

**JEA  
BOARD AGENDA**

**DATE:** September 16, 2008

**TIME:** 9:45 AM

**PLACE:** JEA  
21 West Church Street  
8<sup>th</sup> Floor Meeting Room

**I. OPENING CONSIDERATIONS**

- A. Call to Order
- B. Invocation
- C. Pledge to Flag
- D. Safety Briefing – Jon Eckenbach, Vice President Engineering and Construction Services

**Meeting participants are asked to turn their cell phones off.**

- E. Adoption of Agenda
- F. Approval of Minutes
  - 1. Regular meeting held August 19, 2008
  - 2. Special meeting held August 25, 2008

**II. PRESENTATIONS & COMMENTS**

- A. TDWI 2008 Best Practices Award –Wanyonyi Kendrick,  
Chief Information Officer
- B. Comments from the Public
- C. Council Liaison's Comments – Stephen Joost

### **III. FOR BOARD CONSIDERATION**

#### A. New Business

1. Electric System Series Three 2008E and Subordinated 2008 Series E System Refunding Bond Issue - action required (Helen Kehrt will address – 10 mins)
2. Operating Capital Outlay (OCO) – information only (Paul McElroy will address – 10 mins)
3. Variable Fuel Rate and Fuel Reserve Discussion – information and discussion only (Paul McElroy will address – 20 mins)
4. Draft Monthly Fuel Report – information only (James Chansler will address – 15 mins)
5. Fair Accurate Credit Transactions (FACT) Act – information only (Jim Dickenson will address – 5 mins)
6. Operations Report – August 2008 – information only
7. Monthly Financial Statements – August 2008 – information only

#### B. Old Business – none

### **IV. REPORTS & COMMENTS**

#### A. Committee Reports

1. Finance & Audit Committee – Ron Townsend, Chair

#### B. Managing Director's Report

#### C. Chair's Report

1. Request approval for Chair Austin to attend Annual Emerging Energy Issues Forum at Amelia Island September 14-15, 2008.

### **V. CLOSING CONSIDERATIONS**

#### A. Announcements

#### B. Adjournment

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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.

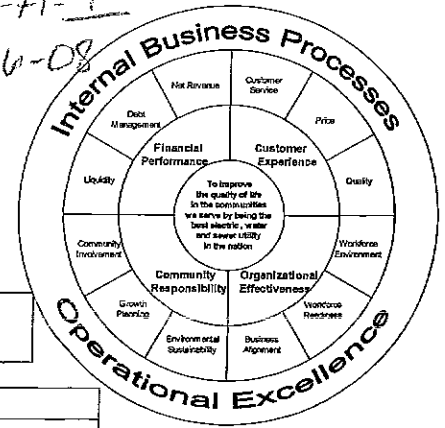
B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony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



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### AGENDA ITEM SUMMARY

III-A-1  
9-16-08



September 1, 2008

**SUBJECT:** JEA ELECTRIC SYSTEM SERIES THREE 2008E AND SUBORDINATED 2008 SERIES E REFUNDING BONDS

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:** Refundable bonds in the amount of \$25,680,000 are scheduled to mature on October 1, 2008 and must be refunded prior to such date or paid from revenues on such date. Also, approximately \$36,000,000 of other bonds have been identified to be refunded resulting in debt service savings.

**Significance:** High. JEA's original financing plan when issuing the refundable bonds in 2002 and 2004, was to refund the debt with longer term bonds just prior to maturity. This refunding transaction is consistent with the original financing plan. Refunding of the other bonds will result in debt service savings and improve coverage in subsequent periods.

**Who/what is affected:** Electric System debt service expense.

**Background:** JEA has in the past issued refundable bonds with very short maturities to take advantage of the yield curve to realize debt service savings with the intention to refund such bonds at a later date using a longer amortization period. Also, JEA has issued refunding bonds to take advantage of lower interest rate debt.

