Next Meeting, May 7, 2018, 8:00 – 10:00 am
10. Committee Discussion Sessions
  - a. Ernst & Young – information
  - b. Director, Audit Services – information

c. Council Auditor's Office – information

B. Nominating Committee Report – Alan Howard, Committee Chair

1. JEA Board of Directors – Slate of Officers – action/information
2. Other New Business
3. Announcements

a. Next Meeting Scheduled as Needed

C. Managing Director/CEO's Report

D. Chair's Report

**V. CLOSING CONSIDERATIONS**

A. Announcements – Next Board Meeting April 17, 2018

B. Adjournment

### **Board Calendar**

**Board Meetings:** 12:00 PM – Third Tuesday of Every Month

Exceptions: December 11, 2018

**Committees:**

Finance & Audit Committee: May 7, 2018

Compensation Committee: TBD

Government Affairs Committee: TBD

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

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



## INTER-OFFICE CORRESPONDENCE

March 14, 2018

**SUBJECT:** **BOARD MEETING AGENDA**

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**FROM:** Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

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**TO:** All Members, JEA Board of Directors

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Scheduled times and locations for JEA meetings to be held ***Tuesday, March 20, 2018***, are as follows:

**12:00 PM**      **Board Meeting**  
**19th Floor, JEA Tower**

We are looking forward to seeing you on the 20<sup>th</sup>. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy	M. Hightower	S. Tuten	W. Stanford
J. Brooks	T. Hobson	M. Charleroy	M. Evans
M. Brost	B. Roche	C. Mock	J. Gutos
P. Cosgrave	K. Stewart	B. Taylor	L. Bartley
M. Dykes	J. Bryant	M. Jones	S. Datz
A. Hiers	G. Boyce	D. Swain	G. Kyle
Council Member Matt Schellenberg		J. Gabriel, OGC	
Dr. Johnny Gaffney, Office of the Mayor		K. Billy, CAO	

e-copy:

Brandon Edwards  
Security Desk  
Security Office  
Brandi Sneed  
Russell Park  
Ted Delay  
Timothy Chrisp  
Ontario Blackmon



I. F.

## Sunshine Law/Public Records Statement

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

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

### III. A. 1.

Approval of Special City Council Meeting Minutes  
February 14, 2018

JEA ATTENDANCE AT SPECIAL MEETING OF THE COUNCIL (CALLED BY THE MAYOR)  
February 14, 2018

Board Members of JEA attended a Special Meeting of the Council (called by the Mayor) on Wednesday, February 14, 2018, City Council Chamber, 1<sup>st</sup> Floor, City Hall 117 West Duval Street, Jacksonville, Florida.

JEA Board Members in attendance: JEA Board Chair Alan Howard, Kelly Flanagan, April Green, Aaron Zahn (Nominated)

Excused: Husein Cumber and Frederick Newbill

City Council Members in attendance: Anna Lopez Brosche (President), Greg Anderson, Danny Becton, Aaron Bowman, Lori Boyer, Katrina Brown, Reggie Brown, Doyle Carter, John Crescimbeni, Garrett Dennis, Al Ferraro, Reggie Gaffney, Bill Gulliford, Tommy Hazouri, Jim Love, Joyce Morgan, Scott Wilson

Excused: Council Member Sam Newby and Matt Schellenberg

Also in attendance from JEA: Paul McElroy, Melissa Dykes, Jody Brooks, Ted Hobson, Angie Hiers, Mike Hightower, Paul Cosgrave, Kerri Stewart, Mike Brost, Brian Roche, Melissa Charleroy, Nancy Veasey, Jordan Pope, Joe Orfano, Ryan Wannemacher, Gerri Boyce and Gina Kyle.

Also in attendance from the City of Jacksonville: Mayor Lenny Curry, Brian Hughes, Jason Gabriel, Peggy Sidman, Paige Johnston – Office of General Counsel; Kyle Billy, Kim Taylor and Phillip Peterson – Council Auditor's Office; Carol Owens – Legislative Services Division; Steve Cassada – Council Staff Services; Sam Mousa, Ali Korman and Jordan Elsbury – Mayor's Office

Call to Order – City Council President Brosche called the meeting to order at 3:03 PM.

Invocation and Pledge of Allegiance – Council Member Doyle Carter provided the Invocation and lead the Pledge of Allegiance.

Council President Brosche announced that normal procedural rules of the Council would apply for today's meeting. Council President Brosche welcomed representatives of the City administration and JEA to the meeting and read the notice of special meeting. In response to a question from Council Member Dennis regarding JEA's public notice for today's meeting, Jody Brooks of the Office of General Counsel and JEA's Chief Legal Officer stated that the JEA Board noticed today's meeting in a timely manner and that no action would be taken today.

Paul McElroy, Managing Director/Chief Executive Officer introduced JEA Board Chair Alan Howard. Chair Howard addressed the City Council regarding the purpose of today's meeting. Chair Howard recognized Board Members Kelly Flanagan, April Green, and nominated Board Member Aaron Zahn.

Chair Howard introduced Mr. Michael Mace, Managing Director, Public Financial Management (PFM). Mr. Mace briefly reviewed PFM's charge from JEA and provided a presentation including the origins of the report, scope of the report, utility industry valuation and trends, valuation methodologies and metrics, important considerations and the sale process.

Council Members Brosche (President), Gulliford, Crescimbeni, Brown, Hazouri, Becton, Bowman, Ferraro, and Dennis conducted a time of questions and answers with Mr. Mace, Chair Howard, and Mr. McElroy.

Council President Brosche called for a time of public comment. Public Comments were received by: Jennifer Stokes, Raymond Diaz, John Bezares, Valerie Gutierrez, Ronnie Burris, James Taylor, Lisa King, Blake Harper, Keith Hodges, Andy Johnson, Matthew Killen, Joseph Lanning, Russell Harper, John Winkler, John Nixon, Catherine Pierce, Ali Samiian, and Chris Richardson.

Council President Brosche took note of those Council Members that did not get an opportunity to pose their questions before the public comment period and stated they will be provided the first opportunity at the next meeting.

Adjournment – With no further business claiming the attention of the City Council or JEA Board Members, the meeting adjourned at 5:50 PM.

Mr. Mace provided hard copies of the report produced by PFM to City Council Members.

APPROVED BY:

\_\_\_\_\_  
Frederick Newbill, Board Secretary

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

Submitted by:

\_\_\_\_\_  
Melissa Charleroy  
Executive Assistant

### III. A. 2.

Approval of Board Meeting Minutes February 20, 2018

**JEA**  
**BOARD MINUTES**  
February 20, 2018

**The JEA Board met in regular session on Tuesday, February 20, 2018, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Kelly Flanagan, Frederick Newbill and April Green.**

**Agenda Item I – Welcome**

- A.** The meeting was **called to order** at 12:00 PM by Chair Howard.
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Howard.
- D.** **Adoption of Agenda** – The agenda was approved on **motion** by Husein Cumber and second by Secretary Newbill.
- E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

**Agenda Item II – Presentations and Comments**

- A. Comments from the Public –**
  - 1. Valerie Gutierrez addressed the Board regarding privatization.
  - 2. Ronnie Burris addressed the Board regarding privatization.
- B. Council Liaison's Comments** – The Honorable Matt Schellenberg spoke on the issue of privatization. Mr. Schellenberg suggested the Board conduct a workshop regarding the privatization of JEA.
- C. Office of the Mayor Liaison's Comment** – Dr. Johnny Gaffney was not in attendance.

*Board Chair Howard recognized Mr. Aaron Zahn and noted Mr. Zahn has been nominated as a JEA Board Member and is currently going through the nomination process.*

**Agenda Item III – For Board Consideration**

- A. Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Ms. Flanagan and second by Ms. Green, item 1 on the Consent Agenda was unanimously approved and items 2 through 5 were received for information.
  - 1. Approval of Board Meeting Minutes January 16, 2018 – approved
  - 2. Monthly JEA Financial Statements – received for information
  - 3. Monthly JEA Operations Report – received for information
  - 4. Monthly Operational and Financial Review – received for information
  - 5. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

**B. Strategic Discussions/Action**

1. Quarterly Financial Report – Melissa Dykes, Chief Financial Officer, provided a presentation highlighting key financial metrics and results of JEA’s Electric and Water and Sewer systems for the first quarter of fiscal year 2018. This presentation was received for information.
2. Outage Communication Update – Kerri Stewart, Chief Customer Officer, Paul Cosgrave, Chief Information Officer and Mike Brost, Vice President/General Manager, Electric Systems – Ms. Stewart provided a presentation on JEA’s outage communication strategy going into the hurricane season. Ms. Stewart stated staff is currently working on over 140 process improvement action items as a result of Hurricane Irma. Ms. Stewart stated, at the direction of Board Member Delores Kesler at a previous Board meeting, staff reached out to other utilities to discuss topics such as deployment and configuration of two-way meters, use of apps, maps, websites, mobile devices and communication successes and failures. Staff recently participated in a post-storm discussion facilitated by J. D. Power with utilities from around the country to talk about JEA’s lessons learned from Hurricanes Harvey, Matthew and Irma. Mr. Cosgrave reviewed the process for identifying the customer outages including: reporting of the outage, assessing the damage, and organizing and scheduling the repair. Mr. Cosgrave reviewed the three methods in which JEA is notified of an outage, how the Outage Management System organizes and groups outages by circuit, the scheduling and completing of the work, and the how the status is reported. Mr. Brost reviewed the opportunities and solutions when JEA is operating in storm mode, which requires an entirely different set of processes and resources than normal “Blue Sky” outages. Mr. Brost stated JEA is working to improve identifying root cause processes, improve ticket management and resource utilization. This report was received for information.
3. JEA Sewer System: Framework to Resiliency Update – Brian Roche, Vice President/General Manager, Water/Wastewater Systems, provided the Board an update on the multi-step JEA Sewer System: Framework to Resiliency plan, focusing on the System Resiliency Assessment. Mr. Roche stated this assessment will be conducted in three phases: immediate opportunities, mid-range defensive actions, and longer-term building to new resiliency standards. The assessment will encompass the entire water, wastewater, reclaimed, and chilled water systems with the primary focus on the Wastewater System. Mr. Roche stated the elements of the assessment are: define extreme weather scenarios, assessment approach and engineering consulting scope. This presentation was received for information.

**C. Open Discussion** – Board Members held discussions on privatization, future Board workshop and Plant Vogtle. Chair Howard requested Board Members to provide Mr. McElroy with items to discuss at the upcoming Board workshop.

**D. Other New Business** – Chair Howard stated under the Bylaws of JEA, he is charged with appointing a Nominating Committee to select Officers of JEA’s Board for the succeeding year. Chair Howard nominated himself, Mr. Cumber, Ms. Flanagan, and Mr. Newbill as Members of the Nominating Committee. On **motion** by Ms. Green and second by Secretary Newbill, the members of the Nominating Committee were unanimously approved. Chair Howard recognized former Board Member Delores Kesler and read a resolution in appreciation for her lasting contributions to the JEA Board of Directors. On **motion** by Mr. Cumber and second by Secretary Newbill, the resolution was unanimously adopted.



**E. Old Business – none****Agenda Item IV – Reports**

- A.** Managing Director/CEO's Report – Mr. McElroy provided the Board a handout listing key metrics as compiled by the American Public Power Association (APPA) for utilities with over 100,000 customers segmented by customer size, region and those that have generation. This list highlights pricing, operating ratios and financial metrics. Mr. McElroy stated that JEA continues to work to reduce the amount of red (areas of improvement) on the chart. Mr. McElroy noted JEA continues to show progress in the key metrics when compared to its peers. Mr. McElroy spoke on residential customer billing in comparison to other utilities. Mr. McElroy stated JEA continues to be very responsible in managing its customer's money, and will continue to do so.
- B.** Chair's Report – Chair Howard had no additional comments.

**Agenda Item V – Closing Considerations**

- A.** Announcements – Next Board Meeting – March 20, 2018
- B.** Adjournment

*With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:22 PM.*

APPROVED BY:

\_\_\_\_\_  
SECRETARY

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

Board Meeting recorded by:

\_\_\_\_\_  
Melissa M. Charleroy  
Executive Assistant

### III. A. 3.

## Monthly JEA Financial Review & Statements

# JEA Monthly Financial Summary

## as of February 28, 2018

### Board of Directors

March 20, 2018



# Key Financial Metrics

Electric System	Year-to-Date		FY2018 Full Year		Result
	FY2018	FY2017	Forecast	Target	
Debt Service Coverage	2.5x	2.7x	<b>2.3x</b>	≥ 2.2x	✓
Days Liquidity	316	352	<b>314</b>	150 to 250 days <sup>1</sup>	✓
Days Cash on Hand	219	246	<b>216</b>		✓
Debt to Asset %	75% <sup>4</sup>	68%	<b>71%</b>	52% <sup>2</sup>	✓

Water and Sewer System	Year-to-Date		FY2018 Full Year		Result
	FY2018	FY2017	Forecast	Target	
Debt Service Coverage	2.6x	2.7x	<b>3.0x</b>	≥ 1.8x	✓
Days Liquidity	576	641	<b>532</b>	150 to 250 days <sup>1</sup>	✓
Days Cash on Hand	482	537	<b>439</b>		✓
Debt to Asset %	52% <sup>4</sup>	56%	<b>49%</b>	49% <sup>3</sup>	✓



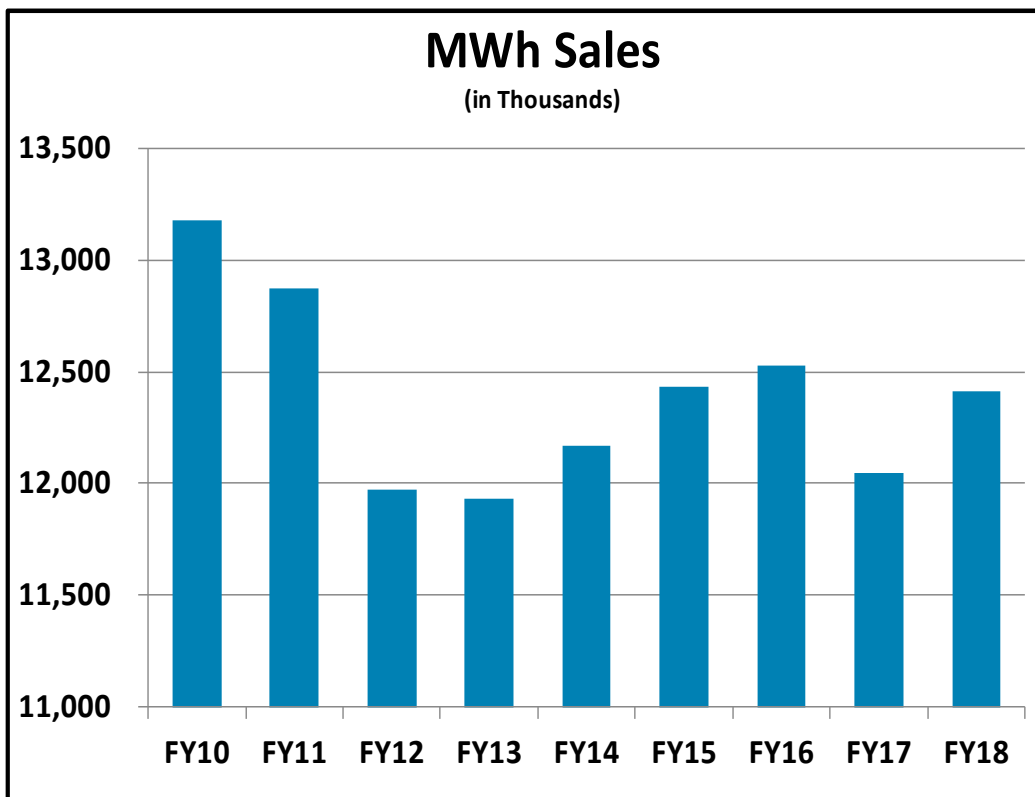
<sup>1</sup> Moody's Aa benchmark: 150 to 250 days

<sup>2</sup> Long-term target is 52.1%: per Moody's Sector In-Depth Report "Public Power Medians – Sound metrics signal stability as carbon challenges loom", Sept. 2017

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

<sup>4</sup> Revised ratio calculation and inclusion of SJRPP impairment

# Electric System: MWh Sales



Month	FY18	FY17	%
Oct	1,065,925	951,426	12.0%
Nov	833,994	863,238	(3.4%)
Dec	989,619	905,219	9.3%
Jan	1,205,005	932,807	29.2%
Feb	733,718	759,141	(3.3%)
<b>YTD</b>	<b>4,828,261</b>	<b>4,411,831</b>	<b>9.4%</b>
Mar		914,242	
Apr		933,563	
May		1,084,832	
Jun		1,094,475	
Jul		1,298,608	
Aug		1,260,217	
Sep		1,052,365	
<b>Forecast/Total</b>	<b>12,414,253</b>	<b>12,050,133</b>	

**Unit Sales Driver:** FY18 MWh increase due to colder weather, evidenced by 41.0% increase in Degree Days.

YTD Degree Days		
30-yr. Avg.	FY18	FY17
1,441	1,416	1,004

YTD Customer Accounts		
FY18	FY17	%
463,938	456,818	1.6%

Total System	9.4%
Residential	19.1%
Comm./Industrial	2.0%
Interruptible	10.1%
Wholesale (FPU)	(11.9%)



# Electric System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (%)	Variance (%)
Fuel Revenue	\$398,790	\$394,188 <sup>1</sup>	\$397,761	\$4,602	1.2%
Base Revenue	778,528	750,330 <sup>1</sup>	772,652	28,198	3.8%
Other Revenue	37,654	45,938	39,650	(8,284)	(18.0%)
<b>Total Revenues</b>	<b>\$1,214,972</b>	<b>\$1,190,456</b>	<b>\$1,210,063</b>	<b>\$24,516</b>	<b>2.1%</b>

\$5m

Select Expenses					
Fuel Expense	\$458,102	\$442,588	\$430,561	(\$15,514)	(3.5%)
Fuel Fund Transfers	(59,312)	(48,400)	(32,800)	10,912	
O & M Expense	222,774	199,470	228,801	(23,304)	(11.7%)
Non-fuel Purchased Power	125,838 <sup>4</sup>	76,260	85,372	(49,578)	(65.0%)
<b>Net Revenues</b>	<b>\$454,694</b>	<b>\$517,074</b>	<b>\$492,947</b>	<b>(\$62,380)</b>	<b>(12.1%)</b>

(\$38m)

Capital Expenditures	\$188,817 <sup>3</sup>	\$134,782	\$205,195 <sup>2</sup>	(\$54,035)	(40.1%)
Debt Service	\$201,289	\$204,477	\$204,971	\$3,188	1.6%

Electric Costs/MWh	Non-Fuel
Target	\$56.88
Actual	\$57.45
Difference	(\$0.57)

Fuel Fund	(\$ in millions)
Beginning Balance	\$131.7
Surplus/Defecit	(59.3)
Ending Balance	\$72.4



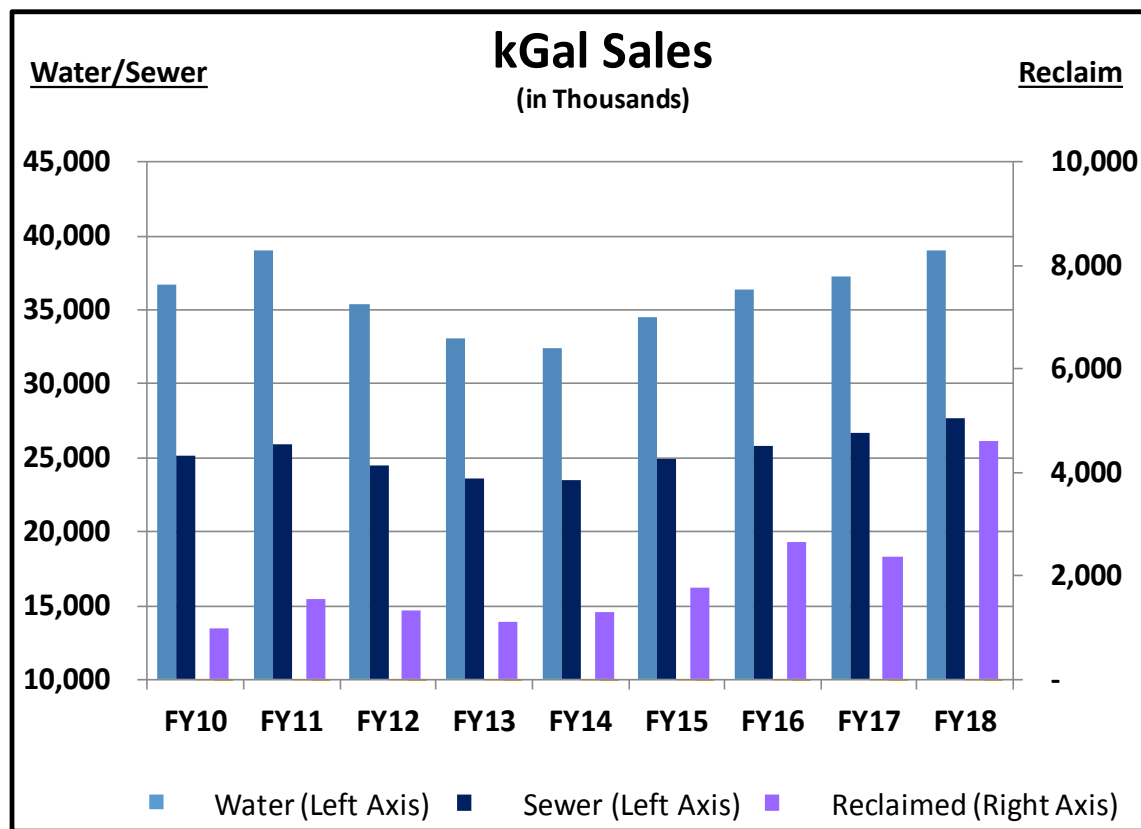
<sup>1</sup> Includes rate change in December 2016

<sup>2</sup> Council approved limit for capital expenditures in FY18 is \$205 million

<sup>3</sup> Includes \$18 million for Solar Land purchase

<sup>4</sup> Includes \$40 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

# Water and Sewer System: kGal Sales



Month	FY18	FY17	%
Oct	2,992	3,129	(4.4%)
Nov	3,037	3,068	(1.0%)
Dec	2,883	2,923	(1.4%)
Jan	2,790	2,768	0.8%
Feb	2,553	2,624	(2.7%)
<b>YTD</b>	<b>14,255</b>	<b>14,512</b>	<b>(1.8%)</b>
Mar		3,168	
Apr		3,476	
May		3,736	
Jun		2,833	
Jul		3,480	
Aug		3,043	
Sep		2,998	
<b>Forecast/Total</b>	<b>38,984</b>	<b>37,246</b>	

**Unit Sales Driver:** FY18 rainfall down 2.8 inches; rain days up 11.0 days.  
Irrigation for February FY18 down 17.3% versus February FY17.

YTD Customer Accounts			
	FY18	FY17	%
Water	345,854	338,604	2.1%
Sewer	268,791	262,246	2.5%
Reclaimed	10,812	8,823	22.5%

YTD Rainfall			
	30-Yr. Avg.	FY18	FY17
Inches	15.3	14.4	17.2
Days	38.3	35	24

Total System (1.8%)	
Residential	(2.5%)
Comm./Industrial	5.8%
Irrigation	(17.3%)

# Water and Sewer System: Financial Results and Cost Metrics

(\$ in thousands)

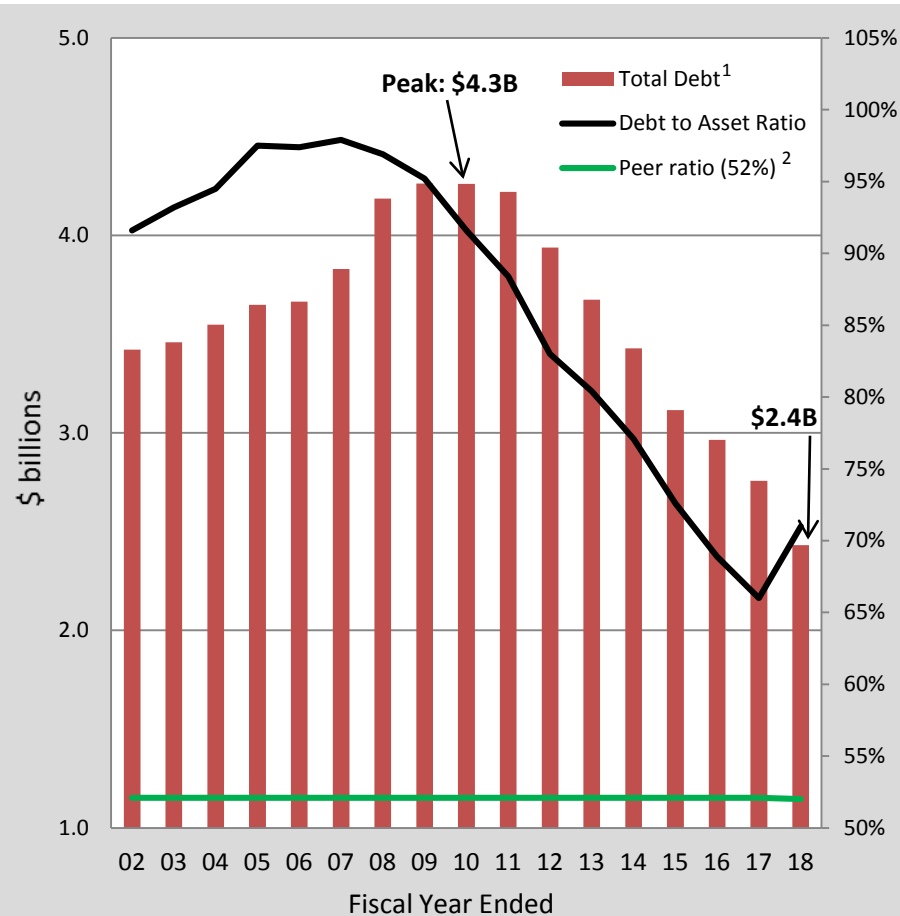
Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (\$)	Variance (%)
Water & Sewer Revenues	\$435,521	\$424,594	\$438,619	\$10,927	2.6%
Other Revenue	52,071	43,204	59,946	8,867	20.5%
<b>Total Revenues</b>	<b>\$487,592</b>	<b>\$467,798</b>	<b>\$498,565</b>	<b>\$19,794</b>	<b>4.2%</b>
<div> <div></div> <div>(\$11m)</div> <div></div> </div>					
Select Expenses					
O&M Expense	\$149,449	\$139,447	\$153,394	(\$10,002)	(7.2%)
<b>Net Revenues</b>	<b>\$337,520</b>	<b>\$337,469</b>	<b>\$342,030</b>	<b>\$51</b>	<b>0.0%</b>
<div> <div></div> <div>(\$5m)</div> <div></div> </div>					
Capital Expenditures	\$231,194	\$187,593	\$215,000 <sup>1</sup>	(\$43,601)	(23.2%)
Debt Service	\$113,692	\$112,791	\$116,948	(\$901)	(0.8%)

Cost/Kgal	Water	Sewer
Target	\$4.40	\$9.85
Actual	\$4.55	\$9.84
Difference	(\$0.15)	\$0.01

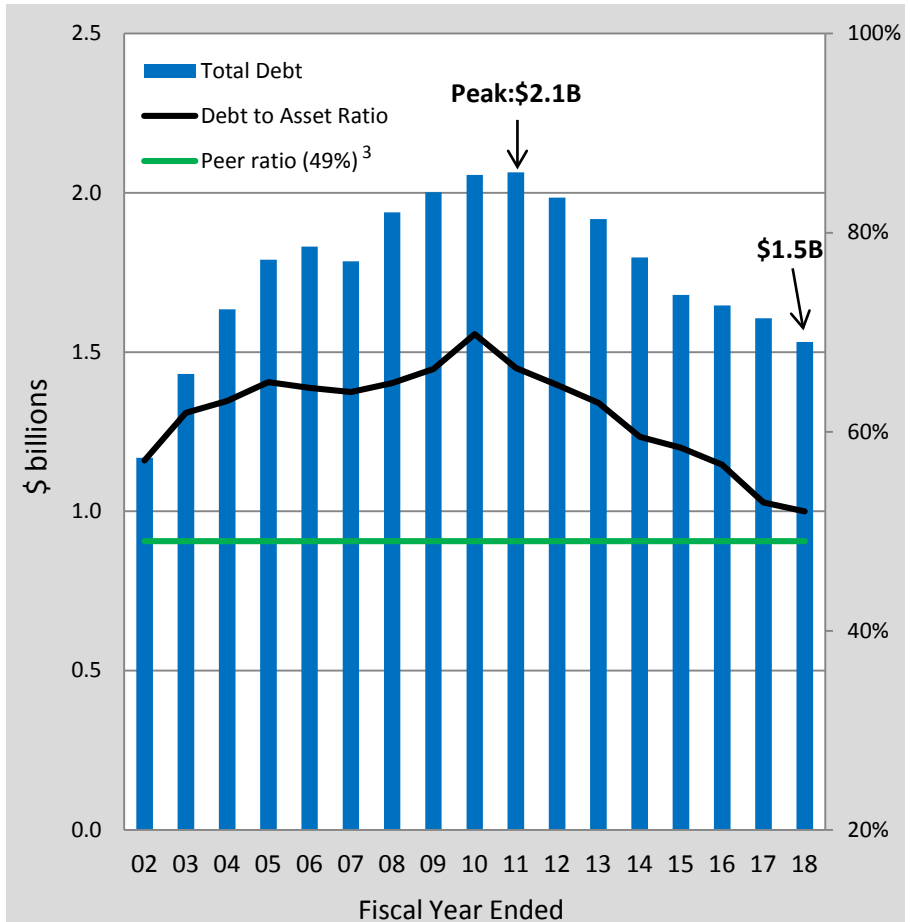


# Debt and Debt to Asset Ratios

## Electric System



## Water and Sewer System



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

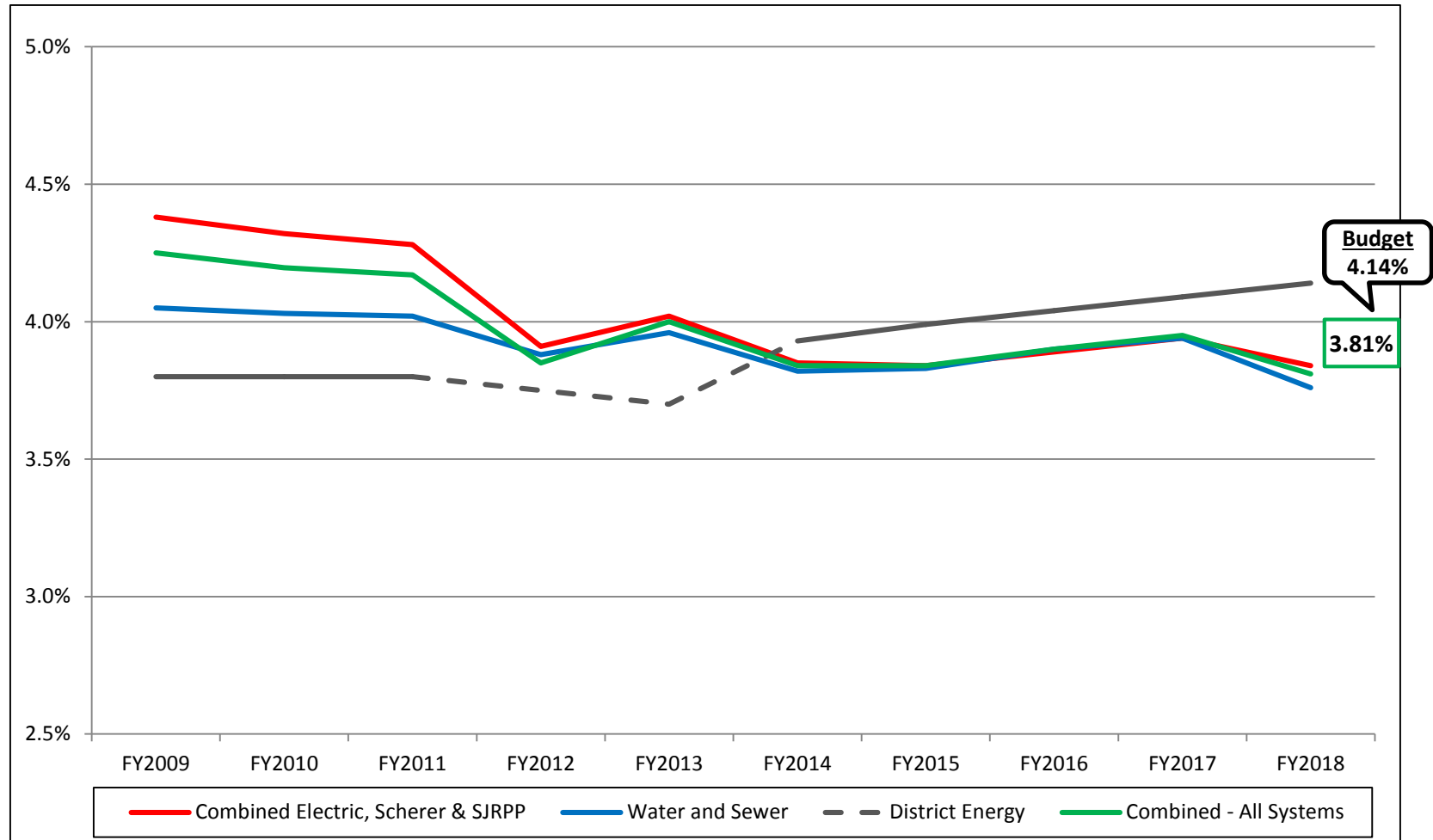
<sup>2</sup> Per Moody's Sector In-Depth Report "Public Power Medians – Sound metrics signal stability as carbon challenges loom", Sept. 2017

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

<sup>4</sup> Changes to the Debt to Asset Ratio for both Electric and Water and Sewer Systems reflect a new calculation methodology published by Moody's

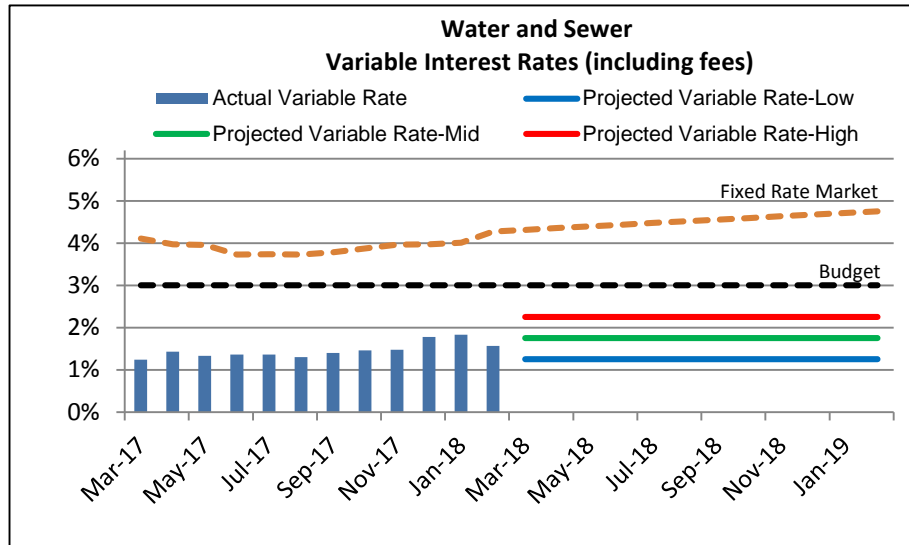
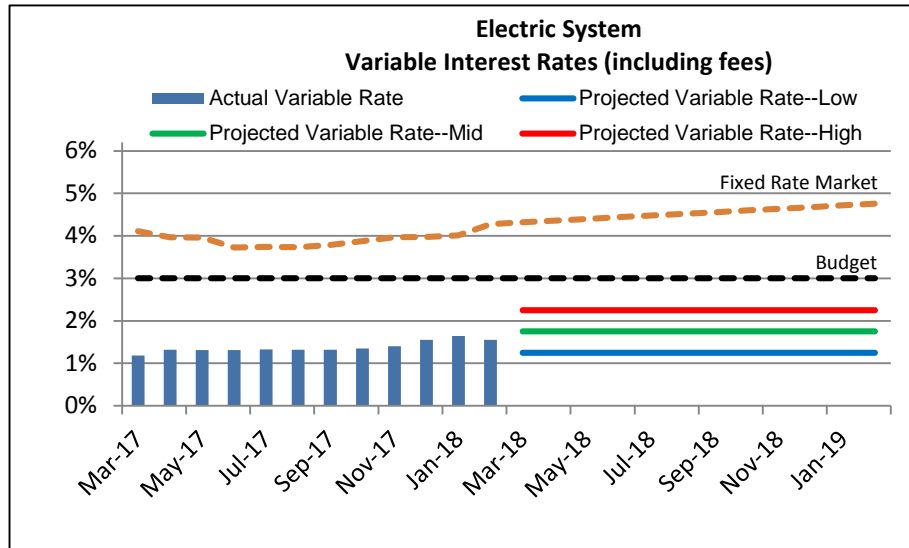
# Combined Debt Outstanding

Weighted Average  
Interest Rates\*



- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - - - During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.

# Variable Rate Debt Risk Analysis



Total variable rate debt of \$872 with \$522 swapped to fixed rate

Liquidity Facilities and Direct Purchase Bonds (DPBs)			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/A+/AA-	\$218	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	199	24
Royal Bank of Canada	A1/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA-	146	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		\$839	

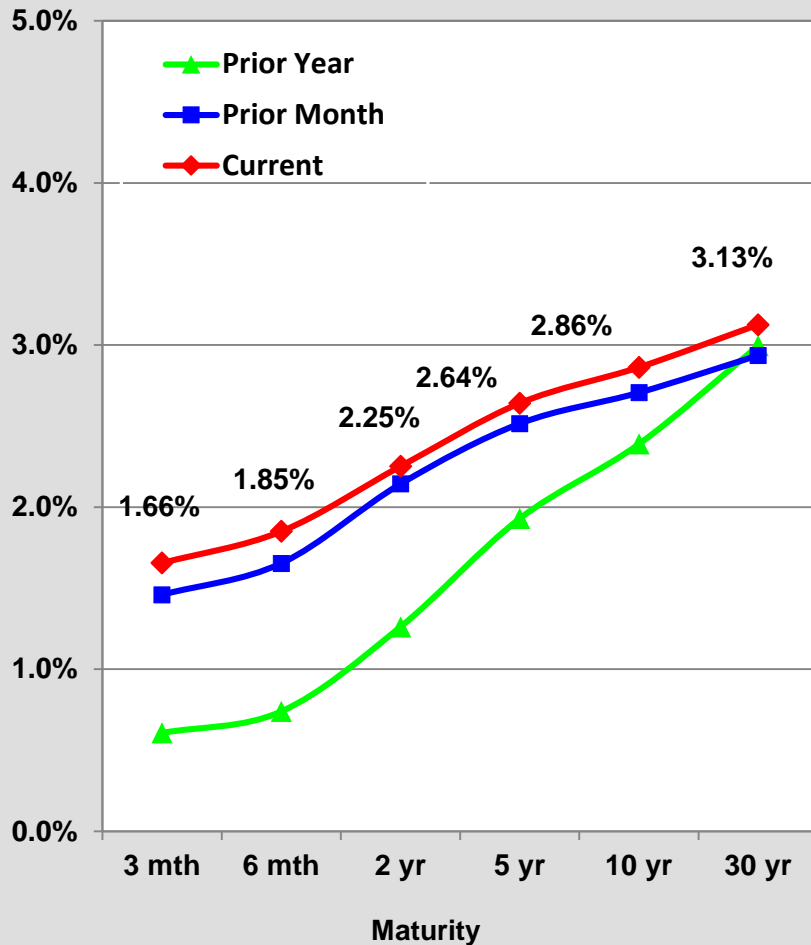
Swap Providers			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$176	34
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	125	24
Merrill Lynch	A3/A-/A	85	16
Total		\$522	

## Items of Interest

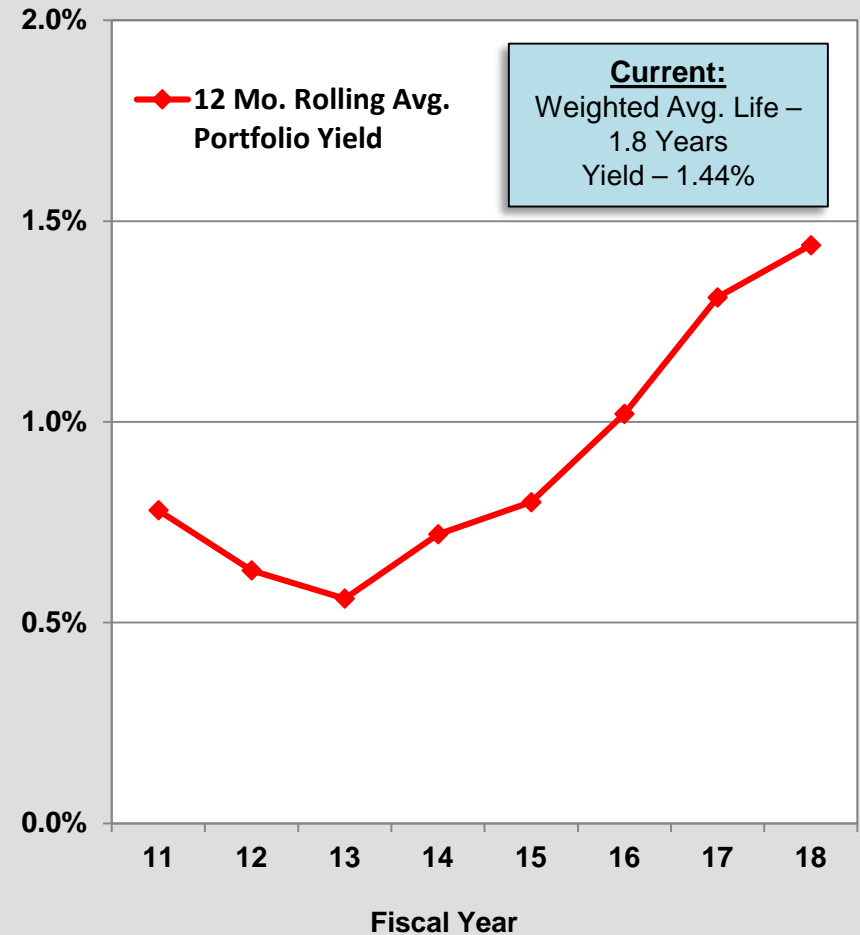
- Variable debt as a percentage of total debt:
  - Unhedged variable at 8% for Electric and 11% for Water and Sewer.
  - Hedged variable at 17% for Electric and 7% for Water and Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap provider credit quality.
- State Street liquidity facility renewed in Feb 2018.
- US Bank liquidity facility renewed in Oct 2017.
- 2018 liquidity facility renewals include: Wells Fargo Bank, Royal Bank of Canada, Sumitomo and remaining US Bank.
- Variable rate reserve to mitigate risk of higher rates – \$44 million.
- Used \$18 million of variable rate reserve on 2017 debt defeasances.

# Combined Investments Outstanding

## U. S. Treasury Yield Curve



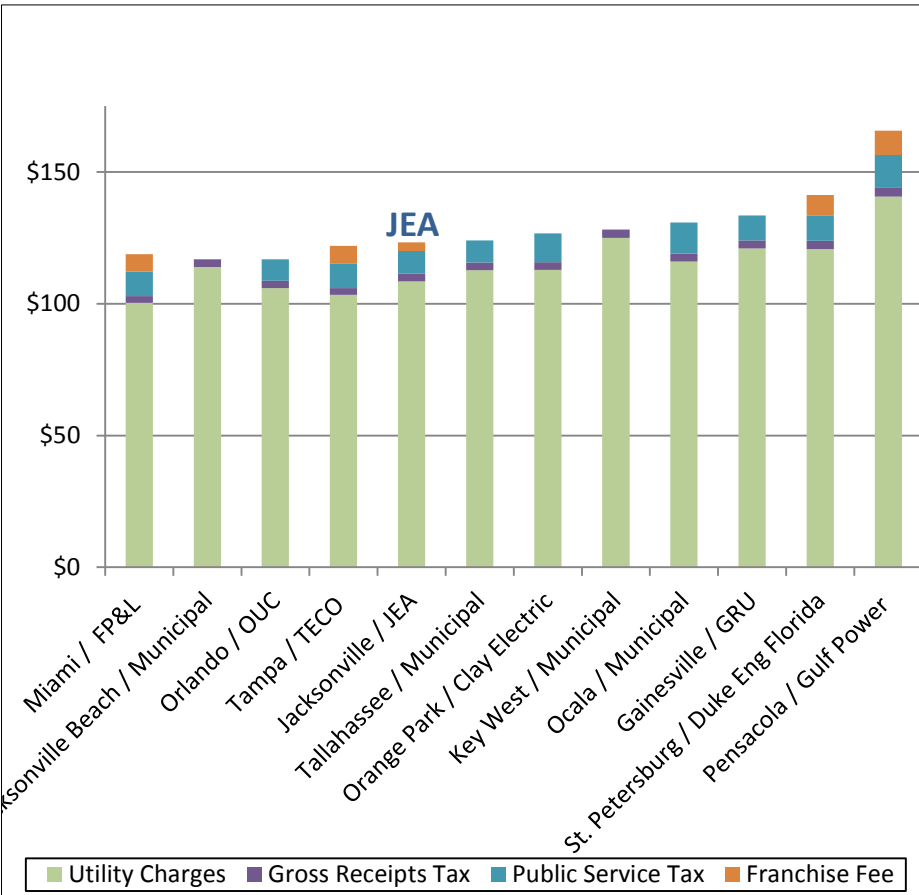
## Investment Portfolio Yield



# Florida Utilities Monthly Bill Comparison

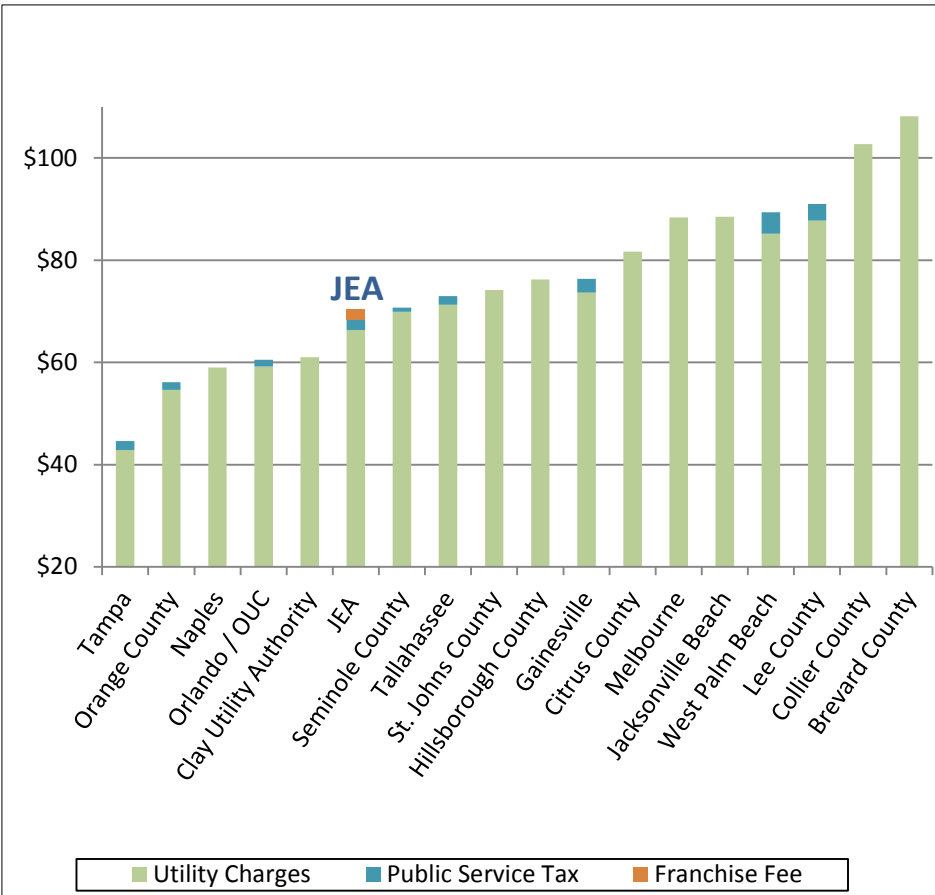
## Monthly Residential Electric Bills

Consumption @ 1,000 kWh



## Monthly Residential Water Bills

5/8" meter and 6 k/gals of Consumption







## Monthly Financial Statements

February 2018

# Monthly Financial Statements

February 2018

## Index

	Page
Statements of Net Position - Assets and Deferred Outflows of Resources	2
Statements of Net Position - Liabilities, Deferred Inflows of Resources, and Net Position	3
Combining Statement of Net Position - Assets and Deferred Outflows of Resources Current Year	4
Combining Statement of Net Position - Liabilities, Deferred Inflows of Resources and Net Position Current Year	5
Combining Statement of Net Position - Assets and Deferred Outflows of Resources Prior Year	6
Combining Statement of Net Position - Liabilities, Deferred Inflows of Resources and Net Position Prior Year	7
Schedules of Cash and Investments	8
Regulatory Accounting Balances	9
Statements of Revenues, Expenses and Changes in Net Position	10
Combining Statements of Revenues, Expenses and Changes in Net Position - Current Month	11
Combining Statements of Revenues, Expenses and Changes in Net Position - Prior Month	12
Combining Statements of Revenues, Expenses and Changes in Net Position - Current Year-to-Date	13
Combining Statements of Revenues, Expenses and Changes in Net Position - Prior Year-to-Date	14
Statement of Cash Flow	15
Combining Statements of Cash Flow - Current Year	16
Combining Statements of Cash Flow - Prior Year	17
Changes in Debt Service, R & R and Construction Funds - Electric System and Plant Scherer	18
Changes in Debt Service, R & R and Construction Funds - Water and Sewer System	19
Electric Revenues and Expenses for the Month - Budget versus Actual	20
Electric Revenues and Expenses Year-to-Date - Budget versus Actual	21
Water and Sewer Revenues and Expenses - Budget versus Actual	22
District Energy System - Budget versus Actual	23
Schedules of Debt Service Coverage - Electric System	24
Schedules of Debt Service Coverage - Bulk Power System Supply	25
Schedules of Debt Service Coverage - SJRPP	25
Schedules of Debt Service Coverage - Water and Sewer	26
Schedules of Debt Service Coverage - District Energy System	26
Schedule of Outstanding Indebtedness - Electric	27
Schedule of Outstanding Indebtedness - Water and Sewer	28
Schedule of Outstanding Indebtedness - District Energy System	28
Investment Portfolio - All Funds	29
Interest Rate Swap Position Report	30
Operating Statistics - Electric System	31
Operating Statistics - Water and Sewer	32
Production Statistics - Electric System	33
SJRPP Sales and Purchased Power	35



**Statements of Net Position****(in thousands - unaudited) February 2018 and 2017**

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 251,822	\$ 249,449
Investments	248,695	279,950
Customer accounts receivable, net of allowance (\$1,747 in 2018 and \$2,505 in 2017)	179,270	158,246
Miscellaneous accounts receivable	22,977	31,930
Interest receivable	3,460	2,097
Inventories:		
Fuel inventory - Electric System	51,483	68,220
Fuel inventory - Plant Scherer	4,897	4,554
Materials and supplies - Water and Sewer	51,953	46,399
Materials and supplies - Electric System	23,966	19,449
Materials and supplies - Plant Scherer	2,198	2,145
Total current assets	840,721	862,439
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	67,676	44,923
Investments	696,987	860,774
Accounts and interest receivable	230	954
Total restricted assets	764,893	906,651
Costs to be recovered from future revenues	797,075	460,003
Investment in The Energy Authority	6,176	6,202
Other assets	21,169	22,413
Total noncurrent assets	1,589,313	1,395,269
Capital assets:		
Land and easements	194,953	191,177
Plant in service	11,187,476	10,863,283
Less accumulated depreciation	(6,326,871)	(5,575,343)
Plant in service, net	5,055,558	5,479,117
Construction work in progress	253,295	339,140
Net capital assets	5,308,853	5,818,257
Total assets	7,738,887	8,075,965
<b>Deferred outflows of resources</b>		
Unrealized pension contributions and losses	177,704	137,010
Unamortized deferred losses on refundings	150,344	141,924
Accumulated decrease in fair value of hedging derivatives	122,769	125,882
Unrealized asset retirement obligation	51,894	-
Total deferred outflows of resources	502,711	404,816
Total assets and deferred outflows of resources	\$ 8,241,598	\$ 8,480,781



**Statements of Net Position****(in thousands - unaudited) February 2018 and 2017**

	2018	2017
<b>Liabilities</b>		
Current liabilities:		
Accounts and accrued expenses payable	\$ 89,558	\$ 78,408
Customer deposits	58,542	56,521
City of Jacksonville payable	9,733	9,669
Utility taxes and fees payable	4,856	7,673
Compensated absences due within one year	1,423	3,527
Total current liabilities	164,112	155,798
Current liabilities payable from restricted assets:		
Debt due within one year	185,790	229,095
Renewal and replacement reserve	89,373	81,350
Interest payable	53,390	67,647
Construction contracts and accounts payable	15,289	15,015
Total current liabilities payable from restricted assets	343,842	393,107
Noncurrent liabilities:		
Net pension liability	557,665	493,346
Asset retirement obligation	38,159	-
Compensated absences due after one year	28,298	24,975
Environmental liabilities	17,647	18,556
Other liabilities	5,338	5,374
Total noncurrent liabilities	647,107	542,251
Long-term debt:		
Bonds payable and commercial paper payable, less current portion	3,813,680	4,178,295
Unamortized premium, net	169,862	129,392
Fair value of debt management strategy instruments	120,543	125,149
Total long-term debt	4,104,085	4,432,836
Total liabilities	5,259,146	5,523,992
<b>Deferred inflows of resources</b>		
Revenues to be used for future costs	252,587	499,019
Unrealized pension gains	12,955	12,684
Total deferred inflows of resources	265,542	511,703
<b>Net position</b>		
Net investment in capital assets	1,875,963	1,648,655
Restricted	445,753	470,804
Unrestricted	395,194	325,627
Total net position	2,716,910	2,445,086
Total liabilities, deferred inflows of resources, and net position	\$ 8,241,598	\$ 8,480,781

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 135,936	\$ 33,039	\$ -	\$ 168,975	78,660	\$ 4,187	\$ 251,822
Investments	223,194	251	-	223,445	25,250	-	248,695
Customer accounts receivable, net of allowance (\$1,747)	132,043	-	-	132,043	46,766	461	179,270
Miscellaneous accounts receivable	21,419	10,743	(11,697)	20,465	2,512	-	22,977
Interest receivable	1,963	1	-	1,964	1,496	-	3,460
Inventories:							
Fuel inventory - Electric System	29,200	22,283	-	51,483	-	-	51,483
Fuel inventory - Plant Scherer	4,897	-	-	4,897	-	-	4,897
Materials and supplies - Water and Sewer	-	-	-	-	51,953	-	51,953
Materials and supplies - Electric System	-	23,966	-	23,966	-	-	23,966
Materials and supplies - Plant Scherer	2,198	-	-	2,198	-	-	2,198
Total current assets	550,850	90,283	(11,697)	629,436	206,637	4,648	840,721
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	223	64,953	-	65,176	324	2,176	67,676
Investments	344,518	57,575	-	402,093	294,894	-	696,987
Accounts and interest receivable	21	198	-	219	11	-	230
Total restricted assets	344,762	122,726	-	467,488	295,229	2,176	764,893
Costs to be recovered from future revenues	269,311	303,080	-	572,391	224,657	27	797,075
Investment in The Energy Authority	6,176	-	-	6,176	-	-	6,176
Other assets	14,588	-	-	14,588	6,571	10	21,169
Total noncurrent assets	634,837	425,806	-	1,060,643	526,457	2,213	1,589,313
Capital assets:							
Land and easements	123,658	6,598	-	130,256	61,646	3,051	194,953
Plant in service	5,413,766	1,313,486	-	6,727,252	4,404,795	55,429	11,187,476
Less accumulated depreciation	(2,951,288)	(1,311,348)	-	(4,262,636)	(2,039,508)	(24,727)	(6,326,871)
Plant in service, net	2,586,136	8,736	-	2,594,872	2,426,933	33,753	5,055,558
Construction work in progress	77,057	-	-	77,057	174,730	1,508	253,295
Net capital assets	2,663,193	8,736	-	2,671,929	2,601,663	35,261	5,308,853
Total assets	3,848,880	524,825	(11,697)	4,362,008	3,334,757	42,122	7,738,887
<b>Deferred outflows of resources</b>							
Unrealized pension contributions and losses	95,814	20,631	-	116,445	61,259	-	177,704
Unamortized deferred losses on refundings	90,040	4,308	-	94,348	55,796	200	150,344
Accumulated decrease in fair value of hedging derivatives	99,290	-	-	99,290	23,479	-	122,769
Unrealized asset retirement obligation	-	51,894	-	51,894	-	-	51,894
Total deferred outflows of resources	285,144	76,833	-	361,977	140,534	200	502,711
Total assets and deferred outflows of resources	\$ 4,134,024	\$ 601,658	\$ (11,697)	\$ 4,723,985	\$ 3,475,291	\$ 42,322	\$ 8,241,598

