#### JEA BOARD AGENDA

**DATE:** August 18, 2015

**TIME:** 1:00 PM

PLACE: JEA

21 West Church Street 8<sup>th</sup> Floor, Board Room

#### I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing Alan McElroy, Manager, Fleet Services

Meeting participants are asked to turn their cell phones completely off

#### II. PRESENTATIONS AND COMMENTS

- A. Northeast Florida Community Action Agency, Inc. (NFCAA), NFCAA's Innovative Partner Award for JEA's Senior Day Initiative Monica Whiting, Chief Customer Officer and Bernethia McNair, Executive Director of NFCAA 5 minutes presentation/information
- B. Comments from the Public
- C. Council Liaison's Comments The Honorable Bill Gulliford

#### 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 July 21, 2015 action
  - 2. Authorization of Board Members' Travel Rating Agency Presentations action
  - 3. Authorization for Board Member Education and Development American Association of Blacks in Energy (AABE) Board Meetings action
  - 4. Monthly JEA Operations Report information

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- 5. Monthly JEA Financial Statements information
- 6. Monthly FY15 Communications & Engagement Plan Update information
- 7. Monthly FY15 Community Engagement Calendar information
- B. Strategic Discussions/Action
  - 1. CEO Contract Extension discussion/action
  - 2. Bi-Monthly Finance Presentation Melissa Dykes, Chief Financial Officer 10 minutes presentation/information
- C. Other New Business
- D. Old Business none

#### IV. <u>REPORTS</u>

- A. Finance and Audit Committee Report Peter Bower, Committee Chair
  - 1. Approval of Minutes from May 11, 2015 meeting action
  - 2. Audit/ERM Annual Approvals & Quarterly Update
    - a. Audit Services Quality Assessment Review action
    - b. Annual Statement of Auditor Independence information
    - c. Adoption of Changes to the Finance & Audit Committee Policy action
    - d. Approval of Annual Internal Audit Plan action
    - e. Annual Approval of Audit Services Charter action
    - f. ERM and Audit Quarterly Update information
    - g. Finance & Audit Committee Self-Assessment information
  - 3. Director of Audit Services Succession Plan information
  - 4. Ethics Officer Quarterly Report information
  - 5. External Auditors
    - a. Schedule of Expenditures of Federal Awards information
    - b. FY2015 E&Y Financial Statements Audit Plan information
  - 6. Regulatory Actions Approval and Policy Revisions action (Melissa Dykes)
  - 7. Rate Structure Project Plan information (Melissa Dykes)
  - 8. Downtown Campus Comprehensive Plan action (Melissa Dykes)
  - 9. Chief Information Officer Report information

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- 10. Treasury
  - a. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
  - Recap of Recent JEA Electric System Fixed Rate Debt Refunding Delegated Transactions – information
  - c. Resolutions Amendment for Electrical System 2008B and 2008D Direct Purchase Variable Rate Index Bonds action (Joe Orfano)
- 11. JEA Energy Market Risk Management Policy Report information
- 12. Office of General Counsel Legal Brief information
- 13. Announcements
  - a. Next Meeting, December 15, 2015, 10:00 AM 12:00 PM
- 14. Committee Discussion Sessions
  - a. Director, Audit Services information
  - b. Ernst & Young information
  - c. Council Auditor's Office information
- B. Environmental Committee Report Husein Cumber, Committee Chair
  - 1. Approval of Committee Meeting Minutes from May 19, 2015 action
  - 2. Update on Clean Power Plan information (Jay Worley)
  - 3. State Water Supply Planning information (Paul Steinbrecher)
  - 4. Other Business information
  - 5. Announcements
    - a. Schedule Next Meeting as Appropriate information
- C. Managing Director/CEO's Report
- D. 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.



#### INTER-OFFICE CORRESPONDENCE

August 7, 2015

SUBJECT: BOARD MEETING AGENDA

FROM: Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

TO: All Members, JEA Board of Directors

Scheduled times and locations for JEA meetings to be held *Tuesday, August 18, 2015*, are as follows:

Pre-Board Meeting

12:30 PM Conference Room, 8<sup>th</sup> Floor, JEA Tower

**Board Meeting** 

1:00 PM Board Room, 8<sup>th</sup> Floor, JEA Tower

We are looking forward to seeing you on the 18<sup>th</sup>. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

J. Worley V. Wright

#### /mmc

Cc:

P. McElroy	B. Roche	M. Charleroy	M. Evans
M. Brost	M. Whiting	S. Kluszewski	J. Brooks, OGC
P. Cosgrave	J. Upton	C. Mock	J. Gabriel, OGC
M. Dykes	G. Boyce	N. NesSmith	C. Edgar
A. Hiers	J. Gutos	R. Ruiz-Adams	B. Fore
T. Hobson	D. Champ	W. Stanford	J. Bryant

#### e-copy:

Patrick Maginnis Security Desk Security Office Brandi Sneed Russell Park Ted Delay

#### Alan D. McElroy Manager, Fleet Services

Length of Time at JEA: 1 Year

Reporting To: John McCarthy, Director Supply Chain Management and Melissa Dykes, Chief

**Financial Officer** 

Present Position and Responsibilities: Manager, Fleet Services

Responsible for the acquisition, operation and maintenance of all JEA Fleet assets.

#### **Past Experience:**

32 years at Duke Energy in various roles from engineer to vice president. Spent 24 years on the operations side of the business (T&D) and 8 years in Fleet Services.

#### **Education & Expertise:**

Bachelor of Science in Civil Engineering at the University of Alabama.

Masters in Business Administration from Queens University in Charlotte NC.

Received the Distinguished Fellow in Civil, Construction and Environmental Engineering recognition from the University of Alabama.

Registered Professional Engineer in North Carolina and South Carolina.

Licensed Real Estate Broker in North Carolina.

#### Personal:

Moved from Charlotte, North Carolina to Jacksonville in Fall of 2014.

Married 4 years to Cheryl McElroy.

We have four grown children; three daughters and one son.

#### Berneitha K. McNair

Berneitha McNair was employed as the Executive Director of the Northeast Florida Community Action Agency, Inc. on January 28, 2014. Ms. McNair graduated with honors from the University of Southern Mississippi (USM) with a Bachelors Degree in Communication.

Ms. McNair was previously employed as the Assistant Executive Director of Pearl River Valley Opportunity, Inc., the largest Community Action Agency in Mississippi. She has more than 17 years experience in managing and leading multi-million dollar agencies.

Ms. McNair has dedicated her entire professional career to assisting low-income individuals and their families. Her experience includes managing Federal and State Programs that are designed to help families obtain stability and self-sufficiency. She is a highly successful executive with a broad background and knowledge in: 1) Program policy administration, 2) Contract management, 3) Organizational planning, 4) Budget preparation and control, 5) Monitoring and evaluating programs, and 6) Implementing strategic plans.

#### JEA BOARD MINUTES

July 21, 2015

The JEA Board held a Pre-Board Meeting at 12:03 PM on Tuesday, July 21, 2015, in the Conference Room on the 8<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Helen Albee, Peter Bower, Wyman Winbush, Lisa Weatherby, Husein Cumber, John Hirabayashi, Robert Heekin, Paul McElroy, Bill Gulliford, JEA City Council Liaison, Jody Brooks, Office of General Counsel, and Nate Monroe, Florida Times-Union. Also present were JEA staff Monica Whiting, Jane Upton, and Gerri Boyce.

The Pre-Board discussion consisted of the following topics:

- 1. Board Retreat Follow-up
  - a. Mr. McElroy presented Board Members with a draft of the JEA Bylaws and the Board Governance and Policy Manual. It was determined that JEA will form a special committee, chaired by Mr. Heekin, to complete a comprehensive analysis of the JEA Bylaws and the Board Governance and Policy Manual. A revision of both documents will be presented to the Board at a future Pre-Board Meeting. A copy of the draft Bylaws and Board Governance and Policy Manual are on file.
  - b. Committee Membership Chair Albee presented Board Members with the revised Committee Structure which consists of the following: Finance and Audit Committee Peter Bower, Committee Chair, Husein Cumber, John Hirabayashi, and Robert Heekin. Workforce Committee Wyman Winbush, Committee Chair, Lisa Weatherby, and Robert Heekin. Environmental Committee Husein Cumber, Committee Chair, Wyman Winbush, Lisa Weatherby, and John Hirabayashi. A copy of the committee membership structure is on file.
  - c. Monica Whiting, Chief Customer Officer, provided a presentation on Communications

     Media Analysis. Topics included: Communication goals, communication volume, customer expectations, owned, shared, paid, and earned media communications, media sentiment, customer recall and perception of media coverage, and the strategy moving forward, which will include more customized communications. A copy of the presentation is on file.
- 2. United Way Leadership Circle Luncheon Main Library, August 12<sup>th</sup> 11:30 am 1:00 pm. Mr. McElroy extended an invitation to Board Members for the luncheon.
- 3. Today's Meeting Mr. McElroy provided Board Members with a schedule of today's meetings and presentations.
- 4. Chair Albee stated she has been carefully reviewing the CEO contract over the last six months. In preparation for final negotiations, Chair Albee has met with industry and compensation experts, completed a comprehensive review of the Market Analysis of the CEO Compensation report dated February 2015, and has had several meetings with Paul McElroy and Jody Brooks, Office of General Counsel, in addition to other sources. Chair Albee stated that a proposed contract will be provided to Board Members prior to the August 18, 2015 Board Meeting.

With no action taken and no further business claiming the attention of the Board, the Pre-Board Meeting was adjourned at 12:58 PM and the Board moved to the 8<sup>th</sup> Floor Board Meeting Room for the regularly scheduled meeting.

The JEA Board met in regular session on Tuesday, July 21, 2015, in the 8<sup>th</sup> Floor Board Meeting Room, 21 W. Church Street, Jacksonville, Florida. Present were Helen Albee, Peter Bower, Wyman Winbush, Lisa Weatherby, Husein Cumber, John Hirabayashi, and Robert Heekin.

#### Agenda Item I - Welcome

- **A.** The meeting was **called to order** at 1:05 PM by Chair Albee.
- **B.** A **Moment of Reflection** was observed by all.
- **C.** The **Pledge of Allegiance** was led by Ms. Weatherby.
- **D. Adoption of Agenda** The amended agenda was approved on **motion** by Mr. Cumber and second by Ms. Weatherby.
- **E.** The **Safety Briefing** was given by Adrian Newcomb, Wastewater Mechanic.

#### Agenda Item II - Public Hearing

Public Hearing to Modify the Electric Tariff Documentation, the Water and Sewer Rate Document, and Other Administrative Changes

Chair Albee suspended the JEA regular Board Meeting at 1:07 PM.

The JEA Board held a public hearing on July 21, 2015, as duly noticed in the Florida Times-Union to consider, as advertised:

- 1. Modification to the streetlight rates;
- 2. Modification to the General Service Extra Large Demand (GSXLD) rate;
- 3. Modification to the General Service Large Demand (GSLD) rate;
- 4. Modification to the name of Customer Charge to Basic Monthly Charge;
- 5. Extending the Economic Development program; and
- 6. Authorizing staff to take any necessary administrative actions to implement the approved modifications.
- **A.** Call to Order and Comments from the Chair The Public Hearing was called to order at 1:07 PM by Chair Albee.
- **B.** Staff Presentation and Board Discussion Melissa Dykes, Chief Financial Officer, presented a summary of the proposed rate options. Ms. Dykes stated that various changes to the current JEA tariffs are being considered, none of which impact residential or small to mid-size business customers. Ms. Dykes presented that a streetlight field survey to audit the light counts and a comprehensive cost of service study were completed in late 2014. The proposed streetlight rates better reflect the current cost to serve. JEA also proposed including five new LED streetlight rates, providing the City of

Jacksonville and other streetlight customers the opportunity to install energy efficient and attractive lights. Ms. Dykes presented that the realignment of the streetlight rates is consistent with JEA's philosophy to collect rates based on cost of service; therefore, staff is proposing the GSXLD streetlight discount to be discontinued. The realignment of streetlight rates also provides the opportunity to realign large commercial rates through a rate decrease. This decrease reflects a decrease in the cost to serve this rate class and helps JEA improve its competitive position for commercial rates, supporting economic development. Ms. Dykes also proposed changing the terms "Customer Charge" and "Service Availability Charge" to "Basic Monthly Charge" within the Electric Tariff Documentation and Water and Sewer Rate Document; extending the Economic Development Program through September 2018; and additional administrative changes.

- **C. Comments from the Public** Chair Albee called for comments from the public regarding the Public Hearing and noted that no requests to speak had been received.
- **D.** Adjourn Public Hearing Chair Albee announced that the Board would take action on staff's recommendation during its regular Board Meeting immediately following the Public Hearing, and that all present were invited to remain.

With no further business claiming the attention of the Board, the Public Hearing was adjourned at 1:15 PM. The Board then returned to the regular Board Meeting at 1:15 PM.

#### Agenda Item III - Action on Public Hearing

A. Public Hearing to Modify the Electric Tariff Documentation and the Water and Sewer Rate Document – On motion by Mr. Heekin and second by Mr. Winbush, the Board unanimously adopted Resolution 2015-03 and its attachments to modify the JEA streetlight rates, modify the General Service Extra Large Demand rate, modify the General Service Large Demand rate, modify the name of the customer charge to Basic Monthly Charge, extend the Economic Development Program, and authorized staff to take any necessary administrative actions to implement the approved modifications as described in Exhibits II through VI as recommended by staff. The Resolution and Exhibits are attached to and made part of these minutes.

#### **RESOLUTION 2015-03**

A RESOLUTION REGARDING RATE SCHEDULE CHANGES AND ADDITIONS TO THE EXISTING TARIFF DOCUMENTATION; CONDUCTING A PUBLIC HEARING AND FINDING THE MODIFICATION OF THE TARIFF DOCUMENTATION TO BE REASONABLE; IMPOSING THESE MODIFICATIONS FOLLOWING THE PUBLIC HEARING; PROVIDING FOR THE IMPLEMENTATION OF THESE MODIFICATIONS, AND PROVIDING FOR AN EFFECTIVE DATE.

#### Agenda Item IV-Presentations and Comments

- J. D. Power Residential End of Year 2015 Final Results Monica Whiting, Chief Customer Officer, presented the J.D. Power End of Year 2015 Final Results, Ms. Whiting announced JEA has exceeded its goal for 2015 and is now ranked in the first quartile nationally in the residential market. JEA finished at number 30 out of 140 utilities nationally, improving 103 points since 2012. Ms. Whiting stated these results were due to the Board's leadership and their commitment to keep customers the primary focus, Mr. McElroy's focus on earning customer loyalty, and all the work completed by employees across the organization. Ms. Whiting introduced John Hazen, Senior Director, J.D. Power. Mr. Hazen provided an overview of J.D. Power and the 2015 Residential Electric Study Overview. Mr. Hazen presented the factor model weights which highlighted the key drivers including: power quality and reliability, price, and billing and payment. Mr. Hazen provided a review of the 2012 study results highlighting JEA ranked at the bottom 10 nationally. Mr. Hazen stated by putting a plan in place, JEA is now ranked as one of the top most improved brands in overall customer satisfaction and top brands nationally for mid-size utilities for customer service in website and phone. Mr. Hazen provided the Board with a few key attributes of top performers. Chair Albee, Mr. Cumber, Mr. Heekin, and Mr. McElroy provided congratulations to Ms. Whiting, her team, and to all JEA employees for the work accomplished. Mr. Bruce Dugan, Director Organizational Performance Improvement, was recognized for leading the initial work and employee engagement in JEA's journey to earn customer loyalty.
- First Coast Worksite Wellness Council Healthiest Companies Platinum Award В. and American Heart Association Platinum Fit-Friendly Worksite Award - Marla Murnahan, Manager Benefit Services, provided an overview of the First Coast Worksite Wellness Council (FCWWC) stating they were established in 2008 as a community work group led by a partnership between the Florida Department of Health in Duval County and the City of Jacksonville Mayor's Council on Fitness and Well-Being. The FCWWC presented JEA with the highest level award. The Platinum award is in recognition for being one of the 2015 Healthiest Companies. The award was presented to JEA on May 13, 2015 for the efforts that JEA takes to improve the health and wellbeing of its employees. JEA is one of 16 other Jacksonville companies to be awarded the Platinum award. Ms. Murnahan also presented that JEA was recognized as a Fit-Friendly worksite for creating a culture of health in the workplace through progressive leadership and employee wellness initiatives. JEA was recognized at the Platinum level for fulfilling key criteria and demonstrating a strong commitment to providing a healthy work place for employees in the form of: on-site fitness facilities, stretch breaks, and well-lighted, clean stairs which allow employees to be more active during the workday. Ms. Murnahan stated the American Heart Association's goal by the year 2020 is to not only reduce the rate of death from cardiovascular diseases and stroke by 20%, but also to improve the heart health of all Americans by 20%.
- C. Comments from the Public None
- D. Council Liaison's Comments Council Member Bill Gulliford thanked the Board Members for serving their community. Council Member Gulliford highlighted issues such as pension, JEA's contribution to the City, and septic tank phase-out. Council Member Gulliford thanked the Board for allowing him to contribute as the City Council Liaison for JEA.

#### **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. Upon **motion** by Mr. Winbush and second by Ms. Weatherby, item 1 on the Consent Agenda was unanimously approved and items 2, 3, 4, 5, and 6 were received for information.
  - 1. Approval of Board Meeting Minutes June 16, 2015 approved
  - 2. Real Estate Acquisition Status Report received for information
  - 3. Customer Escalation Summary received for information
  - 4. Monthly JEA Financial Review received for information
  - 5. Monthly FY15 Communications & Community Engagement Update received for information
  - 6. Monthly FY15 Community Engagement Calendar received for information *Ms. Weatherby stepped out of the Board Meeting at 1:56 PM.*

#### **B.** Strategic Discussions/Action

- 1. American Federation of State, County and Municipal Employees (AFSCME) Council 79 Collective Bargaining Agreement (October 1, 2012 – September 30, 2015) – Angie Hiers, Chief Human Resources Officer, presented that AFSCME Council 79 includes 202 JEA civil service employees, primarily consisting of clerical, semi-skilled technical, and call center classifications. The current agreement between JEA and AFSCME Council 79 expired on September 30, 2012. The parties met extensively to negotiate a new agreement. AFSCME conducted a ratification vote on June 19, 2015, and the proposed agreement was approved by the bargaining unit employees. Significant changes to the existing status quo agreement include: (1) General Base Pay Increases: Fiscal Year 2012/2013 – 0.0%; Fiscal Year 2013/2014 – 0.0%; Fiscal Year 2014/2015 – 1.5% effective October 1, 2014, (2) standardized grievance response timelines, (3) ability to redeploy take-home vehicles, with prior notice, and based on operational needs, (4) three-year agreement effective October 1, 2012 through September 30, 2015. This Agreement is subject to approval by the JEA Board of Directors. The Board action will become effective in accordance with Board procedures. On **motion** by Mr. Heekin and second by Mr. Winbush, the Board approved the ratified Agreement between JEA and the American Federation of State, County, and Municipal Employees (AFSCME).
- Ms. Weatherby returned to the Board Meeting at 2:00 PM.
- 2. Fuel Charge Reduction or Credit Melissa Dykes, Chief Financial Officer, presented that the fuel charge is designed to recover fuel and energy costs. The Fuel Charge is set annually during the budget process and is to be effective October 1 of the upcoming fiscal year. The Fuel Charge is based on the forward twelve-month energy cost projection and will be structured to fully recover all expected fuel-related costs and any amounts for the Fuel Stabilization Fund over the coming fiscal year. The Fuel Stabilization Charge has a target balance equal to 15% of the greater of the maximum 12-month historical fuel cost or the projected 12-month fuel costs. Ms. Dykes stated should the Fuel Stabilization Fund balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the Senior Leadership

Team and staff will recommend to the Board to continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. Ms. Dykes provided information regarding fuel price volatility, fuel price forecast, and fuel and purchased power expense projections. Ms. Dykes stated the current Fuel Fund balance is \$117 million and is projected to be \$150 million at the end of FY2015. Ms. Dykes presented two options to the Board for consideration. The first option is a fuel rate reduction from the current \$43.60/MWh to \$41.00/MWh. The average residential customer bill would decrease by approximately \$2.60 per month. The second option is to provide a fuel credit in October/November 2015. With a Fuel Credit of \$60 million in October 2015, the Fuel Stabilization Fund balance is projected to be \$157 million by the end of FY2018, without an additional fuel credit. Ms. Dykes stated if the Board were to elect to approve the fuel credit option, the average residential customer would receive a fuel credit in the amount of \$57.65 in October/November 2015. Mr. Bower requested a comprehensive rate analysis be provided to the Finance & Audit Committee by the end of 2015. On motion by Mr. Bower and second by Mr. Cumber, the Board approved a Fuel Charge credit in October/November 2015.

- 3. Sole Source & Emergency Procurement/Procurement Appeals Board Report John McCarthy, Director Supply Chain Management Mr. McCarthy presented the quarterly report to the Board for the quarter ending June 30, 2015. The report included aggregated data for all formal/informal sole source and emergency awards during the current and previous 3 years, with detailed information for each formal award over the past year. Mr. McCarthy reported a combined Sole Source/Emergency Procurement award percentage of 3.26% during FY15 Q3 alone, while also reporting that JEA's 2% over time award percentage compares very favorably to other public utilities. Mr. McCarthy noted there were no Procurement Appeals Board actions taken during the most recent quarter. The presentation was received for information.
- 4. Bi-Monthly Operations Presentation Mike Brost, Vice President/General Manager Electric Systems, and Brian Roche, Vice President/General Manager Water/Wastewater Systems Mr. Brost reviewed safety metrics, electric systems performance objectives, FY2015 fuel revenue and expense, financial performance, and residential electric bill comparison information. Mr. Roche reviewed water/wastewater performance objectives, environmental compliance, financial performance, and water/wastewater rates in Florida. The presentation was received for information.
- C. Other New Business Chair Albee announced Mr. Heekin will Chair a committee to review the JEA Bylaws and the Board Governance and Policy Manual.
- **D.** Old Business none

#### Agenda Item IV - Reports

A. Managing Director/CEO's Report – Mr. McElroy thanked the Board for their continued support and recognition of customer satisfaction and engagement. JEA is utilizing the same model to deploy the employee satisfaction and engagement initiative. Mr. McElroy welcomed Council Member Gulliford as JEA's City Council Liaison. Mr. McElroy stated that septic tanks are a community issue and JEA wants to be a part of the

solution. Mr. McElroy added there is value in having multiple participants including JEA, City of Jacksonville, State of Florida, St. Johns River Water Management District, and federal support. The key is obtaining sustained commitment at a significant level over a 10-year period to mobilize a program that has multiple benefits for the community including the environment and jobs. JEA will continue to provide support and help drive towards creating a solution for the community. In terms of economic development, JEA was a major player in the development of Cecil Commerce, with millions of dollars invested in electric, water, and sewer infrastructure. Additionally, JEA decommissioned and redeveloped the Southside Generating Station, and upgraded the entire Southbank's electric distribution system infrastructure. Other examples of Economic Development include Greenland Energy Center, South Grid Reclaimed System, and District Energy. District Energy was a component of the Better Jacksonville Plan and helped support various components of the Jacksonville Courthouse, and supports UF Shands to help keep costs controlled. District Energy is a great opportunity to support economic development. Mr. McElroy mentioned it was reported the new housing permits are at a 7-year high. Put into context with 2007, this growth is ½ of the growth of 2007, but is at a good pace. Mr. McElroy stated it was reported last week that Tampa Electric (TECO) is actively for sale. JEA is aligned with TECO, as well as others utilities in terms of the Clean Power Plan. JEA will monitor this closely and provide an update to the Board as necessary. At the request of Mr. Bower, Mr. McElroy provided a brief update on Healthy Town. Mr. McElroy stated Healthy Town is scheduled to close on the Southside Generating Station site at the beginning of 2016. The developers are actively engaged with JEA, Duval County School Board, environmental agencies, zoning, and the City of Jacksonville.

**B.** Chair's Report – As a follow-up to the public hearing, Chair Albee reiterated that JEA has an ongoing plan to update and expand its rate options to provide customers with more choices for their utility services. In doing this, JEA strives to balance three goals: (1) encourage efficient use of electricity that reduces cost for customers and improves system utilization; (2) provide customers with greater rate stability over time; and (3) stabilize JEA's revenue while minimizing impact on customer bills. Additionally, to the extent possible, JEA wants to ensure that there is equity in our rates for all of the varied customers that we serve, in addition to ensuring that it reflects the costs of providing this service.

Chair Albee presented the revised Committee Structure which consists of the following: Finance and Audit Committee – Peter Bower, Chair, Husein Cumber, John Hirabayashi, and Robert Heekin. Workforce Committee – Wyman Winbush, Chair, Lisa Weatherby, and Robert Heekin. Environmental Committee, Husein Cumber, Chair, Wyman Winbush, Lisa Weatherby, and John Hirabayashi. A copy of the committee membership structure is on file.

Chair Albee provided congratulations to Angie Hiers and her team for the hard work performed in negotiating the AFSCME union contract for this period. Today's approval of the AFSCME contract concluded a long period of negotiations. Chair Albee wished the team great success as they begin negotiating the next contract cycle in August. Mr. McElroy also acknowledged the AFSCME negotiating team for their great work.

Chair Albee offered congratulations to Monica Whiting, her team, and all of JEA employees on the hard work to be ranked in the first quartile in the J.D. Power Residential Customer Satisfaction ranking.

JEA	Board Minutes	July 21, 2015	Page 8
Age	enda Item V – Closing Consi	derations	
A.	${\bf Announcements}-none$		
В.	Adjournment		
	h no further business claimin ting at 2:59 PM.	ng the attention of the Board, Cha	iir Albee adjourned the
API	PROVED BY:		
		SECRETARY DATE:	
Boa	rd Meeting recorded by:		
	issa M. Charleroy cutive Assistant		



July 25, 2015

SUBJECT:	AUTHORIZATION OF BOA PRESENTATIONS	RD MEMBERS' TRAVEL – RA	ATING AGENCY			
Purpose:	☐ Information Only		☐ Advice/Direction			
York City to me these meetings	eet with the three rating agend s is to review JEA's financial p	cies (Moody's, Standard & Poo	nts, JEA staff will travel to New r's, and Fitch). The purpose of ngs in the bond market. Board			
<b>Significance:</b> The Board's overall responsibilities include strategy, policy, rate-making, and financial performance for JEA. A primary measure to determine JEA's success is its credit rating. One of the key determinants in the company's credit rating is its governance structure (i.e., the Board, and specifically the Board's knowledge and appropriate involvement in JEA's business).						
Effect: N/A						
	it: Market pricing for flights, h Board Member.	otel accomodations, ground tra	ansportation, parking, and per			
	Members' travel to New York (	mends the Board approve payr City on December 9 - 11, 2015,	nent of travel-related expenses to participate in the rating			
For additional	information, contact: Melis	sa Charleroy, 904-665-7313				
Submitted by: PEI	M/ MMC					



Commitments to Action



Ver.2.0D 9/21/2013 jer



August 7, 2015

SUBJECT:		OARD MEMBER EDUCATION N OF BLACKS IN ENERGY (A	_				
Purpose:	☐ Information Only		Advice/Direction				
Blacks in Energ	<b>Issue:</b> JEA Board Member Wyman Winbush is a National Board Member of the American Association of Blacks in Energy (AABE). Board Meetings dates for the 2015/2016 calendar year are: September 16-19, 2015 in Washington, DC; December 5, 2015 in Chicago, IL; and April 18-22, 2016 in Chicago, IL.						
input of Africar regulations, R& professionals,	<b>Significance:</b> AABE is a national association of energy professionals founded and dedicated to ensure the input of African Americans and other minorities into the discussions and developments of energy policies regulations, R&D technologies, and environmental issues. The mission of AABE is to provide energy professionals, executives, entrepreneurs, and students a pathway to learn more about the energy industry through education, mentoring, community service, and business networking.						
economic, soci minorities; ens the public and in energy-relate	<b>Effect:</b> As a Board Member, Mr. Winbush will serve AABE as a resource for policy discussion of the economic, social and political impact of environmental and energy policies on African Americans and other minorities; ensure involvement of African Americans in governmental energy policymaking; encourage both the public and private sectors to be responsive to the problems, goals and aspirations of African Americans in energy-related fields; and encourage African American students to pursue careers in energy-related fields and to provide scholarships and other financial aid for such students.						
Cost or Benefit: Market pricing for airfare, ground transportation, hotel accomodations, meals, and parking.							
			yment for travel related expenses in calendar year 2015 and 2016.				
For additional	I information, contact: Meli	ssa Charleroy 665-7313					

Submitted by: PEM/MMC



#### Commitments to Action



Ver.2.0D 9/21/2013 jer



## JEA Operations Report as of July 31, 2015

# Board of Directors Meeting August 18, 2015



### **JEA Safety**

(July 31, 2015)

#### FY2014

- RIR = 2.29
- # of Recordables = 46
- July YTD Recordables = 41

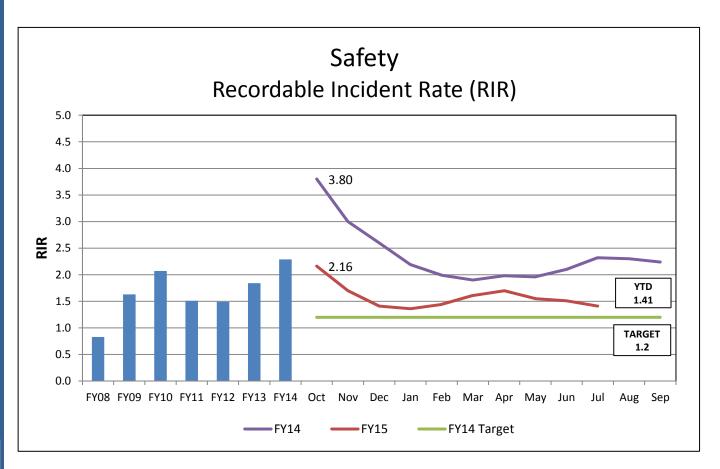
#### FY2015

- July Recordables = 1
- July YTD Recordables = 24 8 (33%) were lost time
  - o Electric Systems = 16
  - o Water/WW Systems = 6
  - o Customer Service = 1
  - Finance/Shared Services = 1
- Continuing to "Plan for Zero"
- Maintaining focus on severity and lost time incidents

#### **Industry Benchmark\***

Average Municipal Utility RIR is 6.3



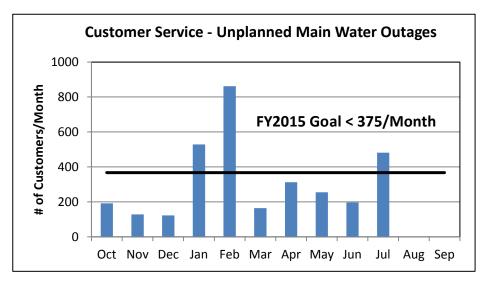


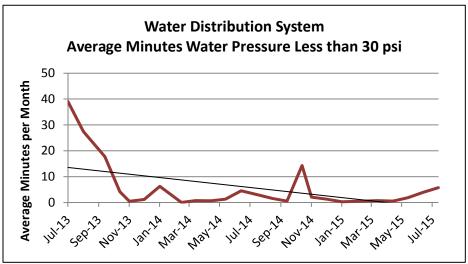


### JEA FY2015 Performance Objectives

### Water and Wastewater System Reliability

Water Grid Performance	Metric	FY2015 YTD	FY2015 Target	FY2014	FY2013
Water Main Outages	# of Customers per Year	3,242	4,500	4,645	3,671





#### **Unplanned Water Outages**

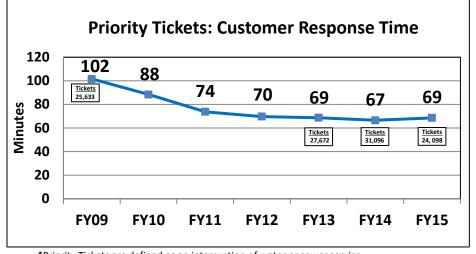
# of Customers Affected by Unplanned Outages

#### Water Pressure (minutes per month < 30 psi)

Measured by 109 pressure monitoring stations in the distribution system. Slight increase during June due to high peak customer demand.

#### **Customer Response Time**

Average time from a customer call to the ticket completion or transfer to a field crew for repair

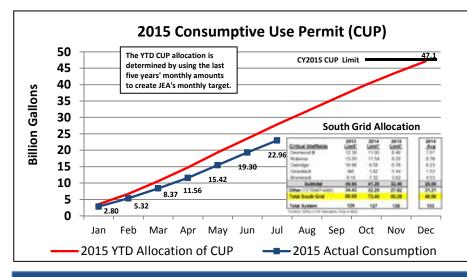


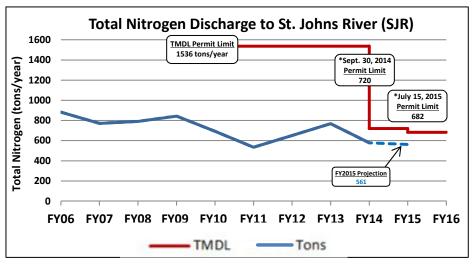
<sup>\*</sup>Priority Tickets are defined as an interruption of water or sewer service



# Environmental Compliance Water and Wastewater System

Compliance	Metric	FY2015 YTD	FY2015 Target	FY2014	FY2013
Water	CUP Limits (MGD) – CY basis	108	129	104 (127 limit)	100 (126 limit)
Sewer	Nitrogen (N) Tons – FY basis	459	650 (TMDL of 720*)	577	<b>767</b> (1536 limit)





#### St. Johns River Water Management CUP

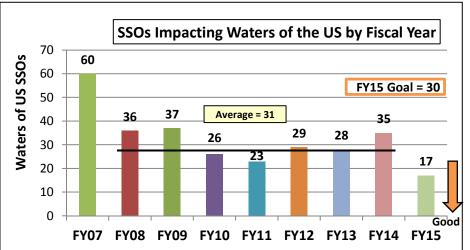
YTD average daily flow is 16% below CY limit of 129 MGD, and the YTD South Grid consumption is below allocation limits

#### Nitrogen Discharge to St. Johns River (SJR)

Florida Department of Environmental Protection (FDEP) has set the Total Maximum Daily Load (TMDL) at 720 tons

#### **Sanitary Sewer Overflows (SSOs)**

FY15 is on pace for the lowest ever number of SSOs

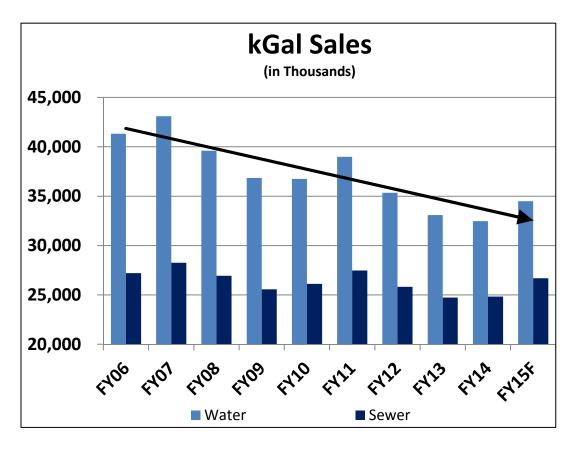




### JEA Water and Sewer System

### kGal Sales

(in Thousands



Month	FY14	FY15	% Change
Oct	2,794	3,051	9.2%
Nov	2,381	2,597	9.1%
Dec	2,662	2,708	1.7%
Jan	2,475	2,502	1.1%
Feb	2,130	2,238	5.1%
Mar	2,387	2,732	14.4%
Apr	2,691	2,765	2.7%
May	3,088	3,509	13.7%
Jun	2,897	3,382	16.8%
Jul	2,993	3,300	10.3%
Year-to-Date	26,498	28,784	8.6%
Aug	3,221		
Sep	2,750		
Total/Forecast	32,468	34,494	6.2%

Unit Sales Driver: Rainfall is down 6 inches; rain days are down 14 from prior year.