**Background Examples:** Last fiscal year, JEA issued \$41,610,000 of bonds to refund refundable bonds. Also, last year, JEA issued over \$100,000,000 of fixed rate refunding bonds for debt service savings.

**Cost to company/community:** The strategy of initially issuing bonds as refundable bonds with short maturities, with the intention of refunding them at a later date with a more traditional amortization, is expected to result in overall net present value interest cost saving of \$2,500,000. The refunding of the other refunded bonds are projected to save approximately \$1,700,000 over the term of the refunding issue.

**Recommended course of action:** JEA staff is requesting approval to issue the Electric System refunding bonds in an aggregate amount of approximately \$68,000,000.

**Why?** Reduce future debt service costs for the Electric System. The debt service goals for JEA will be facilitated by these refundings, without which JEA faces additional debt service expenditures and increased coverage ratios.

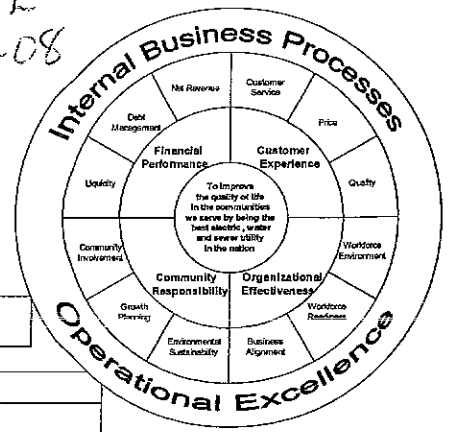
**Recommended Board action:** That the Board authorize and award the refunding bonds by adopting the authorizing resolution and approving the financing documents.

Submitted by: Michael Edwards



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**AGENDA ITEM SUMMARY**

III-A-2  
9-16-08



September 10, 2008

**SUBJECT:** OPERATING CAPITAL OUTLAY (OCO)

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

**Issue:** The transfer to Operating Capital Outlay is currently forecasted to be below budget and Pricing Philosophy targets due to stress on revenues and expenses in both Electric and Water and Sewer Systems.

**Significance:** High due to potential stress on financial metrics.

**Who/what is affected:** JEA's financial objectives.

**Background:** In November 2005, the Board approved JEA's Pricing Philosophy which contains targets for Operating Capital Outlay (OCO). Previously, the Board received information indicating that the transfer to OCO may be below the Pricing Philosophy targets.

**Background Examples:** The prior years budgets include OCO transfers.

**Cost to company/community:** OCO transfer less than budgeted produces less internally generated funds for capital projects.

**Recommended course of action:** Information only regarding the Operating Capital Outlay transfer.

**Why?** Improve financial metrics including liquidity and to balance budget.

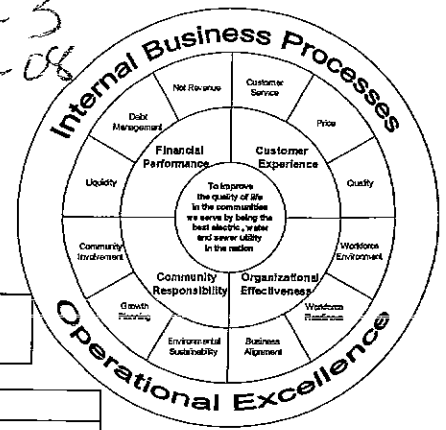
**Recommended Board action:** Information only.

Submitted by: BJR/NCR



III-A-3  
9-16-08

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**AGENDA ITEM SUMMARY**



September 8, 2008

**SUBJECT:** VARIABLE FUEL RATE AND FUEL RESERVE DISCUSSION

Purpose	Circle of Excellence Impact	
<input checked="" type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Liquidity
<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:** JEA's Rate Tariff was changed in April 2005 to include a Fuel and Purchase Power Cost Recovery Charge Policy including a Variable Fuel Rate that is normally calculated annually.