**JEA**  
**Combining Statement of Net Position**  
**(in thousands - unaudited) February 2018**

Page 5

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	\$ 76,362	\$ 13,024	\$ (10,964)	\$ 78,422	\$ 11,066	\$ 70	\$ 89,558
Customer deposits	43,422	-	-	43,422	15,120	-	58,542
City of Jacksonville payable	7,623	-	-	7,623	2,110	-	9,733
Utility taxes and fees payable	4,856	-	-	4,856	-	-	4,856
Compensated absences due within one year	1,115	-	-	1,115	304	4	1,423
Total current liabilities	133,378	13,024	(10,964)	135,438	28,600	74	164,112
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	-	132,410	51,720	1,660	185,790
Renewal and replacement reserve	-	89,373	-	89,373	-	-	89,373
Interest payable	27,664	4,669	-	32,333	20,491	566	53,390
Construction contracts and accounts payable	2,776	1,496	(733)	3,539	11,750	-	15,289
Total current liabilities payable from restricted assets	161,130	97,258	(733)	257,655	83,961	2,226	343,842
Noncurrent liabilities:							
Net pension liability	330,025	16,640	-	346,665	211,000	-	557,665
Asset retirement obligation	-	38,159	-	38,159	-	-	38,159
Compensated absences due after one year	19,970	-	-	19,970	8,281	47	28,298
Environmental liabilities	17,647	-	-	17,647	-	-	17,647
Other liabilities	4,564	-	-	4,564	774	-	5,338
Total noncurrent liabilities	372,206	54,799	-	427,005	220,055	47	647,107
Long-term debt:							
Bonds payable and commercial paper payable, less current portion	2,019,350	278,885	-	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	86,297	3,081	-	89,378	80,520	(36)	169,862
Fair value of debt management strategy instruments	97,064	-	-	97,064	23,479	-	120,543
Total long-term debt	2,202,711	281,966	-	2,484,677	1,584,619	34,789	4,104,085
Total liabilities	2,869,425	447,047	(11,697)	3,304,775	1,917,235	37,136	5,259,146
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	228,806	-	-	228,806	23,781	-	252,587
Unrealized pension gains	4,867	4,976	-	9,843	3,112	-	12,955
Total deferred inflows of resources	233,673	4,976	-	238,649	26,893	-	265,542
<b>Net position</b>							
Net investment in capital assets	569,964	41,183	-	611,147	1,265,803	(987)	1,875,963
Restricted	251,665	17,458	733	269,856	174,287	1,610	445,753
Unrestricted	209,297	90,994	(733)	299,558	91,073	4,563	395,194
Total net position	1,030,926	149,635	-	1,180,561	1,531,163	5,186	2,716,910
Total liabilities, deferred inflows of resources, and net position	\$ 4,134,024	\$ 601,658	\$ (11,697)	\$ 4,723,985	\$ 3,475,291	\$ 42,322	\$ 8,241,598

**JEA**  
**Combining Statement of Net Position**  
**(in thousands - unaudited) February 2017**

Page 6

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 163,921	\$ 25,329	\$ -	\$ 189,250	\$ 56,186	\$ 4,013	\$ 249,449
Investments	245,463	10,225	-	255,688	24,262	-	279,950
Customer accounts receivable, net of allowance (\$2,505)	123,881	-	-	123,881	33,777	588	158,246
Miscellaneous accounts receivable	29,931	20,316	(19,879)	30,368	1,562	-	31,930
Interest receivable	1,216	4	-	1,220	877	-	2,097
Inventories:							
Fuel inventory - Electric System	34,345	33,875	-	68,220	-	-	68,220
Fuel inventory - Plant Scherer	4,554	-	-	4,554	-	-	4,554
Materials and supplies - Water and Sewer	-	-	-	-	46,399	-	46,399
Materials and supplies - Electric System	-	19,449	-	19,449	-	-	19,449
Materials and supplies - Plant Scherer	2,145	-	-	2,145	-	-	2,145
Total current assets	605,456	109,198	(19,879)	694,775	163,063	4,601	862,439
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	268	41,467	-	41,735	152	3,036	44,923
Investments	297,956	217,070	-	515,026	345,748	-	860,774
Accounts and interest receivable	48	890	-	938	16	-	954
Total restricted assets	298,272	259,427	-	557,699	345,916	3,036	906,651
Costs to be recovered from future revenues	240,555	6,873	-	247,428	212,575	-	460,003
Investment in The Energy Authority	6,202	-	-	6,202	-	-	6,202
Other assets	14,482	-	-	14,482	7,923	8	22,413
Total noncurrent assets	559,511	266,300	-	825,811	566,414	3,044	1,395,269
Capital assets:							
Land and easements	121,692	6,660	-	128,352	59,774	3,051	191,177
Plant in service	5,176,119	1,341,667	-	6,517,786	4,290,169	55,328	10,863,283
Less accumulated depreciation	(2,763,335)	(857,292)	-	(3,620,627)	(1,931,925)	(22,791)	(5,575,343)
Plant in service, net	2,534,476	491,035	-	3,025,511	2,418,018	35,588	5,479,117
Construction work in progress	191,269	11,886	-	203,155	135,952	33	339,140
Capital assets, net	2,725,745	502,921	-	3,228,666	2,553,970	35,621	5,818,257
Total assets	3,890,712	878,419	(19,879)	4,749,252	3,283,447	43,266	8,075,965
<b>Deferred outflows of resources</b>							
Unrealized pension contributions and losses	77,673	11,731	-	89,404	47,606	-	137,010
Unamortized deferred losses on refundings	82,927	13,466	-	96,393	45,323	208	141,924
Accumulated decrease in fair value of hedging derivatives	102,806	-	-	102,806	23,076	-	125,882
Total deferred outflows of resources	263,406	25,197	-	288,603	116,005	208	404,816
Total assets and deferred outflows of resources	\$ 4,154,118	\$ 903,616	\$ (19,879)	\$ 5,037,855	\$ 3,399,452	\$ 43,474	\$ 8,480,781

**JEA**  
**Combining Statement of Net Position**  
**(in thousands - unaudited) February 2017**

Page 7

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	\$ 48,585	\$ 18,518	\$ (351)	\$ 66,752	\$ 11,637	\$ 19	\$ 78,408
Customer deposits	42,075	-	-	42,075	14,446	-	56,521
City of Jacksonville payable	7,689	-	-	7,689	1,980	-	9,669
Utility taxes and fees payable	7,673	-	-	7,673	-	-	7,673
Compensated absences due within one year	2,025	660	-	2,685	811	31	3,527
Total current liabilities	108,047	19,178	(351)	126,874	28,874	50	155,798
Current liabilities payable from restricted assets:							
Debt due within one year	135,105	41,330	-	176,435	51,020	1,640	229,095
Renewal and replacement reserve	-	81,350	-	81,350	-	-	81,350
Interest payable	32,713	7,976	-	40,689	26,382	576	67,647
Construction contracts and accounts payable	3,227	20,571	(19,528)	4,270	10,745	-	15,015
Total current liabilities payable from restricted assets	171,045	151,227	(19,528)	302,744	88,147	2,216	393,107
Noncurrent liabilities:							
Net pension liability	297,819	12,993	-	310,812	182,534	-	493,346
Compensated absences due after one year	16,682	1,693	-	18,375	6,580	20	24,975
Environmental liabilities	18,556	-	-	18,556	-	-	18,556
Other liabilities	4,049	-	-	4,049	1,325	-	5,374
Total noncurrent liabilities	337,106	14,686	-	351,792	190,439	20	542,251
Long-term debt:							
Bonds payable and commercial paper payable, less current portion	2,171,305	408,885	-	2,580,190	1,561,620	36,485	4,178,295
Unamortized premium (discount), net	64,552	14,482	-	79,034	50,399	(41)	129,392
Fair value of debt management strategy instruments	102,073	-	-	102,073	23,076	-	125,149
Total long-term debt	2,337,930	423,367	-	2,761,297	1,635,095	36,444	4,432,836
Total liabilities	2,954,128	608,458	(19,879)	3,542,707	1,942,555	38,730	5,523,992
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	320,395	154,633	-	475,028	23,991	-	499,019
Unrealized pension gains	6,546	2,126	-	8,672	4,012	-	12,684
Total deferred inflows of resources	326,941	156,759	-	483,700	28,003	-	511,703
<b>Net position</b>							
Net investment in capital assets	469,918	19,568	-	489,486	1,161,423	(2,254)	1,648,655
Restricted	200,126	30,504	19,528	250,158	218,186	2,460	470,804
Unrestricted	203,005	88,327	(19,528)	271,804	49,285	4,538	325,627
Total net position	873,049	138,399	-	1,011,448	1,428,894	4,744	2,445,086
Total liabilities, deferred inflows of resources, and net position	\$ 4,154,118	\$ 903,616	\$ (19,879)	\$ 5,037,855	\$ 3,399,452	\$ 43,474	\$ 8,480,781

**JEA**  
**Schedule of Cash and Investments**  
(in thousands - unaudited) February 2018

Page 8

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 99,192	\$ 16,508	\$ 115,700	\$ 65,009	\$ 1,450	\$ 182,159
Rate stabilization:						
Fuel	83,672	-	83,672	-	-	83,672
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	39,156	-	39,156	9,572	-	48,728
Purchased Power	20,457	-	20,457	-	-	20,457
DSM/Conservation	4,440	-	4,440	-	-	4,440
Total rate stabilization funds	177,609	-	177,609	23,781	2,737	204,127
Customer deposits	43,307	-	43,307	15,120	-	58,427
General reserve	-	16,782	16,782	-	-	16,782
Self insurance reserve funds:						
Self funded health plan	11,375	-	11,375	-	-	11,375
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,375	-	21,375	-	-	21,375
Environmental liability reserve	17,647	-	17,647	-	-	17,647
Total unrestricted cash and investments	\$ 359,130	\$ 33,290	\$ 392,420	\$ 103,910	\$ 4,187	\$ 500,517
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 198,124	\$ 89,297	\$ 287,421	\$ 147,871	\$ 918	\$ 436,210
Debt service reserve account	65,432	11,204	76,636	102,850	-	179,486
Debt service funds	81,003	5,482	86,485	41,664	1,258	129,407
Environmental funds	-	-	-	739	-	739
Construction funds	223	-	223	324	-	547
Subtotal	344,782	105,983	450,765	293,448	2,176	746,389
Unrealized holding gain (loss) on investments	(41)	(414)	(455)	1,770	-	1,315
Other funds	-	16,959	16,959	-	-	16,959
Total restricted cash and investments	\$ 344,741	\$ 122,528	\$ 467,269	\$ 295,218	\$ 2,176	\$ 764,663

**JEA**  
**Schedule of Cash and Investments**  
(in thousands - unaudited) February 2017

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 62,179	\$ 5,264	\$ 67,443	\$ 42,012	\$ 1,276	\$ 110,731
Rate stabilization:						
Fuel	168,550	-	168,550	-	-	168,550
Debt management	29,884	-	29,884	20,290	2,737	52,911
Environmental	32,553	-	32,553	3,700	-	36,253
Purchased Power	31,837	-	31,837	-	-	31,837
DSM/Conservation	3,397	-	3,397	-	-	3,397
Total rate stabilization funds	266,221	-	266,221	23,990	2,737	292,948
Customer deposits	41,953	-	41,953	14,446	-	56,399
General reserve	-	30,290	30,290	-	-	30,290
Self insurance reserve funds:						
Self funded health plan	10,475	-	10,475	-	-	10,475
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,475	-	20,475	-	-	20,475
Environmental liability reserve	18,556	-	18,556	-	-	18,556
Total unrestricted cash and investments	\$ 409,384	\$ 35,554	\$ 444,938	\$ 80,448	\$ 4,013	\$ 529,399
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 158,491	\$ 81,187	\$ 239,678	\$ 186,905	\$ 1,777	\$ 428,360
Debt service reserve account	65,433	138,869	204,302	107,488	-	311,790
Debt service funds	74,223	17,976	92,199	47,088	1,259	140,546
Construction funds	268	-	268	152	-	420
Environmental funds	-	-	-	1,386	-	1,386
Subtotal	298,415	238,032	536,447	343,019	3,036	882,502
Unrealized holding gain (loss) on investments	(191)	(4,268)	(4,459)	2,881	-	(1,578)
Other funds	-	24,773	24,773	-	-	24,773
Total restricted cash and investments	\$ 298,224	\$ 258,537	\$ 556,761	\$ 345,900	\$ 3,036	\$ 905,697

DESCRIPTION	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unfunded pension costs	239,078	985	240,063	152,853	-	392,916
SJRPP and Scherer	10,331	299,903	310,234	-	-	310,234
Water environmental projects	-	-	-	64,847	-	64,847
Costs to be recovered from FEMA	16,407	-	16,407	4,595	27	21,029
Debt issue costs	3,495	2,192	5,687	2,362	-	8,049
<b>Costs to be recovered from future revenues</b>	<b>269,311</b>	<b>303,080</b>	<b>572,391</b>	<b>224,657</b>	<b>27</b>	<b>797,075</b>
SJRPP and Scherer	39,822	-	39,822	-	-	39,822
Fuel stabilization	83,672	-	83,672	-	-	83,672
Debt management stabilization	29,884	-	29,884	14,209	-	44,093
Environmental	39,156	-	39,156	9,572	-	48,728
Nonfuel purchased power	20,457	-	20,457	-	-	20,457
Self-insurance medical reserve	11,375	-	11,375	-	-	11,375
Customer benefit stabilization	4,440	-	4,440	-	-	4,440
<b>Revenues to be used for future costs</b>	<b>228,806</b>	<b>-</b>	<b>228,806</b>	<b>23,781</b>	<b>-</b>	<b>252,587</b>

DESCRIPTION	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JFA
Unfunded pension costs	226,691	3,388	230,079	138,940	-	369,019
SJRPP and Scherer	11,238	-	11,238	-	-	11,238
Water environmental projects	-	-	-	73,398	-	73,398
Debt issue costs	2,626	3,485	6,111	237	-	6,348
<b>Costs to be recovered from future revenues</b>	<b>240,555</b>	<b>6,873</b>	<b>247,428</b>	<b>212,575</b>	<b>-</b>	<b>460,003</b>
SJRPP and Scherer	43,700	154,633	198,333	-	-	198,333
Fuel stabilization	168,550	-	168,550	-	-	168,550
Debt management stabilization	29,884	-	29,884	20,290	-	50,174
Environmental	32,553	-	32,553	3,701	-	36,254
Nonfuel purchased power	31,837	-	31,837	-	-	31,837
Self-insurance medical reserve	10,475	-	10,475	-	-	10,475
Customer benefit stabilization	3,396	-	3,396	-	-	3,396
<b>Revenues to be used for future costs</b>	<b>320,395</b>	<b>154,633</b>	<b>475,028</b>	<b>\$ 23,991</b>	<b>-</b>	<b>499,019</b>

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

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Operating revenues</b>				
Electric - base	\$ 51,196	\$ 64,238	\$ 329,721	\$ 307,808
Electric - fuel and purchased power	44,253	35,370	229,711	203,025
Water and sewer	33,375	32,502	170,418	171,015
District energy system	564	591	3,331	3,202
Other	1,967	2,610	67,675	13,713
Total operating revenues	131,355	135,311	800,856	698,763
<b>Operating expenses</b>				
Operations and maintenance:				
Fuel	38,183	26,314	189,557	162,822
Purchased power	10,289	5,764	43,414	26,972
Maintenance and other operating expenses	22,692	28,914	190,351	149,450
Depreciation	28,445	32,044	160,167	157,619
Utility taxes and fees	5,321	4,744	29,561	27,067
Recognition of deferred costs and revenues, net	(32,445)	(448)	2,763	(2,715)
Total operating expenses	72,485	97,332	615,813	521,215
Operating income	58,870	37,979	185,043	177,548
<b>Nonoperating revenues (expenses)</b>				
Interest on debt	(11,264)	(15,574)	(68,973)	(70,151)
Debt management strategy	(1,226)	(1,430)	(6,023)	(7,125)
Investment income (loss), net	1,453	2,238	5,168	(1,355)
Allowance for funds used during construction	851	1,007	3,951	4,895
Other nonoperating income, net	598	590	3,222	2,378
Earnings from The Energy Authority	(233)	(88)	2,678	2,277
Other interest, net	(105)	(56)	(649)	(241)
Total nonoperating expenses, net	(9,926)	(13,313)	(60,626)	(69,322)
Income before contributions and special items	48,944	24,666	124,417	108,226
<b>Contributions (to) from</b>				
General Fund, City of Jacksonville, Florida	(9,717)	(9,651)	(48,591)	(48,259)
Developers and other	4,560	6,802	25,945	28,650
Reduction of plant cost through contributions	(3,181)	(5,386)	(16,407)	(20,456)
Total contributions	(8,338)	(8,235)	(39,053)	(40,065)
<b>Special items</b>				
SJRPP deferred revenues, net	-	-	450,040	-
SJRPP impairment loss	-	-	(450,040)	-
Total special items	-	-	-	-
Change in net position	40,606	16,431	85,364	68,161
Net position, beginning of period	2,676,304	2,428,655	2,631,546	2,376,925
Net position, end of period	\$ 2,716,910	\$ 2,445,086	\$ 2,716,910	\$ 2,445,086



**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**(in thousands - unaudited) for the month ended February 2018**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 51,837	\$ -	\$ -	\$ 51,837	\$ -	\$ -	\$ (641)	\$ 51,196
Electric - fuel and purchased power	42,425	14,304	(10,061)	46,668	-	-	(2,415)	44,253
Water and sewer	-	-	-	-	33,423	-	(48)	33,375
District energy system	-	-	-	-	-	587	(23)	564
Other	1,687	(380)	-	1,307	877	-	(217)	1,967
Total operating revenues	95,949	13,924	(10,061)	99,812	34,300	587	(3,344)	131,355
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	25,063	13,120	-	38,183	-	-	-	38,183
Purchased power	20,350	-	(10,061)	10,289	-	-	-	10,289
Maintenance and other operating expenses	17,517	(3,911)	-	13,606	12,157	273	(3,344)	22,692
Depreciation	16,333	42	-	16,375	11,879	191	-	28,445
Utility taxes and fees	4,529	-	-	4,529	792	-	-	5,321
Recognition of deferred costs and revenues, net	(227)	(32,904)	-	(33,131)	686	-	-	(32,445)
Total operating expenses	83,565	(23,653)	(10,061)	49,851	25,514	464	(3,344)	72,485
Operating income	12,384	37,577	-	49,961	8,786	123	-	58,870
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(5,957)	(809)	-	(6,766)	(4,383)	(115)	-	(11,264)
Debt management strategy	(983)	-	-	(983)	(243)	-	-	(1,226)
Investment income (loss), net	748	143	-	891	554	8	-	1,453
Allowance for funds used during construction	270	-	-	270	576	5	-	851
Other nonoperating income, net	360	30	-	390	208	-	-	598
Earnings from The Energy Authority	(233)	-	-	(233)	-	-	-	(233)
Other interest, net	(106)	-	-	(106)	1	-	-	(105)
Total nonoperating expenses, net	(5,901)	(636)	-	(6,537)	(3,287)	(102)	-	(9,926)
Income before contributions	6,483	36,941	-	43,424	5,499	21	-	48,944
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,622)	-	-	(7,622)	(2,095)	-	-	(9,717)
Developers and other	50	-	-	50	4,510	-	-	4,560
Reduction of plant cost through contributions	(50)	-	-	(50)	(3,131)	-	-	(3,181)
Total contributions	(7,622)	-	-	(7,622)	(716)	-	-	(8,338)
Change in net position	(1,139)	36,941	-	35,802	4,783	21	-	40,606
Net position, beginning of period	1,032,065	112,694	-	1,144,759	1,526,380	5,165	-	2,676,304
Net position, end of period	\$ 1,030,926	\$ 149,635	\$ -	\$ 1,180,561	\$ 1,531,163	\$ 5,186	\$ -	\$ 2,716,910

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**(in thousands - unaudited) for the month ended February 2017**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 64,502	\$ -	\$ -	\$ 64,502	\$ -	\$ -	\$ (264)	\$ 64,238
Electric - fuel and purchased power	28,179	15,479	(7,300)	36,358	-	-	(988)	35,370
Water and sewer	-	-	-	-	32,517	-	(15)	32,502
District energy system	-	-	-	-	-	616	(25)	591
Other	2,002	-	-	2,002	798	-	(190)	2,610
Total operating revenues	94,683	15,479	(7,300)	102,862	33,315	616	(1,482)	135,311
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	19,023	7,291	-	26,314	-	-	-	26,314
Purchased power	13,064	-	(7,300)	5,764	-	-	-	5,764
Maintenance and other operating expenses	16,049	3,540	-	19,589	10,519	288	(1,482)	28,914
Depreciation	15,994	3,563	-	19,557	12,290	197	-	32,044
Utility taxes and fees	3,967	-	-	3,967	777	-	-	4,744
Recognition of deferred costs and revenues, net	(278)	(1,002)	-	(1,280)	832	-	-	(448)
Total operating expenses	67,819	13,392	(7,300)	73,911	24,418	485	(1,482)	97,332
Operating income	26,864	2,087	-	28,951	8,897	131	-	37,979
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(8,625)	(2,006)	-	(10,631)	(4,826)	(117)	-	(15,574)
Debt management strategy	(1,131)	-	-	(1,131)	(299)	-	-	(1,430)
Investment income, net	545	359	-	904	1,333	1	-	2,238
Allowance for funds used during construction	580	-	-	580	427	-	-	1,007
Other nonoperating income, net	348	32	-	380	210	-	-	590
Earnings from The Energy Authority	(88)	-	-	(88)	-	-	-	(88)
Other interest, net	(54)	-	-	(54)	(2)	-	-	(56)
Total nonoperating expenses, net	(8,425)	(1,615)	-	(10,040)	(3,157)	(116)	-	(13,313)
Income before contributions	18,439	472	-	18,911	5,740	15	-	24,666
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,689)	-	-	(7,689)	(1,962)	-	-	(9,651)
Developers and other	237	-	-	237	6,565	-	-	6,802
Reduction of plant cost through contributions	(237)	-	-	(237)	(5,149)	-	-	(5,386)
Total contributions	(7,689)	-	-	(7,689)	(546)	-	-	(8,235)
Change in net position	10,750	472	-	11,222	5,194	15	-	16,431
Net position, beginning of period	862,299	137,927	-	1,000,226	1,423,700	4,729	-	2,428,655
Net position, end of period	\$ 873,049	\$ 138,399	\$ -	\$ 1,011,448	\$ 1,428,894	\$ 4,744	\$ -	\$ 2,445,086

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**(in thousands - unaudited) for the five months ended February 2018**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 331,513	\$ -	\$ -	\$ 331,513	\$ -	\$ -	\$ (1,792)	\$ 329,721
Electric - fuel and purchased power	203,922	77,881	(45,351)	236,452	-	-	(6,741)	229,711
Water and sewer	-	-	-	-	170,648	-	(230)	170,418
District energy system	-	-	-	-	-	3,472	(141)	3,331
Other	9,426	55,042	-	64,468	4,293	-	(1,086)	67,675
Total operating revenues	544,861	132,923	(45,351)	632,433	174,941	3,472	(9,990)	800,856
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	141,030	48,527	-	189,557	-	-	-	189,557
Purchased power	88,765	-	(45,351)	43,414	-	-	-	43,414
Maintenance and other operating expenses	90,542	47,470	-	138,012	60,545	1,784	(9,990)	190,351
Depreciation	88,046	10,774	-	98,820	60,358	989	-	160,167
Utility taxes and fees	25,294	-	-	25,294	4,267	-	-	29,561
Recognition of deferred costs and revenues, net	(1,135)	2,506	-	1,371	1,392	-	-	2,763
Total operating expenses	432,542	109,277	(45,351)	496,468	126,562	2,773	(9,990)	615,813
Operating income	112,319	23,646	-	135,965	48,379	699	-	185,043
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(30,911)	(14,159)	-	(45,070)	(23,331)	(572)	-	(68,973)
Debt management strategy	(4,854)	-	-	(4,854)	(1,169)	-	-	(6,023)
Investment income, net	2,600	474	-	3,074	2,062	32	-	5,168
Allowance for funds used during construction	1,218	-	-	1,218	2,710	23	-	3,951
Other nonoperating income, net	1,796	153	-	1,949	1,273	-	-	3,222
Earnings from The Energy Authority	2,678	-	-	2,678	-	-	-	2,678
Other interest, net	(557)	-	-	(557)	(92)	-	-	(649)
Total nonoperating expenses, net	(28,030)	(13,532)	-	(41,562)	(18,547)	(517)	-	(60,626)
Income before contributions	84,289	10,114	-	94,403	29,832	182	-	124,417
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(38,113)	-	-	(38,113)	(10,478)	-	-	(48,591)
Developers and other	639	-	-	639	25,306	-	-	25,945
Reduction of plant cost through contributions	(639)	-	-	(639)	(15,768)	-	-	(16,407)
Total contributions	(38,113)	-	-	(38,113)	(940)	-	-	(39,053)
<b>Special items</b>								
SJRPP deferred revenues, net	-	450,040	-	450,040	-	-	-	450,040
SJRPP impairment loss	-	(450,040)	-	(450,040)	-	-	-	(450,040)
Total special items	-	-	-	-	-	-	-	-
Change in net position	46,176	10,114	-	56,290	28,892	182	-	85,364
Net position, beginning of year	984,750	139,521	-	1,124,271	1,502,271	5,004	-	2,631,546
Net position, end of period	\$ 1,030,926	\$ 149,635	\$ -	\$ 1,180,561	\$ 1,531,163	\$ 5,186	\$ -	\$ 2,716,910

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**(in thousands - unaudited) for the five months ended February 2017**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 309,205	\$ -	\$ -	\$ 309,205	\$ -	\$ -	\$ (1,397)	\$ 307,808
Electric - fuel and purchased power	161,450	96,006	(49,176)	208,280	-	-	(5,255)	203,025
Water and sewer	-	-	-	-	171,156	-	(141)	171,015
District energy system	-	-	-	-	-	3,464	(262)	3,202
Other	10,770	-	-	10,770	3,893	-	(950)	13,713
Total operating revenues	481,425	96,006	(49,176)	528,255	175,049	3,464	(8,005)	698,763
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	107,269	55,553	-	162,822	-	-	-	162,822
Purchased power	76,148	-	(49,176)	26,972	-	-	-	26,972
Maintenance and other operating expenses	83,584	16,952	-	100,536	55,174	1,745	(8,005)	149,450
Depreciation	79,212	17,814	-	97,026	59,618	975	-	157,619
Utility taxes and fees	22,867	-	-	22,867	4,200	-	-	27,067
Recognition of deferred costs and revenues, net	(1,393)	(5,016)	-	(6,409)	3,694	-	-	(2,715)
Total operating expenses	367,687	85,303	(49,176)	403,814	122,686	2,720	(8,005)	521,215
Operating income	113,738	10,703	-	124,441	52,363	744	-	177,548
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(34,986)	(10,035)	-	(45,021)	(24,548)	(582)	-	(70,151)
Debt management strategy	(5,655)	-	-	(5,655)	(1,470)	-	-	(7,125)
Investment income (loss), net	(711)	(1,232)	-	(1,943)	579	9	-	(1,355)
Allowance for funds used during construction	2,814	-	-	2,814	2,076	5	-	4,895
Other nonoperating income, net	1,721	161	-	1,882	496	-	-	2,378
Earnings from The Energy Authority	2,277	-	-	2,277	-	-	-	2,277
Other interest, net	(211)	-	-	(211)	(30)	-	-	(241)
Total nonoperating expenses, net	(34,751)	(11,106)	-	(45,857)	(22,897)	(568)	-	(69,322)
Income before contributions	78,987	(403)	-	78,584	29,466	176	-	108,226
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(38,446)	-	-	(38,446)	(9,813)	-	-	(48,259)
Developers and other	652	-	-	652	27,998	-	-	28,650
Reduction of plant cost through contributions	(652)	-	-	(652)	(19,804)	-	-	(20,456)
Total contributions	(38,446)	-	-	(38,446)	(1,619)	-	-	(40,065)
Change in net position	40,541	(403)	-	40,138	27,847	176	-	68,161
Net position, beginning of year	832,508	138,802	-	971,310	1,401,047	4,568	-	2,376,925
Net position, end of period	\$ 873,049	\$ 138,399	\$ -	\$ 1,011,448	\$ 1,428,894	\$ 4,744	\$ -	\$ 2,445,086

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

	<b>Year-to-Date February</b>	
	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Receipts from customers	\$ 789,489	\$ 721,873
Payments to suppliers	(388,616)	(302,385)
Payments to employees	(132,398)	(108,203)
Other operating activities	62,292	9,892
Net cash provided by operating activities	330,767	321,177
<b>Noncapital and related financing activities</b>		
Contribution to General Fund, City of Jacksonville, Florida	(48,542)	(48,144)
Net cash used in noncapital financing activities	(48,542)	(48,144)
<b>Capital and related financing activities</b>		
Defeasance of debt	(993,690)	(153,210)
Proceeds from issuance of debt	821,000	90,405
Acquisition and construction of capital assets	(143,427)	(123,021)
Interest paid on debt	(101,781)	(97,819)
Repayment of debt principal	(229,095)	(181,525)
Developer and other contributions	9,538	8,193
Other capital financing activities	37,306	(5,723)
Net cash used in capital and related financing activities	(600,149)	(462,700)
<b>Investing activities</b>		
Purchase of investments	(576,393)	(834,124)
Proceeds from sale and maturity of investments	595,059	712,977
Investment income (loss), net	1,959	6,041
Distributions from The Energy Authority	2,763	2,225
Net cash provided by (used in) investing activities	23,388	(112,881)
Net change in cash and cash equivalents	(294,536)	(302,548)
Cash and cash equivalents, beginning of year	614,034	596,920
Cash and cash equivalents, end of period	\$ 319,498	\$ 294,372
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 185,043	\$ 177,548
Adjustments:		
Depreciation and amortization	160,709	158,187
Recognition of deferred costs and revenues, net	2,763	(2,715)
Other nonoperating income, net	282	(572)
Changes in noncash assets and noncash liabilities:		
Accounts receivable	65,375	54,459
Inventories	7,997	(22,963)
Other assets	(4,452)	(4,052)
Accounts and accrued expenses payable	(34,940)	(18,193)
Current liabilities payable from restricted assets	(15,242)	(884)
Other noncurrent liabilities and deferred inflows	(36,768)	(19,638)
Net cash provided by operating activities	\$ 330,767	\$ 321,177
<b>Noncash activity</b>		
Contribution of capital assets from developers	\$ 16,407	\$ 20,456
Unrealized gains (losses) on fair value of investments, net	\$ 2,520	\$ (8,113)

**JEA**  
**Combining Statement of Cash Flows**  
**(in thousands - unaudited) for the five months ended February 2018**

Page 16

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating activities</b>								
Receipts from customers	\$ 554,491	\$ 84,199	\$ (22,229)	\$ 616,461	\$ 178,371	\$ 3,561	\$ (8,904)	\$ 789,489
Payments to suppliers	(290,035)	(81,303)	22,229	(349,109)	(47,960)	(1,537)	9,990	(388,616)
Payments to employees	(71,779)	(33,316)	-	(105,095)	(27,068)	(235)	-	(132,398)
Other operating activities	4,572	54,725	-	59,297	4,081	-	(1,086)	62,292
Net cash provided by operating activities	197,249	24,305	-	221,554	107,424	1,789	-	330,767
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(38,180)	-	-	(38,180)	(10,362)	-	-	(48,542)
Net cash provided by (used in) noncapital financing activities	(38,180)	-	-	(38,180)	(10,362)	-	-	(48,542)
<b>Capital and related financing activities</b>								
Defeasance of debt	(405,105)	(128,280)	-	(533,385)	(460,305)	-	-	(993,690)
Proceeds from issuance of debt	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and construction of capital assets	(75,367)	-	-	(75,367)	(67,898)	(162)	-	(143,427)
Interest paid on debt	(51,669)	(11,083)	-	(62,752)	(38,338)	(691)	-	(101,781)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Developer and other contributions	-	-	-	-	9,538	-	-	9,538
Other capital financing activities	20,971	(7,341)	-	13,630	23,676	-	-	37,306
Net cash used in capital and related financing activities	(262,435)	(188,034)	-	(450,469)	(147,187)	(2,493)	-	(600,149)
<b>Investing activities</b>								
Purchase of investments	(236,222)	(212,982)	-	(449,204)	(127,189)	-	-	(576,393)
Proceeds from sale and maturity of investments	130,427	356,116	-	486,543	108,516	-	-	595,059
Investment income (loss), net	2,494	(2,440)	-	54	1,873	32	-	1,959
Distributions from The Energy Authority	2,763	-	-	2,763	-	-	-	2,763
Net cash provided by (used in) investing activities	(100,538)	140,694	-	40,156	(16,800)	32	-	23,388
Net change in cash and cash equivalents	(203,904)	(23,035)	-	(226,939)	(66,925)	(672)	-	(294,536)
Cash and cash equivalents, beginning of year	340,063	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents, end of period	\$ 136,159	\$ 97,992	\$ -	\$ 234,151	\$ 78,984	\$ 6,363	\$ -	\$ 319,498
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 112,319	\$ 23,646	\$ -	\$ 135,965	\$ 48,379	\$ 699	\$ -	\$ 185,043
Adjustments:								
Depreciation and amortization	88,046	10,774	-	98,820	60,900	989	-	160,709
Recognition of deferred costs and revenues, net	(1,135)	2,506	-	1,371	1,392	-	-	2,763
Other nonoperating income, net	49	-	-	49	233	-	-	282
Changes in noncash assets and noncash liabilities:								
Accounts receivable	56,372	6,001	-	62,373	2,913	89	-	65,375
Inventories	3,885	7,729	-	11,614	(3,617)	-	-	7,997
Other assets	(4,137)	-	-	(4,137)	(306)	(9)	-	(4,452)
Accounts and accrued expenses payable	(18,335)	(9,556)	-	(27,891)	(7,034)	(15)	-	(34,940)
Current liabilities payable from restricted assets	-	(15,242)	-	(15,242)	-	-	-	(15,242)
Other noncurrent liabilities and deferred inflows	(39,815)	(1,553)	-	(41,368)	4,564	36	-	(36,768)
Net cash provided by operating activities	\$ 197,249	\$ 24,305	\$ -	\$ 221,554	\$ 107,424	\$ 1,789	\$ -	\$ 330,767
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 639	\$ -	\$ -	\$ 639	\$ 15,768	\$ -	\$ -	\$ 16,407
Unrealized gains (losses) on fair value of investments, net	\$ (791)	\$ 3,674	\$ -	\$ 2,883	\$ (363)	\$ -	\$ -	\$ 2,520

## Combining Statement of Cash Flows

(in thousands - unaudited) for the five months ended February 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating activities</b>								
Receipts from customers	\$ 503,484	\$ 93,501	\$ (48,460)	\$ 548,525	\$ 177,386	\$ 3,017	\$ (7,055)	\$ 721,873
Payments to suppliers	(246,069)	(72,831)	48,460	(270,440)	(38,312)	(1,638)	8,005	(302,385)
Payments to employees	(68,906)	(13,807)	-	(82,713)	(25,248)	(242)	-	(108,203)
Other operating activities	7,608	-	-	7,608	3,234	-	(950)	9,892
Net cash provided by operating activities	196,117	6,863	-	202,980	117,060	1,137	-	321,177
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(38,400)	-	-	(38,400)	(9,744)	-	-	(48,144)
Net cash provided by (used in) noncapital financing activities	(38,400)	-	-	(38,400)	(9,744)	-	-	(48,144)
<b>Capital and related financing activities</b>								
Defeasance of debt	(153,210)	-	-	(153,210)	-	-	-	(153,210)
Proceeds from issuance of debt	90,405	-	-	90,405	-	-	-	90,405
Acquisition and construction of capital assets	(61,302)	-	-	(61,302)	(61,405)	(314)	-	(123,021)
Interest paid on debt	(52,471)	(10,656)	-	(63,127)	(33,993)	(699)	-	(97,819)
Repayment of debt principal	(102,240)	(43,785)	-	(146,025)	(33,875)	(1,625)	-	(181,525)
Developer and other contributions	-	-	-	-	8,193	-	-	8,193
Other capital financing activities	(5,729)	-	-	(5,729)	6	-	-	(5,723)
Net cash used in capital and related financing activities	(284,547)	(54,441)	-	(338,988)	(121,074)	(2,638)	-	(462,700)
<b>Investing activities</b>								
Purchase of investments	(246,446)	(292,676)	-	(539,122)	(295,002)	-	-	(834,124)
Proceeds from sale and maturity of investments	237,959	275,658	-	513,617	199,360	-	-	712,977
Investment income, net	2,058	1,374	-	3,432	2,600	9	-	6,041
Distributions from The Energy Authority	2,225	-	-	2,225	-	-	-	2,225
Net cash provided by (used in) investing activities	(4,204)	(15,644)	-	(19,848)	(93,042)	9	-	(112,881)
Net change in cash and cash equivalents	(131,034)	(63,222)	-	(194,256)	(106,800)	(1,492)	-	(302,548)
Cash and cash equivalents, beginning of year	295,223	130,018	-	425,241	163,138	8,541	-	596,920
Cash and cash equivalents, end of period	\$ 164,189	\$ 66,796	\$ -	\$ 230,985	\$ 56,338	\$ 7,049	\$ -	\$ 294,372
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>								
Operating income	\$ 113,738	\$ 10,703	\$ -	\$ 124,441	\$ 52,363	\$ 744	\$ -	\$ 177,548
Adjustments:								
Depreciation and amortization	79,212	17,814	-	97,026	60,186	975	-	158,187
Recognition of deferred costs and revenues, net	(1,393)	(5,016)	-	(6,409)	3,694	-	-	(2,715)
Other nonoperating income, net	(25)	-	-	(25)	(547)	-	-	(572)
Changes in noncash assets and noncash liabilities:								
Accounts receivable	53,310	(2,505)	-	50,805	4,101	(447)	-	54,459
Inventories	(2,445)	(18,949)	-	(21,394)	(1,569)	-	-	(22,963)
Other assets	(3,753)	-	-	(3,753)	(291)	(8)	-	(4,052)
Accounts and accrued expenses payable	(20,459)	5,128	-	(15,331)	(2,754)	(108)	-	(18,193)
Current liabilities payable from restricted assets	-	(884)	-	(884)	-	-	-	(884)
Other noncurrent liabilities and deferred inflows	(22,068)	572	-	(21,496)	1,877	(19)	-	(19,638)
Net cash provided by operating activities	\$ 196,117	\$ 6,863	\$ -	\$ 202,980	\$ 117,060	\$ 1,137	\$ -	\$ 321,177
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 652	\$ -	\$ -	\$ 652	\$ 19,804	\$ -	\$ -	\$ 20,456
Unrealized losses on fair value of investments, net	\$ (3,135)	\$ (2,765)	\$ -	\$ (5,900)	\$ (2,213)	\$ -	\$ -	\$ (8,113)

## Electric System and Plant Scherer

## Changes in Debt Service, R &amp; R and Construction Funds

(in thousands - unaudited) for the five months ended February 2018 and February 2017

	February 2018			February 2017		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 239,961	\$ 225,985	\$ -	\$ 210,066	\$ 193,947	\$ -
Additions:						
Debt issuance:						
Bonds	-	-	805	-	-	429
Transfer from:						
Revenue fund	87,536	79,337	-	77,901	65,916	-
Proceeds from property sales	-	(867)	-	-	135	-
Total additions	87,536	78,470	805	77,901	66,051	429
Deductions:						
Interest/principal payments from sinking funds	181,062	-	-	148,311	-	-
Increase in utility plant	-	61,913	-	-	54,442	-
Transfer to:						
Revenue fund	-	-	-	-	37,200	-
Debt issue costs and discounts	-	-	582	-	-	161
Decrease in accounts payable	-	13,448	-	-	6,688	-
Total deductions	181,062	75,361	582	148,311	98,330	161
Ending balance	\$ 146,435	\$ 229,094	\$ 223	\$ 139,656	\$ 161,668	\$ 268
Renewal and replacement fund:						
Cash & investments		\$ 198,124			\$ 158,491	
Accounts / notes receivable:						
Accounts receivable		14,543			3,129	
Street light & other customer loans		20			48	
Costs to be recovered from FEMA		16,407			-	
		<u>\$ 229,094</u>			<u>\$ 161,668</u>	
Construction fund:			\$ 110			\$ 213
Generation projects			113			55
			<u>\$ 223</u>			<u>\$ 268</u>



## Water and Sewer System

## Changes in Debt Service, R &amp; R and Construction Funds

(in thousands - unaudited) for the five months ended February 2018 and February 2017

	February 2018				February 2017			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 189,696	\$ 155,284	\$ 15	\$ 1,838	\$ 173,496	\$ 179,513	\$ 152	\$ 2,659
Additions:								
Debt issuance:								
Bonds	-	-	309	-	-	-	-	-
Transfer from:								
Revenue fund	47,304	53,260	-	-	47,653	55,756	-	-
Proceeds from property sales	-	222	-	-	-	6	-	-
Contribution in aid of construction	-	9,539	-	-	-	8,194	-	-
Total additions	47,304	63,021	309	-	47,653	63,956	-	-
Deductions:								
Increase in utility plant	-	40,022	-	-	-	39,712	-	-
Interest/principal payments from sinking fund:	87,848	-	-	-	65,975	-	-	-
Transfer to:								
Revenue fund	4,638	-	-	-	598	-	-	-
Decrease in accounts payable	-	25,385	-	1,099	-	16,728	-	1,273
Total deductions	92,486	65,407	-	1,099	66,573	56,440	-	1,273
Ending balance	\$ 144,514	\$ 152,898	\$ 324	\$ 739	\$ 154,576	\$ 187,029	\$ 152	\$ 1,386

## Recap:

Renewal and replacement fund:

Cash &amp; investments

\$ 147,871

\$ 186,905

Accounts / notes receivable:

Accounts receivable

420

108

Notes receivable

12

16

Cost to be recovered from FEMA

4,595

-

\$ 152,898

\$ 187,029

Construction fund:

\$ 324

\$ 152

\$ 324

\$ 152

Environmental fund:

\$ 739

\$ 1,386

\$ 739

\$ 1,386

<b>Electric System</b>		<b>Month</b>				<b>Prior Year Month</b>	
<b>Budget vs. Actual</b>	<b>ANNUAL BUDGET</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>Variance</b>		<b>ACTUAL</b>	<b>Variance</b>
<b>February 2018 and 2017</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>%</b>		<b>2016-17</b>	<b>%</b>
<b>Fuel Related Revenues &amp; Expenses</b>							
Fuel Rate Revenues	\$ 417,649,053	\$ 29,354,794	\$ 23,596,588	-19.62%		\$ 24,398,491	-3.29%
Fuel Expense and Purchased Power:							
Fuel Expense - Electric System	315,411,659	23,958,642	22,642,418			16,578,093	
Fuel Expense - SJRPP	37,886,015	-	8,199,760			4,373,160	
Other Purchased Power	96,315,996	8,536,394	11,572,486			7,044,234	
Subtotal Energy Expense	449,613,670	32,495,036	42,414,664	-30.53%		27,995,487	-51.51%
Transfer to (from) Rate Stabilization, Net	(32,799,915)	-	(18,825,785)			(3,596,996)	
Fuel Related Uncollectibles	835,298	52,206	7,709			-	
Total	417,649,053	32,547,242	23,596,588	27.50%		24,398,491	3.29%
Fuel Balance	-	(3,192,448)	-			-	
<b>Nonfuel Related Revenues</b>							
Base Rate Revenues	802,292,405	56,389,756	46,378,156			47,543,654	
Conservation Charge Revenue	1,000,000	70,288	61,096			14,875	
Environmental Charge Revenue	7,942,200	558,224	447,895			466,020	
Investment Income	6,714,534	559,544	748,067			542,484	
Natural Gas Revenue Pass Through	2,383,913	198,659	54,344			56,420	
Other Revenues	30,551,894	2,545,991	2,257,941			59,249,530	
Total	850,884,946	60,322,462	49,947,499	-17.20%		107,872,983	-53.70%
<b>Nonfuel Related Expenses</b>							
Non-Fuel O&M	216,333,937	16,258,445	17,865,752			16,483,266	
DSM / Conservation O&M	7,892,054	651,385	443,145			698,137	
Environmental O&M	2,050,500	170,875	120,686			65,983	
Rate Stabilization - DSM	(382,054)	(31,838)	65,949			(278,242)	
Rate Stabilization - Environmental	5,891,700	490,975	327,209			400,037	
Natural Gas Expense Pass Through	2,290,414	190,086	65,091			82,342	
Debt Principal - Electric System	124,185,000	10,348,750	10,433,929			10,487,726	
Debt Interest - Electric System	94,262,937	7,855,245	7,209,723			7,754,193	
Bond Buy-Back Principal - Electric System	10,110,614	842,551	-			69,099,658	
Rate Stabilization - Debt Management	-	-	-			(12,242,000)	
R&R - Electric System	65,608,800	5,467,400	5,467,400			5,183,192	
Operating Capital Outlay	139,586,200	-	-			-	
City Contribution Expense	91,471,795	7,622,650	7,622,650			7,689,224	
Taxes & Uncollectibles	1,210,993	118,318	32,651			23,453	
Emergency Reserve	5,000,000	-	-			-	
Nonfuel Purchased Power:							
* SJRPP D/S Principal	7,812,969	651,081	143,333			2,208,073	
* SJRPP D/S Interest	12,150,065	1,012,505	903,151			1,317,009	
** Other Non-Fuel Purchased Power	65,409,021	5,689,752	4,884,409			2,382,864	
Total Nonfuel Expenses	850,884,946	57,338,180	55,585,078	3.06%		111,354,915	50.08%
Non-Fuel Balance	-	2,984,282	(5,637,579)			(3,481,932)	
<b>Total Balance</b>	<b>-</b>	<b>(208,166)</b>	<b>(5,637,579)</b>			<b>(3,481,932)</b>	
<b>Total Revenues</b>	<b>1,268,533,999</b>	<b>89,677,256</b>	<b>73,544,087</b>	-17.99%		<b>132,271,474</b>	-44.40%
<b>Total Expenses</b>	<b>1,268,533,999</b>	<b>89,885,422</b>	<b>79,181,666</b>	11.91%		<b>135,753,406</b>	41.67%
<b>KWH Sold - Territorial</b>	<b>13,020,000,000</b>	<b>915,120,997</b>	<b>733,412,773</b>	-19.86%		<b>759,142,000</b>	-3.39%
<b>KWH Sold - Off System</b>	<b>-</b>	<b>-</b>	<b>300,000</b>			<b>5,719,000</b>	
	<b>13,020,000,000</b>	<b>915,120,997</b>	<b>733,712,773</b>	-19.82%		<b>764,861,000</b>	-4.07%

\* Gross debt service

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

## Electric System

Budget vs. Actual February 2018 and 2017	Year-to-Date				Prior Year-to-Date	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
<b>Fuel Related Revenues &amp; Expenses</b>						
Fuel Rate Revenues	\$ 417,649,053	\$ 162,134,395	\$ 155,440,979	-4.13%	\$ 148,046,526	4.99%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	315,411,659	119,806,364	126,860,703		92,161,893	
Fuel Expense - SJRPP	37,886,015	37,886,015	30,140,506		33,564,891	
Other Purchased Power	96,315,996	31,250,817	46,379,856		33,875,615	
Subtotal Energy Expense	449,613,670	188,943,196	203,381,065	-7.64%	159,602,399	-27.43%
Transfer to (from) Rate Stabilization, Net	(32,799,915)	-	(48,043,741)		(11,565,332)	
Fuel Related Uncollectibles	835,298	261,031	103,655		9,459	
Total	417,649,053	189,204,227	155,440,979	17.84%	148,046,526	-4.99%
Fuel Balance	-	(27,069,832)	-		-	
<b>Nonfuel Related Revenues</b>						
Base Rate Revenues	802,292,405	311,455,737	302,437,519		271,715,747	
Conservation Charge Revenue	1,000,000	388,202	417,417		147,093	
Environmental Charge Revenue	7,942,200	3,083,220	2,957,592		2,706,241	
Investment Income	6,714,534	2,797,722	3,384,996		2,410,970	
Natural Gas Revenue Pass Through	2,383,913	993,297	229,519		206,846	
Other Revenues	30,551,894	12,729,956	10,918,606		73,283,687	
Total	850,884,946	331,448,134	320,345,649	-3.35%	350,470,584	-8.60%
<b>Nonfuel Related Expenses</b>						
Non-Fuel O&M	216,333,937	81,471,140	78,124,956		74,982,391	
DSM / Conservation O&M	7,892,054	3,294,642	2,151,605		2,530,796	
Environmental O&M	2,050,500	854,375	218,751		127,648	
Rate Stabilization - DSM	(382,054)	(159,189)	745,309		(118,473)	
Rate Stabilization - Environmental	5,891,700	2,454,875	2,738,841		2,578,593	
Natural Gas Expense Pass Through	2,290,414	955,121	287,476		288,607	
Debt Principal - Electric System	124,185,000	51,743,750	51,942,500		40,472,726	
Debt Interest - Electric System	94,262,937	39,276,224	37,112,064		39,783,802	
Bond Buy-Back Principal - Electric System	10,110,614	4,212,756	-		69,099,658	
Rate Stabilization - Debt Management	-	-	-		(12,242,000)	
R&R - Electric System	65,608,800	27,337,000	27,337,000		25,915,958	
Operating Capital Outlay	139,586,200	52,000,000	52,000,000		40,000,000	
City Contribution Expense	91,471,795	38,113,248	38,113,248		38,446,122	
Taxes & Uncollectibles	1,210,993	591,591	292,329		113,854	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	7,812,969	3,255,404	6,809,635		11,040,365	
* SJRPP D/S Interest	12,150,065	5,062,527	5,460,552		6,585,046	
** Other Non-Fuel Purchased Power	65,409,021	25,580,759	22,094,051		12,834,837	
Total Nonfuel Expenses	850,884,946	336,044,223	325,428,317	3.16%	352,439,930	7.66%
Non-Fuel Balance	-	(4,596,089)	(5,082,668)		(1,969,346)	
<b>Total Balance</b>	-	(31,665,921)	(5,082,668)		(1,969,346)	
<b>Total Revenues</b>	<b>1,268,533,999</b>	<b>493,582,529</b>	<b>475,786,628</b>	-3.61%	<b>498,517,110</b>	-4.56%
<b>Total Expenses</b>	<b>1,268,533,999</b>	<b>525,248,450</b>	<b>480,869,296</b>	8.45%	<b>500,486,456</b>	3.92%
<b>KWH Sold - Territorial</b>	<b>13,020,000,000</b>	<b>5,054,458,573</b>	<b>4,827,955,259</b>	-4.48%	<b>4,411,831,000</b>	9.43%
<b>KWH Sold - Off System</b>	-	-	<b>15,882,000</b>		<b>56,754,000</b>	
	<b>13,020,000,000</b>	<b>5,054,458,573</b>	<b>4,843,837,259</b>	-4.17%	<b>4,468,585,000</b>	8.40%

\* Gross debt service

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

## Water and Sewer System

Budget vs. Actual February 2018 and 2017	Month				Prior Year Month	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 456,850,720	\$ 34,159,056	\$ 32,984,412		\$ 31,807,394	
Capacity & Extension Fees	21,000,000	1,891,283	1,379,468		1,415,997	
Investment Income	4,854,301	404,525	551,297		1,329,521	
Other Income	34,091,486	1,858,453	1,088,610		1,009,662	
Total	516,796,507	38,313,317	36,003,787	-6.03%	35,562,574	1.24%
<b>EXPENSES</b>						
O & M Expenses	153,394,059	12,160,100	11,944,531		10,348,113	
Debt Principal - Water & Sewer	51,720,000	4,310,000	4,310,000		4,251,667	
Debt Interest - Water & Sewer	69,402,632	5,783,552	5,311,044		5,577,731	
Rate Stabilization - Environmental	-	-	309,317		66,287	
R&R - Water & Sewer	24,473,800	2,039,483	2,039,483		1,897,242	
Operating Capital Outlay	151,801,519	7,712,602	7,712,602		8,712,602	
Operating Capital Outlay - Capacity/Extension	21,000,000	1,750,000	1,379,468		1,415,997	
Operating Capital Outlay - Environmental	18,171,200	1,514,267	686,113		831,789	
City Contribution Expense	25,148,020	2,095,668	2,095,668		1,962,688	
Uncollectibles & Fees	685,277	57,106	44,000		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	516,796,507	37,422,778	35,832,226	4.25%	35,064,116	-2.19%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ 890,539</b>	<b>\$ 171,561</b>		<b>\$ 498,458</b>	
<b>Sales kgal</b>						
Water	42,000,000	2,830,829	2,553,471	-9.80%	2,623,973	-2.69%
Sewer	34,650,000	2,301,769	2,281,357	-0.89%	2,146,605	6.28%
Total	76,650,000	5,132,598	4,834,828	-5.80%	4,770,578	1.35%

Budget vs. Actual February 2018 and 2017	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 456,850,720	\$ 181,254,986	\$ 170,979,111		\$ 168,963,722	
Capacity & Extension Fees	21,000,000	7,721,589	9,523,465		8,188,523	
Capital Contributions	-	-	14,879		4,960	
Investment Income	4,854,301	2,022,625	2,408,551		2,774,574	
Other Income	34,091,486	15,659,608	5,582,577		4,947,251	
Total	516,796,507	206,658,808	188,508,583	-8.78%	184,879,030	1.96%
<b>EXPENSES</b>						
O & M Expenses	153,394,059	62,330,899	58,385,711		54,403,196	
Debt Principal - Water & Sewer	51,720,000	21,550,000	21,550,000		21,258,333	
Debt Interest - Water & Sewer	69,402,632	28,917,764	27,328,007		28,288,587	
Rate Stabilization - Environmental	-	-	4,358,802		1,921,504	
R&R - Water & Sewer	24,473,800	10,197,417	10,197,417		9,486,208	
Operating Capital Outlay	151,801,519	43,063,010	43,063,010		46,190,149	
Operating Capital Outlay - Capacity/Extension	21,000,000	8,750,000	9,523,465		8,188,523	
Operating Capital Outlay - Contributions	-	-	14,879		4,960	
Operating Capital Outlay - Environmental	18,171,200	7,571,333	1,392,316		3,773,815	
City Contribution Expense	25,148,020	10,478,342	10,478,342		9,813,441	
Uncollectibles & Fees	685,277	285,532	239,000		1,088	
Interlocal Agreements	-	-	346,727		287,373	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	516,796,507	193,144,297	186,877,676	3.24%	183,617,177	-1.78%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ 13,514,511</b>	<b>\$ 1,630,907</b>		<b>\$ 1,261,853</b>	
<b>Sales kgal</b>						
Water	42,000,000	16,052,433	14,255,031	-11.20%	14,511,850	-1.77%
Sewer	34,650,000	13,161,129	11,853,931	-9.93%	11,869,706	-0.13%
Total	76,650,000	29,213,562	26,108,962	-10.63%	26,381,556	-1.03%

## District Energy System

Budget vs. Actual February 2018 and 2017	Month				Prior Year Month	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
<b>REVENUES</b>						
Revenues	\$ 9,125,828	\$ 585,842	\$ 587,120		\$ 615,614	
Investment Income	-	-	7,835		792	
Total	9,125,828	585,842	594,955	1.56%	616,406	-3.48%
<b>EXPENSES</b>						
O & M Expenses	5,139,991	325,773	283,791		286,142	
Debt Principal - DES	1,660,000	138,333	138,333		136,667	
Debt Interest - DES	1,359,084	113,257	113,257		115,204	
R&R - DES	440,362	36,697	36,404		36,471	
Operating Capital Outlay	526,391	43,866	-		-	
Total Expenses	9,125,828	657,926	571,785	13.09%	574,484	0.47%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ (72,084)</b>	<b>\$ 23,170</b>		<b>\$ 41,922</b>	

Budget vs. Actual February 2018 and 2017	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
<b>REVENUES</b>						
Revenues	\$ 9,125,828	\$ 3,582,734	\$ 3,472,380		\$ 3,463,960	
Investment Income	-	-	31,806		8,960	
Total	9,125,828	3,582,734	3,504,186	-2.19%	3,472,920	0.90%
<b>EXPENSES</b>						
O & M Expenses	5,139,991	1,881,632	1,774,606		1,740,038	
Debt Principal - DES	1,660,000	691,667	691,667		683,333	
Debt Interest - DES	1,359,084	566,285	566,285		576,022	
R&R - DES	440,362	183,484	182,021		182,354	
Operating Capital Outlay	526,391	219,330	-		-	
Total Expenses	9,125,828	3,542,398	3,214,579	9.25%	3,181,747	-1.03%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ 40,336</b>	<b>\$ 289,607</b>		<b>\$ 291,173</b>	

## Electric System

## Schedule of Debt Service Coverage

(in thousands - unaudited)

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Revenues</b>				
Electric	\$ 74,884	\$ 76,452	\$ 486,143	\$ 446,744
Investment income <sup>(1)</sup>	624	430	2,765	1,846
Earnings from The Energy Authority	(233)	(88)	2,678	2,277
Other, net <sup>(2)</sup>	1,694	1,993	9,458	10,706
Plus: amount paid from the rate stabilization fund into the revenue fund	20,215	17,049	54,928	31,747
Less: amount paid from the revenue fund into the rate stabilization fund	(837)	(820)	(5,636)	(7,836)
Total revenues	96,347	95,016	550,336	485,484
<b>Operating expenses <sup>(3)</sup></b>				
Fuel	22,643	16,578	126,861	92,162
Purchased power <sup>(4)</sup>	26,151	17,844	118,828	103,428
Other operations and maintenance	15,013	14,561	79,072	75,635
Utility taxes and fees	4,424	3,869	24,735	22,385
Total operating expenses	68,231	52,852	349,496	293,610
<b>Net revenues</b>	\$ 28,116	\$ 42,164	\$ 200,840	\$ 191,874
<b>Debt service</b>	\$ 5,859	\$ 5,918	\$ 29,649	\$ 29,770
Less: investment income on sinking fund	(125)	(115)	(627)	(578)
Less: Build America Bonds subsidy	(127)	(127)	(634)	(632)
Debt service requirement	\$ 5,607	\$ 5,676	\$ 28,388	\$ 28,560
<b>Senior debt service coverage <sup>(5)</sup></b>	5.01 x	7.43 x	7.07 x	6.72 x
<b>Net revenues (from above)</b>	\$ 28,116	\$ 42,164	\$ 200,840	\$ 191,874
<b>Debt service requirement (from above)</b>	\$ 5,607	\$ 5,676	\$ 28,388	\$ 28,560
Plus: aggregate subordinated debt service on outstanding subordinated bonds	10,771	11,177	53,744	44,098
Less: Build American Bonds subsidy	(170)	(172)	(852)	(862)
Total debt service requirement and aggregate subordinated debt service	\$ 16,208	\$ 16,681	\$ 81,280	\$ 71,796
<b>Senior and subordinated debt service coverage <sup>(6)</sup></b>	1.73 x	2.53 x	2.47 x	2.67 x
<b>Fixed charge coverage <sup>(7)</sup></b>	1.24 x	1.85 x	1.84 x	1.88 x

<sup>(1)</sup> Excludes investment income on sinking funds.<sup>(2)</sup> Excludes the Build America Bonds subsidy.<sup>(3)</sup> Excludes depreciation and recognition of deferred costs and revenues, net.<sup>(4)</sup> In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.<sup>(5)</sup> Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.<sup>(6)</sup> Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.<sup>(7)</sup> Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

**JEA**  
**Bulk Power Supply System**  
**Schedule of Debt Service Coverage**  
**(in thousands - unaudited)**

Page 25

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Revenues</b>				
JEA	\$ 5,801	\$ 4,779	\$ 30,062	\$ 27,280
Investment Income	8	10	48	51
Total revenues	5,809	4,789	30,110	27,331
<b>Operating expenses <sup>(1)</sup></b>				
Fuel	2,420	2,445	14,169	15,107
Other operations and maintenance	1,332	1,143	6,563	5,695
Total operating expenses	3,752	3,588	20,732	20,802
<b>Net revenues</b>	\$ 2,057	\$ 1,201	\$ 9,378	\$ 6,529
<b>Aggregate debt service</b>	\$ 829	\$ 807	\$ 4,143	\$ 4,033
Less: Build America Bonds subsidy	(56)	(58)	(278)	(291)
Aggregate debt service	\$ 773	\$ 749	\$ 3,865	\$ 3,742
<b>Debt service coverage <sup>(2)</sup></b>	2.66 x	1.60 x	2.43 x	1.74 x

<sup>(1)</sup> Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.

