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**From:** Kyle, Gina A. - Manager Media Relations <kylega@jea.com>  
**Sent:** Thursday, October 3, 2019 6:23 AM  
**To:** 'April Green'  
**Cc:** Stewart, Kerri - VP & Chief Customer Officer; Goldberg, David M. - Director Customer & Community Engagement; Ham, Melissa L. - Manager Product Marketing  
**Subject:** Draft letter for review/approval  
**Attachments:** April Green letter to City Council\_DRAFT\_10.1.19 AZMMGK.docx

April,

I hope your travels are going well. Attached is the draft mentioned in my previous email for your review and edits. This letter is intended to reach City Council on Friday October 4, prior to the start of ITN activities on Monday, October 7.

I will be out of the office until Monday, but available via email. Kerri will be available should you need her.

Wishing you safe travels back from Korea.

Gina

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## **April Green letter to City Council**

**DRAFT: Oct. 1, 2019**

**Target distribution date: Oct. 2, 2019**

Dear City Council Members:

As chairman of JEA's board of directors I'd first like to thank you for approving Ordinance 2019-566 last month to ensure that JEA employee pensions are protected throughout the current Invitation to Negotiate (ITN) process.

Understandably, this process includes some uncertainty, not just for you, but also for JEA's employees and the entire community. As previously agreed upon with policy makers of the City of Jacksonville, JEA's Board is carefully balancing and actively working to maximize value for our customers, the northeast Florida community, the environment and the financial benefit of the City of Jacksonville. Consequently, I want to address a few of your specific concerns regarding JEA's ITN process:

### **Concern #1: Short-sighted fix vs. long-term plan**

In January 2019, JEA began working to develop a 10-year strategic plan to maximize its four key measures of value: customer, community impact, environmental and financial (CCEF). In the past, JEA was able to take a more traditional approach to strategic planning because the electric and water utilities sector operated in a more predictable, low-uncertainty business environment. With today's industry and market challenges, the Board of JEA has determined the way it's "always been done" will no longer work.

After careful deliberation, JEA's Board of Directors made the strategic decision to face an uncertain business reality head-on. We rejected the traditional utility response of raising rates on customers, cutting costs, deferring necessary capital expenditures (JEA has underinvested in our infrastructure by \$1+ billion in order to pay of excess debt) and laying off employees in favor of forging a new path for JEA.

Below are some alarming facts about JEA's last 10 years:

- a) JEA raised rates on its customers by 71%;
- b) JEA reduced its workforce by 16%;
- c) JEA's operating expenses increased by 58%;
- d) JEA added 16% more customers;
- e) JEA lost 8% of sales;
- f) JEA's average residential customer consumes 20% less of our product;
- g) JEA's average commercial customer consumes 30% less of our product;
- h) JEA paid off 48% of its debt (\$3 billion); however,

i) JEA is now saddled by a poor contract in a failed nuclear facility allowing another public power agency in GA to freely commit JEA's customers to >\$4 billion of power at 400+% the price of market power.

As the chair of JEA, I know our board is solely focused on our customers, we do not believe delivering results similar to the last 10-years is the best course for the next 10-years.

In July, after reviewing all of the scenarios available to JEA absent constitutional, statute and charter changes, the board of directors unanimously voted to allow JEA's senior leadership team to explore any and all non-traditional options that would allow JEA to grow and remain relevant to our customers now and in the future. In the end, JEA's ability to provide affordable and reliable energy and water services to our customers is paramount.

I can assure you that no one involved in this complex process is looking for a short-term fix. We are working diligently to gather all the necessary information that will allow our board to work with management to design a utility to sustain major industry changes and bring the most value to our customers and community both now and for years to come.

**Concern #2: Kept in the dark**

The ITN process and subsequent "cone of silence" is not meant to keep anyone – especially City Council members – in the dark. In fact, JEA's board will not know the names of the bidders as outlined in the procurement rules. Our goal is to preserve the integrity of the public procurement process and ensure a fair progression throughout the evaluation and negotiation phases.

I understand the "not knowing" is a source of great anxiety for you and your constituents. JEA's board and leadership are committed to providing frequent public updates at our monthly board meetings (Available publicly at: [https://www.jea.com/About/Board\\_and\\_Management/Board\\_Meetings/](https://www.jea.com/About/Board_and_Management/Board_Meetings/)) as well as through public information distribution (Available publicly at: [whatsnextjax.com](http://whatsnextjax.com)).

Following the negotiation phase of the ITN process, should the Board of JEA decide to pursue a non-traditional path beyond our prevue, the City Council members will play a critical role in deciding what's next for JEA. You will have the opportunity to review, debate and ultimately vote on whether or not to bring the chosen ITN response directly to Jacksonville voters.

### **Concern #3: Our multi-media communications approach**

JEA's new strategic communications campaign is meant to engage our customers in an important discussion about the future of JEA. With 466,000 electric, 348,000 water and 271,000 wastewater customers across Northeast Florida, we must use all appropriate and necessary communications tools to deliver fact-based information to all.

In order to transparently share this important information with the entire community, we directed our professional staff to do their jobs and communicate to everyone in our service area. As you know, today's world of communications requires the use of both traditional communications and digital and social media channels to reach as many people as possible across a variety of channels.

### **Concern #4: Water Rights**

Using JEA's four corporate measures of value (customer, community impact, environmental and financial) as a guide, the Senior Leadership Team (SLT) recommended – and the Board of Directors approved – a list of “minimum requirements” that any outside entity responding to JEA's ITN would have to meet to even be considered as an option by the Board.

One of the tablestakes a potential bidder must agree to is to provide 40 million gallons per day of alternative water capacity for northeast Florida.

Furthermore, notions that JEA is going to sell its water source to the highest bidder are simply untrue. The fact that is being ignored is that JEA doesn't own the water in the first place – it owns the infrastructure such as the pipes that distributes the water to our customers, collection systems that collect sewage and the treatment facilities. In Florida, the state of Florida owns the water resources. Nothing we are contemplating will change this fact. For additional facts on this matter please see enclosed “water facts” information sheet.

### **Concern #5: Council is not engaged in the process**

JEA is in possession of the City Council's final report on the *Future of JEA* produced on July 25, 2018. This report, produced by Council Members John Crescimbeni (Chair), Danny Becton, Anna Lopez Brosche, Garrett Dennis and Joyce Morgan, does a great job outlining many of the critical concerns of the City Council. JEA is carefully utilizing this workproduct to ensure matters outlined therein are addressed. JEA would like to thank the City Council for such a carefully crafted workproduct.

Additionally, JEA has formally invited the City Council's JEA liaison, Councilman Danny Becton, to participate in the ITN process. The intent of this engagement is to provide all City Council comfort of oversight and input.

Most importantly, should JEA's ITN process result in a conclusion that requires City Council input, JEA's Board will send all materials to the City Council for review, deliberation and authorization.

As the ITN advances, I hope each of you will appreciate the complex nature of the competitive bid process. I ask that you keep an open mind. As you have questions or concerns, please feel free to reach out to me directly. I also encourage you to use Sherry Hall, JEA's Vice President, Government Affairs, to appropriately channel questions and concerns. This is an important conversation for the future of our community, and I encourage both you and your constituents to stay engaged.

Sincerely,

April Green, Chair  
JEA Board of Directors