

JEA
BOARD MINUTES
June 19, 2012

The JEA Board held a Pre-Board Briefing at 8:32AM on Tuesday, June 19, 2012, in the Chair's Office on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Ashton Hudson, Mike Hightower, Ron Townsend, Charlie Appleby, Cynthia Austin, Lisa Strange Weatherby, Jim Dickenson, John Germany, Office of General Counsel, and Robert Campbell, Council Auditor's Office.

The Pre-Board Briefing discussion consisted of the following:

1. The schedule for today's meeting was reviewed, including the noticed Rate Hearing and the formal Board meeting immediately following.
2. The CEO Succession timeline was reviewed, including:
 - a. Search Committee individual interviews will be conducted on June 20 and 21, 2012.
 - b. Search Committee public meeting will be held on June 21, 2012 at 2:30 PM.
 - c. July 12 and 13, 2012 are being held for full Board final interviews.
 - d. As outlined in the process timeline, Mr. Appleby and Ms. Strange Weatherby will be provided an opportunity to meet with the finalists individually on these dates.
3. Treasury Services Department changes were announced, including the upcoming retirement of Helen Kehrt.
4. A reminder of the SJRPP IBEW Unfair Labor Practice Hearing scheduled for July 16, 2012 was delivered.
5. Plant Vogtle Update, in the interest of time was not discussed, but Mr. Dickinson will share a link to an internet site that can provide an update by Southern Company.
6. Florida Municipal Electric Association (FMEA) Conference is being held at the Marriott Sawgrass July 24 - 27, 2012. Members were invited to attend. Ms. Strange Weatherby expressed an interest in representing JEA at this conference.
7. Board Member Appointment / Confirmation – The next appointee has not been announced; but, Mr. Campbell confirmed that the resolution to appoint Mr. Bussells has been withdrawn.
8. Future Board Meetings – Presentations of initiatives, etc. were discussed. Mrs. Austin asked that a calendar be published with future presentations, meetings, workshops, etc., as had been done in the past.
9. Recognizing Jim Gilmore – Mr. Dickenson told the Board that he would be personally meeting with Mr. Gilmore to present the Board's resolution, since Mr. Gilmore's calendar has prevented him from attending a meeting for its receipt.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Briefing was adjourned at 9:35AM; the Board took a short break and moved to the 8th Floor Board Meeting Room for its regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, June 19, 2012, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Ashton

Hudson, Mike Hightower, Ron Townsend, Cynthia Austin, Charlie Appleby, and Lisa Strange Weatherby.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 9:40 AM by Chair Hudson.
- B. The **Invocation** was given by Mr. Dickenson.
- C. The **Pledge of Allegiance** was led by Mr. Townsend.
- D. The **Safety Briefing** was given by Mr. Brian Davis, Manager Electric Production Combustion Turbine Maintenance and Mrs. Margaret Limbaugh, Manager Project Management.

Chair Hudson recessed the regular Board meeting at 9:53 AM.

Agenda Item II – Public Hearing

Public Hearing to Reduce the Previously Approved Water and Sewer Rates That Are Scheduled to Become Effective October 1, 2012 and to Implement Other Modifications and Administrative Changes to JEA Tariffs.

The JEA Board held a Public Hearing on Tuesday, June 19, 2012, as duly noticed in the Florida Times Union to consider, as advertised:

- 1. Modification of the Water and Sewer Rate Document to Reduce Previously Approved Rate Adjustments Scheduled to be Effective October 1, 2012; and
 - 2. Modification of the Water and Sewer Rate Document Regarding the Qualifications for Transfer of Water and Sewer Capacity; and
 - 3. Administrative and General Changes to the Water and Sewer Rate Document and the Electric Tariff Documentation.
- A. The Public Hearing was **called to order** at 9:53 AM by Chair Hudson.
 - B. **Staff Presentation and Board Discussion** – Proposed modifications were presented by Mr. Paul McElroy, Chief Financial Officer. Presentation materials are available in the meeting file. Mr. McElroy recognized the Financial Planning and Rates Department who were responsible for aggregating the data in the five and ten-year plans and rolling it into the rates structures, rate tariffs, and cost of service. Mr. McElroy introduced and offered his appreciation to Ray Tull, Richard Vander Maas, Julia Crawford, Stephanie Medley, and Laure Whitmer. Mr. McElroy requested the Board take action on the following items:
 - Eliminate the October 1, 2012 approved water and sewer rate increases for residential and commercial service availability charges and environmental charges; and
 - Approve Technical and Administrative changes in the Water and Sewer System's Rate Document to: modify capacity fee transfer process, expand qualified uses for capacity fees, and clarify language and charges for meter downsizing; and
 - Approve Technical and Administrative changes in Electric System's Tariff to clarify language in the Incremental Economic Development Program.
 - For information purposes, Mr. McElroy provided points regarding the Electric System's Rates and Tariffs including prepaid meter service and cost of service study.

