

JEA BOARD AGENDA

DATE: March 17, 2009

TIME: 9:00 AM

PLACE: JEA
21 West Church Street
8th Floor Meeting Room

I. OPENING CONSIDERATIONS

- A. Call to Order
- B. Invocation
- C. Pledge to Flag
- D. Safety Briefing – Teala Milton, Chief Public Affairs Officer
Meeting participants are asked to turn their cell phones off.
- E. Adoption of Agenda
- F. Approval of Minutes
 - 1. Regular meeting held February 17, 2009

II. PRESENTATIONS & COMMENTS

- A. Six Sigma – Peak Energy Award – Robert Growcock, Director, Organizational Performance Improvement
- B. Comments from the Public
- C. Council Liaison’s Comments – Stephen Joost

III. FOR BOARD CONSIDERATION

- A. New Business
 - 1. Electric System – Ten Year Site Plan – received for information only
 - 2. Resolution Determining the Sufficiency of Revenues – action required

3. Demand Side Management / Conservation Programs and Funding – presentation (Randy Boswell) – action required
 4. Amendment Providing for the Designation of Electric System Variable Rate Series Three 2008D Sub-Series – action required
 5. JEA Electric System Subordinated Revenue Bonds, 2009 Series C and 2009 Series D and Electric System Revenue Bonds, Series Three 2009B – action required
 6. Water, Sewer and Reclaimed Water Cost of Service and Rate Structure – presentation (Paul McElroy) – action required
 7. Monthly Financial Update – February 2009 – received for information only
 8. Monthly Operations Report – February 2009 – received for information only
 9. Other New Business – none
- B. Old Business – none

IV. REPORTS & COMMENTS

A. Committee Reports

1. Finance & Audit Committee, Ron Townsend, Chair
 - a. Minutes of the March 9, 2009 Meeting
 - b. Liquidity Discussion – information only
 - c. Fiscal Year 2010 Budget Assumptions – information only
 - d. Update on Current Bond Market and Its Impact on JEA – information only
 - e. Chief Operating Officer Report – information only
 - f. Chief Information Officer Report on Current Technology Effectiveness – information only
 - g. Office of General Counsel Report on Status of any Current JEA Legal Issues or Concerns – information only
 - h. Discussion with Director, Audit Services – information only
 - i. Discussion with External Auditors, Ernst & Young – information only
- B. Nominating Committee Report
- C. Managing Director's Report
- D. Chair's Report

V. CLOSING CONSIDERATIONS

A. Announcements

B. Adjournment

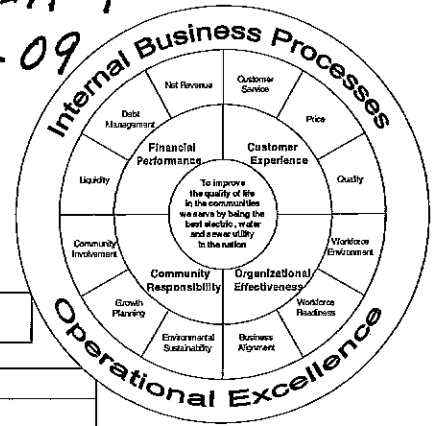
A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

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.



Building Community
AGENDA ITEM SUMMARY

III-A-1
3-17-09



March 17, 2009

SUBJECT: ELECTRIC SYSTEM - TEN YEAR SITE PLAN

Purpose	Circle of Excellence Impact	
<input checked="" type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Debt Management
<input type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input checked="" type="checkbox"/> Community Responsibility	Growth Planning

Issue: The Florida Public Service Commission (PSC) requires all Florida electric utilities to file an annual Ten Year Site Plan addressing their respective long term electric system generation plans.

Significance: The PSC uses this information to insure that the state has sufficient generation to meet native load, that utilities are prudently planning their systems, and that the state maintains an adequate reserve margin of generation to ensure the reliable supply of electricity.

Who/what is affected: Continued, long term supply of reliable and affordable electricity to our customers is a primary goal of this planning effort. Electric System debt is required to fund capital expenditures for new generation needs recommended in the Ten Year Site Plan.

Background: The Ten Year Site Plan is a planning document that addresses our projected load growth, assesses what types of capacity may be needed, evaluates alternatives based on many inputs, and recommends a final plan of generation alternatives.

Background Examples: Generation alternatives may include building new power plants and purchasing power from other utilities. This year's final plan includes some seasonal power purchases, continued implementation of the Greenland Energy Center project to meet our peaking and intermediate power needs, and the inclusion of our nuclear purchase power agreement with MEAG.

