

JEA BOARD AGENDA

DATE: December 17, 2013

TIME: 10:00 AM

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

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda – action
- E. Safety Briefing – Larry Pinkstaff, Director Joint Owned Electric Assets

Meeting participants are asked to turn their cell phones completely off

II. PRESENTATIONS AND COMMENTS

- A. Team Resistance – Todd Lovelace, Electric Systems Engineer –10 minutes – presentation/information
- B. Junior Achievement Partnership – Jane Upton, Director Communications & Community Outreach – 5 minutes – presentation/information
- C. Comments from the Public
- D. Council Liaison's Comments – Bill Bishop

III. FOR BOARD CONSIDERATION

- A. Consent Agenda – used for items that require no explanation, discussion, or presentation and are approved by one motion and vote.
 - 1. Approval of Board Meeting Minutes November 19, 2013 – action
 - 2. FY2013 Operating Budget Line Item Transfers – action
 - 3. FY2014 Annual Water Resource Master Plan Update – information
 - 4. FY2014 Annual Electric Transmission & Distribution Master Plan Update – information
 - 5. FY2014 Annual Electric Resource Master Plan Update – information

6. Monthly JEA Operations Report – information
7. Monthly JEA Financial Review – information
8. Monthly FY14 Communications & Community Outreach Plan Update – information
9. JEA FY14 Community Engagement Calendar – information
- B. Strategic Discussions/Action
 1. Significant Strategic Issues – Ted Hobson, Chief Compliance Officer – 10 minutes – presentation/information
 2. Bi-Monthly Financial Presentation – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information
- C. Other New Business
- D. Old Business – none

IV. REPORTS

- A. Finance and Audit Committee Report – Ron Townsend, Committee Chair
 1. Approval of Minutes from the August 12, 2013 meeting – action
 2. Feedback on Rating Agency Presentations – information
 3. Quarterly ERM/Audit Update – information
 4. Finance & Audit Committee Self-Assessment Results Summary – information
 5. Ethics Officer Quarterly Report – information
 6. Annual Audit Report
 - a. E&Y 2013 Annual External Audit Report and Management Letter – information
 7. JEA Fiscal Years 2014 and 2015 Fixed Rate Refunding Debt Parameter Resolutions for All Systems – action
 8. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
 9. Fuel Credit Discussion – information
 10. JEA Energy Market Risk Management Policy – information
 11. Office of General Counsel Report – information
 12. Announcements
 - a. Next Meeting, March 10, 2014, 8:00 AM

13. Committee Discussion Sessions

- a. Director, Audit Services – information
- b. Ernst & Young – information
- c. Council Auditor’s Office – information

B. Managing Director/CEO’s Report

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.



Building Community

AGENDA ITEM SUMMARY

III-A-2
12/17/13

December 10, 2013

SUBJECT: FISCAL YEAR 2013 OPERATING BUDGET LINE ITEM TRANSFERS

Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: By ordinance, JEA is required to have a balanced budget and ensure at year-end actual individual expenditure line items do not exceed their respective budgeted line item amounts. Under the delegated authority guidelines, the Managing Director is authorized to make transfers up to \$5.0 million per transfer, and has the authority to approve budget transfers exceeding \$5.0 million in the event of an emergency or year-end adjustments which are then brought to the Board for ratification.

Significance: High. The dollar amounts and budget line item funding transferred were greater than the Board delegated \$5.0 million amount.

Effect: The transfer will provide for a balanced Budget in FY2013 for the Water and Sewer System, as required by city ordinance.

Cost or Benefit: N/A

Recommended Board action: That the Board ratify the year-end budget line item transfers for the JEA Water and Sewer Operating Budget, as noted in the Agenda Item, which are greater than \$5.0 million amount.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ DRJ
MHD



Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



Building Community

AGENDA ITEM SUMMARY

III-A-3
12-17-13

December 2, 2013

SUBJECT: FY2014 ANNUAL WATER RESOURCE MASTER PLAN UPDATE

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: The FY2014 Annual Water Resource Master Plan (AWRMP) constitutes the Water/Wastewater Systems ten-year planning effort addressing forecasted growth, capacity improvements, and environmental regulatory/legislative issues.

Significance: To keep the Board informed of potential growth, capacity, and environmental challenges over the next ten-year planning horizon.

Effect: Continued, long term supply of reliable, affordable, and environmentally compliant water/wastewater service for JEA customers is a primary goal of this planning effort.

Cost or Benefit: Projected capital costs were developed during the annual Spring/Summer budget cycle and are included in the Master Plan. Note: the most current five-year Capital Plan projections have increased due to the acceleration of the Blacks Ford Wastewater Treatment Plant expansion and are included in the Rating Agency presentation.