Mr. Dickenson stated that there is a technical change with regards to the Capacity Transfer Fees in the JEA Water and Sewer Rate Document in reference to the city ordinance describing the boundaries of the Downtown Investment Authority (DIA). Staff will clarify the technical language to ensure the ordinance number is corrected.

Mr. Charlie Appleby departed the Board meeting at 10:02 AM.

C. Comments from the Public

1. Mr. Wayne Combass, speaking on behalf of St. Nicholas Park Christian Church, 3226 Beach Boulevard, Jacksonville, FL 32207, 904-398-1501. Mr. Combass, as a member, Trustee, and Property Chair, spoke to the Board and Mr. Dickenson regarding current water and sewer rates.
2. Mr. C. Lamar Owens, speaking on behalf of St. Nicholas Park Christian Church, 1524 River Hills Circle, Jacksonville, FL 32211, addressed the Board and Mr. Dickenson on the subject of increases on church meters.

- D.** After all in attendance had an opportunity to be heard, the Public Hearing was adjourned by Chair Hudson at 10:17 AM.

The Board meeting was reconvened at 10:17 AM.

Agenda Item III – Action on Public Hearing

- A.** Public Hearing to Reduce the Previously Approved Water and Sewer Rates that are Scheduled to Become Effective October 1, 2012 and to Implement Other Modifications and Administrative Changes to JEA Tariffs.

Upon **motion** by Mr. Hightower and second by Ms. Strange Weatherby, the Board unanimously approved and adopted the following titled Resolution 2012-19 and its Exhibits I, II, III, and IV. The Resolution and Exhibits, as amended, are attached to and made part of these minutes.

A RESOLUTION REGARDING RATE CHANGES TO THE EXISTING WATER AND SEWER RATE DOCUMENT AND THE ELECTRIC TARIFF DOCUMENTATION, AND ADMINISTRATIVE CHANGES TO THOSE DOCUMENTS; CONDUCTING A PUBLIC HEARING AND FINDING THE MODIFICATION OF CERTAIN RATES AND CHARGES TO BE REASONABLE; IMPOSING THESE MODIFICATIONS FOLLOWING THE PUBLIC HEARING; PROVIDING FOR THE IMPLEMENTATION OF THE MODIFICATIONS, AND PROVIDING FOR AN EFFECTIVE DATE.

Agenda Item IV – Presentation and Comments

- A. Presentation** – American Public Power Safety Award – Susan Hughes, Chief Human Resources Officer presented the 2012 American Public Power Association (APPA) award. APPA consists of the nation's more than 2,000 community-owned electric utilities that serve more than 43 million Americans. Each year utilities compete in categories according to their size, which is based on the number of hours worked, and are evaluated by their Recordable Incident Rate (RIR). While competing in the largest category, which consists of public utilities with more than 4 million worker hours and with a 1.34 RIR for calendar year 2011, JEA earned APPA's third place award.
- B. Comments from the Public** (not related to public hearing business) – None
- C. Council Liaison's Comments** – Council President Stephen Joost was not in attendance.

Agenda Item V – For Board Consideration

- A. Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. Upon **motion** by Mr. Hightower and second by Mrs. Austin, items 1 and 2 on the Consent Agenda were unanimously approved and items 3, 4, and 5 were received for information.
1. Adoption of Agenda – adopted as published.
 2. Approval of the May 15, 2012 Meeting Minutes – approved.
 3. Monthly JEA Operations Report – received for information.
 4. Monthly JEA Financial Review – received for information.
 5. Monthly FY12 Communications & Community Outreach Plan Update – received for information.
- B. Strategic Discussions/Action**
1. Tropical Storm Beryl Report – Mr. Greg Perrine, Vice President Facilities & Logistics Services, provided a presentation that highlighted JEA's preparation, response, and recovery activities during Tropical Storm Beryl that hit the JEA service territory on May 27 and 28, 2012. Mr. Perrine recognized a job well done to employees in Operational groups consisting of Electric, Customer Service, Facilities, Technology Services, Troubleshooters, Water, Financial, Public Officers, Emergency Operations Staff, and key personnel including Ted Hobson, Ricky Erixton, Tim Pugh, Allen Putnam, Jane Upton, Tim Hunt, Deborah Beaver, Cindy Edgar, Ann Freudenthal, Charles Bayless, and many others not mentioned.
 2. Bi-Monthly Operations Presentation – Mr. James Chansler, Chief Operations Officer, provided a presentation highlighting important indicators in the May 2012 Operations Report, which was received for information. Mr. Chansler stated that JEA continues to have the best three years in operational metrics. Mr. Chansler provided that the average JEA residential water/sewer and electric bill is less than it was in 2009 when adjusted for inflation. Mr. Chansler was pleased to present that SAIFI-2 (customer interruptions) was the best overall when compared to our peers.
 3. Reducing Nutrient Loading to the St. Johns River – Mr. Karl Hankin, Manager Water/Sewer System Planning, provided a presentation highlighting JEA's positive impact on the health of the St. Johns River. Mr. Hankin provided that nutrients are a concern in the marine section of our area. Mr. Hankin stated in the year 2000, JEA established a voluntary goal to reduce the amount of total nitrogen discharged to the St. Johns River from all of the wastewater treatment plants JEA operates by 50% within 10 years; this is not a regulatory requirement. JEA's strategy is to reduce flows to the river by reducing and improving treatment, which is the most cost effective method to reduce nitrogen. Mr. Hankin added that aquifer protection is another benefit of reclaimed water beyond reducing nitrogen. We have had over 60% decrease in nitrogen over the last 10 years and we go beyond the required Total Maximum Daily Loads (TMDL). This is good news for the river, JEA, and our customers.