<sup>(2)</sup> Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

**JEA**  
**St. Johns River Power Park System**  
**Schedule of Debt Service Coverage - 1st Resolution**  
**(in thousands - unaudited)**

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Revenues</b>				
JEA	\$ 8,569	\$ 6,254	\$ 96,615	\$ 45,547
FPL	4,134	8,178	32,247	46,830
Investment income	112	343	(3,387)	1,456
Total revenues	12,815	14,775	125,475	93,833
<b>Operating expenses <sup>(1)</sup></b>				
Fuel	13,120	7,291	48,527	55,553
Other operations and maintenance	1,033	3,045	30,262	14,476
Total operating expenses	14,153	10,336	78,789	70,029
<b>Net revenues</b>	\$ (1,338)	\$ 4,439	\$ 46,686	\$ 23,804
<b>Aggregate debt service</b>	\$ -	\$ 3,960	\$ 11,260	\$ 19,800
<b>Debt service coverage <sup>(2)</sup></b>	N/A x	1.12 x	4.15 x	1.20 x

<sup>(1)</sup> Excludes depreciation and recognition of deferred costs and revenues, net.

<sup>(2)</sup> Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x. However, there is currently no debt outstanding under the resolution.

**St. Johns River Power Park System**  
**Schedule of Debt Service Coverage - 2nd Resolution**  
**(in thousands - unaudited)**

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Revenues</b>				
JEA	\$ 1,221	\$ 1,047	\$ 6,083	\$ 5,736
Investment income	32	16	188	76
Total revenues	1,253	1,063	6,271	5,812
<b>Operating expenses</b>	175	-	349	-
<b>Net revenues</b>	\$ 1,078	\$ 1,063	\$ 5,922	\$ 5,812
<b>Aggregate debt service</b>	\$ 934	\$ 1,079	\$ 5,099	\$ 5,396
Less: Build America Bonds subsidy	(31)	(32)	(153)	(162)
Aggregate debt service	\$ 903	\$ 1,047	\$ 4,946	\$ 5,234
<b>Debt service coverage <sup>(1)</sup></b>	1.19 x	1.02 x	1.20 x	1.11 x

<sup>(1)</sup> Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

**JEA**  
**Water and Sewer**  
**Schedule of Debt Service Coverage**  
**(in thousands - unaudited)**

Page 26

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Revenues</b>				
Water	\$ 12,822	\$ 13,039	\$ 68,671	\$ 69,580
Water capacity fees	509	530	3,297	2,861
Sewer	20,910	19,544	106,336	103,577
Sewer capacity fees	870	885	6,226	5,327
Investment Income	555	1,333	2,426	2,792
Other <sup>(1)</sup>	877	798	4,526	3,893
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,439	1,613	5,134	7,437
Less: amounts paid from the revenue fund into the rate stabilization fund	(1,748)	(1,679)	(9,493)	(9,438)
Total revenues	36,234	36,063	187,123	186,029
<b>Operating expenses</b>				
Operations and maintenance <sup>(2)</sup>	12,949	11,296	64,812	59,374
Total operating expenses	12,949	11,296	64,812	59,374
<b>Net revenues</b>	\$ 23,285	\$ 24,767	\$ 122,311	\$ 126,655
<b>Aggregate debt service</b>	\$ 7,924	\$ 8,124	\$ 39,996	\$ 40,655
Less: Build America Bonds subsidy	(208)	(208)	(1,040)	(1,041)
Aggregate debt service	\$ 7,716	\$ 7,916	\$ 38,956	\$ 39,614
<b>Senior debt service coverage <sup>(3)</sup></b>	3.02 x	3.13 x	3.14 x	3.20 x
<b>Net revenues (from above)</b>	\$ 23,285	\$ 24,767	\$ 122,311	\$ 126,655
<b>Aggregate debt service (from above)</b>	\$ 7,716	\$ 7,916	\$ 38,956	\$ 39,614
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,479	1,453	7,446	7,295
Total aggregate debt service and aggregate subordinated debt service	\$ 9,195	\$ 9,369	\$ 46,402	\$ 46,909
<b>Senior and subordinated debt service coverage excluding capacity fees <sup>(4)</sup></b>	2.38 x	2.49 x	2.43 x	2.53 x
<b>Senior and subordinated debt service coverage including capacity fees <sup>(4)</sup></b>	2.53 x	2.64 x	2.64 x	2.70 x
<b>Fixed charge coverage</b>	2.30 x	2.43 x	2.41 x	2.49 x

<sup>(1)</sup> Excludes the Build America Bonds subsidy.

<sup>(2)</sup> Excludes depreciation and recognition of deferred costs and revenues, net.

<sup>(3)</sup> Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

<sup>(4)</sup> Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

**District Energy System**  
**Schedule of Debt Service Coverage**  
**(in thousands - unaudited)**

	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>Revenues</b>				
Service revenues	\$ 587	\$ 616	\$ 3,472	\$ 3,464
Investment income	8	1	32	9
Total revenues	595	617	3,504	3,473
<b>Operating expenses <sup>(1)</sup></b>				
Operations and maintenance	273	288	1,784	1,745
Total operating expenses	273	288	1,784	1,745
<b>Net revenues</b>	\$ 322	\$ 329	\$ 1,720	\$ 1,728
<b>Aggregate debt service <sup>(2)</sup></b>	\$ 252	\$ 252	\$ 1,258	\$ 1,259
<b>Debt service coverage <sup>(3)</sup></b>	1.28 x	1.31 x	1.37 x	1.37 x

<sup>(1)</sup> Excludes depreciation.

<sup>(2)</sup> On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.

<sup>(3)</sup> Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.



Electric System, St. Johns River Power Park System and Scherer  
Principal Amount of Debt Outstanding and Average Interest Rates  
February 2018

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Electric System - Fixed Rate Bonds</b>				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 D - BABs	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2018-2019	10,065,000	4,995,000
Series Three 2010 C	4.125 - 4.500%	2026-2031	1,950,000	-
Series Three 2010 D	4.250 - 5.000%	2018-2038	7,210,000	6,005,000
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	16,995,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	-
Series Three 2013A	3.000 - 5.000%	2018-2026	74,865,000	9,100,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.000 - 5.000%	2018-2030	19,335,000	4,295,000
Series Three 2014A	3.400 - 5.000%	2018-2034	12,870,000	2,060,000
Series Three 2015A	2.750 - 5.000%	2018-2041	69,975,000	145,000
Series Three 2015B	3.375 - 5.000%	2018-2031	23,900,000	6,675,000
Series Three 2017A	5.000%	2019	18,670,000	-
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095,000	-
<b>Total Fixed Rate Senior Bonds</b>			<b>627,360,000</b>	<b>33,275,000</b>
2009 Series D	5.000%	2018	11,660,000	11,660,000
2009 Series E	4.000%	2018	295,000	295,000
2009 Series F - BABs	4.800 - 6.406%	2018-2034	63,670,000	1,515,000
2009 Series G	4.000 - 5.000%	2018-2019	16,090,000	1,425,000
2010 Series B	4.000 - 5.000%	2018-2024	4,605,000	925,000
2010 Series D - BABs	4.000 - 5.582%	2018-2027	44,125,000	2,075,000
2012 Series A	3.250 - 5.000%	2018-2033	62,440,000	5,950,000
2012 Series B	3.250 - 5.000%	2018-2037	52,995,000	2,580,000
2013 Series A	3.000 - 5.000%	2018-2030	44,585,000	1,530,000
2013 Series B	3.000 - 5.000%	2018-2026	21,275,000	2,740,000
2013 Series C	1.375 - 5.000%	2018-2038	78,330,000	1,175,000
2013 Series D	4.000 - 5.250%	2018-2035	88,660,000	14,125,000
2014 Series A	4.000 - 5.000%	2018-2039	121,320,000	10,990,000
2017 Series A	3.000 - 5.000%	2018-2019	31,790,000	30,500,000
2017 Series B	3.375 - 5.000%	2018-2034	185,745,000	795,000
<b>Total Fixed Rate Subordinated Bonds</b>			<b>827,585,000</b>	<b>88,280,000</b>
<b>Total Fixed Rate Electric System Bonds/4.543%</b>			<b>1,454,945,000</b>	<b>121,555,000</b>
<b>Electric System - Variable Rate Bonds</b>				
	Current Interest Rates (1)			
Series Three 2008 A	1.038%	2027-2036	51,680,000	-
Series Three 2008 B-1	1.438%	2018-2040	60,020,000	400,000
Series Three 2008 B-2	1.038%	2025-2040	41,900,000	-
Series Three 2008 B-3	1.038%	2024-2036	37,000,000	-
Series Three 2008 B-4	1.438%	2018-2036	49,410,000	400,000
Series Three 2008 C-1	1.048%	2024-2034	44,145,000	-
Series Three 2008 C-2	1.048%	2024-2034	43,900,000	-
Series Three 2008 C-3	1.219%	2030-2038	25,000,000	-
Series Three 2008 D-1	1.438%	2018-2036	108,900,000	2,625,000
<b>Total Variable Rate Senior Bonds</b>			<b>461,955,000</b>	<b>3,425,000</b>
Series 2000 A	1.120%	2021-2035	30,965,000	-
Series 2000 F-1	1.186%	2026-2030	37,200,000	-
Series 2000 F-2	1.110%	2026-2030	24,800,000	-
Series 2008 D	0.960%	2024-2038	39,455,000	-
<b>Total Variable Rate Subordinated Bonds</b>			<b>132,420,000</b>	-
<b>Total Variable Rate Bonds</b>			<b>594,375,000</b>	<b>3,425,000</b>
<b>Total Electric System Bonds</b>			<b>2,049,320,000</b>	<b>124,980,000</b>
<b>St. Johns River Power Park - Fixed Rate Bonds</b>				
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4 - BABs	4.200 - 5.450%	2018-2028	22,410,000	1,720,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	-
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	-
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	-
<b>Total Fixed Rate St. Johns River Power Park Bonds/4.012%</b>			<b>280,605,000</b>	<b>1,720,000</b>
<b>Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds</b>				
Series 2010A - BABs	4.250 - 5.920%	2018-2030	37,400,000	3,045,000
Series 2014A	2.000 - 5.000%	2018-2038	63,320,000	2,665,000
<b>Total Fixed Rate Bulk Power Supply System Bonds/4.311%</b>			<b>100,720,000</b>	<b>5,710,000</b>
<b>Weighted Average Cost(2) / Total Outstanding Debt</b>		3.317%	<b>\$ 2,430,645,000</b>	<b>\$ 132,410,000</b>

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

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

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Electric Enterprise Fund	74.6%	67.5%	71.1%
	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	103,865,000	
• Remaining Senior Refunding Authorization	\$ 1,022,837,381	250,810,000	
• Remaining Subordinated Refunding Authorization	\$ 634,898,000	n/a	

## Water and Sewer System

Principal Amount of Debt Outstanding and Average Interest Rates  
February 2018

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Fixed Rate Bonds</b>				
2009 Series B	3.750 - 5.000%	2018-2019	\$ 18,295,000	\$ 9,380,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	4.700 - 5.700%	2018-2025	13,840,000	1,730,000
2010 Series C	5.000%	2020	3,000,000	-
2010 Series D	4.000 - 5.000%	2018-2039	42,525,000	3,900,000
2010 Series E	4.000 - 5.000%	2021-2039	11,865,000	-
2010 Series F - BABs	3.750 - 5.887%	2018-2040	44,275,000	2,180,000
2012 Series A	3.000 - 5.000%	2019-2041	162,430,000	-
2012 Series B	2.000 - 5.000%	2018-2037	76,380,000	1,780,000
2013 Series A	4.500 - 5.000%	2018-2027	63,660,000	11,940,000
2014 Series A	2.000 - 5.000%	2018-2040	217,790,000	4,830,000
2017 Series A	3.125 - 5.000%	2020-2041	378,220,000	-
<b>Total Fixed Rate Senior Bonds</b>			<b>1,115,395,000</b>	<b>35,740,000</b>
2010 Series A	5.000%	2018-2022	8,275,000	2,655,000
2010 Series B	3.000 - 5.000%	2020-2025	3,255,000	-
2012 Series A	3.000%	2021	1,440,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2018-2029	37,435,000	5,705,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
<b>Total Fixed Rate Subordinated Bonds</b>			<b>139,030,000</b>	<b>8,360,000</b>
<b>Total Fixed Rate Bonds/4.509%</b>			<b>1,254,425,000</b>	<b>44,100,000</b>
<b>Variable Rate Bonds</b>				
	Current Interest Rates (1)			
2006 Series B - CPI Bonds	2.696% (2)	2018-2022	30,370,000	5,520,000
2008 Series A-2	1.093%	2028-2042	51,820,000	-
2008 Series B	1.048%	2023-2041	85,290,000	-
<b>Total Variable Rate Senior Bonds</b>			<b>167,480,000</b>	<b>5,520,000</b>
2008 Series A-1	0.960%	2018-2038	50,950,000	2,100,000
2008 Series A-2	1.018%	2030-2038	25,600,000	-
2008 Series B-1	1.022%	2030-2036	30,885,000	-
<b>Total Variable Rate Subordinated Bonds</b>			<b>107,435,000</b>	<b>2,100,000</b>
<b>Total Variable Rate Bonds</b>			<b>274,915,000</b>	<b>7,620,000</b>
<b>Other Obligations</b>				
Revolving Credit Agreement	2.620%	2018	3,000,000	-
<b>Total Other Obligations</b>			<b>3,000,000</b>	<b>-</b>
<b>Weighted Average Cost(3) / Total Outstanding Debt</b>		<b>3.530%</b>	<b>\$ 1,532,340,000</b>	<b>\$ 51,720,000</b>

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

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

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

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	51.6%	56.2%	49.0%
• Remaining New Money Authorization	\$ 218,078,023		
• Remaining Refunding Authorization	\$ 794,813,942		

## JEA

## District Energy System

Principal Amount of Debt Outstanding and Average Interest Rates  
February 2018

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Portion of Long-Term Debt
<b>Fixed Rate Bonds</b>				
2013 Series A/4.036%	1.725 - 4.538%	2018-2034	\$ 36,485,000	\$ 1,660,000
<b>Weighted Average Cost(1) / Total Outstanding Debt</b>		<b>4.141%</b>	<b>\$ 36,485,000</b>	<b>\$ 1,660,000</b>

(1) Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization	\$ 54,321,245
• Remaining Refunding Authorization	\$ 106,670,000

**JEA**  
**INVESTMENT PORTFOLIO REPORT**  
**February 2018**  
**All Funds**

Page 29

<b>INVESTMENT</b>	<b>BOOK VALUE</b>	<b>YIELD</b>	<b>% OF TOTAL</b>	<b>LAST MONTH</b>	<b>6 MONTH AVERAGE</b>
* Treasuries	\$ 129,880,042	1.86%	10.24%	5.05%	3.42%
Agencies					
Federal Farm Credit Bank	135,775,649	1.41%	10.71%	12.24%	12.41%
Federal Home Loan Bank	289,202,977	1.48%	22.81%	23.49%	23.46%
Total	424,978,626	1.46%	33.51%	35.73%	35.87%
Municipal Bonds	222,147,260	2.40%	17.52%	18.12%	19.96%
Commercial Paper	168,670,274	1.59%	13.30%	13.61%	14.22%
U.S. Treasury Money Market Funds (1)	83,724,000	1.30%	6.60%	6.19%	6.50%
Agency Money Market Funds (2)	2,525,000	1.30%	0.20%	0.21%	0.17%
PFM Money Market Fund	35,000,000	1.54%	2.76%	2.84%	3.39%
Florida Prime Fund	73,000,000	1.71%	5.76%	5.93%	5.49%
Wells Fargo Bank Accounts (3)					
Electric, Scherer	20,436,146	1.30%	1.61%	3.60%	4.50%
SJRPP	94,734,145	1.30%	7.47%	7.76%	4.70%
Water & Sewer, DES	13,041,648	1.30%	1.03%	0.98%	1.77%
Total Portfolio	\$ 1,268,137,141	1.68%	100.00%	100.00%	100.00%

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

Weighted Avg. Annual Yield for January 2018, Excluding Bank & Money Market Funds: 1.76%

Weighted Avg. Annual Yield for January 2018, Including Bank & Money Market Funds: 1.68%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

- (1) Fidelity Treasury Fund
- (2) State Street Government Fund
- (3) Month-end bank balances

**JEA  
Interest Rate Swap Position Report  
February 2018**

Page 30

**JEA Debt Management Swaps Variable to Fixed**

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	\$ 84,800,000	\$ -	3.717	1.071	2.646	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.038	3.313	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,600,000	-	3.661	1.071	2.590	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.071	2.645	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	30,370,000	4.025	2.696	1.329	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.038	2.870	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.038	2.858	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.038	2.799	n/a	SIFMA
Total				<u>\$ 406,810,000</u>	<u>\$ 115,660,000</u>	Wtd Avg Spread		2.742		

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

	Month February			Year-to-Date February		
	2018	2017	Variance	2018	2017	Variance
<b>Electric revenues sales (000's omitted):</b>						
Residential	\$ 38,408	\$ 35,463	8.30%	\$ 244,168	\$ 206,980	17.97%
Commercial	23,831	25,158	-5.27%	151,934	148,978	1.98%
Industrial	11,554	13,942	-17.13%	80,434	77,893	3.26%
Public street lighting	1,053	1,082	-2.68%	5,348	5,507	-2.89%
Sales for resale - territorial	50	624	-91.99%	4,026	5,548	-27.43%
Electric revenues - territorial	74,896	76,269	-1.80%	485,910	444,906	9.22%
Sales for resale - off system	5	183	-97.27%	524	1,838	-71.49%
Electric revenues	74,901	76,452	-2.03%	486,434	446,744	8.88%
Less: rate stabilization & recovery	19,378	16,229	-19.40%	49,292	23,911	-106.15%
Less: allowance for doubtful accounts	(17)	-		(291)	-	
<b>Net electric revenues</b>	<b>94,262</b>	<b>92,681</b>	<b>1.71%</b>	<b>535,435</b>	<b>470,655</b>	<b>13.76%</b>
<b>MWh sales</b>						
Residential	328,957	303,887	8.25%	2,132,313	1,790,102	19.12%
Commercial	235,761	253,289	-6.92%	1,544,713	1,502,252	2.83%
Industrial	164,055	192,706	-14.87%	1,087,320	1,046,635	3.89%
Public street lighting	4,640	5,441	-14.72%	24,970	28,959	-13.77%
Sales for resale - territorial	-	3,818	-100.00%	38,640	43,883	-11.95%
Total MWh sales - territorial	733,413	759,141	-3.39%	4,827,956	4,411,831	9.43%
Sales for resale - off system	300	5,719	-94.75%	15,882	56,754	-72.02%
Total MWh sales	733,713	764,860	-4.07%	4,843,838	4,468,585	8.40%
<b>Number of accounts (1)</b>						
Residential	408,742	402,147	1.64%	407,794	401,191	1.65%
Commercial	52,269	51,807	0.89%	52,186	51,715	0.91%
Industrial	197	204	-3.43%	198	204	-2.94%
Public street lighting	3,756	3,706	1.35%	3,758	3,706	1.40%
Sales for resale	1	3	-66.67%	2	2	0.00%
<b>Total average accounts</b>	<b>464,965</b>	<b>457,867</b>	<b>1.55%</b>	<b>463,938</b>	<b>456,818</b>	<b>1.56%</b>
<b>Residential averages</b>						
Revenue per account - \$	93.97	88.18	6.57%	598.75	515.91	16.06%
kWh per account	805	756	6.48%	5,229	4,462	17.19%
Revenue per kWh - ¢	11.68	11.67	0.09%	11.45	11.56	-0.95%
<b>Degree days</b>						
Heating degree days	68	106	(38)	866	603	263
Cooling degree days	105	36	69	550	401	149
<b>Total degree days</b>	<b>173</b>	<b>142</b>	<b>31</b>	<b>1,416</b>	<b>1,004</b>	<b>412</b>
Degree days - 30 year average	275			1,441		

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

	Month February			Year-to-Date February		
	2018	2017	Variance	2018	2017	Variance
<b>Water</b>						
<i>Revenues (000's omitted):</i>						
Residential	\$ 7,035	\$ 6,977	0.83%	\$ 37,057	\$ 36,811	0.67%
Commercial and industrial	3,916	3,688	6.18%	19,518	18,991	2.77%
Irrigation	1,889	2,374	-20.43%	12,192	13,778	-11.51%
Total water revenues	12,840	13,039	-1.53%	68,767	69,580	-1.17%
Less: rate stabilization	(994)	(991)	0.30%	(5,601)	(5,665)	-1.13%
Less: allowance for doubtful accounts	(18)	-		(96)	-	
Net water revenues	\$ 11,828	\$ 12,048	-1.83%	\$ 63,070	\$ 63,915	-1.32%
<i>Kgal sales (000s omitted)</i>						
Residential	1,186,363	1,229,084	-3.48%	6,659,486	6,830,095	-2.50%
Commercial and industrial	1,118,786	1,020,928	9.59%	5,694,481	5,382,112	5.80%
Irrigation	248,322	373,961	-33.60%	1,901,064	2,299,643	-17.33%
Total kgals sales	2,553,471	2,623,973	-2.69%	14,255,031	14,511,850	-1.77%
<i>Number of accounts (1):</i>						
Residential	284,098	277,817	2.26%	283,285	276,712	2.38%
Commercial and industrial	25,650	25,374	1.09%	25,607	25,335	1.07%
Irrigation	36,955	36,564	1.07%	36,962	36,557	1.11%
Total average accounts	346,703	339,755	2.05%	345,854	338,604	2.14%
<i>Residential averages:</i>						
Revenue per account - \$	24.76	25.11	-1.39%	130.81	133.03	-1.67%
Kgals per account	4.18	4.42	-5.43%	23.51	24.68	-4.74%
Revenue per kgals - \$	5.93	5.68	4.40%	5.56	5.39	3.15%
<b>Sewer</b>						
<i>Revenues (000's omitted):</i>						
Residential	\$ 10,609	\$ 10,539	0.66%	\$ 56,184	\$ 55,846	0.61%
Commercial and industrial	9,460	8,331	13.55%	45,308	43,039	5.27%
Total sewer revenues	20,069	18,870	6.35%	101,492	98,885	2.64%
Less: rate stabilization	685	925	-25.95%	1,242	3,664	-66.10%
Less: allowance for doubtful accounts	(26)	-		(143)	(1)	14200.00%
Net sewer revenues	20,728	19,795	4.71%	102,591	102,548	0.04%
<i>Kgal sales (000s omitted)</i>						
Residential	1,036,360	1,060,948	-2.32%	5,773,625	5,915,191	-2.39%
Commercial and industrial	1,024,969	896,458	14.34%	4,922,163	4,693,907	4.86%
Total kgals sales	2,061,329	1,957,406	5.31%	10,695,788	10,609,098	0.82%
<i>Number of accounts (1):</i>						
Residential	251,282	245,202	2.48%	250,497	244,145	2.60%
Commercial and industrial	18,315	18,114	1.11%	18,294	18,101	1.07%
Total average accounts	269,597	263,316	2.39%	268,791	262,246	2.50%
<i>Residential averages:</i>						
Revenue per account - \$	42.22	42.98	-1.77%	224.29	228.74	-1.95%
kgals per account	4.12	4.33	-4.85%	23.05	24.23	-4.87%
Revenue per kgals - \$	10.24	9.93	3.12%	9.73	9.44	3.07%
<b>Reuse</b>						
<i>Revenues (000's omitted):</i>						
Reuse revenues	\$ 867	\$ 674	28.64%	\$ 4,987	\$ 4,693	6.26%
<i>Kgal sales (000s omitted)</i>						
Kgal sales (000s omitted)	220,028	189,199	16.29%	1,158,143	1,260,608	-8.13%
<i>Number of accounts (1):</i>						
Reuse accounts	11,156	9,128	22.22%	10,812	8,823	22.54%
<b>Rainfall</b>						
	Diff in inches			Diff in inches		
Normal	3.19	3.19		15.33	15.33	
Actual	1.73	1.35	0.38	14.41	17.22	(2.81)
Rain Days	5	3		35	24	

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

	Month February			Year-to-Date February		
	2018	2017	Variance	2018	2017	Variance
<b>Generated power:</b>						
<b>Steam:</b>						
<i>Fuel oil</i>						
Fuel expense	\$ -	\$ -		\$ 4,279,702	\$ 98,947	4225.25%
Barrels #6 oil consumed	-	-		39,555	915	4222.95%
\$/ per barrel consumed	\$ -	\$ -		\$ 108.20	\$ 108.14	0.05%
kWh oil generated (1)	82,898	1,453	5605.30%	23,686,188	376,100	6197.84%
Cost per MWh - oil	\$ -	\$ -		\$ 180.68	\$ 263.09	-31.32%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 3,163,675	\$ 264,665	1095.35%	\$ 12,805,214	\$ 3,484,583	267.48%
MMBTU's consumed	1,976,519	84,454	2240.35%	4,567,205	1,035,073	341.24%
\$/ per MMBTU consumed	\$ 1.60	\$ 3.13	-48.92%	\$ 2.80	\$ 3.37	-16.72%
kWh - gas generated (1)	86,624,507	7,144,848	1112.41%	345,806,314	82,437,774	319.48%
Cost per MWh - gas	\$ 36.52	\$ 37.04	-1.41%	\$ 37.03	\$ 42.27	-12.39%
Cost per MWh - gas & oil - steam	\$ 36.49	\$ 37.04	-1.48%	\$ 46.24	\$ 43.27	6.86%
<i>Coal</i>						
Coal expense	\$ 2,579,713	\$ 1,467,132	75.83%	\$ 11,159,068	\$ 7,078,899	57.64%
kWh generated	76,865,245	54,053,639	42.20%	320,850,622	248,479,053	29.13%
Cost per MWh - coal	\$ 33.56	\$ 27.14	23.65%	\$ 34.78	\$ 28.49	22.08%
<i>Pet coke and limestone</i>						
Expense	\$ 4,720,061	\$ 2,850,636	65.58%	\$ 22,368,078	\$ 14,412,184	55.20%
kWh generated	128,348,242	87,454,766	46.76%	606,236,506	440,687,695	37.57%
Cost per MWh - pet coke and limestone	\$ 36.78	\$ 32.60	12.82%	\$ 36.90	\$ 32.70	12.82%
Cost per MWh - coal & petcoke - steam	\$ 35.57	\$ 30.51	16.58%	\$ 36.16	\$ 31.18	15.97%
<b>Combustion turbine:</b>						
<i>Fuel oil</i>						
Fuel expense	\$ 63,751	\$ 41,652	53.06%	\$ 2,867,836	\$ 306,010	837.17%
Barrels #2 oil consumed	361	282	28.01%	31,707	2,260	1302.96%
\$/ per barrel consumed	\$ 176.60	\$ 147.70	19.56%	\$ 90.45	\$ 135.40	-33.20%
kWh - oil generated	197,345	48,519	306.74%	12,812,487	617,095	1976.26%
Cost per MWh - oil	\$ 323.04	\$ 858.47	-62.37%	\$ 223.83	\$ 495.89	-54.86%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 10,952	\$ (6,185)	-277.07%	\$ 1,146,227	\$ 393,518	191.28%
MMBTU's consumed	189,705	128	148107.03%	387,225	118,095	227.89%
\$/ per MMBTU consumed	\$ 0.06	\$ (48.32)	-100.12%	\$ 2.96	\$ 3.33	-11.17%
kWh - gas generated (1)	445,659	(373,982)	-219.17%	27,878,304	8,459,614	229.55%
Cost per MWh - gas	\$ 24.57	\$ 16.54	48.59%	\$ 41.12	\$ 46.52	-11.61%
Gas expense BB simple - variable	\$ 241,259	\$ (5,343)	-4615.42%	\$ 1,102,823	\$ 776,598	42.01%
MMBTU's consumed	\$ 176,853	\$ 335	52691.94%	\$ 398,511	\$ 241,252	65.18%
\$/ per MMBTU consumed	\$ 1.36	\$ (15.95)	-108.55%	\$ 2.77	\$ 3.22	-14.03%
kWh - gas generated (1)	5,864,859	(154,278)	-3901.49%	27,612,076	20,716,097	33.29%
Cost per MWh - gas simple	\$ 41.14	\$ 34.63	18.78%	\$ 39.94	\$ 37.49	6.54%
Gas expense BB combined - variable	\$ 4,718,349	\$ 7,340,164	-35.72%	\$ 37,771,184	\$ 39,844,561	-5.20%
MMBTU's consumed	4,125,801	2,166,871	90.40%	14,511,562	12,082,961	20.10%
\$/ per MMBTU consumed	\$ 1.14	\$ 3.39	-66.24%	\$ 2.60	\$ 3.30	-21.07%
kWh - gas generated (1)	208,468,055	329,008,001	-36.64%	1,680,292,987	1,746,423,752	-3.79%
Cost per MWh - gas combined	\$ 22.63	\$ 22.31	1.45%	\$ 22.48	\$ 22.81	-1.47%
Gas expense GEC simple - variable	\$ (17,516)	\$ 11,032	-258.77%	\$ 5,442,144	\$ 729,231	646.29%
MMBTU's consumed	295,909	-		1,215,203	288,646	321.00%
\$/ per MMBTU consumed	\$ (0.06)	\$ -		\$ 4.48	\$ 2.53	77.26%
kWh - gas generated	336,513	(490,178)	-168.65%	92,044,886	24,476,066	276.06%
Cost per MWh - gas simple	\$ (52.05)	\$ (22.51)	131.28%	\$ 59.12	\$ 29.79	98.45%
Cost per MWh - gas & oil ct	\$ 23.30	\$ 22.50	3.55%	\$ 26.26	\$ 23.35	12.44%
Natural gas expense - fixed	\$ 3,162,866	\$ 3,115,294	1.53%	\$ 16,356,740	\$ 15,065,395	8.57%
<b>Total generated power:</b>						
Fuels expense	\$ 18,643,110	\$ 15,079,047	23.64%	\$ 115,299,016	\$ 82,189,926	40.28%
kWh generated	507,233,323	476,692,788	6.41%	3,137,220,370	2,572,673,246	21.94%
Cost per MWh	\$ 36.75	\$ 31.63	16.19%	\$ 36.75	\$ 31.95	15.04%
<b>Cost of fuels</b>						
Fuel oil #6	\$ -	\$ -		\$ 4,279,702	\$ 98,947	
Natural gas units #1-3 with landfill - variable	3,163,675	264,665		12,805,214	3,484,583	
Coal	2,579,713	1,467,132		11,159,068	7,078,899	
Petcoke	4,720,061	2,850,636		22,368,078	14,412,184	
Fuel oil #2	63,751	41,652		2,867,836	306,010	
Natural gas - simple cycle (BB & GEC) - variable	234,695	(496)		7,691,194	1,899,347	
Natural gas - combined (BB) - variable	4,718,349	7,340,164		37,771,184	39,844,561	
Natural gas - fixed	3,162,866	3,115,294		16,356,740	15,065,395	
Total	\$ 18,643,110	\$ 15,079,047		\$ 115,299,016	\$ 82,189,926	

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

	Month February			Year-to-Date February		
	2018	2017	Variance	2018	2017	Variance
<b>Production Statistics (Continued)</b>						
<b>Purchased power:</b>						
<i>Plant Scherer</i>						
Purchases	\$ 5,028,108	\$ 4,030,967	24.74%	\$ 26,197,612	\$ 23,538,477	11.30%
kWh purchased	97,819,000	96,592,000	1.27%	553,306,000	565,642,000	-2.18%
Cost per MWh	\$ 51.40	\$ 41.73	23.17%	\$ 47.35	\$ 41.61	13.78%
<i>TEA &amp; other</i>						
Purchases	\$ 10,288,414	\$ 5,763,078	78.52%	\$ 43,414,347	\$ 26,971,499	60.96%
kWh purchased	230,799,811	132,658,087	73.98%	809,800,107	592,441,575	36.69%
Cost per MWh	\$ 44.58	\$ 43.44	2.61%	\$ 53.61	\$ 45.53	17.76%
<i>SJRPP</i>						
Purchases	\$ 10,061,351	\$ 7,300,370	37.82%	\$ 45,351,104	\$ 49,176,107	-7.78%
kWh purchased	-	109,653,000	-100.00%	539,759,000	866,127,000	-37.68%
Cost per MWh		\$ 66.58		\$ 84.02	\$ 56.78	47.98%
<b>Total purchased power:</b>						
Purchases	\$ 25,377,873	\$ 17,094,415	48.46%	\$ 114,963,063	\$ 99,686,083	15.33%
kWh purchased	328,618,811	338,903,087	-3.03%	1,902,865,107	2,024,210,575	-5.99%
Cost per MWh	\$ 77.23	\$ 50.44	53.10%	\$ 60.42	\$ 49.25	22.68%
Subtotal - generated and purchased power:	\$ 44,020,983	\$ 32,173,462	36.82%	\$ 230,262,079	\$ 181,876,009	26.60%
Fuel interchange sales	(5,099)	(183,130)	-97.22%	(524,436)	(1,838,062)	-71.47%
Earnings of The Energy Authority	503,141	176,927	184.38%	(2,686,505)	(1,126,402)	138.50%
EPA Allowance Purchases	-	-		-	233,775	-100.00%
Realized and Unrealized (Gains) Losses	1,794,520	-		1,963,780	116,400	1587.10%
Fuel procurement and handling	810,708	778,524	4.13%	4,158,381	4,558,887	-8.79%
By product reuse	1,394,080	720,522	93.48%	5,439,527	5,062,906	7.44%
Total generated and net purchased power:						
Cost, net	48,518,333	33,666,305	44.12%	238,612,826	188,883,513	26.33%
kWh generated and purchased	835,852,134	815,595,875	2.48%	5,040,085,477	4,596,883,821	9.64%
Cost per MWh	\$ 58.05	\$ 41.28	40.62%	\$ 47.34	\$ 41.09	15.22%
<b>Reconciliation:</b>						
Generated and purchased power per above	\$ 48,518,333	\$ 58.05		\$ 238,612,826	\$ 47.34	
<b>SJRPP operating expenses:</b>						
SJRPP O & M	(829,839)	(0.99)		(5,440,403)	(1.08)	
SJRPP debt service	(857,337)	(1.03)		(15,228,380)	(3.02)	
SJRPP R & R	(174,414)	(0.21)		5,458,185	1.08	
<b>SCHERER operating expenses:</b>						
Scherer power production	(719,474)	(0.86)		(3,160,034)	(0.63)	
Scherer R & R	(1,275,703)	(1.53)		(5,465,587)	(1.08)	
Scherer transmission	(509,149)	(0.61)		(2,844,662)	(0.56)	
Scherer taxes	(103,050)	(0.12)		(558,181)	(0.11)	
Florida and other capacity	(688,968)	(0.82)		(3,260,387)	(0.65)	
MEAG	(945,733)	(1.13)		(4,732,312)	(0.94)	
Rounding	(2)	(0.00)		-	-	
	\$ 42,414,664	\$ 50.74		\$ 203,381,065	\$ 40.35	



	Month February		Year-to-Date February	
	2018	2017	2018	2017
<b>MWh sales</b>				
JEA	-	109,653	-	866,127
FPL saleback	-	72,941	-	566,978
FPL direct portion	-	45,648	-	358,276
Total MWh sales	-	228,242	-	1,791,381
<b>Fuel costs</b>	\$ 8,199,760	\$ 4,375,916	\$ 30,175,685	\$ 33,587,695
(Includes fuel handling expenses)				
Less interest credits: inventory bank	0	(3,854)	(41,170)	(28,011)
Plus (less): true-up interest	-	1,098	5,992	5,207
Total	8,199,760	4,373,160	30,140,507	33,564,891
Cost per MWh		\$ 39.88	\$ 55.84	\$ 38.75
<b>Operating and maintenance expenses</b>	830,364	1,898,071	5,444,863	9,024,419
Less: operations bank interest	(524)	(1,046)	(7,903)	(5,154)
Less: annual variable o & m true-up	-	-	3,444	(36,136)
Total	829,840	1,897,025	5,440,404	8,983,129
Cost per MWh		\$ 17.30	\$ 10.08	\$ 10.37
<b>Debt service contribution</b>				
Principal	143,333	2,208,073	6,809,635	11,040,365
Interest	933,773	1,349,442	5,613,658	6,747,212
Less credits:				
Reserve Issue 2	-	(194,901)	4,082,537	(972,052)
Reserve Issue 3	(9,171)	(14,375)	(126,411)	(67,138)
Debt service Issue 2	-	(93)	43,365	(2,672)
Debt service Issue 3	(2,348)	-	(5,217)	-
Bond proceeds COB	-	(18,601)	(23,091)	(46,546)
General reserve Issue 2	(11,348)	(17,662)	(84,717)	(70,569)
General reserve Issue 3	(851)	(1,894)	(28,297)	(9,324)
Build America Bonds subsidy	(30,621)	(32,433)	(153,106)	(162,166)
Inventory carrying costs	(66,105)	(66,733)	(323,456)	(343,793)
Total	956,662	3,210,823	15,804,900	16,113,317
Cost per MWh		\$ 29.28	\$ 29.28	\$ 18.60
<b>R &amp; R contribution</b>	75,089	309,387	998,197	-
Less: interest credit	-	(106,127)	(346,170)	1,546,933
Less: cumulative capital recovery amount	-	(2,383,898)	(6,686,734)	(328,265)
Accrued transfer to jea 253203	-	-	-	(10,703,898)
Total	75,089	(2,180,638)	(6,034,707)	(9,485,230)
Cost per MWh		\$ (19.89)	\$ (11.18)	\$ (10.95)
<b>Debt service coverage</b>	-	-	2,022,000	2,107,000
Transfer to JEA	-	-	(2,022,000)	(2,107,000)
Total	-	-	-	-
Cost per MWh		\$ -	\$ -	\$ -
Total	\$ 10,061,351	\$ 7,300,370	\$ 45,351,104	\$ 49,176,107
kWh purchased	-	109,653,000	539,759,000	866,127,000
Cost per MWh		\$ 66.58	\$ 84.02	\$ 56.78

### III. A. 4.

## Monthly JEA Operations Report

[Return to Agenda](#)

III. A. 4.  
3/20/2018

## Board of Directors Meeting March 20, 2018



## FY2017

- RIR = 2.0
- # of Recordables = 43
- February YTD Recordables = 9

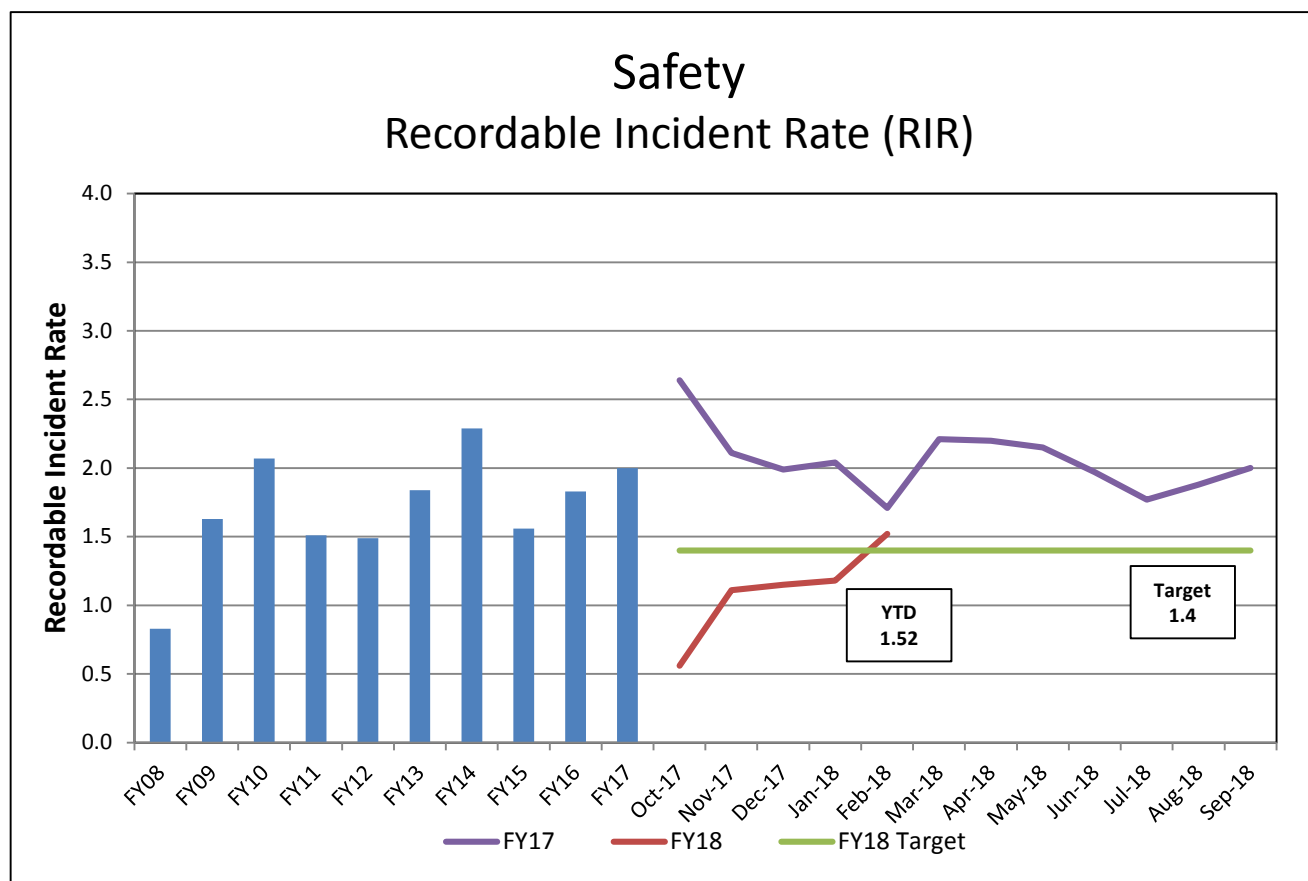
## FY2018

- February Recordables = 4
- FY18 YTD Recordables = 13
  - Electric Systems = 6
  - Water/Wastewater = 5
  - Customer Relationships = 1
  - Compliance = 1
- Lost Time Incidents = 3
- Continuing to “Plan for Zero”
- Increased focus on:
  - Complacency
  - Hand/Finger
  - 0-5 Year Employees
  - PPE Use
  - Strains, Sprains, Slip/Trip/Fall
  - Repeat Occurrences

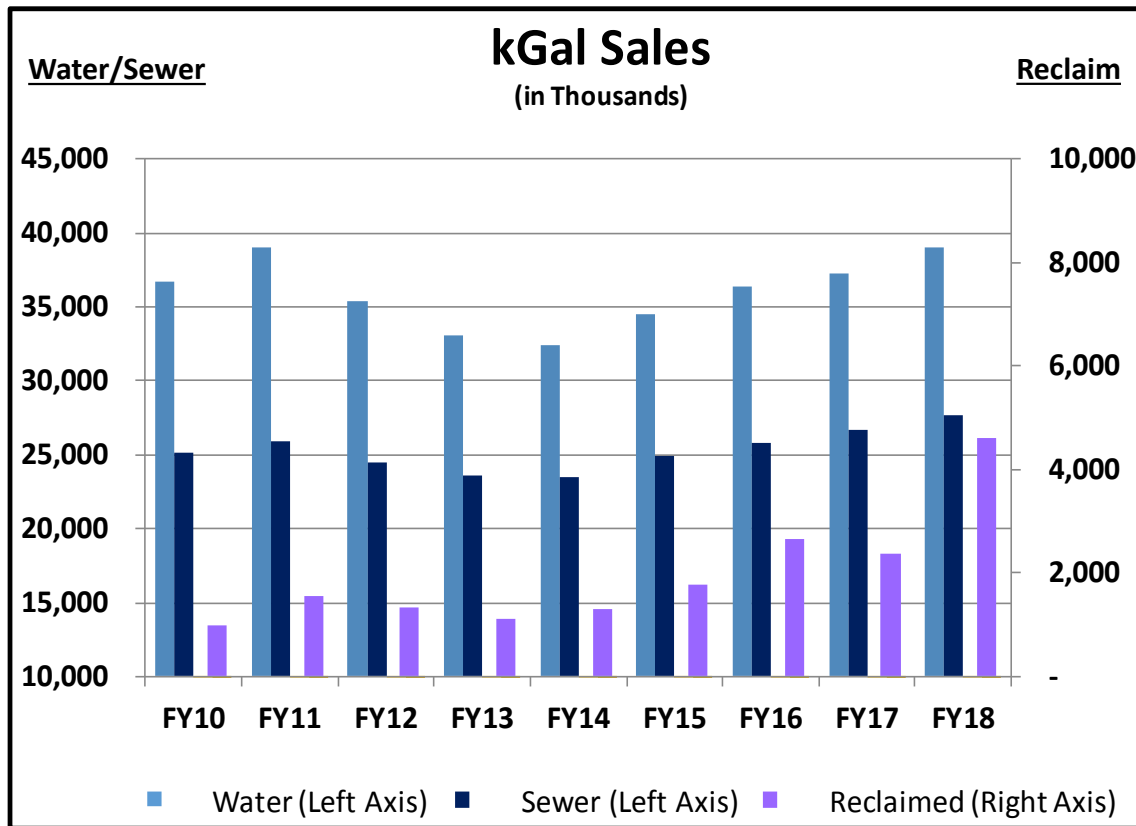
### Industry Benchmark\*

Average Municipal Utility RIR is 6.3  
Average LPPC RIR is 3.7

Units	FY2018	FY2018 Target	FY2017	FY2016
RIR	1.52	1.4	2.0	1.82



# Water and Sewer System: kGal Sales



Month	FY18	FY17	%
Oct	2,992	3,129	(4.4%)
Nov	3,037	3,068	(1.0%)
Dec	2,883	2,923	(1.4%)
Jan	2,790	2,768	0.8%
Feb	2,553	2,624	(2.7%)
<b>YTD</b>	<b>14,255</b>	<b>14,512</b>	<b>(1.8%)</b>
Mar		3,168	
Apr		3,476	
May		3,736	
Jun		2,833	
Jul		3,480	
Aug		3,043	
Sep		2,998	
<b>Forecast/Total</b>	<b>38,984</b>	<b>37,246</b>	

**Unit Sales Driver:** FY18 rainfall down 2.8 inches; rain days up 11.0 days.  
Irrigation for February FY18 down 17.3% versus February FY17.

YTD Customer Accounts			
	FY18	FY17	%
Water	345,854	338,604	2.1%
Sewer	268,791	262,246	2.5%
Reclaimed	10,812	8,823	22.5%

YTD Rainfall			
	30-Yr. Avg.	FY18	FY17
Inches	15.3	14.4	17.2
Days	38.3	35	24

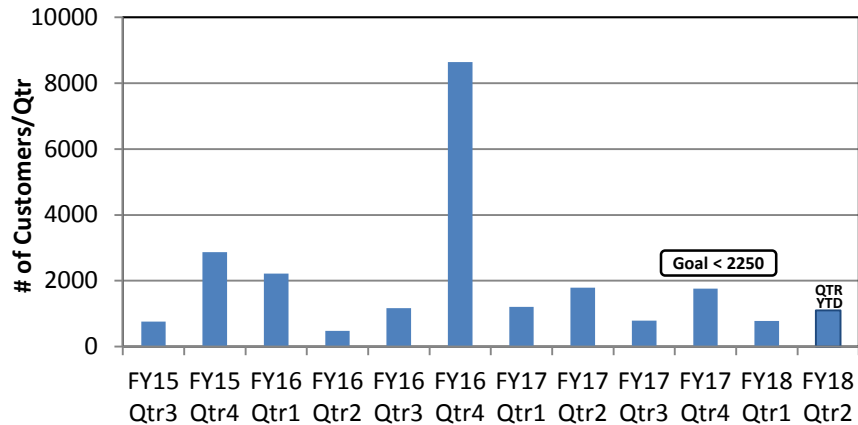
Total System (1.8%)	
Residential	(2.5%)
Comm./Industrial	5.8%
Irrigation	(17.3%)

# Customer Reliability

## Water and Wastewater System

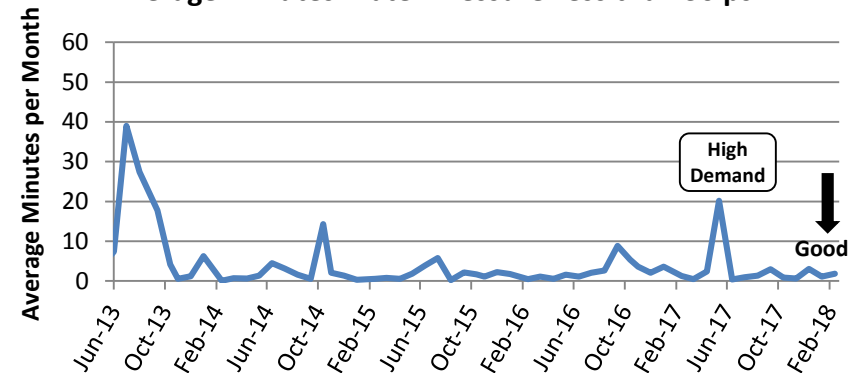
Water Grid Performance	Metric	FY2018	FY2018 Target	FY2017	FY2016
Water Main Outages	# of Customers per Year	1,878	9,000	4,893	12,735

### Customer Service - Unplanned Water Main Outages



### Water Distribution System

#### Average Minutes Water Pressure Less than 30 psi



### Unplanned Water Outages

# of Customers Affected by Unplanned Outages has increased due to 3<sup>rd</sup> Party Damages

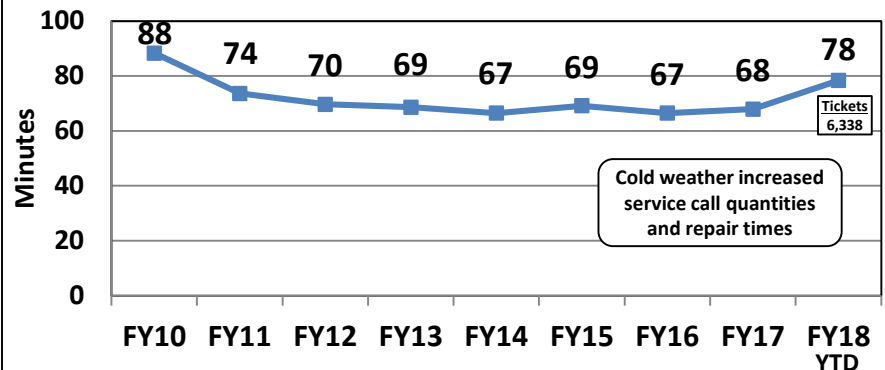
### Water Pressure (minutes per month < 30 psi)

Measured by 115 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi.

### Customer Response Time

Average time from a customer call to the ticket completion or transfer to a field crew for a more extensive repair

### Priority Tickets: Customer Response Time

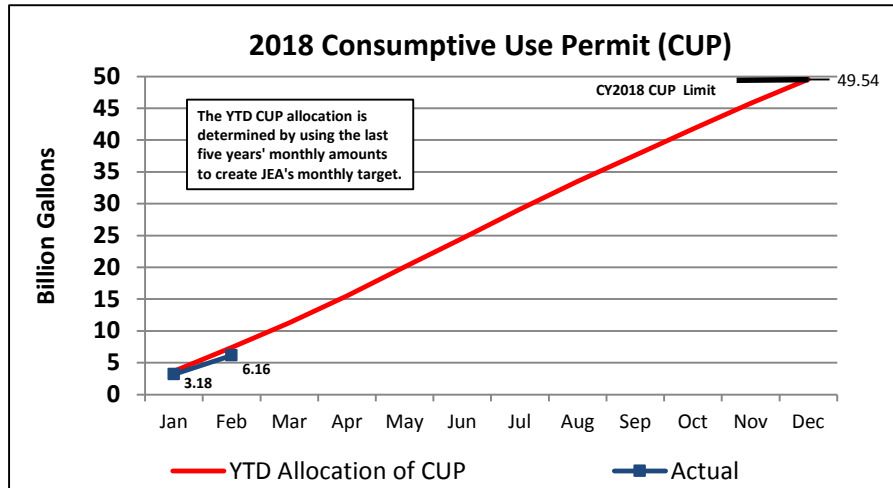


\*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

# Environmental Compliance

## Water System – Consumptive Use Permit (CUP)

Compliance	Metric – CY Basis	CY2018	2018 Target	2017	2016	2015
Water	CUP Limits (MGD)	104	135 limit	114 (133 limit)	112 (131 limit)	107 (131 limit)
South Grid	Wellfield Allocation (MGD)	42.10	< 50.23 limit	48.62 (<50.23 limit)	52.95 (<50.23 limit)	47.50 (<50.23 limit)
Reclaim	Usage (MGD)	14	17	20	16	13



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

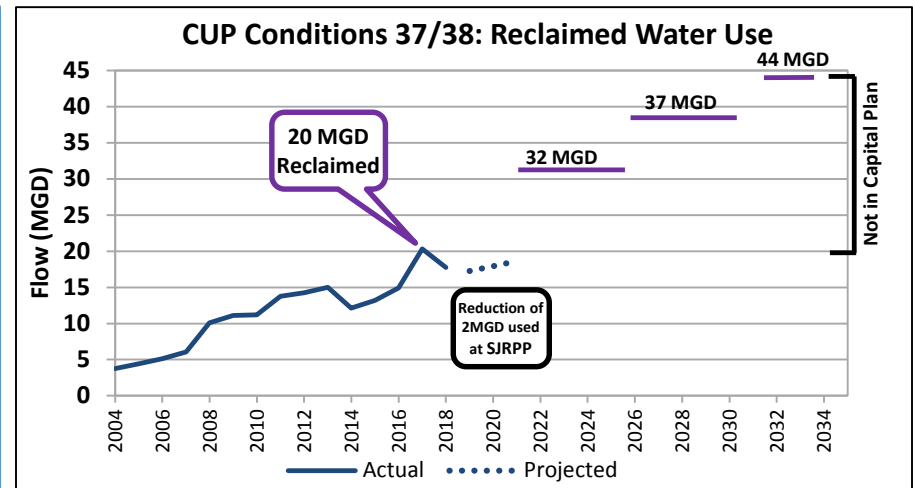
Actuals							Post Sep -14 Limit
Critical Wellfields	2013	2014	2015	2016	2017	CY 2018	
Deerwood III	6.96	7.01	6.67	7.88	7.64	6.37	7.00
Ridenour	5.97	6.39	6.66	7.64	6.68	5.65	6.85
Oakridge	8.78	6.23	4.99	5.79	5.49	5.64	5.65
Greenland		1.53	4.27	4.16	3.99	4.32	4.53
Brierwood	5.58	4.53	2.84	3.36	2.98	2.26	3.02
<b>Subtotal</b>	<b>27.29</b>	<b>25.69</b>	<b>25.43</b>	<b>28.83</b>	<b>26.78</b>	<b>24.24</b>	<b>27.05</b>
Other Wellfields	22.21	20.92	22.07	24.12	21.85	17.86	23.18
<b>Total South Grid</b>	<b>49.50</b>	<b>46.61</b>	<b>47.50</b>	<b>52.95</b>	<b>48.62</b>	<b>42.10</b>	<b>50.23</b>
<b>Total System MGD</b>	<b>100</b>	<b>104</b>	<b>107</b>	<b>112</b>	<b>114</b>	<b>104</b>	<b>136</b>

### St. Johns River Water Management District CUP

**Condition 12:** YTD average daily flow was 22% below CY limit of 135 MGD

**Condition 44:** South Grid Wellfields are 16% below the base limit in CY18, and have annual operational flexibility of 20% above allocation limits.

