

**JEA
BOARD AGENDA**

DATE: April 21, 2009

TIME: 9:30 AM

PLACE: JEA
21 West Church Street
8th Floor, Board Room

I. WELCOME

- A. Call to Order
- B. Invocation
- C. Pledge to Flag
- D. Safety Briefing – Wanyonyi Kendrick, Chief Information Officer

Meeting participants are asked to turn their cell phones off.

II. PRESENTATIONS & COMMENTS

- A. Jacksonville Environmental Protection Board Award in Recognition of JEA's Compact Florescent Lighting Program – Athena Mann
- B. Comments from the Public
- C. Council Liaison's Comments – Stephen Joost

III. FOR BOARD CONSIDERATION

- A. Consent Agenda (all items approved by a single motion)
 - 1. Adoption of Agenda – action required
 - 2. Approval of minutes of the March 17, 2009 meeting – action required
 - 3. Revisions to Enterprise Compliance and Risk Management Policy, and Electric Compliance Policy – action required
 - 4. Amendment and Restatement of Supplemental Resolution Authorizing Variable Rate Electric System Revenue Bonds, Series Three 2008B to permit use of a direct pay letter of credit to provide credit enhancement and liquidity support – action required
 - 5. Quarterly Sole Source Report – information only
 - 6. Letter of Endorsement for Southeast Energy Alliance (SEEA) Grant – action required

7. Purchase Power Agreement with Municipal Electric Authority of Georgia (MEAG) – action required

B. Strategic Discussions/Action

1. Supplemental Resolution for SJRPP Issue Three, Series Three (new money issue) – action required – summary information attached
2. Delegation Resolution for SJRPP Issue Two, Series Twenty-Three (refunding issue) – action required – summary information attached
3. Florida Public Utilities Base Rate Adjustment – action required
4. Quarterly Operations Presentation – (James Chansler) – information only – 15 minutes
5. Quarterly Finance Presentation – (Paul McElroy) – information only – 10 minutes
6. Preliminary Agenda for May 19 Rate Hearing – (Paul McElroy) – information only – 20 minutes
7. “A Sustainable Water Supply: The Challenges Ahead” – (Athena Mann) – information only – 15 minutes

C. Other New Business – none

D. Old Business – none

IV. REPORTS & COMMENTS

A. Committees – none

B. Managing Director’s Report

1. “JEA and Policy Governance”

C. 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.

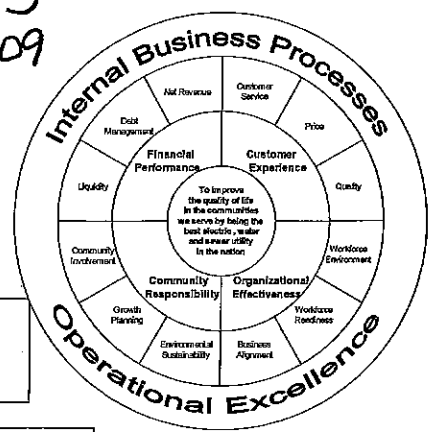
III-A-3
4-21-09



Building Community

AGENDA ITEM SUMMARY

March 30, 2009



SUBJECT: REVISIONS TO ENTERPRISE COMPLIANCE AND RISK MANAGEMENT POLICY, AND ELECTRIC COMPLIANCE POLICY

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 checked="" type="checkbox"/> Organizational Effectiveness Business Alignment
	<input type="checkbox"/> Community Responsibility

Issue: The Enterprise Compliance & Risk Policy, and the Electric Compliance Policy require periodic review. Any revisions must be approved by the Board of Directors.

Significance: The Enterprise Compliance and Risk Management Policy documents the purpose and structure of JEA's Enterprise Risk Management program, which identifies, mitigates, and monitors JEA's most significant risks.

FERC has stated that an electric compliance program is key to mitigating fines in the event of a violation. Failure to update/revise JEA's Electric Compliance Policy as prescribed would result in failure to demonstrate commitment to JEA's compliance program.

Who/what is affected: All of JEA for the Enterprise Compliance & Risk Policy. Electric Systems, Construction & Engineering, Planning and Electric Compliance for the Electric Compliance Policy.