Recommended Board action: No action is required by the Board. This is an informational update on the Annual Water Resource Master Plan for FY2014.

For additional information, contact: Karl Hankin, Dir W/WW Planning and Treatment Eng., 665-4485

Submitted by: PEM/ BR/ KH

BHK

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AGENDA ITEM SUMMARY

III-A-4
12/17/13

December 9, 2013

SUBJECT:

FY2014 ANNUAL ELECTRIC TRANSMISSION & DISTRIBUTION MASTER PLAN UPDATE

Purpose:

☒ Information Only

☐ Action Required

☐ Advice/Direction

Issue: The FY2014 Annual Electric Transmission and Distribution Master Plan (AETDMP) constitutes the Electric Transmission and Distribution Planning department's annual effort to address forecasted growth, capacity improvements, and environmental regulatory and legislative issues for the 10-year planning horizon. This Plan provides an overview of major activities, system events, and system improvements, along with an overview of the proposed electric system projects and associated capital funding requirements related to planned system improvements.

Significance: To keep the Board informed of potential growth, capacity and environmental challenges over the next ten-year planning horizon.

Effect: Continued, long term supply of environmentally compliant, reliable and affordable electric service for JEA customers is a primary goal of this planning effort.

Cost or Benefit: Projected capital costs were developed during the annual Spring/Summer budget cycle and are included in the Master Plan. Costs are projected to remain low and stable, in light of the current low growth environment.

Recommended Board action: No action is required by the Board. This is an informational update on the Annual Electric Transmission & Distribution Master Plan for FY2014.

For additional information, contact: John Coarsey, Director Electric Transmission and Distribution Planning, 665-6739

Submitted by: PEM/  MJB/JBC



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Building Community

AGENDA ITEM SUMMARY

III-A-5
12/17/13

December 9, 2013

SUBJECT: FY2014 ANNUAL ELECTRIC RESOURCE MASTER PLAN UPDATE

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: The FY2014 Annual Electric Resource Master Plan (AERMP) constitutes the Electric Production Resource Planning department's annual effort to address forecasted growth, capacity improvements, and environmental regulatory and legislative issues for the 10-year planning horizon. This Plan provides an overview of major activities, system events, and system improvements, along with an overview of the proposed electric system projects and associated capital funding requirements related to planned system improvements.

Significance: To keep the Board informed of potential growth, capacity, and environmental challenges over the next ten-year planning horizon.

Effect: Continued, long term supply of reliable, affordable, and environmentally compliant electric service for JEA customers is a primary goal of this planning effort.

Cost or Benefit: Projected capital costs were developed during the annual Spring/Summer budget cycle and are included in the Master Plan. Costs are projected to remain low and stable, in light of the current low growth environment. Some cost risk is present in this planning horizon due to new environmental, regulatory and legislative items.

Recommended Board action: No action is required by the Board. This is an informational update on the Annual Electric Resource Master Plan for FY2014.

For additional information, contact: Steve McInall, Director Electric Production Resource Planning, 665-4309.

Submitted by: PEM/  MJB/SGM



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Building Community

AGENDA ITEM SUMMARY

III-B-1
12/17/13

December 9, 2013

SUBJECT:	SIGNIFICANT STRATEGIC ISSUES
Purpose:	<input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Action Required <input type="checkbox"/> Advice/Direction
Issue: The JEA Board has requested more information about some of the more significant strategic issues JEA will face over the next decade. Attached, in summary form, are the top corporate risks, which identify the top challenges facing JEA today. This list will be the starting point for the Board to identify and prioritize the order of strategic issues to be more fully discussed.	
Significance: High	
Effect: Board Members will be better informed about JEA's most significant strategic issues.	
Cost or Benefit:	
Recommended Board action: None, for information only.	
For additional information, contact: Doris Champ, Director Audit Services, 665-5166	

Submitted by: PEM/TEH/DAC

JEA



Commitments to Action

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- 2 Deliver Business Excellence
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IID
12/11/13
(FAC)

JEA
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AGENDA ITEM SUMMARY

IV-A-5
12/17/13

November 27, 2013

SUBJECT: ETHICS OFFICER QUARTERLY REPORT

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: Per Ordinance 2011-197-E, JEA is required to appoint an Ethics Officer to represent the agency on ethics matters and to participate in a city-wide Ethics Coordination Council. The Finance and Audit Committee will receive a quarterly update from the Ethics Officer.

Significance: Under revised section 1.202 of the City Charter and City Ordinance 2011-197-E, all independent agencies are included in the city-wide ethics program, with oversight by the Office of Ethics, Compliance and Oversight. JEA's Ethics Officer will work with this Office and the other independent agencies to report results, share best practices, and improve training programs and ethics processes throughout the city.