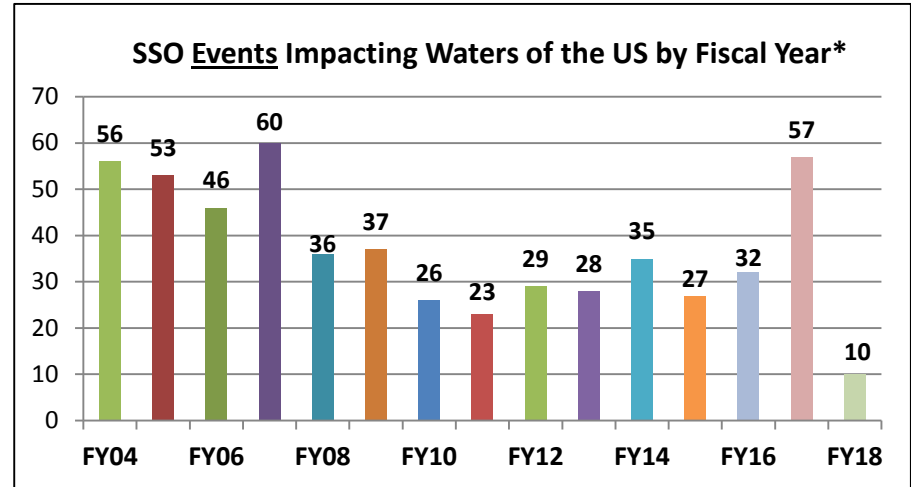
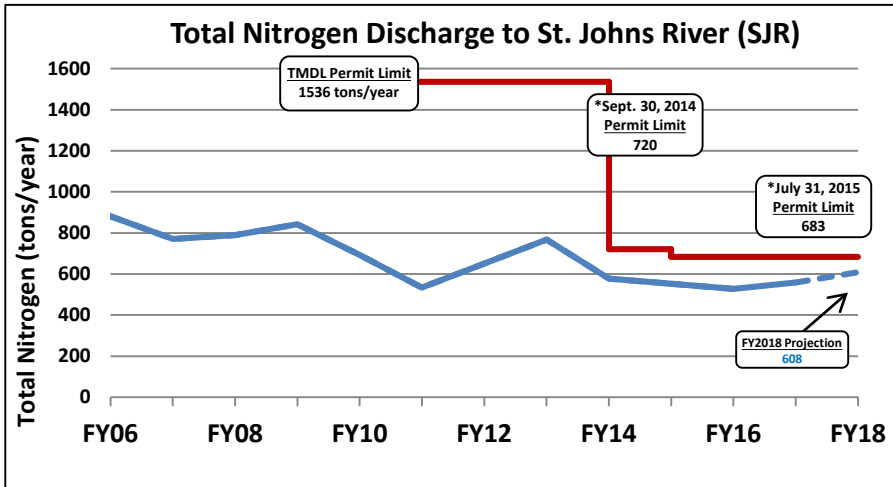
**Conditions 37/38:** Use of reclaimed water “to the maximum extent technologically, economically, and environmentally feasible”. The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.



# Environmental Compliance

## Wastewater System

Compliance	Metric	FY2018	FY2018 Target	FY2017	FY2016
Sewer	Nitrogen (N) Tons – FY basis	297	550	558 (TMDL of 683*)	527 (TMDL of 683*)
Sewer	SSOs – US Waters	10	30	57	32

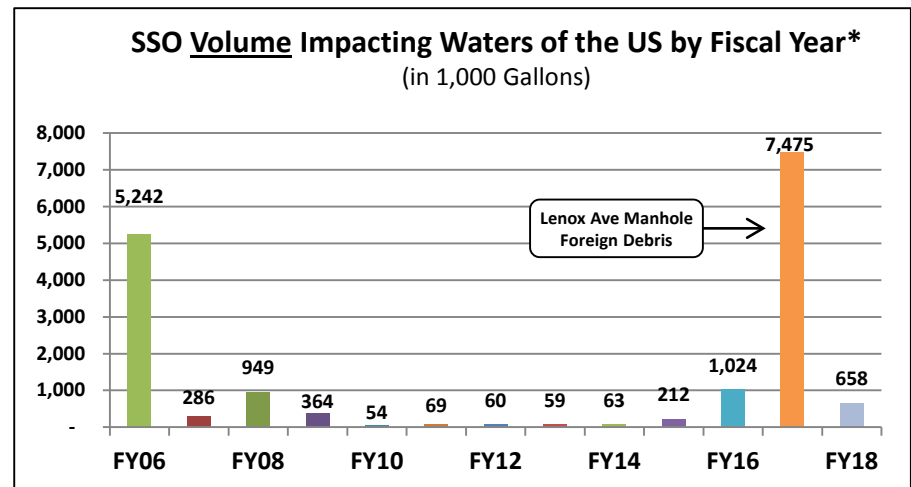


### Nitrogen Discharge to St. Johns River

Florida Department of Environmental Protection (FDEP) has reduced the Total Maximum Daily Load (TMDL) to 683 tons with Water Quality Trading Credits allocated to the COJ

### Sanitary Sewer Overflows (SSOs to US Waters)

FY04 – FY07: 54 per year average, FY08-FY16: 30 per year average. Ten (10) SSO's impacting US Waters during FY18.



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



# Water and Sewer System: Financial Results and Cost Metrics

(\$ in thousands)

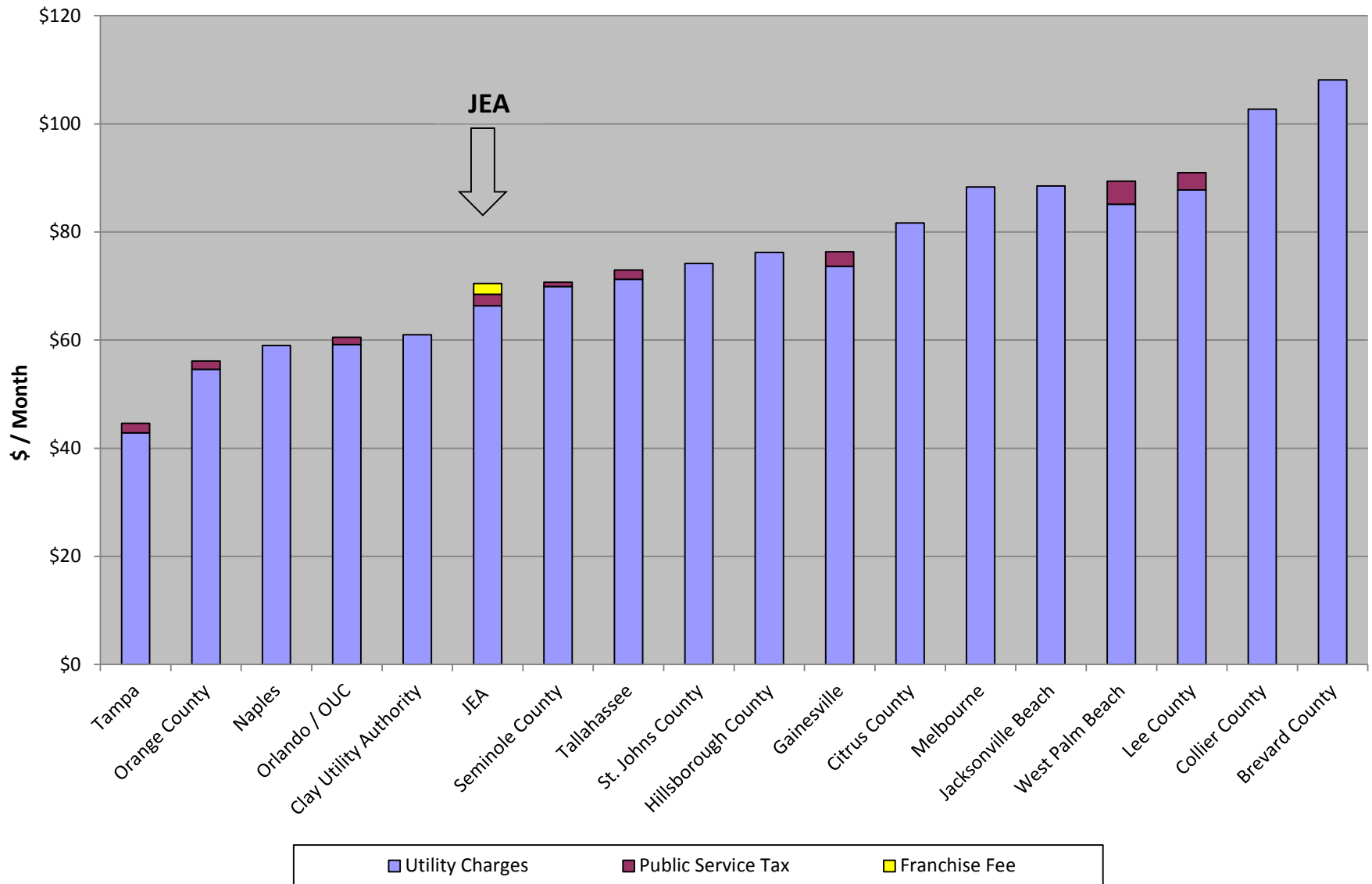
Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (\$)	Variance (%)
Water & Sewer Revenues	\$435,521	\$424,594	\$438,619	\$10,927	2.6%
Other Revenue	52,071	43,204	59,946	8,867	20.5%
<b>Total Revenues</b>	<b>\$487,592</b> ①	<b>\$467,798</b>	<b>\$498,565</b>	<b>\$19,794</b>	<b>4.2%</b>
<div> <div></div> <div>(\$11m)</div> <div></div> </div>					
Select Expenses					
O&M Expense	\$149,449 ②	\$139,447	\$153,394	(\$10,002)	(7.2%)
<b>Net Revenues</b>	<b>\$337,520</b>	<b>\$337,469</b>	<b>\$342,030</b>	<b>\$51</b>	<b>0.0%</b>
<div> <div></div> <div>(\$5m)</div> <div></div> </div>					
Capital Expenditures	<b>\$231,194</b> ③	\$187,593	\$215,000 <sup>1</sup>	(\$43,601)	(23.2%)
Debt Service	\$113,692	\$112,791	\$116,948	(\$901)	(0.8%)

Cost/Kgal	Water	Sewer
Target	\$4.40	\$9.85
Actual	\$4.55	\$9.84
Difference	(\$0.15)	\$0.01

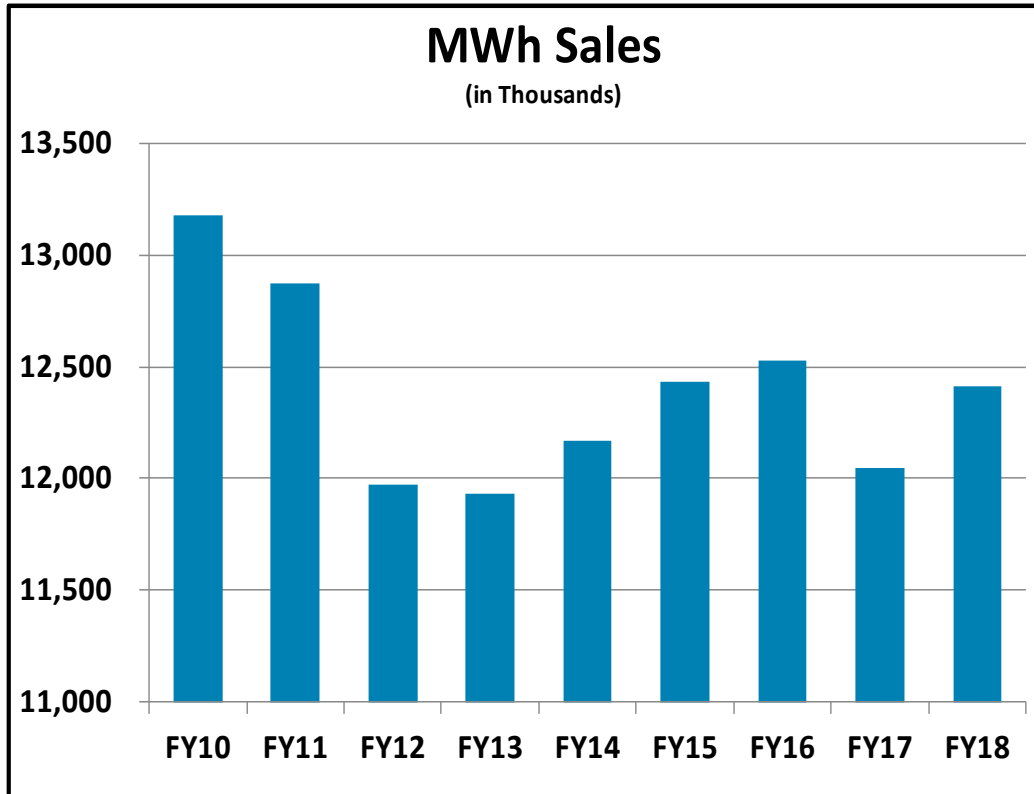
Metrics	FY18 Forecast
Coverage:	3.0x
Days Liquidity/Cash:	532 / 439
Debt/Asset:	49%
Total Debt:	\$1.5B (\$74m lower)

# Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption  
Residential Rates as of February 2018



# Electric System: MWh Sales



Month	FY18	FY17	%
Oct	1,065,925	951,426	12.0%
Nov	833,994	863,238	(3.4%)
Dec	989,619	905,219	9.3%
Jan	1,205,005	932,807	29.2%
Feb	733,718	759,141	(3.3%)
<b>YTD</b>	<b>4,828,261</b>	<b>4,411,831</b>	<b>9.4%</b>
Mar		914,242	
Apr		933,563	
May		1,084,832	
Jun		1,094,475	
Jul		1,298,608	
Aug		1,260,217	
Sep		1,052,365	
<b>Forecast/Total</b>	<b>12,414,253</b>	<b>12,050,133</b>	

**Unit Sales Driver:** FY18 MWh increase due to colder weather, evidenced by 41.0% increase in Degree Days.



YTD Degree Days		
30-yr. Avg.	FY18	FY17
1,441	1,416	1,004

YTD Customer Accounts		
FY18	FY17	%
463,938	456,818	1.6%

Total System	9.4%
Residential	19.1%
Comm./Industrial	2.0%
Interruptible	10.1%
Wholesale (FPU)	(11.9%)

# FY 2017 Performing Objectives

## Electric Systems Reliability Metrics

T&D Grid Performance	Metric	FY2018	FY2018 Target	FY2017	FY2016
Customer Outage Frequency	# of Outages per Year	1.71	1.8	1.55	1.4
Electric Outage Duration	# of Minutes out per Year	103.1	80	99.5	71
Transmission Line Faults	# of Faults per 100 miles	2.5	2.5	1.9	0.7
CEMI <sub>5</sub>	% Customers > 5 outages per yr	0.67	1.0	1.07	1.4

### Electric Service Reliability

- Outage frequency and duration have been reduced significantly over the last 8 years; running flat over last several years
- The typical JEA customer sees 1.7 outages per year and a total outage duration of about 103 minutes
- Improvement trend over past three years for CEMI<sub>5</sub>. 3,191 (0.67%) of our customers have experienced more than 5 outages in the past 12 months

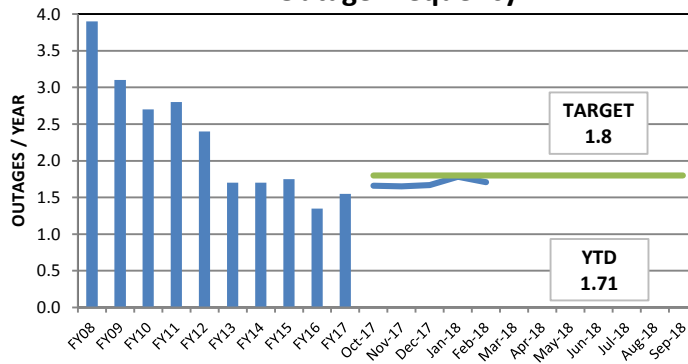
### Transmission Line Reliability

- Overall downward trend over the last eight years
- FY18 (2.5) at target.

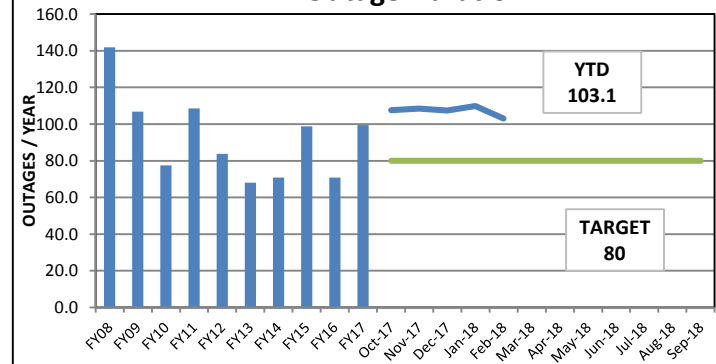
### Other Operational Metrics

- Continue showing favorable trends over time

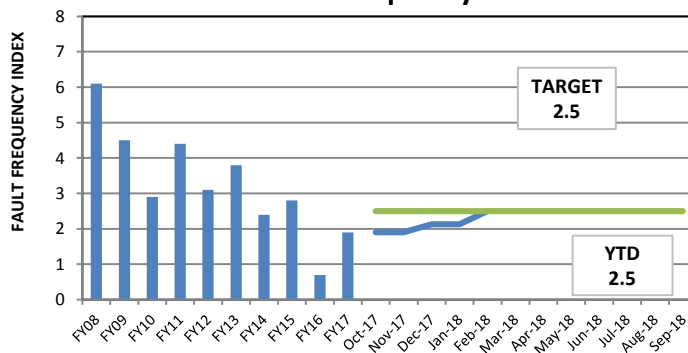
#### Electric Service Reliability Outage Frequency



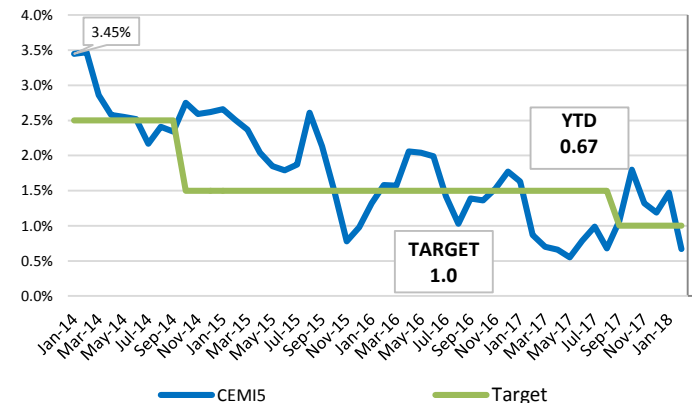
#### Electric Service Reliability Outage Duration



#### Transmission Line Reliability Fault Frequency



#### CEMI-5

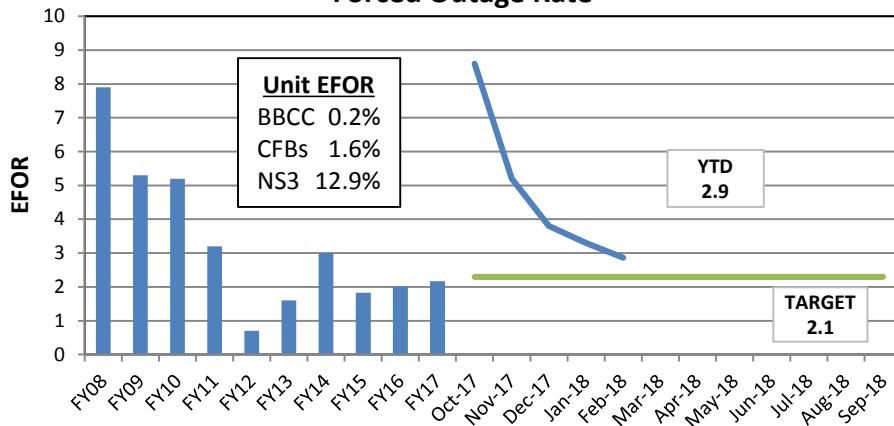


# JEA FY 2017 Performing Objectives

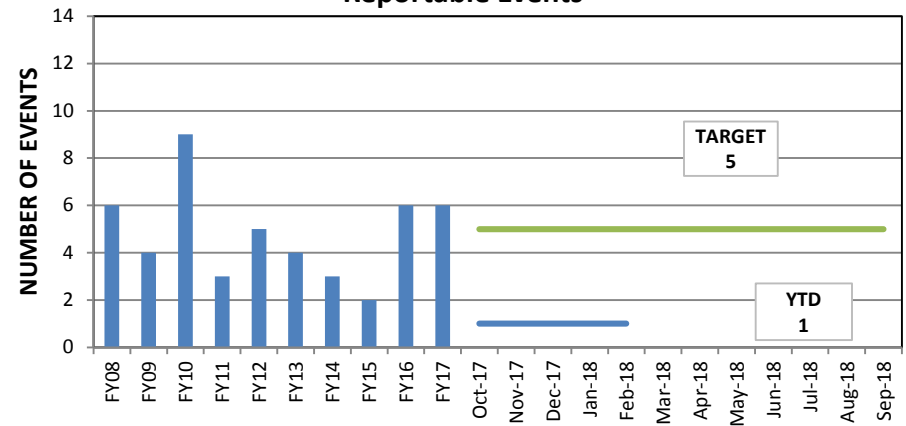
## Electric Systems Reliability Metrics

Generating Plant Performance	Metric	FY2018 YTD	FY2018 Target	FY2017	FY2016
Generation Fleet Reliability	Forced Outages Rate	2.86	2.1	2.17	2.0
Environmental Compliance	Permit Exceedances	1	5	6	6

**JEA Fleet Reliability**  
**Forced Outage Rate**



**Environmental Compliance**  
**Reportable Events**



### Generating Fleet Reliability

- The JEA fleet Forced Outage Rate has been running in line with prior 6-year performance though currently running slightly above the FY2018 target.
- Started FY18 with a set of unit issues in October. Months following have been much better.
- High unit reliability contributes to lower fuel and non-fuel expenses.

### Environmental Compliance

- Excellent environmental performance in prior years. No air permit exceedances occurred in FY16 or FY17.
- We experienced 1 reportable events at Northside thus far during FY2018.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

# Electric System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (%)	Variance (%)
Fuel Revenue	\$398,790	\$394,188 <sup>1</sup>	\$397,761	\$4,602	1.2%
Base Revenue	778,528	750,330 <sup>1</sup>	772,652	28,198	3.8%
Other Revenue	37,654	45,938	39,650	(8,284)	(18.0%)
<b>Total Revenues</b>	<b>\$1,214,972</b>	<b>\$1,190,456</b>	<b>\$1,210,063</b>	<b>\$24,516</b>	<b>2.1%</b>

\$5m

Select Expenses					
Fuel Expense	\$458,102	\$442,588	\$430,561	(\$15,514)	(3.5%)
Fuel Fund Transfers	(59,312)	(48,400)	(32,800)	10,912	
O & M Expense	222,774	199,470	228,801	(23,304)	(11.7%)
Non-fuel Purchased Power	125,838 <sup>4</sup>	76,260	85,372	(49,578)	(65.0%)
<b>Net Revenues</b>	<b>\$454,694</b>	<b>\$517,074</b>	<b>\$492,947</b>	<b>(\$62,380)</b>	<b>(12.1%)</b>

(\$38m)

Capital Expenditures	\$188,817 <sup>3</sup>	\$134,782	\$205,195 <sup>2</sup>	(\$54,035)	(40.1%)
Debt Service	\$201,289	\$204,477	\$204,971	\$3,188	1.6%

Electric Costs/MWh	Non-Fuel
Target	\$56.88
Actual	\$57.45
Difference	(\$0.57)

Fuel Fund	(\$ in millions)
Beginning Balance	\$131.7
Surplus/Defecit	(59.3)
Ending Balance	\$72.4

Financial Metrics	FY18 Forecast
Coverage:	2.3x
Days Liquidity/Cash:	314 / 216
Debt/Asset:	71%
Total Debt:	\$2.4B (\$326m lower)



<sup>1</sup> Includes rate change in December 2016

<sup>2</sup> Council approved limit for capital expenditures in FY18 is \$205 million

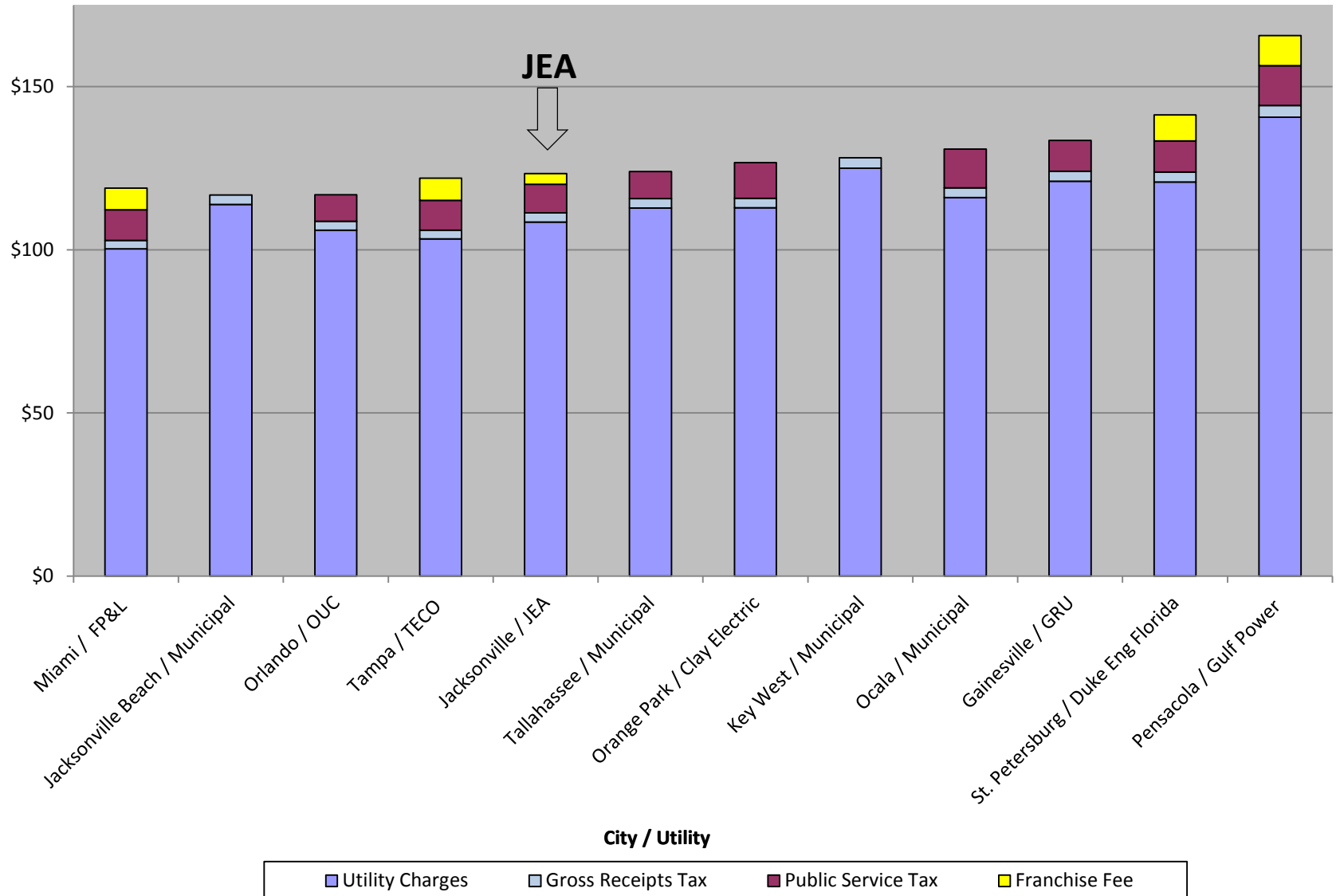
<sup>3</sup> Includes \$18 million for Solar Land purchase

<sup>4</sup> Includes \$40 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

# Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)

Residential Rates as of February 2018



## Customer Experience

Date: February 2018





# FY18 Customer Satisfaction Goal

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

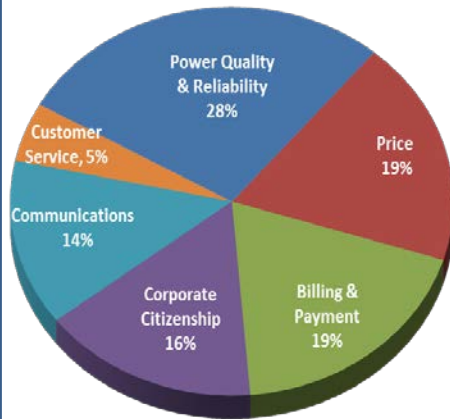
## Residential (R)

FY16	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
2Q 703	1Q 747	1Q 753	2Q 736			1Q 745

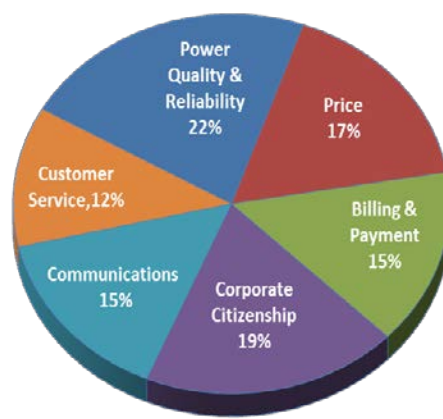
## Business (B)

FY16	FY17	Wave 1	Wave 2	FY18
1Q 754	1Q 780	1Q 787	1Q 796	1Q 791

### Residential



### Business



FY18 Residential # of companies ranked: 139

FY18 Business # of companies ranked: 86

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

# Achieve 1st Quartile Ranking on All Drivers

## Be Easy to Do Business With

### Customer Service

	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
R	1Q 800	1Q 824	3Q 761			2Q 789
B	1Q 829	3Q 790	1Q 839			2Q 813

### Power Quality & Reliability

	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
R	1Q 792	2Q 781	2Q 784			2Q 783
B	1Q 816	1Q 823	2Q 810			2Q 816

## Empower Customers to Make Informed Decisions

### Billing & Payment

	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
R	1Q 807	1Q 807	2Q 796			2Q 801
B	2Q 803	1Q 830	1Q 830			1Q 830

### Communication

	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
R	1Q 712	1Q 716	1Q 702			1Q 709
B	1Q 757	1Q 766	1Q 797			1Q 781

### Price

	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
R	2Q 679	1Q 708	3Q 660			2Q 684
B	1Q 735	2Q 730	1Q 751			2Q 741

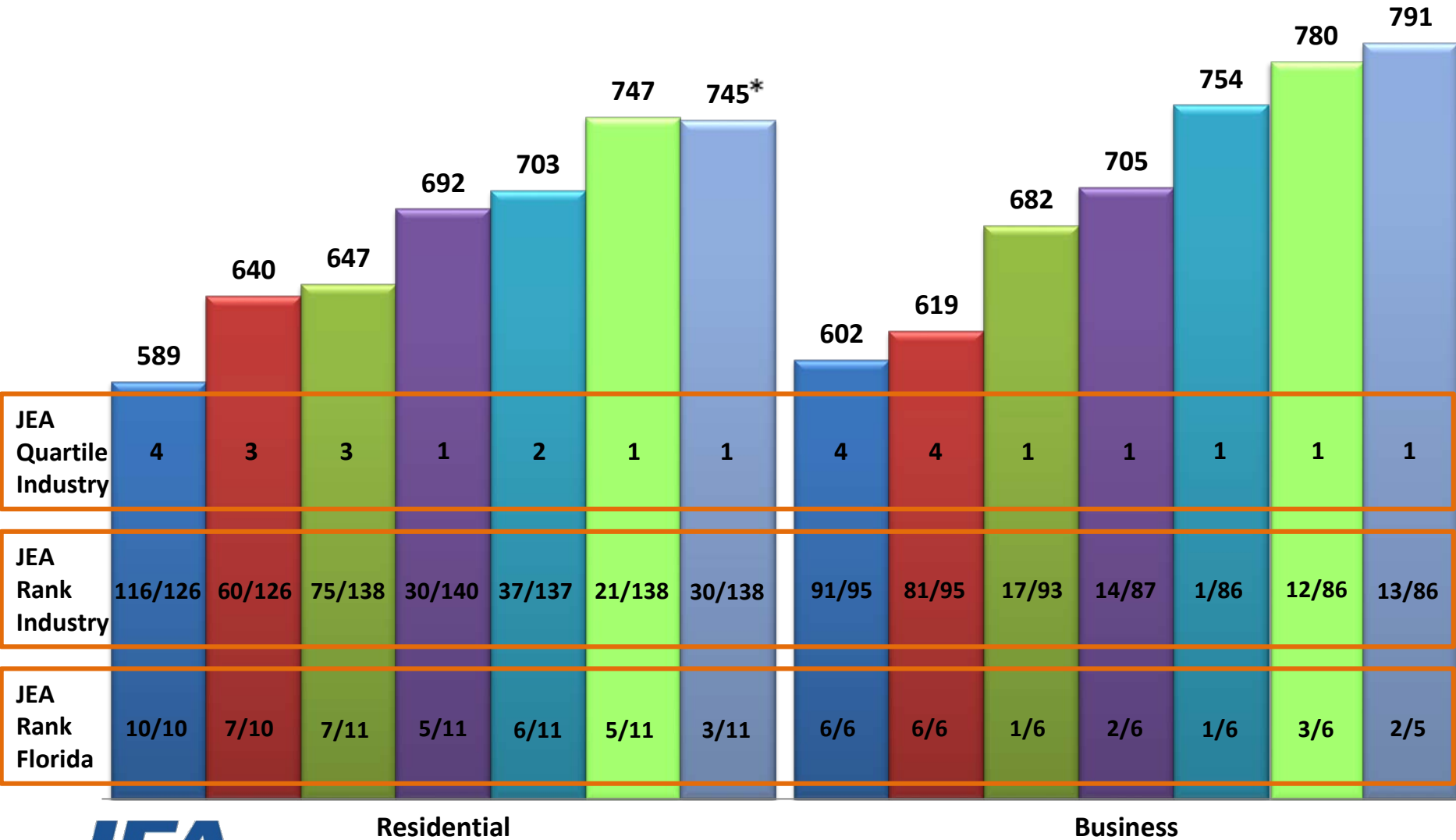
## Demonstrate Community Responsibility

### Corporate Citizenship

	FY17	Wave 1	Wave 2	Wave 3	Wave 4	FY18
R	1Q 685	1Q 700	1Q 694			1Q 697
B	1Q 748	1Q 762	1Q 762			1Q 762

# Customer Satisfaction Index Scores

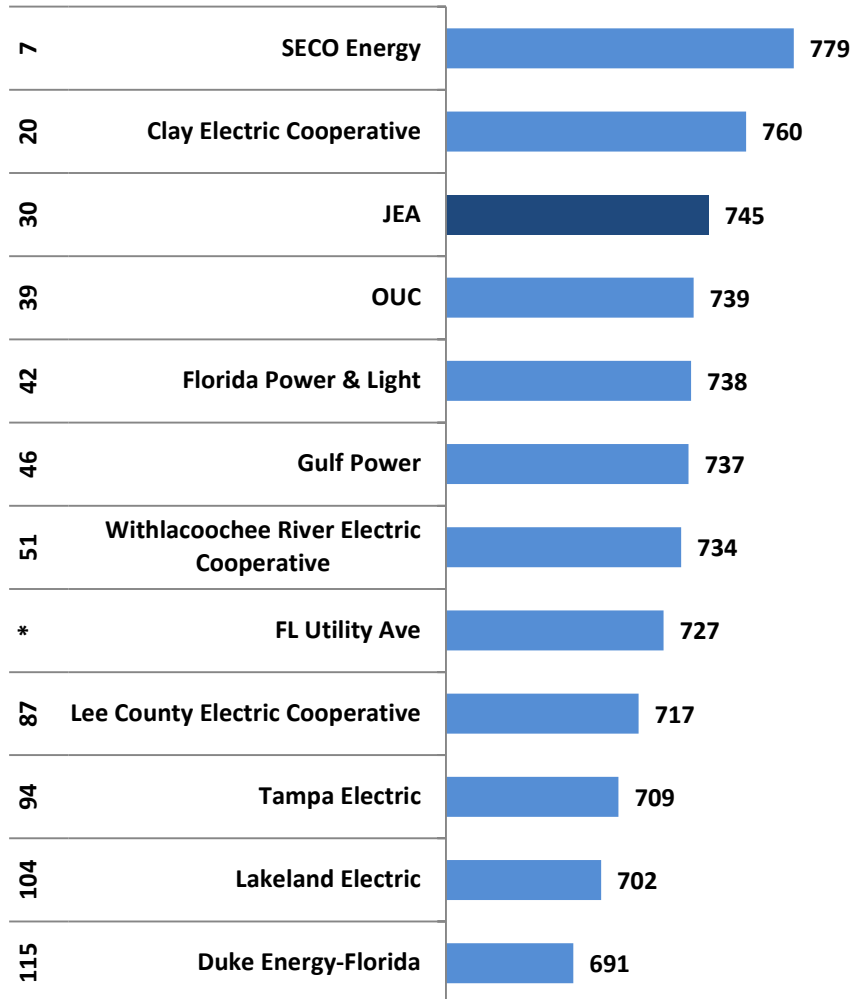
FY12 FY13 FY14 FY15 FY16 FY17 FY18



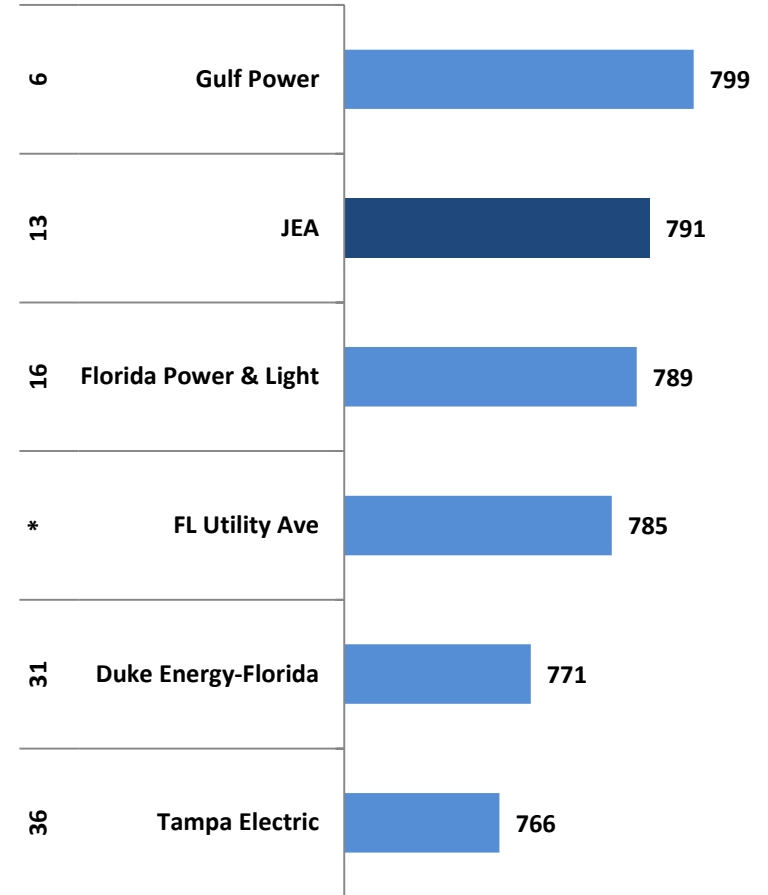
\* FY18 Residential W2 YTD

# Customer Satisfaction Index Scores – Florida Utilities

## Residential FY18 YTD



## Business FY18 Final



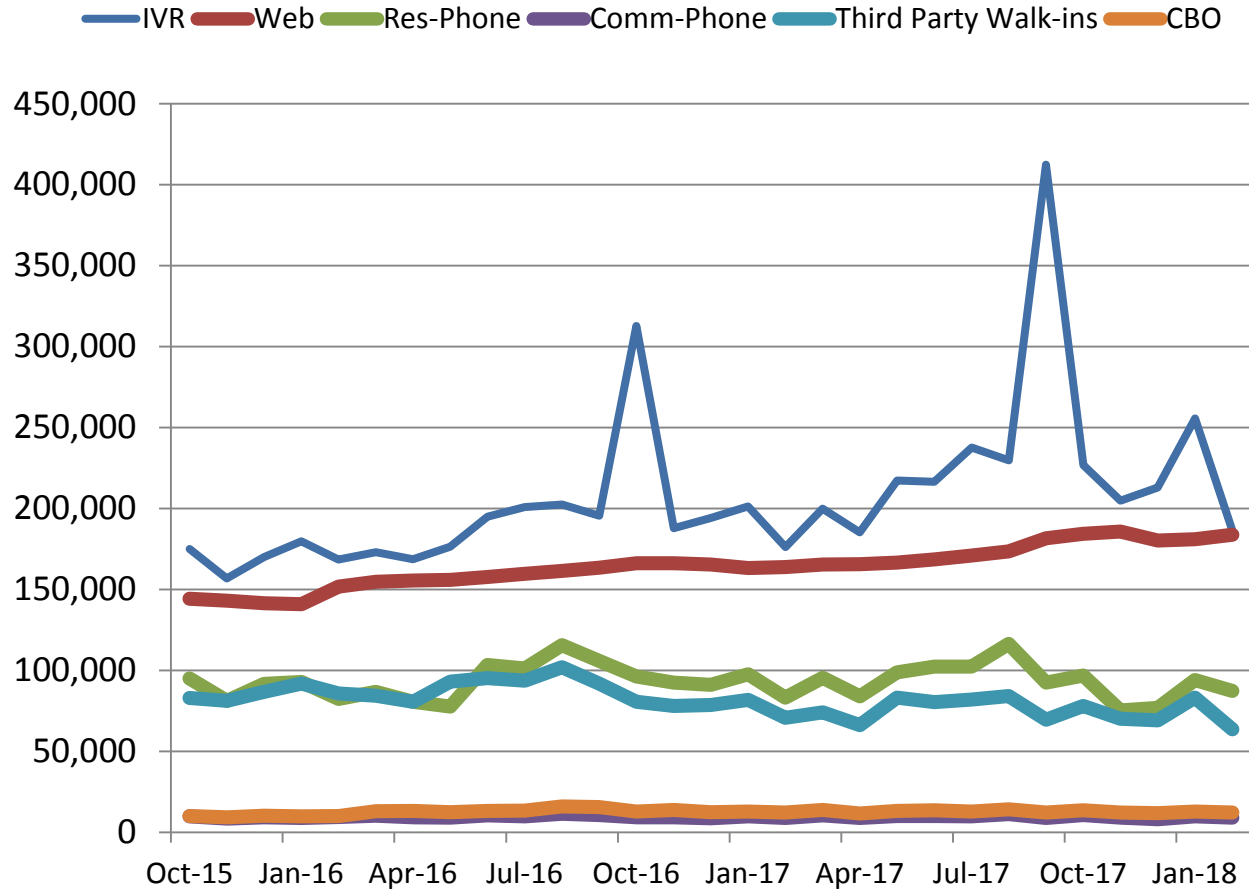
# Customer Service Easy to do Business With

Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.

Customer Satisfaction  
Rating: 8s-10s by Channel - JDP

	JEA FY17	JEA FY18	Industry FY18
Phone - CCC	76.6%	61.3%	66.8%
IVR	74.7%	61.2%	64.9%
Web	76.2%	73.9%	68.5%

## Transactional Volume



# Customer Service Easy to do Business With

Accurately addressing a customer's needs the first time produces a positive customer experience

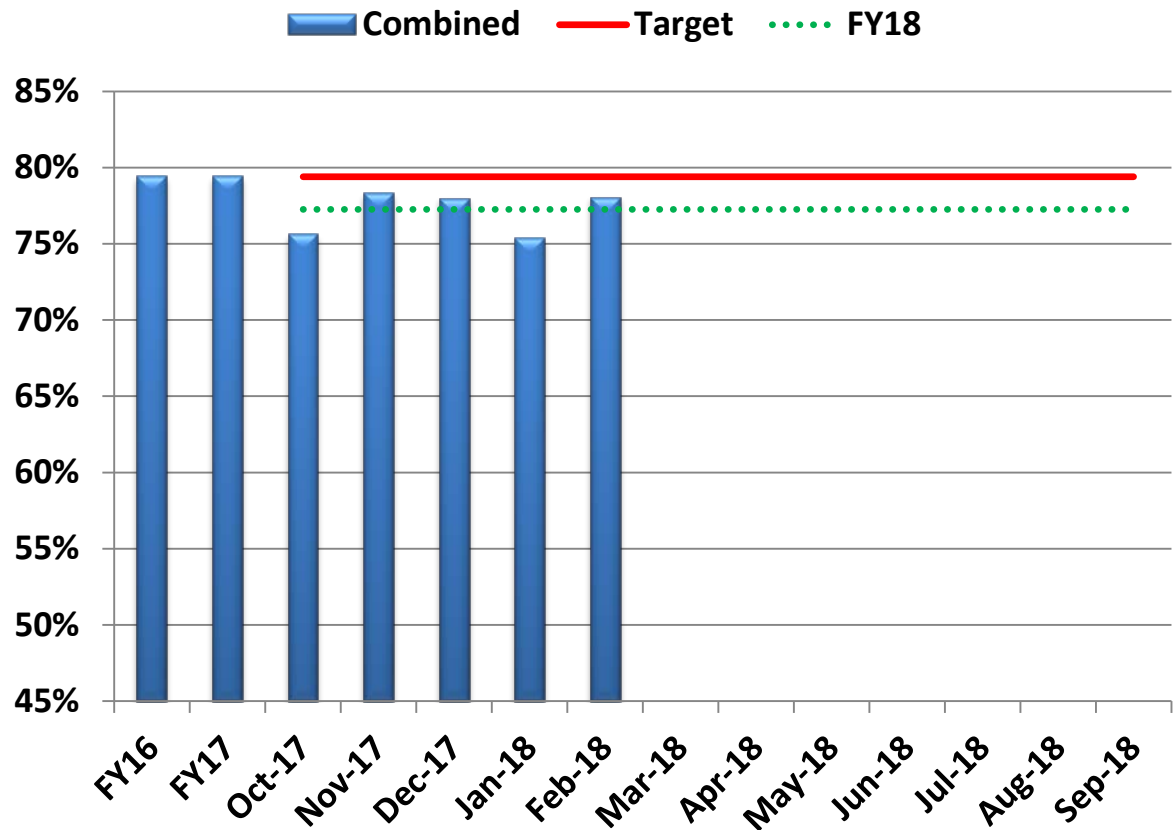
## FY18 Transactional Study

Residential CC	73.1%
Branches	77.8%
Commercial CC	77.2%
IVR	79.2%
jea.com	77.7%
Overall	77.3%

## JD Power FCR

	JEA FY17	JEA FY18 YTD	Industry FY18 YTD
Res CC/IVR	70.3%	70.6%	73.7%
jea.com	72.6%	83.0%	76.2%
Bus CC/IVR	82.1%	66.4%	70.8%

## First Contact Resolution Branches, Call Centers, and jea.com



# Power Quality & Reliability Easy to do Business With

Customers are more satisfied when receiving additional information when reporting an outage and when given updates when power is restored

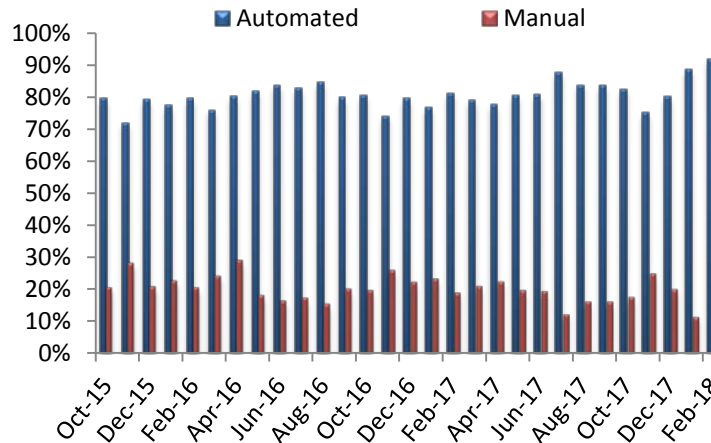
**JD Power**  
“Keeping you informed about outage”

Score	JEA FY17	JEA FY18 YTD	Ind FY18 YTD
8 – 10	55.3%	53.1%	46.9%
< 5	14.0%	13.3%	16.1%

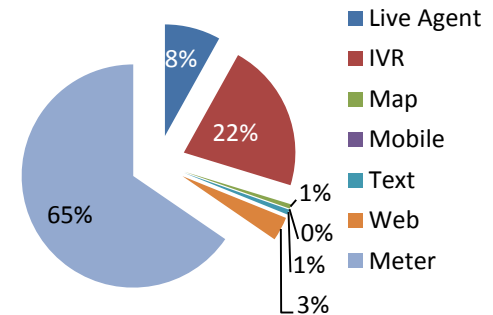
## # Outage Information Points

	FY16	FY17	FY18 YTD
JEA	2.3	2.6	2.7
Industry	2.1	2.3	2.3

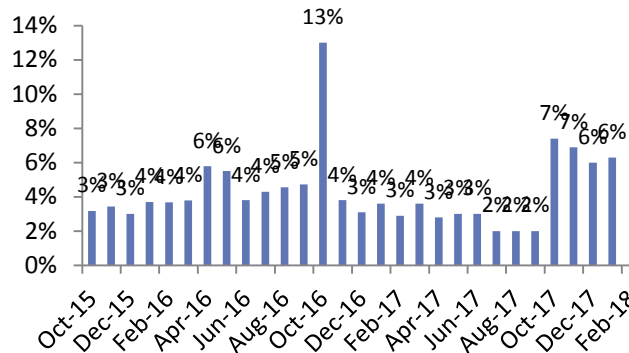
## Outage Reporting



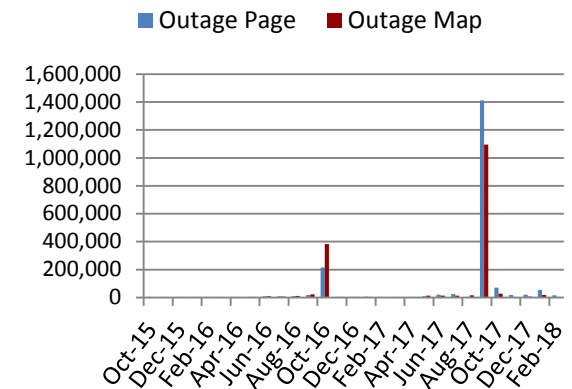
## Outage Reporting by Channel



## % Customers Receiving Outage Updates



## jea.com Outage Page Volume



## Billing & Payment: Customer Solutions

# Empowering Customers to Make Informed Decisions

Customer Solution Participation	FY17	FY18 YTD
e-Billing Participation	94,579	102,948
Levelized Bill Participation	21,050	21,623
AutoPay Participation	39,011	40,284
JEA MyWay Participation	17,883	19,454

	FY18 YTD	Industry Benchmark*
e-Bill	26.6%	18.5%
Budget Bill	5.7%	9.0%
Auto Pay	10.7%	13.0%
*2015 IOU Benchmark Average		





# Empowering Customers to Make Informed Decisions

Communicating with customers is a key driver of satisfaction and impacts all drivers.

## JDP Frequency of Received Communication

Res FY18 YTD

Not enough	4.4%
Just right	91.5%
Too much	4.2%

## JDP Comm Awareness

### Residential

FY14	51.9%
FY15	54.6%
FY16	54.4%
FY17	58.2%
FY18 YTD	58.0%

### Commercial

FY14	55.7%
FY15	68.7%
FY16	55.4%
FY17	64.2%
FY18	51.5%



Introducing JEA Guest Pay

### JEA Guest Pay

JEA offers a variety of products and services all designed to make it easier for you to do business with us. You can pay your billing amount online or on the phone. You can pay it automatically or in person at hundreds of payment locations around Jacksonville. You can line a little greener by signing up to receive your JEA bill electronically or your power from JEA SolarSmart. And you can take the highs and lows out of your utility bill by signing up for JEA's leveled billing program, JEA MyBudget.



Now there's something new to add to all our products and services. It's called JEA Guest Pay and the concept is a simple one. You can pay someone else's JEA bill with a credit or debit card as long as you have that customer's account number and zip code. JEA Guest Pay is also a perfect solution for customers who want to pay their own bill online but don't want to log in to their jea.com account.

We think parents with kids in college will find JEA Guest Pay handy. So will someone who wants to help a neighbor or friend or family member in need. Simply get the customer's account number and zip code and go to [jea.com/guestpay](http://jea.com/guestpay). Learn more about JEA Guest Pay and our entire suite of products and services at [jea.com/jeaguestpay](http://jea.com/jeaguestpay).

### Celebrate Jacksonville's Official Arbor Day with a Free Tree Giveaway

JEA, a tree-line-USA utility, annually partners with Greenscape of Jacksonville to giveaway thousands of trees at Jacksonville's official Arbor Day Festival.



This year, the family friendly festival will be held March 24 from 11 a.m. to 4 p.m. at the Jacksonville Fairgrounds. Trees will be given away on a first-come, first-served basis. Species expected to be available include oaks, river birch and red maples in 3 gallon pots.

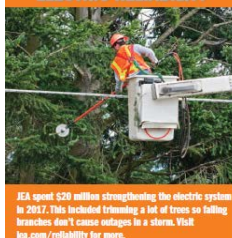
Remember to plant your new tree well away from any power lines. Learn more about JEA's Right Tree, Right Place planting guidelines at [jea.com/treeplanting](http://jea.com/treeplanting).

### Enhancing the Quality of Life for the Entire City

Learn about valuable city resources and participate in educational workshops at the inaugural COJ Neighborhood & Community Summit on Saturday, April 21, 2018, 8 a.m. to 2 p.m. The summit is free to the public, but space is limited. Please register at [coj.net/neighborhoodsummit2018](http://coj.net/neighborhoodsummit2018). Snacks and lunch will be provided.

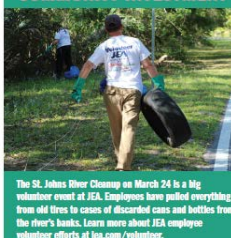


### ELECTRIC RELIABILITY



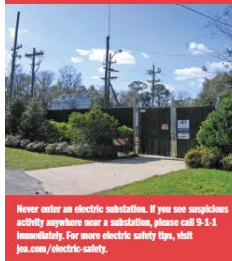
JEA spent \$20 million strengthening the electric system in 2017. This included trimming a lot of trees so falling branches don't cause outages in a storm. Visit [jea.com/reliability](http://jea.com/reliability) for more.

### COMMUNITY INVESTMENT



The St. Johns River Cleanup on March 24 is a big volunteer event of JEA. Employees have pulled everything from old tires to cans of discarded cans and bottles from the river's banks. Learn more about JEA employee volunteer efforts at [jea.com/volunteer](http://jea.com/volunteer).

### ELECTRIC SAFETY



Never enter an electric substation. If you see suspicious activity anywhere near a substation, please call 9-1-1 immediately. For more electric safety tips, visit [jea.com/electric-safety](http://jea.com/electric-safety).

### Protecting The Environment



JEA saves almost \$5,000 each year by sending electronic Water Quality Reports to customers instead of mailing them. Reports from the last decade are available at [jea.com/waterqualityreport](http://jea.com/waterqualityreport).

Communication Channels  
FY18  
Volume: 75,524,042

- e-Com (jea.com, email, social) 15,981,028
- Paid Media (Radio, TV, Print) 62,894,758
- Community Engagement (Events, Workshops) 462,884
- Other Communication (Bill Inserts, Brochures, 5,413,375)





# Empowering Customers to Make Informed Decisions

JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.

## FY18 Activities: 139

- Speakers Bureau—13
- Facility Tours—9
- Community Events—13
- Educational Partnership Activities—30



## JEA Employee Volunteer Participation



**Sandra Hughes – Customer Experience**

## JEA Ambassador Program



JEA Ambassadors provided a tour of the Main Street Water Lab to a group of students from St. Joseph Catholic School.