YTD Rain					
	30-Yr. Avg.	FY14	FY15		
Inches	37	38	32		
Days	86	90	76		

Total System	8.6%
Residential	7.4%
Comm./Industrial	5.3%
Irrigation	21.8%



### JEA Water and Sewer System

### Financial Results and Cost Metrics

#### (\$ in thousands)

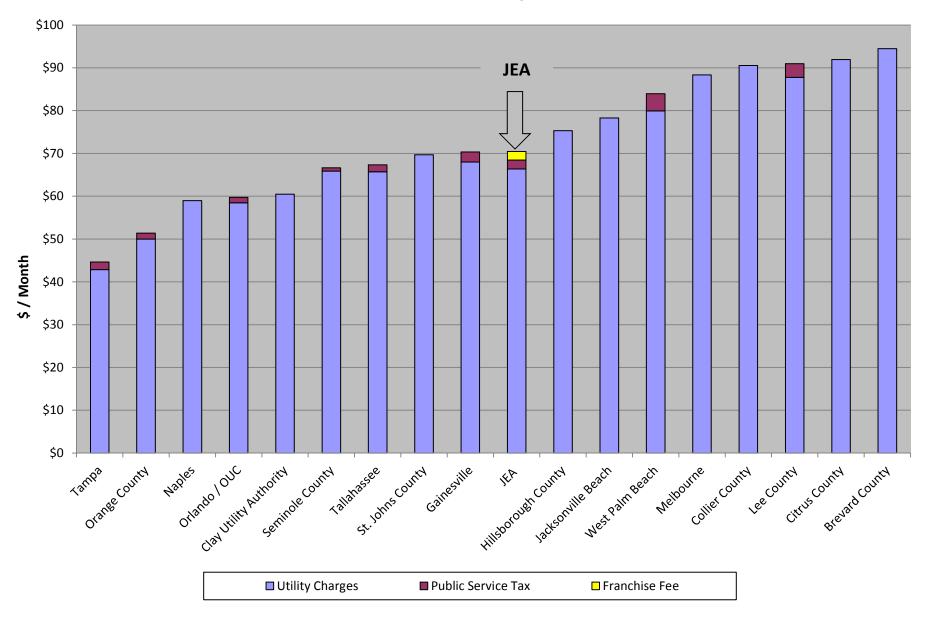
Revenues	FY15 Forecast	FY14 Actual	FY15 Budget	FY15F vs FY14 (\$)	Variance (%)
Water & Sewer Revenues	\$ 392,231	\$ 375,372	\$ 390,392	\$ 16,859	4.5%
Other Revenue	43,358	32,518	28,868	10,840	33.3%
Total Revenues	\$ 435,589	\$ 407,890	\$ 419,260	\$ 27,699	6.8%
	1	\$16M	1		
Select Expenses					
O & M Expense	\$ 127,267	\$ 119,466	\$ 136,523	\$ (7,801)	-6.5%
Net Revenues	\$ 298,146	\$ 281,727	\$ 279,426	\$ 16,419	5.8%
	<u>†</u>	\$19M	1		
Capital Expenditures	\$ 106,679	\$ 76,852	\$ 130,900	\$ (29,827)	-38.8%
Debt Service	\$ 102,656	\$ 114,372	\$ 124,443	\$ 11,716	10.2%

Metrics	FY15 Forecast	
Coverage:	2.9x	
Days Cash/Liquidity:	125 / 243	
Debt/Asset:	53% (5% lower)	
Total Debt:	\$1.8B (\$44M lower)	

Cost / KGal	Water	Sewer
Target	\$ 4.47	\$ 7.96
Forecast	4.08	<u>7.36</u>
Difference	\$ 0.39	\$ 0.60

#### Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption Residential Rates as of August 2015





### JEA FY2015 Performance Objectives

### Electric System Reliability Metrics

T&D Grid Performance Metric		FY2015 YTD	FY2015 Target	FY2014	FY2013
Customer Outage Frequency	# of Outages per Year	1.61	1.8	1.7	1.7
Electric Service Available	ectric Service Available % Available		99.985	99.987	99.987
Transmission Line Faults	# of Faults	2.7	3.5	2.4	3.8
CEMI <sub>5</sub>	% Customers > 5 outages	1.87	1.5	2.34	N/A

### Electric Service Reliability

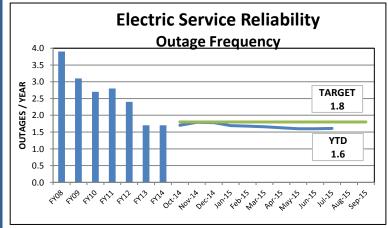
- Outage frequency and duration has been cut in half over the last 6 years; running flat this year and near the FY2015 targets
- The typical JEA customer sees 1.6 outages per year and a total outage duration of 88 minutes
- CEMI<sub>5</sub>: 8,516 (1.87%) of our customers have experienced more than 5 outages in the past 12 months

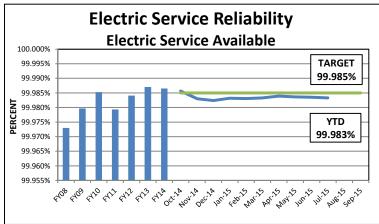
#### <u>Transmission Line</u> Reliability

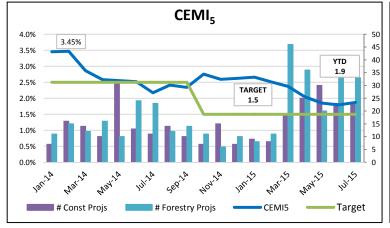
- Overall downward trend over the last six years
- YTD running below FY15 target

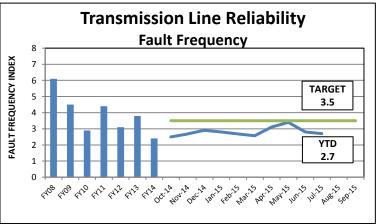
#### **Other Operational Metrics**

 Continue showing favorable trends over time





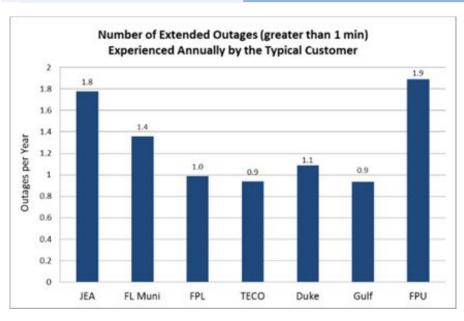


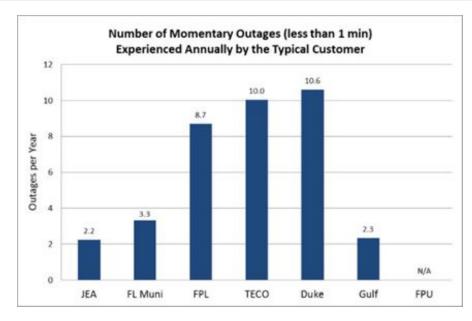


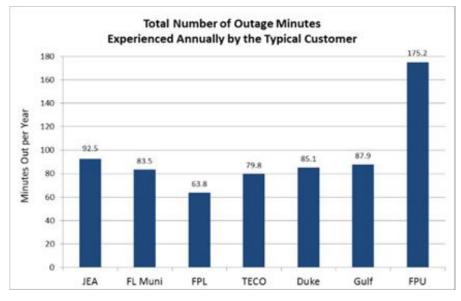


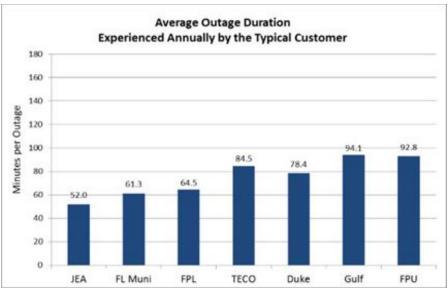
### Outage Frequency and Duration

Florida Utility Benchmark Comparison—2014







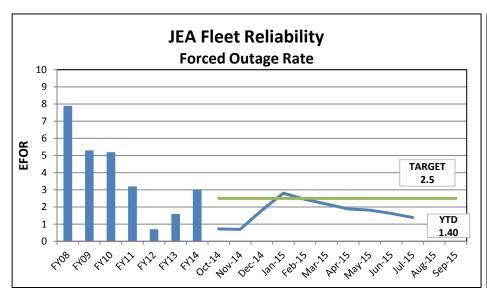


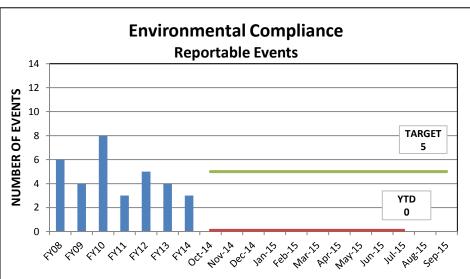


### JEA FY2015 Performance Objectives

### **Electric System Reliability Metrics**

Generating Plant Performance	Metric	FY2015 YTD	FY2015 Target	FY2014	FY2013
Generation Fleet Reliability	Forced Outages Rate	1.39	2.5	3.0	1.6
Environmental Compliance	Permit Exceedances	0	5	3	4





#### **Generating Fleet Reliability**

- The JEA fleet Forced Outage Rate is in line with prior 6-year performance and under FY15 target of 2.5
- Planned outage work was successfully completed in the Fall on NS1, NS2, and BBCC; and in the Spring on both SJRPP units
- High unit reliability contributes to lower fuel and non-fuel expenses

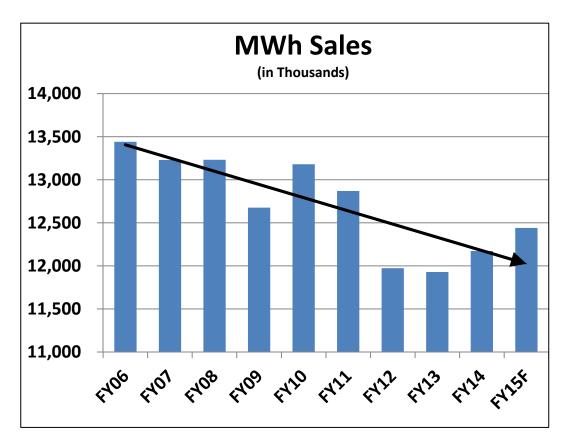
#### **Environmental Compliance**

- Zero reportable events through the first 9 months
- Excellent performance in prior years, with no air permit violations
- Mercury Air Toxics Standards (MATS) became effective April 2015



### JEA Electric System

### MWh Sales



Month	FY14	FY15	% Change
Oct	959,319	971,595	1.3%
Nov	835,344	895,617	7.2%
Dec	914,615	943,753	3.2%
Jan	1,104,547	1,035,621	(6.2%)
Feb	843,507	934,102	10.7%
Mar	933,671	898,524	(3.8%)
Apr	900,972	954,803	6.0%
May	1,028,801	1,062,459	3.3%
Jun	1,124,764	1,187,741	5.6%
Jul	1,207,001	1,254,252	3.9%
Year-to-Date	9,852,541	10,138,467	2.9%
Aug	1,255,262		
Sep	1,064,186		
Total/Forecast	12,171,989	12,440,634	2.2%

**Unit Sales Driver:** YTD degree days were 6% higher than last year.

YTD Degree Days								
30-yr. Avg. FY14 FY15								
3,097	3,071	3,241						

Total System	2.9%
Residential	4.4%
Comm./Industrial	1.5%
Interruptible	4.9%
Wholesale (FPU)	(0.5%)



### JEA Electric System

### Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY15 Forecast	FY14 Actual	FY15 Budget	FY15F vs FY14 (\$)	Variance (%)
Fuel Revenue	\$ 486,382 <sup>1</sup>	\$ 498,930 <sup>2</sup>	\$ 516,398	\$ (12,548)	-2.5%
Base Revenue	741,729	725,203	711,462	16,526	2.3%
Other Revenue	37,283	39,571	42,626	(2,288)	-5.8%
Total Revenues	\$ 1,265,394	\$ 1,263,704	\$ 1,270,486	\$ 1,690	0.1%
	1	\$(5M)	<u></u>		
Select Expenses					
Fuel Expense	\$ 444,069	\$ 501,763	\$ 503,519	\$ 57,694	11.5%
Fuel Fund Transfers	42,312	(2,833)	12,879	(45,145)	
O & M Expense	193,774	168,688	207,337	(25,086)	-14.9%
Non-fuel Purchased Power	98,169	194,030	123,663	95,861	49.4%
Net Revenues	\$ 474,243	\$ 389,604	\$ 414,571	\$ 84,639	21.7%
	<b>^</b>	\$60M	<b>^</b>		
Capital Expenditures	\$ 126,703	\$ 86,155	\$ 129,000 <sup>3</sup>	\$ (40,548)	-47.1%
Debt Service	\$ 178,801	\$ 161,509	\$ 196,591	\$ (17,292)	-10.7%

Financial Metrics	FY15 Forecast
Coverage:	2.7x
Days Cash/Liquidity:	162 / 280
Debt/Asset:	70% (5% lower)
Total Debt:	\$3.2B (\$243M lower)

Electric Costs / MWh	Non-Fuel
Target	\$ 54.73
Forecast	49.10
Difference	\$ 5.63

Fuel Fund (\$ in n	nillions)
Beginning Balance	\$ 105
Surplus/(Deficit)	93
Fuel Credit	(50)
Ending Balance	\$ 148

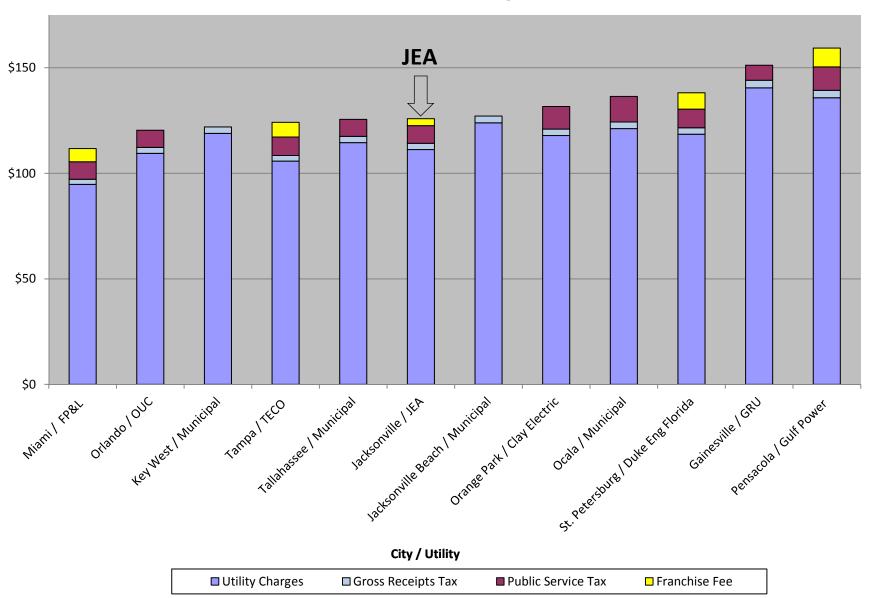
<sup>&</sup>lt;sup>1</sup> Net of \$50 million fuel credit in April bill

<sup>&</sup>lt;sup>2</sup> Net of \$26 million fuel credit in FY14

<sup>&</sup>lt;sup>3</sup> Council approved limit for capital expenditures in FY15 is \$150 million

#### Florida Utilities Monthly Residential Electric Bill Comparison

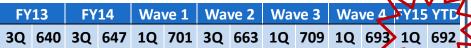
(Consumption @ 1,000 kWh)
Residential Rates as of August 2015



#### **FY15 Customer Satisfaction Goal**

Achieve National 2<sup>nd</sup> Quartile Ranking for Residential and 1<sup>st</sup> for Business on the J.D. Power Customer Satisfaction Index

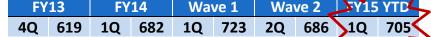
#### Residential (R)



**Business** 

Price 15%

#### **Business (B)**



#### Residential



2015 Residential # of companies ranked: 1402015 Business # of companies ranked: 87

1Q= 1st quartile 2Q= 2<sup>nd</sup> quartile 3Q = 3<sup>rd</sup> quartile 4Q = 4<sup>th</sup> quartile

#### **Improve Quartile Rankings from FY14**

#### Be Easy to Do Business With

#### **Customer Service**

	FY14		Wave 1		Wave 2		Wave 3		Wave 4		FY15 YTD	
R	2Q	731	1Q	799	3Q	717	1Q	767	1Q	820	1Q	775
В	2Q	716	1Q	757	2Q	750					1Q	754

#### **Power Quality & Reliability**

	FY14		.4 Wave 1		Wa	Wave 2		Wave 3		Wave 4		FY15 YTD	
R	3Q	701	2Q	743	3Q	703	1Q	755	2Q	742	2Q	736	
В	2Q	721	1Q	763	3Q	709					2Q	736	

#### **Empower Customers to Make Informed Decisions**

#### **Billing & Payment**

R	FY14		Wave 1		Wave 2		Wave 3		Wave 4		FY15 YTD	
В	2Q	736	1Q	762	2Q	740	1Q	764	1Q	754	1Q	755
	1Q	740	1Q	754	1Q	758					1Q	756

#### Communication

	FY	14	Wa	Wave 1 Wave 2		ve 2	Wave 3		Wave 4		FY15 YTD	
R	2Q	600	1Q	669	3Q	620	1Q	667	1Q	658	1Q	653
В	1Q	627	1Q	679	2Q	618					1Q	648

#### **Price**

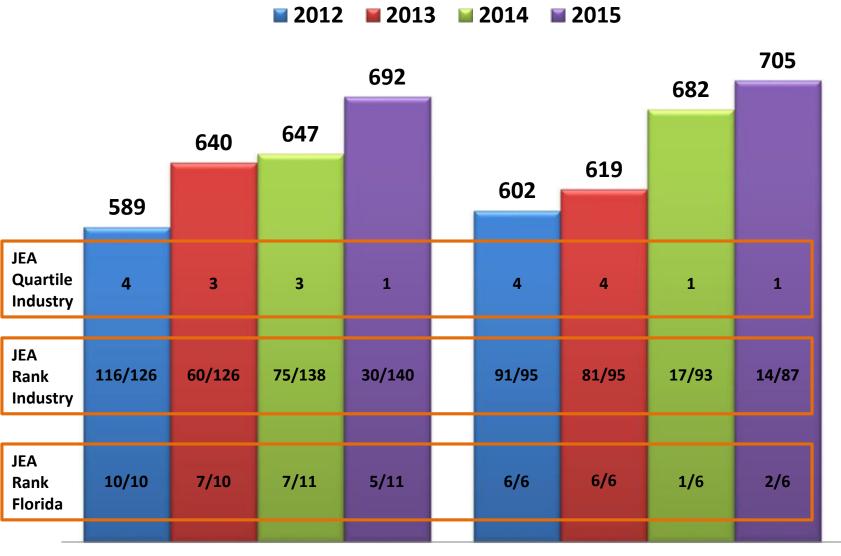
	FY14		Wave 1		Wave 2		Wave 3		Wave 4		FY15 YTD	
R	4Q	538	1Q	626	3Q	588	1Q	635	2Q	611	2Q	615
В	2Q	612	1Q	674	2Q	625					1Q	650

#### **Demonstrate Community Responsibility**

#### **Corporate Citizenship**

	FY	FY14 Wave 1		ve 1	Wave 2		Wave 3		Wave 4		FY15 YTD	
R	2Q	592	2Q	644	3Q	601	1Q	658	2Q	635	2Q	634
В	1Q	635	1Q	687	1Q	659					1Q	673

### **Customer Satisfaction Index Scores**



Residential

**Business** 

### Easy to Do Business With

#### **Customer Service**

Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.

**Customer Satisfaction** 

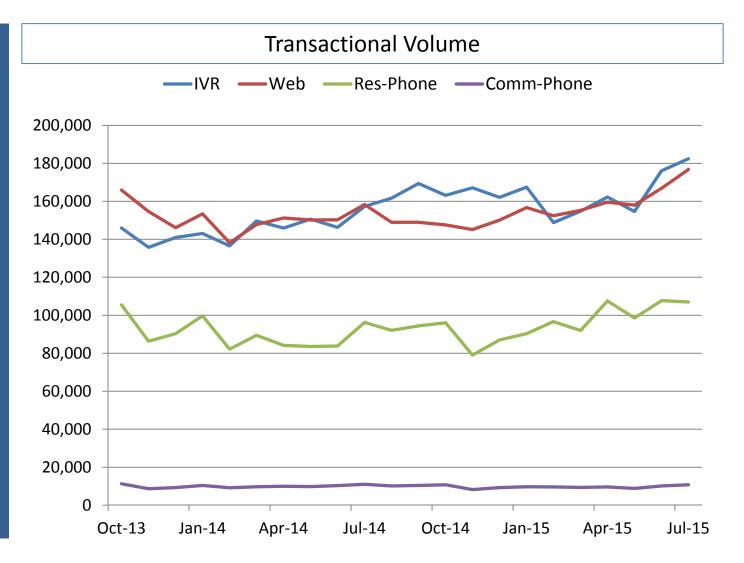
Rating: 8s-10s by Channel -- JDP

FY 14 FY15

Phone 68.0% 60.8%

IVR 54.7% 68.5%

Web 59.6% 74.0%





### Easy to Do Business With

#### **Customer Service**

Accurately addressing a customer's needs the first time produces a positive customer experience

#### **FY2015 YTD**

Residential CC 73.5%
Branches 73.0%
Commercial CC 73.4%
jea.com 85.2%
Overall 81.0%

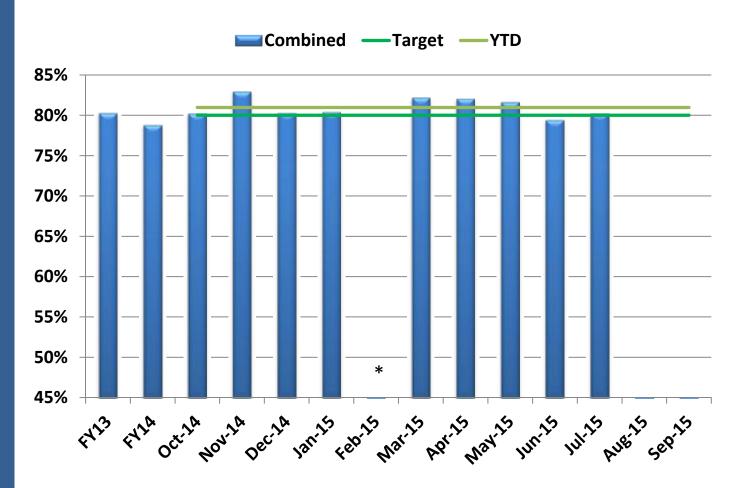
2015 JD Power FCR

Residential CC 74.3%

Jea.com 80.2%

Business CC 73.8%

#### FCR Branches, Call Centers, and jea.com





### Easy to Do Business With

### Power Quality and Reliability

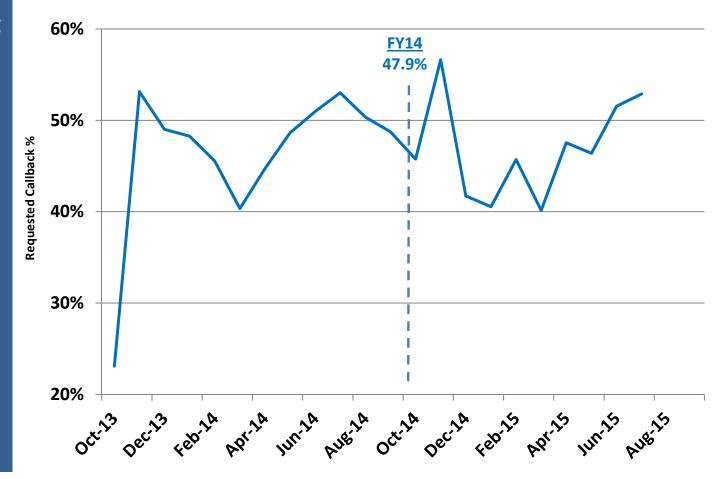
Customers are more satisfied when receiving additional information about their outage and given callbacks when power is restored.

#### **JD Power**

"Keeping you informed about outage"

<u>Score</u>	2014	<u> 2015</u>
8 – 10	29.6%	36.1%
< 5	28.0%	24.1%

#### Customers Requesting a Call Back after an Outage





### **Empowering Customers to Make Informed Decisions**

### Billing & Payment

<b>Customer Solution Participation</b>	2015 Goal	FY14	FY15	Status
e-Billing Participation	62,000	48,900	59,603	On Track
Budget Bill Participation	30,000	15,394	18,712	Not On Track
Auto Pay Participation	35,012	25,012	28,838	Not On Track
JEA MyWay Participation	8,750	5,675	7,853	On Track

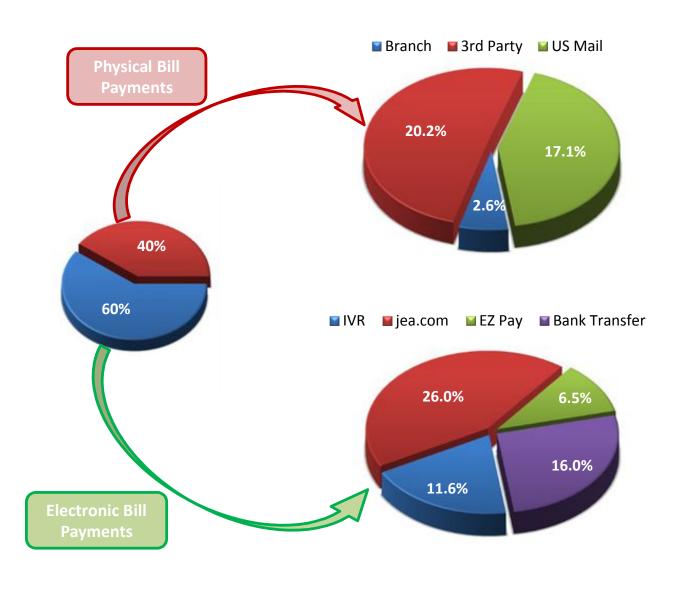
Research project to increase adoption rates for AutoPay in beginning stages. Goal is to complete this research before end of FY.

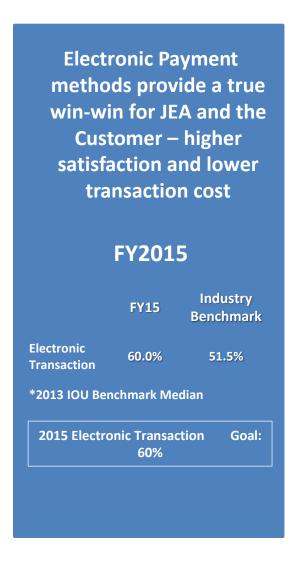
Developing both long and short term action plan for MyBudget based on recently completed research.

	FY15	Industry Benchmark*					
e-Bill	14.9%	14.5%					
Budget Bill	4.7%	11.0%					
Auto Pay	6.8%	14.0%					
*2013 IOU Benchmark Median							

### **Empowering Customers to Make Informed Decisions**

### Billing & Payment







# **Empowering Customers to Make Informed Decisions**

### Communication

**Communicating with** customers about utility programs and services that impact them is a key driver to satisfaction

#### **JDP Comm Awareness**

#### Residential

**FY13** 48.8% **FY14** 51.9%

**FY15** 56.6%

### Commercial

**FY15** 

**FY13** 53.4% **FY14** 55.7%

70.4%













Communication Channels **FY15** 

Volume: 436,322,528

- e-Com (jea.com, email, social) 22,340,088
- Paid Media (Radio, TV, Print) 104.025.992
- **Community Engagement** (Events, Workshops) 434,249
- Other Communication (Bill Inserts, Brochures, 10,826,800
- Earned Media 298,695,399





Giving back to our community through volunteering is foundational as a community-owned utility

#### July— 53 Volunteers

- Aging True
- Feeding NE Florida Food Bank
- Jax Community and Family Awareness Expo
- Aging True
- Hubbard House

#### August—Vol. Events

- Feeding NE Florida Food Bank August 7
- Dignity U Wear August 12
- Second Harvest/Farm Share Food Bank August 14
- Sulzbacher Center for the Homeless August 14
- Back to School Give-a- way August 15
- Second Harvest/Farm Share Food Bank August 28

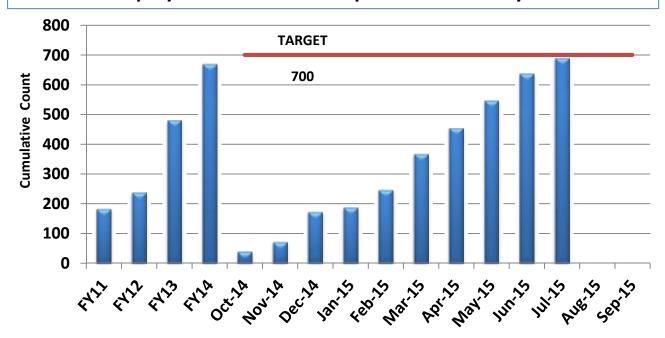
## Corporate Citizenship



Michael Colley Senior Meter Specialist JEA Employee Volunteer of the Month



### **JEA Employee Volunteer Participation Community Service**





## Corporate Citizenship

JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.

#### **FY15** Activities:

- Speakers Bureau—70
- Facility Tours—57
- Community Events—52
- Educational Partnership Activities—35

### **JEA Ambassador Program**



## JEA Ambassadors at Jim Fortuna Senior Center Open House: JEA

Ambassadors Eric Davis and Abigail Haskin represented JEA. There were approximately 100 attendees who were provided with valuable information on conservation and the numerous JEA services, products and payment options.



### **Northside Generating Facility: JEA**

Ambassadors toured one of our business partners through the Northside facility.

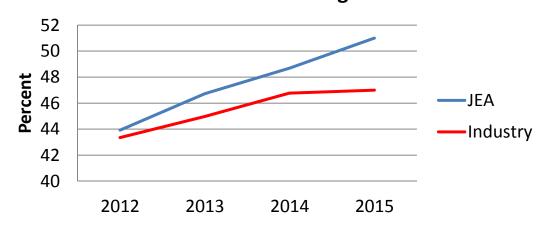
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## Corporate Citizenship: Environmental

DSM Programs & Participation	2015 Goal	FY14	FY15	Status
Efficiency Assessment	22,400	24,462	18,841	On Track
Electric Efficiency Online Assessment	15,100	14,975	10,284	Not On Track
Electric and Water Efficiency in-home Assessment	8,900	8,967	8,108	On Track
Irrigation Efficiency at home Assessment	500	520	449	On Track
Invest Smart & Shop Smart	70,290	65,313	77,416	Meets Target
Neighborhood Energy Efficiency	1,132	1,140	1,003	On Track
Electric Vehicle Rebates	150	N/A	39	Not On Track

### **Familiar with EE Programs**

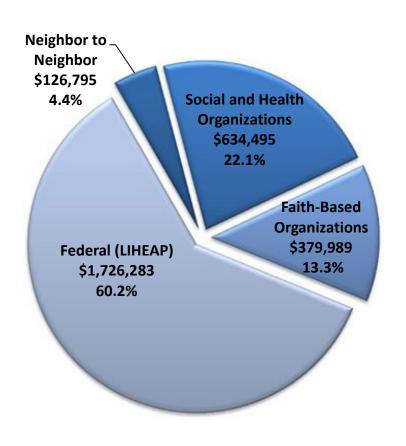


JEA's efforts to develop and communicate programs related to energy efficiency are being recognized by our customers.

On the 2015 JD Power study, 52% of our customers indicated familiarity with our energy efficiency programs.



# Corporate Citizenship: Customer Assistance Funding



30 agencies provided 996 utility payments on behalf of JEA customers in July 2015 totaling \$312,444



Agency & Federal
Customer Assistance
FY15 YTD
\$2,867,562

Customers Receiving Agency &
Federal Utility Assistance
FY 15 YTD
9,160



## Corporate Citizenship: Customer Assistance

JEA works with customers during times of financial stress, offering assistance through Payment Plans and Payment Arrangements

Write-offs YTD
Combined – 0.16%
Residential – 0.15%
Commercial – 0.01%

Receivables YTD

< 30 Days = 84.20% Goal > 82%

> 90 Days = 1.70% Goal < 2%







## **Monthly Financial Statements**

**JULY 2015** 

#### August 18, 2015 JEA Board Meeting - III. A. Consent Agenda

#### Monthly Financial Statements July 31, 2015

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JEA Page 2 Statements of Net Position

(in thousands - unaudited) July 31, 2015 and 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2015	2014
Current assets:		
Cash and cash equivalents	\$ 182,758	\$ 161,364
Investments	264,997	228,165
Customer accounts receivable, less allowance for		
doubtful accounts - \$ 4,308 in 2015 and \$ 4,680 in 2014	230,017	198,590
Miscellaneous accounts receivable	37,060	70,418
Interest receivable	2,345	1,755
Inventories, less reserve of \$242 in 2015 and \$1,730 in 2014:		
Fuel inventory - Electric System	66,372	47,812
Fuel inventory - Plant Scherer	3,407	3,903
Materials and supplies - Electric System	19,535	20,061
Materials and supplies - Plant Scherer	2,118	2,154
Materials and supplies - Water and Sewer	43,498	47,269
Total current assets	852,107	781,491
Restricted assets:		······································
Cash and cash equivalents	68,302	106,074
Investments	974,960	961,369
Accounts and interest receivable	5,568	3,802
Total restricted assets	1,048,830	1,071,245
Noncurrent assets:	 	
Other assets	18,337	20,290
Notes receivable - City of Jacksonville	47	189
Investment in The Energy Authority	7,358	8,229
Total noncurrent assets	25,742	28,708
Capital assets:		
Land and easements	167,421	136,796
Plant in service	10,595,558	10,449,149
Less accumulated depreciation	(4,883,526)	(4,554,943)
Plant in service, net	5,879,453	6,031,002
Construction work in progress	 204,900	209,173
Capital assets, net	 6,084,353	6,240,175
Total assets	 8,011,032	8,121,619
Deferred outflows of resources:		
Costs to be recovered from future revenues	18,643	19,416
Unamortized losses on refundings	156,806	171,136
Accumulated decrease in fair value of fuel hedging derivatives	1,363	-
Accumulated decrease in fair value of interest swaps derivatives	 124,665	100,391
Total deferred outflows of resources	 301,477	290,943
Total assets and deferred outflows of resources	\$ 8,312,509	8,412,562

JEA
Statements of Net Position
(in thousands - unaudited) July 31, 2015 and 2014

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		2015	 2014
Current liabilites:			
Accounts and accrued expenses payable	\$	95,034	\$ 99,332
State utility taxes payable		3,237	2,482
City of Jacksonville payable		9,377	9,177
Compensated absences due within one year		6,152	6,241
Customer deposits		55,658	55,789
Total current liabilities		169,458	173,021
Current liabilites payable from restricted assets:			
Revenue bonds and line of credit due within one year		187,500	257,336
Interest payable		61,637	62,845
Construction contracts and accounts payable		9,533	12,095
Renewal and replacement reserve		82,948	83,145
Total current liabilities payable from restricted assets		341,618	 415,421
Noncurrent liabilites:			
OPEB liability		2,142	4,583
Compensated absences due after one year		21,142	20,430
Environmental liabilites		18,662	18,662
Other liabilities		4,475	281
Total noncurrent liabilities		46,421	43,956
Long-term debt:			
Bonds payable, less current portion		4,752,290	5,059,321
Commercial notes payable		40,800	40,800
Unamortized premium (discount)		178,251	201,940
Fair value of debt management strategy instruments		124,665	100,391
Total long-term debt		5,096,006	 5,402,452
Total liabilities		5,653,503	6,034,850
Deferred inflows of resources:			
Revenues to be used for future costs		222,475	230,716
Total deferred inflows of resources		222,475	230,716
Net position:			
Net investment in capital assets		1,164,837	921,886
Restricted		608,361	631,888
Unrestricted	-	663,333	 593,222
Total net position		2,436,531	2,146,996
Total liabilities, deferred inflows of resources, and net position	\$	8,312,509	\$ 8,412,562

JEA Combining Statement of Net Postion (in thousands - unaudited) July 31, 2015

(in mousands - unaudited) July 31, 2013	Clookin			- Climination	Total	Water	Dietrict			
	System and Rulk Power	, <u>P</u> §	ddar	of Inter-	Electric Enterprise	and Sewer	Energy System			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Supply System	tem	System	transactions	Fund	Fund	Fund	Eliminations	Tot	Total JEA
Current assets:										
Cash and cash equivalents	& 88	88,516 \$	30,408	- \$	\$ 118,924	\$ 60,011	\$ 3,823	٠ ج	€	182,758
Investments	231,	231,580	33,417	•	264,997	•	•	1		264,997
Customer accounts receivable, less allowance for										
doubtful accounts of \$ 4,308	190,	90,041	•	•	190,041	39,258	718			230,017
Miscellaneous accounts receivable	17,	17,649	31,142	(14,996)	33,795	3,265		•		37,060
Interest receivable	₹	1,419	99	1	1,485	860	•	•		2,345
Inventories, less reserve of \$ 242:										
Fuel inventory - Electric System	37,	37,216	29,156		66,372	ľ	•	•		66,372
Fuel inventory - Plant Scherer	er.	3,407	. 1	•	3,407		1	•		3,407
Materials and supplies - Electric System			19,535	•	19,535		•	•		19,535
Materials and supplies - Plant Scherer	2	2,118	•		2,118	•	•	1		2,118
Materials and supplies - Water and Sewer			•	٠	•	43,498	ı	•		43,498
Total current assets	571	571,946	143,724	(14,996)	700,674	146,892	4,541	1	3	852,107
Restricted assets:										
Cash and cash equivalents		621	33,589	•	34,210	29,729	4,363	•		68,302
Investments	382	385,646	251,586	•	637,232	337,728	Ĭ.	1	0,	974,960
Accounts and interest receivable	co.	3,253	289	•	3,940	1,628	1	1		5,568
Total restricted assets	389	389,520	285,862		675,382	369,085	4,363	•	1,(	1,048,830
Noncurrent assets:										
Other assets	80	8,420	1	•	8,420	9,917	•	•		18,337
Notes receivable - City of Jacksonville			1	•	•	47	•	•		47
Investment in The Energy Authority	7	7,358	•	•	7,358	•	1	•		7,358
Total noncurrent assets	15	15,778		•	15,778	9,964	1	•		25,742
Capital assets:										
Land and easements	96	95,412	099'9	•	102,072	62,298	3,051	•	•	167,421
Plant in service	5,052,246	,246	1,368,310	•	6,420,556	4,122,411	52,591	•	10,	10,595,558
Less accumulated depreciation	(2,467,897)	(268,	(805,831)	•	(3,273,728)	(1,590,657)	(19,141)	•	(4,8	(4,883,526)
Plant in service, net	2,679,761	,761	569,139	•	3,248,900	2,594,052	36,501	•	5,8	5,879,453
Construction work in progress	26	97,578	11,843	•	109,421	94,979	200	_		204,900
Capital assets, net	2,777,339	,339	580,982		3,358,321	2,689,031	37,001		. 6,0	6,084,353
Total assets	3,754,583	,583	1,010,568	(14,996)	4,750,155	3,214,972	45,905		. 8,	8,011,032
Deferred outflows of resources:										
Costs to be recovered from future revenues	14	14,125	4,518	1	18,643	4	•	•		18,643
Unamortized losses on refundings	98	86,219	20,954		107,173	49,412	221	•		156,806
Accumulated decrease in fair value of fuel hedging derivatives	_	1,363	•		1,363	1	1	•		1,363
Accumulated decrease in fair value of interest swaps derivatives	101	101,725	•	1	101,725	22,940	•	•		124,665
Total deferred outflows of resources	203	203,432	25,472	1	228,904	72,352	221	•		301,477
Total assets and deferred outflows of resources	\$ 3,958,015	,015 \$	1,036,040	\$ (14,996)	\$ 4,979,059	\$ 3,287,324	\$ 46,126	\$	. \$ 8,	\$ 8,312,509
		,								

JEA Combining Statement of Net Postion (in thousands - unaudited) July 31, 2015

(in thousands - unaudited) July 31, 2015								
	Electric		Elimination	Total	Water	District		
	System and		of Inter-	Electric	and Sewer	Energy		
	Bulk Power	SJRPP	company	Enterprise	Enterprise	System		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Supply System	System	Transactions	Fund	Fund	Fund	Eliminations	Total JEA
Current liabilities:								
Accounts and accrued expenses payable	\$ 73,466	\$ 12,396	\$ (2,602)	\$ 83,260	\$ 11,764	10	. 8	\$ 95,034
State utility taxes payable	3,237	•		3,237	1	1	•	3,237
City of Jacksonville payable	2,509	•	1	7,509	1,868	•	1	9,377
Compensated absences due within one year	3,950	1.486	'	5,436	710	9	•	6,152
Customer deposits	42,271			42.271	13,387	. 1	1	55,658
Total current liabilities	130,433	13,882	(2.602)	141,713	27,729	16		169,458
Current liabilites payable from restricted assets:								
Revenue bonds and line of credit due within one year	98,765	50,945	•	149,710	36,180	1,610	•	187,500
Interest payable	30,227	8,117	•	38,344	22,823	470	•	61,637
Construction contracts and accounts payable	2,848	14,383	(12,394)	4,837	4,606	06	•	9,533
Renewal and replacement reserve		82,948	,	82,948		•	•	82,948
Total current liabilities payable from restricted assets	131,840	156,393	(12,394)	275,839	63,609	2,170		341,618
Noncurrent liabilities:								
OPEB liability	1,355	•		1,355	787	•	•	2,142
Compensated absences due after one year	13,466	1,256	•	14,722	6,362	28	•	21,142
Environmental liabilites	18,662		•	18,662		•	•	18,662
Other liabilities	1,363	•	•	1,363	3,112	•	1	4,475
Total noncurrent liabilities	34.846	1.256		36,102	10.261	28	•	46.421
Long-term debt:								
Bonds payable, less current portion	2,471,455	524,205	1	2,995,660	1,716,880	39,750	•	4,752,290
Commercial notes payable	40,800		•	40,800	•	•	•	40,800
Unamortized premium (discount)	87,245	28,061	•	115,306	62,994	(49)	•	178,251
Fair value of debt management strategy instruments	101,725	Ī	•	101,725	22,940	•	•	124,665
Total long-term debt	2,701,225	552,266		3,253,491	1,802,814	39,701		5,096,006
Total liabilities	2,998,344	723,797	(14,996)	3,707,145	1,904,413	41,945		5,653,503
Deferred inflows of resources:							-	-
Revenues to be used for future costs	49,840	172,635	•	222,475	•	•	•	222,475
Accumulated increase in fair value of fuel derivatives		•	•	1	•	•	•	•
Total deferred inflows of resources	49,840	172,635		222,475		•	1	222,475
Net position:		-					•	
Net investment in capital assets	196,176	(46,290)	•	149,886	1,019,130	(4,179)	1	1,164,837
Restricted	289,847	57,312	12,394	359,553	244,915	3,893	Ī	608,361
Unrestricted	423,808	128,586	(12,394)	540,000	118,866	4,467	•	663,333
Total net position	909,831	139,608	1	1,049,439	1,382,911	4,181	•	2,436,531
Total liabilities, deferred inflows of resources, and net position	\$ 3,958,015	\$ 1,036,040	\$ (14,996)	\$ 4,979,059	\$ 3,287,324	\$ 46,126	- ج	\$ 8,312,509

