

JEA
BOARD MINUTES
May 20, 2014

The JEA Board held a Pre-Board Meeting at 12:00 PM on Tuesday, May 20, 2014, in the Conference Room on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Lisa Strange Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, Husein Cumber, Paul McElroy, Bill Bishop, JEA City Council Liaison, Cindy Laquidara, Office of General Counsel, and Gerri Boyce, JEA staff.

The Pre-Board Meeting consisted of discussion on the following:

1. A synopsis on a series of hurricane preparation exercises recently conducted with key JEA leadership groups. Session exercises, focused on actual storm simulation, provided review and practice of pertinent roles and services JEA provides our community in such dire situations. Practices incorporated review of Emergency Operations Center (EOC) command structure, obtaining and tracking available resources, storm path tracking, and methods of receiving and delivering updates.
2. Mr. McElroy presented to the Council Subcommittee of Economic Development. His presentation focused on rate structures, shared activities and benchmarks, significant opportunities, and differences and difficulties in Florida structure vs. other states.
3. The formation and basis of The Energy Authority (TEA) – Mr. McElroy advised that a tour of TEA could be arranged for any given date; Mr. Hightower encouraged Members to consider such.
4. The continuation of pension reform work.
5. Noted progress on Southside Generating Station negotiations.
6. The Workforce Committee Members met on May 14, 2014, and will provide a report to the Board at the June 17, 2014 Board Meeting. Mr. Winbush expressed interest in participating with the committee.
7. Review of upcoming events:
 - a. The planned location for the September 16, 2014 Board Meeting is the Museum of Science & History (MOSH), wherein staff will also provide a demonstration of the JEA Energy Center.
 - b. An International Brotherhood of Electrical Workers (IBEW) Impasse Hearing will follow the conclusion of the regularly scheduled June 17, 2014 Board Meeting.
 - c. This year's Rating Agency presentations are scheduled to occur the first week in December; travel details will be provided in the near future.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting was adjourned at 12:55 PM. After a brief break, the Board moved to the 8th Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, May 20, 2014, in the 8th Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Mike Hightower, Lisa Strange Weatherby, Helen Albee, Peter Bower, Ron Townsend, Wyman Winbush, and Husein Cumber.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 1:00 PM by Chair Hightower.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Ms. Strange Weatherby.
- D. **Adoption of Agenda** – The agenda was approved on **motion** by Mr. Townsend and second by Ms. Albee.
- E. The **Safety Briefing** was given by John Coarsey, PE, Director Electric T&D Planning.

Agenda Item II – Presentations and Comments

- A. **J.D. Power Customer Satisfaction Results and Customer Satisfaction Risk** – Monica Whiting, Chief Customer Officer, delivered a presentation titled '*Voice of Customer Journey to Earn Customer Loyalty*' that provided a statistical review of the most recent (Wave 3) J.D. Power Customer Satisfaction Survey Results. JEA's year-to-date index maintains its upward trend and, comparing with top quartile utilities, now ranks above the national industry average. The positive mobility in rankings, from the bottom quartile at the start of our journey in 2012 to the top of the 3rd quartile where we now reside, indicates the effectiveness of newer, stronger action plans and committed work efforts. Such plans and efforts activated in relation to, and to align with, JEA's Earn Customer Loyalty strategic initiative (being easy to do business with; empowering customers to make informed decisions; and demonstrating community responsibility). The Earn Customer Loyalty strategy initiative is long-term and the #1 goal is for all to continue focus on progression and success. The presentation/information was provided for information only.
- B. **Comments from the Public** – Mr. Thomas J. Thomas, Jr., 5201 Atlantic Blvd., #19, Jacksonville, FL, addressed the Board regarding JEA rates and Government transfers.
- C. **Council Liaison's Comments** – Council Member Bishop announced his appreciation of ongoing work efforts and for the open lines of communication that aide in his liaison role.