Giving back to our community through volunteering is foundational as a community-owned utility

## FY18 Total Volunteers - 221

### February — 93 Volunteers

- Catty Shack Ranch Wildlife Sanctuary
- NE Florida Regional Science & Engineering Fair
- Ms. Mary's Boutique at PACE Center for Girls
- Donna Marathon Expo & Race
- Habijax Builds
- NE Florida Construction Career Days
- DLC Nurse & Learn – Annual Valentines Dance
- Northeast Florida MATHCOUNTS
- Feeding Northeast Florida Food Bank

### March — Volunteer Events

- Habijax Builds
- GATE River Run – Expo
- Catty Shack Ranch Wildlife Sanctuary
- Habijax Builds
- St. Johns River Celebration 23<sup>rd</sup> Annual Cleanup
- Feeding Northeast Florida Food Bank
- 2<sup>nd</sup> Annual Arbor Day Festival & Greenscape Tree Giveaway

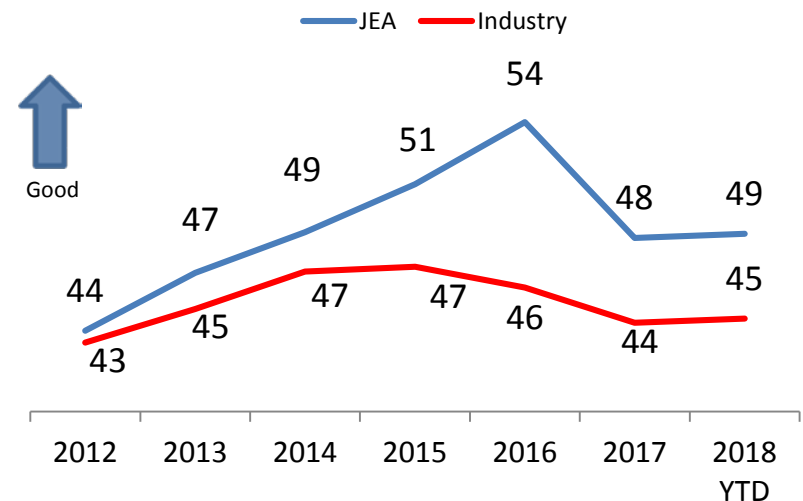
# Demonstrating Community Responsibility

DSM Programs & Participation	FY17	FY18 YTD
Tracker Participation (Entering Site)	114,993	57,264
Invest Smart	620	208
Shop Smart	103,576	44,829
Neighborhood Energy Efficiency	1,250	484
Electric Vehicle Rebates	75	31

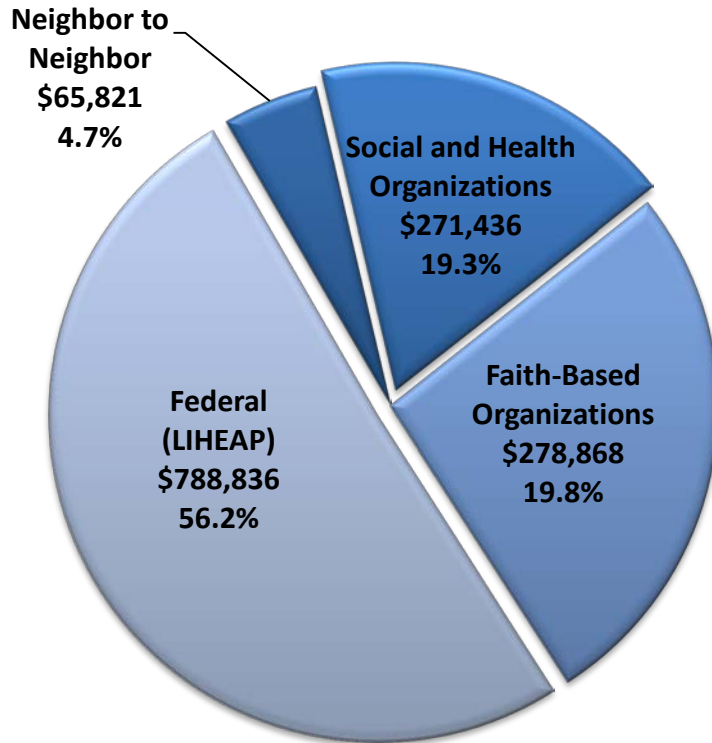
## Customer Solutions and Market Development highlights:

- Solar Battery Program Design and Collateral Materials are complete and in review. All is set to launch April 1.
- Solar Applications increase tracking toward the Net Metering Deadline
- JEA was invited to participate in the 2018 Amelia Island Concours D'Elegance as this year's key Seminar is on the Design Challenges the Electric Vehicle presents to the Car Manufacturing Industry.

## Familiarity with Utility Energy Efficiency or Conservation Programs (%)



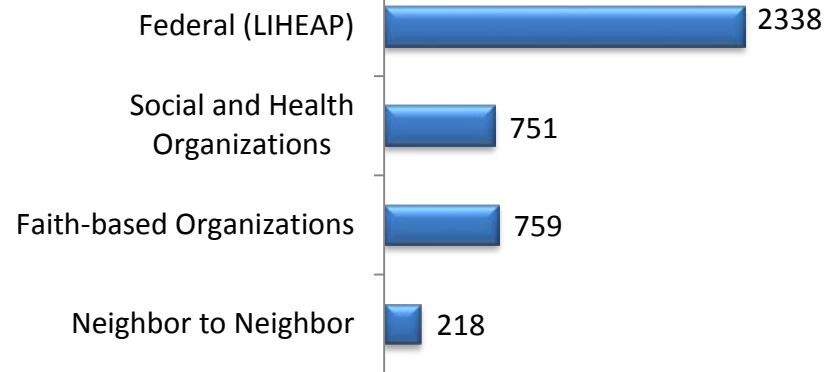
## Demonstrating Community Responsibility



Agency & Federal  
Customer Assistance  
**FY 18**  
**\$1,404,961**

24 agencies provided 959 utility payments  
on behalf of JEA customers in  
**February 2018** totaling **\$336,459**

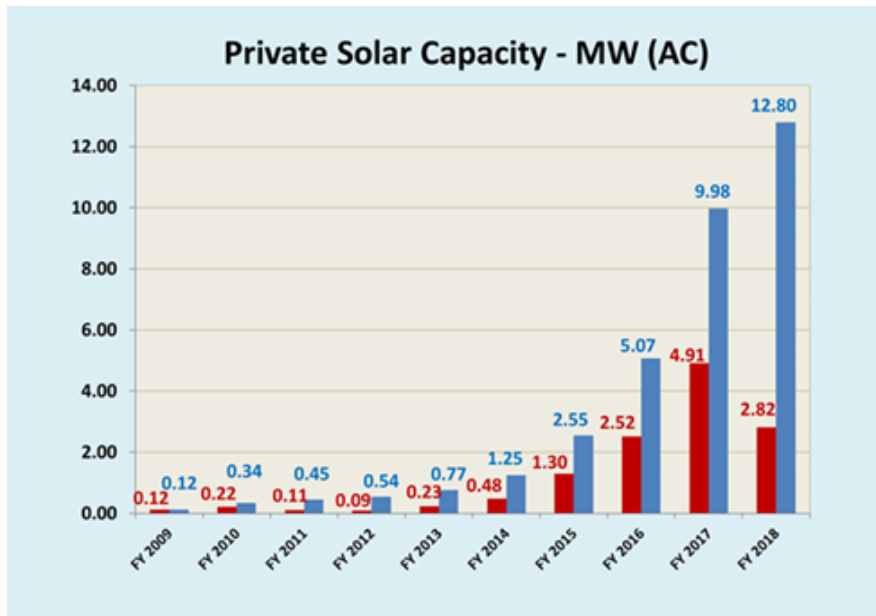
### # Customers Receiving Agency Assistance FY 18



Number of Customers Receiving  
Agency & Federal Utility Assistance  
**FY 18**  
**4,066**

# Private Solar Program Status (Net-Metered Solar)

- Private solar capacity added in February was 1.05 MW.
- Total aggregate capacity is 12.80 MW.
- The annualized expense for the current 12.80 MW of installed private solar is \$917,000 annually
- The table below reflects the current and future expense levels associated with private solar:



	Current MW	10 MW Policy Limit	Each Future MW
Energy	\$482,000	\$500,000	\$50,000
Capacity	\$336,000	\$330,000	\$33,000
Taxes & Fees	\$99,000	\$98,000	\$9,800
Total	\$917,000	\$928,000	\$92,800
20-yr NPV	\$11,974,000	\$12,100,000	\$1,210,000

### III. A. 5.

## Monthly FY18 Communications & Engagement Calendar and Plan Update



## JEA Community Engagement Calendar - February - May 2018

(Events highlighted in blue are either JEA corporate or partner events)

III. A. 5.  
03/20/2018

	A	B	C	D	E
	Date	Event/Activity	Location	Time	Type
1					
2	Feb-18				
3	2/1/2018	JEA Power Pals	RV Daniels Elem.	8:45am	Ambassador Instructors
4	2/1/2018	JEA Power Pals	SA Hull Elem.	2pm	Ambassador Instructors
5	2/2/2018	Mentoring for Families and Kids	Haskell Building	6pm	Ambassador Speaker
6	2/2/2018	Catty Shack Wildlife Sanctuary	1860 Starratt Rd.	10:00 - 3:00	Volunteer Activity
7	2/5/2018	UNF Grad Students	NGS Tour	2pm	Ambassador Facility Tour
8	2/5/2017	NE FL Science & Engineering Fair	3800 Saint Johns Bluff Rd.	7:30 - 4:00	Volunteer Activity
9	2/6/2018	Orange Pk High School - Engineering Class	Northside Generating Station Tour	10:30am	Ambassador Facility Tour
10	2/6/2018	SP Livingston Career Series	SP Livingston Elem.	8:30am	Ambassador Speaker
11	2/7/2018	UNF Environmental Center	Buckman Plant Tour	12:30pm	Ambassador Facility Tour
12	2/7/2018	Customer Request	NGS Tour	4pm	Ambassador Facility Tour
13	2/7 - 2/8/18	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity
14	2/8/2018	JEA Power Pals	RV Daniels Elem.	8:45am	Ambassador Instructors
15	2/8/2018	Thomas Jefferson Elem. Career Fair	8233 Nevada St	9am	Ambassador Event
16	2/8/2018	Fletcher High Career Fair	Fletcher High School	10am	Ambassador Speaker
17	2/8/2017	R L Brown Gifted & Talented Academy	1535 Minor St.	9am - 2pm	Ambassador Speaker
18	2/8/2018	JEA Power Pals	SA Hull Elem.	2pm	Ambassador Instructors
19	2/9/2018	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
20	2/9 - 2/11/18	Donna Marathon Expo & Race	Prime Osborn	11:30 - 3:00; 8:00 - 3:00	Volunteer Activity
21	2/10/2017	Florida STEM Expo	River City Science Academy - 7565 Beach Blvd.	10:30am	Ambassador Event
22	2/10/2018	TEACH Conference	Hyatt Regency Hotel	8am	Ambassador Event
23	2/10/2018	Shaping Christian Leaders	Woodlawn Presbyterian Church	11:30am	Ambassador Speaker
24	2/13/2018	SP Livingston Career Series	SP Livingston Elem.	8:30am	Ambassador Speaker
25	2/13/2018	Science Project Students	NGS Tour	3:30pm	Ambassador Facility Tour
26	2/14/2018	DLC Nurse & Learn	4101 College St.	9:00 - 12:00	Volunteer Activity
27	2/13 - 15/2018	Construction Expo	Equestrian Center	9am - 4pm	Ambassador Event

## JEA Community Engagement Calendar - February - May 2018

*(Events highlighted in blue are either JEA corporate or partner events)*

	A	B	C	D	E
28	2/13 - 2/15/18	Construction Career Days	13611 Normandy Blvd.	7:00 - 3:00	Volunteer Activity
29	2/15/2018	JEA Power Pals	SA Hull Elem.	2pm	Ambassador Instructors
30	2/16/2018	Traders Hill Farm	Brandy Branch/Solar Farm Tour	10am	Ambassador Facility Tour
31	2/20/2018	SP Livingston Career Series	SP Livingston Elem.	8:30am	Ambassador Speaker
32	2/20 - 2/21/18	Catholic Charities WFD	40 E. Adams St.	10:00am	Volunteer Activity
33	2/21/2018	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
34	2/21/2018	Morning Star School	725 Mickler St	12pm	Ambassador Speaker
35	2/22/2018	JEA Power Pals	SA Hull Elem.	2pm	Ambassador Instructors
36	2/22/2018	Veterans Admin.	600 Southpoint Dr. North	3pm	Ambassador Speaker
37	23-Feb	MATHCOUNTS	UNF University Center	7:30 - 4:00	Volunteer Activity
38	2/24/2018	Manatee Festival	Jax Zoo	10am	Ambassador Event
39	2/27/2018	SP Livingston Career Series	SP Livingston Elem.	8:30am	Ambassador Speaker
40	2/27 - 2/28/18	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity
41	2/28/2018	St Joseph Catholic School	Main St Lab Tour	9am	Ambassador Facility Tour
42	2/28/2018	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
43	2/28/2017	SP Livingston Career Fair	SP Livingston Elem.	10am	Ambassador Speaker
44	<b>Mar-18</b>				
45	3/1 - 4/2018	2018 Home & Patio Show	Prime Osborn	10am	Ambassador Event
46	3/1/2018	City of Tallahassee Electric	Brandy Branch/Soalr Farm Tour	9am	Ambassador Facility Tour
47	3/1 -3/2/18	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
48	3/2/2018	Wildlight Elem. Career Fair	550 Curiosity Ave.	9am	Ambassador Speaker
49	3/2/2018	Bartram Springs Elem.	14799 Bartram Park Rd.	9am	Ambassador Event
50	3/3/2018	Jax Science Festival	MOSH	9am	Ambassador Event
51	3/3 - 4/2018	2018 World of Nations	Metro Park	10am	Ambassador Event
52	3/7/2018	JEA Power Pals	SP Livingston Elem.	2pm	Ambassador Instructor
53	3/8/2018	Arlington Heights STEAM Night	Arlington Heights Elem. 1520 Sprinkle Dr.	6pm	Ambassador Event
54	3/8 - 3/9/18	GATE River Run Expo	Jacksonville Fairgrounds	10:00 - 6:00	Volunteer Activity
55	3/9/2018	Catty Shack Wildlife Sanctuary	1860 Starratt Rd.	10:00 - 3:00	Volunteer Activity
56	3/9/2018	Resurrection Catholic School	1 - Hour Power Pals	12:30pm	Ambassador Instructor
57	3/14/2018	JEA Power Pals	SP Livingston Elem.	2pm	Ambassador Instructor
58	3/15/2018	Wildlight Elem. STEAM Night	550 Curiosity Ave.	5:30pm	Ambassador Event
59	3/15/2018	Julia Landon Elem. Career Fair	1819 Thacker Ave	9am	Ambassador Event

## JEA Community Engagement Calendar - February - May 2018

*(Events highlighted in blue are either JEA corporate or partner events)*

	A	B	C	D	E
60	3/15/2018	Sandalwood High Career Day	1750 John Prom rd.	9am	Ambassador Event
61	3/15 - 3/16/18	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
62	3/16/2018	St. Johns River Clean-up	Downtown & Northside	9:00 - 3:00	Volunteer Activity
63	3/22/2018	Mattie V Rutherford MiddleCareer Fair	1514 Hubbard St	9am	Ambassador Event
64	3/23/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity
65	3/23/2018	Greenscape Event Set-up	Jacksonville Fairgrounds	9:00 - 1:00	Volunteer Activity
66	3/24/2018	Day Fest. & Greenscape Tree Gi	Jacksonville Fairgrounds	10:30 - 4: 30	Volunteer Activity
67	3/29/2018	Alfred I Dupont Middle Career Fair	2710 Dupont Ave.	1pm	Ambassador Event
68	<b>Apr-18</b>				
69	4/4 - 4/7/18	One Spark	Daily's Place Amphlitheatre	4-days, multi-shifts	Volunteer Activity
70	4/7/2018	St Paul Lutheran Community Fair	2730 W Edgewood Ave.	9:30am	Ambassador Event
71	4/7/2018	Family Support Services - Party in the Park	1300 Riverplace Ave.	9:30am	Ambassador Event
72	4/11 - 4/12/18	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity
73	4/12/2018	Rethreaded	820 Barnett St.	1:00 - 5:00	Volunteer Activity
74	4/12/2018	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
75	4/13/2018	Catty Shack	1860 Starratt Rd.	10:00 - 3:00	Volunteer Activity
76	4/13/2018	John Love Elem. Career Fair	1531 Winthrope St	9am	Ambassador Event
77	4/14/2018	Magnolia Gardens Community Fair	5808 Begonia Rd	2pm	Ambassador Event
78	4/18/2018	FSCJ Adult Learning	Main St Lab Tour	9am	Ambassador Facility Tour
79	4/19/2018	Aging True	Cathedral Café Terrace Residences	11:00 - 1:00	Volunteer Activity
80	4/19/2018	Five Star Veterans	40 Acme St.	9:00 - 2:00	Volunteer Activity - Group
81	4/21/2018	Earth Day at the Landing	Jax Landing	11am	Ambassador Event
82	4/21/2018	Earth Day Downtown Cleanup	Jacksonville Landing	8:30 - 10:30	Volunteer Activity
83	4/28/2018	Clay County Touch a Truck	Clay County Emergency Off.	9am	Ambassador Event
84	4/27/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity
85	4/27 - 2/28/18	Tree Hill Butterfly Festival	7152 Lone Star Rd.	9:00 - 4:00	Volunteer Activity
86	4/30/2018	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity



## JEA Community Engagement Calendar - February - May 2018

*(Events highlighted in blue are either JEA corporate or partner events)*

	A	B	C	D	E
87	<b>May-18</b>				
88	5/3/2018	HabiJax Builds	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
89	5/4/2018	Catty Shack	1860 Starratt Way	10:00 - 3:00	Volunteer Activity
90	5/18/2018	Miracle on Ashley St.	Clara White Mission	10:00 - 2:00	Volunteer Activity
91	5/16/2018	Chaffee Trail Elem. Career Fair	11400 Sam Caruso Way	8:30am	Ambassador Event
92	5/16/2018	Biscayne Elem. Career Fair	12230 Biscayne Blvd.	8:30am	Ambassador Event
93	5/16/2018	Normandy Village Elem. Career fair	8257 Herlong Rd.	9am	Ambassador Event
94	5/25/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity



## FY18 Customer & Community Engagement Overview and March Update

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Overview: Each month, we update the board on Customer & Community Engagement activities for the previous and current months. The purpose is to keep you informed about these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Communications: The Customer & Community Engagement Team continues to play an integral role in several key JEA initiatives. Working with colleagues from across the organization, CCE team members are leading efforts to revamp JEA's outage communications process. In addition to crafting new automatic alerts to keep customers updated regarding power restoration progress, we are developing materials to educate the public about our storm restoration process and what they can do to help us restore service quickly and efficiently. CCE staff are also actively involved in the Demand Rate pilot, developing communications to roll out this initiative. Other communications projects underway include the creation of materials to promote JEA's new solar Battery Incentive Program and the ongoing implementation of the new Backflow Preventer Checkup program.

Community Engagement: : In February, 93 JEA employees served 613 hours in the community, connecting with customers at schools, conferences and community events. Upon request, Ambassadors gave presentations to the Veterans Administration and the SP Livingston and Bartram Springs Elementary Career Fairs. Ambassadors also conducted several facility tours for groups such as St Joseph's Catholic School, UNF Graduate Students and Orange Park High School's Engineering Class while participating in several community events including FL STEM Expo, Manatee Festival and the TEACH Conference.

Below, JEA Ambassadors at the Main St Water Lab provided a tour to a group of students from St Joseph Catholic School.



Our JEA volunteers, meanwhile, participated in multiple community service projects. From helping to build homes with Habijax and serving meals with Feeding Northeast Florida to assisting with preparations for the DONNA Marathon and teaching students about electric safety through our Power Pals program, JEA employees gave generously of their time and talents for the benefit of our community.

Additional community groups to benefit from the assistance of JEA employee volunteers include the Catty Shack Ranch Wildlife Sanctuary, NE Florida Regional Science & Engineering Fair, Ms. Mary's Boutique at PACE Center for Girls, Construction Career Days, DLC Nurse & Learn – Annual Valentines Dance, Catholic Charities Workforce Development and MATHCOUNTS.

Construction Career Day



MATHCOUNTS



As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible “Heart of JEA.”

<b>Communications Contacts* Generated Year to Date</b>	<b>75,524,042</b>
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	62,894,758
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	5,413,375
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	15,981,028
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	462,884

\*Communications Contacts are the opportunities we have to communication information to our customers.

### III. B. 1.

## Annual Report on JEA's Jacksonville Small & Emerging Business (JSEB) Program

March 5, 2018

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

**Purpose:**

☒ Information Only

☐ Action Required

☐ Advice/Direction

**Issue:** JEA has adopted, through its Procurement Code, the City of Jacksonville's JSEB program. An annual report on the program's performance is required by the Ordinance.

**Significance:** Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure JSEB program goals are achieved.

**Effect:** JEA's Procurement Department is responsible for maintaining these records and reporting to the JEA Board.

**Cost or Benefit:** Supporting the JSEB program helps accelerate the potential growth of the Jacksonville small business community.

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

**For additional information, contact:** John McCarthy, Director Supply Chain Management  
(904) 665-5544

Submitted by: PEM/ MHD/ RLS



**Commitments to Action**

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

**INTER-OFFICE MEMORANDUM**

March 5, 2018

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

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

**TO:** JEA Board of Directors

**BACKGROUND:**

JEA has previously adopted, through its Procurement Code, the City's Jacksonville Small and Emerging Business Program (JSEB), which was implemented in October 2004 under City Ordinance 2004-602. An annual report on the program's performance is required by the Ordinance.

**DISCUSSION:**

The City Ordinance contains an overall goal of at least 20% of available spend with local small businesses to meet the program requirements. JEA set an overall goal of 21% for FY17. Goals were also established for the four Minority Business Enterprise (MBE) categories.

JEA's FY17 performance under the JSEB Program is summarized below:

<b>JSEB/MBE Category</b>	<b>JSEB % Goal</b>	<b>JSEB % Actual</b>
African American	7.00%	6.32%
Women Business Owned	8.00%	6.72%
Hispanic American	2.00%	0.93%
Asian American/Native American	2.00%	1.98%
Other (non MBE)	2.00%	8.81%
<b>TOTAL</b>	<b>21.00%</b>	<b>24.76%</b>

Note: JEA's FY17 available spending budget was \$54M.

JEA's Small Business Program's performance has been strong over the past thirteen years, achieving in excess of 20% of JEA's annual available spend. Moving forward, JEA will continue to pursue progress improvements and success with regard to this Ordinance.

JEA will also continue to support the larger Minority Business Enterprise business community. During FY17, JEA spent an additional \$7M with women and minority firms who did not qualify for the JSEB program.

**RECOMMENDATION:**

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

PEM/MHD/RLS

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Paul E. McElroy, Managing Director/CEO

# Jacksonville Small and Emerging Business Program

Board of Directors Meeting  
March 20, 2018

John McCarthy, Senior Director  
Supply Chain Management and Operations Support



# Background

- COJ established the JSEB Program in 2004 by City Ordinance after legal issues challenged its existing Minority Business Enterprise (MBE) Program
- JSEB is a local small business program which allows:



- COJ manages the application process for JSEB certification
  - 252 JSEBs currently certified



# Background

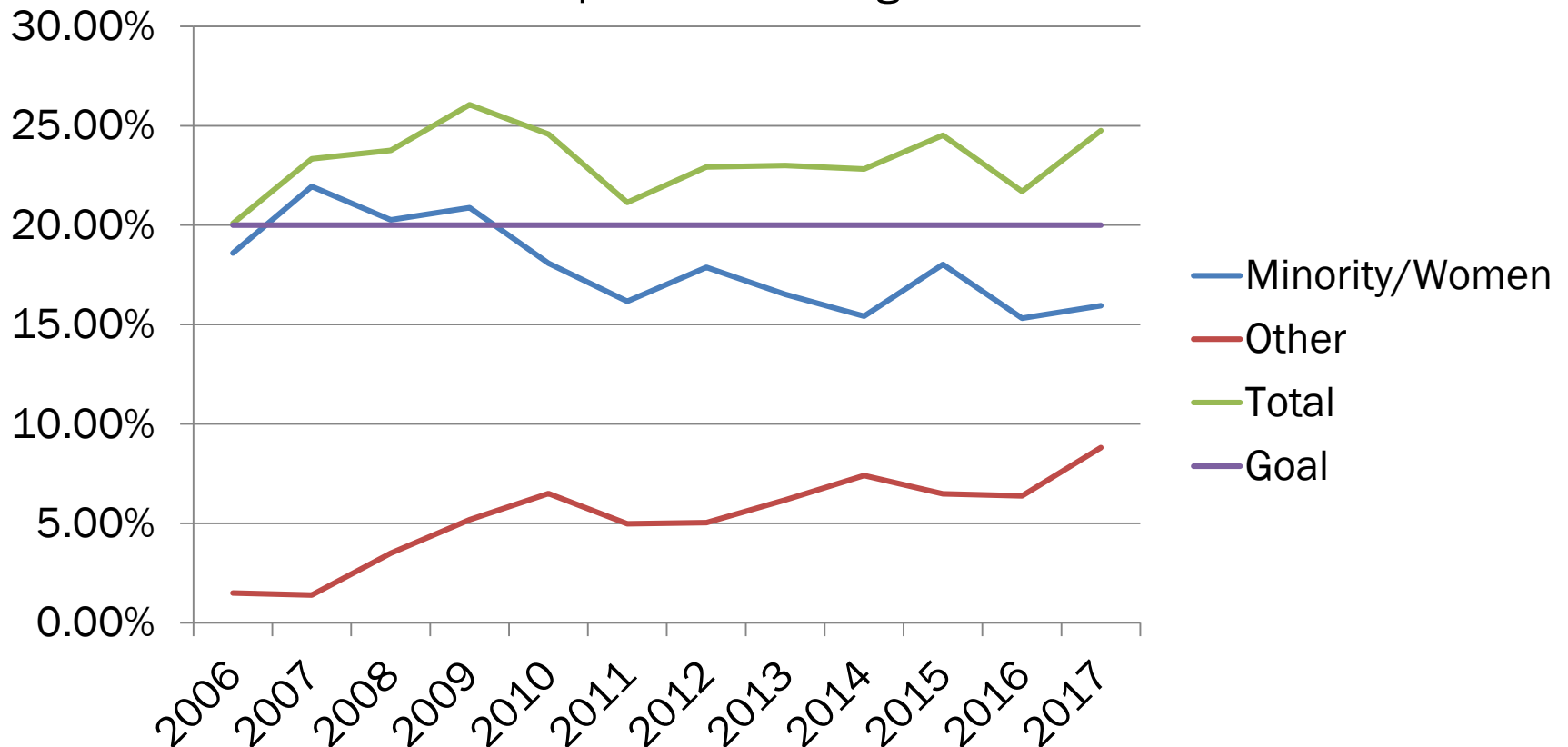
- JSEB Program City Ordinance Amendments have kept the basic program in tact

2004-602-e	2005-944-e	2013-209-e
2013-209-e	2016-140-e	2017-288-e

- Most recent amendment enacted May 9, 2017
  - Increased Personal Net Worth and Annual Revenue thresholds
  - Established Seven Member JSEB Monitoring Committee with quarterly reporting requirements to the Mayor and City Council
  - Added Continuing Education and Mentoring programs with support from Florida State College at Jacksonville and Edward Waters College
  - Restarted number of years in the program for current certified JSEB Contractors

# Annual Report

JSEB Spend Percentages



# FY17 Highlights



JSEBs awarded 24.76% of available spend – Exceeding 20% JSEB Goal

Professional  
Services spend  
increased by  
45%

Overall JSEB  
spend  
increased by  
\$3.4 Million

Overall MBE  
spend  
increased by  
\$4 Million

- Approximately 55% of JSEB spend to prime contractors
- 66 JSEB firms currently performing work

# Program Successes

## JEA Leading City's Vision

- Initiated City-Wide Supplier Diversity Joint Agency Task Force in 2013
- Successful Collaboration

## New JSEB Team

- Rita Scott replaced Nadine Carswell
- Jenny McCollum providing added leadership

## Category Management Synergies

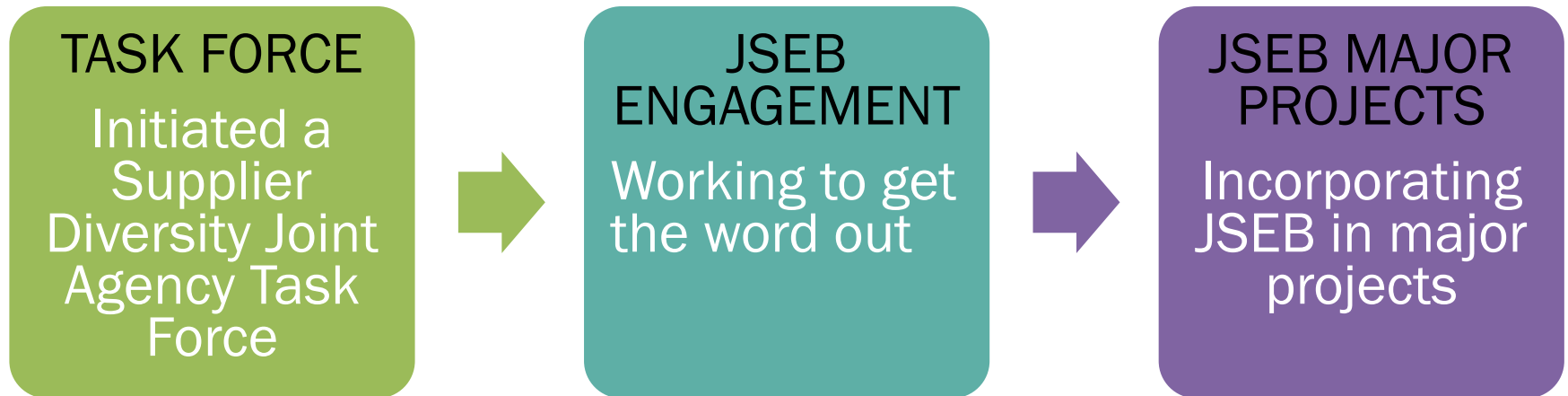
- Earlier involvement in Procurement process significantly improves JSEB outreach activities

- Senior Leadership Team engaged and critical to success

# What We Are Doing Now/Future

In 2013, JEA participated in a City-Wide Disparity Study

Three tasks came from the study:



# What We Are Doing Now/Future

## Joint Agency Task Force (JATF)

- Members: COJ, JTA, JAA, JPA, JEA, DCPS
- Provides “one-stop shopping” for all Jacksonville small businesses
- Linked websites, jointly-sponsored outreach events, quarterly newsletter
- Focusing on Disparity Study findings/opportunities, e.g. unbundling contracts, developing non-traditional markets

## JSEB Engagement

- Engaging COJ Leadership and City Council
- JATF City Council Committee Meeting Presentations
- Following up with City Council members

## JSEB Major Projects

- Septic Tank Phase Out - \$30M project
- JEA is committed to ensuring the vendor workforce is reflective of the community being impacted

# Septic Tank Phase Out (STPO)



## ■ Biltmore C

- 1<sup>st</sup> STPO Project
- 358 eligible properties
- Engineering Services RFP published on March 21, 2017 with strong JSEB participation goals
- Achieved 45% JSEB participation resulting in ~ \$500K of JSEB work
- Construction solicitation planned for early 2019
- Targeted JSEB outreach activities will begin in September 2018

## ■ Beverly Hills

- Planning for next STPO Project
- 751 eligible properties
- Engineering Services RFP in May 2018



# Targeted JSEB Outreach

- Monthly New Vendor & JSEB Seminar
  - Hosted on the 3<sup>rd</sup> Thursday of the month
- Workshop: “*Contracting Opportunities with JEA*”
  - Hosted at Pastor Newbill’s First Timothy Baptist Church on February 8, 2018
  - Approximately 50 people attended representing Jacksonville’s small businesses
- Small Business Workshop: “*I Got the Contract, Now What?*”
  - Hosted by Manson and Jaxport at FDOT on February 22, 2018
  - JEA hosted a booth and participated on the panel discussion



# Summary

- FY17 JSEB spend at near record levels in terms of spend percentage and total spend
- JSEB vendor capacity increases in “non-traditional” work made during FY17 provides new opportunity to “grow the pie”
- City-wide collaboration and targeted outreach will drive further gains going forward

### III. B. 2.

## JEA FY2017 Annual Disclosure Reports



Building Community

**AGENDA ITEM SUMMARY**III. B. 2.  
3/20/2018

March 9, 2018

<b>SUBJECT:</b>	<b>JEA FY2017 ANNUAL DISCLOSURE REPORTS</b>
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**Purpose:**☒ Information Only☐ Action Required☐ Advice/Direction

**Issue:** At the March 20, 2018 Board meeting, JEA staff will provide the Board drafts of the Annual Disclosure Reports for the fiscal year ended September 30, 2017 for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for comment prior to requesting authorization and approval of the reports at the April Board meeting. Such filing and use of the Annual Disclosure Reports is required in order to comply with JEA's continuing disclosure undertakings for its bonds and various credit agreements.

**Significance:** High. JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.

**Effect:** To fulfill the Board's responsibility under federal securities laws prohibiting false and misleading information in JEA's disclosure documents.

**Cost or Benefit:** To continue compliance with JEA's continuing disclosure agreements.

**Recommended Board action:** No Board action is required. For information only at the March 20, 2018 Board meeting. Staff will request that the Board at its April 17, 2018 meeting authorize and approve (i) the Annual Disclosure Reports in substantially the forms distributed to Members at its March 20, 2018 meeting, with such changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) the filing and use of the Annual Disclosure Reports.

**For additional information, contact:** Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ JEO/ RLH

**Commitments to Action**

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



## INTER-OFFICE MEMORANDUM

March 9, 2018

**SUBJECT: JEA FY2017 ANNUAL DISCLOSURE REPORTS**

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

**TO:** JEA Board of Directors

### **BACKGROUND:**

Each year, JEA files with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") website Annual Disclosure Reports in compliance with JEA's continuing disclosure undertakings for certain of its bonds and various credit agreements. EMMA is the "central post office" recognized by the United States Securities and Exchange Commission ("SEC") as the single national depository for continuing disclosure information that is required to be prepared and disseminated by issuers of municipal securities. Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the "Systems"), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems' bond offerings and reofferings.

JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents. The antifraud provisions of the federal securities laws govern board member disclosure responsibilities. The requirements of the federal securities laws essentially require that disclosure documents of issuers such as JEA not contain an "untrue statement of a material fact" or omit to state a "material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." "Materiality" under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

Public officials (including board members) who have the ultimate responsibility to approve the issuance of debt securities and related disclosure documents have a duty under the federal securities laws and may not authorize disclosure he or she knows to be false or misleading or while recklessly disregarding facts that indicate there is a risk that the disclosure may be misleading. The SEC has stated that board members may reasonably rely on the work of governmental employees in the disclosure context. Nothing in the SEC's position mandates that a board member needs to read each page of every disclosure document before approving it. Reasonable reliance can be established when the board member:

- is satisfied that the disclosure process is reasonably designed to produce accurate and reliable information;
- has a reasonable basis to have confidence in the integrity and competence of the staff and financing team; and
- does not know of anything that would cause such board member to question the accuracy of the disclosures or that would indicate that they are misleading or know of any potentially material issues that should be brought to the attention of staff and the financing team for further explanation.

In accordance with existing practices, each Annual Disclosure Report presented for your approval has been prepared by staff with the assistance of JEA's outside bond counsel in a manner which we believe is reasonably designed to produce disclosure documents meeting the requirements of the federal securities laws.

**DISCUSSION:**

Each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA's Systems and JEA's most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA's outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA's audited financial statements for its fiscal year ended September 30, 2017, as Appendix A thereto. Official Statements and reoffering memoranda prepared by JEA in connection with its respective Systems' debt offerings and reofferings, subsequent to the date of the Annual Disclosure Reports for the Systems, incorporate by reference the relevant disclosure information contained in the respective Annual Disclosure Report and, if necessary, contain a "recent developments" section with respect to material changes in JEA's business and condition that have occurred after the date of the respective Annual Disclosure Report.

Draft Annual Disclosure Reports for the Systems for the fiscal year ended September 30, 2017, will be distributed to Members at the Board's March 20, 2018, meeting. A summary sheet outlining the main topics covered in each of the Systems' Annual Disclosure Reports will be attached to the respective report.

As the Board has previously requested, staff is providing these drafts one month prior to requesting approval at the April 17, 2018 Board meeting. The Chief Financial Officer and Treasurer will also be available during the following dates/times to set up meetings or calls for any questions or discussion on the Annual Disclosure Reports prior to that meeting, should those be helpful to Members in their review:

Monday April 2: 9:00 am – 11:00 am

Thursday April 5: 1:00 pm – 3:00 pm

If these times are not convenient, alternative availability that better meets Members' needs can be addressed.

Please note that certain areas in the draft Annual Disclosure Reports remain under review for further developments to potentially be included in the final versions to be filed, including but not limited to:

- potential privatization developments
- latest available service territory demographic and employment information
- potential Plant Vogtle developments
- certain swap valuations as of March 31, 2018

**RECOMMENDATION:**

No Board action is required. For information only at the March 20, 2018 Board meeting.

Staff will request that the Board at its April 17, 2018 meeting authorize and approve (i) the Annual Disclosure Reports in substantially the forms distributed to Members at its March 20, 2018 meeting, with such changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) the filing and use of the Annual Disclosure Reports as described above.

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Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH

March 9, 2018

Drafts of the JEA FY2017 Annual Disclosure Reports for (i) Electric Utility System and (ii) Water and Sewer System and District Energy System will be provided on the Board dais for review at the March 20, 2018 Board Meeting.

These reports will then be placed in your individual offices upon the conclusion of the meeting. Please contact Melissa Charleroy, Executive Assistant, at 904-665-7313 or Cheryl Mock, Executive Assistant at 904-665-4202 if additional information is needed.

### III. B. 3.

## Monthly Operational and Financial Review

[Return to Agenda](#)







III. B. 3.  
3/20/2018

## Board of Directors Meeting March 20, 2018













# Water & Wastewater Monthly Operations Scorecard

Water & Wastewater	FY2017	FY2018 Goal	FY2018 YTD	Status
JEA Safety RIR	2.0	1.40	<b>1.52</b>	
Sales Forecast (kGals in 1000's)	37,245	37,615	<b>38,984</b>	
Water Unplanned Outages (# cust.)	4,893	9,000	<b>1,878</b>	
CUP Compliance	Yes	Yes	<b>Yes</b>	
Nitrogen to the River (tons)	556	550	<b>297</b>	
Sanitary Sewer Overflows (SSO's)	57*	30	<b>10</b>	

## Significant Occurrences or Concerns This Month

- Four (4) OSHA recordable safety incidents for JEA in February
- Unplanned Water Main Outages: 1,1878 customers well below target, event communication enhancements ongoing into FY18
- CUP: Average daily flow of 104 MGD was 22% below CY limit of 135 MGD; reclaim usage at 14 MGD
- Nitrogen to River: 297 tons due to high flows in October, repairs at Buckman post-hurricane, and construction at Arlington East for a clarifier addition; JEA has a limit of 683 tons per year and provides the COJ with 37 tons
- SSO's Impacting Waters of the US: 10 YTD, root cause analysis is performed on each SSO

# Electric Monthly Operations Scorecard






Electric System	FY2017	FY2018 Goal	FY2018 YTD	Status
JEA Safety RIR	2.0	1.40	<b>1.52</b>	
Sales Forecast (million MWh)	12.1	12.4	<b>12.4</b>	
T&D Grid Performance Customer Outage				
<i>Frequency (outages/year)</i>	1.6	1.8	<b>1.7</b>	
<i>Electric Outage Duration (minutes/year)</i>	99.5	80	<b>103.1</b>	
<i>Transmission Line Faults (# per 100 miles)</i>	1.9	2.5	<b>2.5</b>	
<i>CEMI<sub>5</sub> (% cust. &gt; 5 outages/year)</i>	1.07	1.0	<b>0.67</b>	
Generating Plant Performance				
<i>Generation Fleet Reliability (forced outages rate)</i>	2.17	2.3	<b>2.86</b>	
<i>Environmental Compliance (permit exceedances)</i>	6	5	<b>1</b>	

## Significant Occurrences or Concerns This Month

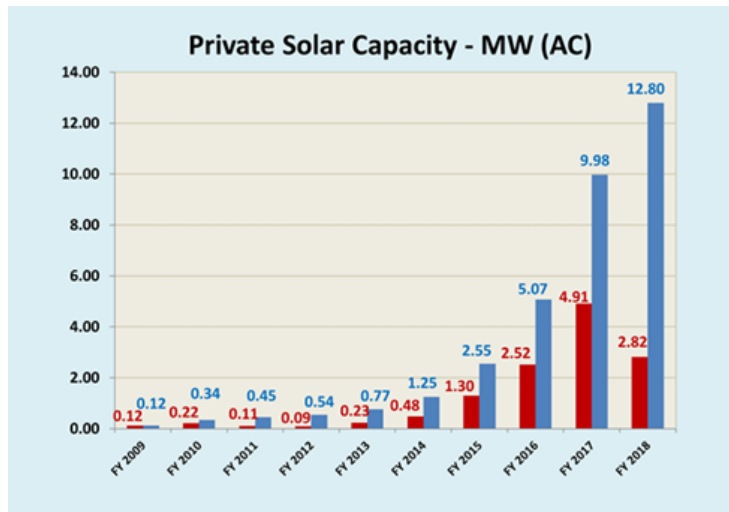
- Outage duration running high due to storms.
- The JEA fleet Forced Outage Rate has been running in line with prior 6-year performance.
- Started FY18 with a set of unit issues in October. November through February have been much better.



# Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017	FY2018 YTD	Status
JDP Customer Satisfaction Index - Residential	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	1 <sup>st</sup> Q	
JDP Customer Satisfaction Index - Business	1 <sup>st</sup> Q	1 <sup>st</sup> Q	1 <sup>st</sup> Q	
Overall First Contact Resolution Index	79.4%	79.4%	77.3%	
Self Service Utilization	76.0%	78.5%	82.5%	
Net Write-Offs	0.14%	0.15%	0.13%	










## Significant Occurrences or Concerns This Month













- Private solar capacity added in February was 1.05 MW. Total aggregate capacity is 12.80 MW.
- The annualized expense for the current 12.80 MW of installed private solar is \$917,000 annually.

# Financial Results and Cost Metrics

## Electric System Metrics

	Rating Agency/ Perform. Goal	Forecast	Score
System Sales (GWh)	12,000	12,414	
Base Revenue Growth	0.5%	3.8%	
Debt Svc. Coverage	2.2x	2.3x	
Days Liquidity (Cash)	280 (180)	314 (216)	
Debt/Asset % <sup>1</sup>	71%	71%	
Non-Fuel/MWh	\$56.88	\$57.45	
Net Funded Debt Reduction	\$135m	\$157m	
Capital Expenditures	\$205m	\$189m	
Moody's/S&P/Fitch	Aa2/AA-/AA	Aa2/AA-/AA	

## Water and Sewer Systems Metrics

	Rating Agency/ Perform. Goal	Forecast	Score
Water System Sales (kGals)	37,615	38,984	
Base Revenue Growth	1.5%	2.6%	
Debt Svc. Coverage	2.7x	3.0x	
Days Liquidity (Cash)	502 (404)	532 (439)	
Debt/Asset % <sup>1</sup>	49%	49%	
Water Cost/kgal	\$4.40	\$4.55	
Sewer Cost/kgal	\$9.85	\$9.84	
Net Funded Debt Reduction	\$50m	\$70m	
Capital Expenditures	\$215m	\$231m	
Moody's/S&P/Fitch	Aa2/AA/AA	Aa2/AAA/AA	

## Significant Occurrences or Concerns This Month

- Electric System Sales were 9.4% above 2017, due to colder weather, evidenced by 41% increase in Degree Days

<sup>1</sup> Revised ratio calculation and inclusion of SJRPP impairment

## IV. A.

### Finance and Audit Committee Report



**JEA  
FINANCE & AUDIT COMMITTEE AGENDA**

**DATE:** March 12, 2018  
**TIME:** 8:00 – 10:00 AM  
**PLACE:** 21 W. Church Street  
8<sup>th</sup> Floor

			Responsible Person	Action (A) Info (I)	Total Time
<b>I.</b>	<b>OPENING CONSIDERATIONS</b>		Kelly Flanagan		
	A.	Call to Order			
	B.	Adoption of Agenda		A	
	C.	Approval of Minutes – December 5, 2017	Melissa Charleroy	A	
<b>II.</b>	<b>NEW BUSINESS</b>				
	A.	FY2019 Budget Assumptions	Melissa Dykes/Ryan Wannemacher	I	30 mins.
	B.	JEA Annual Disclosure Policy Report	Melissa Dykes	I	10 mins.
	C.	Dark Fiber Utility Services for the 21 <sup>st</sup> Century Digital Utility	Paul Cosgrave	A	10 mins.
	D.	Quarterly Audit Services Update	Steve Tuten	I	5 mins.
	E.	Ethics Officer Quarterly Report	Walette Stanford	I	5 mins.
	F.	Treasury			
	1.	Electric System and Water and Sewer System Reserve Fund Quarterly Report	Joe Orfano	I	5 mins.
	2.	Recap of Recent JEA Water and Sewer System and Electric System Fixed Rate Debt Refunding Delegated Transactions	Joe Orfano	I	5 mins.
	G.	JEA Energy Market Risk Management Policy Report	Mike Brost	I	5 mins.
	H.	Announcements			
	1.	Next Meeting, May 7, 2018, 8:00 – 10:00 AM			
	I.	Committee Discussion Sessions			
	1.	Ernst & Young	John DiSanto	I	5 mins.
	2.	Director, Audit Services	Steve Tuten	I	5 mins.
	3.	Council Auditor's Office	Jeff Rodda	I	5 mins.
		Adjournment			

#### IV. A. 1.

Approval of Minutes – December 5, 2017

JEA FINANCE & AUDIT COMMITTEE MINUTES  
December 5, 2017

The Finance & Audit Committee of JEA met on Tuesday, December 5, 2017, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

- A. Call to Order – Committee Chair Kelly Flanagan called the meeting to order at 12:00 PM with Member Husein Cumber in attendance telephonically. Others in attendance were Paul McElroy, Melissa Dykes, Jody Brooks, Ted Hobson, Kerri Stewart, Brian Roche, Steve McInall, Steve Tuten, Janice Nelson, Ryan Wannemacher, Walette Stanford and Judi Spann. John DiSanto and Russ Jeans, Ernst & Young, were also in attendance.

*Due to a lack of quorum physically present, agenda items were received for information only. Action items will be brought before the December 12, 2017 full Board for action.*

- B. Adoption of Agenda – Due to a lack of quorum, the agenda was received for information.
- C. Approval of Minutes – Due to a lack of quorum, the August 7, 2017 Minutes were received for information.

**Agenda Item II – New Business**

- A. Audit Services – Quarterly ERM/Audit Update – Steve Tuten, Director, Audit Services, provided an update to the Committee regarding staffing, Internal Audit team highlights, progress of the FY17 and FY18 Internal Audit Plans, open audit and investigation report issues, Enterprise Risk Management (ERM) highlights, risks and trend report, and the Ethics Hotline Report. This presentation was received for information.
- B. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer and Director, Workforce Strategies, provided an update regarding FY17/FY18 ethics inquiries, FY17/FY18 gift registry, five-year review of Ethics Officer cases and an update on Business Ethics training. This presentation was received for information.
- C. Treasury
1. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
- D. JEA Energy Market Risk Management Policy Report – Steve McInall, Director, Electric Production Resource Planning, reviewed the Energy Market Risk Management Policy Report, which was received for information.
- E. Ernst & Young FY2017 External Audit Report – John DiSanto, Partner, Ernst & Young (EY) introduced Mr. Russ Jeans, Senior Manager, EY. Mr. DiSanto presented an overview of the 2017 Audit Report and Management Letter, copies of which were provided to Committee Members, along with a draft copy of JEA's Audited Financial Statements. Mr. DiSanto extended appreciation for outstanding the cooperation and communication between JEA staff, EY, and the City of Jacksonville auditors. Committee Chair Flanagan and Mr. Cumber extended their appreciation to JEA management and EY staff.
- F. Announcements
1. The next Finance and Audit Committee meeting will be held on March 12, 2018, at 8:00 AM. Mr. McElroy stated that staff met with the Rating Agencies on November 29,



2017. Mr. McElroy provided a brief overview of the meetings and stated he will share the ratings at the upcoming Board Meeting on December 12, 2017.

G. Committee Discussion Sessions

1. Ernst & Young – At 12:36 PM, Committee Chair Flanagan dismissed staff and the Committee held a general conversation with Mr. DiSanto.
2. Director, Audit Services – At 12:44 PM, Ms. Flanagan and the Committee held a general conversation with Steve Tuten, Director, Audit Services.
3. Council Auditor's Office – The Council Auditor's Office was not in attendance.

**Closing Considerations**

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 12:45 PM.

APPROVED BY:

\_\_\_\_\_  
Kelly Flanagan, Committee Chair  
Date: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
Melissa Charleroy  
Executive Assistant

## IV. A. 2.

### FY2019 Budget Assumptions

February 26, 2018

**SUBJECT:** FY2019 BUDGET ASSUMPTIONS

**Purpose:**

☒ Information Only

☐ Action Required

☒ Advice/Direction

**Issue:** Present the key strategic issues, risks, major challenges and assumptions for the FY2019 Budget, to the Finance and Audit Committee for feedback and direction.

**Significance:** High. Key strategic issues and risks, major challenges, and assumptions significantly impact the FY2019 Budget.

**Effect:** The budget process is integral to JEA's strategic planning, financial performance and resulting metrics.

**Cost or Benefit:** The Committee provides feedback and direction regarding the key strategic issues, risks, major challenges, and assumptions for the FY2019 Budget covering: revenue; fuel revenue and expense; O&M expense levels; interest rates and the resulting financial metrics; capital expenditures and related financing plan.

**Recommended Board action:** Staff is providing this presentation for the Committee's consideration and requests feedback and direction regarding the FY2019 Budget.