JEA Combining Statement of Net Postion (in thousands - unaudited) July 31, 2014

(iii uiousailus - uilauuiteu) July 31, 2014								
	Electric Sustain and		Elimination of Inter-	Total	Water	District		
	Bulk Power	SJRPP	company	Enterprise	Enterprise	System		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Supply System	System	Transactions	Fund	Fund	Fund	Eliminations	Total JEA
Current assets:								
Cash and cash equivalents		\$ 39,235	' €>	\$ 121,679	\$ 35,528	\$ 4,157	- •	\$ 161,364
Investments	228,165	."	•	228,165	•	•	•	228,165
Customer accounts receivable, less allowance for								
doubtful accounts of \$ 4,680	161,536	•	•	161,536	36,477	277	•	198,590
Miscellaneous accounts receivable	28,319	60,010	(19,170)	69,159	1,259	•	•	70,418
Interest receivable	950		` •	950	802	•	•	1,755
Inventories, less reserve of \$ 1,730:								
Fuel inventory - Electric System	32,452	15,360	•	47,812	•	•	•	47,812
Firel inventory - Plant Scherer	3 903		•	3,903		•	•	3,903
Materials and supplies - Electric System	) '	20.061	•	20,061	•	ı	•	20,061
Materials and sumplies - Plant Scherer	2 154		1	2 154	•	•		2.154
Materials and supplies - Water and Sewer	î	•		Î	47.269	1	•	47,269
Total current assets	539,923	134,666	(19,170)	655,419	121,338	4,734		781,491
Restricted assets:								
Cash and cash equivalents	291	78,789	ı	79,080	22,899	4,095	•	106,074
Investments	350.324	276,015	•	626,339	335,030		•	961,369
Accounts and interest receivable	1,196	627	•	1,823	1,979	•		3,802
Total restricted assets	351 811	355 431		707 242	359.908	4.095	•	1.071.245
Noncurrent assets:				!				
Other assets	8.861	1	•	8,861	11,429	1	•	20,290
Notes receivable - City of Jacksonville	•	1	•		189	•	•	189
Investment in The Energy Authority	8 2 2 9	•	1	8 229	3 '	•	•	8.229
Total nonclinent assets	17 090			17 090	11618	•		28.708
Capital assets:								
Land and easements	73,603	099'9	1	80,263	53,482	3,051	•	136,796
Plant in service	5,026,002	1,342,553	•	6,368,555	4,028,678	51,916	•	10,449,149
Less accumulated depreciation	(2,288,293)	(782,928)	•	(3,071,221)	(1,466,861)	(16,861)	•	(4,554,943)
Plant in service, net	2,811,312	566,285	•	3,377,597	2,615,299	38,106		6,031,002
Construction work in progress	58,809	70,187	•	128,996	79,737	440		209,173
Capital assets, net	2,870,121	636,472		3,506,593	2,695,036	38,546		6,240,175
Total assets	3,778,945	1,126,569	(19,170)	4,886,344	3,187,900	47,375	,	8,121,619
Deferred outflows of resources:								
Costs to be recovered from future revenues	14,323	5,093	•	19,416	•	į	•	19,416
Unamortized losses on refundings	91,736	27,111	•	118,847	52,061	228	•	171,136
Accumulated decrease in fair value of fuel hedging derivatives	1	•	•	Ū	•	į	•	•
Accumulated decrease in fair value of interest swaps derivatives	84,648	•	-	84,648	15,743	1	•	100,391
Total deferred outflows of resources	190,707	32,204		222,911	67,804	228	•	290,943
Total assets and deferred outflows of resources	\$ 3,969,652	\$ 1,158,773	ક	(19,170) \$ 5,109,255	\$ 3,255,704	\$ 47,603	• <del>•</del>	\$ 8,412,562

JEA Combining Statement of Net Postion (in thousands - unaudited) July 31, 2014

(in thousands - unaudited) July 31, 2014								
	Electric		Elimination	Total	Water	District		
	System and		of Inter-	Electric	and Sewer	Energy		
	<b>Bulk Power</b>	SJRPP	company	Enterprise	Enterprise	System		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Supply System	System	Transactions	Fund	Fund	Fund	Eliminations	Total JEA
Current liabilites:								
Accounts and accrued expenses payable	\$ 76,858 \$	14,957	\$ (279)	\$ 91,536	\$ 7,786	\$ 10	' \$	\$ 99,332
State utility taxes payable	2,482	•	•	2,482	•	•		2,482
City of Jacksonville payable	7,277		•	7,277	1,900	•	•	9,177
Compensated absences due within one year	4,152	1,296	•	5,448	785	∞	•	6,241
Customer deposits	43,169		•	43,169	12,620		,	55,789
Total current liabilities	133,938	16,253	(279)	149,912	23,091	18	•	173,021
Current liabilites payable from restricted assets:								
Revenue bonds and line of credit due within one year	78,615	132,085	•	210,700	45,031	1,605	, Ĵ	257,336
Interest payable	32,712	9,354	•	42,066	20,307	472	•	62,845
Construction contracts and accounts payable	2,489	24,532	(18,891)	8,130	3,955	10	•	12,095
Renewal and replacement reserve	•	83,145	•	83,145	•	•	1	83,145
Total current liabilities payable from restricted assets	113,816	249,116	(18,891)	344,041	69,293	2,087	•	415,421
Noncurrent liabilities:								
OPEB liability	2,907	1	•	2,907	1,676	•	,	4,583
Compensated absences due after one year	12,695	1,461	•	14,156	6,230	4	1	20,430
Environmental liabilites	18,662	•	•	18,662	•	•	1	18,662
Other liabilities	•	1	•		281	•	,	281
Total noncurrent liabilities	34,264	1,461		35,725	8,187	44		43,956
Long-term debt:								
Bonds payable, less current portion	2,633,450	579,110	•	3,212,560	1,805,401	41,360	•	5,059,321
Commercial notes payable	40,800	1	•	40,800	1	•	•	40,800
Unamortized premium (discount)	101,468	27,748	•	129,216	72,778	(54)	•	201,940
Fair value of debt management strategy instruments	84,648	•	•	84,648	15,743	•	,	100,391
Total long-term debt	2,860,366	606,858	•	3,467,224	1,893,922	41,306	,	5,402,452
Total liabilities	3,142,384	873,688	(19,170)	3,996,902	1,994,493	43,455		6,034,850
Deferred inflows of resources:								
Revenues to be used for future costs	53,718	176,998		230,716	•	1	1	230,716
Total deferred inflows of resources	53,718	176,998		230,716	•	•	,	230,716
Net position:								
Net investment in capital assets	135,282	(130,529)	•	4,753	921,280	(4,147)		921,886
Restricted	249,457	121,664	18,891	390,012	238,253	3,623	•	631,888
Unrestricted	388,811	116,952	(18,891)	486,872	101,678	4,672	1	593,222
Total net position	773,550	108,087		881,637	1,261,211	4,148	•	2,146,996
Total liabilities, deferred inflows of resources, and net position	\$ 3,969,652 \$	1,158,773	\$ (19,170)	\$ 5,109,255	\$ 3,255,704	\$ 47,603	-	\$ 8,412,562
		ı			))			

JEA Schedule of Cash and Investments (in thousands - unaudited) July 31, 2015

(iii tirousanus - unauditos) oury 51, 2515	Sy:	Electric stem and Ik Power oly System	SJRPP System	Total Electric nterprise Fund	-	Water nd Sewer interprise Fund	District Energy System Fund	T	otal JEA
Unrestricted cash and investments:									
Operations	\$	33,881	\$ 5,402	\$ 39,283	\$	26,334	\$ 1,086	\$	66,703
Debt management strategy reserve		-	-	-		-	-		-
Self insurance reserve funds:									
Self funded health plan		8,033	-	8,033		_	-		8,033
Property insurance reserve		10,000	_	 10,000		-	-		10,000
Total self insurance reserve funds		18,033		18,033					18,033
Rate stabilization:									
DSM/Conservation		3,281	-	3,281		-	-		3,281
Debt management		42,126	-	42,126		20,290	2,737		65,153
Environmental		22,334	-	22,334		-	_		22,334
Fuel		127,679	-	127,679		-	-		127,679
Purchased Power		12,000	-	12,000		-	-		12,000
Total rate stabilization funds		207,420		207,420		20,290	2,737		230,447
Environmental liability reserve		18,662	-	18,662		-	-		18,662
General reserve		-	58,423	58,423		-	-		58,423
Customer deposits		42,100	_	42,100		13,387	-		55,487
Total unrestrictred cash and investments	\$	320,096	\$ 63,825	\$ 383,921	\$	60,011	\$ 3,823	\$	447,755
Restricted assets:									
Debt service funds	\$	111,021	\$ 44,069	\$ 155,090	\$	52,295	\$ 1,812	\$	209,197
Debt service reserve account		69,446	136,701	206,147		114,182	-		320,329
Renewal and replacement funds		201,621	82,796	284,417		197,268	2,551		484,236
Construction funds		4	221	225		664	-		889
Subtotal		382,092	263,787	645,879		364,409	4,363		1,014,651
Other funds		589	22,982	23,571		70	-		23,641
Unrealized holding gain (loss) on investments		3,586	(1,594)	1,992		2,978	-		4,970
Total restricted cash and investments	\$	386,267	\$ 285,175	\$ 671,442	\$	367,457	\$ 4,363	\$	1,043,262

JEA Schedule of Cash and Investments (in thousands - unaudited) July 31, 2014

_						_					
-			S IDDD			_					
				•	•	•	•		•		Total JEA
	., .,		- <b>J</b>								
\$	49,001	\$	14,147	\$	63,148	\$	2,314	\$	1,420	\$	66,882
	-		-		-		304		-		304
	18,153		-		18,153		_		-		18,153
	10,000		-		10,000		-		-		10,000
	28,153		-		28,153		-		-		28,153
	3,660		-		3,660		-		-		3,660
	54,126		-		54,126		20,290		2,737		77,153
	15,485		-		15,485		-		-		15,485
	98,514		-		98,514		-		-		98,514
	-		-		-		-		-		-
	171,785		-		171,785		20,290		2,737		194,812
	18,662		_		18,662		-		_		18,662
	-		25,088		25,088		-		_		25,088
	43,008		-		43,008		12,620		-		55,628
\$	310,609	\$	39,235	\$	349,844	\$	35,528	\$	4,157	\$	389,529
\$	96.173	\$	101.973	\$	198.146	\$	56.929	\$	1.809	\$	256.884
•	69.692	•	140,387	•	210.079	•	•	•	-	•	326,908
	181,309		83,053		264,362		•		2.286		446,729
	-		346		346		263		_,_ • •		609
	347,174				672,933		354,102		4.095		1,031,130
	312		30,264				598		-		31,174
	3,129		(1,219)		1,910		3,229		_		5,139
\$		\$		\$	705,419	\$	357,929	\$	4,095	\$	1,067,443
	Syry But Supp	\$ 96,173 69,692 181,309 347,174 312 3,129	\$ 49,001 \$ 18,153 10,000 28,153 3,660 54,126 15,485 98,514 - 171,785 18,662 43,008 \$ 310,609 \$ \$ 96,173 69,692 181,309 - 347,174 312 3,129	System and Bulk Power Supply System         SJRPP System           \$ 49,001         \$ 14,147           -         -           18,153         -           10,000         -           28,153         -           3,660         -           54,126         -           15,485         -           98,514         -           -         -           171,785         -           18,662         -           -         25,088           43,008         -           \$ 310,609         \$ 39,235           \$ 96,173         \$ 101,973           69,692         140,387           181,309         83,053           346         347,174         325,759           312         30,264           3,129         (1,219)	System and Bulk Power Supply System         SJRPP System           \$ 49,001         \$ 14,147         \$	System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148	System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         a Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 18,153           \$ 10,000         \$ 10,000         \$ 10,000           \$ 28,153         \$ 28,153           \$ 3,660         \$ 3,660         \$ 54,126           \$ 15,485         \$ 15,485           \$ 98,514         \$ 98,514           \$ 98,514         \$ 98,514           \$ 171,785         \$ 171,785           \$ 18,662         \$ 18,662           \$ 25,088         \$ 25,088           \$ 43,008         \$ 43,008           \$ 310,609         \$ 39,235         \$ 349,844           \$ 96,173         \$ 101,973         \$ 198,146           \$ 96,692         \$ 140,387         \$ 210,079           \$ 181,309         \$ 83,053         \$ 264,362           \$ 347,174         \$ 325,759         672,933           \$ 312         \$ 30,264         \$ 30,576           \$ 3,129         \$ (1,219)         \$ 1,910	System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314           -         -         -         304           18,153         -         10,000         -           28,153         -         28,153         -           3,660         -         3,660         -           54,126         -         54,126         20,290           15,485         -         15,485         -           98,514         -         98,514         -           -         -         171,785         20,290           18,662         -         18,662         -           -         -         25,088         -           43,008         -         43,008         12,620           \$ 310,609         \$ 39,235         \$ 349,844         \$ 35,528           \$ 96,173         \$ 101,973         \$ 198,146         \$ 56,929           69,692         140,387         210,079         116,829           181,309         83,053         264,362         180,081           -         346         36         263 <td>System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 304           18,153         -         -         304           18,153         -         10,000         -           28,153         -         28,153         -           3,660         -         3,660         -           54,126         -         54,126         20,290           15,485         -         15,485         -           98,514         -         98,514         -           -         -         18,662         -           -         -         18,662         -           -         -         18,662         -           -         -         25,088         25,088         -           43,008         -         -         310,609         \$ 39,235         \$ 349,844         \$ 35,528           \$ 96,173         \$ 101,973         \$ 198,146         \$ 56,929         \$ 69,692         \$ 140,387         210,079         \$ 116,829           181,309         83,053         264,362         180,081         -         <td< td=""><td>System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund         Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 1,420           18,153         -         -         -         -           10,000         -         10,000         -         -           28,153         -         28,153         -         -           3,660         -         3,660         -         -         -           54,126         -         54,126         20,290         2,737           15,485         -         15,485         -         -         -           98,514         -         98,514         -         -         -           171,785         -         171,785         20,290         2,737           18,662         -         18,662         -         -         -           43,008         -         43,008         12,620         -         -           \$ 310,609         \$ 39,235         \$ 349,844         \$ 35,528         4,157           \$ 96,173         \$ 101,973         \$ 198,146         \$ 56,929         \$ 1,809           69,69</td><td>System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund         Energy System Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 1,420         \$ 18,153           \$ 10,000         \$ 10,000         \$ 10,000         \$ 1,420         <td< td=""></td<></td></td<></td>	System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 304           18,153         -         -         304           18,153         -         10,000         -           28,153         -         28,153         -           3,660         -         3,660         -           54,126         -         54,126         20,290           15,485         -         15,485         -           98,514         -         98,514         -           -         -         18,662         -           -         -         18,662         -           -         -         18,662         -           -         -         25,088         25,088         -           43,008         -         -         310,609         \$ 39,235         \$ 349,844         \$ 35,528           \$ 96,173         \$ 101,973         \$ 198,146         \$ 56,929         \$ 69,692         \$ 140,387         210,079         \$ 116,829           181,309         83,053         264,362         180,081         - <td< td=""><td>System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund         Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 1,420           18,153         -         -         -         -           10,000         -         10,000         -         -           28,153         -         28,153         -         -           3,660         -         3,660         -         -         -           54,126         -         54,126         20,290         2,737           15,485         -         15,485         -         -         -           98,514         -         98,514         -         -         -           171,785         -         171,785         20,290         2,737           18,662         -         18,662         -         -         -           43,008         -         43,008         12,620         -         -           \$ 310,609         \$ 39,235         \$ 349,844         \$ 35,528         4,157           \$ 96,173         \$ 101,973         \$ 198,146         \$ 56,929         \$ 1,809           69,69</td><td>System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund         Energy System Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 1,420         \$ 18,153           \$ 10,000         \$ 10,000         \$ 10,000         \$ 1,420         <td< td=""></td<></td></td<>	System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund         Enterprise Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 1,420           18,153         -         -         -         -           10,000         -         10,000         -         -           28,153         -         28,153         -         -           3,660         -         3,660         -         -         -           54,126         -         54,126         20,290         2,737           15,485         -         15,485         -         -         -           98,514         -         98,514         -         -         -           171,785         -         171,785         20,290         2,737           18,662         -         18,662         -         -         -           43,008         -         43,008         12,620         -         -           \$ 310,609         \$ 39,235         \$ 349,844         \$ 35,528         4,157           \$ 96,173         \$ 101,973         \$ 198,146         \$ 56,929         \$ 1,809           69,69	System and Bulk Power Supply System         SJRPP System         Electric Enterprise Fund         and Sewer Enterprise Fund         Energy System Fund           \$ 49,001         \$ 14,147         \$ 63,148         \$ 2,314         \$ 1,420         \$ 18,153           \$ 10,000         \$ 10,000         \$ 10,000         \$ 1,420 <td< td=""></td<>

JEA Statements of Revenues, Expenses and Changes in Net Position (in thousands - unaudited)

		Mor			Year-1		ate
		Jul	ly			ıly	
		2015		2014	2015		2014
Operating revenues (net of allowances and discounts):	_		_				
Electric - base	\$	·	\$	75,515 \$	•	\$	633,479
Electric - fuel and purchased power		63,946		44,763	483,082		527,990
Water and Sewer		35,988		33,582	334,440		316,683
District Energy		875		872	6,968		6,974
Other, net of allowances	_	2,421		3,532	29,294		31,908
Total operating revenues		182,504		158,264	1,504,593		1,517,034
Operating expenses:							
Operations:							
Fuel		46,018		58,146	385,560		442,300
Purchased power		3,378		3,088	40,396		36,615
Other		21,646		20,580	204,663		219,643
Maintenance		8,215		7,992	89,103		78,360
Depreciation		30,479		31,511	305,799		313,398
State utility taxes and franchise fees		7,435		5,898	58,614		58,292
Recognition of deferred costs and revenues, net		(1,034)		5,337	(9,186)		46,272
Total operating expenses		116,137		132,552	1,074,949		1,194,880
Operating income		66,367		25,712	429,644		322,154
Nonoperating revenues (expenses):							
Earnings from The Energy Authority		(26)		117	1,324		3,554
Investment income		784		864	8,979		8,878
Net increase (decrease) in fair value of investments		_		(24)	(578)	)	9,495
Other revenue		1,415		607	9,656		6,064
Other expense		(21)		_	(44)	)	, -
Interest on debt		(14,572)		(17,995)	(149,133)		(169,502)
Debt management strategy		(1,664)		(1,612)	(16,245)		(16,022)
Other interest, net		(8)		(7)	(60)		(31)
Allowance for funds used during construction		581		411	4,315	·	2,930
Loss on sale of asset		-		-	(78)		2,000
Total nonoperating revenues (expenses), net	-	(13,511)		(17,639)	(141,864)	_	(154,634)
Income before contributions	_	52,856		8,073	287,780		167,520
Contributions (to) from	_						
Contributions (to) from:	•	(0.007)		(0.000)	(00.070)		(00.000
General fund, City of Jacksonville		(9,307)		(9,099)	(93,072)	)	(90,990
Developers and other		5,114		3,565	45,817		30,729
Total contributions		(4,193)	-	(5,534)	(47,255)		(60,261
Change in net position		48,663		2,539	240,525		107,259
Net position - beginning of period		2,387,868		2,144,457	2,196,006		2,039,737
Troc poolson - boginning or porloa		2,007,000		<u>د, ۱۳۳,۳۵۱</u>	2,100,000		2,000,101
Net position - end of period	\$	2,436,531	\$	2,146,996	\$ 2,436,531	\$	2,146,996

Page 10 JEA Combining Statement of Revenues, Expenses and Changes in Net Position (in thousands - unaudited) for the month ended July 31, 2015

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues (net of allowances and discounts):								
Electric - base	\$ 79,618	\$ -	\$ -	\$ 79,618	\$ -	\$ -	\$ (344)	\$ 79,274
Electric - fuel and purchased power	54,149	25,808	(14,717)	65,240		-	(1,294)	63,946
Water and Sewer	-	-	-	-	36,052	-	(64)	35,988
District Energy	-	-	-	-	-	875	-	875
Other, net of allowances	1,804	-	-	1,804	823	-	(206)	2,421
Total operating revenues	135,571	25,808	(14,717)	146,662	36,875	875	(1,908)	182,504
Operating expenses:								
Operations:								
Fuel	29,986	16,032	-	46,018	-	-	-	46,018
Purchased power	18,095	-	(14,717)	3,378	-	-	-	3,378
Other	10,570	1,840	-	12,410	10,702	442	(1,908)	21,646
Maintenance	4,493	2,045	-	6,538	1,605	72	-	8,215
Depreciation	15,628	3,579	-	19,207	11,081	191		30,479
State utility taxes and franchise fees	6,510	-	-	6,510	925	-	-	7,435
Recognition of deferred costs and revenues, net	(312)	(722)	-	(1,034)	-	-	-	(1,034
Total operating expenses	84,970	22,774	(14,717)	93,027	24,313	705	(1,908)	116,137
Operating income	50,601	3,034	-	53,635	12,562	170	<u>-</u>	66,367
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	(26)	•	-	(26)	-	-	-	(26
Investment income	437	332	-	769	15	-	-	784
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-
Other revenue	369	34	-	403	1,012	-	-	1,415
Other expense	(21)	-	-	(21)	-	-	-	(21
Interest on debt	(6,851)	(2,553)	-	(9,404)	(5,049)	(119)	-	(14,572
Debt management strategy	(1,289)	-	-	(1,289)	(375)	-	-	(1,664
Other interest, net	(8)	-	-	(8)	-	-	-	(8
Allowance for funds used during construction	288	-	-	288	292	1	-	581
Loss on sale of asset	-					-		
Total nonoperating revenues (expenses), net	(7,101)	(2,187)	_	(9,288)	(4,105)	(118)	-	(13,511
Income before contributions	43,500	847	-	44,347	8,457	52	-	52,856
Contributions (to) from:								
General fund, City of Jacksonville	(7,509)	-	-	(7,509)	(1,798)	-	-	(9,307
Developers and other	-	-	-	-	5,114			5,114
Total contributions	(7,509)	-		(7,509)	3,316			(4,193
Change in net position	35,991	847	<del></del>	36,838	11,773	52	_	48,663
Net position - beginning of period	873,840	138,761		1,012,601	1,371,138	4,129		2,387,868
Net position - end of period	\$ 909,831	\$ 139,608	\$ -	\$ 1,049,439	\$ 1,382,911	\$ 4,181	\$ -	\$ 2,436,531

JEA
Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended July 31, 2014

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues (net of allowances and discounts):								_
Electric - base	\$ 75,779	-	\$ -	\$ 75,779	\$ -	\$ -	\$ (264)	
Electric - fuel and purchased power	29,813	39,453	(23,509)	45,757	-	-	(994)	44,763
Water and Sewer	-	-	-	-	33,654	-	(72)	33,582
District Energy	•	-	-	-	-	872	-	872
Other, net of allowances	2,996			2,996	743		(207)	3,532
Total operating revenues	108,588	39,453	(23,509)	124,532	34,397	872	(1,537)	158,264
Operating expenses:								
Operations:								
Fuel	36,760	21,386	-	58,146	-	-	-	58,146
Purchased power	26,597	•	(23,509)	3,088	-	-	-	3,088
Other	10,176	2,494	-	12,670	9,106	341	(1,537)	20,580
Maintenance	4,221	2,223	-	6,444	1,467	81	-	7,992
Depreciation	16,579	3,498	-	20,077	11,245	189	-	31,511
State utility taxes and franchise fees	5,030	-	-	5,030	868	-	-	5,898
Recognition of deferred costs and revenues, net	(451)	5,788	-	5,337				5,337
Total operating expenses	98,912	35,389	(23,509)	110,792	22,686	611	(1,537)	132,552
Operating income	9,676	4,064		13,740	11,711	261		25,712
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	117	-	-	117	-	-	-	117
Investment income	330	282	-	612	251	1	-	864
Net increase (decrease) in fair value of investments	36	(38)	-	(2)	(18)	(4)	-	(24
Other revenue	365	34	-	399	208	-	-	607
Other expense	-	-	-	-	-	-	-	-
Interest on debt	(7,164)	(3,271)	-	(10,435)	(7,441)	(119)	-	(17,995
Debt management strategy	(1,292)	-	-	(1,292)	(320)	-	-	(1,612
Other interest, net	(7)	-	-	(7)	-	-	-	(7
Allowance for funds used during construction	157	-	-	157	253	1	-	411
Loss on sale of asset	-		-	-	-		-	
Total nonoperating revenues (expenses), net	(7,458)	(2,993)	-	(10,451)	(7,067)	(121)	-	(17,639
Income before contributions	2,218	1,071		3,289	4,644	140		8,073
Contributions (to) from:								
General fund, City of Jacksonville	(7,277)	-	-	(7,277)	(1,822)	-	-	(9,099
Developers and other				•	3,565	-	-	3,565
Total contributions	(7,277)			(7,277)	1,743			(5,534
Change in net position	(5,059)	1,071	-	(3,988)	6,387	140		2,539
Net position - beginning of period	778,609	107,016	-	885,625	1,254,824	4,008	-	2,144,457
Net position - end of period	\$ 773,550	\$ 108,087	\$ -	\$ 881,637	\$ 1,261,211	\$ 4,148	\$	\$2,146,996

JEA
Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the ten month(s) ended July 31, 2015

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues (net of allowances and discounts) :		•	•				. (0.754)	
Electric - base	\$ 653,563		\$ -	\$ 653,563	\$ -	\$ -	\$ (2,754)	
Electric - fuel and purchased power	389,324	236,306	(132,187)	493,443		-	(10,361)	483,082
Water and Sewer	-	-	-	-	334,888		(448)	334,440
District Energy	-	-	-	-	-	6,968		6,968
Other, net of allowances	23,871	-	<u> </u>	23,871	7,506	<u>-</u>	(2,083)	29,294
Total operating revenues	1,066,758	236,306	(132,187)	1,170,877	342,394	6,968	(15,646)	1,504,593
Operating expenses:								
Operations:								
Fuel	248,912	136,648	_	385,560	-	_	-	385,560
Purchased power	172,583	-	(132,187)	40,396	-	-	-	40,396
Other	107,735	18,722		126,457	90,841	3,011	(15,646)	204,663
Maintenance	55,418	21,205	_	76,623	11,622	858		89,103
Depreciation	158,401	35,596	-	193,997	109,899	1,903	-	305,799
State utility taxes and franchise fees	50,246		-	50,246	8,368	-	-	58,614
Recognition of deferred costs and revenues, net	(3,124)	(6,062)	-	(9,186)		_	-	(9,186
Total operating expenses	790,171	206,109	(132,187)	864,093	220,730	5,772	(15,646)	1,074,949
Operating income	276,587	30,197		306,784	121,664	1,196	· <u>-</u>	429,644
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	1,324	-	-	1,324	-	-	-	1,324
Investment income	3,538	3,129	-	6,667	2,308	4	-	8,979
Net increase (decrease) in fair value of investments	386	(411)	-	(25)	(553)	-	-	(578)
Other revenue	3,664	340	-	4,004	5,652		-	9,656
Other expense	(44)	-	-	(44)	-	-	-	(44
Interest on debt	(69,491)	(26,365)	-	(95,856)	(52,092)	(1,185)	-	(149,133
Debt management strategy	(12,902)	-	-	(12,902)	(3,343)		-	(16,245
Other interest, net	(59)	-	-	(59)	(1)	-	-	(60
Allowance for funds used during construction	2,015	-	-	2,015	2,290	10	-	4,315
Loss on sale of asset	(78)		-	(78)	-		-	(78
Total nonoperating revenues (expenses), net	(71,647)	(23,307)	•	(94,954)	(45,739)	(1,171)	-	(141,864
Income before contributions	204,940	6,890		211,830	75,925	25		287,780
Contributions (to) from:								
General fund, City of Jacksonville	(75,090)	-	-	(75,090)	(17,982)	_	-	(93,072
Developers and other	-	-	-	-	45,817	-	-	45,817
Total contributions	(75,090)	-	-	(75,090)	27,835			(47,255
Change in net position	129,850	6,890	-	136,740	103,760	25		240,525
Net position - beginning of period	779,981	132,718	-	912,699	1,279,151	4,156		2,196,006
Net position - end of period	\$ 909,831	\$ 139,608	\$ -	\$ 1,049,439	\$ 1,382,911	\$ 4,181	\$	\$ 2,436,531

JEA
Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the ten month(s) ended July 31, 2014

	Syst Bulk	ectric tem and Power ly System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues (not of allowaness and discounts):	Supp	y System	System	Transactions	runa	rulia	ruliu	Elilinations	TOTAL JEA
Operating revenues (net of allowances and discounts) :	\$	636,313	s -	<b>s</b> -	\$ 636,313	<b>s</b> -	<b>\$</b> -	\$ (2.834)	\$ 633,479
Electric - base	Þ		•	•	,	<b>a</b> -	<b>a</b> -	, ,-,-,	
Electric - fuel and purchased power		404,762	334,337	(200,450)	538,649	- 047.040	-	(10,659)	527,990
Water and Sewer		•	-	-	-	317,248	- 0.074	(565)	316,683
District Energy		-	-	-			6,974	-	6,974
Other, net of allowances		26,519			26,519	7,461	7	(2,079)	31,908
Total operating revenues	1	1,067,594	334,337	(200,450)	1,201,481	324,709	6,981	(16,137)	1,517,034
Operating expenses:									
Operations:			•						
Fuel		282,260	160.040	-	442.300	-	-	-	442.300
Purchased power		237,065	-	(200,450)	36,615	_	-	_	36,615
Other		114,738	27,512	(200, 100)	142,250	90,547	2,983	(16,137)	219,643
Maintenance		45,865	21,106	_	66,971	10,656	733	(.0,.0.,	78,360
Depreciation		166,775	34,768	_	201,543	110,045	1,810	_	313,398
State utility taxes and franchise fees		50,230		-	50,230	8,062	-,510	_	58,292
Recognition of deferred costs and revenues, net		(4,761)	51,033	_	46,272	0,002	_	_	46,272
Total operating expenses		892,172	294,459	(200,450)	986,181	219,310	5,526	(16,137)	1,194,880
Operating income		175,422	39,878	<u>-</u>	215,300	105,399	1,455	<u>-</u>	322,154
Nonoperating revenues (expenses):									
Earnings from The Energy Authority		3,554			3,554				3,554
• • •		3,462	3,130	-	6,592	2,283	3	-	8,878
Investment income		-		-		· · · · · · · · · · · · · · · · · · ·	_	-	
Net increase (decrease) in fair value of investments		4,090	2,599	-	6,689	2,809	(3)	-	9,495
Other revenue		3,649	340	-	3,989	2,075	-	-	6,064
Other expense		(74.000)	(20 500)	-	- (100 150)	(50.004)	-	-	(100 -00
Interest on debt		(74,930)	(33,520)	-	(108,450)	(59,861)	(1,191)	-	(169,502
Debt management strategy		(12,899)	-	-	(12,899)	(3,123)	-	-	(16,022
Other interest, net		(40)	-	-	(40)	9	-	·	(31
Allowance for funds used during construction		1,007	-	-	1,007	1,909	14	-	2,930
Loss on sale of asset  Total nonoperating revenues (expenses), net		(72,107)	(27,451)	<del>.</del>	(99,558)	(53,899)	(1,177)		(154,634
Total Horioperating revenues (expenses), flet		(12,101)	(21,401)		(33,000)	(33,688)	(1,177)		(104,034
Income before contributions		103,315	12,427	-	115,742	51,500	278		167,520
Contributions (to) from:									
General fund, City of Jacksonville		(72,765)	-	-	(72,765)	(18,225)	-	-	(90,990
Developers and other		-	-	-	-	30,729	-	-	30,729
Total contributions		(72,765)	-	-	(72,765)	12,504	-		(60,261
Change in net position		30,550	12,427	<u>-</u>	42,977	64,004	278		107,259
Net position - beginning of period		743,000	95,660		838,660	1,197,207	3,870	<u>.</u>	2,039,737
Net position - end of period	\$	773 550	\$ 108,087	s -	\$ 881,637	\$ 1.261.211	\$ 4.148	s -	\$ 2.146.996

JEA Statement of Cash Flows		Page 14
(in thousands - unaudited) for the ten month(s) ended July 31, 201	 	
Operations:		
Receipts from customers	\$	1,464,985
Other receipts		28,039
Payments to suppliers		(632,051
Payments to employees		(187,771
Net cash provided by operating activities		673,202
Noncapital and related financing activities:		
Contribution to General Fund, City of Jacksonville, Florida		(92,844
Other revenues, net		3,575
Build America Bonds subsidies		3,628
Net cash used in noncapital financing activities		(85,641
Capital and related financing activities:		
Acquisition and construction of capital assets		(159,956
Proceeds from sales of property		211
Gain/(Loss) on disposal of assets		206
Proceeds from issuance of debt		198,80
Debt issue costs and discounts		13,320
Defeasance of debt		(231,129
Repayment of debt principal		(257,869
Interest paid on debt		(206,122
Contribution from developers and others  Net cash used in capital and related financing activities		16,512 (626,022
Purchase of investments Proceeds from sale and maturities of investments Investment income Distributions from The Energy Authority		(1,499,66: 1,189,11 8,40 2,03
Net cash used in investing activities		(300,10
Net change in cash and cash equivalents		(338,56
Cash and cash equivalents at October 1, 2014		589,62
Cash and cash equivalents at July 31, 2015	\$	251,06
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income:	\$	429,64
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation and amortization		307,02
Recognition of deferred costs and revenues, net		(9,18
Changes in noncash assets and noncash liabilities:		
Decrease (increase) accounts receivable		(31,78
Decrease (increase) accounts receivable, restricted		(1,32
Decrease (increase) in inventories		1,959
Increase (decrease) in other assets		198
Increase (decrease) in accounts and expenses payable		(17,45)
Increase (decrease) in liabilities payable, restricted		(6,489
Increase (decrease) in other liabilities  Net cash provided by operating activities	\$	603 673,203
	Ψ	013,20
Non-cash activity:		
Contribution of capital assets from developers		29,30

JEA Combining Statement of Cash Flows (in thousands - unaudited) for the ten month(s) ended July 31, 2015

	Sy Bu	Electric stem and llk Power oly System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operations:									
Receipts from customers	\$	1,034,890	\$ 236,306	\$ (129,927)		\$ 330,130	\$ 7,149		\$ 1,464,985
Other receipts		21,828	-	-	21,828	8,294	-	(2,083)	28,039
Payments to suppliers		(518,497)	(195,913)	129,927	(584,483)	(59,792)	(3,422)		(632,051)
Payments to employees		(121,378)	(21,729)	-	(143,107)	(44,218)	(446)		(187,771)
Net cash provided by operating activities		416,843	18,664	-	435,507	234,414	3,281	-	673,202
Noncapital and related financing activities:									
Contribution to General Fund, City of Jacksonville, Florida		(74,858)	-	· -	(74,858)	(17,986)	-	-	(92,844)
Other revenues, net		(3)	_	_	(3)	3,578	_	-	3,575
Build America Bonds subsidies		2,180	204	-	2,384	1,244	-	_	3,628
Net cash used in noncapital financing activities		(72,681)	204		(72,477)	(13,164)			(85,641)
Capital and related financing activities:									
Acquisition and construction of capital assets		(80,869)			(80,869)	(78,676)	(411	١	(159,956)
		(60,009)	-	-	(60,009)		(411	, -	
Proceeds from sales of property Gain/(Loss) on disposal of assets		206	-	-	206	211	-	-	211 206
Proceeds from issuance of debt			73.125	-			-	-	
		125,680		-	198,805	(050)	-	-	198,805
Debt issue costs and discounts		3,089	10,489		13,578	(258)	-	-	13,320
Defeasance of debt		(153,330)	(77,801)		(231,131)	2 (44.005)	/4 005		(231,129)
Repayment of debt principal		(79,854)	(132,085)		(211,939)	(44,325)	(1,605		(257,869)
Interest paid on debt		(108,557)	(27,246)	-	(135,803)	(68,906)	(1,413	•	(206,122)
Contribution from developers and others		(000 005)	(450 540			16,512			16,512
Net cash used in capital and related financing activities		(293,635)	(153,518)	-	(447,153)	(175,440)	(3,429	) -	(626,022)
Investing activities:									
Purchase of investments		(549,827)	(544,457)	-	(1,094,284)	(405,378)	-	-	(1,499,662)
Proceeds from sale and maturities of investments		405,893	471,874	-	877,767	311,350	-		1,189,117
Investment income		3,075	3,290		6,365	2,038	4	-	8,407
Distributions from The Energy Authority		2,037		-	2,037				2,037
Net cash used in investing activities		(138,822)	(69,293)	•	(208,115)	(91,990)	4	<u> </u>	(300,101)
Net change in cash and cash equivalents		(88,295)	(203,943)	) -	(292,238)	(46,180)	(144	) -	(338,562)
Cash and cash equivalents at October 1, 2014		177,432	267,940	-	445,372	135,920	8,330	· -	589,622
Cash and cash equivalents at July 31, 2015	\$	89,137	\$ 63,997	\$ -	\$ 153,134	\$ 89,740	\$ 8,186	\$ -	\$ 251,060
Reconciliation of operating income to net cash provided by operating activities:									
Operating Income:	\$	276,587	\$ 30,197	\$ -	\$ 306,784	\$ 121,664	\$ 1,196	\$ -	\$ 429,644
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation and amortization		158,401	35,596	-	193,997	111,129	1,903		307,029
Recognition of deferred costs and revenues, net		(3,124)	(6,062	) -	(9,186)	-	-		(9,186)
Changes in noncash assets and noncash liabilities:									
Decrease (increase) accounts receivable		(7,997)	(19,207	) -	(27,204)		180	-	(31,782)
Decrease (increase) accounts receivable, restricted		(2,052)	-	-	(2,052)	729	-	-	(1,323)
Decrease (increase) in inventories		(1,566)	1,251	-	(315)		-	-	1,959
Increase (decrease) in other assets		158	-	-	158	40	-		198
Increase (decrease) in accounts and expenses payable		(2,757)	(16,552		(19,309)	1,868	(9	-	(17,450)
Increase (decrease) in liabilities payable, restricted		-	(6,489		(6,489)		-	-	(6,489)
Increase (decrease) in other liabilities		(807)	(70		(877)	1,468	11		602
Net cash provided by operating activities	\$_	416,843	\$ 18,664	\$ -	\$ 435,507	\$ 234,414	\$ 3,281	<u> </u>	\$ 673,202

Non-cash activity:

Contribution of capital assets from developers

\$ 29,306

IEA Statement of Cash Flows		Page 16
in thousands - unaudited) for the ten month(s) ended July 31, 2014	-	
Operations:		
Receipts from customers	\$	1,501,311
Other receipts		34,348
Payments to suppliers		(722,524)
Payments to employees  Net cash provided by operating activities		(182,240) 630,895
		· · · · · · · · · · · · · · · · · · ·
Noncapital and related financing activities:		
Contribution to General Fund, City of Jacksonville, Florida		(90,738)
Other revenues, net		2 020
Build America Bonds subsidies  Net cash used in noncapital financing activities		3,639 (87,099)
Capital and related financing activities:		
Acquisition and construction of capital assets		(133,060)
Proceeds from sales of property		1,396
Gain/(Loss) on disposal of assets Proceeds from issuance of debt		942 205
		813,295
Debt issue costs and discounts Defeasance of debt		43,114
Repayment of debt principal		(857,186 (239,697
Interest paid on debt		(239,097
Contribution from developers and others		15,013
Net cash used in capital and related financing activities		(584,183
Investing activities:		
Purchase of investments		(1,536,252
Proceeds from sale and maturities of investments		1,248,173
Investment income		8,402
Distributions from The Energy Authority		1,614
Net cash used in investing activities		(278,063
Net change in cash and cash equivalents		(318,450
Cash and cash equivalents at October 1, 2013		585,888
Cash and cash equivalents at July 31, 2014	\$	267,438
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income:	\$	322,154
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		314,754
Recognition of deferred costs and revenues, net		46,272
Changes in noncash assets and noncash liabilities:		
Decrease (increase) accounts receivable		(31,545
Decrease (increase) accounts receivable, restricted		2,440
Decrease (increase) in inventories		20,823
Increase (decrease) in other assets		(8,402
Increase (decrease) in accounts and expenses payable		(29,317
Increase (decrease) in liabilities payable, restricted		(3,647
Increase (decrease) in other liabilities		(2,637
Alice of the second of the sec	\$	630,895
Net cash provided by operating activities		
Net cash provided by operating activities  Non-cash activity:		

