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## Opinion

# Sunday's Editorial: The old JEA, the golden goose, is history

**By Times-Union Editorial Board**

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The JEA board for the first time Tuesday discussed the possible sale of the utility.

That may come as a surprise in the community given all the attention the issue has received.

However, JEA is in an awkward position. The utility board would not make the decision on a sale, City Council would.

While former board member Tom Petway raised the issue a few months ago, it should have been raised years ago when TECO was sold to a Canadian company in 2015 for a whopping \$10.5 billion.

TECO, which includes Tampa Electric, is larger than JEA, but it's close enough that JEA considers it a peer. TECO, for instance, has a gas utility while JEA has a water and sewer utility.

In any case, this answers the question: Why even talk about selling JEA?

The potential windfall to the owners of JEA, the people of Jacksonville, deserves to be examined. However, it's far too early to have a final opinion on a sale. There are a great many variations and complications.

This was explored in a workshop held after the board's regular meeting Tuesday.

Board member Hussein Cumber put things in perspective. If the city could count on JEA's \$116 million annual contribution forever, then stick with the status quo.

But if that contribution is under stress by sales that are flat, then other options need to be considered.

Specifically, since the Great Recession of 2007, JEA's sales are actually lower. Yet the city has asked JEA to increase its annual contribution from \$91.4 million in fiscal 2017 to \$116.6 million in fiscal 2018.

This simply can't continue without raising rates or hurting the quality of the utility.

But it's much more than that. The entire utility industry is entering an era of rapid change. This is a shocking change in culture from its history as a conservative industry that only changes slowly.

For 30 years, JEA could count on annual sales growth of 3 percent in this growing market. Suddenly that stopped even after the Great Recession.

In order to make up its loss of revenue, JEA must become more nimble, more entrepreneurial, looking for new business opportunities.

Is the current JEA board and staff best suited to lead in this changing culture? Or would a new group with more resources be better able to manage the change?

These are all huge decisions.

As for batteries, efficiency is rapidly increasing. JEA CEO Paul McElroy predicted that within five years the price of batteries could drop by 50 percent.

With mass storage, suddenly solar energy can be useful at night and during cloudy days.

JEA is reacting to solar on an industrial scale with 250 megawatts of power to be added to the current 50 megawatts. Once completed, Jacksonville will have the largest share of solar energy of any city's service area in America, McElroy said.

But this still is based on a centralized utility-scale solar production.

What happens when solar becomes more economical for businesses and homeowners? That's likely to start with JEA's best customers — wealthier homeowners and businesses — leaving JEA to pay for its city contribution and its debt with the customers left behind.

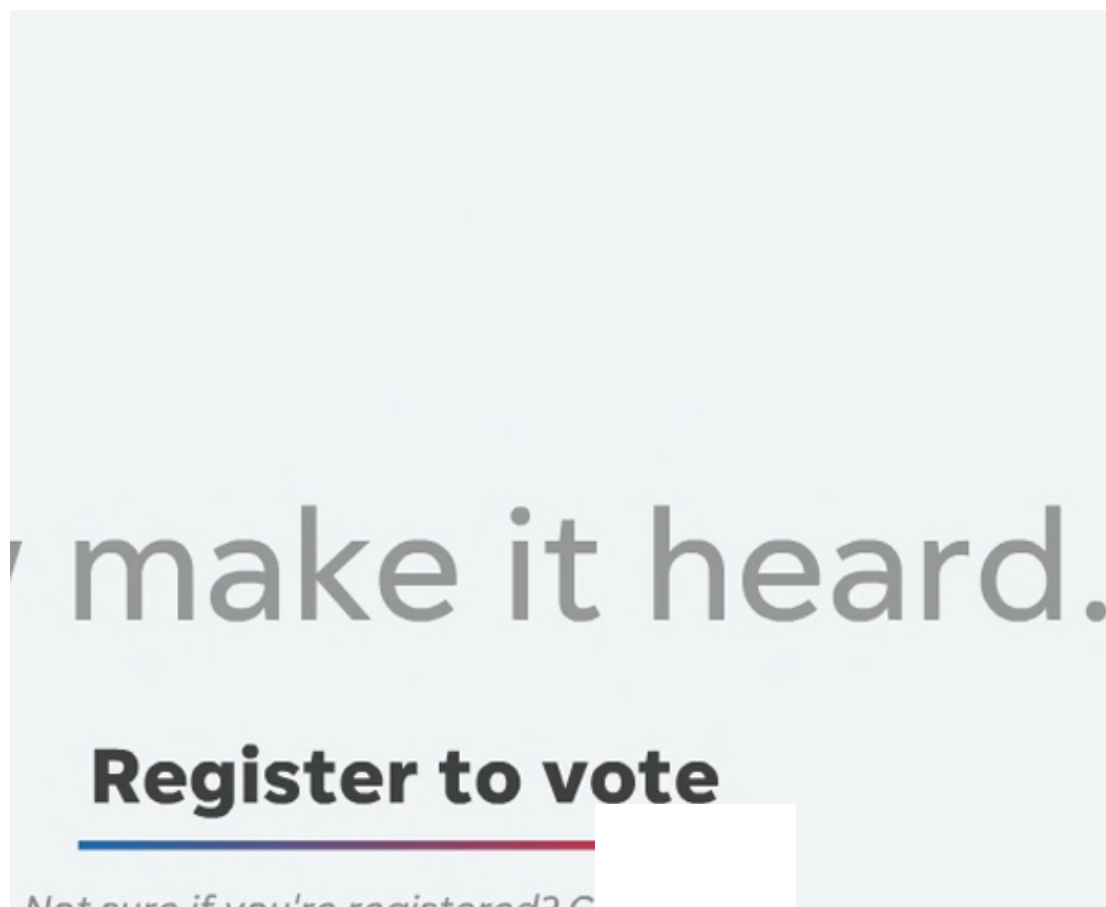
That sounds like a slow death spiral.

"The market has shifted significantly," McElroy said.

He said there are "real challenges, headwinds."

It's a historic moment for the city. This decision should not be rushed; citizens need to be fully informed.

The question for City Council: If you see the death spiral coming, how long can you afford to wait before you act?



Board Chairman Alan Howard said JEA is in the midst of “historic change” in a “dynamic market.”

Selling JEA “could be the right move at the right time with potentially transformative consequences for this city,” he said.

This is not based on a single event, like a natural disaster, but it reflects a disruptive change in the economy.

It’s also true that doing nothing in an era of rapid change could leave JEA and its customers behind.

Solar energy along with battery backup are revolutionizing the energy market. Solar produces no carbon pollution, so it’s a favorite to combat climate change. It’s also far quicker to install than nuclear power, the other favorite no-carbon alternative.

Prices for solar energy are plummeting so that renewable energy — solar and wind — have dominated new power production in recent years.