**For additional information, contact:** Melissa Dykes

Submitted by: PEM/ MHD/ KMQ



#### Commitments to Action

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

# **FY2019 Budget**

## **Review of Key Issues, Risks, Challenges and Assumptions**

Finance & Audit Committee

March 12, 2018

# Agenda

**Strategic Issues and Risks**

**Key Assumptions**

**Electric System Budget Assumptions**

**Water and Sewer System Budget Assumptions**

**Government Transfers via the JEA Bill**

# FY2019 Budget: Strategic Issues and Risks

## Strategic Plan Implementation – Emphasizing Business Excellent Opportunities

- Continue to drive business excellence through the EAM program and process improvements
- Remain focused on customer loyalty
- Build on momentum toward building an unbeatable team
- Utilize JEA Smart Grid Architecture for automation of business processes

## Workforce Readiness

- Succession Planning
- Performance management
- Workforce diversity
- Technology focused

## Financial Performance and Flexibility

- Fuel supply and pricing flexibility
- Strong focus on expense management – strategic opportunities
- Utilizing internal funds for robust capital investment in both Electric and Water and Sewer Systems

## Evolution of the Electric Industry and Constraints on Electric Generation

- Customer Benefit Programs and rate structures
- Zero carbon energy investments
- Rightsizing long-term electric generation
- Next generation uses of Smart Meters

## Water Resource Management and Health of the St. Johns River

- CUP<sup>1</sup> Compliance – Reclaim, conservation programs, minimum flow and levels (MFL)
- TMDL<sup>2</sup> goal attainment
- Sewer system resiliency

<sup>1</sup> CUP - Consumptive Use Permit

<sup>2</sup> TMDL - Total Maximum Daily Load - Nitrogen discharge to St. Johns River

# Agenda

**Strategic Issues and Risks**

**Key Assumptions**

**Electric System Budget Assumptions**

**Water and Sewer System Budget Assumptions**

**Government Transfers via the JEA Bill**

# FY2019 Budget: Key Assumptions

## Revenue Projections

- Economic activity continues to improve
- Net customer account annual growth at 1.7% for Electric and 2.5% for Water
- Annual Electric unit sales projected to be 12.6 million MWh, 1.2% higher than FY2018 assumption
- Annual Water unit sales projected to be 40 million kGal, flat to FY2018 assumption

## Fuel and Purchased Power Costs

- FY2019 projection reflects lower solid fuel and higher natural gas expenses
- FY2019 year-end fuel reserve balances projected to be 9% of target expense
- Fuel Hedges for Natural Gas in place through Calendar Year 2018
- Will continue to monitor projected fuel reserve balance

## Labor Costs

- Bargaining unit wages reflect negotiated contracts through FY2019
- Pension costs set equal to FY2018 levels as pension reform was completed in FY2017
- Staffing risks mitigated with continuation of Workforce Readiness and Succession Planning initiative



# Agenda

## Strategic Issues and Risks

## Key Assumptions

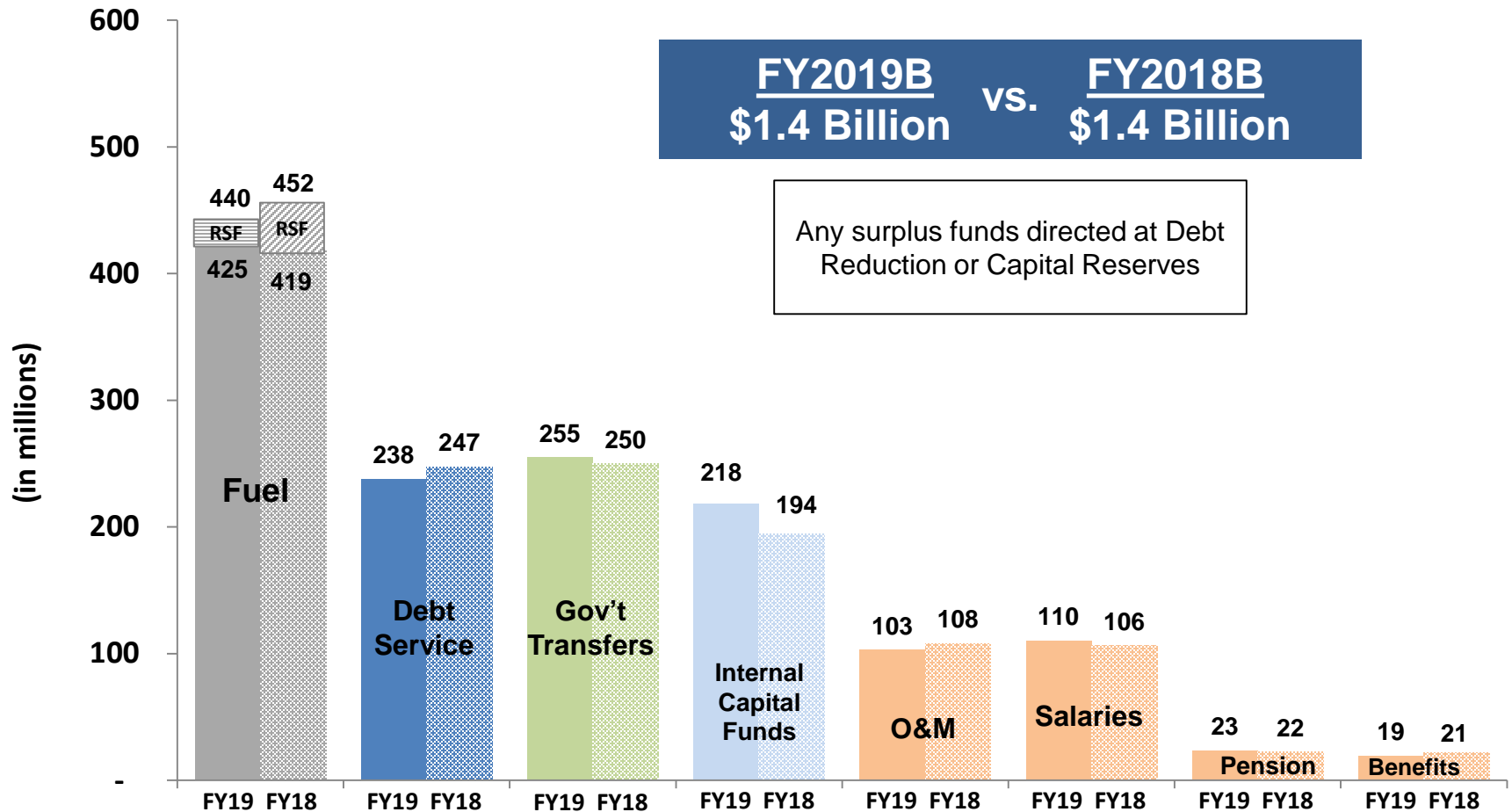
### Electric System Budget Assumptions

- Customer Electric Bill by Expense Category
- Revenue Drivers
- Fuel Rate
- Operating Expenses
- Capital Funding – Debt Service, Operating Capital Outlay, and Renewal & Replacement
- Debt Service

## Water and Sewer System Budget Assumptions

## Government Transfers via the JEA Bill

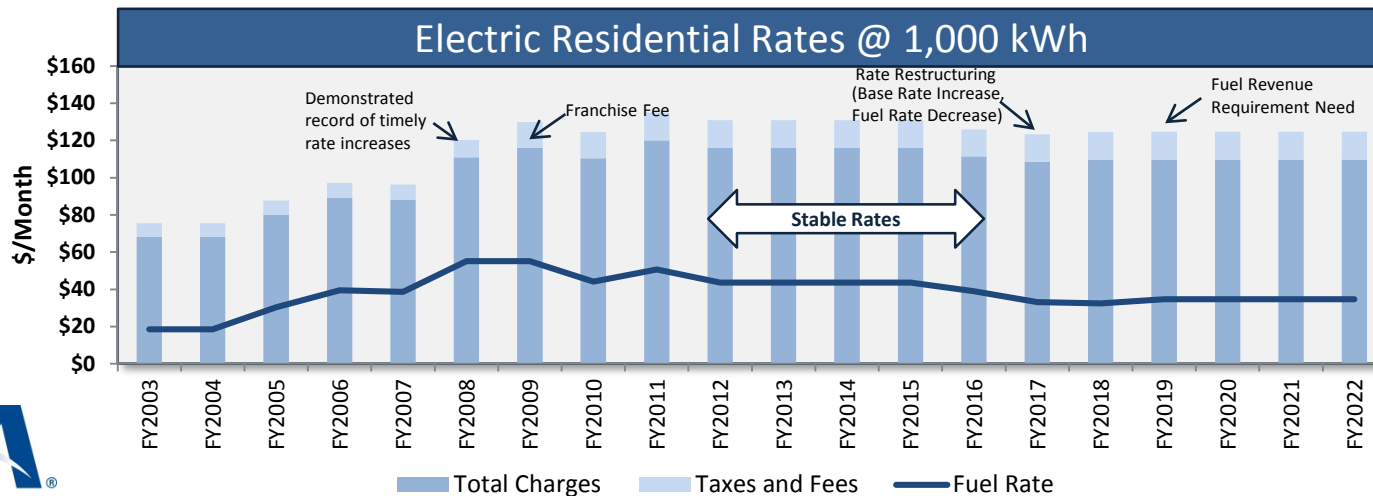
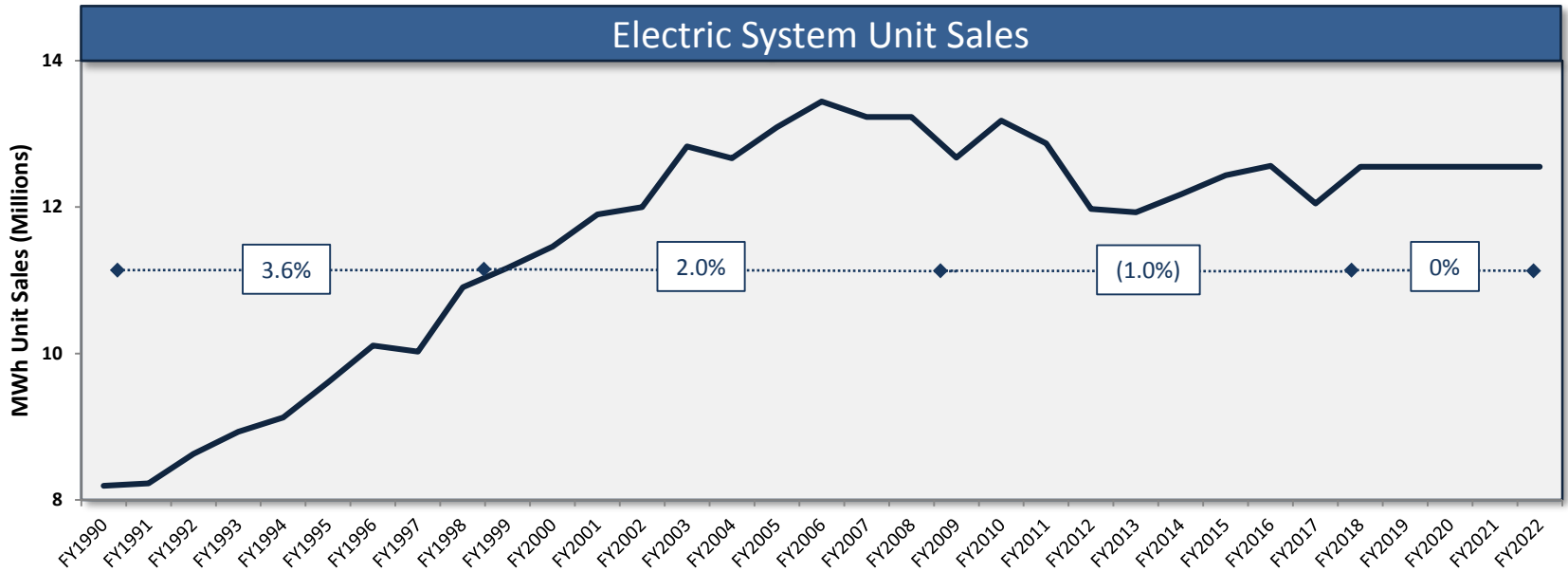
# FY2019 Budget: Customer Electric Bill by Expense Category



## Notes:

1. Fuel includes Scherer transmission and capacity expenses
2. SJRPP and Scherer non-fuel purchase power expenses included in Debt Service and Internal Capital. Scherer also included in O&M
3. Government Transfers include City Contribution, COJ Public Service Tax, COJ Franchise Fee, State Gross Receipt Tax, and State and COJ Sales Tax (Commercial customers only)
4. O&M Salaries, Benefits, and Pension are net of capital
5. FY2019 O&M includes \$3M Natural Gas retail sale operations
6. Internal Capital Funds include JEA Electric System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required
7. Lower principal and interest due to debt restructuring in FY2017
8. Internal capital funds for FY2019 are greater than annual depreciation but less than the estimated budget for FY2019 of \$304m

# Electric System Unit Sales and Rates



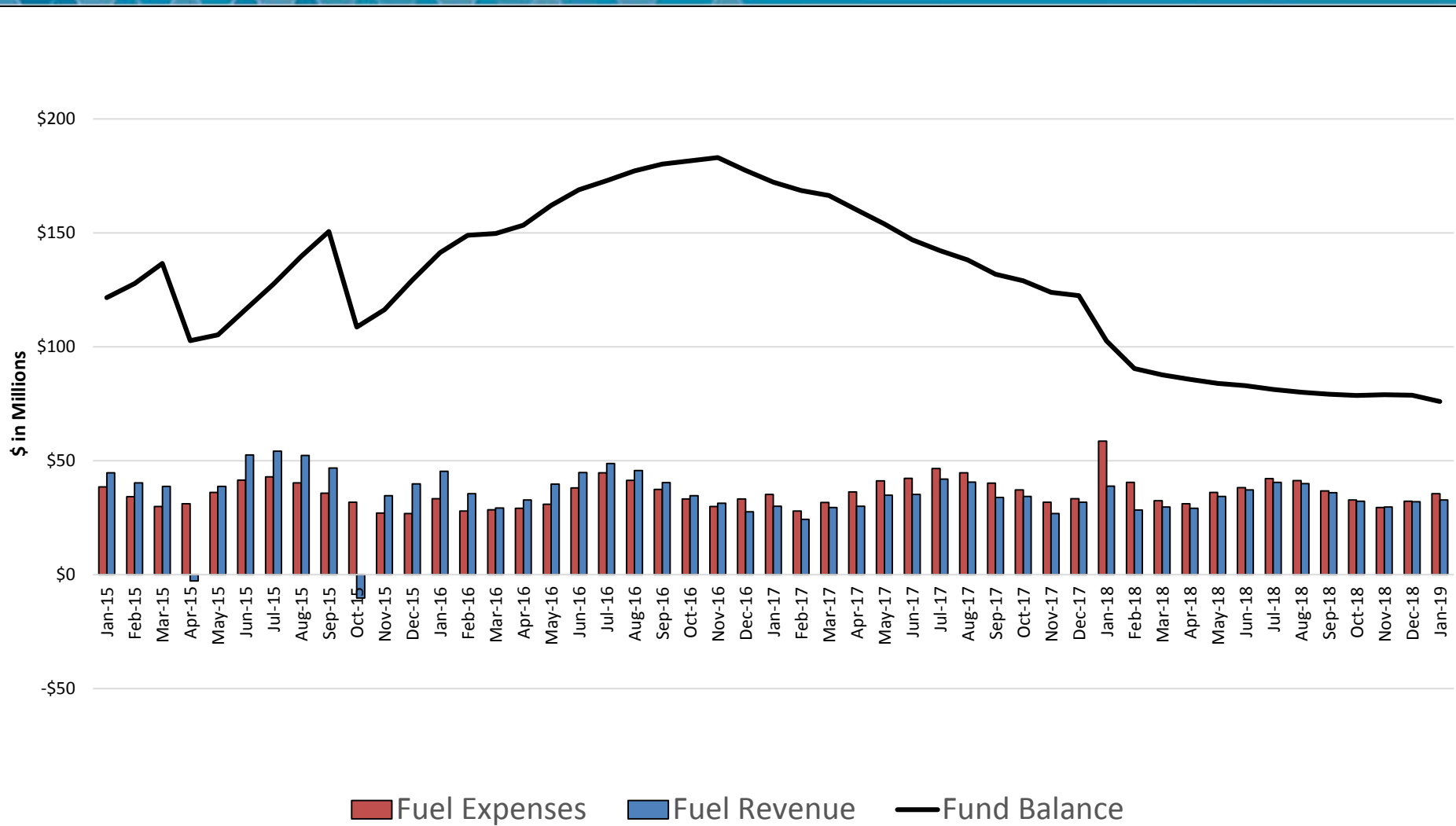
# Fuel Rate per MWh

Variable Fuel Rate per MWh	FY2017	FY2018F	FY2019B	FY2020
Fuel Rate Budgeted per \$/MWh	\$32.50	\$32.50	\$32.50	\$32.50
Reserve as a % of Target Expense	21%	12%	9%	7%
<b>Annual Fuel Cost (millions)</b>	<b>\$443</b>	<b>\$460</b>	<b>\$418</b>	<b>\$420</b>

## Discussion and Analysis

- The Fuel Fund Rate Stabilization Reserve is currently at 12% of the historical maximum 12-month fuel expense
- Current projections are based on the NYMEX natural gas price forecasts and assume no major market disruption due to regulations

# Monthly Analysis of Fuel Fund Balance



# FY2019 Electric System Budget: Operating Expenses

(\$ in millions)	FY2018 Budget <sup>1</sup>	FY2019 Budget <sup>1</sup>	Variance	Explanation
Salaries & Benefits	\$176.7*	\$179.2*	\$2.5	Step increases, market adjustments and bargaining unit agreements
Other Services	108.9	108.5	(0.4)	
Materials & Supplies	16.2	16.3	0.1	
Other	18.5	21.2	2.7	Insurance Premium Increase
Credits – Shared Services	(51.7)	(50.4)	1.3	Reduction in shared expenses allocated to Water and lower EAM
Credits – Capitalization	(37.2)	(36.9)	0.3	
Credits – Other	(15.1)	(14.4)	0.7	Decrease in SJRPP Service Level Agreement
<b>Total</b>	<b>\$216.3</b>	<b>\$223.5</b>	<b>\$7.2</b>	

## Key Strategic Issues Included in Budget

FY2018		FY 2019	
Generating Unit Outages	12.2	Generating Unit Outages	14.8
Succession Planning Staffing Risks	2.6	Succession Planning Staffing Risks	2.6
Climate Change	1.0	Climate Change	1.0
Enterprise Asset Management	5.0	Enterprise Asset Management	3.0
Net Pension Decrease	(12.8)		
Compensation	*	Compensation	*
<b>Total</b>	<b>\$8.0</b>	<b>Total</b>	<b>\$21.4</b>

<sup>1</sup>Excludes Customer Benefit, Environmental, and Retail Natural Gas



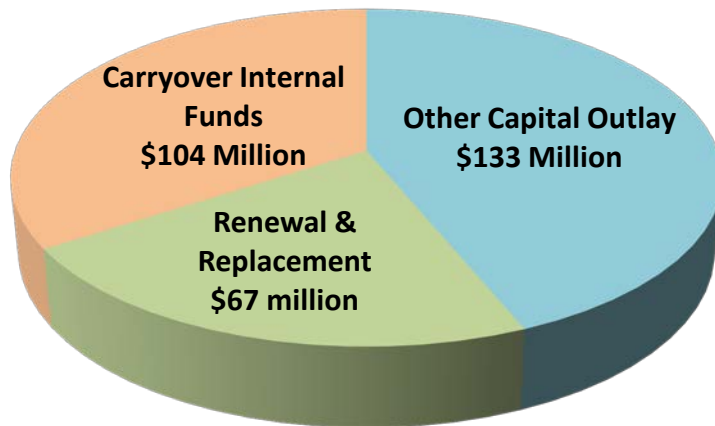
No New  
Debt!

# Electric System: Capital Funding

## FY2019 – Electric System Capital Budget: \$304 Million

System Maintenance: \$172 Million	System Expansion: \$132 Million
- Renewal and Replacement	- New or Expanded Generation
- Distribution	- New Transmission Lines
- Facilities, Fleet, Generation	- New or Expanded Substations

### Source of Capital Funding



### Discussion & Analysis

- FY2019 capital funding plan utilizes existing capital cash balances to fund the “long-term eligible funds” qualified projects, resulting in no new debt issuance for FY2019
- FY2018 capital plan budget was \$205 million, current forecast is \$190 million
- December 2017 rating agency FY2019 capital program was projected to be \$253 million
- Focus on FY2019 key initiatives related to technology with a \$20 million 2-Way Meter Conversion and a \$55 million Brandy Branch upgrade to increase capacity by 84 MW

# FY2019 Electric System Budget: Debt Service

	FY2018 Budget	FY2019 Budget	Budget Variance	Explanation
Debt Service – Principal	\$124.2	\$116.2	(\$8.0)	Debt Restructuring from FY2017
Debt Service – Prepayment	---	---	---	
Debt Service – Interest	94.3	87.4	(6.9)	Lower Debt Balance
<b>Total<sup>1</sup></b>	<b>\$218.5</b>	<b>\$203.6</b>	<b>(\$14.9)</b>	

Debt Service Coverage	2.4x	2.7x	0.3x	
Debt to Asset %	60.0%	63.6%	3.6%	New Moody's calculation and closure of SJRPP

<b>Variable Rate Debt %</b>				
Gross	23.2%	25.7%	2.5%	Paydown of Fixed Rate Debt
Net of Swaps	7.3%	8.0%	0.7%	
<b>Variable Interest Rate %</b>	3.0%	3.0%	---	

<b>Liquidity – Days Cash<sup>2</sup></b>	257	209	(48)	Utilization of Fuel Rate Stabilization and Capital Fund withdrawal of \$104m
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<sup>1</sup> Includes scheduled interest and principal payments to bondholders, variable rate financing costs, and swap payments

<sup>2</sup> Includes Renewal and Replacement



# Agenda

**Strategic Issues and Risks**

**Key Assumptions**

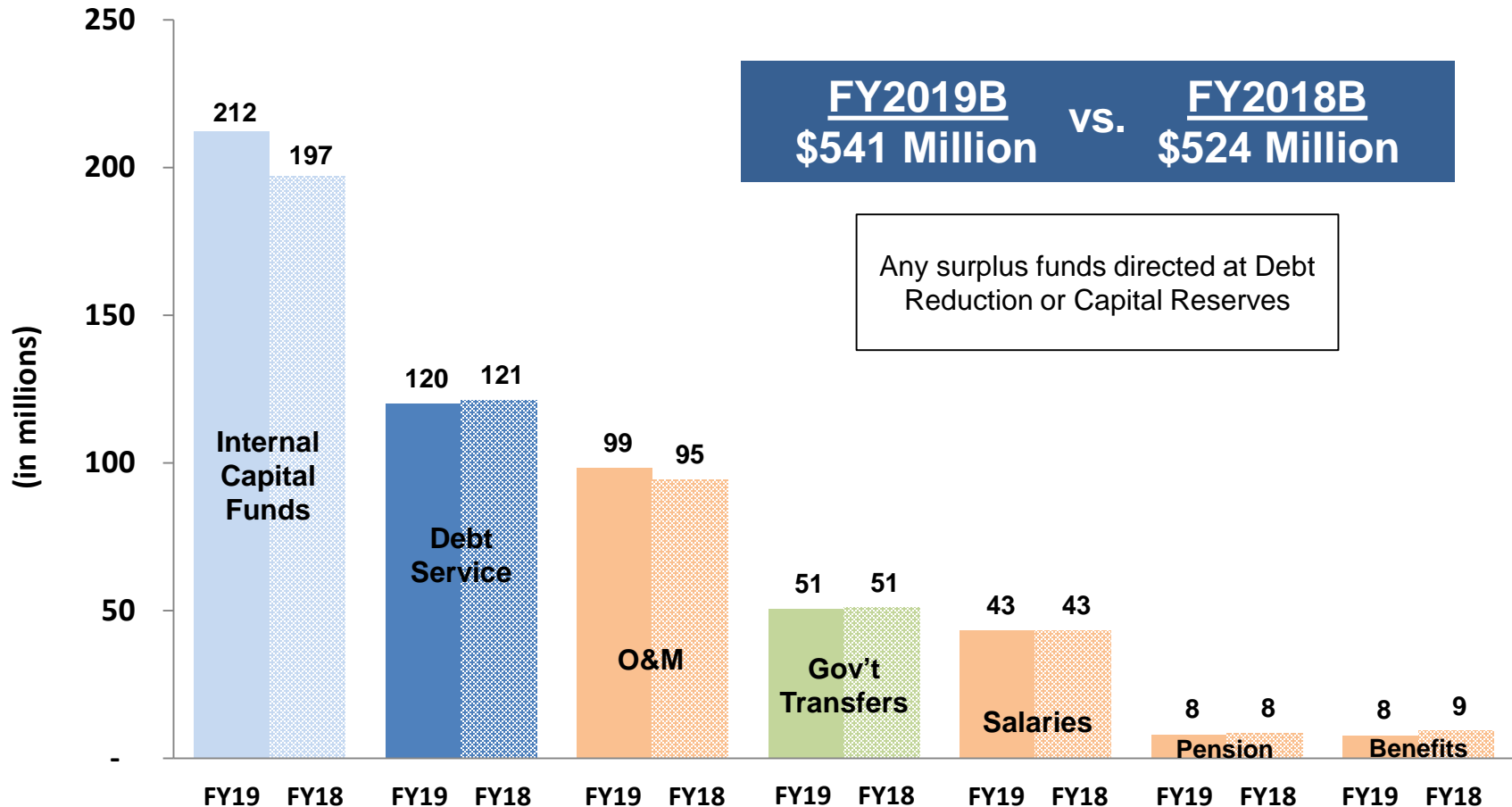
**Electric System Budget Assumptions**

## **Water and Sewer System Budget Assumptions**

- Customer Electric Bill by Expense Category
- Revenue Drivers
- Fuel Rate
- Operating Expenses
- Capital Funding – Debt Service, Operating Capital Outlay, and Renewal and Replacement

**Government Transfers via the JEA Bill**

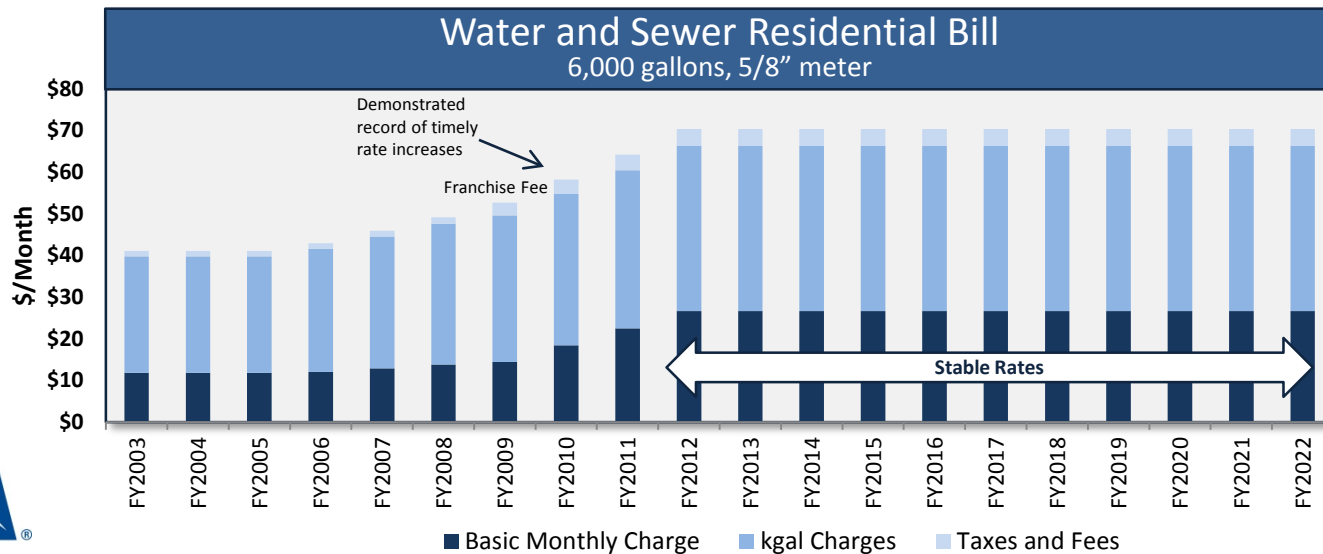
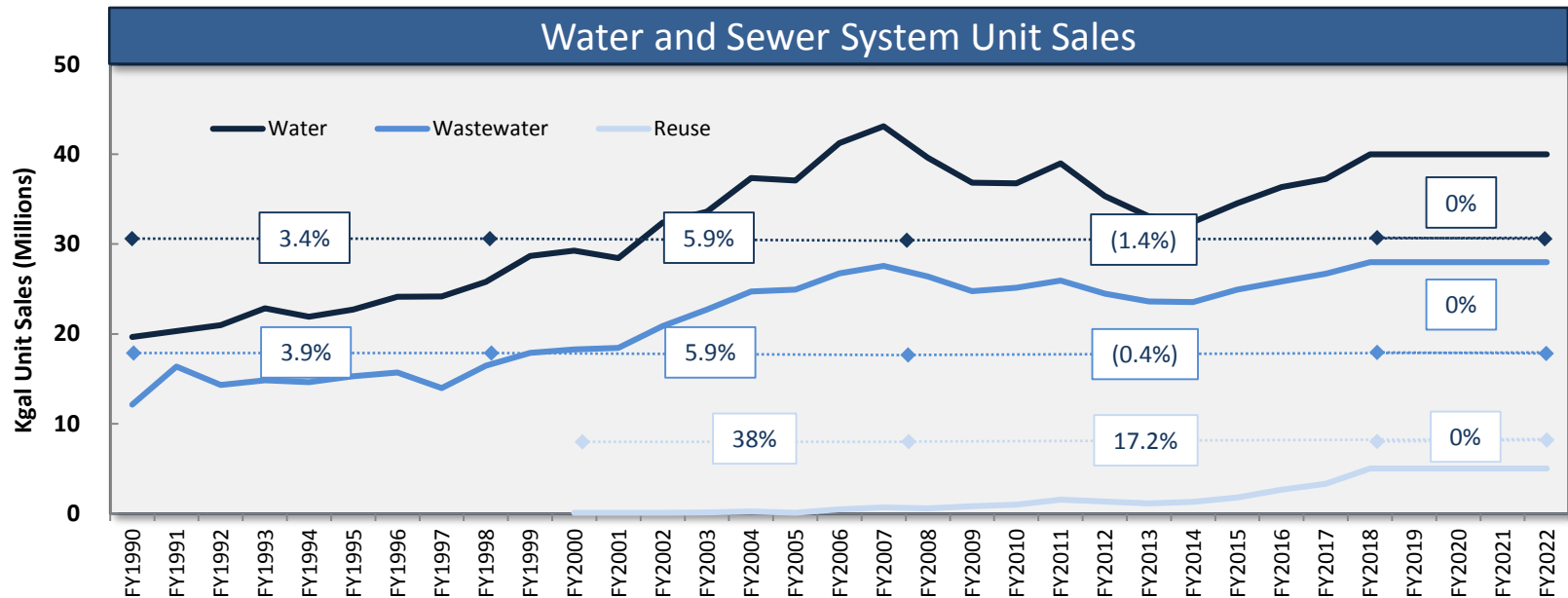
# FY2019 Budget: Customer Water and Sewer Bill by Expense Category



## Notes:

1. Government Transfers include City Contribution, COJ Public Service Tax, and COJ Franchise Fee
2. O&M Salaries, Benefits, and Pension are net of capital
3. The FY2019 capital program is funded by Internal Capital, no new debt is required
4. FY2019 Debt Service decrease reflects lower interest payments
5. Internal capital funds for FY2019 are greater than annual depreciation but less than the estimated budget for FY2019 of \$223

# Water & Sewer System Unit Sales and Rates



# FY2019 Water and Sewer System Budget: Operating Expenses

(\$ in millions)	FY2018 Budget <sup>1</sup>	FY2019 Budget <sup>1</sup>	Variance	Explanation
Salaries & Benefits	\$69.2*	\$71.2*	\$2.0	Employees for new plant and system expansion. Includes new contract adjustments and related changes
Other Services	28.5	28.5	---	Includes storm generators and sewer resiliency
Materials & Supplies	13.5	13.5	---	
Shared Services	51.6	50.3	(1.3)	
Other	3.4	3.7	0.3	Insurance premium increase
Credits – Capitalization	(13.9)	(14.9)	(1.0)	Adjustment for fluctuation in marketplace and workforce
Credits – Fuel Handling	(0.5)	(0.5)	---	
<b>Total</b>	<b>\$151.8</b>	<b>\$151.8</b>	<b>---</b>	

Key Strategic Issues <u>Included</u> in Budget			
FY2018		FY 2019	
Water Purification	\$1.0	Water Purification	\$1.0
Succession Planning Staffing Risks	1.0	Succession Planning Staffing Risks	1.0
Enterprise Asset Management	2.0	Enterprise Asset Management	1.0
Storm Generators	1.5	Storm Generators	1.5
Sewer Resiliency	0.5	Sewer Resiliency	0.5
Net Pension Decrease	(3.5)		
Compensation	*	Compensation	*
<b>Total</b>	<b>\$2.5</b>	<b>Total</b>	<b>\$5.0</b>

<sup>1</sup>Excludes Customer Benefit and Environmental



No New  
Debt!

# Water and Sewer System : Capital Funding

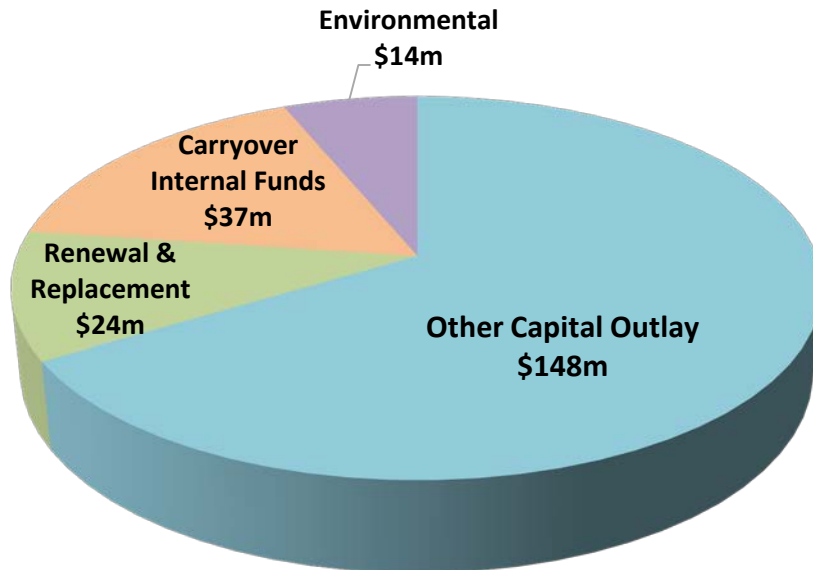
## FY2019 – Water and Sewer System Capital Budget: \$223 Million

Environmental: \$14 Million	System Maintenance: \$168 Million	System Expansion: \$41 Million
- BMAP*/TMDL*/Reclaim	- Renewal and Replacement	- New or Expanded Treatment
- Total Water Management Plan	- Distribution	- New Transmission Lines
- Major Environmental Initiatives	- Facilities, Fleet, Technology	- New or Expanded Master Pump Stations

\*Basin Management Action Plan

\*Total Maximum Daily Limit of Nitrogen

### Source of Capital Funding



### Discussion & Analysis

- FY2019 capital funding plan utilizes existing capital cash balances to fund the “long-term eligible funds” qualified projects, resulting in no new debt issuance for FY2019
- FY2018 capital plan budget was \$236.5 million, current forecast is \$215 million
- December 2017 rating agency FY2019 capital program was projected to be \$210 million
- FY2019 \$50m in resiliency work which will include storm hardening improvements
- FY2019 80% of system expansion expense is in Duval County

# FY2019 Water and Sewer System Budget: Debt Service

	FY2018 Budget	FY2019 Budget	Budget Variance	Explanation
Debt Service – Principal	\$51.7	\$54.7	\$3.0	Higher Scheduled Principal Payments
Debt Service – Prepayment	---	---	---	
Debt Service – Interest	69.4	65.4	(4.0)	Lower Debt Balance and FY2018 Refundings
<b>Total<sup>1</sup></b>	<b>\$121.1</b>	<b>\$120.1</b>	<b>(\$1.0)</b>	

Debt Service Coverage	2.7x	3.1x	0.4x	
Debt to Asset %	47.6%	45.8%	(1.8%)	New Moody's calculation

<b>Variable Rate Debt %</b>				
Gross	17.8%	18.3%	0.5%	
Net of Swaps	10.1%	10.4%	0.3%	
<b>Variable Interest Rate %</b>	3.0%	3.0%	---	

<b>Liquidity – Days Cash<sup>2</sup></b>	513	459	(54)	Capital Fund withdrawal of \$37m
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<sup>1</sup> Includes scheduled interest and principal payments to bondholders, variable rate financing costs, swap payments, and Revolving Credit Agreement payments

<sup>2</sup> Includes Renewal and Replacement

# Agenda

**Strategic Issues and Risks**

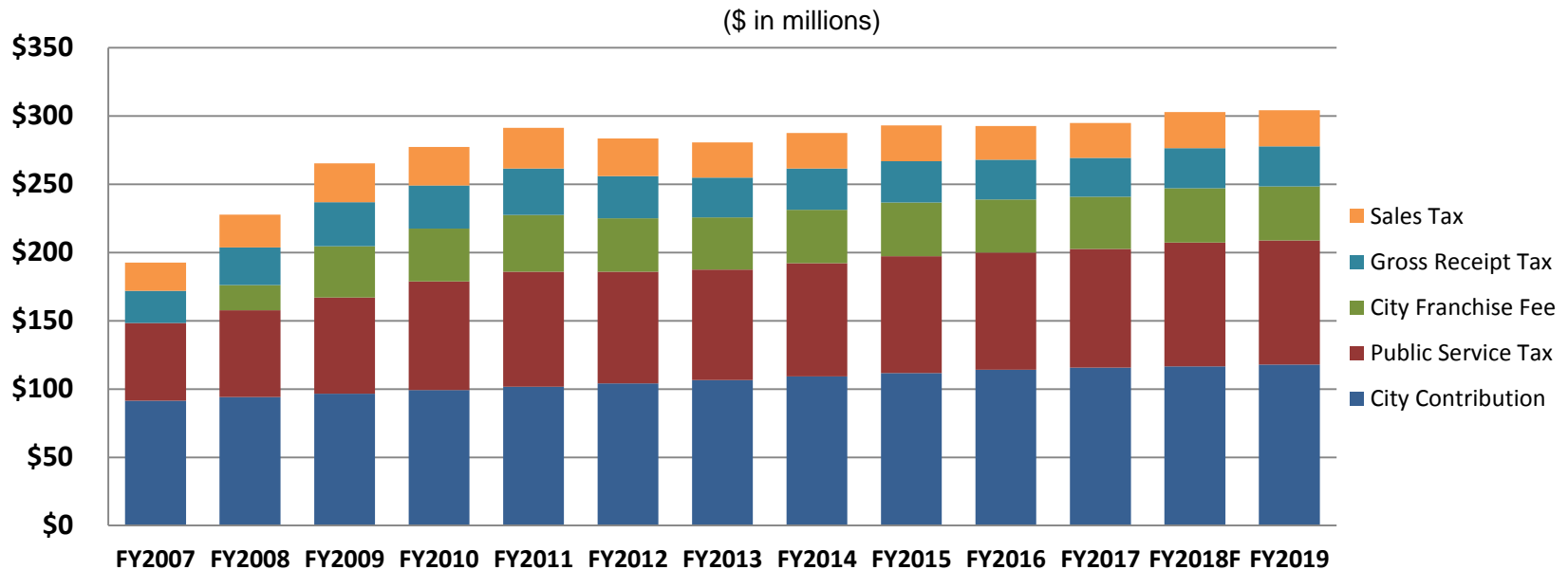
**Key Assumptions**

**Electric System Budget Assumptions**

**Water and Sewer System Budget Assumptions**

**Government Transfers via the JEA Bill**

# Government Transfers via the JEA Bill



Description	Paid To	FY07	FY08	FY09	FY15	FY16	FY17	FY18F	FY19
City Contribution	COJ	\$91.4	\$94.2	\$96.7	\$111.7	\$114.2	\$115.8	\$116.6	\$117.9
Public Service Tax	COJ	56.9	63.6	70.5	85.6	85.8	85.8	90.8	90.9
City Franchise Fee	COJ	-	18.3	37.5	39.4	38.9	38.2	39.6	39.6
Gross Receipt Tax	State	23.7	27.6	32.1	30.2	29.8	29.2	29.4	29.4
Sales Tax	State and COJ	20.6	24.1	28.5	26.4	26.0	25.5	26.5	26.5
<b>Total</b>		<b>\$192.6</b>	<b>\$227.8</b>	<b>\$265.3</b>	<b>\$293.3</b>	<b>\$294.7</b>	<b>\$294.5</b>	<b>\$302.9</b>	<b>\$304.3</b>
Percent increase from FY2007			18%	38%	52%	53%	53%	56%	58%

\$248  
COJ

JEA transfers to the City of Jacksonville have increased to \$248 million



## Board Review and Approval Schedule: FY2019 Budget and Rate Discussion

Date	Meeting	Activity / Objective
March 12, 2018	Finance & Audit Committee	Review Budget and Rate Assumptions
March 20, 2018	Board	Finance and Audit Committee Report
May 7, 2018	Finance & Audit Committee	Final review of FY2019 Budget
May 15, 2018	Board	Budget review with full Board
June 19, 2018	Board	Board to approve the FY2019 Budget
July 1, 2018	---	Transmit JEA Board approved Budget with cover letter to City Council President

## Finance and Audit Committee Action

- Provide feedback and direction regarding the key strategic issues and risks for the FY2019 Budget specifically covering:
  - Revenue
  - O&M Expense Levels
  - Interest Rates and Debt Structure
  - Financial Metrics
  - Workforce Readiness and Succession Planning

## Staff

- Prepare Draft Budget, as well as related agenda items for review at the May Finance and Audit Committee meeting
- Prepare Draft Budget Summary for presentation at the May Board meeting
- Prepare the budget package for approval at the June Board meeting
- Begin communication process with the Council Auditor
- Begin communication plan for other key stakeholders

## IV. A. 3.

### JEA Annual Disclosure Policy Report



Building Community

**AGENDA ITEM SUMMARY**

February 27, 2018

**SUBJECT:** JEA ANNUAL DISCLOSURE POLICY REPORT

**Purpose:**

☒ Information Only

☐ Action Required

☐ Advice/Direction

**Issue:** JEA's Disclosure Policies and Procedures require that the Chief Financial Officer shall provide the Finance and Audit Committee each year a report regarding compliance with those policies, to report any issues or problems complying with those policies in the preceding twelve-month period and to present recommendations, if any, for changes to those policies.

**Significance:** High. JEA is responsible for the content of its market disclosures and is subject to the provisions of the federal securities laws prohibiting making material misstatements or omissions of material facts if necessary to avoid a misleading statement in its disclosure documents.

**Effect:** To support continued compliance with JEA's continuing disclosure agreements and federal securities antifraud laws through adherence with JEA's Disclosure Policies and Procedures.

**Cost or Benefit:** To reduce potential exposure to civil or criminal liability that could result from non-compliance with JEA's continuing disclosure agreements and federal securities laws.

**Recommended Board action:** No Board action is required. For information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/ MHD/ JEO/ RLH



**Commitments to Action**

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



**INTER-OFFICE MEMORANDUM**

February 27, 2018

**SUBJECT: JEA ANNUAL DISCLOSURE POLICY REPORT**

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

**TO:** JEA Finance and Audit Committee

Kelly Flanagan, Chair  
Husein Cumber

**BACKGROUND:**

Federal securities laws require that disclosure documents of issuers such as JEA not contain an “untrue statement of a material fact” or omit a “material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” “Materiality” under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

The SEC has further stated that public entities that issue securities are primarily liable for the content of their disclosure documents and are subject to federal securities laws prohibiting false and misleading information in their disclosure documents. Under certain federal antifraud laws, it is not necessary that an entity act recklessly or with intent or knowledge of wrongdoing; an entity may also be found liable even if found to be negligent.

In early 2015, staff worked with JEA’s bond counsel firm, Nixon Peabody LLP, to document JEA’s ongoing processes and procedures for monitoring and assessing operational, financial, regulatory, governmental and other developments within and outside JEA that need to be considered when preparing information that could reasonably be expected to find its way to investors, potential investors or other stakeholders in JEA securities. Nixon Peabody provided input from experience they gained through working with other public entities. Lessons learned from those experiences and industry best practices were combined with JEA’s procedures and specific requirements to formulate the JEA Disclosure Policies and Procedures (“Disclosure Policies”).

**DISCUSSION:**

In March 2015, Nixon Peabody conducted disclosure training sessions with the Board, senior leadership team and staff involved with the preparation and review of JEA’s disclosure documents. Staff presented the Board draft revised Disclosure Policies for information at its April 21, 2015 meeting, and on May 19, 2015, the Board approved those Disclosure Policies. Those Board training materials and the Disclosure Policies are included in the orientation materials for all new members.

Among actions required under the Disclosure Policies, the Chief Financial Officer shall provide a report to the Finance and Audit Committee each year, at the meeting of the Finance and Audit Committee immediately preceding the public dissemination of the Annual Disclosure Reports, regarding compliance with the Disclosure Policies during the preceding twelve month period. This report shall (i) state whether the Annual Disclosure Reports for the current year are being prepared in compliance with these Disclosure Policies and whether all disclosure documents prepared during the prior twelve month period were prepared in accordance with the Disclosure Policies, (ii) describe any issues or problems which

arose in connection with compliance with the Disclosure Policies during such period and (iii) present any recommendations for changes to the Disclosure Policies.

Staff is in the process of preparing the Annual Disclosure Reports for the fiscal year ended September 30, 2017, and plans to seek the Board's approval and authorization to disseminate those reports at its April 17, 2018 meeting. In accordance with past practice and prior Boards' requests, staff intends to provide Board members with substantially final drafts for their review at the March 20, 2018 Board meeting.

**RECOMMENDATION:**

No Board action is required. For information only.

---

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH

To: Finance & Audit Committee  
From: Melissa H. Dykes, Chief Financial Officer  
Date: February 27, 2018  
Re: Report delivered pursuant to Section 7.5 of JEA's Disclosure Policies and Procedures

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In accordance with Section 7.5 of JEA's Disclosure Policies and Procedures, dated May 19, 2015 (the "Disclosure Policies"), which requires the Chief Financial Officer to report to the Finance and Audit Committee regarding compliance with the Disclosure Policies during the preceding twelve-month period, I hereby report the following:

1. All Annual Disclosure Reports and Disclosure Documents prepared during the prior twelve-month period were prepared in accordance with the Disclosure Policies.
2. No issues or problems have arisen in connection with compliance with the Disclosure Policies during the prior twelve-month period.
3. At this time, there are no recommendations to make changes to the Disclosure Policies. A copy of the Disclosure Policies is attached to this report.
4. A copy of the Disclosure Policies has been provided to all Board members as part of their orientation package and has been distributed to all Finance Staff and Staff participating in the disclosure process.
5. A printed copy of each final Annual Disclosure Report for fiscal year ended September 30, 2016 was provided to all members of the JEA Board at their offices on T-8 of the JEA tower on May 25, 2017.
6. The Annual Disclosure Reports for the fiscal year ended September 30, 2017 are being prepared in compliance with the Disclosure Policies. Informational copies of the current drafts of the Annual Disclosure Reports are available to any Finance and Audit Committee member who requests copies of such draft Reports. Near-final drafts of the Annual Disclosure Reports will be provided to Board members at the March 20, 2018 Board meeting with a request to approve the documents at the April 17, 2018 Board meeting.

## JEA DISCLOSURE POLICIES AND PROCEDURES

DATED: May 19, 2015

### INTRODUCTION

JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws including common law antifraud provisions under state law and any other applicable laws. Further, it is the policy of JEA to satisfy in a timely manner its contractual obligations undertaken pursuant to Continuing Disclosure Undertakings (as defined herein) entered into in connection with municipal bond offerings.

These disclosure policies and procedures ("Disclosure Policies") have been established by JEA and are intended to (a) ensure that JEA's Disclosure Documents (as defined herein) are accurate and complete, and comply with all applicable federal and state securities laws; and (b) promote best practices regarding the preparation of JEA's Disclosure Documents.

*The failure to comply with these Disclosure Policies shall not affect the authorization or the validity or enforceability of any Bonds that are issued by JEA in accordance with applicable law nor imply a failure to comply with federal or state securities laws.*

### Section 1.0 Definitions

Capitalized terms used in these Disclosure Policies shall have the meanings set forth below:

**"Annual Disclosure Report"** means the Electric System Annual Disclosure Report or the Water and Sewer System Annual Disclosure Report, as applicable.

**"Authorized Officer"** means the Managing Director and Chief Executive Officer and the Chief Financial Officer.

**"Board"** shall mean the Board of JEA.

**"Bond Counsel"** shall mean any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Bonds by state and municipal entities selected by JEA. At any time JEA retains more than one bond counsel, all references to bond counsel shall be deemed to include one or more bond counsel, as deemed appropriate by an Authorized Officer of JEA.

**"Bonds"** shall refer to any bonds, notes or other securities offered by JEA, the disclosure relating to which is subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and Securities Exchange Commission Rule 15c2-12.



**“Continuing Disclosure Undertakings”** means JEA’s contractual obligations entered into by JEA in connection with each issuance of Bonds.

**“Disclosure Documents”** means JEA’s documents and materials specifically prepared, issued, and distributed in connection with JEA’s disclosure obligations under applicable federal securities laws or that otherwise could potentially subject JEA to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Reports;
- Official Statements;
- Any filing made by JEA pursuant to a Continuing Disclosure Undertaking, including material event notices;
- Any voluntary filing made by JEA that is posted on EMMA;
- Any document or other communication from JEA that could be viewed as reasonably expected to reach investors and the trading market for JEA’s Bonds; and
- Any other document that is reviewed and approved in accordance with these Disclosure Policies.

**“Electric System Annual Disclosure Report”** means the Annual Disclosure Report for Electric Utility System containing financial information and operating data required to be filed pursuant to JEA’s Continuing Disclosure Undertakings relating to its Electric System, including the audited financial statements of JEA, which are incorporated by specific reference in certain other JEA Disclosure Documents. The information includes narrative information relating to JEA as well as information that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12

**“EMMA”** means the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board.

**“Finance Staff”** means the Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst.

**“Financial Accounting and Reporting Staff”** means the Controller, the Manager Financial Reporting and Accounting and Certified Public Accountants of JEA.

**“Official Statements”** means, collectively, preliminary and final Official Statements, remarketing circulars or offering memoranda used in connection with the offering or remarketing of Bonds. The Official Statements do not attempt to repeat the information in the Annual Disclosure Reports, but instead generally include such information by specific cross-reference, as expressly authorized by Rule 15c2-12, and update only the information that has materially changed.

**“Rule 15c2-12”** means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including any official interpretations thereof.

**“Staff”** means employees of JEA.

**“Water and Sewer System Annual Disclosure Report”** means the Annual Disclosure Report for Water and Sewer System and District Energy System containing financial information and operating data required to be filed pursuant to JEA’s Continuing Disclosure Undertakings relating to its Water and Sewer System and District Energy System, including the audited financial statements of JEA, which are incorporated by specific reference in certain other JEA Disclosure Documents. The information includes narrative information relating to JEA as well as information that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12.

## **Section 2.0 General Disclosure Practices**

2.1 The Board, pursuant to supplemental resolutions adopted periodically by such Board, shall directly authorize or delegate authority and responsibility to Finance Staff to prepare and distribute Official Statements, and any updates thereto in the case of securities subject to remarketings, which will be prepared in accordance with these Disclosure Policies unless the Board otherwise directs.

2.2 The Treasurer, with the assistance of Finance Staff, is primarily responsible for the preparation of Disclosure Documents, with the assistance of Bond Counsel, the Office of General Counsel, and any other Staff with specific expertise as may be deemed necessary by the Treasurer and shall prepare all Disclosure Documents, including the Annual Disclosure Reports and Official Statements, and shall prepare and submit any other disclosure filings that may be required throughout the year. All Disclosure Documents and any other disclosure filings shall be prepared in accordance with these Disclosure Policies unless the Board otherwise directs.

2.3 The Board shall directly approve and authorize the dissemination and use of the Annual Disclosure Reports by voting to accept a Board meeting agenda item annually. Such approval may be obtained without the Board formally adopting a resolution.

## **Section 3.0 Preparation of Annual Disclosure Reports**

3.1 Finance staff shall review the Annual Disclosure Reports filed for the previous fiscal year ended as updated by any recent developments included in Official Statements prepared since the date of such Annual Disclosure Reports and incorporating any changes into the Annual Disclosure Reports as the “most recent” disclosure and distribute sections to Staff with subject matter expertise in each topical area. Staff shall review their respective sections to ensure disclosures contained therein are accurate and

complete. Staff shall also make any necessary changes and provide them to Finance Staff to incorporate such changes into updated drafts of the Annual Disclosure Reports. The initial distribution of the sections of the Annual Disclosure Reports to Staff described in the preceding sentences shall be made no later than February 28<sup>th</sup> of each calendar year.

3.2 Finance Staff shall be responsible for directly researching any updates for certain information included in the Annual Disclosure Reports, e.g., service area/demographic information as reported in U.S. Census Bureau and State of Florida economic websites and operational statistics and financial results as reported in the fiscal year's audited financial statements and published annual report ("Annual Report") of JEA.

3.3 External sources shall be contacted to provide input and any necessary updates with respect to certain other subject areas of each Annual Disclosure Report, e.g., The Energy Authority and their counsel, City of Jacksonville with respect to pension, city contributions, etc., the Office of General Counsel with respect to litigation issues, the local Chamber of Commerce with respect to some service area information and surveys, etc. Finance Staff shall keep written records of the request and transmittal of the information reviewed and submitted by such parties.

3.4 Information in each Annual Disclosure Report of the type contained under the captions "Schedules of Debt Service Coverage" and "Management's Discussion of Electric System Operations," "Management's Discussion of Water and Sewer System Operations" and "Management's Discussion of District Energy System Operations", as applicable (collectively, the "Coverage and Operating Information"), shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.

3.5 Once revised in accordance with the procedures described in Sections 3.1 through 3.4 above, drafts of the Annual Disclosure Reports shall be distributed to Staff, including the Managing Director and Chief Executive Officer and senior leadership team for review and comment, particularly with the Chief Financial Officer, Vice President/General Manager Electric Systems, Vice President/General Manager Water-Sewer and District Energy Systems and Chief Public Affairs Officer reviewing the entire documents and certain other members of the JEA senior leadership team (e.g., Chief Compliance Officer, Chief Human Resources Officer) as determined by the Chief Financial Officer focusing on particular areas assigned to them. Finance Staff and Staff shall review multiple drafts of the Annual Disclosure Reports and the Managing Director and Chief Executive Officer, Chief Financial Officer, Vice President/General Manager Electric Systems, Vice President/General Manager Water-Sewer and District Energy Systems and Chief Public Affairs Officer shall provide their signoff via email or in another writing.

3.6 The audited financial statements of JEA shall be included in the Annual Disclosure Reports in accordance with JEA's Continuing Disclosure Undertakings and as required by Rule 15c2-12.

3.7 After completing the procedures outlined in Section 3.1 through 3.6 above, drafts of the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report shall be provided to Board members at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which they will be asked to authorize the dissemination and use of the Annual Disclosure Reports. These drafts include the audited financial statements and all appendices. The Chief Financial Officer and Finance Staff will schedule times within this period when Board members may discuss any questions or comments to such Annual Disclosure Reports.

3.8 The Chair, Vice Chair or Secretary of the Board and the Managing Director and Chief Executive Officer shall approve the Annual Disclosure Reports and authorize their use and public dissemination by Finance Staff in writing.

3.9 JEA's Bond Counsel shall file each of the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report on EMMA upon the written direction of Finance Staff which direction may be provided to Bond Counsel via email. JEA staff shall then post each of the Annual Disclosure Reports on JEA's website and remove the previous year's Annual Disclosure Reports from JEA's website. While it is the intent of Finance Staff to file the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report simultaneously, such Annual Disclosure Reports may be filed as soon as they are completed as determined by the Chief Financial Officer, but in any event before June 1 of each year as required by the Continuing Disclosure Undertakings.

#### **Section 4.0 Official Statement Review and Disclosure Processes**

4.1 The Treasurer, with the assistance of Finance Staff, shall identify those persons who, for a particular financing, are appropriate to assist Bond Counsel, the underwriter(s), underwriters' counsel, JEA's financial advisor (collectively, the "Working Group") and appropriate Staff in the preparation and review of the related Disclosure Documents.

4.2 The Treasurer, Finance Staff or a member of the Working Group, as applicable, shall prepare a timeline in connection with the preparation and review of the Disclosure Documents. Such timeline shall be delivered by the Treasurer or Finance Staff to the Working Group and JEA's outside auditors so that they are apprised of the JEA's schedule for publishing such Disclosure Documents. The timeline for any particular bond financing for which Official Statements will be prepared shall vary depending on the type of Bonds being offered, the security for the Bonds, the purpose for the financing, and other factors unique to each bond financing.

4.3 The Treasurer, or a member of the Finance Staff designated by the Treasurer, shall be responsible for soliciting material information from JEA

departments, other necessary entities or other governmental officials (i.e., City of Jacksonville, Office of General Counsel, etc.) for inclusion in the applicable Disclosure Documents, and shall identify Staff and any other governmental officials who may have information necessary to prepare or who should review portions of the Official Statements. Staff and other governmental officials should be timely contacted in writing and informed that their assistance will be needed for the preparation of the Official Statements.

4.4 Updated Coverage and Operating Information for the Official Statements, if available, shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.

4.5 Staff and other governmental officials shall be contacted by the Treasurer or a member of the Finance Staff designated by the Treasurer as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or draft of those portions of the Disclosure Document assigned to them.

4.6 The written request for information shall include, but not be limited to, the description of any item or event of which Finance Staff is aware which could be material for review by such individuals, departments, other necessary entities or other governmental officials and potential inclusion in the Disclosure Document.

4.7 The Treasurer or a member of Finance Staff designated by the Treasurer shall maintain or cause to be maintained an accurate log of all individuals, departments, other necessary entities or other governmental officials that were requested to review or draft information in connection with a Disclosure Document, as well as an accurate log of responses to such requests, including what sections such individuals or entities listed above prepared or reviewed and shall also be responsible for collecting all transmittal letters, certifications, and lists of sources for incorporation into the records to be maintained by the Finance Staff or Treasurer. Such information may be maintained by the filing of electronic communications or emails filed for each offering of Bonds.

4.8 The Treasurer, Finance Staff and Bond Counsel shall hold a due diligence conference call with the underwriter(s) and underwriters' counsel, prior to the printing or posting of a preliminary Official Statement.

4.9 The Chief Financial Officer, Finance Staff, Vice President/General Manager Electric Systems or Vice President/General Manager Water-Sewer and District Energy Systems, as applicable, and Chief Public Affairs Officer shall provide their signoff on the preliminary Official Statement via email or in another writing prior to the printing or posting of a preliminary Official Statement.

4.10 Underwriters' Counsel shall provide written discussion topics or questions in advance of the due diligence conference call, to the extent practical, to permit Finance Staff time for response from required Staff, to prepare for the due diligence session and to consider additional matters they deem material to the offering. The due diligence session shall not be limited to the list of written topics or questions or other questions solely from Underwriters' Counsel and may include any other topics deemed relevant by Finance Staff, JEA's financial advisor, Bond Counsel, underwriters counsel or the underwriters. Bond Counsel, JEA's financial advisor and the underwriters and underwriters' counsel shall participate in such due diligence session. Copies of the questions and the responses should be included by the Finance Staff in the files relating to the bond transaction.

4.11 If required by Rule 15c2-12 or otherwise, the Treasurer shall sign a certificate to the effect that the preliminary offering document or other disclosure document is deemed final as of its date other than information allowed to be omitted under Rule 15c2-12(b)(1).

4.12 At the time of the sale of the Bonds the Treasurer, in conjunction with Finance Staff and Bond Counsel, shall prepare a final Official Statement and satisfy themselves that based on the information provided to them in accordance with these Disclosure Policies at the time of sale such Official Statement is in satisfactory form and that no additional disclosure is required.

4.13 Annual audited JEA financial statements shall be incorporated by reference or included into the Disclosure Documents. Management's Discussion of Operations with respect to the Electric System's or the Water and Sewer System's Schedules of Debt Service Coverage, as applicable, for the most recent JEA unaudited quarterly reporting period shall be included in the Official Statements if available and deemed by JEA, Bond Counsel and the underwriter(s) and underwriters' counsel to be material.

4.14 Before the printing of any preliminary or final Official Statement the Treasurer or a member of Finance Staff designated by the Treasurer and Bond Counsel shall obtain confirmations from the Office of General Counsel, by e-mail or otherwise, that they know of no material litigation that has been filed (or threatened with a reasonable likelihood of being filed) against JEA since the diligence session and know of no material change that is required to be reflected in the Recent Developments or any other heading of the Disclosure Document.

4.15 The Board shall approve any preliminary or final Official Statement prior to its use and public dissemination. The Board may do so by approving a form of preliminary or final Official Statement and delegate to the Managing Director and Chief Executive Officer the authority to make any additions, modifications or changes as may be necessary to comply with the standard for accuracy and completeness described in Section 7.5 below.

4.16 Bond Counsel may, but are not required to be, invited to attend any JEA presentations to rating agencies and investors made in connection with the offering of Bonds. The Treasurer and Finance Staff shall review any materials used in presentations, meetings or telephone conferences with rating agencies or investors for consistency with the appropriate Disclosure Document. Appropriate records of meetings and telephone conferences with rating agencies and investors will be kept by the Treasurer or a member of Finance Staff designated by the Treasurer.

## **Section 5.0 On-Going Disclosure**

5.1 The Chief Financial Officer, Treasurer, Finance Staff and Bond Counsel shall monitor State and national markets generally and, determine whether there is a need for additional disclosure by way of additional periodic filings with EMMA or any recommended supplement to any Disclosure Document.

5.2 The annual and quarterly Management's Discussion and Analysis and the Notes with respect to the general purpose financial statements (collectively, the "MD&A") shall be prepared by Financial Accounting and Reporting Staff and reviewed by Finance Staff. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the MD&A and Bond Counsel as they deem appropriate.

5.3 The MD&A shall be reviewed by the Chief Financial Officer prior to being finalized. The Chief Financial Officer shall signoff and approve the MD&A via email or another writing prior to the posting of the MD&A on JEA's website.

## **Section 6.0 Training**

6.1 Training for Board members and Staff shall be conducted by either Bond Counsel or their designee(s) regarding disclosure practices under applicable state and federal law. It is intended that this training shall assist these individuals in (1) understanding their responsibilities; (2) identifying significant items which may need to be included in the Disclosure Documents; and (3) reporting issues and concerns relating to disclosure. A refresher training program shall be conducted not less than once every two years.

### **A. Board Members**

a. Board Members shall be advised of their general disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents.

b. Board Members shall be advised of their fiduciary duties under Florida State law.

c. Specialized training regarding JEA disclosure responsibilities shall be conducted for the members of the Finance and Audit Committee of the Board.

## **B. Finance Staff**

a. Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these Policies and Procedures, and those persons responsible for executing them, shall attend disclosure training sessions.

b. The determination as to whether or not an employee or group of employees shall receive such training shall be made by the Treasurer in consultation with Bond Counsel and the Chief Financial Officer.

## **C. Staff**

a. In addition to the Finance Staff identified above, information from various Electric System and Water and Sewer System level departments may be relevant in the disclosure update process. These System departments include:

- Electric Production Resource Planning
- Electric Transmission and Distribution Planning
- Electric Systems Operations
- Electric Transmission and Distribution Projects
- Electric Production
- Water and Wastewater Planning and Treatment Project Engineering
- Environmental Programs
- Permitting and Regulatory Conformance
- Government Affairs
- Emerging Workforce Strategies.

## **Section 7.0 General Principles**

7.1. Each Staff member participating in the disclosure process shall be responsible for raising potential disclosure items at all times in the process.