JEA Combining Statement of Cash Flows (in thousands - unaudited) for the ten month(s) ended July 31, 2014

	S) Bi	Electric stem and ulk Power ply System		RPP stem	c	imination of Inter- ompany insactions	El Ent	otal ectric erprise und	and Ente	later Sewer erprise und	E:	istrict nergy ystem Fund	Elim	ninations		Total JEA
Operations:																
Receipts from customers	\$	1,056,605	\$ 33	34,337	\$	(201,818)	\$ 1,		\$ 3	319,025	\$	7,220	\$	(14,058)	\$	1,501,311
Other receipts		27,705		-		-		27,705		8,715		7		(2,079)		34,348
Payments to suppliers		(631,205)		32,361)		201,818	(	661,748)	(	(73,605)		(3,308)		16,137		(722,524)
Payments to employees		(117,346)		23,330)				140,676)		(41,137)		(427)				(182,240)
Net cash provided by operating activities		335,759	7	78,646		-		414,405	2	212,998		3,492				630,895
Noncapital and related financing activities:																
Contribution to General Fund, City of Jacksonville, Florida		(72,485)		-		٠		(72,485)	(	(18,253)		-		-		(90,738)
Other revenues, net		-		-		-		-		-		-		-		-
Build America Bonds subsidies		2,189		204				2,393		1,246				-		3,639
Net cash used in noncapital financing activities		(70,296)		204		-	-	(70,092)	(	(17,007)						(87,099)
Capital and related financing activities:																
Acquisition and construction of capital assets		(63,249)		-		-		(63,249)	(	(68,958)		(853)		-		(133,060)
Proceeds from sales of property		1,094		-		-		1.094		302		` _		-		1,396
Gain/(Loss) on disposal of assets		· •		-		_						-		-		· -
Proceeds from issuance of debt		360,380	15	52,715		-		513,095	3	300,200				-		813,295
Debt issue costs and discounts		20,426		47		-		20,473		22,641		-		-		43,114
Defeasance of debt		(382,247)	(15	52,418)		-	(	534,665)	(3	322,521)						(857,186)
Repayment of debt principal		(65,450)		27,390)		_		192,840)		(46,492)		(365)				(239,697)
Interest paid on debt		(108,140)	,	37,909)		_		146,049)		(79,899)		(1,110)				(227,058)
Contribution from developers and others		(100,710)	,,	J.,000,		_				15,013		(1,110)				15,013
Net cash used in capital and related financing activities		(237,186)	(16	64,955)		<del></del>		(402,141)	- /1	179,714)		(2,328)		<del></del>		(584,183)
Net cash used in capital and related infahring activities		(201,100)	(1)	<del>54</del> ,500)		<u>_</u>		402,141)		113,114)	_	(2,020)				(004,100)
Investing activities:		(=40 ==4)														
Purchase of investments		(516,751)		31,123)		-	(1	,047,874)		188,378)				-		1,536,252)
Proceeds from sale and maturities of investments		405,028	47	73,179		-		878,207	3	369,944		22		-		1,248,173
Investment income		3,061		3,493		-		6,554		1,845		3		•		8,402
Distributions from The Energy Authority		1,614						1,614		-						1,614
Net cash used in investing activities		(107,048)	(5	54,451)				(161,499)	(1	116,589)		25				(278,063)
Net change in cash and cash equivalents		(78,771)		40,556)		-		(219,327)		100,312)		1,189				(318,450)
Cash and cash equivalents at October 1, 2013		161,506		58,580				420,086		158,739		7,063				585,888
Cash and cash equivalents at July 31, 2014	\$	82,735	\$ 1	18,024	\$	-	\$	200,759	\$	58,427	\$	8,252	\$	-	\$	267,438
Reconciliation of operating income to net cash provided by operating activities:																
Operating Income:	\$	175,422	\$ 3	39,878	\$	-	\$	215,300	\$ 1	105,399	\$	1,455	\$	-	\$	322,154
Adjustments to reconcile operating income to net cash provided by operating activities:																
Depreciation and amortization		166,775		34,768		-		201,543	1	111,401		1,810		-		314,754
Recognition of deferred costs and revenues, net		(4,761)	, ,	51,033		-		46,272		-		-		-		46,272
Changes in noncash assets and noncash liabilities:																
Decrease (increase) accounts receivable		15,530	(4	49,098)		-		(33,568)		1,777		246		-		(31,545)
Decrease (increase) accounts receivable, restricted		1,186		-		-		1,186		1,254		-		-		2,440
Decrease (increase) in inventories		3,735		17,479		-		21,214		(391)		-		-		20,823
Increase (decrease) in other assets		(8,273)		-				(8,273)		(129)		-		-		(8,402)
Increase (decrease) in accounts and expenses payable		(12,187)		10,352)		-		(22,539)		(6,752)		(26)		-		(29,317)
Increase (decrease) in liabilities payable, restricted		-		(3,647)		-		(3,647)		_		-		-		(3,647)
Increase (decrease) in other liabilities		(1,668)	)	(1,415)				(3,083)		439		7		-		(2,637)
Net cash provided by operating activities	\$	335,759		78,646		-	\$	414,405	\$ 2	212.998	\$	3,492	\$		S	630,895

Non-cash activity:

Contribution of capital assets from developers

\$ 15,717

JEA
Electric System
Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the ten month(s) ended July 31, 2015 and July 31, 2014 Page 18

·	 Debt service funds	F	y 31, 2015 Renewal and blacement funds	Co	nstruction funds	Debt service funds	F	y 31, 2014 Renewal and blacement funds	Co	nstruction funds
Beginning balance	\$ 194,776	\$	148,110	\$	43	\$ 178,886	\$	142,868	\$	5,185
Additions:										
Debt issuance:										
Bonds	-		-		-	-		-		360,380
Transfer from:										
Revenue fund	156,827		137,316		-	142,269		104,585		665
Debt Service	-		-		-	-		-		1,619
R & R fund	-		-		37	-		-		50
Construction fund	-		-		-	-		69		-
Proceeds from property sales	-		284		-	-		1,094		-
Increase in accounts payable	-		-		-	-		-		-
Debt issue premiums	-		-		-	-		-		21,987
Total additions	156,827		137,600		37	142,269		105,748		384,701
Deductions:										
Increase in utility plant	· -		75,424		66	-		51,567		4,265
Interest/principal payments from sinking funds	170,890		-		-	153,671		-		-
Defeasance	-		-		_	-		-		383,745
Transfer to:										
Revenue fund	246		-		-	-		-		905
R & R fund	-		-		-	-		-		69
Construction fund	-		37		-	1,619		50		-
Deposits	-		-		-	-		7,500		-
Debt issue costs and discounts	-		-		-	-		-		593
Decrease in accounts payable	-		5,374		10	-		6,994		308
Loss from property sales	-		-		-	-		_		-
Total deductions	171,136		80,835		76	155,290		66,111		389,885
Ending balance	\$ 180,467	\$	204,875	\$	`4	\$ 165,865	\$	182,505	\$	1
	 			<u> </u>						
Renewal and replacement fund: Cash & investments Accounts / notes receivable:		\$	201,621				\$	181,309		
Accounts receivable			3,096					983		
Street light & other customer loans			158					213		
		\$	204,875	=			\$	182,505	=	
Construction fund:										
Generation projects				\$	4				\$	-
T& D and other capital projects					-					
Accounts receivable					_					1
				\$	4				\$	

July 31, 2015

Renewal

and

Replacement

Funds

142,417

117,648

211

16,512

69,589

134,371

Construction

Funds

670 \$

Debt

Service

Funds

\$

191,848

86,000

86,000

108,724

JEA
Water and Sewer System
Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the ten month(s) ended July 31, 2015 and July 31, 2014

Beginning balance

Revenue fund

Construction fund

Total additions

Proceeds from property sales Contribution in aid of construction

Interest/principal payments from sinking funds

R & R fund

Deductions: Increase in utility plant

Additions: Debt issuance: Bonds Transfer from: Page 19

Construction

Funds

2,305

1,893

1,893

1,084

July 31, 2014

Renewal

and

Replacement

**Funds** 

131,128 \$

101,500

116,987

56,571

172

302 15,013

Debt

Service

Funds

200,232 \$

98,228

98,228

121,615

ranster to:					-		-	-
Revenue fund	2,647		-	-	3,087		-	-
R&R fund	-		•	-	-		-	172
Construction fund	-		-	=	-	1,89	3	-
Debt issuance costs and discounts	-		-	-	-		-	48
Decrease in accounts payable	 -	9,081		6		8,67	2	2,631_
Total deductions	 111,371	78,670	)	6	124,702	67,13	6	3,935
Ending balance	\$ 166,477	\$ 198,118	\$ \$	664 \$	173,758	\$ 180,97	9 \$	263
Recap: Renewal and replacement fund: Cash & investments Accounts / notes receivable: Accounts receivable Notes receivable		\$ 197,268 828 28 \$ 198,118	5 5_			\$ 180,08 86 2 \$ 180,9	9 9	
Construction fund:			_				_	
Construction reserves			\$	-			\$	-
Accounts receivable								-
Project funds			<u>c</u>	664 664			•	263 263
			Þ	004			\$	203

Electric System			Month		Prior Year M	onth
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
uly 31, 2015 and 2014	2014-15	2014-15	2014-15	%	2013-14	%
uel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 542,218,303 \$	56,983,424 \$	54,118,667	-5.03%	29,468,020	83.65%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	308,686,899	34,224,761	26,812,785		32,790,426	
Fuel Expense - SJRPP	129,171,400	12,775,300	10,101,082		13,595,329	
Other Purchased Power	90,396,444	7,553,579	5,894,232		5,962,036	
Subtotal Energy Expense	528,254,744	54,553,640	42,808,099	21.53%	52,347,790	18.22%
Transfer to (from) Rate Stabilization, Net	12,879,123	-	11,228,796		(21,807,636)	
Fuel Related Uncollectibles	1,084,437	90,370	81,772		47,067	
Total	542,218,303	54,644,010	54,118,667	0.96%	30,587,222	-76.93%
,	012,210,000	01,011,010	01,110,001		00,001,222	
Fuel Balance	-	2,339,414	0		(1,119,201)	
Ionfuel Related Revenues						
Base Rate Revenues	738,359,977	77,596,568	72,377,144		70,079,396	
Conservation Charge Revenue	989,059	103,943	180,851		136,783	
Environmental Charge Revenue	7,686,000	807,746	766,370		734,664	
Investment Income	2,941,782	245,149	432,926		323,972	
Other Revenues	39,684,121	3,307,010	2,113,954		3,302,100	
Total	789,660,939	82,060,416	75,871,245	-7.54%	74,576,915	1.74%
Ionfuel Related Expenses						
Non-Fuel O&M	196,087,363	15,576,861	13,347,054		11,940,156	
DSM / Conservation O&M	9,214,100	765,907	682,412		675,194	
Environmental O&M	2,228,500	185,708	77,105		144,153	
Net Transfer to Rate Stabilization - DSM	(1,925,041)	(158,605)	87,937		56,259	
Transfer to Environmental Fund/RSF	5,457,500	454,792	689,265		590,511	
Debt Principal - Electric System	94,955,000	7,912,917	7,928,385		6,656,377	
Debt Interest - Electric System	113,174,619	9,431,218	8,438,178		9,130,014	
Bond Buy-Back Principal - Electric System	-	-	25,000,000		-	
R&R - Electric System	67,286,054	5,607,171	5,460,179		5,258,521	
Operating Capital Outlay	82,713,946	_	_		8,000,000	
City Contribution Expense	90,108,598	7,509,050	7,509,050		7,276,502	
Taxes & Uncollectibles	1,697,349	141,446	115,905		122,741	
Emergency Reserve	5,000,000		-		-	
Nonfuel Purchased Power:	3,000,000					
* SJRPP D/S Principal	46,090,484	3.840,874	2.975.104		7.197.152	
SJRPP D/S Interest	22,734,025	1,894,502	1,623,348		2,041,289	
** Other Non-Fuel Purchased Power	54,838,443	4,158,785	2,473,622		3,704,139	
Total Nonfuel Expenses	789,660,939	57,320,626	76,407,543	-33.30%	74,793,008	-2.16%
Non-Fuel Balance		24,739,790	(536,298)		(216,094)	
Total Balance	-	27,079,204	(536,298)		(1,335,295)	
Total Revenues	1,331,879,242	139,043,839	129,989,912	-6.51%	104,044,935	24.94%
Total Expenses	1,331,879,242	111,964,635	130,526,210	16.58%	105,380,230	-23.869
KWH Sold - Territorial	12,600,000,000	1,324,173,514	1,254,252,000	-5.28%	1,207,001,000	3.91%
KWH Sold - Off System	-		2,981,000		11,695,000	
	12,600,000,000	1,324,173,514	1,257,233,000	-5.06%	1,218,696,000	3.16%

<sup>\*</sup> Gross debt service

 $<sup>^{\</sup>star\star}$  Includes transmission capacity, SJRPP and Scherer R & R, O & M  $\,$  and Investment Income

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Electric System			Year-To-Date		Prior Year-To-Date		
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance	
uly 31, 2015 and 2014	2014-15	2014-15	2014-15	<u>%</u>	2013-14	%	
uel Related Revenues & Expenses							
Fuel Rate Revenues	542,218,303	437,951,113	387,312,155	-11.56%	401,644,656	-3.57%	
Fuel Expense and Purchased Power:							
Fuel Expense - Electric System	308,686,899	247,893,110	218,826,406		255,060,580		
Fuel Expense - SJRPP	129,171,400	105,596,700	84,788,185		102,784,567		
Other Purchased Power	90,396,444	72,689,567	60,884,779		51,289,612		
Subtotal Energy Expense	528,254,744	426,179,377	364,499,370	14.47%	409,134,760	10.91%	
Transfer to (from) Rate Stabilization, Net	12,879,123	-	22,222,820		(9,775,218)		
Fuel Related Uncollectibles	1,084,437	903,697	589,965		636,044		
Total	542,218,303	427,083,074	387,312,155	9.31%	399,995,586	3.17%	
Fuel Balance	•	10,868,039	0		1,649,070		
ionfuel Related Revenues							
Base Rate Revenues	738,359,977	596,375,246	598,438,486		581,664,386		
Conservation Charge Revenue	989,059	798,866	616,036		574,962		
Environmental Charge Revenue	7,686,000	6,208,002	6,182,824		5,979,087		
Investment Income	2,941,782	2,451,485	3,485,797		3,399,549		
Other Revenues	39,684,121	33,070,101	26,692,466		29,506,093		
Total	789,660,939	638,903,700	635,415,610	-0.55%	621,124,077	2.30%	
Ionfuel Related Expenses							
Non-Fuel O&M	196,447,363	155,388,020	144,781,464		132,157,623		
DSM / Conservation O&M	8,854,100	7,391,656	5,611,432		5,688,849		
Environmental O&M	2,228,500	1,857,083	488,339		516,630		
Net Transfer to Rate Stabilization - DSM	(1,925,041)	(1,596,113)	(288,517)		(230,778)		
Transfer to Environmental Fund/RSF	5,457,500	4,547,917	5,694,485		5,462,457		
Debt Principal - Electric System	94,955,000	79,129,167	79,197,229		63,122,246		
Debt Interest - Electric System	113,174,619	94,312,182	86,978,252		91,101,795		
Bond Buy-Back Principal - Electric System	-	-	25,000,000		-		
R&R - Electric System	67,286,054	56,071,712	54,601,792		52,585,208		
Operating Capital Outlay	82,713,946	82,713,946	82,713,946		52,000,000		
City Contribution Expense	90,108,598	75,090,498	75,090,498		72,765,017		
Taxes & Uncollectibles	1,697,349	1,414,457	1,069,179		1,090,674		
Emergency Reserve	5,000,000	-	-		-		
Nonfuel Purchased Power:							
* SJRPP D/S Principal	46,090,484	38,408,736	29,629,166		71,675,575		
* SJRPP D/S Interest	22,734,025	18,945,021	16,753,583		21,635,865		
** Other Non-Fuel Purchased Power	54,838,443	41,587,846	27,064,469		38,303,640		
Total Nonfuel Expenses	789,660,939	655,262,127	634,385,319	3.19%	619,874,801	2.34%	
Non-Fuel Balance		(16,358,427)	1,030,292		1,249,275		
Total Balance		(5,490,388)	1,030,292		2,898,345		
Total Revenues	1,331,879,242	1,076,854,813	1,022,727,765	-5.03%	1,022,768,732	0.00%	
Total Expenses	1,331,879,242	1,082,345,201	1,021,697,473	5.60%	1,019,870,387	-0.18%	
KWH Sold - Territorial	12,600,000,000	10,177,051,985	10,138,467,000	-0.38%	9,852,541,000	2.90%	
KWH Sold - Off System	40.000.000.000	40 477 074 005	73,854,000	0.050/	110,414,000	0.500	
	12,600,000,000	10,177,051,985	10,212,321,000	0.35%	9,962,955,000	2.50%	

<sup>\*</sup> Gross debt service \*\* Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income

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10.26% 9.91% 10.11%

2,992,555 2,235,718 5,228,273

Water and Sewer System					Month		Prior Year	Month
Budget vs. Actual	ANN	IUAL BUDGET	BUDGET		ACTUAL	Variance	ACTUAL	Variance
July 31, 2015 and 2014		2014-15	 2014-15		2014-15	%	2013-14	%
REVENUES								
Water & Sewer Revenues	\$	401,527,942	\$ 35,723,337	\$	35,187,756		\$ 32,847,780	
Capacity & Extension Fees		15,000,000	1,250,000		2,024,416		1,590,629	
Capital Contributions		-	-		4,732		-	
Investment Income		2,484,863	141,807		11,480		246,377	
Other Income		11,383,371	948,614		1,798,335		955,384	
Total		430,396,176	38,063,758		39,026,719	2.53%	35,640,170	9.50%
EXPENSES								
O & M Expenses		136,523,219	11,154,196		12,159,427		10,444,943	
Debt Principal - Water & Sewer		49,111,097	4,092,591		3,015,000		3,752,198	
Debt Interest - Water & Sewer		80,741,791	6,728,483		5,946,208		6,455,106	
R&R - Water & Sewer		20,670,050	1,722,504		1,722,504		1,711,625	
Operating Capital Outlay		82,157,618	-		-		8,304,863	
Operating Capital Outlay - Capacity/Extension		15,000,000	-		2,024,416		1,590,629	
Operating Capital Outlay - Contributions		-	-		4,732			
Operating Capital Outlay - Environmental		22,137,705	1,844,809		2,209,289		1,959,297	
City Contribution Expense		21,578,940	1,798,245		1,798,245		1,822,460	
Uncollectibles & Fees		845,756	70,480		61,000		62,000	
Interlocal Agreements		630,000	_				· -	
Emergency Reserve		1,000,000	-		-		-	
Total Expenses		430,396,176	27,411,308	_	28,940,821	-5.58%	36,103,121	19.84%
Total Balance	\$		\$ 10,652,450	\$	10,085,898		\$ (462,951)	

3,456,518 2,401,377 5,857,895 3,299,603 2,457,332 5,756,935

-4.54% 2.33% -1.72%

36,750,000 27,012,394 63,762,394

Water

Sewer Total

				Year-To-Date		Prior Year	to Date
	ANI	NUAL BUDGET 2014-15	BUDGET 2014-15	ACTUAL 2014-15	Variance %	ACTUAL 2013-14	Variance %
REVENUES							
Water & Sewer Revenues	\$	401,527,942	\$ 333,167,372	\$ 327,082,429		\$ 309,942,297	
Capacity & Extension Fees	•	15,000,000	12,500,000	16,223,945		14.044.703	
Capital Contributions		-	-	287,618		969,498	
Investment Income		2.484.863	2,101,094	2,263,166		2,234,409	
Other Income		11,383,371	9,486,143	13,069,526		9.586,239	
Total		430,396,176	357,254,609	358,926,684	0.47%	336,777,146	6.58%
EXPENSES							
O & M Expenses		136,523,219	110,488,643	101,276,985		98,366,246	
Debt Principal - Water & Sewer		49,111,097	40,925,914	30,150,000		37.515.014	
Debt Interest - Water & Sewer		80,741,791	67,284,826	60,174,451		65,385,942	
R&R - Water & Sewer		20,670,050	17,225,042	17,225,042		17,116,250	
Operating Capital Outlay		82,157,618	82,157,618	82,157,618		67,219,450	
Operating Capital Outlay - Capacity/Extension		15,000,000	14,199,529	16,223,945		14,044,703	
Operating Capital Outlay - Contributions		, <b>-</b>	-	287,618		969,498	
Operating Capital Outlay - Environmental		22,137,705	18,448,088	18,266,308		17,164,171	
City Contribution Expense		21,578,940	17,982,450	17,982,450		18,224,598	
Uncollectibles & Fees		845,756	704,797	562,867		756,534	
Interlocal Agreements		630,000	-	-		, <del>-</del>	
Emergency Reserve		1,000,000				-	
Total Expenses		430,396,176	369,416,907	344,307,284	6.80%	336,762,406	-2.24%
Total Balance	_\$_	-	\$ (12,162,298)	\$ 14,619,400		\$ 14,740	
Sales kgals							
Water		36,750,000	30,390,776	28,784,119	-5.29%	26,497,573	8.63%
Sewer		27,012,394	22,228,692	22,183,788	-0.20%	20,444,689	8.51%
Total		63,762,394	52,619,468	50,967,907	-3.14%	46,942,262	8.58%

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District Energy System			Month		Prior Year	Month
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
July 31, 2015 and 2014	2014-15	2014-15	2014-15	%	2013-14	%
REVENUES						
Revenues	\$ 9,444,887	\$ 953,881	\$ 875,448		\$ 872,413	
Investment Income	-	-	392		· -	,
Total	9,444,887	953,881	875,840	8.18%	872,413	0.39%
EXPENSES						
O & M Expenses	5,397,311	541,268	513,165		418,141	
Debt Principal - DES	1,610,000	134,167	134,167		133,750	
Debt Interest - DES	1,409,300	117,442	117,442		117,977	
R&R - DES	449,570	37,464	36,229		32,883	
Operating Capital Outlay	578,706	48,226				
Total Expenses	9,444,887	878,567	801,003	8.83%	702,751	-13.98%
Total Balance	\$ -	\$ 75,314	\$ 74,837		\$ 169,662	
			Year-To-Date		Prior-Year	To Date
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2014-15	2014-15	2014-15	%	2013-14	%
REVENUES						
REVENUES Revenues	\$ 9,444,887	\$7 568 206	\$ 6 968 651		\$ 6 Q81 22Q	
Revenues	\$ 9,444,887	\$7,568,206	\$ 6,968,651 4 121		\$ 6,981,229 201	
·	\$ 9,444,887 - - 9,444,887	\$7,568,206 - - - - - -	\$ 6,968,651 4,121 6,972,772	-7.87%	\$ 6,981,229 201 6,981,430	-0.12%
Revenues Investment Income Total		<u> </u>	4,121	-7.87%	201	-0.12%
Revenues Investment Income Total  EXPENSES	9,444,887	7,568,206	4,121 6,972,772	-7.87%	201 6,981,430	-0.12%
Revenues Investment Income Total  EXPENSES O & M Expenses	9,444,887	7,568,206 4,113,654	4,121 6,972,772 3,860,405	<u>-7.87%</u>	201 6,981,430 3,713,203	-0.12%
Revenues Investment Income Total  EXPENSES O & M Expenses Debt Principal - DES	9,444,887 5,397,311 1,610,000	7,568,206 4,113,654 1,341,667	4,121 6,972,772 3,860,405 1,341,667	7.87%	3,713,203 1,337,500	-0.12%
Revenues Investment Income Total  EXPENSES O & M Expenses Debt Principal - DES Debt Interest - DES	9,444,887 5,397,311 1,610,000 1,409,300	7,568,206 4,113,654 1,341,667 1,174,417	3,860,405 1,341,667 1,174,417	7.87%	3,713,203 1,337,500 1,179,767	-0.129
Revenues Investment Income Total  EXPENSES O & M Expenses Debt Principal - DES Debt Interest - DES R&R - DES	9,444,887 5,397,311 1,610,000 1,409,300 449,570	7,568,206 4,113,654 1,341,667 1,174,417 374,642	4,121 6,972,772 3,860,405 1,341,667	7.87%	3,713,203 1,337,500	-0.129
Revenues Investment Income Total  EXPENSES O & M Expenses Debt Principal - DES Debt Interest - DES	9,444,887 5,397,311 1,610,000 1,409,300	7,568,206 4,113,654 1,341,667 1,174,417	3,860,405 1,341,667 1,174,417	<u>-7.87%</u> <u>9.99%</u>	3,713,203 1,337,500 1,179,767	-0.12% -2.74%

JEA
Electric System
Schedules of Debt Service Coverage
(in thousands - unaudited)

			nth			Year-T		te
		2015	uly	2014		Ju 2015	ily	2014
Revenues:		2013		2014		2015		2014
Electric	\$	133,767	\$	105,592	\$	1,042,887	\$	1,041,075
Investment income (1)	•	285	•	196	•	2,183	•	2,131
Earnings from The Energy Authority		(26)		117		1,324		3,554
Other, net (2)		1.789		2.996		23,858		26,519
Plus: amounts paid from the rate stabilization fund into the revenue fund		759		22,483		55,851		27,497
Less: amounts paid from the revenue fund into the rate stabilization fund		(12,765)		(13,322)		(83,479)		(34,954)
Total revenues		123,809		118,062		1,042,624		1,065,822
Operating expenses (3):								
Fuel		26,813		32,790		218,827		255,060
Purchased power (4)		23,134		33,015		222,928		292,872
Other operations and maintenance		14,032		12,652		151,215		139,370
State utility taxes and franchise fees		6,428		4,945		49,455		49,303
Total operating expenses		70,407		83,402		642,425		736,605
Net revenues	\$	53,402	\$	34,660	\$	400,199	\$	329,217
Debt service:	\$	6,837	\$	6,287	\$	69,161	\$	62,699
Less: investment income on sinking fund		(152)		(134)		(1,355)		(1,331
Less: Build America Bonds subsidy		(126)		(126)		(1,258)		(1,259
Debt service requirement	\$	6,559	\$	6,027	\$	66,548	\$	60,109
Senior debt service coverage (5), (min 1.20x)		8.14	(	5.75 x	_	6.01 x		5.48
Net revenues (from above):	\$	53,402	\$	34,660	\$	400,199	\$	329,217
Debt service requirement (from above):	\$	6,559	\$	6,027	\$	66,548	\$	60,109
Plus: aggregate subordinated debt service on outstanding subordinated bonds	•	8,194		7,927		81,925		75,676
Less: Build America Bonds subsidy		(174)		(174)		(1,738)		(1,745
Total debt service requirement and aggregate subordinated debt service	\$	14,579	\$	13,780	\$	146,735	\$	134,040
Senior and subordinated debt service coverage (6), (min 1.15x)		3.66	<b>(</b>	2.52 x		2.73 x		2.46
Fixed charge coverage (7)		2.57		1.58 x		1.89 x		1.52

- (1) Excludes investment income on sinking funds.
- (2) Excludes the Build America Bonds subsidy.
- (3) Excludes depreciation.
- (4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.
- (5) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.
- (6) Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x
- (7) Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

JEA Bulk Power Supply System
Schedules of Debt Service Coverage (in thousands - unaudited)

		nth				o-Date	•
	Jı	uly			Jı	ıly	
	2015		2014	_	2015		2014
Revenues:							
JEA	\$ 5,039	\$	6,417	\$	50,346	\$	55,807
Investment income	9		8		91		68
Other, net (1)	-		-		-		-
Total revenues	5,048		6,425		50,437		55,875
Operating expenses (2):							
Fuel	3,173		3,970		30,085		27,200
Other operations and maintenance	1,113		1,161		11,535		13,607
Total operating expenses	4,286		5,131		41,620		40,807
Net revenues	\$ 762	\$	1,294	\$	8,817	\$	15,068
Aggregate Debt Service	\$ 817	\$	682	\$	8,167	\$	7,092
Less: Build America Bonds subsidy	(64)		(65)		(637)		(645)
Aggregate debt service	\$ 753	\$	617	\$	7,530	\$	6,447
Debt service coverage (3)	1.01	x	2.10	×	1.17	x	2.34

<sup>(1)</sup> Excludes the Build America Bonds subsidy.(2) Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.(3) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA
St. Johns River Power Park System
Schedule of Debt Service Coverage - 1st Resolution
(in thousands - unaudited)

		nth uly			Year-T Ju	o-Date	9
	2015	,	2014		2015		2014
Revenues:							
JEA	\$ 12,825	\$	21,592	\$	118,208	\$	202,482
FPL	11,091		15,944		104,120		133,887
Investment income	332		282		3,129		2,615
Total revenues	24,248		37,818		225,457		338,984
Operating expenses (1):							
Fuel	16,032		21,386		136,648		160,040
Other operations and maintenance	3,344		3,253		34,434		33,975
Total operating expenses	19,376		24,639		171,082		194,015
Net revenues	\$ 4,872	\$	13,179	\$	54,375	\$	144,969
Aggregate debt service	\$ 4,330	\$	11,715	\$	43,940	\$	117,147
Debt service coverage (2)	 1.13 >	,	1.12 x	,	1.24 x		1.24

<sup>(1)</sup> Excludes depreciation.

JEA St. Johns River Power Park System Schedule of Debt Service Coverage - 2nd Resolution

		Мо	nth		Year-T	o-Date	•
		Ju	ıly		Ju	ıly	
		2015		2014	2015		2014
Revenues:			-				
JEA	\$	1,892	\$	1,917	\$ 21,518	\$	22,865
Investment income		-		-	-		-
Other, net (1)		-		-	-		-
Total revenues		1,892		1,917	21,518		22,865
Operating expenses (2):							
Fuel		-		-	-		-
Other operations and maintenance		-		-	-		_
Total operating expenses		-		-	-		-
Net revenues	\$	1,892	\$	1,917	\$ 21,518	\$	22,865
Aggregate debt service	\$	1,926	\$	1,951	\$ 19,258	\$	20,434
Less: Build America Bonds subsidy		(34)		(34)	(340)		(340)
Aggregate debt service (3)	\$\$	1,892	\$	1,917	\$ 18,918	\$	20,094
Debt service coverage (4), (5)		1.00 x		1.00 x	 1.14 x		1.14

<sup>(1)</sup> Effective July 14, 2014, the St. Johns River Power Park System Second Revenue Bond Resolution was amended to exclude from revenues the subsidy related to Build America Bonds.

<sup>(2)</sup> Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x.

<sup>(2)</sup> Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues under the 1st Resolution.

<sup>(3)</sup> Effective July 14, 2014, the St. Johns River Power Park System Second Revenue Bond Resolution was amended to exclude from interest in aggregate debt service the subsidy related to Build America Bonds.

<sup>(4)</sup> Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

<sup>(5)</sup> Had the Build America Bonds subsidy not been excluded from revenues and not been excluded from interest in aggregate debt service, current year-to-date debt service coverage would have been 1.13x.

JEA Water and Sewer System Schedule of Debt Service Coverage (in thousands - unaudited)

			nth			Year-T		е
			ıly			Ju	ıly	
		2015		2014		2015		2014
Revenues:								
Water	\$	15,256	\$	14,045	\$	136,446	\$	128,322
Water capacity fees (1)		732		583		5,874		5,142
Sewer		20,796		19,609		198,442		188,926
Sewer capacity fees (1)		1,292		1,008		10,350		8,901
Investment Income		15		251		2,308		2,283
Other (2)		1,628		743		11,084		7,461
Plus: amounts paid from the rate stabilization fund into the revenue fund		2,209		1,959		18,266		17,164
Less: amounts paid from the revenue fund into the rate stabilization fund		(2,209)		(1,959)		(18,266)		(17,164)
Total revenues		39,719		36,239		364,504		341,035
Operating & Maintenance Expenses:								
Operations and maintenance (3)		13,232		11,440		110,830		109,266
Total operating expenses		13,232		11,440		110,830		109,266
Net revenues	\$	26,487	\$	24,799	\$	253,674	\$	231,769
Aggregate debt service:	\$	7,642	\$	8,810	\$	76,431	\$	88,972
Less: Build America Bonds subsidy	•	(207)	•	(208)	•	(2,074)	•	(2,076)
Aggregate debt service:	\$	7,435	\$	8,602	\$	74,357	\$	86,896
Senior debt service coverage (4), (min 1.25x)		3.56 >	(	2.88 x		3.41 x		2.67
Net revenues (from above)	\$	26,487	\$	24,799	\$	253,674	\$	231,769
Aggregate debt service (from above)	\$	7,435	\$	8,602	\$	74,357	\$	86,896
Plus: aggregate subordinated debt service on outstanding subordinated debt	•	1,016	•	873	•	10,176	•	8.732
Total aggregate debt service and aggregate subordinated debt service	\$	8,451	\$	9,475	\$	84,533	\$	95,628
Senior and subordinated debt service coverage (5)		3.13 >	(	2.62 x	(	3.00 x		2.42
Fixed charge coverage		2.92	,	2.42 x	,	2.79 x		2.23

<sup>(1)</sup> Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending July 2015 and 2014, then the debt service coverage would have been 2.81x and 2.28x.

<sup>(2)</sup> Excludes the Build America Bonds subsidy.

<sup>(3)</sup> Excludes depreciation.

<sup>(4)</sup> Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

<sup>(5)</sup> Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.81x and 2.28x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or \$86,568 and \$97,374 for the year-to-date period ending July 2015 and 2014.

JEA
District Energy System
Schedule of Debt Service Coverage
(in thousands - unaudited)

		nth uly	<del>-</del>	Year-T	o-Date	)
	2015	<b>.</b>	2014	2015		2014
Revenues:						
Service revenues	\$ 875	\$	872	\$ 6,968	\$	6,974
Investment income	-		1	4		3
Other	-		-	-		7
Plus: amounts paid from the rate stabilization fund						
into the revenue fund	-		_	-		-
Less: amounts paid from the revenue fund into the						
rate stabilization fund	-		-	-		-
Total revenues	875		873	6,972		6,984
Operating expenses (1):	514		422	3,869		3,716
Total operating expenses	514		422	3,869		3,716
Net revenues	\$ 361	\$	451	\$ 3,103	\$	3,268
Aggregate debt service (2)	\$ 252	\$	252	\$ 2,516	\$	2,517
Debt service coverage (3) (min 1.15x)	 1.43 ×	(	1.79 x	1.23 ×		1.30

<sup>(1)</sup> Excludes depreciation.

<sup>(2)</sup> On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.