**Significance:** High. Potential change to the Rate Tariff

**Who/what is affected:** Customers through the rates they pay for JEA services and JEA's financial objectives.

**Background:** The Board expressed its interest in re-visiting the Variable Fuel Rate Policy.

**Background Examples:**

**Cost to company/community:**

**Recommended course of action:** The Board receive the presentation and provides feedback for a future Board discussion and potential future action.

**Why?** Prompt discussion of the Variable Fuel Rate Policy.

**Recommended Board action:** The Board receive the presentation for information and discussion. No action is requested at this Board meeting.

Submitted by: BJR/NCR *dm*



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### AGENDA ITEM SUMMARY

III-A-4  
9-10-08



September 10, 2008

**SUBJECT:** DRAFT MONTHLY FUEL REPORT

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 checked="" type="checkbox"/> Customer Experience	Price
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

**Issue:** In response to the August regular and special Board meetings, staff has developed a draft monthly fuel report for review by the Board.

**Significance:** Provides monthly fuel cost and fuel reserve information to the Board.

**Who/what is affected:** JEA Fuel Fund

**Background:** Escalating and highly volatile fuel prices have increased the importance of Equivalent Forced Outage Rate (EFOR) and fuel market effects on JEA's financial objectives.

**Background Examples:** In today's fuel market, a one day deviation in a Northside pet coke unit planned schedule may cause a change in fuel cost of \$300,000-\$500,000.

**Cost to company/community:** Fuel costs are JEA's single largest operational expense and significantly impact customers and company financial metrics.

**Recommended course of action:** Continue monitoring on a monthly basis.

**Why?** Due to volatility, month-to-month variations in fuel expense may be significant and result in fuel rate adjustments.

**Recommended Board action:** Information only. No action required.

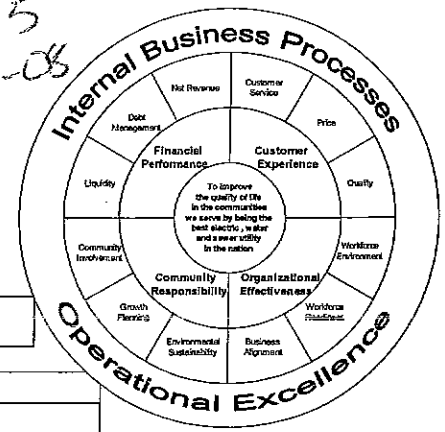
Submitted by: TEH/JMC



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### AGENDA ITEM SUMMARY

III-A-5  
9-14-08



September 10, 2008

**SUBJECT:** FAIR ACCURATE CREDIT TRANSACTIONS (FACT) ACT

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

**Issue:** Effective November 1, 2008, JEA will be required to have a Board approved plan/policy in place for complying with the identity theft protection provisions of the 2003 Fair Accurate Credit Transactions (FACT) Act. The purpose of this agenda item is to make the Board aware of these new requirements and their potential future impact on JEA.

**Significance:** These provisions apply to municipal utilities. The provisions are effective November 1, 2008.

**Who/what is affected:** All municipal utilities, financial institutions, and any other institutions that extend credit to customers on a regular basis, are subject to the law. Municipal utilities are considered to "extend credit" because customers pay for services after they have already been incurred. The law applies mainly to our customer service areas.

**Background:** The purpose of the act is to prevent, detect, and mitigate identity theft.

**Background Examples:** The law applies mainly to personal information (DOB, SS#, Drivers License #, etc.) obtained from residential customers when a new account is opened, or changes are made to an existing account.

**Cost to company/community:** Unknown at this time.

**Recommended course of action:** None at this time. JEA's formal identity theft plan/policy (draft attached as FMEA guidelines) will be presented to the Board at the October Board meeting for approval prior to the November 1, 2008 deadline.

**Why?** N/A

**Recommended Board action:** None at this time.

Submitted by: Marlene Murphy Roach