After hearing Mr. Hankin's presentation, Mr. Hightower, who recently visited the Museum of Science and History (MOSH), suggested when JEA next updates its

exhibit, we include from JEA's perspective, information on being a good steward of the river and illustrate what a ton of nitrogen looks like.

Mrs. Austin departed the Board Meeting at 11:10 AM.

4. Fuel Charge – Variable Fuel Rate Reduction –Mr. Paul McElroy, Chief Financial Officer provided a brief overview on Variable Fuel Rate Reduction for Board consideration. Upon **motion** by Mr. Hightower and second by Mr. Townsend, the Board unanimously approved Staff's recommendations to lower the current FY2012 Variable Fuel Rate charge of \$47.74/MWh by \$4.14 to \$43.60/MWh, which will lower the monthly electric charges for an average residential customer by \$5.18. This reduction has been incorporated into the budget.
5. Information Follow-up Items from the May 2012 Finance and Audit Committee Meeting – Mr. Dickenson stated that this information follow-up is being provided at the request of Committee Members at the May Finance and Audit Committee meeting, and includes comprehensive information regarding the city contribution and other Government transfers; FY2013 Labor Cost Walks; FY2013 Revenue, Operations, and O&M Cost Walks; Rate Benchmarks, including the addition of the Miami-Dade Water and Sewer Department; and the Value of JEA's AA Rating.

Mr. Townsend requested clarification on the rating steps, and noted a document showing the impact of any rate reduction and the category would be helpful. This will allow us to see of the \$5.8 million, what would be in jeopardy if our rating was reduced by any step. Mr. McElroy will revisit this topic to produce more refined and quantified information.
6. Proposed FY2013 Operating and Capital Budgets – Mr. Paul McElroy, Chief Financial Officer reviewed details regarding the proposed budget which addresses key strategic initiatives to support the quality of service delivery, climate change, Total Water Resource Plan, regulatory compliance, workforce readiness, communications, conservation, and customer satisfaction strategy team initiatives. In addition, the budget includes a record high city contribution in the amount of \$106.7 million, \$88.2 million in Public Service Tax, and \$41.3 million in franchise fees, bringing the total amount transferred to the city in FY 2013 to \$236.2 million.

Upon **motion** by Mr. Townsend and second by Mr. Hightower, the Board unanimously:

- 1) Approved the proposed operating and capital budgets as shown on Schedule A, B, and C, authorized staff to transmit the recommended budgets to the Jacksonville City Council for final action, and transmit the Five-Year Capital Improvement Program, Schedule C, as required by the Jacksonville City Planning Department; and
- 2) Approved JEA's share of the SJRPP and Plant Scherer operating and capital budgets as shown on Schedule D; and
- 3) Authorized the Managing Director/CEO, to adjust the budget approved by the Board of Directors and submit to Council, if necessary, within the total approved budget amounts for each system.

Mr. Hightower noted JEA's record high city contribution amount, which is 22% of the city's budget. He stated JEA as a whole is doing a pretty good job at making sure the city can do what it needs to do, and as we present the budget to

the City Council, we should not be shy about saying that it has been a great collaborative work, and appreciation from the incoming Council leadership regarding JEA's contribution would be well received.

C. **Other New Business** – None

D. **Old Business** – None

Agenda Item VI – Reports

A. **Committee Reports** – None

B. **Managing Director's Report** – None

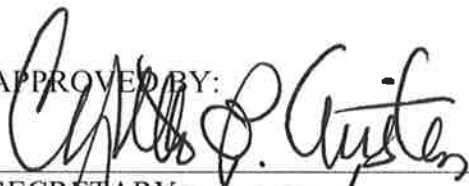
C. **Chair's Report** – None

Agenda Item V – Closing Considerations

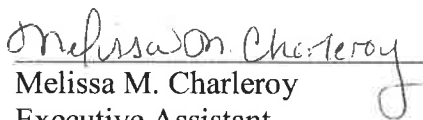
A. **Announcements** – None

B. **Adjournment**

With no further business claiming the attention of the Board, the meeting was adjourned at 11:10 AM.

APPROVED BY: 
SECRETARY
DATE: 7/17/12

Board Meeting recorded by:


Melissa M. Charleroy
Executive Assistant