Background: JEA's Enterprise Compliance & Risk Policy was originally approved by JEA's Board of Directors in April, 2007. JEA's Electric Compliance Policy was developed in accordance with JEA's Enterprise Compliance and Risk Policy and was approved by the Board in May, 2007.

Background Examples: This is the second revision of the Enterprise Compliance & Risk Policy, and the first revision of the Electric Compliance Policy.

Cost to company/community: No additional costs are anticipated as a result of the recommended changes to either policy.

Recommended course of action: Minor changes were made to both policies.

Why? Changes made were to include the role of the Finance & Audit Committee, clarify responsibilities, and reduce administrative requirements.

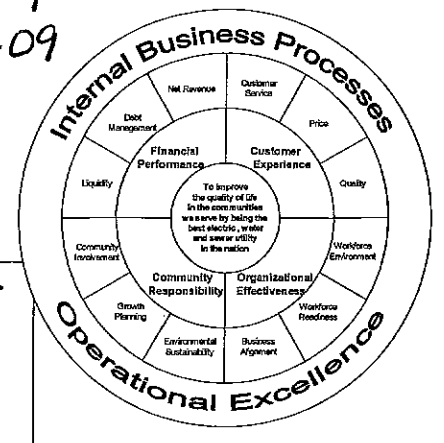
Recommended Board action: That the Board approve the revised policies.

III-A-4
4-21-09



Building Community

AGENDA ITEM SUMMARY



April 9, 2009

SUBJECT: AMENDMENT AND RESTATEMENT OF SUPPLEMENTAL RESOLUTION AUTHORIZING VARIABLE RATE ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2008B TO PERMIT USE OF A DIRECT PAY LETTER OF CREDIT TO PROVIDE CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

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 an amendment to the supplemental resolution to permit, in addition to a line of credit, a direct pay letter of credit to be used to provide both credit enhancement and liquidity support for the Series Three 2008B bonds.

Significance: High.

Who/what is affected: Higher debt service on the Series Three 2008B bonds if the existing liquidity facility cannot be replaced.

Background: On March 7, 2008 the JEA Board adopted a supplemental resolution that authorized, among other things, the issuance of \$261,490,000 in principal amount of its Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 thru 2008B-4 ("the Series Three 2008B"). The supplemental resolution authorized the execution and delivery of the initial liquidity facility which was a Standby Bond Purchase Agreement relating to the Series Three 2008B bonds between JEA and Dexia Credit Local, acting through its New York Branch.

Background Examples: JEA actively looks toward replacing the existing liquidity facility either in the form of the existing standby bond purchase agreement or direct pay of letter of credit.

Cost to company/community: To avoid higher interest costs of the Series Three 2008B bonds, to impose stress on JEA's cash liquidity if internal funds are required to pay higher debt service, and increased cost to JEA if credit enhancement and liquidity support is not provided for the Series Three 2008B bonds.

Recommended course of action: JEA staff is requesting approval of the amendment resolution at this time to permit, in addition to a line of credit, a direct pay letter of credit to be used to provide both credit enhancement and liquidity support for the Series Three 2008B bonds.

Why? To obtain the required liquidity support and credit enhancement for the Series Three 2008B bonds.

Recommended Board action: That the Board (a) approve the amendment to the March 7, 2008, Series Three 2008B supplemental resolution by adopting Resolution No. 2009-12 and (b) authorize the Managing Director/CEO to execute the appropriate financing documents in obtaining the required liquidity support for a separate series or sub series of the Series Three 2008B bonds.

Submitted by: Pi Tao Hsu

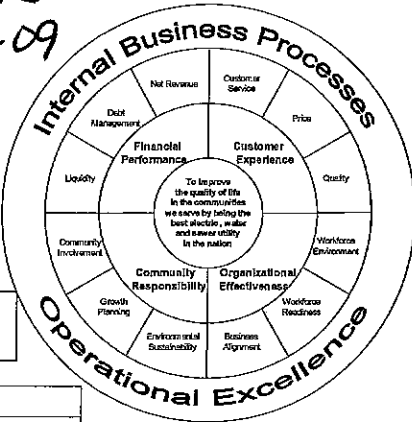
TIL-A-5
4-21-09



Building Community

AGENDA ITEM SUMMARY

April 21, 2009



SUBJECT:	SOLE SOURCE & EMERGENCY PROCUREMENT REPORT
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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 type="checkbox"/> Community Responsibility	

Issue: Sole Source and Emergency Procurements are authorized by JEA's Purchasing Code under Articles 3-206 and 3-208; and a record of Procurement Actions taken under this authority is required to be maintained and reported to the JEA Board on a quarterly basis.