Agenda Item 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. On **motion** by Mr. Townsend and second by Mrs. Albee, items 1 and 2 on the Consent Agenda were approved and items 3, 4, 5, 6, 7, and 8 were received for information.
 - 1. Approval of Board Meeting Minutes April 15, 2014 – approved.
 - 2. Authorization for Board Member Education and Development – the Board approved the payment of travel related expenses for Board Member's travel to the American Public Power Association (APPA) National Conference in Denver, CO on June 13 – 16, 2014.
 - 3. Presentation to the City of Jacksonville Finance Economic Development Incentives Subcommittee – received for information.
 - 4. Real Estate Acquisition Status Report – received for information.
 - 5. Monthly JEA Operations Report – received for information.

6. Monthly JEA Financial Review – received for information.
7. Monthly FY14 Communications & Engagement Plan Update – received for information.
8. Monthly FY14 Community Engagement Calendar – received for information.

B. Strategic Discussions/Action

1. Plant Vogtle Power Purchase Agreement (PPA) – Melissa Dykes, Chief Financial Officer, provided information on the project financing of JEA's PPA with the Municipal Electric Authority (MEAG) for electric power and capacity from Plant Vogtle Units 3 and 4. MEAG is negotiating to receive a Department of Energy (DOE) Loan Guarantee, which has potential to generate between a \$4M to \$8M cost savings on the interest portion of payments to MEAG; however, the structure of the existing PPA must be revised to accommodate the DOE Loan Guarantee provisions. Current review of MEAG's proposed revisions and negotiating to ensure that JEA is not exposed to any unanticipated risk is in progress. The information was provided for information only.
2. Riverside Avenue Outage – Mike Brost, Vice President/General Manager Electric Systems, delivered a presentation that outlined the occurrence and its ensuing events of the April 23, 2014 outage; an outage in which JEA experienced an underground fire in a manhole on Riverside Avenue. Mr. Brost's incident report to the Board included:
 - a. An overview of JEA's distribution grid in the Riverside area
 - b. What happened
 - c. JEA's response
 - d. Results of the root-cause analysis
 - e. Lessons learned and betterment recommendations

Mr. Brost commended the willing, committed work efforts of all employees, field, key accounts, leadership, and others, who maintained 24/7 coverage to quickly and safely restore power to a level of normalcy. All of those involved worked tirelessly and delivered exceptional internal/external communication and coordination services.

Mr. Brost recognized and applauded the following personnel in attendance for their significant roles in the restoration process:

- Maritza Rivera-Clapp, Manager Business Client Relationships, Key Accounts
- Marilyn Williams, Account Executive
- Tim Pugh, Director Electric Distribution Construction Maintenance
- John Pitre, Manager Underground Network and Commercial Maintenance
- Jimmy Lyon, Electric Maintenance Coordinator
- Gerri Boyce, Media Relations Coordinator

The presentation/information was provided for information only.

Chair Hightower congratulated employees for their dedication and drive for quick resolve; for their continuous true care and communication to all affected parties; and for their collaborated, connected efforts throughout the event.

3. Bi-Monthly Operations Presentation – Mike Brost, Vice President/General Manager Electric Systems, Brian Roche, Vice President/General Manager Water/Wastewater Systems, and Monica Whiting, Chief Customer Officer – Mr. Brost reviewed safety metrics and provided an update on electric performance objectives and financial performance through April 2014. Mr. Roche provided an update on water and wastewater performance objectives, systems and reliability, environmental compliance, and financial performance through April 2014. Mrs. Whiting presented metrics on billing and payment solutions, increased participation with newer customer solutions programs (e-Bill, Budget Bill, etc.), first contact resolution, community service, customer education, and continuous improvement efforts. The presentation/information was provided for information only.