Effect: All employees of JEA/SJRPP

Cost or Benefit: None

Recommended Board action: None. Provided for information purposes only.

For additional information, contact:

Submitted by: PEM/ ARH/ WMS
WMS



Energizing our
community through
high value energy
and water solutions



- Safety
- Service
- Growth
- Accountability
- Integrity

Commitments to Action

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II. F.
12/11/13
(F+AC)



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AGENDA ITEM SUMMARY

IV-A-7
12/17/13

November 26, 2013

SUBJECT: JEA FISCAL YEARS 2014 AND 2015 FIXED RATE REFUNDING DEBT PARAMETER RESOLUTIONS FOR ALL SYSTEMS

Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: Staff is requesting Board approval of all bond legal documents (Attachment A) relating to delegated fixed rate debt refunding parameters and authorizations for the Electric System, Water and Sewer System, St. Johns River Power Park and Bulk Power Supply System.

Significance: High. Potential refunding transactions currently being evaluated require Board authorization.

Effect: Using the bond issuance delegation process makes better use of the Board's time and provides greater flexibility in meeting the fluctuating demands of the financial market.

Cost or Benefit: Potential debt service savings from lower interest rates if refundings can be executed in a timely manner based on favorable market conditions.

Recommended Board action: Approve the attached Resolutions No. 2013-22, 2013-23, 2013-24, 2013-25, 2013-26 and 2013-27 establishing delegated parameters and authorizing the Managing Director/CEO to price and execute future fixed rate refunding bond issues to be sold no later than December 31, 2014.

For additional information, contact: Ross Byers

Submitted by: PEM/MHD/RLH

MHD RH



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II. E

12/11/13

(I+AC)



Building Community
AGENDA ITEM SUMMARY

IV-A-8
12/17/13

November 25, 2013

SUBJECT:

**ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND
QUARTERLY REPORT**

Purpose:

☒ Information Only

☐ Action Required

☐ Advice/Direction

Issue: Electric System and Water and Sewer System Reserve Fund Quarterly Report for the reporting period ending September 30, 2013

Significance: Low

Effect: JEA Board

Cost or Benefit: None

Recommended Board action: None

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ bhg

MHD



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- Safety
- Service
- Growth
- Accountability
- Integrity

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II - #

12/11/13 (F+A) - Amended



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AGENDA ITEM SUMMARY

IV A-9

12/11/13

December 2, 2013

SUBJECT: FUEL CREDIT DISCUSSION

Purpose: ☐ Information Only ☐ Action Required ☒ Advice/Direction

Issue: The Pricing Philosophy established the methodology where the Fuel Charge is set annually during the budget process to be effective October 1st of the upcoming fiscal year, with intra-year adjustments as necessary. The Fuel Reserve is projected to remain higher than the 15% target, where consideration is being made to implement a Fuel Credit rather than lowering the Variable Fuel Rate.

Significance: High. Compliance with the Pricing Policy and the JEA Electric Tariff Documentation - Fuel Charge Policy.

Effect: Customers will receive a credit distributed based on usage in the previous 12 month period.

Cost or Benefit: Staff recommends a Fuel Credit in the spring. As of today's forecast, the recommended credit would be approximately \$38 million. This credit amount will be updated based on the latest projections prior to recommendation for approval by the Board, and would draw the Fuel Reserve down to 15% of fuel costs, achieving the Pricing Policy target.

Recommended Board action: Finance and Audit Committee review and discuss Staff's recommendation of a Fuel Credit with the full Board.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ RET



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II. I
12/11/13
(FAC)



Building Community
AGENDA ITEM SUMMARY

IV-A-10
12/17/13

November 27, 2013

SUBJECT: JEA ENERGY MARKET RISK MANAGEMENT POLICY

Purpose: ☒ Information Only ☐ Action Required ☐ Advice/Direction

Issue: JEA staff has developed an Energy Market Risk Management Policy to codify its risk, governance, limits, and criteria in managing energy market exposure and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Significance: High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions.

Effect: The Policy institutes limits and establishes authority for entering into energy related transactions.

Cost or Benefit: No cost. Policy is required to execute certain financial and physical transactions. Provides framework to manage risk associated with the wholesale energy markets.

Recommended Board action: For Information Only. Staff requests Finance and Audit Committee to review and comment. This Policy will be presented for approval at the March Finance and Audit Committee and Board meetings.

For additional information, contact: Jim Myers

Submitted by: PEM/ MJB/MHD/ RER



Energizing our community through high-value energy and water solutions



- Safety
- Service
- Growth
- Accountability
- Integrity

Commitments to Action

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