<sup>(3)</sup> Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA
Electric System, St. Johns River Power Park System and Scherer
Principal Amount of Debt Outstanding and Average Interest Rates
July 31, 2015
Schedule of Ou

Page 29

#### Schedule of Outstanding Indebtedness

Series Three 2010 D	5.000% 4.750% 3.625% 5.000% 6.056% 4.000% 2.000% 000 - 4.500% 000 - 5.000% 350 - 5.482% 000 - 5.000% 350 - 5.482% 6.05 - 5.000% 6.05 - 5.000% 6.00 - 5.000%	2039 2033 2015 2016 2016-2017 2033-2044 2015-2020 2015 2021-2031 2015-2038 2028-2040 2023-2033 2015-2039 2015-2039 2015-2039 2015-2030 2015-2041 2016-2031 2015-2041 2016-2031 2015-2042 2020-2027 2015-2021 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039		5,000 100,000 1,335,000 14,560,000 15,730,000 45,955,000 45,955,000 11,420,000 97,970,000 34,255,000 133,990,000 133,990,000 133,990,000 133,990,000 14,200,000 33,170,000 24,355,000 42,355,000 42,355,000 42,355,000 43,325,000 43,325,000 43,325,000 43,575,000 108,020,000 56,275,000 112,645,000 15,675,000 15,675,000 15,675,000 15,675,000 15,675,000 11,645,000	\$ 1,335,0 14,560,0 14,560,0 14,560,0 4,755,0 450,0 5,870,0 600,0 7,950,0 1,855,0 1,515,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,6 350,0 350
Series Three 2005 B Series Three 2005 C Series Three 2009 C Series Three 2009 C Series Three 2010 B Series Three 2010 B Series Three 2010 B Series Three 2010 B Series Three 2010 D Series Three 2010 D Series Three 2010 E Series Three 2010 B Series Three 2013 A Series Three 2013A Series Three 2013A Series Three 2013B Series Three 2013C Series Three 2014A Series Three 2015A Series Three 2015A Series Three 2015A Series Three 2015B Zeries Three 2015B Zougo Series Three 2015B Zougo Series Three 2015B Zougo Series C Zougo Series A Zougo Series A Zougo Series A Zougo Series A Zougo Series B Zougo Series Series Three	4,750% 3.625% 5.000% 5.000% 5.000% 6.056% 4.000% 2.0000 - 4.500% 000 - 5.000%	2033 2015 2016-2017 2033-2044 2015-2020 2015 2021-2031 2015-2038 2028-2040 2023-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2034 2015-2041 2016-2031 2015-2041 2015-2041 2015-2041 2015-2041 2015-2041 2015-2038 2015-2038 2015-2039 2017-2018 2015-2034 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039		100,000 1,335,000 14,560,000 15,730,000 45,955,000 29,715,000 45,005 11,420,000 97,970,000 34,255,000 133,990,000 133,990,000 133,990,000 49,420,000 49,420,000 23,255,000 42,355,000 21,140,000 23,925,000 4,835,000 66,600,000 10,830,000 36,210,000 15,525,000 45,575,000 112,645,000 159,330,000 59,330,000 59,330,000 59,330,000 59,330,000 59,330,000 15,675,000 112,645,000 112,645,000 15,675,000	1,335.0 14,560.0 4,755.0 450.0 5,870.0 600.0 7,950.0 1,855.0 770.0 1,000.0 4,700.0 5,870.0 3,065.0 1,865.0 2,220.0 9,660.0 20.0 10,615.0 4,970.0 90,790,0
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Series Three 2008 E	5.000% 5.000% 6.056% 4.000% 2.000% 000 - 4.500% 000 - 5.000% 500 - 5.000% 500 - 5.000% 600 - 5.000%	2015 2016-2017 2033-2044 2015-2020 2015 2021-2031 2015-2038 2028-2040 2023-2033 2015-2038 2015-2026 2021-2038 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		14,560,000 15,730,000 45,955,000 29,715,000 45,955,000 29,715,000 34,2255,000 60,750,000 133,990,000 133,990,000 133,990,000 49,420,000 83,170,000 875,000 875,000 875,000 66,600,000 21,140,000 23,925,000 48,335,000 66,600,000 27,675,000 10,830,000 36,210,000 15,925,000 45,575,000 75,70,000 112,645,000 188,020,000 59,330,000 112,645,000 188,020,000 59,330,000 112,645,000	14,560.0 4,755,0 450.0 5,870.0 600.0 7,950,0 1,855,0 1,515,0 41,120,0 875,0 3,065.0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 1,970,0
Series Three 2009 C	5.00% 6.056% 4.000% 2.000% 000 - 4.500% 000 - 5.000% 350 - 5.482% 000 - 5.000% 875 - 5.000% 000 - 5.000% 875 - 5.000% 000 - 5.000% 3.500% 5.625% 5.000% 4.000% 3.500% 5.625% 5.000% 4.000% 5.625% 5.000% 4.000% 5.625% 5.000%	2016-2017 2033-2044 2015-2020 2015 2021-2031 2015-2038 2028-2040 2023-2033 2015-2038 2015-2026 2015-2038 2015-2034 2015-2034 2015-2041 2016-2031 2015-2041 2015-2042 2017-2018 2015-2042 2017-2018 2015-2034 2015-2034 2015-2034 2015-2034 2015-2035 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2038 2015-2039		15,730,000 45,955,000 29,715,000 45,000 11,420,000 11,420,000 34,255,000 133,990,000 133,990,000 133,990,000 49,420,000 49,420,000 23,325,000 42,3355,000 23,325,000 23,325,000 23,325,000 10,830,000 36,210,000 15,575,000 15,575,000 15,575,000 15,575,000 15,575,000 15,575,000 112,645,000 159,333,000 59,333,000 59,333,000 59,333,000 59,333,000 15,675,000 112,645,000	4,755,0 450,0 5,870,0 600,0 7,950,0 1,855,0 1,515,0 770,0 1,000,0 4,700,0 5,870,0 830,0 1,865,0 2,220,0 9,660,0 10,615,0 9,670,0
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Series Three 2010 A	4.000% 2.000% 000 - 4.500% 000 - 5.000% 350 - 5.482% 000 - 4.500% 000 - 5.000% 875 - 5.000% 600 - 5.000% 600 - 5.000% 3.500% 5.000% 3.500% 5.000% 3.500% 5.000% 3.500% 5.000% 3.500% 5.000% 3.500% 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 625 - 5.000% 626 - 5.500% 6275 - 5.000% 6275 - 5.000% 628 - 5.500% 629 - 5.000% 629 - 5.000% 629 - 5.000% 629 - 6.0	2015-2020 2015-2030 2015-2038 2028-2040 2023-2033 2015-2038 2015-2038 2015-2038 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2034 2015-2035 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2038 2015-2038 2015-2039 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		29,715,000 450,000 11,420,000 97,970,000 34,255,000 139,980,000 119,080,000 33,170,000 49,420,000 83,325,000 42,355,000 21,140,000 23,925,000 4,835,000 66,600,000 27,675,000 10,830,000 61,575,000 112,645,000 15,255,000 45,575,000 112,645,000 15,923,000 50,875,000 88,625,000 15,875,000 15,875,000 15,875,000 15,875,000 15,875,000 11,688,275,000 11,688,275,000 11,688,275,000 11,688,275,000 11,688,275,000 11,688,275,000 11,688,275,000 11,688,275,000	450,0 5,870,0 600,0 7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 47,00,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 4,9670,0
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Series Three 2010 D	000 - 5.000% 350 - 5.000% 875 - 5.000% 800 - 5.000% 800 - 5.000% 800 - 5.000% 000 - 5.000% 000 - 5.000% 3.500% 5.625% 5.000% 4.750 - 5.000% 000 - 5.000% 000 - 5.000% 125 - 4.000% 125 - 4.000% 125 - 5.000% 000 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 5.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000% 125 - 0.000%	2015-2038 2028-2040 2023-2033 2015-2039 2015-2036 2015-2038 2015-2034 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039		97,970,000 34,255,000 60,750,000 133,990,000 119,080,000 33,170,000 83,325,000 42,355,000 21,140,000 23,925,000 4,835,000 66,600,000 23,925,000 16,830,000 61,575,000 112,645,000 112,645,000 159,333,000 50,875,000 88,625,000 155,675,000	600,0 7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2010 E	350 - 5.482% .000 - 4.500% .000 - 5.000% .500 - 5.000% .500 - 5.000% .600 - 5.000% .000 - 5.000%	2028-2040 2023-2033 2015-2039 2015-2039 2015-2039 2015-2034 2015-2034 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2031 2015-2033 2015-2033 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		34,255,000 60,750,000 119,080,000 17,000,000 33,170,000 49,420,000 49,420,000 42,355,000 781,185,000 21,140,000 23,925,000 4,355,000 66,600,000 10,830,000 36,210,000 15,925,000 45,575,000 7,570,000 112,645,000 112,645,000 159,333,0,000 50,875,000 88,625,000 23,1950,000 21,1968,000 1,068,275,000 1,068,275,000 1,849,460,000 51,849,460,000	600,0 7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2012A	000 - 4.500% 500 - 5.000% 875 - 5.000% 800 - 5.000% 600 - 5.000% 600 - 5.000% 3.500% 5.625% 5.000% 4.000% 8.75 - 6.406% 7.50 - 5.000% 6.875 - 6.406% 7.50 - 5.000% 6.875 - 6.406% 7.50 - 5.000% 6.875 - 6.000% 6.875 - 6.000% 6.875 - 6.000% 6.875 - 6.000% 6.000 - 5.000% 6.000 - 5.000% 6.25 - 5.000% 6.25 - 5.000% 6.25 - 5.000% 6.25 - 5.000% 6.25 - 5.000% 6.26 - 5.500% 6.27 - 5.000% 6.27 - 5.000% 6.28 - 5.500% 6.29 - 5.000% 6.29 - 6.000% 6.29 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000% 6.20 - 6.000%	2023-2033 2015-2036 2015-2026 2021-2038 2015-2034 2015-2034 2015-2034 2015-2031 2015 2029-2032 2017-2018 2015-2034 2015-2024 2020-2027 2017-2027 2017-2027 2015-2038 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039		60,750,000 133,990,000 139,080,000 7,600,000 33,170,000 49,420,000 83,325,000 42,355,000 21,140,000 23,925,000 4,835,000 4,835,000 10,830,000 15,925,000 45,575,000 112,645,000 15,925,000 45,757,000 112,645,000 15,925,000 112,645,000 113,648,757,000 113,648,757,000 114,648,000 159,330,000 159,330,000 17,6770,000 185,6770,000 115,688,755,000 185,670,000 231,950,000 1,068,275,000 1,068,275,000 1,068,275,000 1,068,275,000 1,068,275,000 1,068,275,000	7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2012B	000 - 5.000% 500 - 5.000% 500 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 000 - 5.000% 3.500% 5.625% 5.000% 4.000% 8.75 - 6.406% 6.750 - 6.406% 6.750 - 5.000% 4.000 - 5.000% 4.000 - 5.000% 6.000 - 5.000%	2015-2039 2015-2026 2021-2038 2015-2030 2015-2034 2015-2041 2016-2031  2015 2029-2032 2017-2018 2015-2034 2015-2034 2015-2021 2015-2027 2015-2033 2015-2033 2015-2038 2015-2039 2015-2039 2015-2039		133,990,000 119,080,000 7,600,000 33,170,000 49,420,000 89,425,5000 42,355,000 21,140,000 23,925,000 4,835,000 66,600,000 10,825,000 45,575,000 112,645,000 112,645,000 159,333,000 59,333,000 59,333,000 59,333,000 59,333,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 11,668,275,000 11,668,275,000 11,668,275,000 11,668,275,000 11,668,000 61,095,000	7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2013A	500 - 5.000% 875 - 6.00% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 5.625% 5.000% 4.000% 875 - 6.406% 600 - 5.000% 875 - 6.406% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000%	2015-2026 2021-2038 2015-2034 2015-2044 2016-2031  2015 2029-2032 2017-2018 2015-2024 2015-2024 2015-2027 2015-2027 2015-2033 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		133,990,000 119,080,000 7,600,000 33,170,000 49,420,000 89,425,5000 42,355,000 21,140,000 23,925,000 4,835,000 66,600,000 10,825,000 45,575,000 112,645,000 112,645,000 159,333,000 59,333,000 59,333,000 59,333,000 59,333,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 115,645,000 11,668,275,000 11,668,275,000 11,668,275,000 11,668,275,000 11,668,000 61,095,000	7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2013A	500 - 5.000% 875 - 6.00% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 5.625% 5.000% 4.000% 875 - 6.406% 600 - 5.000% 875 - 6.406% 600 - 5.000% 600 - 5.000% 600 - 5.000% 600 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000%	2015-2026 2021-2038 2015-2034 2015-2044 2016-2031  2015 2029-2032 2017-2018 2015-2024 2015-2024 2015-2027 2015-2027 2015-2033 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		119,080,000 7,600,000 49,420,000 49,420,000 42,355,000 42,355,000 42,355,000 21,140,000 23,925,000 4,835,000 66,600,000 27,675,000 10,830,000 45,575,000 7,570,000 112,645,000 108,020,000 59,330,000 50,875,000 88,625,000 155,670,000 231,950,000 1,849,460,000 51,680,000 51,680,000 51,680,000 51,680,000 51,680,000 51,680,000 51,680,000 51,680,000 51,680,000 51,680,000	7,950,0 2,230,0 1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2013B	875 - 5.000% 600 - 5.000% 600 - 5.000% 000 - 5.000% 000 - 5.000% 3.500% 5.625% 5.000% 8.75 - 6.406% 7.75 - 5.000% 000 - 5.000% 000 - 5.000% 125 - 4.000% 125 - 4.000% 500 - 5.500% 4.000 - 5.000% 000 - 5.000% 125 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000%	2021-2038 2015-2034 2015-2034 2015-2034 2015-2034 2015-2038 2017-2018 2015-2034 2015-2024 2015-2027 2017-2027 2017-2027 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2038 2015-2039 2015-2038 2015-2039		7,600,000 33,170,000 49,420,000 83,325,000 42,355,000 781,185,000 21,140,000 23,925,000 4,335,000 27,675,000 10,830,000 15,925,000 45,575,000 112,645,000 112,645,000 159,330,000 50,875,000 88,625,000 158,675,000 231,950,000 1,068,275,000 1,068,275,000 51,849,460,000 51,849,460,000 51,849,460,000	2,230,0 1,855,0 1,515,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2013C   3.1	000 - 5.000% 600 - 5.000% 000 - 5.000% 3.500% 5.625% 5.000% 4.000% 8.75 - 6.406% .750 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 000 - 5.000% 4.000% 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000%	2015-2036 2015-2041 2016-2031 2015-2041 2016-2031 2017-2018 2017-2018 2015-2021 2015-2021 2015-2021 2015-2021 2015-2032 2015-2033 2015-2035 2015-2036 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		33,170,000 49,420,000 49,420,000 42,3355,000 42,3355,000 21,140,000 23,925,000 4,835,000 66,600,000 10,830,000 36,210,000 112,645,000	1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2014A	600 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .5.625% 5.000% .5.625% 5.000% .875 - 6.406% .750 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .5.000%	2015-2034 2015-2041 2016-2031 2015-2032 2017-2018 2015-2034 2015-2034 2015-2024 2020-2027 2017-2027 2017-2027 2017-2030 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039		49, 420,000 83,325,000 42,3355,000 781,185,000 21,140,000 23,925,000 66,600,000 27,675,000 10,830,000 36,210,000 15,925,000 45,575,000 7,570,000 112,645,000 188,020,000 59,330,000 188,025,000 155,675,000 155,670,000 231,950,000 1,849,460,000 51,849,460,000	1,855,0 1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 20,0 10,615,0 8,180,0 49,670,0
Series Three 2015A	.000 - 5.000% .000 - 5.000% .3.500% 5.625% 5.025% 5.000% 4.000% 8.750 - 6.000% .000 - 5.000% .000 - 5.000%	2015-2041 2016-2031  2015 2029-2032 2017-2018 2015-2018 2015-2021 2015-2021 2015-2027 2017-2027 2015-2026 2015-2039 2015-2039 2015-2039 2015-2039 2015-2039		83,325,000 781,185,000 781,185,000 875,000 21,140,000 23,925,000 4,835,000 66,600,000 10,830,000 15,925,000 45,575,000 112,645,000 15,925,000 12,645,000 15,925,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000 112,645,000	1,515,0 41,120,0 875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 49,670,0
Series Three 2015B	3.500% 3.500% 5.625% 5.000% 4.000% 8.75 - 6.406% 8.75 - 6.406% 0.00 - 5.000% 4.000 - 5.000% 4.000 - 5.000% 5.000% 5.000% 5.000 - 5.000% 5.000 - 5.000% 5.000 - 5.000% 6.500 - 5.582% 6.000 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.625 - 5.250% 6.000 - 5.000% 6.637 - 6.406% 6.637% 6.037% 6.037% 6.037% 6.037% 6.037% 6.037% 6.037% 6.037%	2016-2031  2015 2029-2032 2017-2018 2015-2018 2015-2024 2015-2024 2020-2027 2017-2027 2015-2033 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		42,355,000 781,185,000 2875,000 21,140,000 23,925,000 66,600,000 10,830,000 36,210,000 45,575,000 7,570,000 112,645,000 130,020,000 159,3330,000 50,875,000 88,625,000 15,676,000 231,950,000 1,068,275,000 51,849,460,000 51,849,600,000 51,085,000	41,120,0 875,0 770,0 1,000,0 4,700,0 830,0 3,065,6 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
Total Fixed Rate Senior Bonds  2005 Series C 2009 Series A 2009 Series B 2009 Series B 2009 Series G 3.009 Series G 3.009 Series G 3.010 Series G 3.010 Series A 2010 Series A 2010 Series A 2010 Series A 2010 Series B 2010 Series B 2010 Series B 2010 Series C 3.010 Series B 2012 Series A 2012 Series A 2012 Series A 2012 Series A 2013 Series C 2013 Series C 2013 Series A 2013 Series A 2013 Series A 2013 Series B 2013 Series B 2013 Series C 3.010 Series C 2014 Series A 2015 Series A 2016 Series C 2017 Series B 2018 Series C 3.010 Series C 3.01	3.500% 5.625% 5.000% 4.000% .875 - 6.406% .750 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .500 - 5.000% .500 - 5.000% .250 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .376 - 5.000% .376 - 0.00% .376 - 0.00% .376 - 0.00% .376 - 0.00% .376 - 0.00%	2015 2029-2032 2017-2018 2015-2018 2015-2034 2015-2034 2015-2024 2020-2027 2017-2027 2015-2036 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		781,185,000 875,000 21,140,000 23,925,000 48,835,000 66,600,000 27,675,000 15,925,000 45,575,000 7,570,000 112,645,000 188,020,000 59,330,000 188,625,000 231,950,000 1,849,460,000 51,849,460,000 51,085,000 51,085,000	875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 49,670,0
Total Fixed Rate Senior Bonds  2005 Series C 2009 Series A 2009 Series B 2009 Series B 2009 Series G 3.009 Series G 3.009 Series G 3.010 Series G 3.010 Series A 2010 Series A 2010 Series A 2010 Series A 2010 Series B 2010 Series B 2010 Series B 2010 Series C 3.010 Series B 2012 Series A 2012 Series A 2012 Series A 2012 Series A 2013 Series C 2013 Series C 2013 Series A 2013 Series A 2013 Series A 2013 Series B 2013 Series B 2013 Series C 3.010 Series C 2014 Series A 2015 Series A 2016 Series C 2017 Series B 2018 Series C 3.010 Series C 3.01	3.500% 5.625% 5.000% 4.000% .875 - 6.406% .750 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .500 - 5.000% .500 - 5.000% .250 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .376 - 5.000% .376 - 0.00% .376 - 0.00% .376 - 0.00% .376 - 0.00% .376 - 0.00%	2015 2029-2032 2017-2018 2015-2018 2015-2034 2015-2034 2015-2024 2020-2027 2017-2027 2015-2036 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038		781,185,000 875,000 21,140,000 23,925,000 48,835,000 66,600,000 27,675,000 15,925,000 45,575,000 7,570,000 112,645,000 188,020,000 59,330,000 188,625,000 231,950,000 1,849,460,000 51,849,460,000 51,085,000 51,085,000	875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 49,670,0
2005 Series C 2009 Series A 2009 Series B 2009 Series E 2009 Series E 2009 Series E 2009 Series G 3.3 2010 Series A 3.0010 Series A 3.010 Series A 3.010 Series A 3.010 Series B 2010 Series B 2011 Series B 2012 Series A 2013 Series B 2014 Series A 2015 Series B 2016 Series C 2017 Series B 2018 Series C 2018 Series C 2018 Series C 2018 Series A 3.0 Customer Series S	5.625% 5.000% 4.000% 875 - 6.406% .750 - 5.000% .000 - 5.000% .5000% .5000% 5.500% 6.500 - 5.582% 4.000% .000 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2029-2032 2017-2018 2015-2034 2015-2034 2015-2034 2015-2047 2015-2047 2015-2048 2015-2039 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2038 2015-2038 2015-2039		875,000 21,140,000 23,925,000 4,835,000 66,600,000 10,830,000 36,210,000 15,925,000 45,575,000 112,645,000 112,645,000 59,330,000 50,875,000 88,625,000 155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	875,0 770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 49,670,0
2009 Series A 2009 Series D 2009 Series E 2009 Series F 3.009 Series F 3.009 Series G 3.1010 Series A 3.1010 Series B 3.1010 S	5.625% 5.000% 4.000% 875 - 6.406% .750 - 5.000% .000 - 5.000% .5000% .5000% 5.500% 6.500 - 5.582% 4.000% .000 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2029-2032 2017-2018 2015-2034 2015-2034 2015-2034 2015-2047 2015-2047 2015-2048 2015-2039 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2038 2015-2038 2015-2039		21,140,000 23,925,000 4,835,000 66,600,000 27,675,000 36,210,000 15,925,000 45,575,000 7,570,000 112,645,000 108,020,000 59,330,000 50,875,000 231,950,000 1,849,460,000 51,849,460,000 51,849,460,000	770,0 1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 90,790,0
2009 Series D 2009 Series E 2009 Series F 3.009 Series G 3.010 Series G 3.1010 Series B 2010 Series B 2010 Series C 3.2010 Series C 3.2010 Series C 3.2010 Series C 3.2010 Series C 2012 Series B 2012 Series B 2012 Series B 2013 Series C 2013 Series C 2013 Series C 2013 Series C 2014 Series D 2015 Series C 2016 Series C 2017 Series C 2018 Series C 2019 Series C 2019 Series C 2019 Series C 2010 Series C 2011 Series C 2011 Series C 2011 Series C 2012 Series C 2013 Series C 2013 Series C 2014 Series C 2014 Series C 2015 Series C 2016 Series C 2017 Series C 2018 Series Series Series C 2018 Series Series Series C 2018 Series Series Series Series C 2018 Series	5.000% 4.000% 8.75 - 6.406% .750 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .250 - 5.000% .250 - 5.000% .250 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .376 - 5.250% .000 - 5.000% .376 - 0.034% .0.37% .0.37% .0.37% .0.37% .0.37% .0.37%	2017-2018 2015-2034 2015-2024 2015-2021 2015-2021 2015-2024 2020-2027 2017-2037 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039		23,925,000 4,835,000 27,675,000 10,830,000 15,925,000 45,575,000 112,645,000 19,020,000 50,375,000 15,675,000 15,675,000 15,675,000 1,085,755,000 1,085,755,000 1,085,755,000	1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 90,790,0
2009 Series E 2009 Series F 2009 Series F 3. 2009 Series G 3. 2010 Series A 3. 2010 Series B 3. 2010 Series B 3. 2010 Series D 3. 2010 Series D 3. 2010 Series B 2. 2012 Series B 2. 2012 Series B 2. 2013 Series C 3. 2014 Series C 2018 Series D 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 200	4.000% 4.000% 6.406% 6.750 - 5.000% 6.000 - 5.000% 6.125 - 4.000% 6.500 - 5.582% 6.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 5.000% 6.500 - 6.000% 6.500 - 6.000% 6.500 - 6.000% 6.500 - 6.000%	2015-2018 2015-2034 2015-2021 2015-2021 2015-2024 2020-2027 2017-2027 2015-2036 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039		4,835,000 66,600,000 10,830,000 36,210,000 45,757,000 112,645,000 122,645,000 122,645,000 122,645,000 123,957,000 155,670,000 231,950,000 1,849,460,000 51,860,000 61,095,000 61,095,000	1,000,0 4,700,0 5,870,0 830,0 3,065,0 1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 90,790,0
2009 Series F 3. 2009 Series G 3. 2010 Series A 3. 2010 Series B 3. 2010 Series B 3. 2010 Series C 3. 2010 Series B 2. 2010 Series B 2. 2012 Series B 2. 2013 Series B 2. 2013 Series B 2. 2013 Series C 1. 2013 Series C 1. 2013 Series D 2. 2014 Series D 2. 2015 Series D 2. 2016 Series D 2. 2017 Series D 2. 2018 Series C 2. 2018 Series C 2. 2019 Series D 2. 2019 Series D 2. 2019 Series D 2. 2010 Series D 2. 2011 Series D 2. 2011 Series D 2. 2012 Series D 2. 2013 Series D 2. 2014 Series D 2. 2015 Series D 2. 2016 Series D 2. 2017 Series D 2008 B-1 2018 Series D 2008 B-1 2018 Series D 2008 B-1 2018 Series D 2008 C-1 2018 Series D 2008 Seri	875 - 6.406% .000 - 5.000% .000 - 5.000% .000 - 5.000% .500% .500% .500% .500% .500% .500% .500% .500% .500 - 5.00% .500 - 5.00% .500 - 5.00% .500 - 5.00% .375 - 5.000% .375 - 5.000% .376 - 5.250% .000 - 5.00% .000 - 5.00% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2015-2034 2015-2021 2015-2017 2015-2027 2015-2036 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2039 2015-2039 2015-2039		66,600,000 27,675,000 10,830,000 36,210,000 15,925,000 45,575,000 7,570,000 112,645,000 180,020,000 59,330,000 88,625,000 231,950,000 1,849,460,000 51,680,000 51,680,000 51,680,000 51,095,000	1,000,( 4,700,( 5,870,( 830,( 3,065,( 1,865,( 2,220,( 9,660,( 20,( 10,615,( 8,180,( 49,670,(
2009 Series F 3. 2009 Series G 3. 2010 Series A 3. 2010 Series B 3. 2010 Series B 3. 2010 Series C 3. 2010 Series B 2. 2010 Series B 2. 2012 Series B 2. 2013 Series B 2. 2013 Series B 2. 2013 Series C 1. 2013 Series C 1. 2013 Series D 2. 2014 Series D 2. 2015 Series D 2. 2016 Series D 2. 2017 Series D 2. 2018 Series C 2. 2018 Series C 2. 2019 Series D 2. 2019 Series D 2. 2019 Series D 2. 2010 Series D 2. 2011 Series D 2. 2011 Series D 2. 2012 Series D 2. 2013 Series D 2. 2014 Series D 2. 2015 Series D 2. 2016 Series D 2. 2017 Series D 2008 B-1 2018 Series D 2008 B-1 2018 Series D 2008 B-1 2018 Series D 2008 C-1 2018 Series D 2008 Seri	875 - 6.406% .000 - 5.000% .000 - 5.000% .000 - 5.000% .500% .500% .500% .500% .500% .500% .500% .500% .500 - 5.00% .500 - 5.00% .500 - 5.00% .500 - 5.00% .375 - 5.000% .375 - 5.000% .376 - 5.250% .000 - 5.00% .000 - 5.00% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2015-2034 2015-2021 2015-2017 2015-2027 2015-2036 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039 2015-2039 2015-2039 2015-2039		66,600,000 27,675,000 10,830,000 36,210,000 15,925,000 45,575,000 7,570,000 112,645,000 180,020,000 59,330,000 88,625,000 231,950,000 1,849,460,000 51,680,000 51,680,000 51,680,000 51,095,000	1,000,( 4,700,( 5,870,( 830,( 3,065,( 1,865,( 2,220,( 9,660,( 20,( 10,615,( 8,180,( 49,670,(
2009 Series G 2010 Series A 2010 Series B 3.010 Series B 2010 Series C 3.02010 Series C 3.02010 Series C 3.02010 Series E 2012 Series B 2012 Series B 2012 Series B 2013 Series C 2014 Series A 2015 Series C 2018 Series Series Series C 2018 Series Series Series Series C 2018 Series S	.750 - 5.000% .000 - 5.000% .000 - 5.000% .125 - 4.000% .125 - 4.000% .500 - 5.582% .4.000% .250 - 5.000% .500 - 5.000% .375 - 5.000% .375 - 5.000% .375 - 5.000% .376 - 5.250% .000 - 5.000% .376 - 0.034% .0.37% .0.37% .0.37% .0.37% .0.37%	2015-2021 2015-2017 2015-2024 2020-2027 2017-2027 2015-2016 2015-2036 2015-2038 2015-2038 2015-2038 2015-2039		27,675,000 10,830,000 15,925,000 15,925,000 45,575,000 112,645,000 198,020,000 59,330,000 59,330,000 58,625,000 15,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	4,700,6 5,870,6 830,0 3,065,6 1,865,6 2,220,6 9,660,6 20,0 10,615,6 8,180,6 49,670,6
2010 Series A 3. 2010 Series B 3. 2010 Series C 3. 2010 Series C 3. 2010 Series D 3. 2010 Series B 2. 2010 Series B 2. 2012 Series B 2. 2012 Series B 2. 2013 Series B 3.  Total Fixed Rate Subordinated Bonds 5.  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 D-1 Total Variable Rate Senior Bonds  Series 2000 A Series 2000 F-1 Series 2000 F-1 Series 2000 F-2 Series C Commercial Paper	.000 - 5.000% .000 - 5.000% .125 - 4.000% .500 - 5.582% .4.000% .000 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .375 - 5.000% .000 - 5.000% .000 - 5.000% .0034% .0.034% .0.034% .0.037% .0.037%	2015-2017 2015-2024 2020-2027 2017-2027 2015-2016 2015-2033 2015-2033 2015-2038 2015-2038 2015-2038 2015-2038 2015-2039		10,830,000 16,925,000 45,575,000 7,570,000 112,645,000 59,330,000 50,875,000 88,625,000 231,950,000 1,668,275,000 1,849,460,000 51,680,000 61,095,000	5,870,0 830,0 3,065,1,865,1 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0
2010 Series B 3. 2010 Series C 3. 2010 Series D 3. 2010 Series D 3. 2010 Series E 2. 2012 Series B 2. 2012 Series B 2. 2013 Series A 2. 2013 Series A 2. 2013 Series A 2. 2013 Series C 1. 2013 Series C 2. 2013 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Thr	.000 - 5.000% .500 - 5.582% 4.000% 4.000% .000 - 5.000% .250 - 5.000% .500 - 5.000% .500 - 5.000% .375 - 5.000% .625 - 5.250% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2015-2024 2020-2027 2017-2027 2015-2016 2015-2033 2015-2039 2015-2038 2015-2038 2015-2039 2015-2039 2015-2040 2027-2036 2015-2040 2025-2040		36,210,000 15,925,000 7,575,000 7,570,000 118,645,000 59,330,000 59,330,000 88,625,000 155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	830,6 3,065,6 1,865,2,220,6 9,660,6 20,0 10,615,8 1,180,0 49,670,0
2010 Series C 2010 Series D 2010 Series B 2010 Series E 2012 Series A 2012 Series B 2013 Series C 2013 Series C 2014 Series D 2014 Series D 2015 Series C 2016 Series C 2017 Series C 2018 Series C 2019 Series C 2019 Series C 2019 Series C 2010 Series Seri	.125 - 4.000% .500 - 5.582% 4.000% .000 - 5.000% .250 - 5.000% .500 - 5.000% .500 - 5.000% .625 - 5.250% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2020-2027 2017-2027 2015-2016 2015-2033 2015-2037 2017-2030 2015-2038 2015-2038 2015-2039 2015-2040 2027-2036 2015-2040 2025-2040		15,925,000 45,575,000 112,645,000 112,645,000 59,330,000 50,875,000 86,625,000 23,1950,000 1,068,275,000 1,849,460,000 51,680,000 51,680,000	3,065,( 1,865,( 2,220,0 9,660,( 20,0 10,615,( 8,180,0 49,670,0 90,790,0
2010 Series D 2010 Series B 2012 Series A 2012 Series A 2012 Series B 2013 Series B 2013 Series B 2013 Series B 2013 Series C 2013 Series C 2014 Series B 2014 Series B 2014 Series B 2014 Series C 2014 Series C 2014 Series D 2014 Series C 2014 Series C 2014 Series C 2014 Series A 2014 Series A 2015 Series D 2014 Series A 2016 Series D 2016 Series D 2017 Series C 2018 Series C 2018 Series C 2018 Series Three 2008 A 2018 Series Three 2008 B-1 2018 Series Three 2008 B-2 2018 Series Three 2008 C-2 2018 Series	.500 - 5.582% 4.000% .000 - 5.000% .250 - 5.000% .500 - 5.000% .500 - 5.000% .375 - 5.000% .025 - 5.250% .000 - 5.000% .000 - 5.000% .000 - 5.000% .000 - 5.000%	2017-2027 2015-2016 2015-2033 2015-2037 2017-2036 2015-2038 2015-2038 2015-2039 2015-2039 2015-2039 2015-2040 2027-2046 2015-2040 2024-2036		45,575,000 7,570,000 112,645,000 108,020,000 59,330,000 50,875,000 88,625,000 155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,0
2010 Series E 2012 Series A 2012 Series B 2013 Series A 2013 Series A 2013 Series B 2013 Series B 2013 Series C 2013 Series C 2013 Series D 2014 Series A  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 C-1 Series Three 2008 C-3 Series Spoof C-1 Series 2000 F-1 Series 2000 F-2 Series Commercial Paper	4.00% 4.00% 6.000 - 5.000% 6.250 - 5.000% 6.500 - 5.000% 6.25 - 5.250% 6.25 - 5.250% 6.26 - 5.250% 6.26 - 5.250% 6.27 - 6.20% 6.20	2015-2016 2015-2033 2015-2037 2017-2036 2015-2038 2015-2038 2015-2039 2015-2039 2015-2040 2025-2040 2024-2036		7,570,000 112,645,000 108,020,000 59,330,000 50,875,000 155,670,000 231,950,000 1,088,75,000 1,449,460,000	1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,0
2012 Series A 2. 2012 Series B 2. 2013 Series C 2. 2013 Series C 2. 2013 Series D 2. 2014 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C	.000 - 5.000% .250 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .625 - 5.250% .000 - 5.000% .000 - 5.000% .0034% .0.034% .0.034% .0.037% .0.037% .0.037%	2015-2033 2017-2030 2017-2030 2015-2038 2015-2038 2015-2039 2015-2039 2015-2040 2025-2040 2025-2040		7,570,000 112,645,000 108,020,000 59,330,000 50,875,000 155,670,000 231,950,000 1,088,75,000 1,449,460,000	1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,0
2012 Series A 2. 2012 Series B 2. 2013 Series C 2. 2013 Series C 2. 2013 Series D 2. 2014 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C	.000 - 5.000% .250 - 5.000% .500 - 5.000% .500 - 5.000% .500 - 5.000% .625 - 5.250% .000 - 5.000% .000 - 5.000% .0034% .0.034% .0.034% .0.037% .0.037% .0.037%	2015-2033 2017-2030 2017-2030 2015-2038 2015-2038 2015-2039 2015-2039 2015-2040 2025-2040 2025-2040		112,645,000 108,020,000 59,330,000 50,875,000 88,625,000 155,670,000 231,950,000 1,068,275,000 51,680,000 61,095,000	1,865,0 2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,0
2012 Series B 2. 2013 Series A 2. 2013 Series B 2. 2013 Series B 2. 2013 Series C 1. 2013 Series C 2. 2014 Series D 2. 2014 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 A Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-1 Series Three 2008 C-1 Series Soud B-1  Total Variable Rate Senior Bonds  Series 2000 F-1 Series 2000 F-1 Series 2000 F-2 Series 2000 F-2 Series Commercial Paper	.250 - 5.000% .500 - 5.000% .500 - 5.000% .375 - 5.000% .625 - 5.250% .000 - 5.000% 	2015-2037 2017-2030 2015-2026 2015-2038 2015-2035 2015-2039 2015-2039 2015-2040 2025-2040 2024-2036		108,020,000 59,330,000 50,875,000 88,625,000 155,670,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	2,220,0 9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,0
2013 Series A 2. 2013 Series B 2. 2013 Series C 2. 2013 Series C 2. 2013 Series D 2. 2014 Series D 2. 2014 Series D 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-4  Series Three 2008 B-2  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 C-1  Series Three 2008 C-2  Series Three 2008 C-3  Series Sproe 2000 A  Series 2000 F-1  Series 2000 F-1  Series 2000 F-2  Series 2008 D  Series C Commercial Paper	.500 - 5.000% .500 - 5.000% .500 - 5.000% .625 - 5.250% .000 - 5.000% 	2017-2030 2015-2028 2015-2038 2015-2038 2015-2039 2015-2040 2025-2040 2024-2036		59,330,000 50,875,000 88,625,000 155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	9,660,0 20,0 10,615,0 8,180,0 49,670,0 90,790,0
2013 Series B 2. 2013 Series C 1. 2013 Series D 2. 2014 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 B-4 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 C-3 Series Company Co	.500 - 5.000% .375 - 5.000% .625 - 5.250% .000 - 5.000% urrent Interest Rate 0.034% 0.637% 0.034% 0.637% 0.037% 0.037% 0.037% 0.037%	2015-2026 2015-2038 2015-2035 2015-2039 2015-2039 2015-2040 2025-2040 2024-2036		50,875,000 88,625,000 155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	20,0 10,615,0 8,180,0 49,670,0 90,790,0
2013 Series C	.375 - 5.000% .625 - 5.250% .000 - 5.000% urrent Interest Rate 0.034% 0.637% 0.034% 0.637% 0.037% 0.037% 0.037%	2015-2038 2015-2035 2015-2039 2015-2039 2027-2036 2015-2040 2025-2040 2024-2036		88,625,000 155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	20,0 10,615,0 8,180,0 49,670,0 90,790,0
2013 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 A  Series Three 2008 B-1  Series Three 2008 B-2  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 C-1  Series Three 2008 C-2  Series Three 2008 C-2  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-1  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-1  Series 2000 F-1  Series 2000 F-2  Series 2000 F-2  Series 2000 F-2  Series Commercial Paper	.625 - 5.250% .000 - 5.000% urrent Interest Rate 0.034% 0.637% 0.034% 0.037% 0.037% 0.037%	2015-2035 2015-2039 2027-2036 2015-2040 2025-2040 2024-2036		155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	10,615,0 8,180,0 <b>49,670,0</b> <b>90,790,</b> 0
2013 Series D 2. 2014 Series A 3.  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 A  Series Three 2008 B-1  Series Three 2008 B-2  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 C-1  Series Three 2008 C-2  Series Three 2008 C-2  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-1  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-1  Series 2000 F-1  Series 2000 F-2  Series 2000 F-2  Series 2000 F-2  Series Commercial Paper	.625 - 5.250% .000 - 5.000% urrent Interest Rate 0.034% 0.637% 0.034% 0.037% 0.037% 0.037%	2015-2035 2015-2039 2027-2036 2015-2040 2025-2040 2024-2036		155,670,000 231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	10,615,0 8,180,0 <b>49,670,0</b> <b>90,790,</b> 0
2014 Series A  Total Fixed Rate Subordinated Bonds  Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 A  Series Three 2008 B-1  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 B-4  Series Three 2008 C-1  Series Three 2008 C-2  Series Three 2008 C-2  Series Three 2008 C-3  Series Three 2008 C-1  Total Variable Rate Senior Bonds  Series 2000 A  Series 2000 F-1  Series 2000 F-2  Series 2000 F-2  Series Commercial Paper	urrent Interest Rate 0.034% 0.637% 0.034% 0.034% 0.034% 0.037% 0.037% 0.037%	2015-2039 2015-2039 2027-2036 2015-2040 2025-2040 2024-2036		231,950,000 1,068,275,000 1,849,460,000 51,680,000 61,095,000	8,180,0 49,670,0 90,790,0
Total Fixed Rate Subordinated Bonds Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds Series Three 2008 A Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Series Could Variable Rate Senior Bonds Series 2000 F-1 Series 2000 F-2 Series 2000 F-2 Series Commercial Paper	0.034% 0.637% 0.034% 0.034% 0.034% 0.637% 0.037% 0.037%	2027-2036 2015-2040 2025-2040 2024-2036		1,068,275,000 1,849,460,000 51,680,000 61,095,000	49,670,0 90,790,0
Total Fixed Rate Electric System Bonds/4.543%  Electric System - Variable Rate Bonds  Series Three 2008 A  Series Three 2008 B-1  Series Three 2008 B-2  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 C-1  Series Three 2008 C-2  Series Three 2008 C-2  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-1  Series Three 2008 C-1  Series Three 2008 C-3  Series Three 2008 C-3  Series Three 2008 C-1  Series 2000 F-1  Series 2000 F-2  Series 2000 F-2  Series Commercial Paper	0.034% 0.637% 0.034% 0.034% 0.637% 0.037% 0.037% 0.080%	2027-2036 2015-2040 2025-2040 2024-2036		1,849,460,000 51,680,000 61,095,000	90,790,0
Electric System - Variable Rate Bonds  Series Three 2008 A  Series Three 2008 B-1  Series Three 2008 B-2  Series Three 2008 B-3  Series Three 2008 B-3  Series Three 2008 B-4  Series Three 2008 C-1  Series Three 2008 C-2  Series Three 2008 C-2  Series Three 2008 C-1  Total Variable Rate Senior Bonds  Series 2000 A  Series 2000 F-1  Series 2000 F-2  Series 2000 F-2  Series 2000 F-2  Series 2000 F-2  Series Commercial Paper	0.034% 0.637% 0.034% 0.034% 0.637% 0.037% 0.037% 0.080%	2027-2036 2015-2040 2025-2040 2024-2036		51,680,000 61,095,000	
Series Three 2008 A Series Three 2008 B-1 Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-1  Total Variable Rate Senior Bonds Series 2000 F-1 Series 2000 F-2 Series 2000 F-2 Series 2008 D Series C Commercial Paper	0.034% 0.637% 0.034% 0.034% 0.637% 0.037% 0.037% 0.080%	2027-2036 2015-2040 2025-2040 2024-2036		61,095,000	350,0
Series Three 2008 B-1 Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-3 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2000 F-2 Series COmmercial Paper	0.637% 0.034% 0.034% 0.637% 0.037% 0.037% 0.080%	2015-2040 2025-2040 2024-2036		61,095,000	350,0
Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series Commercial Paper	0.034% 0.034% 0.637% 0.037% 0.037% 0.080%	2025-2040 2024-2036			350,0
Series Three 2008 B-2 Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series Commercial Paper	0.034% 0.034% 0.637% 0.037% 0.037% 0.080%	2025-2040 2024-2036			
Series Three 2008 B-3 Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 F A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series Commercial Paper	0.034% 0.637% 0.037% 0.037% 0.080%	2024-2036		+1,000,000	
Series Three 2008 B-4 Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2000 F-2 Series Commercial Paper	0.637% 0.037% 0.037% 0.080%			37,000,000	
Series Three 2008 C-1 Series Three 2008 C-2 Series Three 2008 C-2 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series Commercial Paper	0.037% 0.037% 0.080%				250
Series Three 2008 C-2 Series Three 2008 C-3 Series Three 2008 C-3 Series Three 2008 D-1  Total Variable Rate Senior Bonds Series 2000 F-4 Series 2000 F-2 Series 2008 D Series C Commercial Paper	0.037% 0.080%			50,535,000	350,0
Series Three 2008 C-3 Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series Commercial Paper	0.080%	2024-2034		44,145,000	
Series Three 2008 D-1		2024-2034		43,900,000	
Series Three 2008 D-1 Total Variable Rate Senior Bonds Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series C Commercial Paper		2030-2038		25,000,000	
Total Variable Rate Senior Bonds Series 2000 F-1 Series 2000 F-2 Series 2008 D Series Commercial Paper		2015-2036		116,165,000	2,325,0
Series 2000 A Series 2000 F-1 Series 2000 F-2 Series 2008 D Series C Commercial Paper		2010 2000		471,420,000	3,025,0
Series 2000 F-1 Series 2000 F-2 Series 2008 D Series C Commercial Paper	0.0040/	0004 0005			3,023,
Series 2000 F-2 Series 2008 D Series C Commercial Paper	0.081%	2021-2035		30,965,000	
Series 2008 D Series C Commercial Paper	0.087%	2026-2030	)	37,200,000	
Series C Commercial Paper	0.100%	2026-2030	)	24,800,000	
Series C Commercial Paper	0.017%	2024-2038		39,455,000	
	0.067%	2022-2027		40,800,000	
i otal Yanable Rate Subordinated Bonds	0.00776	2022-2021		173,220,000	
T-4-I MI-M- D-4- D '					
Total Variable Rate Bonds				644,640,000	3,025,
Total Electric System Bonds				2,494,100,000	93,815,
Johns River Power Park - Fixed Rate Bonds					
Issue 2 Series 17	4.700%	2019		100,000	
Issue 2 Series 18	4.500%	2018		50,000	
Issue 2 Series 19					
	4.600%	2017		100,000	
Issue 2 Series 20	4.500%	2021		100,000	
Issue 2 Series 21	5.000%	2021		5,000	
Issue 2 Series 22	4.000%	2019		5,000	
	.000 - 5.000%	2015-2021		92,830,000	27,920,
	.000 - 4.000%				
		2015-2021		42,550,000	12,925,
	.000 - 5.000%	2016-2021		42,195,000	
Issue 2 Series 26 2.	.000 - 5.000%	2019-2021		65,970,000	
	.600 - 2.505%	2015-2021		7,155,000	130,
Issue 3 Series 1	4.500%	2037		100,000	.50,
			,		
Issue 3 Series 2	5.000%	2034-2037		29,370,000	
	.875 - 5.450%	2016-2028	3	25,720,000	
Issue 3 Series 5	4.000%	2015		1,595,000	1,595,0
	.000 - 5.000%	2015-2037	,	114,725,000	7,155,0
	.000 - 5.000%	2015-2033		88,715,000	220,0
	.000 - 5.000%	2015-2039	)	63,865,000	1,000,0
Total Fixed Rate St. Johns River Power Park Bonds/	4.107%			575,150,000	50,945,0
ik Power Supply System, Scherer 4 Project - Fixed Rate Bonds					22,270,
					2 055
	350 - 5 0200	2015 2022	·	AE 640 000	
3MINS 20148 2	.350 - 5.920%	2015-2030		45,640,000	0.00=
Total Fixed Rate Bulk Power Supply System Bonds/	.000 - 5.000%	2015-2030 2015-2038		45,640,000 71,280,000 <b>116,920,000</b>	2,095,0 <b>4,950,</b> 0

Current month interest rate excluding variable debt fees.

Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

Remaining New Money Authorization
 Remaining Senior Refunding Authorization
 Remaining Subordinated Refunding Authorization

JEA Water and Sewer System Principal Amount of Debt Outstanding and Average Interest Rates July 31, 2015 Page 30

#### **Schedule of Outstanding Indebtedness**

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates		Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds					
2009 Series B	3.750 - 5.000%	2017-2019	\$	25,565,000	-
2010 Series A	6.210 - 6.310%	2026-2044		83,115,000	-
2010 Series B	3.750 - 5.700%	2015-2025		19,030,000	1,730,000
2010 Series C	3.500 - 5.000%	2015-2040		20,795,000	5,495,000
2010 Series D	3.000 - 5.000%	2015-2039		173.755.000	3,190,000
2010 Series E	4.000 - 5.000%	2021-2039		60,990,000	-
2010 Series F	3.200 - 5.887%	2017-2040		45,520,000	-
2010 Series G	2.000 - 3.000%	2015-2016		1,525,000	740,000
2012 Series A	3.000 - 5.000%	2017-2041		317,935,000	-
2012 Series B	2.000 - 5.000%	2015-2041		133,425,000	1,660,000
2013 Series A	3.000 - 5.000%	2015-2027		92,385,000	1,300,000
2013 Series B	0.776 - 1.882%	2015-2017		23,205,000	6,475,000
2014 Series A	2.000 - 5.000%	2015-2040		300,200,000	10,635,000
Total Fixed Rate Senior Bonds				1,297,445,000	31,225,000
2010 Series A	3.000 - 5.000%	2015-2022		14,950,000	885,000
2010 Series B	3.000 - 5.000%	2020-2025		12,770,000	-
2012 Series A	3.000 - 4.000%	2021-2033		20,320,000	-
2012 Series B	3.250 - 5.000%	2030-2043		41,640,000	
2013 Series A	2.125 - 5.000%	2015-2029		79,660,000	3,620,000
Total Fixed Rate Subordinated Bonds				169,340,000	4,505,000
Total Fixed Rate Bonds/4.611%				1,466,785,000	35,730,000
Variable Rate Bonds	Current Interest Rates (	1)			
2006 Series B - CPI Bonds	0.867% (2)	2016-2022		38,730,000	-
2008 Series A-2	0.041%	2028-2042		51,820,000	-
2008 Series B	0.049%	2023-2041		85,290,000	-
Total Variable Rate Senior Bonds				175,840,000	-
2008 Series A-1	0.017%	2015-2038		53,950,000	450,000
2008 Series A-2	0.045%	2030-2038		25,600,000	-
2008 Series B-1	0.041%	2030-2036		30,885,000	
Total Variable Rate Subordinated Bonds				110,435,000	450,000
Total Variable Rate Bonds				286,275,000	450,000
Weighted Average Cost(3) / Total Outs	tanding Debt	3.611%	\$_	1,753,060,000	\$ 36,180,000

<sup>(1)</sup> Current month interest rate excluding variable debt fees.

<sup>(2)</sup> Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.

<sup>(3)</sup> Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and exlcudes variable debt liquidity/remarketing fees and interest rate swap payments.

<sup>•</sup> Remaining New Money Authorization

<sup>\$ 218,078,023</sup> 

<sup>•</sup> Remaining Refunding Authorization

<sup>\$ 1,231,973,942</sup> 

JEA
District Energy System
Principal Amount of Debt Outstanding and Average Interest Rates
July 31, 2015

Page 31

#### **Schedule of Outstanding Indebtedness**

Issue/Average Coupon	Interest Rates	Principal Payment Dates	-	Par Amount Principal Outstanding	F	Current Portion of g-Term Debt
Fixed Rate Bonds						
2013 Series A/3.982%	0.641 - 4.538%	2015-2034	\$	41,360,000	\$	1,610,000
Weighted Average Cost(1) / Tota	l Outstanding Debt	3.987%	\$	41,360,000	\$	1,610,000

<sup>(1)</sup> Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization

\$ 54,321,245

• Remaining Refunding Authorization

\$ 106,670,000

JEA
INVESTMENT PORTFOLIO REPORT
July 2015
All Funds

				% OF	LAST	6 MONTH
	INVESTMENT	<b>BOOK VALUE</b>	YIELD	TOTAL	MONTH	<b>AVERAGE</b>
*	Treasuries	\$ 67,305,761	0.18%	4.50%	4.62%	4.24%
	Agencies					
	Federal Farm Credit Bank	214,650,198	0.73%	14.34%	14.45%	15.81%
	Federal Home Loan Bank	457,401,421	0.82%	30.56%	30.80%	30.38%
	Federal National Mortgage Assoc.	9,993,856	0.14%	0.67%		0.11%
	Total	682,045,474	0.78%	45.57%	45.25%	46.30%
	Municipal Bonds	284,092,792	2.11%	18.98%	19.70%	19.77%
	Commercial Paper	349,130,637	0.19%	23.33%	22.36%	20.34%
	U.S. Treasury Money Market Funds (1)	11,001,396	0.03%	0.73%	0.73%	0.82%
	Agency Money Market Funds (2)	17,925,000	0.04%	1.20%	0.89%	1.13%
	Wells Fargo Bank Accounts (3)					
	Electric, Scherer	42,946,729	0.05%	2.87%	4.12%	3.53%
	SJRPP	26,577,034	0.05%	1.78%	1.41%	2.40%
	Water & Sewer, DES	15,764,775	0.05%	1.05%	0.93%	1.47%
	Total Portfolio	\$ 1,496,789,598	0.81%	100.00%	100.00%	100.00%

<sup>\*</sup> Backed by Full Faith and Credit of U. S. Government

Weighted Avg. Annual Yield for July 2015, Excluding Bank & Money Market Funds: 0.89%

Weighted Avg. Annual Yield for July 2015, Including Bank & Money Market Funds: 0.81%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

- (1) Morgan Stanley Treasury Fund; Fidelity Treasury Fund; Federated Treasury Fund
- (2) Morgan Stanley Government Fund
- (3) Month-end bank balances

JEA Interest Rate Swap Position Report July 2015

#### JEA Debt Management Swaps Variable to Fixed

		Effective	Terminat'n		Electric System	Water/Sewer	Fixed	Floating		Rate	
ID	Dealer	Date	Date	-	Allocation	Allocation	Rate	Rate (1)	Spread	Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	\$	84,800,000	\$ -	3.717	0.127	3.590	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039		82,575,000	-	4.351	0.037	4.313	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035		86,725,000	-	3.661	0.127	3.534	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037		39,175,000	-	3.716	0.127	3.589	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022		-	38,730,000	3.996	0.867	3.129	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031		62,980,000	-	3.907	0.037	3.870	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041		-	85,290,000	3.895	0.037	3.858	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036		51,680,000	-	3.836	0.037	3.799	n/a	SIFMA
			Total	\$	407,935,000	\$ 124,020,000	Wtd Avg Sp	read	3.756		

Notes: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

JEA
Electric System
Operating Statistics

	ı	fonti July	1		Year-T Ju		
	2015		2014	Variance	2015	2014	Variance
Electric revenue sales (000's omitted):							
Residential	\$ 68,33	2 \$	53,348	28.09%	\$ 498,355	\$ 485,587	2.63%
Commerical	40,83		32,479	25.72%	329,989	330,188	-0.06%
Industrial	20,62		16,247	26.94%	179,603	186,884	-3.90%
Public street lighting	1,04	4	942	10.83%	9,925	11,783	-15.77%
Sales for resale - territorial	3,03		2,338	29.77%	23,972	24,555	-2.37%
Electric revenues - territorial	133,86		105,354	27.06%	1,041,844	1,038,997	0.27%
Sales for resale - off system	9	3	397	-76.57%	2,488	3,629	-31.44%
Electric revenues	133,95	8	105,751	26.67%	1,044,332	1,042,626	0.16%
Less: allowance for doubtful accounts	(19	1)	(159)	20.13%	(1,445)	(1,551)	-6.83%
Electric revenues - net	133,76	7	105,592	26.68%	1,042,887	1,041,075	0.17%
MWh sales:							
Residential	566,37	1	534,613	5.94%	4,243,000	4,064,014	4.40%
Commercial	389,91		375,613	3.81%	3,229,962	3,134,990	3.03%
Industrial	255,24	7	253,216	0.80%	2,319,047	2,285,193	1.48%
Public street lighting	7,42	27	8,527	-12.90%	74,743	95,157	-21.45%
Sales for resale - territorial	35,29	0	35,032	0.74%	271,715	273,187	-0.54%
Total MWh sales - territorial	1,254,25	2	1,207,001	3.91%	10,138,467	9,852,541	2.90%
Sales for resale - off system	2,98	1	11,695	-74.51%	73,854	110,414	-33.11%
Total MWh sales	1,257,23	3	1,218,696	3.16%	10,212,321	9,962,955	2.50%
Number of accounts (1):							
Residential	391,73	3	384,454	1.89%	388,652	381,891	1.77%
Commercial	50,83	1	49,648	2.38%	50,608	48,551	4.24%
Industrial	20	7	214	-3.27%	210	216	-2.78%
Public street lighting	3,56	34	3,486	2.24%	3,540	3,474	1.90%
Sales for resale		2	2	0.00%	2	2	0.00%
Total average accounts	446,33	7	437,804	1.95%	443,012	434,134	2.04%
Residential averages:							
Revenue per account - \$	174.4	4	138.76	25.71%	1,282.27	1,271.53	0.84%
kWh per account	1,44	6	1,391	3.95%	10,917	10,642	2.58%
Revenue per kWh - ¢	12.0	6	9.98	20.84%	11.75	11.95	-1.67%
Degree days:							
Heating degree days		-	-	-	1,337	1,309	28
Cooling degree days	55	6	523	33	1,904	1,762	142
Total degree days	55	6	523	33	3,241	3,071	170
Degree days - 30 year average			536			3,097	

<sup>(1)</sup> The year-to-date column represents a fiscal year-to-date average.

JEA Water and Sewer System Operating Statistics

			nth				Year-T		Date	
		Jւ 2015	ıly	2014	Variance		Jւ 2015	ıly	2014	Variance
Water		2015		2014	variance		2015		2014	variance
Revenues (000's omitted):										
Residential	\$	7.781	\$	7,235	7.55%	æ	72,038	¢	68,510	5.15%
Commercial and industrial	Ψ	3,935	Ψ	3,786	3.94%	Ψ	37,184	Ψ	36,133	2.91%
Irrigation		3,564		3,049	16.89%		27,449		23,982	14.46%
Water revenues		15,280		14,070	8.60%		136,671		128,625	6.26%
Less: allowance for doubtful accounts		(24)		(25)			(225)		(303)	-25.69%
Water revenues, net	\$	15,256	\$	14,045	8.62%	•	136,446	\$		6.33%
Water Sales (kgals*):		15,250	Ψ	14,045	0.0276	Ψ_	130,440	Ψ	120,322	0.3370
Residential		1,480,666		1,374,355	7 740/		13,694,286		12,753,436	7.38%
Commercial and industrial		1,181,479		1,089,747	7.74% 8.42%					5.26%
							10,506,874		9,981,849	
Irrigation		637,458		528,453	20.63%		4,582,959		3,762,288	21.81%
Total kgals sales		3,299,603		2,992,555	10.26%		28,784,119		26,497,573	8.63%
Number of accounts (1):		007.450		000 000	0.400/		004.047		050.000	0.000
Residential		267,456		260,980	2.48%		264,817		258,632	2.39%
Commercial and industrial		23,998		23,823	0.73%		23,919		23,704	0.91%
Irrigation		36,253		35,915	0.94%		35,984		35,809	0.49%
Total average accounts		327,707		320,718	2.18%		324,720		318,145	2.07%
Residential averages:										
Revenue per account - \$		29.09		27.72	4.94%		272.03		264.89	2.69%
kgals per account		5.54		5.27	5.13%		51.71		49.31	4.87%
Revenue per kgals - \$		5.26		5.26	-0.18%		5.26		5.37	-2.07%
Reuse								_		_
Revenues (000's omitted):										
Reuse revenues	\$_	1,000	\$	583	71.53%	<u>\$</u>	6,070	<u>\$</u>	4,353	39.44%
Reuse Sales (kgals*):										
Reuse sales (kgals)		260,555		181,659	43.43%		1,470,525		979,916	50.07%
Number of accounts:										
Reuse accounts		6,289	_	4,944	27.20%		5,772		4,377	31.87%
Sewer										
Revenues (000's omitted):										
Residential	\$	11,180	\$	10,748	4.02%	\$	108,852	\$	•	4.75%
Commercial and industrial		8,653		8,315	4.06%		83,858		81,107	3.39%
Sewer revenues		19,833		19,063	4.04%		192,710		185,027	4.15%
Less: allowance for doubtful accounts		(37)		(37)	0.00%		(338)		(454)	-25.55%
Sewer revenues, net	\$	19,796	\$	19,026	4.05%	\$	192,372	\$	184,573	4.23%
Sewer Sales (kgals*):										
Residential		1,251,210		1,167,770	7.15%		11,724,227		10,927,687	7.29%
Commercial and industrial		945,567		886,289	6.69%		8,989,036		8,537,086	5.29%
Total kgals sales		2,196,777		2,054,059	6.95%		20,713,263		19,464,773	6.419
Number of accounts (1):										
Residential		235,213		228,950	2.74%		232,659		226,717	2.62%
Commercial and industrial		17,822		17,673	0.84%		17,754		17,610	0.82%
Total average accounts		253,035		246,623	2.60%		250,413		244,327	2.49%
Residential averages:										
Revenue per account - \$		47.53		46.94	1.25%		467.86		458.37	2.07%
kgals per account		5.32		5.10	4.29%		50.39		48.20	4.55%
Revenue per kgals - \$		8.94		9.20	-2.92%		9.28		9.51	-2.37%
*kgals = 1000 gallons										
Rainfall (YTD IS BAS	ED ON CH	MULATIVE	=ICI	URF)	Diff in Inches					Diff in Inche
	22 311 00				Dir in mones	<u>_</u>	07.40	_	07.40	Dill ill filolic
Normal		6.55		6.55	401		37.40		37.40	(0.00
Actual		3.79		2.75	1.04		32.12		38.34	(6.22
Rain Days		10		9			76		90	

JEA **Electric System Production Statistics** 

Page 36

(14,150)	\$	July 2014 - -	Variance	\$	1,248,835 11,680 106.92		1,618,418 14,971	-22.84%
(14,150) -	\$				1,248,835 11,680		1,618,418	-22.84%
· · ·	\$	:			11,680			
· · ·	\$	-			11,680			
· · ·	\$	-			11,680			
E47.000		-		\$	•	•	14,971	
E47.000				\$			100.10	-21.98%
E47.000						\$	108.10	-1.09%
E47.000				æ	4,480,583	•	7,084,456	-36.75%
E47.000				\$	278.72	Ф	228.45	22.00%
	\$	3,943,728	40.67%	\$	25,723,026	\$	18,349,010	40.19%
,737,243	Φ	818,994	112.12%	Ψ	7,996,596	Φ	3,774,622	111.85%
	\$			\$		\$		-33.74%
	•			Ψ.		۳		123.44%
, ,	\$			\$		\$		-37.25%
	•			•		•		
,399,528	\$	10,763,933	-77.71%	\$	33,419,363	\$	37,313,333	-10.44%
,183,578		292,922,582	-68.53%		1,078,643,901		1,023,279,507	5.41%
26.03	\$	36.75	-29.17%	\$	30.98	\$	36.46	-15.03%
,872,856	\$	369,464	1489.56%	\$	33,385,381	\$	49,846,030	-33.02%
,683,248		(1,751,356)	-12243.92%		1,106,276,449		1,530,053,901	-27.70%
27.61	\$	(210.96)	-113.09%	\$	30.18	\$	32.58	-7.37%
27.13	\$	38.24	-29.05%	\$	30.58	\$	34.14	-10.43%
	_							
	\$			\$		\$		-37.15%
								-42.27%
	\$			\$		\$		8.86%
								-54.10%
810.58	\$	2,471.33	-67.20%	\$	537.25	\$	392.40	36.91%
77.055	•	200 040	00.000/	•	000 040	•	2 200 504	70.000
	\$			<b>Þ</b>	•	<b>Þ</b>		-73.06%
	•			•		•		-61.55%
	Ф			Ф		Ф		-29.92%
	æ			¢		æ		-64.92% -23.18%
47.01	Φ	56.92	-20.21%	Φ	40.70	Φ	03.30	-23.10%
136 880	æ	215 858	-36 59%	\$	1 217 118	\$	1 664 110	-26.86%
				Ψ		Ψ		11.18%
		•		\$		\$		-34.18%
	•			*		۳		25.92%
	\$			\$		\$		-41.91%
00.0.	•	55.5	, , , , , ,	•	55.55	•		
6.685.831	\$	10,540,731	-36.57%	\$	72,116,239	\$	91,953,402	-21.57%
2,441,580	•		0.14%				20,676,537	10.25%
	\$	4.32		\$	3.16	\$	4.45	-28.99%
,840,617		340,828,255	-0.29%		3,206,915,036		2,889,679,641	10.98%
19.67	\$	30.93	-36.40%	\$	22.49	\$	31.82	-29.32%
602,505	\$	329,514	82.85%	\$	2,583,432	\$	1,026,916	151.57%
181,906		85,051	113.88%		961,927		305,332	215.04%
3.31	\$	3.87	-14.47%	\$	2.69	\$	3.36	-19.94%
6,639,914		7,194,914	131.27%		83,515,457		21,336,116	291.43%
36.21	\$	45.80	-20.94%	\$	30.93	\$	48.13	-35.74%
2,908,397	\$	2,866,500	1.46%	\$	26,257,368	\$	24,518,984	7.09%
				•				44000
	\$			\$		\$		-14.33%
,026,635		719,075,796 41.18	15.29% -28.88%	\$	6,217,176,041 31.74	\$	5,858,528,195	6.129 -19.279
29.28	\$						39.32	
	,493,310 34.35 ,399,528 ,183,578 26.03 ,872,856 ,683,248 27.61 27.13 61,445 335 183.42 75,804 810.58 77,055 23,944 3.22 ,639,064 47.01 136,880 53,085 2,58 ,471,100 30.61 6,685,831 2,441,580 2,74 0,840,617 19.67 602,505 181,906 3,31 6,639,914 36.21 2,908,397 1,278,033	,493,310 34.35 ,399,528 ,183,578 26.03 ,872,856 ,683,248 27.61 27.13 ,872,856 ,83,248 27.61 335 183,42 75,804 810.58 ,77,055 23,944 3.22 ,639,064 47.01 \$136,880 53,085 2,58 ,471,100 30.61 \$2,58 ,471,100 30.61 \$3,085 2,58 ,471,100 30.61 \$3,085 2,74 \$4,080 3,21	,493,310       67,344,719         34.35       58.56         ,399,528       10,763,933         ,183,578       292,922,582         26.03       36.75         ,872,856       369,464         ,683,248       (1,751,356)         27.61       (210.96)         27.13       38.24         61,445       193,896         335       1,820         183,42       106,54         75,804       78,458         810.58       2,471.33         77,055       386,918         23,944       80,752         3,22       4,79         ,639,064       6,566,824         470.1       58,92         136,880       215,858         53,085       69,322         2,58       3,11         ,471,100       36,64         3,685,831       10,540,731         2,441,580       2,438,122         2,74       4,32         340,828,255       30,93         602,505       329,514         81,909       345,809         3,639,914       7,194,914         36,21       45.80         2,908,397	,493,310         67,344,719         139.80%           ,3435         58.56         -41.34%           ,399,528         10,763,933         -77.71%           ,183,578         292,922,582         -68.53%           26.03         36.75         -29.17%           ,872,856         369,464         1489.56%           ,683,248         (1,751,356)         -12243.92%           27.61         (210.96)         -113.09%           27.13         38.24         -29.05%           61,445         193,896         -68.31%           335         1,820         -81.59%           183,42         106.54         72.16%           75,804         78.458         -3.38%           810.58         2,471.33         -67.20%           77,055         386,918         -80.08%           23,944         80,752         -70.35%           3,22         4.79         -32.78%           ,639,064         6,566,824         -75.04%           47.01         58.92         -20.21%           136,880         215,858         -36.59%           53,085         69,322         -23.42%           2.58         3.11         -17.04% </td <td>,493,310         67,344,719         139.80%           ,3435         58.56         -41.34%         \$           ,399,528         10,763,933         -77.71%         \$           ,183,578         292,922,582         -68.53%         26.03         \$           ,872,856         369,464         1489.56%         \$           ,683,248         (1,751,356)         -12243.92%         \$           ,27.61         (210.96)         -113.09%         \$           ,27.13         38.24         -29.05%         \$           61,445         193,896         -68.31%         \$           ,335         1,820         -81.59%         \$           ,875,804         78,458         -3.38%         \$           ,672,0%         \$         \$         -70.35%         \$           ,639,044         80,752         -70.35%         \$         \$           ,639,064         6,566,824         -75.04%         \$           47.01         58.92         -20.21%         \$           136,880         215,858         -36.59%         \$           53,085         69,322         -23.42%         \$           2,58         3.11         -17.04%</td> <td>,493,310         67,344,719         139.80%         682,357,422           34.35         \$ 58.56         -41.34%         \$ 37.70           ,399,528         \$ 10,763,933         -77.71%         \$ 33,419,363           ,183,578         292,922,582         -68.53%         1,078,643,901           ,26.03         \$ 36.75         -29.17%         \$ 30.98           ,872,856         \$ 369,464         1489.56%         \$ 33,385,381           ,683,248         (1,751,356)         -12243.92%         1,106,276,449           27.61         \$ (210.96)         -113.09%         \$ 30.18           27.13         \$ 38.24         -29.05%         \$ 30.58           61,445         \$ 193,896         -68.31%         \$ 535,535           335         1,820         -81.59%         3,912           183.42         106.54         72.16%         \$ 136,90           75,804         78.456         -3.38%         996,804           810.58         2,471.33         -67.20%         \$ 537.25           77,055         \$ 386,918         -80.08%         \$ 869,319           23,944         80,752         -70.35%         254,244           3.22         4.79         -22.78%         3.42<td>,493,310       67,344,719       139.80%       682,357,422         34.35       \$ 58.56       -41.34%       \$ 37.70         ,399,528       \$ 10,763,933       -77.71%       \$ 33,419,363       \$ 1,078,643,901         26.03       \$ 36.75       -29.17%       \$ 30.98       \$ 30.98         ,872,856       \$ 369,464       1489.56%       \$ 33,385,381       \$ 1,06,276,449         27.61       \$ (210.96)       -113.09%       \$ 30.18       \$ 27.13       \$ 38.24       -29.05%       \$ 30.58         61,445       \$ 193,896       -68.31%       \$ 535,535       \$ 3.912         183.42       \$ 106.54       72.16%       \$ 136.90       \$ 575,804         75,804       78,458       -3.38%       996,804         810.58       2,471.33       -67.20%       \$ 537.25         77,055       \$ 386,918       -80.08%       \$ 869,319       \$ 3.42         23,944       80,752       -70.35%       254,244         3.22       \$ 4.79       -32.78%       3.42       \$ 3.42         ,639,064       6,566,824       -75.04%       17,821,789         47.01       \$ 58.92       -20.21%       \$ 426,981         2,58       3.11       -17.04%</td><td>,493,310         67,344,719         139,80%         682,357,422         305,388,750           ,343,35         \$ 58,56         -41,34%         \$ 37,70         \$ 60.08           ,399,528         \$ 10,763,933         -77,71%         \$ 33,419,363         \$ 37,313,333           ,183,578         292,922,582         -68,539%         1,078,643,901         1,023,279,507           ,26,03         \$ 36,464         1489,56%         \$ 33,385,381         \$ 49,846,030           ,872,856         \$ 369,464         1489,56%         \$ 33,385,381         \$ 49,846,030           ,27,61         \$ (210,96)         -113.09%         \$ 30.18         \$ 32.58           ,27,13         \$ 38.24         -29.05%         \$ 30.58         \$ 852,138           ,335         1,820         -81.59%         3,912         6,776           ,818,42         \$ 106.54         72.16%         \$ 136.90         \$ 125,76           75,804         78,458         3.38%         99,804         2,171,612           810.58         2,471.33         -67.20%         \$ 537.25         \$ 392.40           77,055         \$ 386,918         -80.08%         \$ 869,319         \$ 3,226,561           23,944         80,752         -70.35%         254,</td></td>	,493,310         67,344,719         139.80%           ,3435         58.56         -41.34%         \$           ,399,528         10,763,933         -77.71%         \$           ,183,578         292,922,582         -68.53%         26.03         \$           ,872,856         369,464         1489.56%         \$           ,683,248         (1,751,356)         -12243.92%         \$           ,27.61         (210.96)         -113.09%         \$           ,27.13         38.24         -29.05%         \$           61,445         193,896         -68.31%         \$           ,335         1,820         -81.59%         \$           ,875,804         78,458         -3.38%         \$           ,672,0%         \$         \$         -70.35%         \$           ,639,044         80,752         -70.35%         \$         \$           ,639,064         6,566,824         -75.04%         \$           47.01         58.92         -20.21%         \$           136,880         215,858         -36.59%         \$           53,085         69,322         -23.42%         \$           2,58         3.11         -17.04%	,493,310         67,344,719         139.80%         682,357,422           34.35         \$ 58.56         -41.34%         \$ 37.70           ,399,528         \$ 10,763,933         -77.71%         \$ 33,419,363           ,183,578         292,922,582         -68.53%         1,078,643,901           ,26.03         \$ 36.75         -29.17%         \$ 30.98           ,872,856         \$ 369,464         1489.56%         \$ 33,385,381           ,683,248         (1,751,356)         -12243.92%         1,106,276,449           27.61         \$ (210.96)         -113.09%         \$ 30.18           27.13         \$ 38.24         -29.05%         \$ 30.58           61,445         \$ 193,896         -68.31%         \$ 535,535           335         1,820         -81.59%         3,912           183.42         106.54         72.16%         \$ 136,90           75,804         78.456         -3.38%         996,804           810.58         2,471.33         -67.20%         \$ 537.25           77,055         \$ 386,918         -80.08%         \$ 869,319           23,944         80,752         -70.35%         254,244           3.22         4.79         -22.78%         3.42 <td>,493,310       67,344,719       139.80%       682,357,422         34.35       \$ 58.56       -41.34%       \$ 37.70         ,399,528       \$ 10,763,933       -77.71%       \$ 33,419,363       \$ 1,078,643,901         26.03       \$ 36.75       -29.17%       \$ 30.98       \$ 30.98         ,872,856       \$ 369,464       1489.56%       \$ 33,385,381       \$ 1,06,276,449         27.61       \$ (210.96)       -113.09%       \$ 30.18       \$ 27.13       \$ 38.24       -29.05%       \$ 30.58         61,445       \$ 193,896       -68.31%       \$ 535,535       \$ 3.912         183.42       \$ 106.54       72.16%       \$ 136.90       \$ 575,804         75,804       78,458       -3.38%       996,804         810.58       2,471.33       -67.20%       \$ 537.25         77,055       \$ 386,918       -80.08%       \$ 869,319       \$ 3.42         23,944       80,752       -70.35%       254,244         3.22       \$ 4.79       -32.78%       3.42       \$ 3.42         ,639,064       6,566,824       -75.04%       17,821,789         47.01       \$ 58.92       -20.21%       \$ 426,981         2,58       3.11       -17.04%</td> <td>,493,310         67,344,719         139,80%         682,357,422         305,388,750           ,343,35         \$ 58,56         -41,34%         \$ 37,70         \$ 60.08           ,399,528         \$ 10,763,933         -77,71%         \$ 33,419,363         \$ 37,313,333           ,183,578         292,922,582         -68,539%         1,078,643,901         1,023,279,507           ,26,03         \$ 36,464         1489,56%         \$ 33,385,381         \$ 49,846,030           ,872,856         \$ 369,464         1489,56%         \$ 33,385,381         \$ 49,846,030           ,27,61         \$ (210,96)         -113.09%         \$ 30.18         \$ 32.58           ,27,13         \$ 38.24         -29.05%         \$ 30.58         \$ 852,138           ,335         1,820         -81.59%         3,912         6,776           ,818,42         \$ 106.54         72.16%         \$ 136.90         \$ 125,76           75,804         78,458         3.38%         99,804         2,171,612           810.58         2,471.33         -67.20%         \$ 537.25         \$ 392.40           77,055         \$ 386,918         -80.08%         \$ 869,319         \$ 3,226,561           23,944         80,752         -70.35%         254,</td>	,493,310       67,344,719       139.80%       682,357,422         34.35       \$ 58.56       -41.34%       \$ 37.70         ,399,528       \$ 10,763,933       -77.71%       \$ 33,419,363       \$ 1,078,643,901         26.03       \$ 36.75       -29.17%       \$ 30.98       \$ 30.98         ,872,856       \$ 369,464       1489.56%       \$ 33,385,381       \$ 1,06,276,449         27.61       \$ (210.96)       -113.09%       \$ 30.18       \$ 27.13       \$ 38.24       -29.05%       \$ 30.58         61,445       \$ 193,896       -68.31%       \$ 535,535       \$ 3.912         183.42       \$ 106.54       72.16%       \$ 136.90       \$ 575,804         75,804       78,458       -3.38%       996,804         810.58       2,471.33       -67.20%       \$ 537.25         77,055       \$ 386,918       -80.08%       \$ 869,319       \$ 3.42         23,944       80,752       -70.35%       254,244         3.22       \$ 4.79       -32.78%       3.42       \$ 3.42         ,639,064       6,566,824       -75.04%       17,821,789         47.01       \$ 58.92       -20.21%       \$ 426,981         2,58       3.11       -17.04%	,493,310         67,344,719         139,80%         682,357,422         305,388,750           ,343,35         \$ 58,56         -41,34%         \$ 37,70         \$ 60.08           ,399,528         \$ 10,763,933         -77,71%         \$ 33,419,363         \$ 37,313,333           ,183,578         292,922,582         -68,539%         1,078,643,901         1,023,279,507           ,26,03         \$ 36,464         1489,56%         \$ 33,385,381         \$ 49,846,030           ,872,856         \$ 369,464         1489,56%         \$ 33,385,381         \$ 49,846,030           ,27,61         \$ (210,96)         -113.09%         \$ 30.18         \$ 32.58           ,27,13         \$ 38.24         -29.05%         \$ 30.58         \$ 852,138           ,335         1,820         -81.59%         3,912         6,776           ,818,42         \$ 106.54         72.16%         \$ 136.90         \$ 125,76           75,804         78,458         3.38%         99,804         2,171,612           810.58         2,471.33         -67.20%         \$ 537.25         \$ 392.40           77,055         \$ 386,918         -80.08%         \$ 869,319         \$ 3,226,561           23,944         80,752         -70.35%         254,

JEA **Electric System** Production Statistics (Con't.)