Cost to company/community: Current estimated costs to build the 539 MW Greenland Energy Center generating plant is approximately \$688M.

Recommended course of action: This item is submitted for information only.

Why? N/A

Recommended Board action: No action is required by the Board.

Submitted by: G.E. Quick *Om*

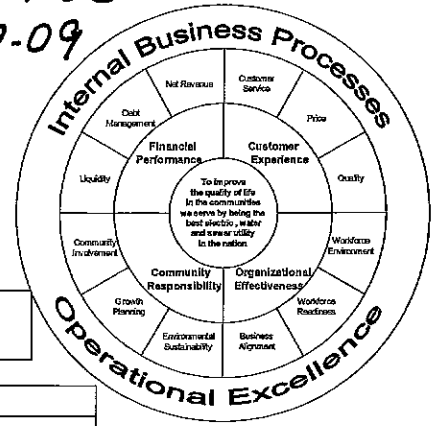
III-A-2
3-17-09



Building Community

AGENDA ITEM SUMMARY

March 9, 2009



SUBJECT: RESOLUTION DETERMINING THE SUFFICIENCY OF REVENUES

Purpose	Circle of Excellence Impact	
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Debt Management
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

Issue: An annual requirement under the St. Johns River Power Park (SJRPP) Bond Resolution (the "Bond Resolution") for JEA to determine that for the upcoming fiscal year the Electric System's revenues will be sufficient to make all required payments under the Bond Resolution.

Significance: The completion of this requirement is needed to be in compliance with the Bond Resolution.

Who/what is affected: The ability of the Electric System to make all required payments under the Bond Resolution.

Background: The requirement for this annual revenue determination originates from the Bond Resolution which was adopted on March 30, 1982 and the first such determination pursuant to the Bond Resolution was done in the late 1980's when the SJRPP generating units were placed into commercial operation.

Background Examples: Annual requirement under the Bond Resolution.

Cost to company/community: Failure to make the determination could result in revenues that are insufficient to meet all the requirements under the Bond Resolution and this could in turn cause JEA to be viewed negatively in the bond market which could ultimately affect JEA's bonds ratings.

Recommended course of action: Approve the attached Resolution.

Why? JEA is obligated to do so pursuant to the Bond Resolution.

Recommended Board action: Approve the attached Resolution.

Submitted by: Michael Edwards, Bond Compliance Specialist *ME*

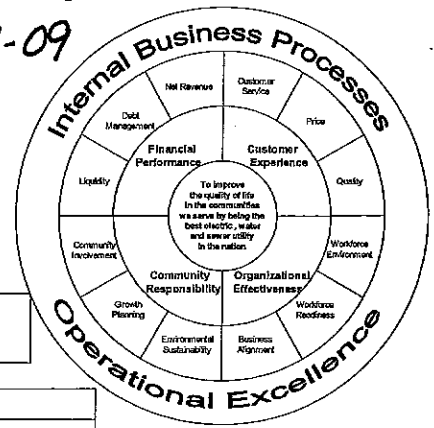
III-A-3
3-17-09



Building Community

AGENDA ITEM SUMMARY

March 10, 2009



SUBJECT: DEMAND SIDE MANAGEMENT / CONSERVATION PROGRAMS AND FUNDING

Purpose	Circle of Excellence Impact
<input type="checkbox"/> Information Only	<input type="checkbox"/> Financial Performance
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input checked="" type="checkbox"/> Community Responsibility
	Environmental Sustainability

Issue: Demand Side Management/Conservation program status report on programs, funding and expenditures, and further recommending use of funds for the funding of conservation programs already in place when the Demand Side Management/Conservation pricing philosophy was adopted.

Significance: The Pricing Philosophy adopted in June 2007 presumed DSM funding to be used for new programs. Legacy programs continued to be funded from regular O&M budget.

Who/what is affected: DSM/Conservation fund

Background: In 2007 the JEA Board approved the use of a policy directed allocation of base electric revenues to Demand Side Management / Conservation at a target funding amount of \$.50 per 1000 kWh of system sales. Staff was directed to develop specific programs, set program objectives and periodically report the status of the programs.

Background Examples: None.

Cost to company/community: By merging legacy DSM related activities in with new DSM initiatives ensures consistency in achieving objectives at lowest cost.

Recommended course of action: For FY10, fund legacy programs that meet JEA's DSM portfolio policy requirements from dedicated DSM/Conservation sources.

Why? The use of the directed allocation for all JEA's DSM and Conservation activities is in the best interest of community and JEA.