7.2 Each Staff member participating in the disclosure process should raise any issue regarding disclosure with the Treasurer or Chief Financial Officer at any time.

7.3 Recommendations for improvement of these Disclosure Policies shall be solicited and considered by the Treasurer and if revision is deemed to be appropriate will be reviewed by the Bond Counsel and the Chief Financial Officer.

7.4 The process of revising and updating Disclosure Documents by each Staff member should not be viewed as mechanical insertions of more current information; everyone involved in the process should consider the need for revisions in the form and content of the sections for which they are responsible.

7.5 The standard for accuracy and completeness is that there shall be **no untrue statement of material fact and no omission of a statement necessary to make the statements made, in light of the circumstances under which they were made, not misleading**. All participants in the process should keep this standard in mind.



*The Chief Financial Officer shall provide a report to the Finance and Audit Committee each year, at the time of the meeting of the Finance and Audit Committee immediately preceding the public dissemination of the Annual Disclosure Reports, regarding compliance with these Disclosure Policies during the preceding twelve month period. Such report shall (i) state whether the Annual Disclosure Reports for the current year are being prepared in compliance with these Disclosure Policies and whether all Disclosure Documents prepared during the prior twelve month period were prepared in accordance with the Disclosure Policies, (ii) describe any issues or problems which arose in connection with compliance with the Disclosure Policies during such period, (iii) present any recommendations for changes to the Disclosure Policies; (iv) provide an informational copy of the then current draft of the Annual Disclosure Reports to any Finance and Audit Committee member who requests one; and (v) provide a printed copy of the final Annual Disclosure Reports to all Board members.*

*A copy of these Disclosure Policies shall be distributed annually to Board members and all Finance Staff and Staff participating in the disclosure process. Any updates to these Disclosure Policies shall be distributed to such groups upon their issuance.*

#### **Section 8.0 Disclosure-Related Document Retention Practices.**

8.1 Consistent with JEA's Continuing Disclosure Undertakings, the following documents shall be maintained for the later of five years or the period of time required by JEA's records management or records retention program:

- Annual Continuing Disclosure Filings
- Bond Issue Bound Books or CD-ROMs containing bond issue documents
- Bond Issue Executed Documents
- Disclosure Documents
- Investor Materials
- JEA Financial Statements related to bonds
- Note Issue Bound Books or CD-ROMs containing note issue documents
- Note Issue Executed Documents
- Rating Agency Presentation Materials
- Records of all disclosure activities, including but not limited to telephone calls, emails and other inquiries from investors
- Unaudited Quarterly and Annual Financial Statements Audited by Outside Auditing Firm

#### **Section 9.0 Role of Bond Counsel**

9.1 JEA will require Bond Counsel to perform the following services in connection with the preparation of its Disclosure Documents:

- a. review and comment on JEA's Disclosure Documents;
- b. participate in the due diligence process conducted by the underwriters and their counsel;

- c. review presentations, if requested and, if requested, attend and/or listen to rating agency or investor presentations related to JEA's bonds, notes and other securities;
- d. advise JEA regarding:
  - (i) specific disclosure issues relating to JEA's financial operations, operating performance and capital program development, including funding, progress and problems;
  - (ii) standards of disclosure under applicable securities laws;
  - (iii) adequacy of JEA's disclosure in any Disclosure Document;
  - (iv) completeness and clarity of the information provided by the City in any Disclosure Document; and
  - (v) other matters as directed by JEA;
- e. interface with the Treasurer and Finance Staff with respect to any Disclosure Document;
- f. provide a securities law supplemental opinion for each financing transaction;
- g. participate in the preparation, review and approval of the Annual Disclosure Reports; and
- h. conduct periodic training of Board members, Finance Staff and Staff on the disclosure process contemplated by the Disclosure Policies and Procedures set forth herein as may be requested from time to time by the Treasurer.

#### IV. A. 4.

### Dark Fiber Utility Services

March 1, 2018

**SUBJECT: DARK FIBER UTILITY SERVICES FOR THE 21<sup>ST</sup> CENTURY DIGITAL UTILITY**

**Purpose:**

☐ Information Only

☒ Action Required

☐ Advice/Direction

**Issue:** JEA has been providing excess fiber optic infrastructure (Dark Fiber) to telecommunications carriers and government entities and intends to continue to lease Dark Fiber. JEA desires that the Board petition the City Council to “formally acknowledge” the Dark Fiber business offering and to allow JEA to expand this offering through prudent investment in network expansion and allow commercial leasing of Dark Fiber.

**Significance:** Despite a significant increase in the number of customers served and due to the efficiencies JEA’s customers have been achieving with JEA’s traditional electric and water/wastewater services, JEA has seen flat sales volume growth over the past decade. Providing Dark Fiber, via leases to government and business entities is a way for JEA to grow revenues. Additionally, network expansion would allow other local public agencies (City of Jacksonville, JAA, etc.) to leverage JEA Dark Fiber infrastructure for long-term, low-cost connectivity across Duval County. Finally, JEA Dark Fiber can contribute to a better quality of life for all Jacksonville residents through practical contributions of communication infrastructure in support of “Smart City” organizations such as the Northeast Florida Smart Region Coalition.

**Effect:** JEA’s limited telecommunication facility service allow carriers to “co-locate” on JEA towers and poles, and allows carriers and other customers to use excess fiber optic cables (Dark Fiber). If permitted to invest capital in expanding Dark Fiber services to commercial and government entities on a revenue recovery basis, JEA will develop a new revenue source that is poised for future growth.

**Cost or Benefit:** JEA will produce a new revenue stream with a positive cash flow and return on investment that exceeds JEA’s cost of capital. JEA will also have new capability to continue to lead local efforts in community and economic development.

**Recommended Board action:** Staff recommends that the Board approve the Resolution # 2018-01 authorizing JEA to invest in expansion and enhancement of the existing fiber optic network with the intention to lease Dark Fiber.

**For additional information, contact:** Paul Cosgrave, CIO

Submitted by: PEM/PJC



**Commitments to Action**

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



**INTER-OFFICE MEMORANDUM**

March 1, 2018

**SUBJECT:** DARK FIBER UTILITY SERVICES FOR THE 21<sup>ST</sup> CENTURY DIGITAL UTILITY

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

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**TO:** JEA Finance and Audit Committee

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Kelly Flanagan, Chair  
Husein Cumber

**BACKGROUND:**

JEA has an existing fiber optic network supporting the Electric, Water, and Sewer utility operations, comprising over 550 miles of fiber optic cable. This fiber optic network has additional capacity available beyond that required by utility operations; this excess capacity is "Dark Fiber". JEA has leased and intends to continue to lease this Dark Fiber to all interested parties.

**DISCUSSION:**

Per present governance, JEA may lease excess fiber that is in our existing network. However, we cannot invest in new network expansion or enhancement unless it is in direct support of JEA utility services. Therefore, JEA cannot invest in our fiber network with the intention of leasing Dark Fiber, or as infrastructure to enable regional "Smart City" applications. The resolution for approval permits JEA to invest in fiber network expansion and enhancement for the purposes of increasing asset value and marketability, along with the intention to lease Dark Fiber commercially to interested parties including local government, non-profits, and Competitive Local Exchange Carriers (CLECs). This investment would not be driven primarily by utility services support, although utility services could benefit from such investment.

JEA is not offering telecommunications services; we will only be investing in fiber infrastructure to be made available through commercial lease to interested parties. We will not be providing 'lit' fiber or telecommunication services such as Internet service, or voice and data services.

If approved, all future deals shall be governed to ensure financial viability. For instance, the target benchmark for internal rate of return is 8% or greater over the life of the agreement and investment limits will apply on an agreement-specific basis.

If approved, we propose returning to the Board after a three-year "new business incubation" period to report earnings and status, and seek the Board's reauthorization to continue the growth of the Dark Fiber business.

**RECOMMENDATION:**

Staff recommends that the Board approve the Resolution #2018-01 authorizing JEA to invest in expansion and enhancement of the existing fiber optic network with the intention to lease Dark Fiber.

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Paul E. McElroy, Managing Director/CEO

PEM/PJC/SGS

**Resolution 2018-01**

**A RESOLUTION TO ADOPT AND APPROVE A DARK FIBER OPTIC NETWORK LEASING PROGRAM AT JEA**

**WHEREAS**, JEA has an existing fiber optic network supporting the JEA electric, water wastewater utility operations; and

**WHEREAS**, this fiber optic network has additional capacity available beyond that required by JEA's current utility operations; and

**WHEREAS**, JEA has leased and intends to continue to lease, at wholesale rates, additional fiber optic network capacity to increase utilization of JEA's assets, and invest in further expansion and enhancement of the fiber optic network based upon utility operations future needs as well as potential future lease opportunities ("Dark Fiber Optic Network Leasing Program"); and

**WHEREAS**, The Dark Fiber Optic Network Leasing Program to be offered by JEA will not provide any two-way telecommunications service to the public for hire, such as: broadband service; voice-over-Internet protocol service; commercial mobile radio service; facsimile transmission service; cable television service; intrastate interexchange telecommunications; or other types of two-way voice, data, or Internet service; and

**WHEREAS**, JEA plans to invest in fiber optic infrastructure only, and has no plans to commercially provide two-way telecommunications service to the public for hire; and

**WHEREAS**, the operation and maintenance of a Dark Fiber Optic Network Leasing Program at JEA expands beyond powers granted pursuant to JEA Charter, Section 21.04(p); and

**WHEREAS**, the JEA Charter, Section 21.04(v), provides that if JEA determines it is necessary or appropriate to provide, operate or maintain any other service or function other than electric, water, wastewater, or natural gas, JEA shall by resolution identify any additional service or function and indicate the desire to provide such services or functions to the council.

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

1. Pursuant to JEA Charter, Section 21.04(v), the JEA Board hereby determines that it is necessary and appropriate for JEA to provide, operate and maintain a JEA Dark Fiber Optic Network Leasing Program and hereby seeks adoption and approval by council.
2. There are no known relative real property tax treatment of JEA providing, operating, or maintaining the Dark Fiber Optic Network Leasing Program.

3. In accordance with JEA Charter, Section 21.07(e), the council may appropriate an annual portion of the available revenues from the Dark Fiber Optic Network Leasing Program based on a formula to be agreed upon by JEA and the council. Because this is a new program at JEA, no revenue from the Dark Fiber Network Leasing Program shall be appropriated until after the fifth year of operation at an agreed upon formula to be adopted and approved by JEA and council upon the fifth anniversary of the passage of the adopting resolution of council.

Dated this \_\_\_\_ day of March 2018.

**JEA**

By: \_\_\_\_\_  
G. Alan Howard, Chair

Attest:

\_\_\_\_\_  
Reverend Frederick Newbill, Secretary

Approved as to form:

\_\_\_\_\_  
Jody Brooks, Chief Legal Officer

II. C.  
03/12/2018

[Return to Agenda](#)

IV. A. 4.  
3/20/2018

# JEA Dark Fiber Utility Services

JEA Board of Directors  
Finance & Audit Committee Meeting  
March 12, 2018





# Background

- JEA has an existing fiber optic network of over 550 miles supporting communication technology for Electric, Water, and Sewer utility operations.
- The fiber optic network has additional capacity available beyond that required by utility operations, this excess capacity is “Dark Fiber”
- JEA has leased, and intends to continue to lease, this Dark Fiber to interested governmental or commercial parties: FY18 projected revenues are \$1.7M.
- While JEA governance allows for the leasing of Dark Fiber on the existing network, it does not allow investment in new network expansion or enhancement unless it is in direct support of JEA utility services. We cannot expand our network for revenue growth or community development purposes.

# Dark Fiber Utility Services

**Future State:** We seek to “formally acknowledge” the Dark Fiber business and enact the required legislative changes which allow JEA to expand this offering. JEA would then pursue:

- Network expansion through prudent investment and financial viability
- Providing Dark Fiber Infrastructure locally to public agencies, non-profits, and Competitive Local Exchange Carriers (CLECs)
- Leadership in Jacksonville “Smart City” initiatives by providing communications technology in partnership with organizations such as the North Florida Transportation Planning Organization

## Benefits:

- **Community Benefit:** JEA can pursue community improvement projects and “Smart City” pilot initiatives that may not be of interest to commercial providers, and be the infrastructure provider for bridging Jacksonville’s “Digital Divide”
- **Economic Development:** A high-speed, redundant downtown ring connected to our local Network Access Provider (NAP) attracts and supports business growth downtown
- **New Utility Revenues:** With the coming boom in small cell growth, JEA’s telecom revenues could double in the next two years, and eclipse \$10M annually shortly thereafter

# Dark Fiber Financial Projections

Annual Revenue Forecast	2016	2017	2018	2019	2020	2021	2022
Dark Fiber Leasing Revenues	\$ 23,607	\$ 1,919,144	\$ 1,965,824	\$ 2,628,491	\$ 2,730,017	\$ 2,837,466	\$ 2,951,304
Expenses	2016	2017	2018	2019	2020	2021	2022
Total Dark Fiber Operating Expenses	\$ 638,796	\$ 761,272	\$ 774,899	\$ 788,962	\$ 803,474	\$ 818,450	\$ 833,902
O&M <sub>1</sub>	\$ 358,796	\$ 482,135	\$ 496,599	\$ 511,497	\$ 526,842	\$ 542,647	\$ 558,927
Depreciation <sub>2</sub>	\$ 280,000	\$ 279,137	\$ 278,300	\$ 277,465	\$ 276,632	\$ 275,803	\$ 274,975
Projected Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

All current capital expenses are part of Fiber R&R budget (for utility services only).

Future capital expenses will be customer project-driven, ensuring financial viability and rate of return targets.

## Notes and Assumptions - Dark Fiber

1: O&M: 3% annual growth of Allocated Salaries, OT, and Benefits is based on cost center B0011 - Management(50%) and 30904 Management (35%) & Dedicated staff (100%)

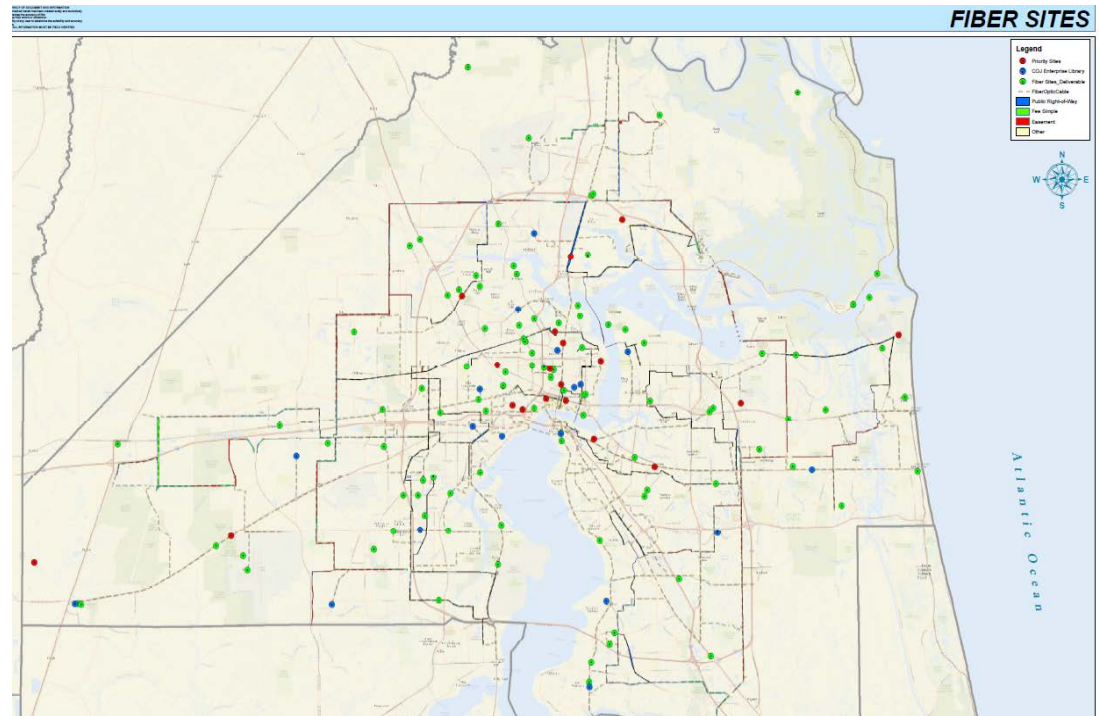
2: Depreciation: From Project Accounting's Power Plan assets labeled Fiber Optics. Actuals are allocated based on approx. Strand Miles assumed available for lease (38.7%)

- Dark Fiber revenues can be impacted by long sales cycles, due to:
  - Construction activities
  - Changes in Information and Communications Technology (ICT)
  - Client change management (from lit to dark fiber services)
- Contact terms are typically 5-years or greater, enabling return on client investment

# Dark Fiber Financial Projections

- Proposed project will expand JEA fiber infrastructure and connect 35 high-priority City of Jacksonville sites
  - Proposal reduces COJ telecom expenses by leveraging JEA Fiber infrastructure
  - Proposal is Phase I of a potential multi-phased project, which could include 150 sites throughout Jacksonville
  - Estimated construction cost (Phase 1): \$598,000
- Service Options:
  - Option 1: 10-Year Term
    - Annual Rent: \$113K
    - Savings 34% over current
  - Option 2: 20-Year Term
    - Annual Rent: \$89K
    - Savings 54% over current

*Additional benefit: Further enhances redundancy and resiliency of the JEA fiber network in support of core utility business.*



# Program Governance

- Investments in new network infrastructure shall be governed to ensure financial viability:
  - Internal Rate of Return benchmarks
  - Investment limits will apply on an agreement-specific basis
- After a three-year “business incubation” period, return to the Board to report earnings and status
  - Will potentially seek Board re-authorization to continue business development of Dark Fiber program
- Authorization to proceed requires both JEA Board and Jacksonville City Council approval of Resolution #2018-01
  - Targeting June City Council meeting, if approved by JEA Board

# What We're NOT Doing...

- Approval of this Resolution #2018-01 will not make JEA a telecommunications services provider. It will only allow us to further invest in our existing network for the purpose of leasing Dark Fiber
- We have no plans to offer “fiber to the home” solutions. We will not be providing “lit” fiber to any commercial customers, or telecommunication services such as internet service or voice and data services to any customers
- Approval of this Resolution #2018-01 means future investment in fiber expansion might not be directly driven by the utility services, although utility services could benefit from such investment by increased redundancy and improved communications quality

## IV. A. 5.

### Quarterly Audit Services Update



February 23, 2018

**SUBJECT:** **AUDIT SERVICES – QUARTERLY ENTERPRISE RISK MANAGEMENT (ERM)/AUDIT UPDATE**

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

**Issue:** The Quarterly ERM/Audit Update provides the JEA Board of Directors with information on the current Internal Audit, Enterprise Risk Management and Ethics Investigations & Audit activities.

**Significance:** The Internal Audit Group reviews internal control processes and ensures that departments maintain compliance with all procedures and regulations. JEA's Enterprise Risk Management (ERM) Program identifies, assesses, measures, monitors and actively manages risk. The Ethics Investigations and Audit Group conducts internal investigations of confidential reports into JEA's Ethics Hotline (EHL) and from other sources.

**Effect:** JEA is able to manage risks and monitor controls, identifying issues to reduce and/or prevent impact to business operations.

**Cost or Benefit:** The benefits to the organization are seen in risk avoidance or management and the knowledge that the business is in compliance with rules and regulations.

**Recommended Board action:** No action required. The Quarterly Audit Services Update is for information only.

**For additional information, contact:** Steven V. Tuten – Director, Audit Services, 904-665-5206

Submitted by: PEM/TEH/SVT



#### Commitments to Action

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



II. D.  
03/12/2018

[Return to Agenda](#)

IV. A. 5.  
3/20/2018

# **Audit Services Q1 FY18 Report**

**Steve Tuten - Director, Audit Services**



# Audit Services Q1 FY18 Report – Table of Contents

<u>Team</u>	<u>Pages</u>
• Internal Audit	3-6
• Enterprise Risk Management (ERM)	7-14
• Ethics Investigations & Audit	15-17

## Internal Audit Team Highlights

- **FY18 Internal Audit Plan** – The current timeline and details regarding the FY18 Plan, as of January 31, 2018, are shown on pages 4-5; the full year's schedule is listed on page 4, and the audits in progress are presented on the following page.
- **Open Audit and Investigation Report Issues** - As of 12/31/17, there were 69 open issues requiring management's corrective action plans. This represents an increase of fourteen (14) open items since our last report. This is primarily a timing issue due to the recent issuance of several audit reports. See page 6 for the distribution of these issues by issue rating and action plan due date.

# FY18 Internal Audit Plan – Full Schedule

Audit/Project	Auditor-in-Charge	Planning Memo Date	Status	FY 2018 Hours			Comments	Final Draft Report Date	Final Report Date (Sent to City)	Audit Report Rating
				Budgeted Hours [adjusted]	Actual Hours	Will Meet/Met Budget				
2017 Safety and Health	David Arnold	8/10/2017	Final Draft Issued	350	330	●	Slightly delayed due to Hurricane Irma.	2/1/2018	-	Satisfactory
2017 Customer Revenue – Branch	Rashid Brittain	9/27/2017	Final Draft Issued	300	267	●	Slightly delayed due to Hurricane Irma.	12/20/2017	-	Needs Improvement
2017 Permitting and Regulatory Conformance	Troy England / Andrew	11/3/2017	Reporting	400	474	●	New auditor assigned to audit. Some time spent on planning for a w/w/w audit.	-	-	-
JEA/SJRPP Performance Pay Audit	TE	N/A	Completed	200	131	●	Incentive Pay Review memos issued on: (SJRP) - 11/8/2017 / (JEA) - 11/22/17	-	-	-
TEA Audit	LG/RB	N/A	Completed	300	214	●	TEA Audit Report will be presented to the TEA Board on February 27, 2018.	-	-	-
Personnel Out Process (POP)	DA	12/11/2017	Testing	300	222	●	Complex audit with possible major issues.	-	-	-
W/W/W Project Engineering & Construction	TE/AS	TBD	Planning	500	126	●				
T&D Electric Transmission Planning	Laurie Gaughan	12/5/2017	Testing	450	277	●	On track to meet deadline.			
Telecommunications & Support	RB	12/19/2017	Testing	450	141	●	On track to meet deadline.			
Disaster Recovery Follow-Up	RB		Not Started	250						
Customer Experience Centers	DA		Not Started	400						
Utility Locate Services/3rd. Party Claims	TE		Not Started	350						
Benefit Services	AS		Not Started	350						
Transmission and Substation Maintenance	LG		Not Started	450						
Tax Administration	DA		Not Started	300						
Technology Infrastructure	RB		Not Started	500						
Response & Environmental Programs	TE		Not Started	350						
W/W/W Reuse and Treatment	AS		Not Started	400						
Electric Production Engineering and Outages	LG		Not Started	450						
Meter Operations Follow-Up	DA		Not Started	275						
Information Security Follow-Up	RB		Not Started	275						
New Auditor Training	AS		Ongoing	150	123	●				
FY2018 Action Plan Follow-Up	All Staff		Ongoing	625	278	●				
FY2019 Audit Plan	All Staff		Not Started	300	0	●				

●	Audit will be/has been completed within estimated hours and due date.
●	Audit will be/has been completed slightly above estimated hours and due date. <i>(No more than a 10% variance.)</i>
●	Audit will be/has been completed significantly above estimated hours and due date.

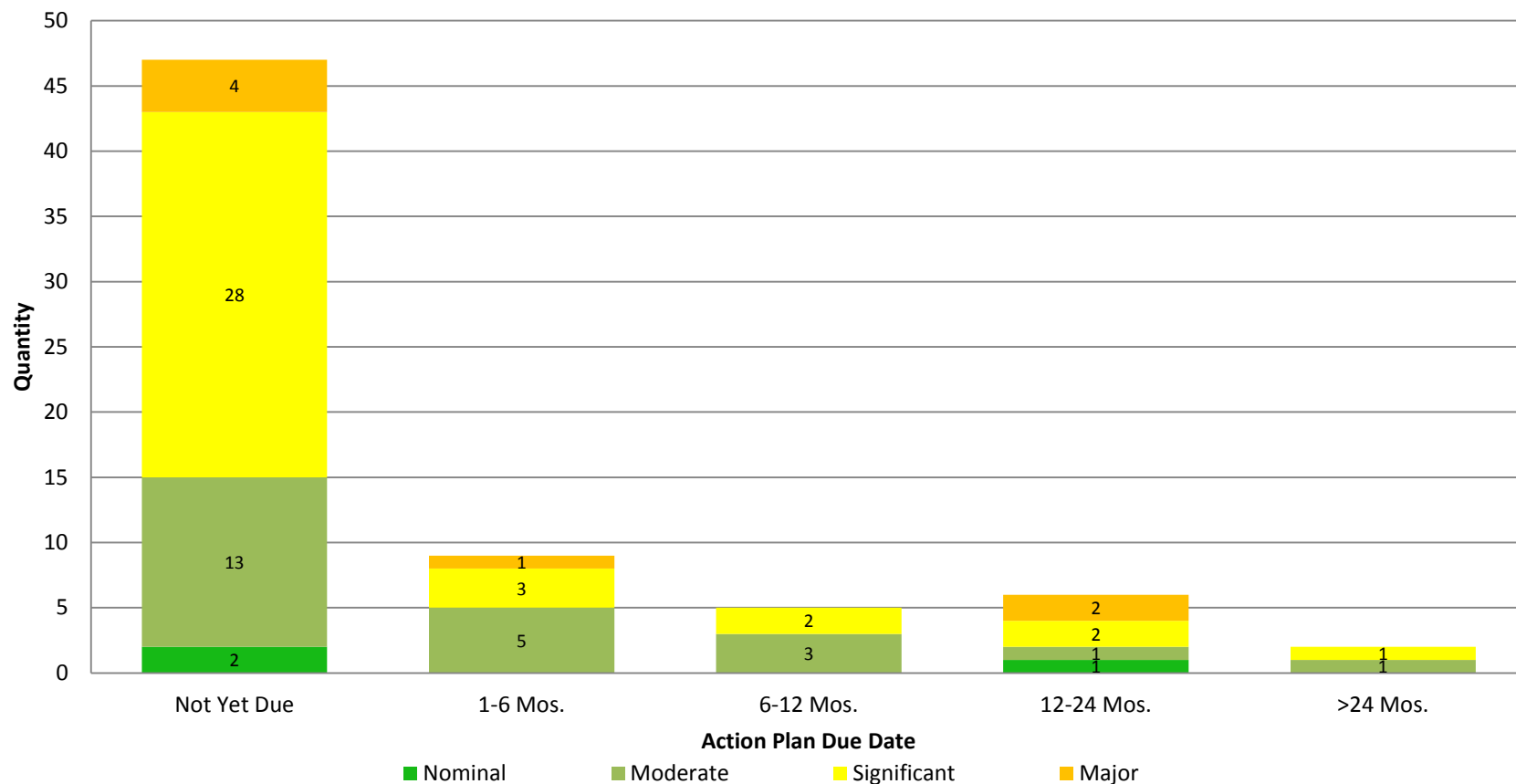
# FY18 Internal Audit Plan – In Progress

Audit/Project	Auditor-in-Charge	Planning Memo Date	Status	FY 2018 Hours			Comments	Final Draft Report Date	Final Report Date (Sent to City)	Audit Report Rating
				Budgeted Hours <i>(adjusted)</i>	Actual Hours	Will Meet/Met Budget				
2017 Safety and Health	David Arnold	8/10/2017	Final Draft Issued	350	330	●	Slightly delayed due to Hurricane Irma.	2/1/2018	-	Satisfactory
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2017 Permitting and Regulatory Conformance	Troy England / Andrew Shelley	11/3/2017	Reporting	400	474	●	New Auditor is working on this audit.	-	-	-
JEA/SJRPP Performance Pay Audit	TE	N/A	Completed	200	131	●	Incentive Pay Review memos issued on: (SJRP) - 1/18/2017 / (JEA) - 1/22/17	-	-	-
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●	Audit will be/has been completed significantly above estimated hours and due date.

# Open Audit and Investigation Report Issues

**Open Action Plan (69) by Issue Rating and Action Plan Due Date**



# ERM Corporate Risk Heat Map

Top Corporate Risks		Score						Impact x Likelihood Score	
Tier 1 (See p. 10)		10-25							
Tier 2 (See p. 11)		5-9							
Tier 3 (See p. 12)		1-4							
Likelihood	Almost Certain >90%	5	5	10	15	20	25	15-25	Red
	Likely 65-90%	4	4	8	12	16	20	10-12	Orange
	Possible 35-65%	3	3	6	9	12	15	8-9	Yellow
	Unlikely 5-35%	2	2	4	6	8	10	4-6	Light Green
	Rare <5%	1	1	2	3	4	5	1-3	Dark Green
			1	2	3	4	5		
			Minor	Moderate	Significant	Major	Severe		
Impact									



The risk score is a factor of the risk impact x likelihood which helps us evaluate the criticality of the risks and the need for mitigation.

## ERM – Top Corporate Risk Score Changes

- There were no score changes to the Top Corporate Risks this quarter.
- We continue to monitor any events that would impact the top corporate risks, as well as the implementation and effectiveness of mitigations.



# ERM - Tier 1 Top Corporate Risk Trends (Q1 FY18)

Risk E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function	FY14			FY15				FY16				FY17				FY18	Long Term Risk Exposure Trend (> 5 Years)	Change	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			
Electric Risks																			
E01 - Carbon Emission Mitigation - Clean Power Plan	20	25	25	25	25	25	25	25	25	25	25	25	25	20	15	15	↔ Stable		
E04 - Adverse Electric Commodity Supply and Pricing	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable		
E03 - Coal Combustion Residual Rule (CCR)	15	15	15	15	15	10	10	10	10	10	10	15	15	15	15	15	↔ Stable		
E05 - Cooling Water Intake Structures 316(b)	10	10	10	10	10	10	10	10	10	10	10	20	20	20	20	20	↔ Stable		
E06 - Long-term Planning/Load Forecast - Electric	6	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing		
E07 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing		
Water/Wastewater Risks																			
W01 - Water Supply Management/Long Term Planning	12	12	15	15	15	15	15	15	15	15	15	15	15	15	15	15	↑ Increasing		
W03 - Sanitary Sewer Overflow Management	6	6	6	6	8	8	8	8	8	8	8	12	12	12	12	12	↓ Decreasing		
Corporate Wide Risks																			
H01 - Pensions	20	20	20	20	20	20	20	20	20	20	20	20	20	20	16	16	16	↔ Stable	
F01 - Revenues and Expenses Management	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	↑ Increasing	
C01 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable	
C02 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C03 - New Technology		12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C16 - Weather & Climate Change Impact										15	15	15	15	15	15	15	15	↑ Increasing	

These risks pose the greatest potential impacts to JEA. Most are due to external factors including economic factors, inherent risk and/or increased regulatory requirements

# ERM – Tier 2 Top Corporate Risk Trends (Q1 FY18)

Risk E= Electric, W= Water/Wastewater, F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function	FY14			FY15				FY16				FY17				FY18	Long Term Risk Exposure Trend (> 5 Years)	Change
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
<b>Electric Risks</b>																		
E02 - Effluent Limitation Guidelines	16	16	16	16	16	16	16	16	16	16	20	20	15	8	8	8	↔ Stable	
E09 - FERC/NERC (Section 693) O&P Reliability & Compliance	9	9	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable	
E10 - Nuclear Power Portfolio	8	8	8	8	8	8	8	8	8	8	8	8	9	9	9	9	↑ Increasing	
E08 - SJRPP	9	9	9	9	9	9	9	9	9	9	9	9	9	6	6	6	↓ Decreasing	
E11 - Infrastructure Maintenance - Electric Systems Assets	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
E20 - Operations Technology Management - Electric	4	4	4	4	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
E12 - By Product Management	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
E13 - Infrastructure Destruction Due to Severe Weather	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
<b>Water/Wastewater Risks</b>																		
W02 - Operations Technology Management - Water/Wastewater Systems	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable	
W04 - Infrastructure Maintenance - Water/Waste Water Systems	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
<b>Corporate Wide Risks</b>																		
C05 - Records Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable	
C06 - Fraud Risk Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing	
T02 - Cyber Security Information Protection	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing	
H02 - Staffing	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable	
H03 - Public and Employee Safety	6	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable	
T01 - Technology Infrastructure Reliability	12	12	12	12	4	4	4	4	8	8	8	8	8	8	8	8	↔ Stable	
T03 - Cyber Security Business Disruption					8	8	8	8	8	8	8	8	8	8	8	8	↑ Increasing	
T04 - Technology Services Disaster Recovery/Business Continuity					8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable	
T05 - Technology Services Resource Optimization								9	9	9	9	9	9	9	9	9	↑ Increasing	
C07 - Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable	
C08 - Black Swan (High Impact - Low probability event)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable	
F03 - Credit Availability/Cost	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
C09 - Other Regulatory Compliance	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable	
F04 - Counterparty Risk	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	↔ Stable	
C04 - External Influence on Policy	10	10	10	10	10	10	10	10	8	8	8	8	8	8	8	8	↔ Stable	
W06 - Water Quality Management									8	8	8	8	8	8	8	8	↔ Stable	

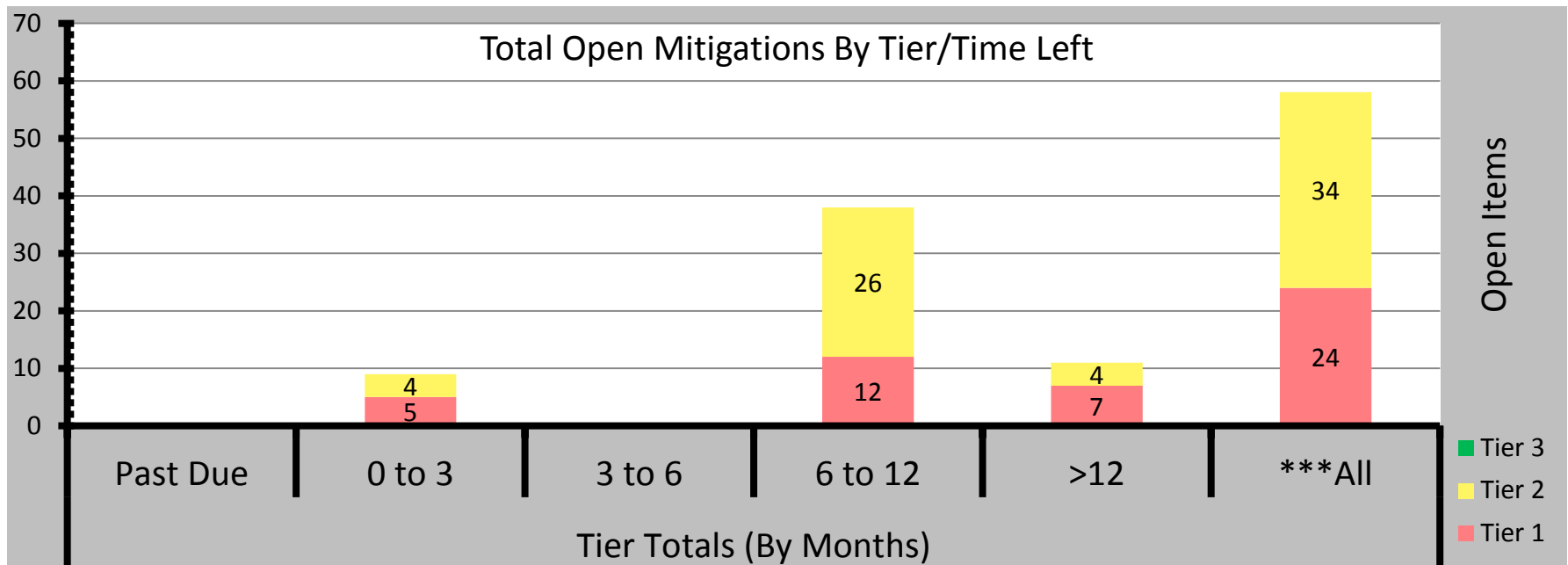


These risks are primarily operational in nature. Although the impact can still be significant, JEA has more flexibility in mitigating the risks.

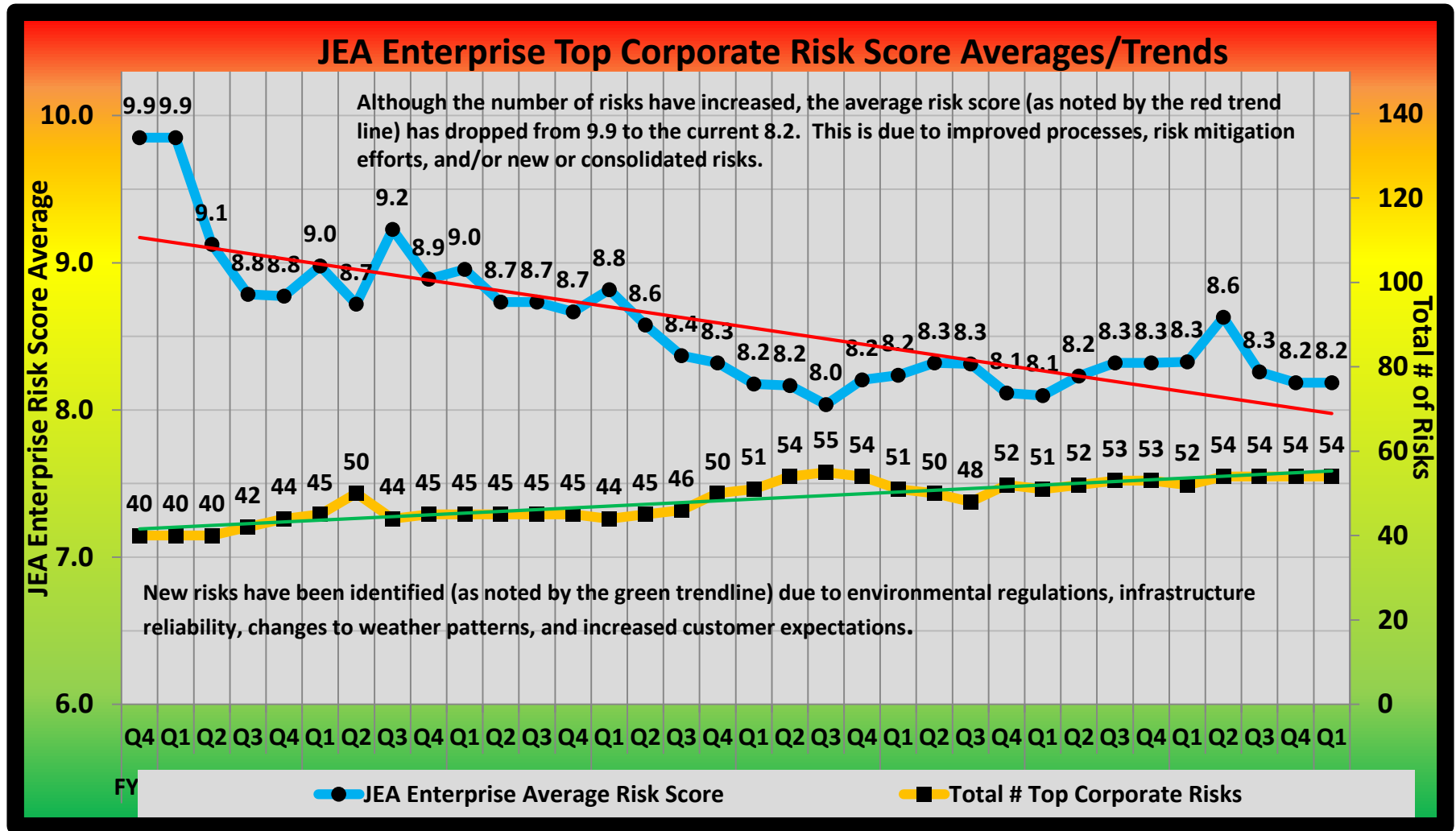
# ERM – Open Mitigations – Tier and Timeframe

## Top Corporate Risks and Mitigations - As of Q1 FY2018

Metric	Total	Electric	Water	Corporate	Comments
# Risks With No Open Mitigations	28	9	2	17	Current mitigations and processes are deemed effective to manage these risks to the extent possible at this time.
# Risks With Open Mitigations	26	11	3	12	Mitigations are in process to further enhance controls.
# Top Corporate Risks	54	20	5	29	
# Open Mitigations	47	11	9	27	
Total Initial Open Mitigations as of 9/30/2017	Closed	Added	Open	Extensions	Comments
91	53	9	47	0	***Some mitigations may be shared amongst chief/VP areas and hence, are double counted in their additions or reductions as needed.



# ERM – Top Corporate Risk Score Trends



The number of risks reflected for each quarter are the number of Top Corporate Risks (Tiers 1-3) that existed at that time. The trending report may not reflect a corresponding number of risks due to their being either reclassified as Tier 3 risks, consolidated into other risks, and/or eliminated.

# ERM – Top Corporate Risk Score Trends - Details

<u>Start</u>	<u>End</u>	<u>Initial #</u>	<u>End #</u>	<u>Explanation</u>
<b>"# of Risks" Large Fluctuations (&gt;4)</b>				
FY2009 Q1	FY2011 Q1	36	50	Change due to new environmental risks (e.g. CCR, 316b), financial risk (interest rates), and splitting pension risk
FY2011 Q1	FY2011 Q2	50	44	Change due to consolidation of environmental risks and others (e.g. Pension[SJRPP], System Security, National Emission Standards, Waste Water regs, Other Emissions, Env Compliance, Pandemic)
FY2012 Q4	FY2014 Q1	44	54	Change due to new risks (e.g. T&D, Pandemic, MATS, Scherer lawsuit, Substation, Cybersecurity)
FY2014 Q2	FY2015 Q1	54	49	Consolidated risks into one overall as Black Swan events
FY2016 Q1	FY2017 Q1	50	54	Change due to new risks (CS Business Disruption, TS DRBC, Natural Gas, Water Quality)
<b>"Average Risk Score" Large Fluctuations (Uptrends or Downtrends)</b>				
FY2009 Q1	FY2010 Q2	10.2	8.8	A number of T1 risks were lowered to T2 and/or T3 as well as additional T2/T3 risks (Consolidation of financial risks, new T2 and T3 risks [CCR, Emission Standards, 316(b), ELG] lowered average)
FY2011 Q2	FY2012 Q3	9.2	8.7	# Tier 1 risks lowered to T2 risks as well as decreasing scores for FERC/NERC, interest rates risk, CCR, nutrient criteria, and Water
FY2012 Q3	FY2014 Q2	8.7	7.9	Decreasing scores for staffing and several environmental risks, T1's and T2's became T3's (e.g. renewable energy standards, numeric criteria, interest, IRS Bond)
FY2015 Q3	FY2017 Q1	8	8.5	Environmental risk scores increased as deadlines approach
FY2017 Q2	FY2017 Q3	8.6	8.3	Drop is due to reduction of risk scores for SJRPP decommissioning, ELG cost reduction due to SJRPP, CPP (less certainty on regulation), and pension liability mitigation.

# ERM – Current Projects

INITIATIVE	PROJECT SCOPE	STATUS
<b>Risk Validation/ Key Risk Indicators (KRIs)</b>	A pilot is underway to identify KRIs that would validate the effectiveness of current and/or open mitigations/controls and risk scores in managing risk exposure	<ul style="list-style-type: none"> <li>• Strategy to develop KRI/KPI is under review.</li> </ul>
<b>Expanding Corporate Wide Risk Culture</b>	We continue to train employees on risk management principals, as well as skills to identify, evaluate and mitigate risks within their own business functions. Class is mandatory for all appointed staff with all managers/directors, but open to all.	<ul style="list-style-type: none"> <li>• 110 employees trained to date.</li> <li>* Initiative to expand required training to all appointed employees (approx., 258).</li> <li>• Expand training to include fraud awareness and detection skills.</li> </ul>
<b>Director Level Risk Assessments</b>	Continue to conduct risk assessments at the business unit level to assess adequacy of processes and controls that may impact mitigating the Top Corporate risks.	<ul style="list-style-type: none"> <li>• In progress and ongoing. Currently 15 business units in review.</li> </ul>
<b>District Energy (DE) Risks</b>	Performing a risk assessment of the District Energy business with the focus on reliability, environmental compliance, and reputational impact in the event of a loss risk of services to our major customers (i.e., Stadium, Hospital).	<ul style="list-style-type: none"> <li>• Initial risk assessment completed.</li> <li>* Working with operations management in assessing severity of noted gaps and developing mitigation plans.</li> <li>* Possible new Top Corporate risk</li> </ul>
<b>Supply Chain Risk Management</b>	Working with Procurement, CIP Compliance and Financial Services areas to develop a process to evaluate counterparties utilized by various business functions both on financial stability (i.e. credit risk), potential disruption of services provided, and any vendor misconduct which can impact JEA's reputation.	<ul style="list-style-type: none"> <li>• Identifying risk criteria/risk tolerances.</li> <li>• Aligning current vendors to risk criteria</li> <li>• Expanded to include Cyber Security risks.</li> </ul>
<b>Customer Battery Rebate Program</b>	In conjunction with the Customer Solutions area, perform a risk assessment and develop strategy for this program	<ul style="list-style-type: none"> <li>• <b>Completed.</b></li> </ul>
<b>Information Security Governance</b>	Information Security Governance Committee established to coordinate efforts across the enterprise in enhancing cyber security standards, policies and procedures.	<ul style="list-style-type: none"> <li>• In progress and ongoing.</li> </ul>
<b>Terrorism</b>	In conjunction with Security Services, we are assessing the potential for terrorism risk to JEA in relation to potential impacts and identifying any significant gaps that require remediation – including Active Shooter risks and controls.	<ul style="list-style-type: none"> <li>• In progress and ongoing.</li> </ul>
<b>Personnel Out Processing (POP)</b>	In conjunction with Internal Audit and the appropriate operational areas, we are assessing the adequacy and effectiveness of the POP process.	<ul style="list-style-type: none"> <li>• In progress.</li> </ul>
<b>Safety Initiatives</b>	In conjunction with Internal Audit, working with Safety areas to enhance mitigations for Employee Safety risk.	<ul style="list-style-type: none"> <li>• In progress.</li> </ul>
<b>ERM Tracking /Reporting Application</b>	Implement an application (SecureWatch) to automate and facilitate the tracking and reporting of Top Corporate Risks, director Level Risks, Project Risk Assessment, as well as open and completed mitigations and internal controls.	<ul style="list-style-type: none"> <li>• Project is in the Proof of Concept Stage .</li> </ul>

## Ethics Hotline (EHL) Case Statistics – 1Q FY18

Open Cases 9/30/2017	Cases Opened 1Q FY18	Cases Closed 1Q FY18	Open Cases 12/31/2017
14	8	6	16

Categories For Cases Opened During 1Q FY18	
Discrimination/Harassment	3
Fraud/Waste/Abuse	2
Regulatory/Environmental	2
Conflict of Interest/Ethics Matters	1
Total	8



# Summary of Closed EHL Cases - 1Q FY18

Reporting Source	Allegation	Investigation Results
EHL	JEA-16-03-0003 – The caller alleged there were discrepancies in adherence with regulations relating to water sampling and other lab standard operating procedures. The caller also alleged management retaliation.	A consultant was engaged to address the validity of the caller's allegations. The consultant reported that "...overall the general laboratory operations at JEA were noted to be functioning at a very high level when compared to the industry norm..." Management took action to correct the specific issues identified by the consultant. Regarding the retaliation allegation, the caller concurrently reported the matter directly to Labor Relations, which conducted a separate investigation addressing the complaint.
Internal	JEA-17-01-0001 - An anonymous tip was received alleging an employee may be using JEA's vehicle and computer in a personal dock business.	Evidence was found to confirm the employee used JEA's vehicle and computer in support of a personal business. In addition, a joint investigation with the City's Office of Inspector General revealed the employee falsified time and attendance records and received payment for time not worked. As a result, the individual is no longer employed by JEA. Restitution was requested through JEA's legal counsel.
Internal	JEA-17-03-0006 - An anonymous complainant alleged a retired JEA employee was tailgating onto JEA property and had stolen JEA materials and equipment.	Video evidence confirmed the subject's vehicle tailgated onto JEA property; however, there was no evidence to substantiate the allegation of theft. As a result of the investigation, JEA Security met with the facility's management to reiterate security protocol for visitors. Also, additional barrier arms were installed at vehicle entry and exit points to reduce the ability of unauthorized vehicle access to the property.



# Summary of Closed EHL Cases - 1Q FY18 (concluded)

Reporting Source	Allegation	Investigation Results
EHL	JEA-17-04-0001 – An employee reported that an advertising letter was received from a former JEA employee. The complainant questioned how the former employee was able to obtain home addresses of employees.	Our investigation revealed the former JEA employee made a valid public records request, which was fulfilled in accordance with the public records law.
EHL	JEA-17-09-0001 – An anonymous caller alleged a JEA Associate Manager engaged in unethical behavior by favoring certain employees.	A joint investigation with Labor Relations determined the allegations could not be substantiated.
EHL	JEA-17-10-0001 – An anonymous caller reported that a JEA employee made threatening statements and treated the caller in an aggressive manner.	Because this case dealt with workplace harassment, it was referred to Labor Relations. It was determined both employees were involved in an altercation, for which both were counseled and assigned to work on separate crews.

## IV. A. 6.

### Ethics Officer Quarterly Report

February 23, 2018

**SUBJECT:** ETHICS OFFICER QUARTERLY REPORT

**Purpose:**

☒ Information Only

☐ Action Required

☐ Advice/Direction

**Issue:** The Ethics Officer Quarterly Report provides the JEA Board of Directors with information on the current ethics inquiries, hotline activity and training.

**Significance:** JEA's Ethics Officer ensures information is shared and advice given regarding issues and questions.

**Effect:** JEA is able to manage ethical concerns for the organization, ensuring compliance with business and governmental regulations.

**Cost or Benefit:** JEA fosters an environment that ensures ethical behaviors.

**Recommended Board action:** This item is for information only.

**For additional information, contact:** Walette Stanford, 904-665-4282

Submitted by: PEM/ARH/WMS



#### Commitments to Action

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

# **JEA**

## **Ethics Officer Report**

**March 12, 2018**

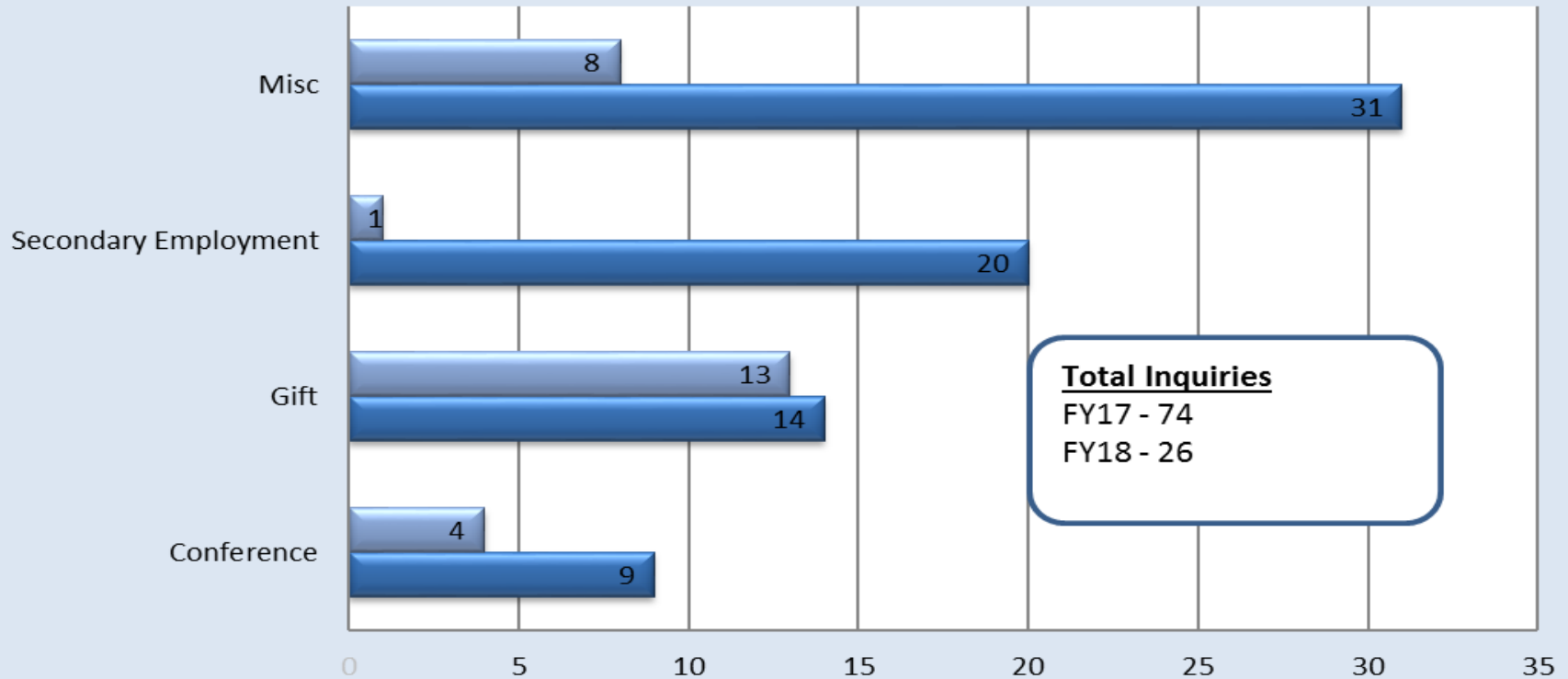
### **Creating an Ethical Culture**

**JEA will conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations.**

**Walette Stanford, JEA Ethics Officer**

# FY17/FY18 Comparisons

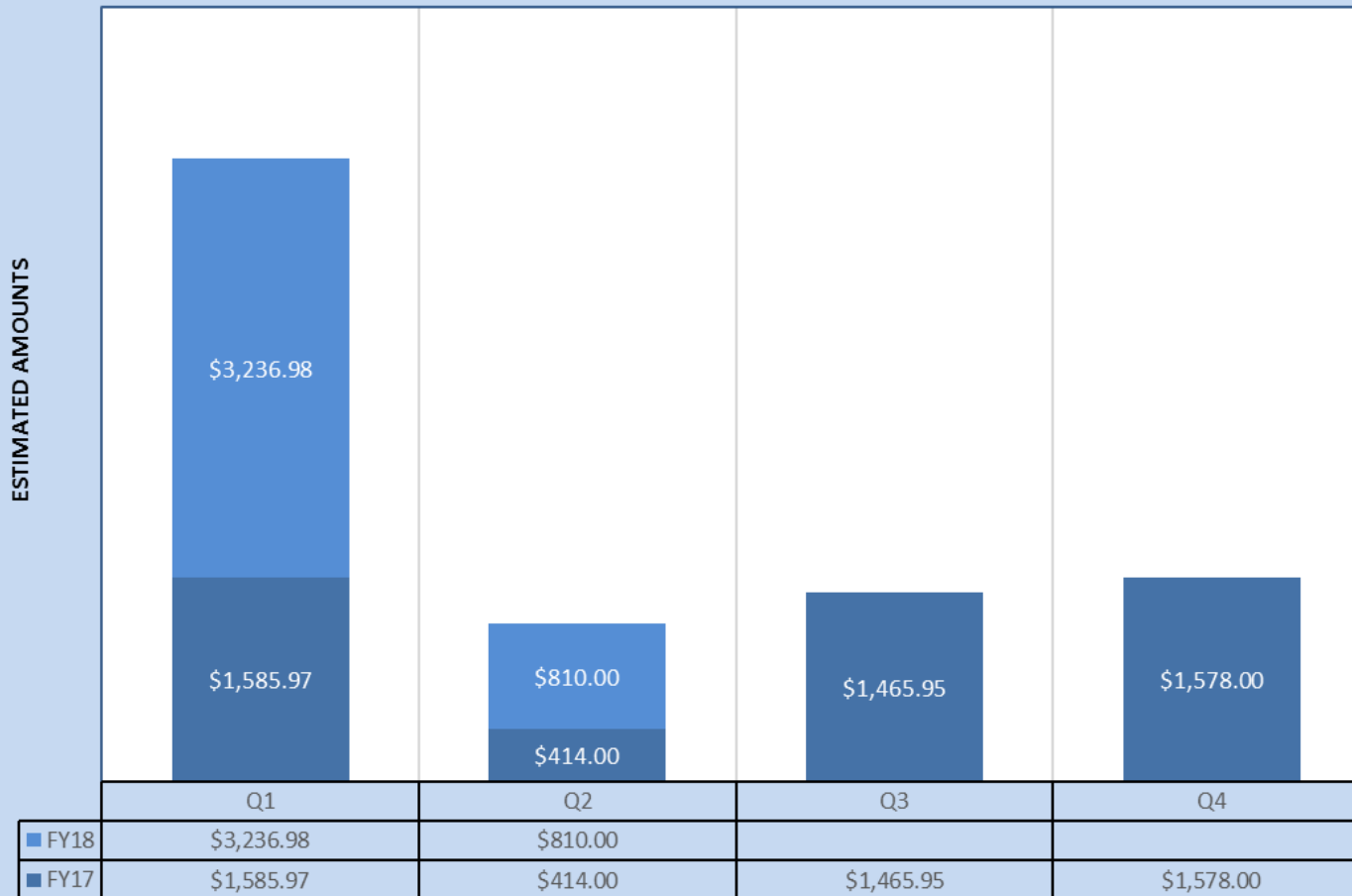
## Ethics Inquiries Comparison FY17/FY18



	Conference	Gift	Secondary Employment	Misc
FY18	4	13	1	8
FY17	9	14	20	31

# FY17/FY18 Gift Registry

## FY17/FY18 GIFT ESTIMATES COMPARISON PER QUARTER

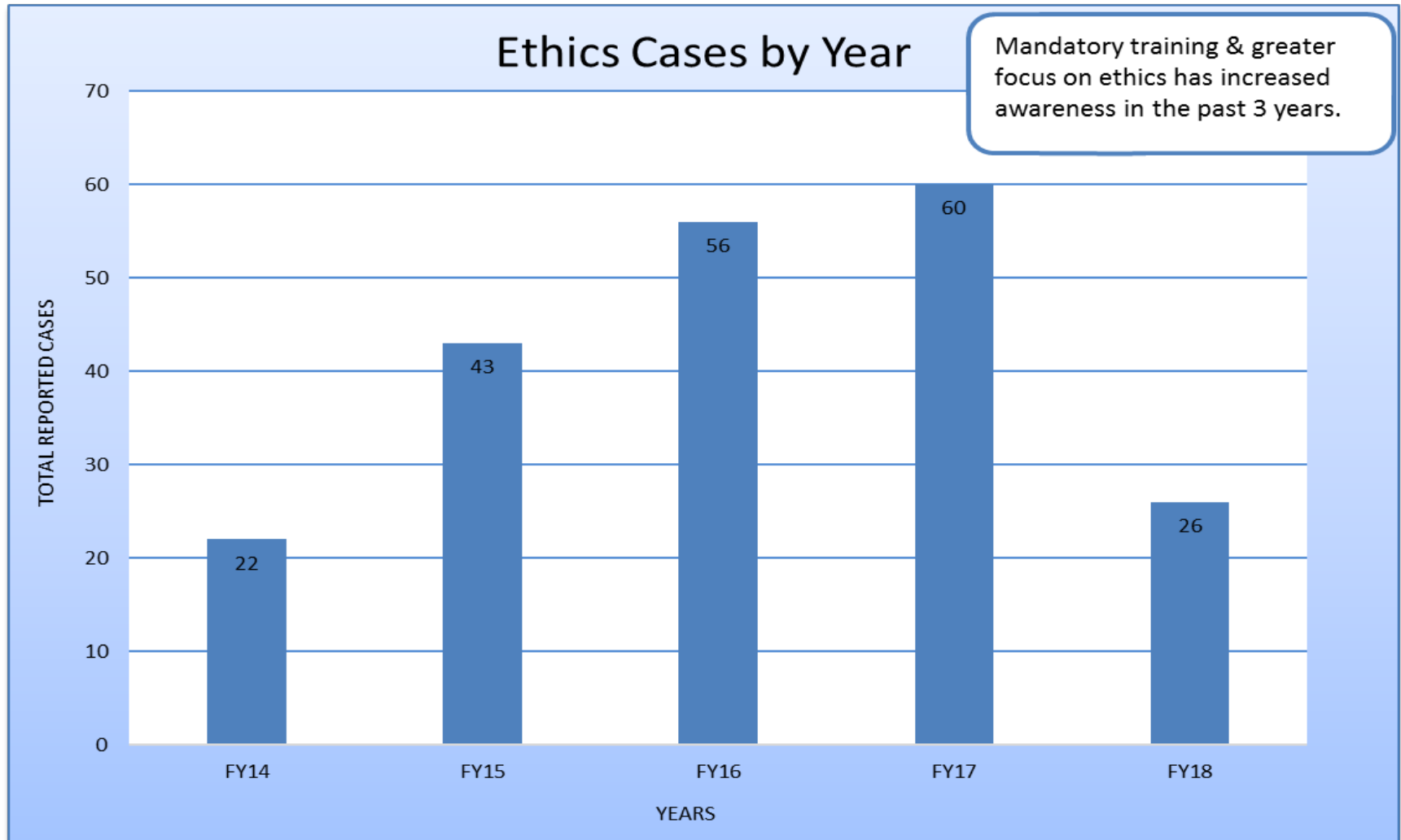


Food items: Lunch voucher, business lunch, assorted popcorn, event dinner, catered BBQ lunch

Promotional items: calendar, Jaguar tickets (150), Icemen hockey tickets, luggage set, gift baskets, golf shirts

Misc: travel bag, Yeti cooler, tote bag, gift cards, train set, flame scanners (13)

# Ethics Officer Cases - Five Years in Review



# Business Ethics Update and What's Next

- Updated the “Ethics Coordination Council” Citywide Ethics plan (JEA section only) on January 11<sup>th</sup>.
- Updated the Ethical Conduct Guidelines on January 19<sup>th</sup>.
- Revamped the JEA Business Ethics page on Sharepoint.
- Rolling out the company-wide Ethics training on March 1<sup>st</sup>.
- Creating a new Secondary employment template so employees can update it annually via Sharepoint.