MWh purchased   124,558,000					Month				Ye	ar-To-Date	
Production Statistics (Cort.)			2015		•	Variance		2015		•	Variance
Plant Scherier	Production Statistics (Con't.)										
Purchases	Purchased power:										
Mynurchased   124,558,000	Plant Scherer										
Cost per MWh	Purchases	\$		\$			\$		\$		
TEA & Other   Purchases											
Purchases   \$3,377,492   \$3,047,778   \$40,395,984   \$6,675,183   10,45%   KWh purchased   76,766,064   48,802,986   57,308   866,757,683   10,45%   KWh purchased   76,766,064   48,802,986   57,308   866,757,803   567,308,421   52,770%		\$	34.41	\$	40.12	-14.23%	\$	39.23	\$	51.27	-23.49%
Why purchased   76,766,604   48,802,986   57,30%   386,757,608   567,396,421   52,75%   \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		_		_			_		_		
Cost per MWh   \$ 44.00 \$ 62.45 \$ 22.55% \$ 46.61 \$ 64.66 \$ 27.70%		\$		\$			\$		\$		
SURPP   Purchases   \$ 14,171,476   \$ 23,508,961   -37,40%   \$ 132,187,071   \$ 200,449,618   34,059,400   17,87%   18,000   17,87%   19,000   17,87%   19,000   17,87%   19,000   19,000   17,87%   19,000   19,000   17,87%   19,000   19,000   17,87%   19,000   19,000   17,87%   19,000   19,0	•	•					_				
Purchases		Ф	44.00	Ф	62.45	-29.55%	ф	46.61	Ъ	64.46	-27.70%
Wh purchased   280,128,000   360,116,000   -22,21%   2,402,349,000   2,925,214,000   -17,87%   Cost per MWh   \$ 52.5 \$ 68.52 \$ 68.52 \$ 68.52 \$ 68.52 \$ 69.79.70%		¢	14 717 476	¢	22 500 061	27 400/	æ	122 107 071	¢	200 440 649	24.050/
Total purchased power:   S		Φ		Φ			Ф		Φ		
Purchases   \$22,381,266   \$32,396,117   \$-30,91%   \$215,398,044   \$286,424,598   \$-24,80%   \$24,000   \$4,456,432,421   \$2.13%   \$2.000		æ		¢			¢		¢		
Purchases	Cost per MVVII	Þ	52.54	Ф	05.26	-19.52%	Ф	55.02	Ф	00.52	-19.70%
With purchased											
Cost per MWh         \$ 46.49         \$ 58.53         -20.58%         \$ 49.40         \$ 64.29         -23.16%           Subtotal - generated and purchased power:         \$ 46,659,299         \$ 62,006,659         -24.75%         \$ 412,753,660         \$ 516,793,500         -20.13%           Fuel interchange sales         (93,387)         (397,352)         -76.50%         (2,488,180)         (3,629,283)         -31.44%           Earnings of The Energy Authority         26,456         (116,575)         -122.69%         (1,324,384)         (3,554,043)         -62.74%           EPA Allowance Purchases         -         -         135,000         -         -         -         135,000         -		\$		_\$_			\$		\$		
Subtotal - generated and purchased power:         \$ 46,659,299         \$ 62,006,659         -24,75%         \$ 412,753,660         \$ 516,793,500         -20,13%           Fuel interchange sales         (93,387)         (397,352)         -76,50%         (2,488,180)         (3,629,283)         -31,44%           Earnings of The Energy Authority         26,456         (116,575)         -122,69%         (1,324,384)         (3,554,043)         -62,74%           EPA Allowance Purchases         -         -         135,000         -         -         -         135,000         -         -         -         -         -         1,514,773         2,175,634         -30,36%         11,964,900         15,970,667         -25,08%         -25,08%         - </td <td></td>											
and purchased power:         \$ 46,659,299         62,006,659         -24,75%         \$ 412,753,660         \$ 16,793,500         -20,13%           Fuel interchange sales         (93,387)         (397,352)         -76.50%         (2,488,180)         (3,629,283)         -31.44%           Earnings of The Energy Authority         26,456         (116,575)         -122.69%         (1,324,384)         (3,554,043)         -62.74%           EPA Allowance Purchases         -         -         -         135,000         -         -           Fuel procurement and handling         1,019,980         1,004,250         1.57%         9,370,891         8,721,010         7.45%           By product reuse         1,514,773         2,175,634         -30.38%         11,964,900         15,970,667         -25.08%           Total generated and net purchased power:         -         -         -         -0.38%         11,964,900         15,970,667         -25.08%           Total generated and purchased powers         1,310,479,239         1,272,538,782         2.98%         10,577,800,649         10,313,980,616         2.56%           Cost per MWh         \$ 37.49         \$ 37.49         \$ 430,411,887         \$ 40.69         \$ 51.80         -21.45%           SJRPP Operating expenses:	Cost per MWh	\$	46.49	\$_	58.53	-20.58%	\$	49.40	\$	64.29	-23.16%
and purchased power:         \$ 46,659,299         62,006,659         -24,75%         \$ 412,753,660         \$ 16,793,500         -20,13%           Fuel interchange sales         (93,387)         (397,352)         -76.50%         (2,488,180)         (3,629,283)         -31.44%           Earnings of The Energy Authority         26,456         (116,575)         -122.69%         (1,324,384)         (3,554,043)         -62.74%           EPA Allowance Purchases         -         -         -         135,000         -         -           Fuel procurement and handling         1,019,980         1,004,250         1.57%         9,370,891         8,721,010         7.45%           By product reuse         1,514,773         2,175,634         -30.38%         11,964,900         15,970,667         -25.08%           Total generated and net purchased power:         -         -         -         -0.38%         11,964,900         15,970,667         -25.08%           Total generated and purchased powers         1,310,479,239         1,272,538,782         2.98%         10,577,800,649         10,313,980,616         2.56%           Cost per MWh         \$ 37.49         \$ 37.49         \$ 430,411,887         \$ 40.69         \$ 51.80         -21.45%           SJRPP Operating expenses:	Subtotal - generated										
Earnings of The Energy Authority         26,456         (116,575)         -122.69%         (1,324,384)         (3,554,043)         -62.74%           EPA Allowance Purchases         -         -         135,000         -           Fuel procurement and handling         1,019,980         1,004,250         1.57%         9,370,891         8,721,010         7,45%           By product reuse         1,514,773         2,175,634         -30,38%         11,964,900         15,970,667         -25,08%           Total generated and net purchased power:           Cost, net         49,127,121         64,672,616         -24,04%         430,411,887         534,301,851         -19,44%           KWh generated and purchased and purchased         1,310,479,239         1,272,538,782         2,98%         10,577,800,649         10,313,960,616         2,56%           Cost per MWh         37,49         50,82         -26,24%         40,69         51,80         -21,45%           Reconciliation:           Generated and purchased power per above         49,127,121         37,49         \$430,411,687         40,69         51,80         -21,45%           SJRPP operating expenses:           SJRPP operating expenses:           SJRPP debt serv		\$	46,659,299	\$	62,006,659	-24.75%	\$	412,753,660	\$	516,793,500	-20.13%
Earnings of The Energy Authority         26,456         (116,575)         -122.69%         (1,324,384)         (3,554,043)         -62.74%           EPA Allowance Purchases         -         -         135,000         -           Fuel procurement and handling         1,019,980         1,004,250         1.57%         9,370,891         8,721,010         7,45%           By product reuse         1,514,773         2,175,634         -30,38%         11,964,900         15,970,667         -25,08%           Total generated and net purchased power:           Cost, net         49,127,121         64,672,616         -24,04%         430,411,887         534,301,851         -19,44%           KWh generated and purchased power by the properties of the purchased and purchased power per above         1,310,479,239         1,272,538,782         2,98%         10,577,800,649         10,313,960,616         2,56%           Cost per MWh         37,49         50,82         -26,24%         40,69         51,80         -21,45%           Reconciliation:           Generated and purchased power per above         49,127,121         37,49         37,49         430,411,887         40,69         51,80         -21,45%           SJRPP operating expenses:         System of the pur	Fuel interchange sales		(03 387)		(307 352)	-76 50%		(2 488 180)		(3 620 283)	-31 //4%
EPA Allowance Purchases  135,000  Fuel procurement and handling 1,019,980 1,004,250 1.57% 9,370,891 8,721,010 7.45%  By product reuse 1,514,773 2,175,634 -30.38% 11,964,900 15,970,667 -25.08%  Total generated and net purchased power:  Cost, net 49,127,121 64,672,616 -24.04% 430,411,887 534,301,851 -19.44%  kWh generated and purchased 1,310,479,239 1,272,538,782 2.98% 10,577,800,649 10,313,960,616 2.56%  Cost per MWh \$37.49 \$50.82 -26.24% \$40.69 \$51.80 -21.45%  Reconciliation:  Generated and purchased power per above \$49,127,121 \$37.49 \$430,411,887 \$40.69  SJRPP operating expenses:  SJRPP O & M (2,091,377) (1.60) (21,505,951) (2.03)  SJRPP debt service (4,236,841) (3.23) (42,816,591) (4.05)  SJRPP & R (1,711,825 1.31 16,923,656 1.60  SCHERER operating expenses:  Scherer power production (611,604) (0.47) (6,706,878) (0.63)  Scherer Tasm Scherer R & (40) (0.00) (1,195,346) (0.11)  Scherer transmission (419,419) (0.32) (4,036,480) (0.38)  Scherer transmission (81,814) (0.06) (791,149) (0.07)  Florida and other capacity (589,751) (0.45) (5,783,778) (0.55)	_										
Fuel procurement and handling 1,019,980 1,004,250 1.57% 9,370,891 8,721,010 7,45% By product reuse 1,514,773 2,175,634 -30.38% 11,964,900 15,970,667 -25.08% Total generated and net purchased power:    Cost, net			26,456		(116,575)	-122.69%				(3,554,043)	-62.74%
Total generated and net purchased power:   Cost, net	EPA Allowance Purchases		-		-	•		135,000		-	
Total generated and net purchased power:    Cost, net	Fuel procurement and handling		1,019,980		1,004,250	1.57%		9,370,891		8,721,010	7.45%
Net purchased power:   Cost, net	By product reuse		1,514,773		2,175,634	-30.38%		11,964,900		15,970,667	-25.08%
Cost, net         49,127,121         64,672,616         -24.04%         430,411,887         534,301,851         -19.44%           kWh generated and purchased         1,310,479,239         1,272,538,782         2.98%         10,577,800,649         10,313,960,616         2.56%           Cost per MWh         \$ 37.49         \$ 50.82         -26.24%         \$ 40.69         \$ 51.80         -21.45%           Reconciliation:           Generated and purchased power per above         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP operating expenses:           SJRPP operating expenses:         \$ (2,091,377)         (1.60)         (21,505,951)         (2.03)           SJRPP debt service         (4,236,841)         (3.23)         (42,816,591)         (4.05)           SJRPP R & R         1,711,825         1.31         16,923,656         1.60           SCHERER operating expenses:           Scherer power production         (611,604)         (0.47)         (6,706,878)         (0.63)           Scherer R & R         (40)         (0.00)         (1,195,346)         (0.11)           Scherer transmission         (419,419)         (0.32)         (4,036,480)         (0.38)           Scherer ta											
kWh generated and purchased         1,310,479,239         1,272,538,782         2.98%         10,577,800,649         10,313,960,616         2.56%           Cost per MWh         \$ 37.49         \$ 50.82         -26.24%         \$ 40.69         \$ 51.80         -21.45%           Reconciliation:           Generated and purchased power per above         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP operating expenses:         SJRPP operating expenses:         \$ 2.56%         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 430,411,887         \$ 40.69           SJRPP obst service         \$ 49,127,121         \$ 37.49         \$ 6,760,951         \$ (4.05)         \$ 6,760,8			40 127 121		64 672 616	24.049/		420 411 997		524 201 051	10 449/
Cost per MWh         \$ 37.49 \$ 50.82         -26.24% \$ 40.69 \$ 51.80         -21.45%           Reconciliation:           Generated and purchased power per above         \$ 49,127,121 \$ 37.49         \$ 430,411,887 \$ 40.69           SJRPP operating expenses:         \$ 37.49         \$ 430,411,887 \$ 40.69           SJRPP operating expenses:         \$ 37.49         \$ 430,411,887 \$ 40.69           SJRPP operating expenses:         \$ 37.49         \$ 430,411,887 \$ 40.69           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (21,505,951)         \$ (2.03)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (21,505,951)         \$ (2.03)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (21,505,951)         \$ (2.03)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (21,505,951)         \$ (4.05)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (21,505,951)         \$ (4.05)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (21,505,951)         \$ (0.60)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (2.091,371)         \$ (2.091,371)           SJRPP O&M         \$ (2.091,377)         \$ (1.60)         \$ (2.091,371)         \$ (2.091,371)         \$ (											
Reconciliation:  Generated and purchased power per above \$ 49,127,121 \$ 37.49 \$ 430,411,887 \$ 40.69  SJRPP operating expenses:  SJRPP O & M (2,091,377) (1.60) (21,505,951) (2.03)  SJRPP debt service (4,236,841) (3.23) (42,816,591) (4.05)  SJRPP R & R 1,711,825 1.31 16,923,656 1.60  SCHERER operating expenses:  Scherer power production (611,604) (0.47) (6,706,878) (0.63)  Scherer R & R (40) (0.00) (1,195,346) (0.11)  Scherer transmission (419,419) (0.32) (4,036,480) (0.38)  Scherer taxes (81,814) (0.06) (791,149) (0.07)  Florida and other capacity (589,751) (0.45) (5,783,778) (0.55)  Rounding											
Generated and purchased power per above       \$ 49,127,121       \$ 37.49       \$ 430,411,887       \$ 40.69         SJRPP operating expenses:       SJRPP O & M       (2,091,377)       (1.60)       (21,505,951)       (2.03)         SJRPP debt service       (4,236,841)       (3.23)       (42,816,591)       (4.05)         SJRPP R & R       1,711,825       1.31       16,923,656       1.60         SCHERER operating expenses:         Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -       -	Cost per Mivvii	<u>_</u>	37.43	Ψ	30.02	-20.24 /0	Ψ	40.09	Ψ	31.00	-21.40/
SJRPP operating expenses:     SJRPP O & M	Reconciliation:										
SJRPP O & M       (2,091,377)       (1.60)       (21,505,951)       (2.03)         SJRPP debt service       (4,236,841)       (3.23)       (42,816,591)       (4.05)         SJRPP R & R       1,711,825       1.31       16,923,656       1.60         SCHERER operating expenses:         Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -       -	Generated and purchased power per above	\$	49,127,121	\$	37.49		\$	430,411,887	\$	40.69	
SJRPP debt service       (4,236,841)       (3.23)       (42,816,591)       (4.05)         SJRPP R & R       1,711,825       1.31       16,923,656       1.60         SCHERER operating expenses:         Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -	SJRPP operating expenses:										
SJRPP debt service       (4,236,841)       (3.23)       (42,816,591)       (4.05)         SJRPP R & R       1,711,825       1.31       16,923,656       1.60         SCHERER operating expenses:         Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -	SJRPP O & M		(2,091,377)		(1.60)			(21,505,951)		(2.03)	
SJRPP R & R       1,711,825       1.31       16,923,656       1.60         SCHERER operating expenses:         Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -       -	SJRPP debt service		(4,236,841)					(42,816,591)		, , ,	
Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -			, ,							, ,	
Scherer power production       (611,604)       (0.47)       (6,706,878)       (0.63)         Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -	SCHERER operating expenses:										
Scherer R & R       (40)       (0.00)       (1,195,346)       (0.11)         Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -       -			(611 604)		(0.47)			(6 706 878)		(0.63)	
Scherer transmission       (419,419)       (0.32)       (4,036,480)       (0.38)         Scherer taxes       (81,814)       (0.06)       (791,149)       (0.07)         Florida and other capacity       (589,751)       (0.45)       (5,783,778)       (0.55)         Rounding       (1)       -       -       -										, ,	
Scherer taxes     (81,814)     (0.06)     (791,149)     (0.07)       Florida and other capacity     (589,751)     (0.45)     (5,783,778)     (0.55)       Rounding     (1)     -     -     -					` '						
Florida and other capacity (589,751) (0.45) (5,783,778) (0.55)  Rounding (1)											
Rounding (1)	Schelel taxes		(61,614)		(0.00)			(791,149)		(0.07)	
	Florida and other capacity		(589,751)		(0.45)			(5,783,778)		(0.55)	
\$ 42,000,000 \$ 22,67 \$ 264,400,270 \$ 24.40	Rounding		(1)		-			-		-	
		•	42,808,099	\$	32.67		\$	364 400 370	•	34.46	

JEA Electric System Purchased Power from SJRPP Page 38

			nth			Year-		ate
		Ju 2015	ıly	2014		2015	ıly	2014
Fuel costs :	\$	10,102,432	\$	13,598,114	\$	84,807,772	\$	102,810,669
(Includes fuel handling expenses) Less interest credits: inventory bank		(1,312)		(2,774)		(19,485)		(25,795)
Plus (less): true-up interest Total		(38) 10,101,082		(12) 13,595,328	_	(102) 84,788,186		(308) 102,784,566
Cost per MWh	\$	36.06	\$	37.75	\$	35.29	\$	35.14
Operating and maintenance expenses:		2,091,784		2,035,977		21,511,442		21,284,714
Less: operations bank interest Less: annual variable o & m true-up		(407)		(362)		(4,307) (1,184)		(4,703) (15,256)
Total		2,091,377		2,035,615	_	21,505,951		21,264,755
Cost per MWh	\$	7.47	\$	5.65	\$	8.95	\$	7.27
Debt service contribution:  Less credits:	P I	2,975,104 1,657,355		7,197,152 2,075,333		29,629,166 17,093,650		71,675,575 16,385,300
Reserve units 1 & 2		(260,722)		(249,671)		(2,562,820)		(2,152,516)
Debt service units 1 & 2		(461)		(2)		(25,957)		(8,342)
Bond proceeds COB		(1,042)		(1,804)		(11,185)		(8,609)
General reserve		(14,564)		(1,017)		(76,075) (340,068)		(31,888) (340,435)
Build america bonds subsidy Inventory carrying costs		(34,007) (56,697)		(34,043) (59,131)		(540,008)		(561,093)
Total		4,264,966		8,926,817		43,149,421		84,957,992
Cost per MWh	\$	15.23	\$	24.79	\$	17.96	\$	29.04
R & R contribution:		338,308		915,207		3,432,856		9,152,074
Less: interest credit		(53,257)		(26,066)		(426,314)		(381,291)
Less: cumulative capital recovery amount Accrued transfer to jea 253203		(2,025,000)		(1,937,940) -		(20,263,028) -		(17,328,478) -
,		(1,739,950)		(1,048,799)		(17,256,487)		(8,557,695)
Cost per MWh	\$	(6.21)	\$	(2.91)	\$	(7.18)	\$	(2.93)
Debt service coverage:		-		-		7,540,000		24,897,000
Less: rebate from sjrpp gen reserve fund Transfer to JEA		-		<u> </u>		(7,540,000)		(24,897,000)
		-		-	_	-		-
Cost per MWh		-	_	<u> </u>		-		<u> </u>
Total	\$	14,717,476	\$	23,508,961	\$	132,187,071	\$	200,449,618
kWh purchased		280,128,000		360,116,000		2,402,349,000		2,925,214,000
Cost per MWh	\$	52.54	\$	65.28	\$	55.02	\$	68.52



### FY15 Communications & Community Engagement June/July Update

<u>Communications</u>: In July we kicked off our ebill/Apple Watch promotion where customers who sign up for ebill will be entered to win an Apple Watch. We also continued to promote the use of Tracker now that the bills are going up with hotter weather. All convenience billing and payment options as well as rebates have been part of our ongoing communications which address the drivers of satisfaction. All paid and owned messaging are supported by social media, using Twitter, Facebook, Linkedin, Google+ and YouTube to provide additional timely, relevant information. Proactive media for the period included scams alerts, electric vehicles and surplus items for sale. The EPA Clean Power Plan, a new fuel credit and results from the 2015 J.D. Power Residential Customer Satisfaction survey were in the news in July.

<u>Community Engagement:</u> August volunteer activities include support of Feeding NE Florida Food Bank, Dignity U Wear, Second Harvest/Farm Share Food Bank, Sulzbacher Center for the Homeless, Back to School Give-a-way, and Second Harvest/Farm Share Food Bank.

In July, planned Ambassador activities included engagement participation at a ShadCo Zone 4 Meeting, an Electric Vehicle Lunch & Learn with NE FL Advancing Women in Transportation, a Sustainable Construction Class, a ShadCo Sector Echo Meeting, a ShadCo Meeting - Sector Foxtrot, Emergency Preparedness For Persons With Disabilities, Fidelity Insurance Hurricane Prep Fair, COJ - Fortuna Senior Center Open House, and tours for AP Environmental Science Teachers, Summer Science Program, Co-Ops, and The Bridge of NE FL.

Co	mmunications Contacts Generated Year to Date	436,322,528
•	Number of Paid Communications Contacts	104,025,992
	(Radio, Television, Out of Home, Online, Print)	
•	Number of Other Communications Contacts	309,522,199
	(Bill Insert, Bill Envelop, Brochure, Earned Media etc.)	
•	Number of E-communications Contacts	22,340,088
	(jea.com Visitors, Email, Social Media, Videos)	
•	Number of Community Engagement Communications Contacts	434,249
	(Events, Public Speaking, Presentations, Training, Workshops, etc.)	

(Events highlighted in blue are either JEA sponsored or corporate events)

	А	В	С	D	E	F
1	Date	Event/Activity	Location	Time	Туре	Opportunity for Public to Attend or Participate
2	Jul-15					
3	7/2/2015	Emergency Preparedness For Persons With Disabilities	303 N Laura St.	8:30 - 1pm	Ambassador Event	Yes
4	7/6/2015	ShadCo Zone 4 Meeting	6710 Wiley St	7pm	Ambassador Speaker	Yes
5	7/6/2015	AP Environmental Science Teachers	Mandarin Facility	10am	Ambassador Facility Tour	No
6	7/7/2015	EV Lunch & Learn - NE FL Advancing Women in Transportation	2198 Edison Avenue	11:30 - 1:30	Ambassador Speaker	Yes
7	7/8/2015	Fidelity Insurance Hurricane Preparedness Fair	Fidelity Building	10am	Ambassador Event	Yes
8	7/11/2015	Q & A With JEA	WOKV Radio	11am	Ambassador Speaker	No
9	7/13/2015	Summer Science Program	NGS	4:30pm	Ambassador Facility Tour	No
10	7/14/2015	Marlow Pumps Reps	Buckman Wastewater Plant	10am	Ambassador Facility Tour	No
11	7/14/2015	Sustainable Construction Class	UNF	4:30pm	Ambassador Speaker	No
12	7/14/2015	Co-Ops Tour	NGS	9am	Ambassador Facility Tour	No
13	7/16/2015	Demin Feed & Cooling Rep.	Buckman Wastewater Plant	10am	Ambassador Facility Tour	No
14	7/16/2015	Aging True	Cathetral Terrace	10am - 1pm	Volunteer Event	Yes
15	7/16/2015	ShadCo Sector Echo Meeting	Regency Mall	7pm	Ambassador Speaker	Yes
16	7/16/2015	The Bridge of NE FL	Arlington East Facility	10am - 12pm	Ambassador Facility Tour	No
17	7/17/2015	Feeding NE FL Food Bank	Food Bank	1 - 4pm	Volunteer Event	Yes
18	7/18/2015	Jax Family & Community Awareness Expo	Jax Ice & Sports Complex	9am	Volunteer Event	Yes
19	7/22 - 8/5/2015	Back to School Drive - Family Support Services	JEA Facilities	All Day	Employee Giving	Yes

(Events highlighted in blue are either JEA sponsored or corporate events)

	А	В	С	D	E	F
20	Date	Event/Activity	Location	Time	Туре	Opportunity for Public to Attend or Participate
21	7/23/2015	ShadCo Meeting - Sector Foxtrot	PAL Building - Ed Austin Park			Yes
22	7/23/2015	Aging True	Cathetral Terrace	10am - 1pm	Volunteer Event	Yes
23	7/24/2015	COJ - Fortuna Senior Center Open House	11751 McCormick Rd	10am - 12pm	Ambassador Event	Yes
24	7/27/2015	NE Regional Manager for State CFO	NGS	9am	Ambassador Facility Tour	No
25	7/31/2015	St John & Partners Staff	NGS	12pm	Ambassador Facility Tour	No
26	7/31/2015	St John & Partners Staff	Buckman Wastewater Plant	9am	Ambassador Facility Tour	No
27	Aug-15					
28	8/5/2015	Thingamajig Invention Conference - YMCA	Bob Hayes Sports Complex	10am - 2pm	Ambassador Event	Yes
29	8/8/2015	Northwest Jax CDC Back 2 School Fair	Emmett Reed Center - 1093 W 6th St	10am - 2pm	Ambassador Event	Yes
30	8/10/2015	Dr. DeNicola & Friends	NGS	10am	Ambassador Facility Tour	No
31	8/12/2015	Dignity U Wear	Dignity U Wear Offices	1 - 4pm	Volunteer Event	Yes
32	8/14/2015	Environmental Symposium	UNF	10am - 2pm	Ambassador Event	Yes
33	8/14/2015	Second Harvest/FarmShare Food Bank	Second Harvest Food Bank	1 - 4pm	Volunteer Event	Yes
34	8/14/2015	Sulzbacher Center For the Homeless	Sulzbacher Center	9am - 1pm	Volunteer Event	Yes
35	8/15/2015	Back to School Giveaway	First Baptist Church Downtown	8am - 12noon	Volunteer Event	Yes
36	_				_	

(Events highlighted in blue are either JEA sponsored or corporate events)

	А	В	С	D	E	F
37	Date	Event/Activity	Location	Time	Туре	Opportunity for Public to Attend or Participate
38	8/15/2015	Operation New Hope Annual Health & Resource Fair	3416 Moncrief Rd.	9am - 1pm	Ambassador Event	Yes
39	8/15/2015	Back to School Rally	Gateway Mall	9am - 12pm	Ambassador Event	Yes
40	8/26/2015	Navy Officers	NGS	9am	Ambassador Facility Tour	No
41	8/26/2015	Riverview Senior Center	Main St Lab	10:30am	Ambassador Facility Tour	No
42	8/28/2015	Second Harvest/FarmShare Food Bank	Second Harvest Food Bank	1 - 4pm	Volunteer Event	Yes
43	Sep-15					
44	9/12/2015	TEACH Conference	Hyatt Riverfront	8am - 3pm	Ambassador Event	Yes
45	9/12 2015	NE FL Community Action Agency Resource Fair	Emmett Reed Center - 1093 W 6th St	10am - 2pm	Ambassador Event	Yes
46	9/24/2015	Non-Profit Agency Appreciation Breakfast	JEA - Tower 19	7:30am	Ambassador Event	Yes
47						
48	Oct-15					
49	10/1 -4/2015	2015 Fall Home & Patio Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
50	10/14/2015	Deutsche Bank	Lunch & Learn	12noon	Ambassador Event	Yes
51	10/14 - 16/2015	2015 Florida Energy Summit	Hyatt Riverfront	All Day	Ambassador Event	Yes
52	10/15 - 18/2015	2015 Southern Women's Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
53						
54						
55						
56	Nov-15					
57	11/11/2015	Veterans Day Parade	Downtown Jax	11:01am	Ambassador Event	Yes

(Events highlighted in blue are either JEA sponsored or corporate events)

	А	В	С	D	E	F
58						
59						
60	Date	Event/Activity	Location	Time	Туре	Opportunity for Public to Attend or Participate
61						
62						
63						

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August 11, 2015

SUBJECT:	CEO CONTRACT EXTENS	SION					
Purpose:	☐ Information Only		Advice/Direction				
Officer/Managi	<b>Issue:</b> The current Employment Agreement dated September 18, 2012, for the Chief Executive Officer/Managing Director will terminate effective September 30, 2015. The JEA Board of Directors began discussions for a contract extension at the February 17, 2015 JEA Pre-Board Meeting.						
0: :			All				
compensation Compensation	experts, completed a compre	ations, JEA Board Chair Helen And the hensive review of the Market Arand had several meetings with on to other sources.	nalysis of the CEO				
community-ow	<b>Effect:</b> The JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$7.5 billion (2010), total equity of \$1.5 billion (2010), and approximately 2000 employees (2010).						
Cost or Benefit: The proposed Employment Agreement states the CEO shall be paid a salary of \$437,172 (base salary) per annum, in addition to a vehicle and business allowance, annual leave, and other medical and retirement benefits. In addition, the CEO is eligible for performance compensation of up to 15% of his base salary, which is based on (i) annual goals and objectives established by the Board of Directors, and (ii) an annual overall evaluation by the Board.							
		mends that the JEA Board of Di ng as of October 1, 2015 and ten	• •				
For additional	l information, contact: Melis	ssa Charleroy 665-7313					

Submitted by: PEM/MMC



#### Commitments to Action



Ver.2.0D 9/21/2013 jer

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# EMPLOYMENT AGREEMENT FOR CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

THIS AGREEMENT is made and entered into in duplicate on this 18 day of September 2012, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA, and Paul E. McElroy, an individual currently residing in Jacksonville, Florida, hereinafter referred to as Employee or CEO.

#### WITNESSETH:

**WHEREAS**, JEA is a community-owned, not-for-profit utility providing electricity to more than 420,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

WHEREAS, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 729 miles of transmission lines and 6,547 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project placing JEA's total generating capacity at approximately 3,757 megawatts;

**WHEREAS**, JEA also provides water and wastewater services to approximately 305,000 water customers and 230,000 wastewater customers;

WHEREAS, JEA's water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 36 water treatment plants and 4,208 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

**WHEREAS**, JEA owns and operates the District Energy System a separate utility system that provides chilled water to 13 locations in Jacksonville;

WHEREAS, the JEA governing body is made up of a seven-member Board of Directors appointed by the Mayor and confirmed by the City Council;

WHEREAS, the JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$7.5 billion (2010), total equity of \$1.5 billion (2010), and approximately 2000 employees (2010);

WHEREAS, JEA is desirous of employing Employee as Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

## **SECTION I – EMPLOYMENT AND DUTIES:**

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of October 1, 2012, and terminating, unless earlier terminated in accordance with this Agreement, as of September 30, 2015, subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties**. Beginning October 1, 2012, Employee shall be employed as Chief Executive Officer and Managing Director of JEA (hereinafter collectively "CEO"). Employee agrees to serve in this position and to perform diligently and to the best of Employee's abilities the duties and services required by such a position as determined by JEA's Board of Directors (the "Board"), as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
- 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
- 1.4 **Diligence to Position**. Employee shall devote his full business time, energy, and best efforts to the business of Employer; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of his duties, is directly contrary to JEA's interests, or requires any significant portion of Employee's business time. His authority, responsibilities and duties are generally described in the Position Profile for Managing Director and Chief Executive Officer which may be amended from time to and which is attached hereto as Exhibit A and by reference made a part hereof.
- 1.5 **Fiduciary Obligations**. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of Employer, and to do no act which would intentionally injure the direct or indirect interests in, in connection with, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to the Board Chairman, any facts which might involve a possible conflict of interest.

#### **SECTION II – COMPENSATION AND BENEFITS:**

- Annual Base Salary. Employee shall be paid a salary of Three Hundred Eighty-One Thousand Dollars (\$381,000) per annum, which shall be paid in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing with the pay period beginning October 1, 2012. The annual base salary shall increase by three (3%) per annum, effective on October 1 of 2013 and 2014.
- 2.2 **Performance Compensation.** Employee will be eligible to receive annual Performance Compensation of up to fifteen (15%) of his Base Salary based on (i) annual goals to be established by the Board, and (ii) an annual overall evaluation by the Board. The Performance Compensation shall begin with the fiscal year beginning October 1, 2012. The evaluation shall be completed and any incentive pay shall be paid within ninety (90) days of the end of the fiscal year.
- 2.3 **Vehicle.** Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee's option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.
- 2.4 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$1,000 for telephone and other business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding.
- 2.5 **Annual Leave.** Employee will be provided annual leave in accordance with JEA's existing policies and procedures. Without limiting the generality of the foregoing, Employee shall be entitled to 280 hours of leave during each year of employment commencing on October 1, 2012.
- 2.6 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made available by JEA to all or substantially all of JEA's executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA's Supplemental Executive Retirement Plan. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under the benefit plans or program than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs.

JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

#### SECTION III – TERMINATION AND EXTENSION:

- Termination. Employee's employment with JEA shall be terminated (i) on September 30, 2015 unless earlier terminated or extended pursuant to this Section III, (ii) upon Employee's death, (iii) upon Employee's physical or mental incapacity to perform his usual duties as an employee (with such condition likely to remain continuously and permanently, or (iv) JEA may terminate Employee's employment, with or without cause, upon 30 days advance notice to Employee.
  - 3.1.1 If Employee's employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1. Upon termination without cause, JEA shall pay Employee a lump sum payment equal to one year of the current Annual Base Salary, less applicable taxes and deductions.
  - 3.1.2 No severance shall be due to Employee if Employee resigns his employment or if Employee's employment is terminated by JEA for cause. For purposes of the Agreement, termination for "cause" shall include: (a) willful breach of material duties, obligations and policies of JEA; (b) gross negligence or gross neglect of duties and obligations required in performance of Employee's duties; or willful misconduct (c) continued violation of written rules and policies of the Board after written notice of same and opportunity to cure; (d) commission of any criminal act (felony); (e) commission of any dishonest act in a public or private capacity such as theft, fraud, misappropriation of embezzlement of funds; or (f) engagement in an act of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by JEA under JEA policies.
- Extension. This Agreement may only be extended by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. The Board Chairman shall notify Employee on or before March 1, 2015 of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing. This provision requiring notice may be waived by agreement of the Chairman and Employee following March 1, 2015.

#### **SECTION IV – MISCELLANEOUS:**

4.1 **Eligibility to Work in the United States**. Employee has provided previously to JEA the appropriate documentation to verify his authorization to work in the United States.

- 4.2 **Governing Law; Binding Effect; Amendment**. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval of the Board.
- 4.3 **Savings Clause.** Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will familiarize himself generally with the assistance of JEA's staff and JEA's legal counsel with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the day and year above first written.

ATTEST: Carly Barry	uell JEA Mit Hal
0	Ashton Hudson, Chairman Date: 7-18-12
WITNESSES:	1. 2. 2

Man & Ma Faul & Mk Elisy
Paul McElroy, Employee

McMass. Charles M. Date: 9-18-12

I hereby certify that the expenditure contemplated by the foregoing Agreement has been duly authorized, and provision has been made for the payment of the moneys provided therein to be paid.

Brian J. Roche, Director

Budget Service

Office of General Counsel



#### EXHIBIT A

#### POSITION PROFILE

For Appointed and Non-Bargaining Unit Positions

		<del></del>	<del></del>
TITLE OF POSITION			SALARY BAND
Managing Director and Chief			N/A
Executive Officer (CEO)			
TITLE OF IMMEDIATE MA	NAGER	DIRECT	REPORTS TO THIS POSITIONS
JEA Board		Chief Operating C	officer, Chief Financial Officer, Chief
		Public Affairs Offi	cer, Chief Information Officer, Chief
			Human Resources Officer
EEO CODE	OCC CODE	FLSA	SAFETY SENSITIVE
01	4600	Exempt	No
CAR ALLOWANCE	CELL PHONE A	LLOWANCE	OVERNIGHT TRAVEL (%)
Yes ⊠ No □	Yes ⊠ No □		Yes ⊠ No □ 10%

#### POSITION SUMMARY:

The CEO is responsible for directing the business and overall activities of the organization by establishing policies and the current and long term plans and objectives, subject to approval of the JEA Board. Further, the CEO represents the company with its major customers, the financial community, the public and other stakeholders.

#### **DUTIES & RESPONSIBILITIES:**

- Provides strategic leadership for the organization by developing and implementing a strategic vision that outlines the long-term role of JEA in the metro area and the state.
- Oversees company operations to ensure production efficiency, quality, service and cost-effective management of resources.
- Enhances and maintains relationships with key constituents across the state and the region, including elected officials, industry leaders, suppliers, environmental groups and customers.
- Leads public policy and public affairs activity and serves as the primary spokesperson for the agency locally, regionally and nationally.
- Increases understanding of the role of JEA in economic development efforts across the region.
- Participates actively in legislative and regulatory initiatives regionally and nationally.
- Promotes strong fiscal accountability and responsibility.
- Develops a culture of efficiency, productivity, flexibility and accountability to customers.
- Prepares and delivers presentations to large groups in various settings, utilizing the ability to communicate technical information to the layman.
- Develops and executes a workforce development plan.
- Identifies and mentors future leaders for the organization.
- Knowledge of contracting, negotiating and change management.
- Knowledge of public relations principles and practices.
- Knowledge of communication and public relation techniques.
- Ability to develop financial plans and manage resources.
- Ability to analyze and interpret financial data.
- Ability to develop and deliver presentations.
- Ability to communicate and interact with officials at all levels of government and to work with a wide range of
  constituencies in a diverse community.
- Skill in strategic planning and execution.
- Skill in examining and re-engineering operations and procedures.
- Skill in formulating policy and developing and implementing new strategies and procedures.



#### EXHIBIT A

### POSITION PROFILE

#### POSITION SCOPE:

This position is selected by and reports directly to the JEA Board. The CEO is responsible for ensuring that the organization attracts and retains the appropriate level and mix of managerial, professional and administration skills to maintain effective control of operations and protect information and assets. The CEO directs and guides the development of strategic and long-term plans, resourcing strategies and budgets, all of which are subject to Board approval. In addition to working closely with the Board and the Executive Management Team, this position also works with public officials, industry leaders, suppliers, environmental groups and customers to ensure JEA continues to meet and/or exceed its objectives in the most efficient and cost effective manner.

#### REPRESENTATIVE OF JEA:

This position will represent JEA in local, state, and national forums.

#### JOB REQUIREMENTS:

<u>Education:</u> Bachelor Degree from an accredited college or university in a related field or discipline; MBA preferred <u>Experience:</u> Fifteen (15) years' managerial experience, including executive management within a utility or consumer oriented enterprise.

<u>License/certifications/registrations</u>: A valid driver's license is required prior to appointment and must be maintained during employment in this classification.

PHYSICAL REQUIR	REMENTS		
Sitting	Up to 8 hours per day	Lifting	Up to 2 hours per day
Walking	Up to 8 hours per day		Up to 50 max. pounds **
Standing	Up to 8 hours per day	Pushing	Will not generally apply
Bending	Up to 8 hours per day		Up to 50 max. pounds**
Squatting	Up to 0 hours per day	Pulling	Will not generally apply
Stooping	Up to 0 hours per day	-	Up to 50 max. pounds**
Reaching	Up to 0 hours per day	Climbing	Up to 0 hours per day
Balancing	Up to 0 hours per day	Stairs	Up to 0 hours per day
Twisting	Up to 0 hours per day	Ladder	Will not generally apply
Crawling	Will not generally apply	Equipment	Will not generally apply
Kneeling	Will not generally apply	Outdoors	Will not generally apply

Unusual hearing or vision demands:	Normal field of vision; good depth perception.
Other physical demands or notes:	**JEA employees should not attempt to lift, pull or push a load in excess of
	50lbs. without assistance. Care should always be taken when lifting, pushing
	or pulling in an awkward position.

Approved:

Revised: 10/20/04

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FOR JEA BOARD REVIEW, DISCUSSION
AND CONSIDERATION AT AUGUST BOARD MEETING.

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## EMPLOYMENT AGREEMENT FOR CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

**THIS AGREEMENT** is made and entered into in duplicate on this \_\_\_\_\_ day of September 20125, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA, and Paul E. McElroy, an individual currently residing in Jacksonville, Florida, hereinafter referred to as Employee or CEO.

#### WITNESSETH:

**WHEREAS**, JEA is a community-owned, not-for-profit utility providing electricity to more than 42038,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

**WHEREAS**, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 72945 miles of transmission lines and 6,547625 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project placing JEA's total generating capacity at approximately 3,757 megawatts;

**WHEREAS**, JEA also provides water and wastewater services to approximately 30521,000 water customers and 23047,000 wastewater customers;

**WHEREAS**, JEA's water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 367 water treatment plants and 4,208352 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

**WHEREAS**, JEA owns and operates the District Energy System a separate utility system that provides chilled water to 13 locations in Jacksonville;

**WHEREAS**, the JEA governing body is made up of a seven-member Board of Directors appointed by the Mayor and confirmed by the City Council;

**WHEREAS**, the JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$7.5 billion (2010), total equity of \$1.5 billion (2010), and approximately 2000 employees (2010);

WHEREAS, this Agreement is a three year extension of an existing employment agreement with Employee;

Page 1 of 5

## FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING.

WHEREAS, after reviewing data concerning in recognition of comparable market compensation of similarly situated public power industry Cchief Executive Officers, Employer, in an effort to move toward movement to provide offering a comparable market salary ranges to the extent possible, has negotiated with Employee a revised salary, to including a one-time five percent market adjustment to the currently existing base salary as adjusted pursuant to the terms of Employee's existing agreement and a three percent increase to the adjusted base salary;

WHEREAS, JEA is desirous of employing Employee as Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

#### **SECTION I – EMPLOYMENT AND DUTIES:**

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of October 1, 20125, and terminating, unless earlier terminated in accordance with this Agreement, as of September 30, 20158, subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties**. Beginning October 1, 20125, Employee shall be employed as Chief Executive Officer and Managing Director of JEA (hereinafter collectively "CEO"). Employee agrees to serve in this position and to perform diligently and to the best of Employee's abilities the duties and services required by such a position as determined by JEA's Board of Directors (the "Board"), as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
  - 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
  - Diligence to Position. Employee shall devote his full business time, energy, and best efforts to the business of Employer; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of his duties, is directly contrary to JEA's interests, or requires any significant portion of Employee's business time. His authority, responsibilities and duties are generally

Page 2 of 5

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#### FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING.

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described in the Position Profile for Managing Director and Chief Executive Officer which may part hereof.

be amended from time to and which is attached hereto as Exhibit A and by reference made a

1.5 Fiduciary Obligations. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of Employer, and to do no act which would intentionally injure the direct or indirect interests in, in connection with, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to the Board Chairman, any facts which might involve a possible conflict of interest.

#### **SECTION II – COMPENSATION AND BENEFITS:**

- 2.1 Annual Base Salary. Employee shall be paid a salary of Three Hundred Eighty One Thousand Dollars (\$381,000) Four Hundred Thirty Seven Thousand One Hundred Seventy Two Dollars (\$437,172) per annum (Base Salary), which shall be paid in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing with the pay period beginning October 1, 20125. The annual <u>bB</u>ase <u>sS</u>alary shall increase by three (3%) per annum, effective on October 1 of 20136 and 20147.
- 2.2 Performance Compensation. Employee will be eligible to receive annual Performance Compensation of up to fifteen (15%) of his Base Salary based on (i) annual goals and objectives to be established by the Board, and (ii) an annual overall evaluation by the Board. The Board's annual evaluation shall be based upon eoineide with each fiscal year's established goals and objectives. The evaluation period for the annual Performance Compensation shall begin with the fiscal year beginning October 1, 20125. The evaluation shall be completed and any incentive pay Performance Compensation shall be paid within ninety (90) days of the end of the fiscal year.
- 2.3 Vehicle. Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee's option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.

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## FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING.

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- 2.4 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$1,000 for telephone and other business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding.
- 2.5 Annual Leave. Employee will be provided annual leave in accordance with JEA's existing policies and procedures. Without limiting the generality of the foregoing, Employee shall be entitled to 280 hours of leave during each year of employment commencing on October 1, 20125.
- 2.6 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made available by JEA to all or substantially all of JEA's executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA's Supplemental Executive Retirement Plan including any amendments thereto. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under the benefit plans or program than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

#### SECTION III - TERMINATION AND EXTENSION:

- 3.1 **Termination.** Employee's employment with JEA shall be terminated (i) on September 30, 20158 unless earlier terminated, or extended pursuant to this Section III\_or otherwise by agreement between Employer and Employee, (ii) upon Employee's death, (iii) upon Employee's physical or mental incapacity to perform his-the usual duties as an employee (with such condition likely to remain continuously and permanently, or (iv) by JEA may terminate Employee's employment, with or without cause, upon 30 days advance notice to Employee, or (v) immediately termination for cause as defined herein in Section 3.1.2.
  - 3.1.1 If Employee's employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1. Upon termination without cause, JEA shall pay Employee a lump sum payment equal to one year of the current Annual Base Salary, less applicable taxes and deductions.
  - 3.1.2 No severance shall be due to Employee if Employee resigns his employment or if Employee's employment is terminated by JEA for cause. For purposes of the

Page 4 of 5

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#### DRAFT - REDLINE AGAINST CURRENT AGREEMENT

## FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING.

Agreement, termination for "cause" shall include: (a) willful breach of material duties, obligations and policies of JEA; (b) gross negligence or gross neglect of duties and obligations required in performance of Employee's duties; or willful misconduct (c) continued violation of written rules and policies of the Board after written notice of same and opportunity to cure; (d) commission of any criminal act (felony); (e) commission of any dishonest act in a public or private capacity such as theft, fraud, misappropriation of embezzlement of funds; or (f) engagement in an act of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by JEA under JEA policies.

3.2 **Extension**. This Agreement may only be extended by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. The Board Chairman shall notify Employee on or before March 1, 20158 of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing. This provision requiring notice may be waived by agreement of the Chairman and Employee following March 1, 20158.

#### **SECTION IV - MISCELLANEOUS:**

- 4.1 **Eligibility to Work in the United States**. Employee has provided previously to JEA the appropriate documentation to verify his authorization to work in the United States.
- 4.2 **Governing Law; Binding Effect; Amendment**. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval of the Board.
- 4.3 **Savings Clause**. Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will familiarize himself generally with the assistance of JEA's staff and JEA's legal counsel with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the day and year above first written.

ATTEST:	JEA
	Ashton Hudson Helen Heim Albee, Chairman Date:

Page 5 of 5

	URRENT AGREEMENT	Formatted: Font: Bold
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OR JEA BOARD REVIEW, DISC AND CONSIDERATION AT AUG	<u>JUSSION</u> UST BOARD MEETING	Formatted: Font: Bold
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VITNESSES:		
	Paul McElroy, Employee	
	Date:	
I hereby certify that the exper	nditure contemplated by the foregoing Agreement has been duly	
uthorized, and provision has been ma	ade for the payment of the moneys provided therein to be paid.	
	Brian J. Roche, Director Budget ServiceMelissa Houskamp Dykes	
	——Chief Financial Officer, JEA	
approved:		
Office of General Counsel		
of General Counsel		
	Page 6 of 5	

# FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING

#### EMPLOYMENT AGREEMENT FOR CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

**THIS AGREEMENT** is made and entered into in duplicate on this \_\_\_\_\_ day of September 2015, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA, and Paul E. McElroy, an individual currently residing in Jacksonville, Florida, hereinafter referred to as Employee or CEO.