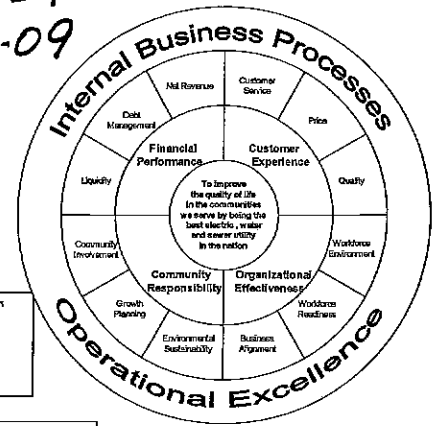
Recommended Board action: That the Pricing Philosophy be interpreted as including legacy DSM/Conservation programs.

Submitted by: RJB

III-A-4
3-17-09



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AGENDA ITEM SUMMARY



March 1, 2009

SUBJECT: AMENDMENT PROVIDING FOR THE DESIGNATION OF ELECTRIC SYSTEM VARIABLE RATE SERIES THREE 2008D SUB-SERIES

Purpose	Circle of Excellence Impact
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance Debt Management
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input type="checkbox"/> Community Responsibility

Issue: The authorizing and supplemental resolution for the Variable Rate Electric System Revenue Bonds, Series Three 2008D provides for the designation of such bonds into one or more series but not one or more sub-series of a series.

Significance: As a result of the continuing uncertainties in the credit markets coupled with the need to extend and/or replace certain liquidity agreements, the allowing of sub-series could increase the pool of available liquidity providers by reducing the size of the requested liquidity to a smaller more manageable amount for them.

Who/what is affected: JEA rate paying customers and bondholders.

Background: The current liquidity provider for the Series Three 2008D-1 covers \$128,260,000 of bonds and the current liquidity provider for the Series Three 2008D-2, covers \$129,765,000 of bonds. Both agreements will expire shortly. Extension of the expiration date of one seems eminent but the other agreement must be replaced with a new provider or providers or refunded.

Background Examples: In the refunding transaction completed by JEA in March, due to the decreasing pool of liquidity providers in the market, JEA replaced some of its variable rate debt with fixed rate debt.

Cost to company/community: Over the years, and with the exception of a few months of the last year, JEA has benefited financially from its issuance of variable rate debt. As variable rate debt is so dependent upon having solid liquidity providers in the amounts that they are willing to provide, it is important that JEA accommodate that need by sizing the series into smaller or larger series or sub-series as needed. In the absence of being able to do that, JEA's, options may be limited to having to refund low costs variable rate debt with higher rate fixed rate debt.

Recommended course of action: Approve the attached Resolution No. 2009-11.

Why? To assist JEA in keeping its debt service cost as low as possible.

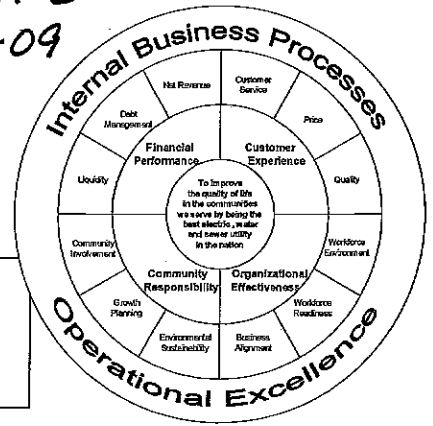
Recommended Board action: Approve the attached Resolution No. 2009-11.

Submitted by: Michael Edwards *ME*

III-A-5
3-17-09



Building Community
AGENDA ITEM SUMMARY



March 9, 2009

SUBJECT: JEA ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2009 SERIES C AND 2009 SERIES D AND ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2009B

Purpose	Circle of Excellence Impact	
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Debt Management
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

Issue: JEA staff is requesting a delegation of authority to the Managing Director/CEO to (1) determine the terms and conditions, and the timing of the sale, of (a) not to exceed \$75 million of Electric System Subordinated Revenue Bonds, 2009 Series C and (b) not to exceed \$125 million of Electric System Subordinated Revenue Bonds, 2009 Series D and Electric System Revenue Bonds, Series Three 2009B and (2) approve the terms and conditions of, and execute, certain documents in connection with the sale and issuance of the Bonds.

Significance: High.

Who/what is affected: Potential refunding opportunities from traditional economic refunding and fixed rate conversion refunding of outstanding variable rate debt.