C. **Other New Business** – none

D. **Old Business** – none

Agenda Item IV – Reports

- A. **Finance and Audit Committee Report** – Committee Chair Bower advised the recent Finance and Audit Committee met on March 10, 2014, and now bring items to the Board for action and information.
 1. Approval of Minutes from the March 10, 2014 meeting – On **motion** by Mrs. Albee and second by Mr. Cumber, the minutes were unanimously approved.
 2. FY2015 Budget Presentation – Melissa Dykes, Chief Financial Officer, presented a JEA FY2015 Proposed Budget Summary, which will be presented at the June 17, 2014 Board Meeting for approval. Highlights included:
 - a. Total budget down for the 2nd year
 - b. Continued decline in per-customer-consumption (E/W/WW)
 - c. No rate increases planned for FY2015
 - d. Pension contributions remain a challenge
 - e. Between the years of 2007 – 2015, transfers to Government (City and State) have increased nearly \$100M a year
 - f. O&M Expenses, resulting from discipline and rigorous expense management, are basically flat
 - g. Capital Expenses necessary to maintain healthy operations in both systems

The end result for the FY15 Budget includes healthy debt service coverage and healthy liquidity metrics. The presentation/information was provided for information only.

3. Fuel Credit Recommendation – On **motion** by Mr. Cumber and second by Mrs. Albee, the Board approved the recommendation to refund the approximate \$26 million overfunded portion of the Fuel Reserve to our customers by providing a Fuel Charge credit in the summer of 2014. This credit of approximately \$32 per average residential customer will reduce the projected Fuel Reserve to the policy target as of September 2014.
4. Present Results of Updated Water and Sewer Cost of Service Study and Recommendation to Call a Public Hearing to Add New Commercial Customer Rate Options to JEA's Electric Tariff Documentation and Implement Administrative Changes to JEA's District Energy System Rate Document – Melissa Dykes, Chief Financial Officer, provided information on the study results and on the proposed new rate options, which will be in support of economic development initiatives. The

Public Hearing will be held to add two additional rate options for our larger commercial customers, 1) High Load Factor Rate, and 2) Extra-Large Interruptible Class Rate and to make minor adjustments to existing rate options. On **motion** by Chair Hightower and second by Mr. Townsend, the call for a Public Hearing was unanimously approved.

5. Update of Work Plan in Response to Police and Fire Pension Fund Proposal – Melissa Dykes, Chief Financial Officer, provided information on the work plan. Mrs. Dykes stated the work plan included a very aggressive schedule, and that it included extremely complex questions for an analysis study. Planning progression includes a current solicitation for an independent analysis financial advisor to validate numbers and our portion of the liability, and a hired external attorney, whose work is underway, to completely review all legal aspects of proposal(s). Staff anticipates a completed analysis report by the end of the calendar year. Mrs. Dykes briefly discussed a Moody's Report containing articles with like-situations. Mrs. Dykes mentioned that a copy of the report is included in the Board Meeting book/package for later read/interest.

Committee Chair Bower reviewed agenda items IV.A.6 – 13, which were received for information.

6. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
7. Quarterly ERM/Audit Update – information
8. Ethics Officer Quarterly Report – information
9. JEA Energy Market Risk Management Policy Report – information
10. Update on SGS Property RFP Process – information
11. Proposed Access and Land Swap Agreement for SGS Property Access – information
12. Announcements
 - a. Next Meeting, August 11, 2014, 8:00 – 10:00 AM
13. Committee Discussion Sessions
 - a. Ernst & Young – information
 - b. Director, Audit Services – information
 - c. Council Auditor's Office – information

- B. **Managing Director/CEO Report** – Mr. McElroy thanked the Board and the Board Committees for their continued dedication to JEA.
- C. **Chair's Report** – Chair Hightower gave thanks to Mike Brost for his detailed, technical review of the Riverside outage incident; to Monica Whiting for her continued customer service improvement efforts and the utilization of the J.D. Power approach; to Melissa Dykes for all of today's shared information, and for agreeing to create and provide Board Members an overview of the Plant Vogtle PPA; and to all of leadership for what they do each day to serve our community.

Agenda Item V – Closing Considerations

A. Announcements – none

B. Adjournment

With no further business claiming the attention of the Board, Chair Hightower adjourned the meeting at 3:02 PM.

APPROVED BY:

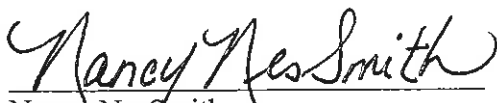


SECRETARY

DATE: _____

6/17/14

Board Meeting recorded by:



Nancy NesSmith

JEA Executive Assistant