## Quotation on Ethics

*“Whenever you do a thing, act as if all the world were watching”*

*- Thomas Jefferson*



#### IV. A. 7. a.

### Electric System and Water and Sewer System Reserve Fund Quarterly Report

February 26, 2018

**SUBJECT:** ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND  
QUARTERLY REPORT

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

**Issue:** Electric System and Water and Sewer System Reserve Fund Quarterly Report as of December 31, 2017. This report is provided for transparency into JEA's reserve fund accounts and various cash balances.

**Significance:** High. JEA's liquidity position is an important balance between operating security and flexibility, financial metrics, and carrying cost of cash.

**Effect:** JEA operational needs, bond resolution requirements, and credit ratings.

**Cost or Benefit:** JEA's reserves are an important component of operating security and flexibility, a critical credit ratings factor.

**Recommended Board action:** No action required; provided for information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/BHG



#### Commitments to Action

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



**INTER-OFFICE MEMORANDUM**

February 26, 2018

**SUBJECT:** **ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE  
FUND QUARTERLY REPORT**

---

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

---

**TO:** JEA Finance and Audit Committee

---

Kelly Flanagan, Chair  
Husein Cumber

**BACKGROUND:**

At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning in August 2012.

**DISCUSSION:**

Attached are the reserve fund schedules referenced above for the period ending December 31, 2017.

**RECOMMENDATION:**

No action required; provided for information only.

---

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/BHG

**Electric System and Water & Sewer System Reserve and Fund Balances (1)**

*For the Fiscal Quarter Ending December 31, 2017  
(In Thousands of Dollars)*

	<u>Fiscal Year</u> <u>FY 2015</u>	<u>Fiscal Year</u> <u>FY 2016</u>	<u>Fiscal Year</u> <u>FY 2017</u>	<u>Fiscal Year</u> <u>FY 2018</u>	<u>Detail</u> <u>Page #</u>
<b>Electric System</b>					
<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 46,624	\$ 56,665	\$ 54,815	\$ 55,216	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	10,937	11,179	9,214	9,214	4
Rate Stabilization					
• Fuel	150,742	180,115	131,716	92,095	5
• DSM/conservation	2,886	3,515	3,695	3,625	6
• Environmental	23,430	29,975	36,417	42,416	7
• Debt Management	42,126	42,126	29,884	29,884	8
• Non-Fuel Purchased Power	38,000	34,400	25,189	53,539	9
Environmental	18,662	18,556	18,556	17,647	10
Customer Deposits	42,389	41,084	42,105	42,603	11
<b>Total Unrestricted</b>	<b>385,796</b>	<b>427,615</b>	<b>361,590</b>	<b>356,239</b>	
<b>Days of Cash on Hand (2)</b>	<b>225</b>	<b>270</b>	<b>234</b>	<b>202</b>	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	134,927	136,232	167,087	160,347	12
Debt Service Reserve Funds	64,595	60,582	60,582	60,582	13
Renewal and Replacement Funds/OCO (3)	145,711	192,179	201,368	195,467	14
Construction Funds	-	-	-	-	15
<b>Total Restricted</b>	<b>345,233</b>	<b>388,993</b>	<b>429,037</b>	<b>416,396</b>	
<b>Total Electric System</b>	<b>\$ 731,029</b>	<b>\$ 816,608</b>	<b>\$ 790,627</b>	<b>\$ 772,635</b>	
<hr/>					
<b>Water and Sewer System</b>					
<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 22,588	\$ 42,948	\$ 69,199	\$ 46,767	
Rate Stabilization					
• Debt Management	20,290	20,290	14,209	14,209	16
• Environmental		1,699	5,214	9,748	17
Customer Deposit	13,255	13,910	15,086	15,270	18
<b>Total Unrestricted</b>	<b>56,133</b>	<b>78,847</b>	<b>103,708</b>	<b>85,994</b>	
<b>Days of Cash on Hand (2)</b>	<b>466</b>	<b>528</b>	<b>496</b>	<b>441</b>	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	67,720	65,410	82,208	81,727	19
Debt Service Reserve Funds	108,849	108,086	107,488	102,850	20
Renewal and Replacement Funds					
• R&R/OCO (4)	76,020	76,020	54,699	54,440	21
• Capacity Fees/State Revolving Loans	90,912	103,411	95,620	57,590	22
• Environmental	19,245	2,659	1,839	2,067	23
Construction Funds	664	152	15	-	24
<b>Total Restricted</b>	<b>363,410</b>	<b>355,738</b>	<b>341,869</b>	<b>298,674</b>	
<b>Total Water &amp; Sewer System</b>	<b>\$ 419,543</b>	<b>\$ 434,585</b>	<b>\$ 445,577</b>	<b>\$ 384,668</b>	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.

(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.

(3) Balance includes \$47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.

(4) Balance includes \$20,000 of Water & Sewer System Renewal and Replacement Reserve for MADS calculation.

### Funds Established Per the Bond Resolutions

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) .	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

## Electric System Self Insurance - Property

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Budget Appropriation

Metric: Budgeted Deposit = \$10 million

Definitions and Goals: JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:								
Reserve Contribution				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Reserve Withdrawal				N/A				
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:									
Reserve Contribution						-	-	-	-
						-	-	-	-
						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -				
Deductions:									
Reserve Withdrawal						-	-	-	-
						-	-	-	-
						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -				
Ending balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

## Electric System Self Insurance - Employee Health Insurance

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Florida Statute for self insured government plans

Metric: An actuary calculates amount annually

Definitions and Goals: This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 9,214	\$ 9,214	\$ 9,214	N/A	\$ 11,179	\$ 9,214	\$ 9,214	\$ 9,214
Additions:								
Employee Contributions	1,494	1,494	6,155	N/A	5,862	6,463	6,786	7,125
Retiree & Other Contributions	1,927	1,927	6,830		6,443	7,239	7,674	8,134
Employer Contributions	4,650	4,650	21,915		19,004	22,898	23,940	25,041
Sub-total	\$ 8,071	\$ 8,071	\$ 34,900	\$ -	\$ 31,309	\$ 36,600	\$ 38,400	\$ 40,300
Deductions:								
Payments for Claims	7,682	7,682	32,574	N/A	30,994	34,228	35,980	37,832
Actuary & Other Payments	490	490	2,326		2,280	2,372	2,420	2,468
Sub-total	\$ 8,172	\$ 8,172	\$ 34,900	\$ -	\$ 33,274	\$ 36,600	\$ 38,400	\$ 40,300
Ending Balance	\$ 9,113	\$ 9,113	\$ 9,214	N/A	\$ 9,214	\$ 9,214	\$ 9,214	\$ 9,214

(In Thousands)	Historical					Statistical			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Low	Median	Mean	High
Opening Balance	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 10,749	\$ 11,179	\$ 12,844	\$ 15,914
Additions:									
Employee Contributions	5,893	4,573	5,447	5,460	5,862	4,573	5,460	5,447	5,893
Retiree & Other Contributions	5,701	5,188	5,141	5,694	6,443	5,141	5,694	5,633	6,443
Employer Contributions	20,629	14,252	22,220	24,231	19,004	14,252	20,629	20,067	24,231
Sub-total	\$ 32,223	\$ 24,013	\$ 32,808	\$ 35,385	\$ 31,309				
Deductions:									
Payments for Claims	29,354	27,157	30,408	32,946	30,994	27,157	30,408	30,172	32,946
Actuary & Other Payments	2,395	2,021	2,212	2,197	2,280	2,021	2,212	2,221	2,395
Sub-total	\$ 31,749	\$ 29,178	\$ 32,620	\$ 35,143	\$ 33,274				
Ending balance	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 9,214	\$ 9,214	\$ 10,937	\$ 11,599	\$ 15,914

Observations:

- Self Insurance for Employee Health Insurance began in July 2009.
  - Projections are using the 8% rate of increase based on information obtained from the Actuarial Memorandum and Report.
- Calendar year data is presented above in fiscal year format.

## Electric System Rate Stabilization - Fuel Management

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Targeted 15% of total annual projected energy costs

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (a) the maximum 12-month historical fuel cost or (b) the projected 12-month fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 131,716	\$ 131,716	\$ 131,716	N/A	\$ 180,115	\$ 92,095	\$ 95,974	\$ 100,497
Additions:								
Contributions			-		2,845	3,879	4,523	
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 2,845	\$ 3,879	\$ 4,523	\$ -
Withdrawals	9,438	9,438	39,621	32,800	51,244			10,689
Customer Fuel Rebate Credit				-	-			
Sub-total	\$ 9,438	\$ 9,438	\$ 39,621	\$ 32,800	\$ 51,244	\$ -	\$ -	\$ 10,689
Ending Balance	\$ 122,278	\$ 122,278	\$ 92,095	N/A	\$ 131,716	\$ 95,974	\$ 100,497	\$ 89,808

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 92,362	\$ 108,289	\$ 127,393	\$ 180,115
Additions:									
Contributions	52,523	22,496	95,224	85,979	2,845	2,845	52,523	51,813	95,224
Sub-total	\$ 52,523	\$ 22,496	\$ 95,224	\$ 85,979	\$ 2,845	-	-	-	-
Deductions:									
Withdrawals					51,244	51,244	51,244	51,244	51,244
Fuel Rebate Credit	36,596	25,328	49,939	56,606		25,328	43,268	42,117	56,606
Sub-total	\$ 36,596	\$ 25,328	\$ 49,939	\$ 56,606	\$ 51,244	-	-	-	-
Ending balance	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 131,716	\$ 105,457	\$ 131,716	\$ 135,264	\$ 180,115

Observations:

- Actual and historical numbers reflect fuel recovery contributions and withdrawals on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11.



## Electric System Rate Stabilization - Demand Side Management (DSM)

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section VII of the Pricing Policy, \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 3,695	\$ 3,695	\$ 3,695	N/A	\$ 3,515	\$ 3,625	\$ 3,397	\$ 3,169
Additions:								
Contributions	1,535	1,535	7,029	7,515	6,685	6,871	6,871	6,871
Other								
Sub-total	\$ 1,535	\$ 1,535	\$ 7,029	\$ 7,515	\$ 6,685	\$ 6,871	\$ 6,871	\$ 6,871
Withdrawals	1,199	1,199	7,099	8,126	6,505	7,099	7,099	7,099
Sub-total	\$ 1,199	\$ 1,199	\$ 7,099	\$ 8,126	\$ 6,505	\$ 7,099	\$ 7,099	\$ 7,099
Ending Balance	\$ 4,031	\$ 4,031	\$ 3,625	N/A	\$ 3,695	\$ 3,397	\$ 3,169	\$ 2,941

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 2,886	\$ 3,570	\$ 4,155	\$ 6,912
Additions:									
Contributions	6,683	6,929	7,059	7,232	6,685	6,683	6,929	6,918	7,232
Transfer from Rev Fd						-	-	-	-
Sub-total	\$ 6,683	\$ 6,929	\$ 7,059	\$ 7,232	\$ 6,685	-	-	-	-
Deductions:									
Withdrawals	9,704	7,250	7,743	6,603	6,505	6,505	7,250	7,561	9,704
Sub-total	\$ 9,704	\$ 7,250	\$ 7,743	\$ 6,603	\$ 6,505	-	-	-	-
Ending balance	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 3,695	\$ 2,886	\$ 3,570	\$ 3,511	\$ 3,891

Observations:

- Rate Stabilization Fund for Demand Side Management began in April 2009.

## Electric System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.62 per 1,000 kWh

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge (\$0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 36,417	\$ 36,417	\$ 36,417	N/A	\$ 29,975	\$ 42,416	\$ 48,516	\$ 53,396
Additions:								
Contributions	1,770	1,770	7,542	7,942	7,384	7,320	7,320	7,320
Sub-total	\$ 1,770	\$ 1,770	\$ 7,542	\$ 7,942	\$ 7,384	\$ 7,320	\$ 7,320	\$ 7,320
Withdrawals	6	6	1,543	2,051	942	1,220	2,440	3,660
Sub-total	\$ 6	\$ 6	\$ 1,543	\$ 2,051	\$ 942	\$ 1,220	\$ 2,440	\$ 3,660
Ending Balance	\$ 38,181	\$ 38,181	\$ 42,416	N/A	\$ 36,417	\$ 48,516	\$ 53,396	\$ 57,056

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 5,343	\$ 16,639	\$ 17,082	\$ 29,975
Additions:									
Contributions	5,650	7,395	7,586	7,700	7,384	5,650	7,395	7,143	7,700
						-	-	-	-
Sub-total	\$ 5,650	\$ 7,395	\$ 7,586	\$ 7,700	\$ 7,384	-	-	-	-
Deductions:									
Withdrawals	970	779	795	1,155	942	779	942	928	1,155
						-	-	-	-
Sub-total	\$ 970	\$ 779	\$ 795	\$ 1,155	\$ 942	-	-	-	-
Ending balance	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 36,417	\$ 10,023	\$ 23,430	\$ 23,297	\$ 36,417

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

## Electric System Rate Stabilization - Debt Management

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	<u>2019</u>	<u>2020</u>	<u>2021</u>
(In Thousands)								
Opening Balance	\$ 29,884	\$ 29,884	\$ 29,884	N/A	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					12,242			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 12,242	\$ -	\$ -	\$ -
Ending Balance	\$ 29,884	\$ 29,884	\$ 29,884	N/A	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884

	Historical					Statistical			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Low	Median	Mean	High
Opening Balance	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 41,611	\$ 42,126	\$ 42,023	\$ 42,126
Additions:									
Contributions	6,581					6,581	6,581	6,581	6,581
Sub-total	\$ 6,581	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	6,066				12,242	6,066	9,154	9,154	12,242
Sub-total	\$ 6,066	\$ -	\$ -	\$ -	\$ 12,242	-	-	-	-
Ending balance	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 29,884	\$ 29,884	\$ 42,126	\$ 39,678	\$ 42,126

Observations:

- Rate Stabilization Fund for Debt Management began in May 2009.

## Electric System Rate Stabilization - Non-Fuel Purchased Power

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
(In Thousands)								
Opening Balance	\$ 25,189	\$ 25,189	\$ 25,189	N/A	\$ 34,400	\$ 53,539	\$ 56,842	\$ 36,842
Additions:								
Contributions			40,000	-	-	17,630		
Sub-total	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ 17,630	\$ -	\$ -
Withdrawals	2,842	2,842	11,650	11,745	3,600	14,327	20,000	24,194
Sub-total	\$ 2,842	\$ 2,842	\$ 11,650	\$ 11,745	\$ 3,600	\$ 14,327	\$ 20,000	\$ 24,194
Ending Balance	\$ 22,347	\$ 22,347	\$ 53,539	N/A	\$ 30,800	\$ 56,842	\$ 36,842	\$ 12,648

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ -	\$ 12,000	\$ 16,880	\$ 38,000
Additions:									
Contributions		12,000	26,000			12,000	19,000	19,000	26,000
Sub-total	\$ -	\$ 12,000	\$ 26,000	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals				3,600	9,211	3,600	6,406	6,406	9,211
Sub-total	\$ -	\$ -	\$ -	\$ 3,600	\$ 9,211	-	-	-	-
Ending balance	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ 25,189	\$ -	\$ 25,189	\$ 21,918	\$ 38,000

Observations:

- The Non-Fuel Purchased Power Rate Stabilization Fund began in FY 2014.

## Electric System Environmental Reserve

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

Definitions and Goals: This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 17,672	\$ 17,672	\$ 17,672	N/A	\$ 18,556	\$ 17,647	\$ 17,647	\$ 17,647
Additions:								
Contributions			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals	25	25	25	N/A	884			
Sub-total	\$ 25	\$ 25	\$ 25	\$ -	\$ 884	\$ -	\$ -	\$ -
Ending Balance	\$ 17,647	\$ 17,647	\$ 17,647	N/A	\$ 17,672	\$ 17,647	\$ 17,647	\$ 17,647

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 18,359	\$ 18,662	\$ 18,580	\$ 18,662
Additions:									
Contributions	970					970	970	970	970
Sub-total	\$ 970	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	667			106	884	106	667	552	884
Sub-total	\$ 667	\$ -	\$ -	\$ 106	\$ 884	-	-	-	-
Ending balance	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 17,672	\$ 17,672	\$ 18,662	\$ 18,443	\$ 18,662

Observations:

- The Environmental Reserve began in FY 2008.

## Electric System Customer Deposits

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Actual as of 12/31/2017		2018 Forecast	Full Year		Projection		
	Current Quarter	Year -to-Date		2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 42,105	\$ 42,105	\$ 42,105	N/A	\$ 41,084	\$ 42,603	\$ 42,603	\$ 42,603
Additions:								
Net Customer Activity	498	498	498	N/A	1,021			
Loan Repayment to ES Revenue Fund					-			
Sub-total	\$ 498	\$ 498	\$ 498	\$ -	\$ 1,021	\$ -	\$ -	\$ -
Net Customer Activity					-			
Loan to ES Revenue Fund				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 42,603	\$ 42,603	\$ 42,603	N/A	\$ 42,105	\$ 42,603	\$ 42,603	\$ 42,603

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 41,084	\$ 42,688	\$ 42,899	\$ 44,882
Additions:									
Net Customer Activity	1,430				1,021	1,021	1,226	1,226	1,430
Loan Repayment to ES Revenue Fund						-	-	-	-
Sub-total	\$ 1,430	\$ -	\$ -	\$ -	\$ 1,021				
Deductions:									
Net Customer Activity	2	2,194	299	1,305		2	802	950	2,194
Loan to ES Revenue Fund						-	-	-	-
Sub-total	\$ 2	\$ 2,194	\$ 299	\$ 1,305	\$ -				
Ending balance	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 42,105	\$ 41,084	\$ 42,389	\$ 42,630	\$ 44,882

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits starting in Fiscal Year 2014.

## Electric System Debt Service Sinking Fund

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 167,087	\$ 167,087	\$ 167,087	N/A	\$ 136,232	\$ 160,347	\$ 151,213	\$ 93,455
Additions:								
Revenue Fund Deposits	49,966	49,966	208,066		209,450	198,989	141,056	136,439
Bond funded interest					-			
Sub-total	\$ 49,966	\$ 49,966	\$ 208,066	\$ -	\$ 209,450	\$ 198,989	\$ 141,056	\$ 136,439
Principal and Int Payments	172,279	172,279	214,806	N/A	178,595	208,123	198,814	139,464
Sub-total	\$ 172,279	\$ 172,279	\$ 214,806	\$ -	\$ 178,595	\$ 208,123	\$ 198,814	\$ 139,464
Ending Balance	\$ 44,774	\$ 44,774	\$ 160,347	N/A	\$ 167,087	\$ 151,213	\$ 93,455	\$ 90,430

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 101,305	\$ 120,458	\$ 120,135	\$ 136,232
Additions:									
Revenue Fund Deposits	159,072	167,340	181,006	177,847	209,450	159,072	177,847	178,943	209,450
Bond funded interest						-	-	-	-
Sub-total	\$ 159,072	\$ 167,340	\$ 181,006	\$ 177,847	\$ 209,450	-	-	-	-
Deductions:									
Principal and Int Payments	165,521	148,187	166,537	176,542	178,595	148,187	166,537	167,076	178,595
Sub-total	\$ 165,521	\$ 148,187	\$ 166,537	\$ 176,542	\$ 178,595	-	-	-	-
Ending balance	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 167,087	\$ 101,305	\$ 134,927	\$ 132,002	\$ 167,087

**Observations:**

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).

## Electric System Debt Service Reserve Account

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Maximum interest payable on outstanding senior Electric System bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Actual as of 12/31/2017		Full Year Budget Amounts			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
(In Thousands)								
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582
Additions:								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Release to Revenue Fund				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582

	Historical Actuals					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	\$ 60,582	\$ 64,841	\$ 65,417	\$ 72,226
Additions:									
Proceeds from Bonds				-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Defeasance	7,385		246	4,013		246	4,013	3,881	7,385
Sub-total	\$ 7,385	\$ -	\$ 246	\$ 4,013	\$ -	-	-	-	-
Ending balance	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	\$ 60,582	60,582	64,595	63,088	64,841

**Observations:**

- This report does not include any Scherer debt service reserves.
- In FY 2007, the debt service reserve requirement was satisfied 100% by the use of debt service reserve surety policies. In accordance with the bond resolution, beginning in FY 2008, cash/investments replaced the downgraded sureties due to their downgrade by the rating agencies. Sureties of \$67.6 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- The debt service reserve account balance is currently in excess of the debt service reserve requirement under the bond resolution by \$8.0 million. The excess will be used, if needed, to (1) fund an increase in the reserve requirement caused by a future issuance of new money bonds and/or variable to fixed refunding bonds, (2) help satisfy cash reserve targets instituted by the rating agencies, and/or (3) redeem bonds, in accordance with applicable tax laws.



## Electric Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Electric System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Electric System bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 201,368	\$ 201,368	\$ 201,368	N/A	\$ 192,179	\$ 195,467	\$ 135,364	\$ 214,673
Additions:								
R&R/OCO Contribution	44,401	44,401	153,818		196,589	201,157	290,802	200,465
Loans betw Capital Fds				-	-			
Other		-	38,181	-	5,074	12,340		
Sub-total	\$ 44,401	\$ 44,401	\$ 191,999	\$ -	\$ 201,663	\$ 213,497	\$ 290,802	\$ 200,465
Deductions:								
Capital Expenditures	61,321	61,321	197,900		113,987	273,600	211,493	125,634
Transfers betw Capital Fds				-	37,200			
R&R/OCO Contribution				-	41,287			
Debt Defeasance				-				
Other	5,918	5,918						
Sub-total	\$ 67,239	\$ 67,239	\$ 197,900	\$ -	\$ 192,474	\$ 273,600	\$ 211,493	\$ 125,634
Ending Balance	\$ 178,530	\$ 178,530	\$ 195,467	N/A	\$ 201,368	\$ 135,364	\$ 214,673	\$ 289,504

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 105,235	\$ 145,711	\$ 146,104	\$ 192,179
Additions:									
R&R/OCO Contribution	124,630	85,639	110,351	200,692	196,589	85,639	124,630	143,580	200,692
Loans betw Capital Fds	-	-				-	-	-	-
Other	2,423	4,014	970	3,744	5,074	970	3,744	3,245	5,074
Sub-total	\$ 127,053	\$ 89,653	\$ 111,321	\$ 204,436	\$ 201,663				
Deductions:									
Capital Expenditures	91,802	82,889	112,483	157,201	113,987	82,889	112,483	111,672	157,201
Bond Buy Back				2		2	2	2	2
Transfer to Scherer									
Loans betw Capital Fds		340	37	765	37,200				
Other		-		-	41,287	-	-	13,762	41,287
Sub-total	\$ 91,802	\$ 83,229	\$ 112,520	\$ 157,968	\$ 192,474				
Ending balance	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 201,368	\$ 140,486	\$ 146,910	\$ 165,331	\$ 201,368

Observations:

- Other includes the Oracle Financing and Sale of Property.
- Includes \$47 million for Maximum Annual Debt Service calculation.

## Electric Construction / Bond Fund

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Target = Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds	805	805	805	-	429			
Line of Credit				-	-			
Transfers b/w Capital Fds	-			-	-			
Other				-	-			
Sub-total	\$ 805	\$ 805	\$ 805	\$ -	\$ 429	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures					-	-	-	-
Bond Funded Interest				-	-			
Transfers b/w Capital Fds					-			
Other	2	2	805	-	429			
Sub-total	\$ 2	\$ 2	\$ 805	\$ -	\$ 429	\$ -	\$ -	\$ -
Ending Balance	\$ 803	\$ 803	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -	\$ 423	\$ 7,678	\$ 40,034
Additions:									
Bond Proceeds	1,550				429	429	990	990	1,550
Line of Credit						-	-	-	-
Transfers b/w Capital Fds		3,091				3,091	3,091	3,091	3,091
Other	34	340	37	2		2	36	103	340
Sub-total	\$ 1,584	\$ 3,431	\$ 37	\$ 2	\$ 429				
Deductions:									
Capital Expenditures	35,253	4,821	75	6		6	2,448	10,039	35,253
Bond Funded Interest						-	-	-	-
Line of Credit									
Transfers b/w Capital Fds	35	3,091				35	1,563	1,563	3,091
Other	1,146	661			429	429	661	745	1,146
Sub-total	\$ 36,434	\$ 8,573	\$ 75	\$ 6	\$ 429				
Ending balance	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -	\$ -	\$ 4	\$ 1,046	\$ 5,184

**Observations:**

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017 - 2019 projection period.

## Water and Sewer Rate Stabilization Debt Management

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt.

**Definitions and Goals:** The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 14,209	\$ 14,209	\$ 14,209	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209
Additions:								
Contributions	-	-	-	N/A	-			
Financial Statement Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Withdrawals								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 14,209	\$ 14,209	\$ 14,209	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290
Additions:									
Contributions						-	-	-	-
						-	-	-	-
						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -				
Deductions:									
Withdrawals					6,081	6,081	6,081	6,081	6,081
						-	-	-	-
						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 6,081				
Ending balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 14,209	\$ 14,209	\$ 20,290	\$ 19,074	\$ 20,290

Observations:

- Contributions began in June 2009.

## Water & Sewer System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Definitions and Goals: The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as debt management and regulatory requirements or initiatives.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 5,214	\$ 5,214	\$ 5,214	N/A	\$ 1,699	\$ 9,748	\$ 9,748	\$ 9,748
Additions:								
Contributions	5,877	5,877	26,345		24,362			
Regulatory Receivable								
Sub-total	\$ 5,877	\$ 5,877	\$ 26,345	\$ -	\$ 24,362	\$ -	\$ -	\$ -
Deductions:								
Withdrawals	2,573	2,573	21,811		20,847			
Regulatory Receivable								
Sub-total	\$ 2,573	\$ 2,573	\$ 21,811	\$ -	\$ 20,847	\$ -	\$ -	\$ -
Ending Balance	\$ 8,518	\$ 8,518	\$ 9,748	N/A	\$ 5,214	\$ 9,748	\$ 9,748	\$ 9,748

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 1,699	\$ -	\$ -	\$ 340	\$ 1,699
Additions:									
Contributions				23,635	24,362	23,635	23,999	23,999	24,362
						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ 23,635	\$ 24,362	-	-	-	-
Deductions:									
Withdrawals				21,936	20,847	20,847	21,392	21,392	21,936
						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ 21,936	\$ 20,847	-	-	-	-
Ending balance	\$ -	\$ -	\$ -	\$ 1,699	\$ 5,214	\$ -	\$ -	\$ 1,383	\$ 5,214

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

## Water and Sewer System Customer Deposits

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 15,086	\$ 15,086	\$ 15,086	N/A	\$ 13,910	\$ 15,270	\$ 15,270	\$ 15,270
Additions:								
Allocated from Electric Loan Repayment	184	184	184	N/A	1,176			
Sub-total	\$ 184	\$ 184	\$ 184	\$ -	\$ 1,176	\$ -	\$ -	\$ -
Deductions:								
Allocated from Electric Loan to W&S Operations			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 15,270	\$ 15,270	\$ 15,270	N/A	\$ 15,086	\$ 15,270	\$ 15,270	\$ 15,270

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 12,627	\$ 13,255	\$ 13,288	\$ 13,910
Additions:									
Allocated from Electric Loan Repayment	1,233		468	655	1,176	468	655	766	1,176
Sub-total	\$ 1,233	\$ -	\$ 468	\$ 655	\$ 1,176	-	-	-	-
Deductions:									
Allocated from Electric Loan to W&S Operations		1,073				-	-	-	-
Sub-total	\$ -	\$ 1,073	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 15,086	\$ 12,787	\$ 13,860	\$ 13,780	\$ 15,086

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits at some future date.

## Water and Sewer Debt Service Sinking Fund

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 82,208	\$ 82,208	\$ 82,208	N/A	\$ 65,410	\$ 81,727	\$ 85,952	\$ 86,527
Additions:								
Revenue fund deposits	28,477	28,477	117,032		114,873	119,748	120,110	120,310
Sub-total	\$ 28,477	\$ 28,477	\$ 117,032	\$ -	\$ 114,873	\$ 119,748	\$ 120,110	\$ 120,310
Deductions:								
Principal and interest payments	87,310	87,310	117,513	N/A	98,075	115,523	119,535	118,867
Sub-total	\$ 87,310	\$ 87,310	\$ 117,513	\$ -	\$ 98,075	\$ 115,523	\$ 119,535	\$ 118,867
Ending Balance	\$ 23,375	\$ 23,375	\$ 81,727	N/A	\$ 82,208	\$ 85,952	\$ 86,527	\$ 87,970

(In Thousands)	Historical					Statistical			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Low	Median	Mean	High
Opening Balance	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 803	\$ 71,370	\$ 61,824	\$ 81,675
Additions:									
Revenue fund deposits	119,535	117,444	102,789	97,077	114,873	97,077	114,873	110,344	119,535
Bond funded interest						-	-	-	-
Sub-total	\$ 119,535	\$ 117,444	\$ 102,789	\$ 97,077	\$ 114,873	-	-	-	-
Deductions:									
Principal and interest payments	120,893	122,742	110,088	99,387	98,075	98,075	110,088	110,237	122,742
Sub-total	\$ 120,893	\$ 122,742	\$ 110,088	\$ 99,387	\$ 98,075	-	-	-	-
Ending balance	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 82,208	\$ 65,410	\$ 75,019	\$ 74,135	\$ 82,208

Observations:

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).

## Water and Sewer Debt Service Reserve Account

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: 125% of average annual debt service on outstanding senior fixed and variable rate bonds plus subordinated fixed rate bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 107,488	\$ 107,488	\$ 107,488	N/A	\$ 108,086	\$ 102,850	\$ 102,850	\$ 102,850
Additions:								
Construction reserve fund/bond issues				N/A	-			
Revenue fund				N/A	-			
Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Revenue fund	4,638	4,638	4,638		598			
Sub-total	\$ 4,638	\$ 4,638	\$ 4,638	\$ -	\$ 598	\$ -	\$ -	\$ -
Ending Balance	\$ 102,850	\$ 102,850	\$ 102,850	N/A	\$ 107,488	\$ 102,850	\$ 102,850	\$ 102,850

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 108,086	\$ 116,829	\$ 114,562	\$ 119,915
Additions:									
Construction reserve fund/bond issues	784					784	784	784	784
Revenue fund	3,821					3,821	3,821	3,821	3,821
Sub-total	\$ 4,605	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Revenue fund	3,821	3,086	7,980	763	598	598	3,086	3,250	7,980
Sub-total	\$ 3,821	\$ 3,086	\$ 7,980	\$ 763	\$ 598	-	-	-	-
Ending balance	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 107,488	\$ 107,488	\$ 108,849	\$ 112,233	\$ 119,915

**Observations:**

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.

## Water and Sewer Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Water and Sewer System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 54,699	\$ 54,699	\$ 54,699	N/A	\$ 76,020	\$ 54,440	\$ 23,047	\$ (29,583)
Additions:								
R&R/OCO Contribution	35,756	35,756	153,053	-	108,119	163,689	140,589	140,935
Transfer from Capital Fds				-	137			
Other	204	204	711	-	8,050	2,559	500	500
Sub-total	\$ 35,960	\$ 35,960	\$ 153,764	\$ -	\$ 116,306	\$ 166,248	\$ 141,089	\$ 141,435
Deductions:								
Capital Expenditures	33,527	33,527	154,023	-	132,588	196,991	193,069	179,220
Transfer to Capacity Fund				-	86			
Transfer to Construction Fund								
Other				-	4,953	650	650	
Sub-total	\$ 33,527	\$ 33,527	\$ 154,023	\$ -	\$ 137,627	\$ 197,641	\$ 193,719	\$ 179,220
Ending Balance	\$ 57,132	\$ 57,132	\$ 54,440	N/A	\$ 54,699	\$ 23,047	\$ (29,583)	\$ (67,368)

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 76,020	\$ 37,337	\$ 64,260	\$ 63,120	\$ 78,689
Additions:									
R&R/OCO Contribution	91,245	48,373	62,793	124,574	108,119	48,373	91,245	87,021	124,574
Loans betw Capital Fds	-		22		137	-	22	53	137
Other (incl septic tank)	1,539	1,614	653	30,889	8,050	653	1,614	8,549	30,889
Sub-total	\$ 92,784	\$ 49,987	\$ 63,468	\$ 155,463	\$ 116,306				
Deductions:									
Capital Expenditures	68,355	67,488	85,426	116,674	132,588	67,488	85,426	94,106	132,588
Loan Repayment	-	-			86	-	-	29	86
Transfer to Constr. Fund	10,000	1,893		106		106	1,893	4,000	10,000
Other (incl septic tank)	-	-	-	-	4,953	-	-	991	4,953
Sub-total	\$ 78,355	\$ 69,381	\$ 85,426	\$ 116,780	\$ 137,627				
Ending balance	\$ 78,689	\$ 59,295	\$ 37,337	\$ 76,020	\$ 54,699	\$ 37,337	\$ 59,295	\$ 61,208	\$ 78,689

**Observations:**

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019
- Includes \$20 million for Maximum Annual Debt Service calculation.
- \$57 million is projected to be withdrawn from this capital balance in FY 2016-2017 to support the capital program with lower Net Revenues as planned with the June 2012 approved reduction in the October 1, 2012 rate increase.



## Water and Sewer Capacity Fees / State Revolving Fund Loans

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Florida Statute and Rate Tariff

Metric: Tariff rate

Definitions and Goals: Capacity fees are charged to customers as a one- time fee for a new connection to the Water System and a one- time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose. In addition, the Water and Sewer System has received funds from the State Revolving Fund (SRF) program for the construction of water and wastewater treatment facilities. SRF loans are subordinated to all Water and Sewer System Revenue Bonds and Water and Sewer System Subordinated Revenue Bonds.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 95,620	\$ 95,620	\$ 95,620	N/A	\$ 103,411	\$ 57,590	\$ 47,812	\$ 24,090
Additions:								
Capacity Fees	6,132	6,132	23,314	-	24,777	21,634	21,959	22,288
State Revolving Fd Loan				-	-			
Transfer from R&R/OCO Fund			31	-	-	650	650	
Other				-	-			
Sub-total	\$ 6,132	\$ 6,132	\$ 23,345	\$ -	\$ 24,777	\$ 22,284	\$ 22,609	\$ 22,288
Deductions:								
Capital Expenditures	13,971	13,971	61,375	-	32,654	32,062	46,331	53,877
Other				-	-			
				-	-			
Sub-total	\$ 13,971	\$ 13,971	\$ 61,375	\$ -	\$ 32,654	\$ 32,062	\$ 46,331	\$ 53,877
Ending Balance	\$ 87,781	\$ 87,781	\$ 57,590	N/A	\$ 95,534	\$ 47,812	\$ 24,090	\$ (7,499)

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 103,411	\$ 45,454	\$ 76,887	\$ 75,405	\$ 103,411
Additions:									
Capacity Fees	17,394	18,298	19,579	21,995	24,777	17,394	19,579	20,409	24,777
State Revolving Fd Loan	-	-				-	-	-	-
Loan Repayments	-	-	246	145		-	73	98	246
Other	12	-	5	7	86	-	7	22	86
Sub-total	\$ 17,406	\$ 18,298	\$ 19,830	\$ 22,147	\$ 24,863				
Deductions:									
Capital Expenditures	2,270	1,758	5,805	9,648	32,654	1,758	5,805	10,427	32,654
Loans betw Capital Fds						-	-	-	-
Other	230	13				13	122	122	230
	-	-	-	-					
Sub-total	\$ 2,500	\$ 1,771	\$ 5,805	\$ 9,648	\$ 32,654				
Ending balance	\$ 60,360	\$ 76,887	\$ 90,912	\$ 103,411	\$ 95,620	\$ 60,360	\$ 90,912	\$ 85,438	\$ 103,411

Observations:

## Water and Sewer Environmental

For the Fiscal Quarter Ending December 31, 2017

Reserve/Fund Authorization: Pricing Policy

Metric: Unit tariff rates times consumption

Definitions and Goals: The Environmental Charge will be applied to all water, sewer, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 1,839	\$ 1,839	\$ 1,839	N/A	\$ 2,659	\$ 2,067	\$ 1,000	\$ 1,000
Additions:								
Environmental Contributions	563	563	12,964	-	12,394	16,536	16,046	9,940
Loans betw Capital Fds				-	-			
Other				-	-			
Sub-total	\$ 563	\$ 563	\$ 12,964	\$ -	\$ 12,394	\$ 16,536	\$ 16,046	\$ 9,940
Deductions:								
Capital Expenditures	1,786	1,786	12,736	-	13,214	17,603	16,046	9,940
Septic Tank Phase Out				-	-			
Other	-			-	-			
Sub-total	\$ 1,786	\$ 1,786	\$ 12,736	\$ -	\$ 13,214	\$ 17,603	\$ 16,046	\$ 9,940
Ending Balance	\$ 616	\$ 616	\$ 2,067	N/A	\$ 1,839	\$ 1,000	\$ 1,000	\$ 1,000

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ (9,857)	\$ -	\$ (2,011)	\$ 5,299
Additions:									
Environmental Contributions	21,193	21,018	22,056	15,539	12,394	12,394	21,018	18,440	22,056
Loans betw Capital Fds	-	-				-	-	-	-
Other						-	-	-	-
Sub-total	\$ 21,193	\$ 21,018	\$ 22,056	\$ 15,539	\$ 12,394				
Deductions:									
Capital Expenditures	22,892	5,862	7,318	12,880	13,214	5,862	12,880	12,433	22,892
Septic Tank Phase Out			203			203	203	203	203
Other			19,834			19,834	19,834	19,834	19,834
Sub-total	\$ 22,892	\$ 5,862	\$ 27,355	\$ 12,880	\$ 13,214				
Ending balance	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ 1,839	\$ (9,857)	\$ 1,839	\$ (12)	\$ 5,299

Observations:

## Water and Sewer Construction / Bond Fund

**For the Fiscal Quarter Ending December 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water and Sewer System.

(In Thousands)	Actual as of 12/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 15	\$ 15	\$ 15	N/A	\$ 152	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds	894	894	894	-	-			
Line of Credit			-	-	-			
Transfer from R&R/OCO Fund				-	-			
Other				-	-			
Sub-total	\$ 894	\$ 894	\$ 894	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures				-	-			
Bond Proceeds				-	-			
Other	2	2	909	-	137			
Sub-total	\$ 2	\$ 2	\$ 909	\$ -	\$ 137	\$ -	\$ -	\$ -
Ending Balance	\$ 907	\$ 907	\$ -	N/A	\$ 15	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 152	\$ 664	\$ 2,173	\$ 7,419
Additions:									
Bond Proceeds	486	-				-	243	243	486
Line of Credit	-	-				-	-	-	-
Loans/trnsf btw CapFds	10,000	1,893				1,893	5,947	5,947	10,000
Other	3	476	344	17		3	181	210	476
Sub-total	\$ 10,489	\$ 2,369	\$ 344	\$ 17	\$ -				
Deductions:									
Capital Expenditures	14,855	3,784	6			6	3,784	6,215	14,855
Bond Proceeds	411	48				48	230	230	411
Line of Credit	-	-				-	-	-	-
Loans/trnsf btw CapFds	337	516				337	427	427	516
Other	-	-		529	137	-	69	167	529
Sub-total	\$ 15,603	\$ 4,348	\$ 6	\$ 529	\$ 137				
Ending balance	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 15	\$ 15	\$ 326	\$ 692	\$ 2,305

**Observations:**

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017-2019 projection.

#### IV. A. 7. b.

Recap of Recent JEA Electric System and Water and  
Sewer System Fixed Rate Debt Refunding Delegated  
Transactions

February 27, 2018

**SUBJECT:** RECAP OF RECENT JEA WATER AND SEWER SYSTEM AND ELECTRIC SYSTEM  
FIXED RATE DEBT REFUNDING DELEGATED TRANSACTIONS

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

**Issue:** On December 13, 2016, the Board adopted Resolutions No. 2016-21, 2016-22, 2016-23 and 2016-24, establishing delegated parameters for Electric System and Water and Sewer System refunding transactions to be completed by December 31, 2018. The Board adopted additional resolutions to modify those parameters in November and December 2017 (collectively, the "Delegation Resolutions"). Staff is reporting results of bond refundings authorized under the Delegation Resolutions.

**Significance:** The Delegation Resolutions provide the Managing Director/CEO the authorization to price and execute fixed rate refunding transactions within the stated parameters.

**Effect:** Pursuant to the Delegation Resolutions, JEA staff priced approximately \$437.2 million in Water and Sewer System bonds on December 12, 2017 and approximately \$383.8 million in Electric System Bonds on December 13, 2017. The Managing Director/CEO executed the bond purchase agreements for these transactions on December 13, 2017 and December 14, 2017, respectively.

**Cost or Benefit:** The Water and Sewer System refunding produced \$38.9 million present value savings and generates approximately \$2.3 million average annual debt service savings, and the Electric System refunding produced \$29.7 million present value savings and generates approximately \$1.6 million average annual debt service savings.

**Recommended Board action:** No Board action is required. For information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/RLH



#### Commitments to Action

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



**INTER-OFFICE MEMORANDUM**

February 27, 2018

**SUBJECT:** RECAP OF RECENT JEA WATER AND SEWER SYSTEM AND  
ELECTRIC SYSTEM FIXED RATE DEBT REFUNDING DELEGATED  
TRANSACTIONS

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

**TO:** JEA Finance and Audit Committee

Kelly Flanagan, Chair  
Husein Cumber

**BACKGROUND:**

On December 13, 2016, the Board adopted Resolutions No. 2016-17, 2016-18, 2016-19 and 2016-20, (the "December 2016 Resolutions"), which provided the Managing Director/CEO the authorization to price and execute Electric System and Water and Sewer System fixed rate refunding bond transactions within stated parameters. The resolutions, in addition to providing parameters, also (i) approved the form of and authorized the execution of various legal documents that were prepared by counsel in connection with the issuance of the authorized bonds; and (ii) provided that the bonds must be sold no later than December 31, 2018.

On November 28, 2017 the Board adopted Resolutions No. 2017-38, 2017-39, 2017-40 and 2017-41, and on December 12, 2017 adopted Resolutions No. 2017-42, 2017-43, 2017-44 and 2017-45, which modified certain parameters in the December 2016 Resolutions (collectively, together with the December 2016 Resolutions, the "Delegation Resolutions").

**DISCUSSION:**

Pursuant to the Delegation Resolutions, JEA staff priced approximately \$437.2 million in Water and Sewer System fixed rate bonds on December 12, 2017 and approximately \$383.8 million in Electric System fixed rate bonds on December 13, 2017. Water and Sewer System bond refunding proceeds were utilized to redeem approximately \$394.3 million of senior and \$66.0 million of subordinated fixed rate bonds. Electric System bond refunding proceeds were utilized to redeem approximately \$210.0 million of senior and \$195.1 million of subordinated fixed rate bonds. The Managing Director/CEO executed the bond purchase agreement for the Water and Sewer System Revenue Bonds 2017 Series A and Subordinated 2017 Series A on December 13, 2017 and the bond purchase agreement for the Electric System Revenue Bonds, Series Three 2017B and Subordinated 2017 Series B on December 14, 2017.

The attached presentation shows the actual results as compared to the delegated parameters for each of the Water and Sewer System Revenue Bonds, 2017 Series A and Subordinated 2017 Series A and Electric System Revenue Bonds, Series Three 2017B and Subordinated 2017 Series B. The presentation also summarizes recent liquidity agreement renegotiations.

Well Fargo Securities and Citigroup served as senior managers on the Water and Sewer System transaction and Goldman Sachs & Co. served as senior manager on the Electric System transaction.

Nixon Peabody LLP served as JEA's bond counsel and Public Financial Management served as JEA's financial advisor for both refunding transactions.

**RECOMMENDATION:**

No Board action is required. For information only.

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Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH

II. F. 2.  
3/12/2018

[Return to Agenda](#)

IV. A. 7. b.  
3/20/2018



## **FY17 and FY18 BOND REFUNDING ACTIVITY AND RESULTS**

*JEA Finance and Audit Committee Meeting*

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March 12, 2018



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## FINANCING TEAM

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### JEA

Joe Orfano, Treasurer

Ryan Wannemacher, Director, Financial Planning & Analysis

Chris Cicero, Bond Compliance Specialist

Lori Boynton, Bond Compliance Specialist

Robert Hahn, Bond Administration Specialist

Juli Crawford, Manager, Financial Planning & Rates

Victor Blackshear, Financial Analysis Specialist,  
Financial Planning & Rates

Eric Davis, Financial Analyst Senior, Financial  
Planning & Rates

Scott Schlossman, Financial Analyst Senior,  
Financial Planning & Rates

Tucker Mills, Financial Associate

### Senior Underwriters:

#### Water and Sewer System 2017 Series A and Subordinated 2017 Series A

- Wells Fargo Securities
- Citigroup

#### Electric System Series Three 2017B and Subordinated 2017 Series B

- Goldman Sachs & Co.

### Bond Counsel:

Nixon Peabody, LLP

### Financial Adviser:

Public Financial Management, Inc.

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## SUMMARY OF REFUNDING RESULTS

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### Water and Sewer System 2017 Series A and Sub 2017 Series A (12/21/17)

- Total bond par amount: \$437.2 million
- Gross savings: \$53.9 million
- Present value savings: \$38.9 million

### Electric System Series Three 2017B and Sub 2017 Series B (12/21/17)

- Total bond par amount: \$383.8 million
- Gross savings: \$34.8 million
- Present value savings: \$29.7 million

## WATER AND SEWER SYSTEM RESOLUTION PARAMETERS

	Delegated Parameters	2017A Senior	2017A Subordinated
<b>Maximum Par Amount (aggregate/fixed-to-fixed)</b>	< \$803.0M/\$665.0M (Sen) & \$265.0m/\$155.0M (Sub)	\$378.2M	\$58.9M
<b>Weighted Average Life</b>	< Current life + 1 year: 14.304 (Sen) & 10.664 (Sub)	13.2 years	9.7 years
<b>Current Refunding NPV Savings</b>	Positive NPV Savings, 2018 >= 3.00%, 2019-2020 >= 4.00%, 2021-2026 >= 5.00%, 2027+ OR >= 5.00%, Overall	7.64% Overall	6.45% Overall
<b>Advance Refunding Savings</b>	Positive NPV Savings for each maturity of refunded bonds	8.63% Overall	8.63% Overall

## ELECTRIC SYSTEM RESOLUTION PARAMETERS

	Delegated Parameters	2017B Senior	2017B Subordinated
<b>Maximum Par Amount (aggregate/fixed-to-fixed)</b>	< \$871.0M/\$405.0M (Sen) & \$633.0M/\$500.0M (Sub)	\$198.1M	\$185.7M
<b>Weighted Average Life</b>	< Current life + 1 year: 15.004 (Sen) & 12.712 (Sub)	14.5 years	12.4 years
<b>Current Refunding NPV Savings</b>	Positive NPV Savings, 2018 >= 3.00%, 2019-2020 >= 4.00%, 2021-2026 >= 5.00%, 2027+ OR >= 5.00%, Overall	5.18% Overall	5.40% Overall
<b>Advance Refunding Savings</b>	Positive NPV Savings for each maturity of refunded bonds	7.21% Overall	7.61% Overall

## LIQUIDITY AGREEMENT RENEGOTIATIONS

System	Commitment Amount	Prior Commitment Fee	Prior Expiration Date	New Commitment Fee	New Expiration Date	Annual Savings
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### JP Morgan (5/8/17 effective date)

Electric	\$89,087,067	0.39%	5/10/17	0.40%	5/8/20	(\$8,909)
Water & Sewer	86,299,460	0.39%	5/10/17	0.40%	5/8/20	(8,630)
Water & Sewer	<u>25,902,992</u>	0.39%	5/10/17	0.40%	5/8/20	<u>(2,590)</u>
	<b>\$201,289,519</b>					<b>(\$20,129)</b>

### US Bank (10/2/17 effective date)

Electric	\$30,965,000	0.33%	11/15/17	0.38%	10/2/20	(\$15,483)
Electric	24,800,000	0.33%	11/15/17	0.38%	10/2/20	(12,400)
Electric	<u>39,921,974</u>	0.33%	11/15/17	0.38%	10/2/20	<u>(19,961)</u>
	<b>\$95,686,974</b>					<b>(\$47,844)</b>

### State Street Bank (2/21/18 effective date)

Water & Sewer	<b>\$31,250,543</b>	0.42%	3/19/18	0.42%	3/19/21	<b>(\$0)</b>
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**Grand Total = \$328,227,036**

**Grand Total = (\$67,973)**

## IV. A. 8.

# JEA Energy Market Risk Management Policy Report

February 23, 2018

**SUBJECT:** JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT

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

**Issue:** The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires a quarterly report on JEA's financial and physical fuel and power transactions. This report includes physical transactions greater than one year and all financial transactions.

**Significance:** High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy.

**Effect:** Financial and physical transactions allow the JEA Fuels group to manage the risks inherent in the wholesale fuel and energy markets. The attached Finance and Audit Committee report summarizes JEA's current positions.

**Cost or Benefit:** The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

**Recommended Board action:** None required. The report is required by the EMRM Policy and is provided as information.

**For additional information, contact:** Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM



#### Commitments to Action

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

**Energy Market Risk Management: Physical and Financial Positions**

Summary as of 2/6/2018		
Projected FY18 Expense (Budget = \$431M)	\$460M	☹
Projected Fuel Fund Ending Balance FY18	\$75M	☹
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

IV. A. 8.  
3/20/2018

**Table 1: Physical Counterparties (Contracts One Year or Greater) as of 2/1/2018**

Generating Unit	Fuel Type	Supplier/ Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
Scherer 4	Coal	Contura Eagle Butte - 003	Fixed Price	\$ 2,304,218	11 months
Scherer 4	Coal	Peabody Caballo - 009	Fixed Price	\$ 1,773,070	11 months
Scherer 4	Coal	Buckskin - 010	Fixed Price	\$ 789,492	11 months
Scherer 4	Coal	CY19 Contura Eagle Butte - 001	Fixed Price	\$ 2,806,571	12 months
Scherer 4	Coal	CY19 Contura Eagle Butte - 004	Fixed Price	\$ 862,826	12 months
Scherer 4	Coal	CY19 Peabody Caballo – 005	Fixed Price	\$ 2,334,578	12 months
Scherer 4	Coal	CY20 Contura Eagle Butte - 001	Fixed Price	\$ 3,018,716	12 months
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$ 210,509,353	3.33 years

**Table 2: Financial Positions as of 2/1/2018**

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost (\$/mmBtu)	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY18	Natural Gas	33,173,700	12,740,000	38.4%	\$2.84	Swap	\$2.65	(2,477,020)	Wells Fargo
FY19	Natural Gas	50,426,000	5,460,000	10.8%	\$2.84	Swap	\$2.65	(1,698,060)	Wells Fargo
FY20	Natural Gas	58,535,300	-	0.0%	\$2.79	-	-	-	-

**Table 3: Fuel Procurement as of 2/1/2018**

Fuel Type	Coal	Petcoke	Oil/Diesel	Purchased Power	Natural Gas	Renewables
FY18 Remaining						
Expected Spend (\$)	44.2M	39.4M	0.5M	39.7M	105.5M	10.6M
% Procured	94%	21%	100%	53%	76%	100%
% Hedged	94%	21%	100%	7%	37%	100%
FY19						
Expected Spend (\$)	76.7M	53.9M	0.8M	60.3M	144.5M	13.5M
% Procured	60%	9%	100%	59%	43%	100%
% Hedged	60%	9%	100%	7%	10%	100%
FY20						
Expected Spend (\$)	73.6M	56.7M	2.2M	37.8M	167.7M	13.1M
% Procured	44%	9%	100%	23%	38%	100%
% Hedged	44%	9%	100%	3%	0%	100%

**Supporting Notes:**

- Renewable power purchase agreements are not included in Table 1
- Natural Gas Transportation is 100% fixed capacity and price
- Solid fuel procurement – annually and quarterly at Northside; CY2018-2020 for Scherer
- FY18 Energy Mix: 49% Natural Gas, 34% Solid Fuel, 17% Purchase Power (primarily natural gas) expected (based on MWH)
- In Table 3, the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges



## IV. B.

### Nominating Committee Report



## NOMINATING COMMITTEE AGENDA

**DATE:** March 12, 2018  
**TIME:** 10:00 AM  
**PLACE:** 21 W. Church Street  
8<sup>th</sup> Floor

	Responsible Person	Action (A) Info (I)	Total Time
<b>I. OPENING CONSIDERATIONS</b>	Alan Howard		
A. Call to Order			
B. Adoption of Agenda		A	
<b>II. NEW BUSINESS</b>			
A. JEA Board of Directors - Slate of Officers	Alan Howard	A/I	15 mins.
B. Other New Business			15 mins.
C. Announcements			
1. Next Meeting Scheduled As Needed			
D. Adjournment			