Significance: Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Who/what is affected: JEA's Procurement department is responsible for maintaining these records and reporting to the JEA Board.

Background: This requirement has been in place since the JEA Purchasing Code was adopted in 1996.

Background Examples: Past Quarterly reports are on file in JEA's Procurement department.

Cost to company/community: Minimal

Recommended course of action: Continue reporting to the JEA board on a quarterly basis.

Why? To maintain public confidence in JEA's bidding process and ensure competition is achieved when in JEA's best interest.

Recommended Board action: Information only, no action required.

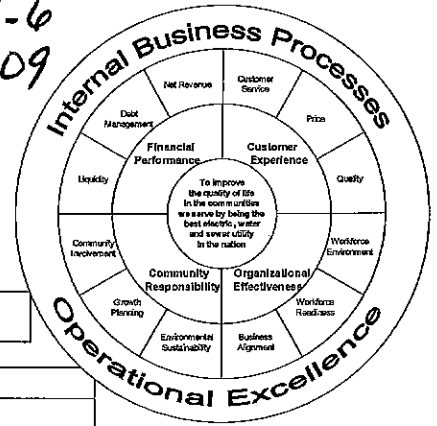
Submitted by: John McCarthy



Building Community

AGENDA ITEM SUMMARY

III-A-6
4-21-09



April 8, 2009

SUBJECT: LETTER OF ENDORSEMENT FOR SEEA GRANT

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

Issue: The Southeast Energy Efficiency Alliance has issued an RFP to select a City, County, or regional governmental organization to design and implement a community energy alliance. This is a call to cities and/or counties in the eleven southeastern states.

Significance: The goal is to realize deep market penetration (30-50%) and comprehensive utility savings (20-40% per participating customer) through a program design that can be widely replicated.

Who/what is affected: In JEA's case, the target market would be a subset of our entire market and would be targeted to assist the utility in managing peak demand consistent with JEA demand side management goals.

Background: This community alliance will complement and integrate numerous independent efforts creating synergy among the stakeholders to deliver dramatic results. It will create a community collaboration that engages a broad cross-section of the community with the potential to ignite a shared vision for a more energy efficient community.

Background Examples: n/a

Cost to company/community: JEA staff time/Community partners' commitments of both people and dollars.

Recommended course of action: That JEA lead the development of this grant application in conjunction with the City and many other state and local entities.

Why? It provides an opportunity to take a leadership role in an area that we know will shortly be mandated as well as to help leverage JEA resources with community resources that will help attract stimulus dollars to the city. And, it gives JEA an excellent platform to reach out to the community and create a shared energy and water efficiency vision for the future.

Recommended Board action: Approve the letter of support from the Board for this grant application.

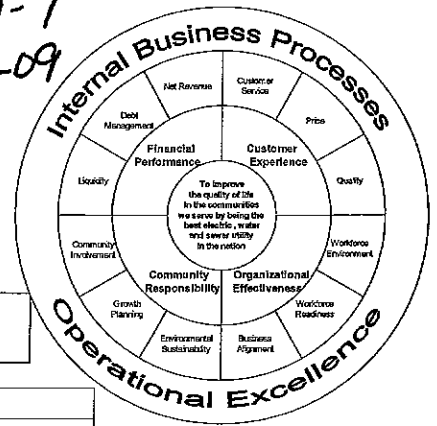
Submitted by: JMU



Building Community

AGENDA ITEM SUMMARY

TIL-A-7
4-21-09



April 13, 2009

SUBJECT: PURCHASE POWER AGREEMENT WITH MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (MEAG)

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: Amendment to Purchase Power Agreement (PPA) to accommodate timing and requirements of DOE Loan Guarantee.