Background: JEA staff has been monitoring potential opportunities to issue debt to refund outstanding Electric System bonds in order to realize debt service savings, as well as to refund variable rate debt with fixed rate debt. At the February 2009 board meeting, staff requested a delegation of authority for the Managing Director/CEO to execute an Electric System refunding transaction within certain parameters. On February 19, 2009, staff priced \$213.8 million of Electric System Revenue Bonds, Series Three 2009A and Electric System Subordinated Revenue Bonds, 2009 Series B but, due to market conditions, was only able to price a portion of the anticipated financing. Therefore, staff is requesting another delegation of authority to provide JEA the opportunity to price the remainder of the economic refunding transaction, as well as an additional variable-to-fixed refunding transaction.

Background Examples: JEA actively monitors the market for refunding transactions.

Cost to company/community: To realize debt service savings from traditional economic refunding transactions, and avoid increased cost to JEA if a refunding does not occur for the variable rate debt since the current liquidity bank will not be extended.

Recommended course of action: JEA staff is requesting approval of the delegation resolution at this time to authorize the Managing Director/CEO to execute all the appropriate financings.

Why? To achieve debt service savings from economic refunding, and to replace variable rate financing with fixed rate debt due to an existing program in which the liquidity facility will not be extended.

Recommended Board action: That the Board authorize and approve the issuance of the Bonds by adopting the delegation resolution and authorize the Managing Director/CEO to execute the appropriate financing documents.

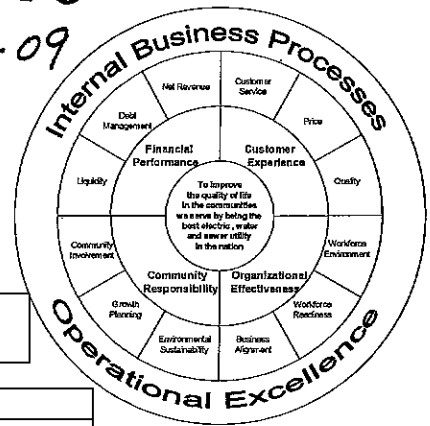
Submitted by: Pi Tao Hsu

III-A-6
3-17-09



Building Community

AGENDA ITEM SUMMARY



March 10, 2009

SUBJECT: WATER, SEWER AND RECLAIMED WATER COST OF SERVICE AND RATE STRUCTURE

Purpose	Circle of Excellence Impact	
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Net Revenue
<input checked="" type="checkbox"/> Action Required	<input checked="" type="checkbox"/> Customer Experience	Price
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

Issue: Current rates are projected to generate revenues that are not sufficient to meet projected FY 2010 to FY 2013 revenue requirements. The magnitude of the projected revenue shortfall as confirmed by the cost-of-service study, will lead staff to recommend rate adjustments. The absence of a revenue increase, coupled with further cost reductions will have a severe adverse impact on JEA's financial health. The Board is the rate making authority for JEA and is required to approve all changes to rate tariffs.

Significance: The budget will need to include a rate adjustment and a further reduction in expenditures. JEA must submit a Board approved budget to City Council by July 1, 2009 for FY 2010.

Who/what is affected: If a rate adjustment is approved, customers will receive higher water, sewer and reclaimed water bills. Further significant expense reductions may adversely affect service levels and cause deferral of prudent maintenance activities.

Background: In accordance with Florida Statutes Chapter 180.136 JEA is required to notify water and sewer customers through the billing system of the date, time, and place of the hearing where an increase will be considered.

Background Examples: In FY 2010 a residential water and sewer customer using 6 kgals per month, with a 5/8" meter may see a bill increase in the range of \$5-7 per month. Residential customers with larger meters, commercial and multi-family customers will see higher increases depending upon meter size and water usage.

Cost to company/community: A rate adjustment will be difficult for customers, especially at this time. However, simply further reducing capital expenditures and operating expenses will not produce the savings to preserve JEA's financial health.

Recommended course of action: That JEA Board call a rate hearing for May 19, 2009 and authorize staff to notify customers of that meeting through the billing system approximately 35 days before the rate hearing.

Why? JEA is responsible for providing safe, sanitary and secure water, sewer and reclaimed water services to our community. JEA must recover sufficient revenues to meet those needs. Any proposed rate adjustment, combined with significant cost reductions, will allow JEA to provide expected service levels and put JEA on a path to achieve adequate financial performance in accordance with the Pricing Philosophy by FY 2013.

Recommended Board action: Staff recommends that the Board call a rate hearing for the regularly scheduled Board meeting on May 19, 2010 and authorize staff to notify customers of that meeting through the billing system in accordance with Florida Statutes Chapter 180.136.