Significance: The DOE Loan Guarantee, if awarded to the Vogtle Project, provides much needed liquidity support for the project, especially important in today's capital markets.

Who/what is affected: 1. During an interim bridge period, until the DOE Loan Guarantee is executed, JEA must provide liquidity support for interim financing, not envisioned in the original PPA. 2. JEA and MEAG must amend the PPA to accommodate the financing structure required to access the DOE Loan Guarantee program.

Background: JEA and MEAG entered into the PPA on May 12, 2008 for a 20 year purchase of nuclear capacity and energy from MEAG's ownership in the expansion of the Vogtle Nuclear plant. Under the PPA, MEAG is responsible for financing its ownership share of the costs of construction for the new units with long term financing.

Background Examples: None

Cost to company/community: None, unless capital markets fail, in which case JEA would be called to fund its share of outstanding capital. This condition is consistent with other standby bond purchase agreement/liquidity support agreements.

Recommended course of action: Receive for information the status and actions regarding Vogtle Nuclear project and MEAG PPA.

Why? Keep the Board informed of this very significant project.

Recommended Board action: Approve the recommendation as stated on the attached.

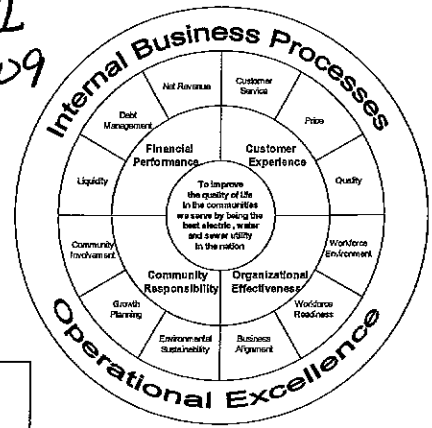
Submitted by: rjb



Building Community

AGENDA ITEM SUMMARY

TIL-B-1
4-21-09



April 9, 2009

SUBJECT:	JEA ST. JOHNS RIVER POWER PARK SYSTEM NEW MONEY REVENUE BONDS, ISSUE THREE, SERIES THREE
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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 cost of the construction and acquisition of additions, extensions and improvements, including the repayment of certain interim borrowings, to JEA's St. Johns River Power Park ("SJRPP") System will be partially financed from proceeds of this bond issue.

Significance: High.

Who/what is affected: Available funding for SJRPP system capital projects.

Background: The Board in February 2007 adopted the St. Johns River Power Park System Second Revenue Bond Resolution to allow JEA to issue bonds to provide for the funding of additional capital improvements to SJRPP System.

Background Examples: JEA anticipates approximately \$53 million of proceeds from this bond issue will be deposited into Project Fund to fund capital projects and increased levels of inventory, in addition to about \$3.6 million of a deposit to the Debt Service Reserve Fund and approximately \$7 million of capitalized interest.

Cost to company/community: Increased demand on JEA's cash liquidity if such capital projects had to be funded with JEA internal funds as opposed to the ability to fund such projects with proceeds of bonds.

Recommended course of action: JEA staff is requesting approval at this time to issue new money St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three in an aggregate amount of approximately \$65 million in order to provide funding for capital expenditures to the SJRPP System.

Why? To assist JEA in meeting its future capital expenditure funding needs.

Recommended Board action: That the Board authorize and award the new money St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three by adopting the Supplemental Resolution and approving the financing documents.

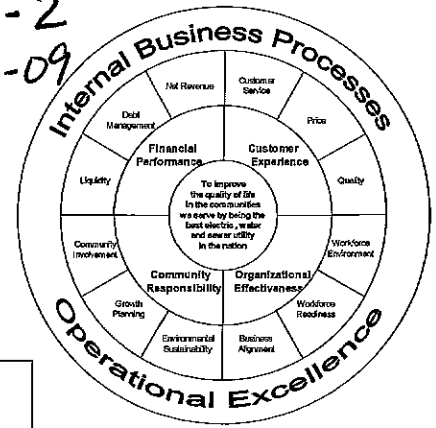
Submitted by: Pi Tao Hsu



Building Community

AGENDA ITEM SUMMARY

III-B-2
4-21-09



April 9, 2009

SUBJECT: JEA ST. JOHNS RIVER POWER PARK SYSTEM,
REFUNDING
REVENUE BONDS, ISSUE TWO, SERIES TWENTY THREE

Purpose	Circle of Excellence Impact
<input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Action Required <input type="checkbox"/> Advice/Direction	<input checked="" type="checkbox"/> Financial Performance Debt Management <input type="checkbox"/> Customer Experience <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 \$71 million of St. Johns Power Park System Revenue Bonds, Issue Two, Series Twenty-Three 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.

Background: As of March 31, 2009, the St. Johns River Power Park System (SJRPP) has \$1.217 billion of debt outstanding. In February 2007, JEA issued approximately \$108.4 million of SJRPP System Revenue Bonds, Issue Two, Series Twenty Two to refund some of outstanding Issue Two bonds to realize debt service savings.

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

Cost to company/community: To realize debt service savings from traditional economic refunding transactions.

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.

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.

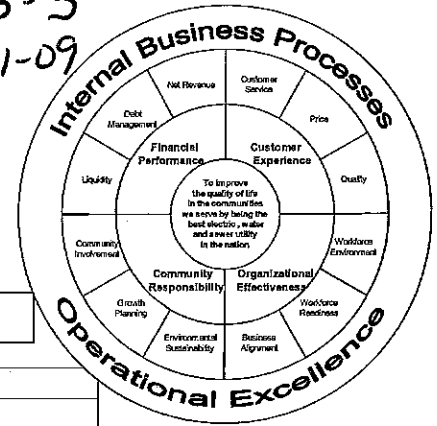
Submitted by: Pi Tao Hsu *PH*



Building Community

AGENDA ITEM SUMMARY

III-B-3
4-21-09



April 13, 2009

SUBJECT: FLORIDA PUBLIC UTILITIES BASE RATE ADJUSTMENT

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: Per an Electric Service Agreement executed for ten-years in September 2006, JEA provides wholesale service to Florida Public Utilities (FPU), where the rates are set by JEA's Board of Directors in public meetings. The Fuel Rate shall be the Retail Tariff Fuel Rate, as set by the authority from time to time, and the base rates that JEA charges FPU can be changed no more frequently than every two years based on cost of service principles.

Significance: Adjusting the rates as proposed by JEA staff and reviewed by Black & Veatch senior rate consultants will bring the FPU rates to full cost of service based rates, increasing JEA revenues by approximately \$500,000 monthly.

Who/what is affected: JEA incurs significant costs to provide wholesale service to FPU where the proposed cost of service based rates allocate the proportionate share of JEA's costs between its wholesale and retail customers. FPU Northeast Division has announced that their retail customers will see a corresponding rate increase of approximately 7% with the increased cost in their purchased power cost.

Background: Staff has conducted a cost of service analysis using the accepted cost of service principles set forth in the agreement, load forecasts and financial projections updated since the last comprehensive analysis conducted by JEA and reviewed by FPU at the end of FY2006 which projected 85% of the current proposed rate adjustments. FPU and their rate consultant have reviewed JEA's updated cost of service allocation methodology and reports over the past months.

Background Examples: JEA's annual non-fuel cost to serve FPU is approximately \$16 million where the proposed rates are projected to collect corresponding revenues depending on actual load. The current Fuel Rate charges to FPU generate approximately \$24 million/yr in revenue.

Cost to company/community: The proposed rates are designed to fully recover costs from JEA's wholesale customer.

Recommended course of action: It is recommended that the rates proposed by JEA staff, and reviewed by senior rate consultants from Black and Veatch, be approved and adopted with an effective date of May 1, 2009. The proposed rates are depicted in the table provided in the Agenda item.

Why? The proposed rates are necessary for JEA to recover its cost to serve FPU.

Recommended Board action: Approve proposed rates schedule.

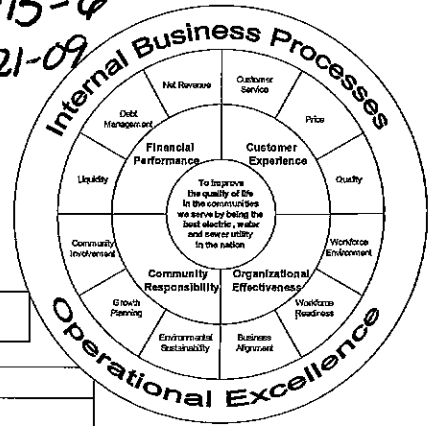
Submitted by: bjr



Building Community

AGENDA ITEM SUMMARY

III-B-6
4-21-09



March 31, 2009

SUBJECT: PRELIMINARY AGENDA FOR MAY 19 RATE HEARING

Purpose	Circle of Excellence Impact	
<input checked="" type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Net Revenue
<input 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: Staff to present water, sewer and reclaim cost of service and rate structure information for discussion in preparation for the May 19, 2009 public rate hearing. Current rates are projected to generate revenues that are not sufficient to meet projected FY2010 to FY2013 revenue requirements. The absence of a revenue increase, coupled with further cost reductions will have a severe adverse impact on JEA's financial health.

Significance: High. 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 FY2010.

Who/what is affected: Further significant expense reductions will adversely affect service levels and cause deferral of prudent maintenance activities. The absence of future revenue adjustments will result in financial metrics significantly below JEA's current rating.

Background: On March 17, the Board called for a public rate hearing for the regularly scheduled meeting on May 19, 2009 and authorized staff to commence messaging in accordance with Florida Statute Chapter 180.136.

Background Examples: In FY2010 a residential water and sewer customer using 6kgals 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. Irrigation customers will also see a significant increase.

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: Receive the preliminary agenda for discussion in preparation for the May 19, 2009 public rate hearing.

Why? JEA is responsible for providing safe, sanitary and secure water, sewer and reclaimed water service to our community. JEA must recover sufficient revenues to meet those needs. The 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 Pricing Philosophy by FY 2013.

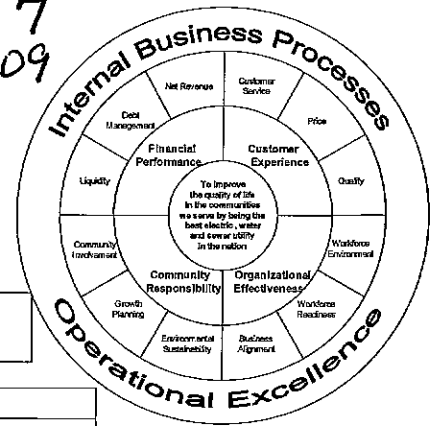
Recommended Board action: The Board receive the preliminary agenda for discussion in preparation for the May 19, 2009 public rate hearing.



Building Community

AGENDA ITEM SUMMARY

III-B-7
4-21-09



April 10, 2009

SUBJECT:	A SUSTAINABLE WATER SUPPLY: THE CHALLENGES AHEAD
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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	Environmental Sustainability

Issue: JEA has submitted an application for a 20-year Consumptive Use Permit (CUP) to the St. Johns River Water Management District (SJRWMD). The upcoming SJRWMD Water Supply Planning (WSP) process introduces uncertainty in JEA's ultimate permit outcome. JEA will participate in the WSP process to ensure scientific-driven conclusions.

Significance: SJRWMD's WSP process determinations could result in requiring JEA to implement costly alternative water supply options sooner than planned.

Who/what is affected: Ultimate CUP permit conditions issued by SJRWMD may impact JEA's Total Water Management Plan which identifies capital projects that are currently planned to meet long-term customer water supply needs.

Background: The SJRWMD is required by Chapter 373, Florida Statutes, to conduct Water Supply Assessments (WSA) every five years. The Draft 2008 WSA identified potential Priority Water Resource Caution Areas (PWRCA), which are "areas where projected uses cannot be sustained by proposed water sources without unacceptable impacts to water resources and natural systems." Northeast Florida is identified as a potential PWRCA. The SJRWMD will initiate the 2010 WSP process in June, 2009 to further assess projected water resource impacts, finalize identification of PWRCA, and identify strategies to prevent unacceptable impacts.

Background Examples: N/A

Cost to company/community: Alternate water supply options are 4 to 12 times more costly than current JEA water supply costs.

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

Why? N/A

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