#### WITNESSETH:

**WHEREAS**, JEA is a community-owned, not-for-profit utility providing electricity to more than 438,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

**WHEREAS**, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 745 miles of transmission lines and 6,625 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project placing JEA's total generating capacity at approximately 3,757 megawatts;

**WHEREAS**, JEA also provides water and wastewater services to approximately 321,000 water customers and 247,000 wastewater customers:

**WHEREAS**, JEA's water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 37 water treatment plants and 4,352 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

**WHEREAS**, JEA owns and operates the District Energy System a separate utility system that provides chilled water to 13 locations in Jacksonville;

**WHEREAS**, the JEA governing body is made up of a seven-member Board of Directors appointed by the Mayor and confirmed by the City Council;

**WHEREAS**, the JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$7.5 billion (2010), total equity of \$1.5 billion (2010), and approximately 2000 employees (2010);

**WHEREAS**, this Agreement is a three year extension of an existing employment agreement with Employee;

# FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING

**WHEREAS,** after reviewing data concerning similarly situated public power industry chief executive officers, Employer, in an effort to move toward offering a comparable market salary range to the extent possible, has negotiated with Employee a revised salary, including a one-time five percent market adjustment to the currently existing base salary as adjusted pursuant to the terms of Employee's existing agreement and a three percent increase to the adjusted base salary;

WHEREAS, JEA is desirous of employing Employee as Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

#### **SECTION I – EMPLOYMENT AND DUTIES:**

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of October 1, 2015, and terminating, unless earlier terminated in accordance with this Agreement, as of September 30, 2018, subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties**. Beginning October 1, 2015, Employee shall be employed as Chief Executive Officer and Managing Director of JEA (hereinafter collectively "CEO"). Employee agrees to serve in this position and to perform diligently and to the best of Employee's abilities the duties and services required by such a position as determined by JEA's Board of Directors (the "Board"), as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
- 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
- 1.4 **Diligence to Position**. Employee shall devote his full business time, energy, and best efforts to the business of Employer; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of his duties, is directly contrary to JEA's interests, or requires any significant portion of Employee's business time. His authority, responsibilities and duties are generally described in the Position Profile for Managing Director and Chief Executive Officer which may

# FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING

be amended from time to and which is attached hereto as Exhibit A and by reference made a part hereof.

1.5 **Fiduciary Obligations**. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of Employer, and to do no act which would intentionally injure the direct or indirect interests in, in connection with, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to the Board Chairman, any facts which might involve a possible conflict of interest.

#### **SECTION II – COMPENSATION AND BENEFITS:**

- Annual Base Salary. Employee shall be paid a salary of Four Hundred Thirty Seven Thousand One Hundred Seventy Two Dollars (\$437,172) per annum (Base Salary), which shall be paid in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing with the pay period beginning October 1, 2015. The annual Base Salary shall increase by three (3%) per annum, effective on October 1 of 2016 and 2017.
- 2.2 **Performance Compensation.** Employee will be eligible to receive annual Performance Compensation of up to fifteen (15%) of his Base Salary based on (i) annual goals and objectives to be established by the Board, and (ii) an annual overall evaluation by the Board. The Board's annual evaluation shall be based upon each fiscal year's established goals and objectives. The evaluation period for the annual Performance Compensation shall begin with the fiscal year beginning October 1, 2015. The evaluation shall be completed and any Performance Compensation shall be paid within ninety (90) days of the end of the fiscal year.
- Vehicle. Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee's option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.
- 2.4 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$1,000 for telephone and other business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding.

# FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING

- 2.5 **Annual Leave.** Employee will be provided annual leave in accordance with JEA's existing policies and procedures. Without limiting the generality of the foregoing, Employee shall be entitled to 280 hours of leave during each year of employment commencing on October 1, 2015.
- 2.6 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made available by JEA to all or substantially all of JEA's executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA's Supplemental Executive Retirement Plan including any amendments thereto. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under the benefit plans or program than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

#### **SECTION III – TERMINATION AND EXTENSION:**

- 3.1 **Termination.** Employee's employment with JEA shall be terminated (i) on September 30, 2018 unless earlier terminated, extended pursuant to this Section III or otherwise by agreement between Employer and Employee, (ii) upon Employee's death, (iii) upon Employee's physical or mental incapacity to perform the usual duties as an employee (with such condition likely to remain continuously and permanently, (iv) by JEA, without cause, upon 30 days advance notice to Employee, or (v) immediately for cause as defined herein in Section 3.1.2.
  - 3.1.1 If Employee's employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1. Upon termination without cause, JEA shall pay Employee a lump sum payment equal to one year of the current Annual Base Salary, less applicable taxes and deductions.
  - 3.1.2 No severance shall be due to Employee if Employee resigns his employment or if Employee's employment is terminated by JEA for cause. For purposes of the Agreement, termination for "cause" shall include: (a) willful breach of material duties, obligations and policies of JEA; (b) gross negligence or gross neglect of duties and obligations required in performance of Employee's duties; or willful misconduct (c) continued violation of written rules and policies of the Board after written notice of same and opportunity to cure; (d) commission of any criminal act (felony); (e) commission of any dishonest act in a public or private capacity such as theft, fraud,

# FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING

misappropriation of embezzlement of funds; or (f) engagement in an act of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by JEA under JEA policies.

3.2 **Extension**. This Agreement may only be extended by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. The Board Chairman shall notify Employee on or before March 1, 2018 of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing. This provision requiring notice may be waived by agreement of the Chairman and Employee following March 1, 2018.

#### **SECTION IV – MISCELLANEOUS:**

- 4.1 **Eligibility to Work in the United States**. Employee has provided previously to JEA the appropriate documentation to verify his authorization to work in the United States.
- 4.2 **Governing Law; Binding Effect; Amendment**. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval of the Board.
- 4.3 **Savings Clause**. Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will familiarize himself generally with the assistance of JEA's staff and JEA's legal counsel with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the day and year above first written.

ATTEST:	JEA
	Helen Heim Albee, Chairman Date:
WITNESSES:	
	Paul E. McElroy, Employee
	Date:

Office of General Counsel

# FOR JEA BOARD REVIEW, DISCUSSION AND CONSIDERATION AT AUGUST BOARD MEETING

I hereby certify that the expenditure contemplated by the foregoing Agreement has been dual authorized, and provision has been made for the payment of the moneys provided therein to be paid.		
	Melissa Houskamp Dykes	
	Chief Financial Officer, JEA	
Approved:		



# JEA Monthly Financial Summary as of July 31, 2015

# Board of Directors August 18, 2015



# **Key Financial Metrics**

Year-to-Date

FY2	015	Ful	l Year
-----	-----	-----	--------

Electric System	FY2015	FY2014	Forecast	Target	Result
Debt Service Coverage	2.7x	2.5x	2.7x	≥ 2.2x	1
Days Liquidity	259	236	280	150 to 250 days <sup>1</sup>	1
Days Cash on Hand	144	129	162		1
Debt to Asset %	70%	74%	70%	<b>72</b> %²	1

Water and Sewer System	FY2015	FY2014	Forecast	Target	Result
Debt Service Coverage	3.0x	2.4x	2.9x	≥ 1.8x	1
Days Liquidity	280	204	243	≥ 100 days	1
Days Cash on Hand	164	97	125		1
Debt to Asset %	53%	57%	53%	55% <sup>3</sup>	1

<sup>&</sup>lt;sup>1</sup> Moody's Aa benchmark: 150 to 250 days

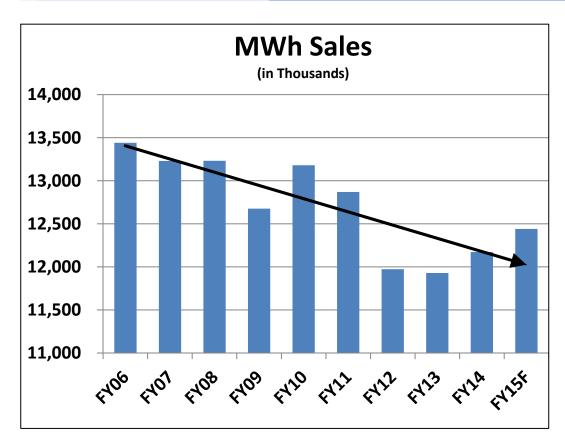
<sup>&</sup>lt;sup>2</sup> Long-term target is 60%

<sup>&</sup>lt;sup>3</sup> Long-term target is 50%: calculated peer group from Moody's large Aa rated public water-sewer utilities



# JEA Electric System

## MWh Sales



Month	FY14	FY15	% Change
Oct	959,319	971,595	1.3%
Nov	835,344	895,617	7.2%
Dec	914,615	943,753	3.2%
Jan	1,104,547	1,035,621	(6.2%)
Feb	843,507	934,102	10.7%
Mar	933,671	898,524	(3.8%)
Apr	900,972	954,803	6.0%
May	1,028,801	1,062,459	3.3%
Jun	1,124,764	1,187,741	5.6%
Jul	1,207,001	1,254,252	3.9%
Year-to-Date	9,852,541	10,138,467	2.9%
Aug	1,255,262		
Sep	1,064,186		
Total/Forecast	12,171,989	12,440,634	2.2%

**Unit Sales Driver:** YTD degree days were 6% higher than last year.

YTD Degree Days				
30-yr. Avg. FY14 FY15				
3,097 3,071 3,241				

Total System	2.9%
Residential	4.4%
Comm./Industrial	1.5%
Interruptible	4.9%
Wholesale (FPU)	(0.5%)



# JEA Electric System

# Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY15 Forecast	FY14 Actual	FY15 Budget	FY15F vs FY14 (\$)	Variance (%)
Fuel Revenue	\$ 486,382 <sup>1</sup>	\$ 498,930 <sup>2</sup>	\$ 516,398	\$ (12,548)	-2.5%
Base Revenue	741,729	725,203	711,462	16,526	2.3%
Other Revenue	37,283	39,571	42,626	(2,288)	-5.8%
Total Revenues	\$ 1,265,394	\$ 1,263,704	\$ 1,270,486	\$ 1,690	0.1%
	1	\$(5M)	<u></u>		
Select Expenses					
Fuel Expense	\$ 444,069	\$ 501,763	\$ 503,519	\$ 57,694	11.5%
Fuel Fund Transfers	42,312	(2,833)	12,879	(45,145)	
O & M Expense	193,774	168,688	207,337	(25,086)	-14.9%
Non-fuel Purchased Power	98,169	194,030	123,663	95,861	49.4%
Net Revenues	\$ 474,243	\$ 389,604	\$ 414,571	\$ 84,639	21.7%
	<b>†</b>	\$60M	<b></b>		
Capital Expenditures	\$ 126,703	\$ 86,155	\$ 129,000 <sup>3</sup>	\$ (40,548)	-47.1%
Debt Service	\$ 178,801	\$ 161,509	\$ 196,591	\$ (17,292)	-10.7%

Electric Costs / MWh	Non-Fuel
Target	\$ 54.73
Forecast	49.10
Difference	\$ 5.63

Fuel Fund (\$ in millions)			
Beginning Balance	\$ 105		
Surplus/(Deficit)	93		
Fuel Credit	(50)		
Ending Balance	\$ 148		

<sup>&</sup>lt;sup>1</sup> Net of \$50 million fuel credit in April bill

<sup>&</sup>lt;sup>2</sup> Net of \$26 million fuel credit in FY14

<sup>&</sup>lt;sup>3</sup> Council approved limit for capital expenditures in FY15 is \$150 million



# JEA Electric System

## Financial Results and Cost Metrics

(\$ in thousands)

**Operations Page** 

Revenues	FY15 Forecast	FY14 Actual	FY15 Budget	FY15F vs FY14 (\$)	Variance (%)
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Debt Service	\$ 178,801	\$ 161,509	\$ 196,591	\$ (17,292)	-10.7%

Financial Metrics	FY15 Forecast
Coverage:	2.7x
Days Cash/Liquidity:	162 / 280
Debt/Asset:	70% (5% lower)
Total Debt:	\$3.2B (\$243M lower)

Electric Costs / MWh	Non-Fuel
Target	\$ 54.73
Forecast	49.10
Difference	\$ 5.63

Fuel Fund (\$ in n	nillions)
Beginning Balance	\$ 105
Surplus/(Deficit)	93
Fuel Credit	(50)
Ending Balance	\$ 148

<sup>&</sup>lt;sup>1</sup> Net of \$50 million fuel credit in April bill

<sup>&</sup>lt;sup>2</sup> Net of \$26 million fuel credit in FY14

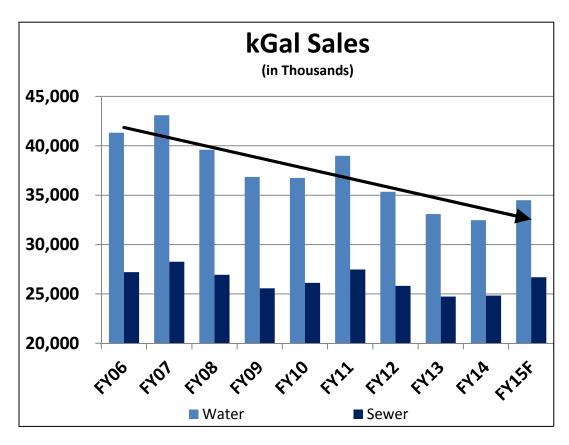
<sup>&</sup>lt;sup>3</sup> Council approved limit for capital expenditures in FY15 is \$150 million



# JEA Water and Sewer System

## kGal Sales

(in Thousands)



Month	FY14	FY15	% Change
Oct	2,794	3,051	9.2%
Nov	2,381	2,597	9.1%
Dec	2,662	2,708	1.7%
Jan	2,475	2,502	1.1%
Feb	2,130	2,238	5.1%
Mar	2,387	2,732	14.4%
Apr	2,691	2,765	2.7%
May	3,088	3,509	13.7%
Jun	2,897	3,382	16.8%
Jul	2,993	3,300	10.3%
Year-to-Date	26,498	28,784	8.6%
Aug	3,221		
Sep	2,750		
Total/Forecast	32,468	34,494	6.2%

Unit Sales Driver: Rainfall is down 6 inches; rain days are down 14 from prior year.

YTD Rain				
30-Yr. Avg. FY14 FY15				
Inches	37	38	32	
Days	86	90	76	

Total System	8.6%
Residential	7.4%
Comm./Industrial	5.3%
Irrigation	21.8%



# JEA Water and Sewer System

## Financial Results and Cost Metrics

#### (\$ in thousands)

Revenues	FY15 Forecast	FY14 Actual	FY15 Budget	FY15F vs FY14 (\$)	Variance (%)
Water & Sewer Revenues	\$ 392,231	\$ 375,372	\$ 390,392	\$ 16,859	4.5%
Other Revenue	43,358	32,518	28,868	10,840	33.3%
Total Revenues	\$ 435,589	\$ 407,890	\$ 419,260	\$ 27,699	6.8%
	1	\$16M	<u> </u>		
Select Expenses					
O & M Expense	\$ 127,267	\$ 119,466	\$ 136,523	\$ (7,801)	-6.5%
Net Revenues	\$ 298,146	\$ 281,727	\$ 279,426	\$ 16,419	5.8%
	1	\$19M			
Capital Expenditures	\$ 106,679	\$ 76,852	\$ 130,900	\$ (29,827)	-38.8%
Debt Service	\$ 102,656	\$ 114,372	\$ 124,443	\$ 11,716	10.2%

Cost / KGal	Cost / KGal Water	
Target	\$ 4.47	\$ 7.96
Forecast	4.08	<u>7.36</u>
Difference	\$ 0.39	\$ 0.60



# JEA Water and Sewer System

## Financial Results and Cost Metrics

**Operations Page** 

(\$ in thousands)

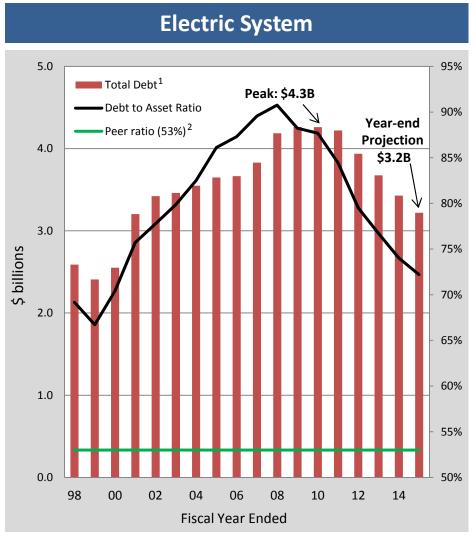
Revenues	FY15 Forecast	FY14 Actual	FY15 Budget	FY15F vs FY14 (\$)	Variance (%)
Water & Sewer Revenues	\$ 392,231	\$ 375,372	\$ 390,392	\$ 16,859	4.5%
Other Revenue	43,358	32,518	28,868	10,840	33.3%
Total Revenues	\$ 435,589	\$ 407,890	\$ 419,260	\$ 27,699	6.8%
	1	\$16M			
Select Expenses					
O & M Expense	\$ 127,267	\$ 119,466	\$ 136,523	\$ (7,801)	-6.5%
Net Revenues	\$ 298,146	\$ 281,727	\$ 279,426	\$ 16,419	5.8%
	<u>†</u>	\$19M			
Capital Expenditures	\$ 106,679	\$ 76,852	\$ 130,900	\$ (29,827)	-38.8%
Debt Service	\$ 102,656	\$ 114,372	\$ 124,443	\$ 11,716	10.2%

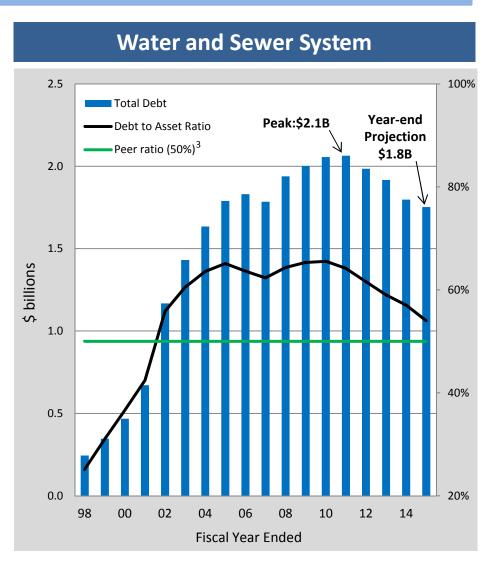
Metrics	FY15 Forecast
Coverage:	2.9x
Days Cash/Liquidity:	125 / 243
Debt/Asset:	53% (5% lower)
Total Debt:	\$1.8B (\$44M lower)

Cost / KGal	Water	Sewer
Target	\$ 4.47	\$ 7.96
Forecast	4.08	<u>7.36</u>
Difference	\$ 0.39	\$ 0.60



# JEA Debt and Debt to Asset Ratios





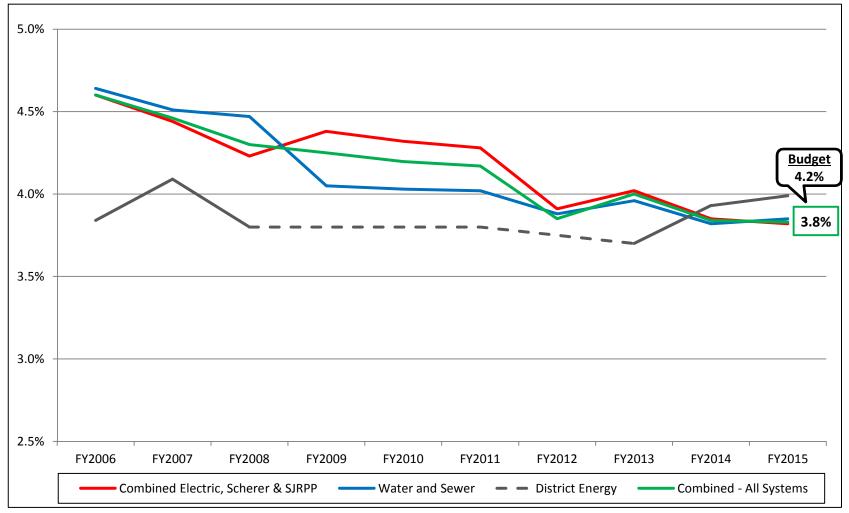
<sup>&</sup>lt;sup>1</sup> Includes JEA, Scherer and SJRPP

<sup>&</sup>lt;sup>2</sup> Per Moody's Special Comment, June 2014

<sup>&</sup>lt;sup>3</sup> As calculated from Moody's data for large Aa rated public water-sewer utilities



# Combined Debt Outstanding Weighted Average Interest Rates\*

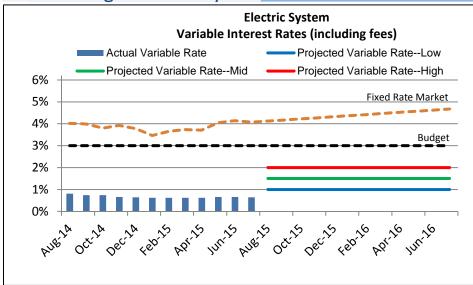


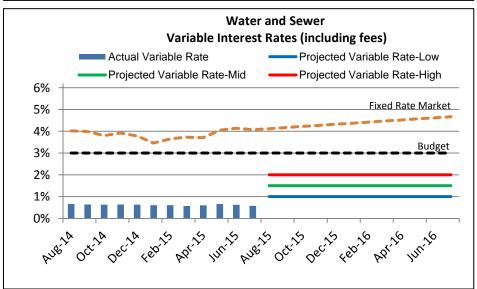
- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - During FY2008 FY2013 DES was funded with variable rate debt at an average of 1 percent.



# Variable Rate Debt Risk Analysis

(\$ in millions)





Total variable rate debt of \$931 with \$532 swapped to fixed rate

Liquidity Facilities and Direct Purchase Bonds (DPBs)							
Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%				
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	\$240	27				
Wells Fargo Bank N.A. (100% DPBs)	Aa2/AA-/AA	228	25				
Royal Bank of Canada	Aa3/AA-/AA	193	22				
US Bank, N.A.	A1/AA-/AA-	149	17				
Sumitomo	A1/A+/A-	52	6				
State Street Bank	A1/AA-/AA	31	3				
Total		\$893					

Swap Providers						
Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%			
Morgan Stanley Capital Services	A3/A-/A	\$184	35			
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AAA /NR	136	25			
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	127	24			
Merrill Lynch	Baa1/A-/A	85	16			
Total		\$532				

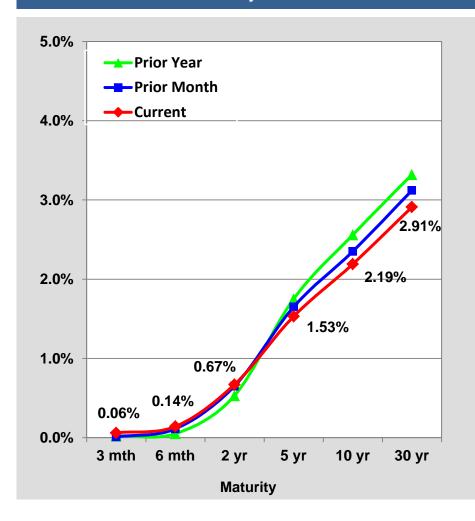
#### Items of Interest

- Variable debt as a percentage of total debt:
  - Unhedged variable at 7% for Electric and 9% for Water & Sewer.
  - Hedged variable at 13% for Electric and 7% for Water & Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap counterparty credit quality.
- Wells Fargo direct purchase bonds up for renewal in Fall 2015.
- State Street liquidity facility renewed in Feb 2015 through March 2018.
- Variable rate reserve to mitigate risk of higher rates \$62 million.

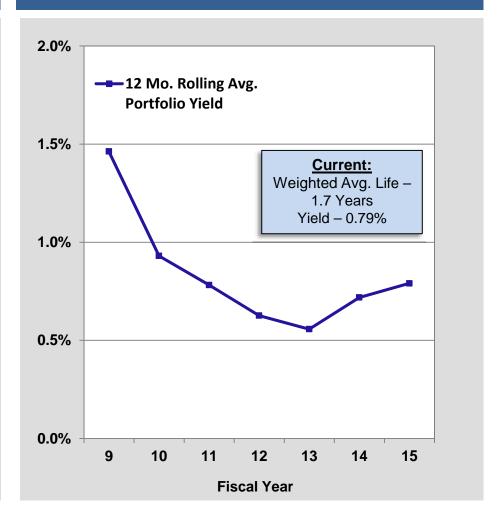


# JEA Combined Investments Outstanding

## **U. S. Treasury Yield Curve**

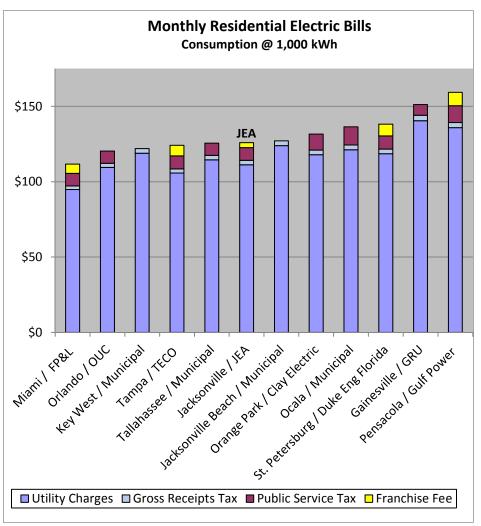


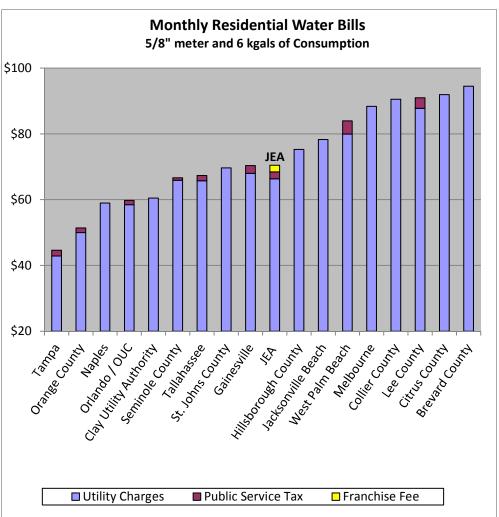
## **Investment Portfolio Yield**





# Florida Utilities Monthly Bill Comparison





# JEA FINANCE & AUDIT COMMITTEE AGENDA

DATE: August 10, 2015
TIME: 8:00 – 10:00 AM
PLACE: 21 W. Church Street
8<sup>th</sup> Floor Conference Room

Committee Members will meet in the 8<sup>th</sup> Floor Board Conference Room

Other Board Members may join via conference call by dialing 904-665-7100 - No password is needed.

				Responsible Person	Action (A) Info (I)	Total Time
I.	ОРІ	ENINC	CONSIDERATIONS	Peter Bower		
	A.	Call	to Order			
	B.	Ado	ption of Agenda		А	
	C.	App	roval of Minutes – May 11, 2015		Α	
II.	NE	N BU	SINESS			
	A.	Audi	it/ERM Annual Approvals & Quarterly Update	Doris Champ		15 mins.
		1.	Audit Services Quality Assessment Review		I	
		2.	Annual Statement of Auditor Independence		I	
		Adoption of Changes to the Finance & Audit Committee Policy     Approval of Annual Internal Audit Plan			А	
					А	
		5.	Annual Approval of Audit Services Charter		А	
		6.	ERM and Audit Quarterly Update		1	
		7.	Finance & Audit Committee Self-Assessment		1	
	B.	Dire	ctor of Audit Services Succession Plan	Ted Hobson	ļ	5 mins.
	C.	Ethic	cs Officer Quarterly Report	Walette Stanford	I	5 mins.
	D.	Exte	ernal Auditors	Mike Pattillo		20 mins.
		1.	Schedule of Expenditures of Federal Awards		I	
		2.	FY2015 E&Y Financial Statements Audit Plan		I	
	E.	Regulatory Actions Approval and Policy Revisions		Melissa Dykes	А	15 mins.
	F.	Rate Structure Project Plan		Melissa Dykes	I	10 mins.
	G.	Downtown Campus Comprehensive Plan		Melissa Dykes	А	10 mins.
	H.	Chie	of Information Officer Report	Paul Cosgrave	1	5 mins.
	I.	Trea	asury			10 mins

#### August 18, 2015 JEA Board Meeting - IV. A. Reports

		Electric System and Water and Sewer System Reserve			
	Fund Quarterly Report		Joe Orfano	I	
	2.	Recap of Recent JEA Electric System Fixed Rate Debt Refunding Delegated Transactions	Joe Orfano	I	
	3.	Resolutions Amendment for Electrical System 2008B and 2008D Direct Purchase Variable Rate Index Bonds	Joe Orfano	Α	
<del>ا</del> .	JEA	Energy Market Risk Management Policy Report	Mike Brost	I	5 mins.
K.	Offic	e of General Counsel Legal Brief	Jody Brooks	I	5 mins.
Li	Anno	puncements			
	1.	Next Meeting, December 15, 2015, 10:00 AM – 12:00 PM			
M.	Com	mittee Discussion Sessions			
	1.	Director, Audit Services	Doris Champ	I	5 mins.
	2.	Ernst & Young	Mike Pattillo	I	5 mins.
	3.	Council Auditor's Office	Robert Campbell	I	5 mins.
N.	Adjo	urnment			

#### JEA FINANCE & AUDIT COMMITTEE MINUTES May 11, 2015

The Finance & Audit Committee of JEA met on Monday, May 11, 2015, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

#### **Agenda Item I – Opening Considerations**

- A. Call to Order Chair Peter Bower called the meeting to order at 8:00 AM with Members John Hirabayashi, Wyman Winbush, Robert Heekin, and Husein Cumber in attendance. Others in attendance were Paul McElroy, Melissa Dykes, Mike Brost, Brian Roche, Ted Hobson, Paul Cosgrave, Bud Para, Angie Hiers, Janice Nelson, Doris Champ, Walette Stanford, Joe Orfano, Ryan Wannemacher, Hamid Zahir, David Jolley, Gerri Boyce, Judi Spann, and Jane Upton. Gayle Petrie, Office of General Counsel, Justin Threet, Ernst & Young, and Robert Campbell, Council Auditors Office, were also in attendance.
- B. Adoption of Agenda The agenda was adopted on **motion** by Mr. Cumber and second by Mr. Winbush.
- C. Approval of Minutes The March 9, 2015 Minutes were unanimously approved on **motion** by Mr. Cumber and second by Mr. Hirabayashi.

#### Agenda Item II - New Business

- A. FY2016 Budget Presentation Melissa Dykes, Chief Financial Officer, presented and reviewed the FY2016 draft budget and process, requesting committee feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2016 operating and capital budgets, including revenue, O&M expense levels, interest rates and debt structure, financial metrics, and regulatory accounting items. The presentation also included a review of capital requirements for JEA facilities. Details were provided of significant issues at the downtown facilities that need to be addressed over the next several years in order to upgrade and update those buildings and building systems to meet current standards and codes and address business continuity and catastrophic failure risks. Information was also provided about capital improvements at JEA's outer facilities over the past several years, as well as upcoming capital needs at non-downtown JEA facilities. Committee Members requested additional information be provided, including the current and historical number of employees within the campus, and a timeline for making a recommendation. The proposed FY2016 Budget presentation, including an executive summary, will be included in the May 19, 2015 Board Meeting package for information and discussion by the full Board during the Finance and Audit Committee Report. The FY2016 Budget will be presented to the Board for final approval at the June 16, 2015 meeting. This item was received for information.
- B. Chief Risk and Compliance Officer Report Ted Hobson, Chief Compliance Officer, provided an overview of his organization which is comprised of Security and Public Records, Audit Services, CIP Compliance (Critical Infrastructure Protection), Electric Compliance, and Risk Management Services. Mr. Hobson also reviewed the structure and responsibilities of the Enterprise Compliance and Risk Committee. Mr. Hobson provided an action plan for the recruitment, selection and placement of Doris Champ's successor by August 1, 2015, prior to her retirement in September. The selection committee will make a recommendation to the CEO and Finance and Audit Committee Chair. This item was received for information.
- C. Audit Services Quarterly ERM/Audit Update The Quarterly ERM/Audit Update, reviewed by Doris Champ, Director Audit Services, was received for information. Ms. Champ provided

May 11, 2015

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information on the Enterprise Risk Management (ERM) Trending Report, ERM Board Report, Audit Project Report, Summary of Audits Quality Indicators, Ethics Hotline Reports, and the Action Plan Status.

At 9:30 AM, when Mr. Cumber departed the meeting, the Committee took a brief break and reconvened at 9:37 AM.

- D. Ethics Officer Quarterly Report The Ethics Officer Quarterly Report, reviewed by Walette Stanford, Ethics Officer and Director Workforce Strategies, was received for information. Ms. Stanford stated that JEA rolled out its new Business Ethics Computer Based Training module to employees in March with the goal of 100% completion prior to fiscal year-end 2015. The new format received favorable feedback, and the year-to-date results show 99% completion with the remaining 10 employees who have not completed training currently out of the office due to either Disability, Family Medical Leave, Military Duty, or Leave of Absence.
- E. Update on Rates Restructuring Initiative An update on the Rates Restructuring Initiative, presented by Melissa Dykes, Chief Financial Officer, was received for information. The presentation included updates on:
  - Fuel Credit The \$50 million fuel credit was approved by the Board in April. If forecasts remain low, an additional decrease will be proposed in the summer to be effective October 1, 2015.
  - Streetlight Rates New streetlight rates will be proposed based on results of a recent cost of
    service study and a field survey to better reflect the current cost to serve and align with
    improved energy standards. These rates will include five new LED streetlight rates.
  - General Service Large Demand (GSLD) Aligning street light rates affords the opportunity for JEA to reduce its GSLD energy rates.
  - Residential and Small Commercial Rates staff is evaluating pilot programs on selected rate structures such as Demand Rates. JEA is identifying and analyzing requirements, potential results, and possible support from the Department of Energy.
  - Next Steps Staff will propose the Board call a Rate Hearing this summer to implement a
    fuel rate decrease, streetlight realignment and LED rate offering, and large commercial rate
    decrease. Staff will continue to structure a residential pilot program for new rate options to
    empower customers, improve system efficiency, provide revenue stability, leverage
    technology, continue to leverage corporate commitment to environmental responsibility, and
    pave the way toward the future for JEA.

#### F. Treasury

- Electric System and Water and Sewer System Reserve Fund Quarterly Report Joe Orfano, Treasurer, reviewed the Electric System, and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
- 2. Recap of Recent St. Johns River Power Park Fixed Rate Debt Refunding Delegated Transaction Joe Orfano, Treasurer, provided a Recap of Recent JEA Electric System Fixed Rate Debt Refunding Delegated Transactions, which was received for information.
- G. JEA Energy Market Risk Management Policy Report Mike Brost, VP/GM Electric Systems, reviewed the Energy Market Risk Management Policy Report, which was received for information.
- H. Announcements

Finance & Audit Committee

May 11, 2015

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- The next Finance and Audit Committee meeting will be held on August 10, 2015, at 8:00 AM.
- I. Committee Discussion Sessions
  - 1. Director, Audit Services At 10:40 AM, Mr. Bower dismissed staff and the Committee held a general conversation with Doris Champ, Director Audit Services.
  - 2. Ernst & Young At 10:43 AM, the Committee held a general conversation with Justin Threet.
  - 3. Council Auditor's Office Mr. Campbell had no concerns requiring discussion with the Committee.

#### **Closing Considerations**

Mr. Winbush announced that with the addition of Mr. Heekin, this would be his final meeting on the Finance and Audit Committee. He thanked Mr. Bower for his leadership, especially with the time he takes to explain items throughout the meeting to new Members.

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 10:45 AM.

	APPROVED BY:
	Peter Bower, Committee Chair Date:
Submitted by:	
Jeanne Ryan Executive Assistant	



July 24, 2015

SUBJECT:	AUDIT SERVICES QUALITY ASSESSMENT REVIEW									
Purpose:	⊠ Inform	ation Only	☐ Action R	equired	Advice/Direction					
an external Qu 2005 (the first Services is also the Board. The	<b>Issue:</b> The Institute of Internal Auditors (IIA) requires that every internal audit department be evaluated by an external Quality Assurance Review team every five years. JEA's Audit Services has had reviews in 2005 (the first year of the requirement) and 2010, and has just completed the review for 2015. Audit Services is also required by the IIA to provide the results of the review to the Finance & Audit Committee of the Board. These results are shown in the attached report prepared by Honkamp Krueger, the consulting firm selected to perform the review and approved by the Finance & Audit Committee at the March, 2015 meeting.									
Significance:	High									
Effect: The re	eport states that	Audit Services	is in General C	conformance with	all IIA Standards.					
Reviews, has r Three ratings a	now confirmed th are available fron	nat JEA Audit S n these reviews	ervices is in Ge s, Generally Co	eneral Conforman	perform Quality Assessment ace with IIA Standards. Conforms, and Does Not all categories.					
Recommende	d Board action	: None.								
For additional	information, co	ontact: Doris	Champ CIA, C	ISA, Director, Auc	dit Services					
Submitted by: PEI	M/TEH/DAC									
	Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	• Safety • Service • Growth <sup>2</sup> • Accountability • Integrity	Ear Loy	ents to Action  The Customer valty  liver Business cellence  velop an beatable Team					

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# **JEA**

# **External Quality Assessment Report**

July 20, 2015

## Prepared by





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## **EXECUTIVE SUMMARY**

#### Introduction

Internal auditing is one of the cornerstones of corporate governance. Because of its unique position within organizations, internal auditing provides audit committee members and senior management with valuable assistance by giving objective assurance on governance, risk management, and control processes. To do this effectively, an internal audit function must be adequately resourced, professionally staffed, and follow the International Professional Practices Framework (IPPF). The IPPF, the conceptual framework developed by the Institute of Internal Auditors (IIA), is a comprehensive set of mandatory guidance which is principles-based and is considered the essential requirement for establishing and performing internal auditing. The three mandatory elements of the IPPF are the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards).

Honkamp Krueger & Co., P.C. (HK) was engaged to perform an external quality assessment (QA) of JEA's Audit Services (AS). This engagement was conducted in accordance with Standard 1312 – External Assessments, related Practice Advisories, and the *Quality Assessment Manual* published by the Institute of Internal Auditors Research Foundation.

This report is intended solely for the information and use of Audit Services, JEA's Board of Directors, and management of JEA and is not intended to be, and should not be used, by anyone other than these specified parties.

#### The HK Solution

Standard 1300 requires internal auditors to develop and maintain a Quality Assessment and Improvement Program (QA&IP). In addition to both ongoing and periodic internal assessments, the *Standards* also require a QA of the function's adherence to the IPPF every five years.

#### Objectives

The engagement was designed to achieve the following objectives:

- Evaluate Audit Services' (AS's) level of conformity with the IIA Standards, Definition of Internal Auditing and Code of Ethics;
- Provide AS with observations that would add value to the organization by:
  - o Identifying opportunities for improving the efficiency and effectiveness of AS; and
  - o Identifying opportunities to help ensure the expectations of the board, shareholders, and executive management are being met.

#### Scope

The fieldwork was conducted from May 18, 2015 to May 22, 2015 and a formal closing conference was held on the last day of fieldwork. In order to achieve the objectives of the QA, the following items were reviewed or performed:

- The information provided in advance by AS, which included detailed information about the organization and the internal audit function;
- Discussions with the Chief Audit Executive (CAE);
- Confidential surveys of management;
- Confidential surveys of AS staff;
- Interviews of the Finance and Audit Committee (FAC) Chair, Chief Executive Officer, five members of senior management, three AS staff members; and
- Workpapers and reports for a sample of four engagements completed by AS in the past 12 months.

AS's risk assessment and audit planning processes, audit tools and methodologies, and engagement and staff management processes were also reviewed.

#### **Notable Performance Aspects**

AS is seen as one of the key cornerstones of JEA's corporate governance, as evidenced by interviews, surveys, document reviews, and observations. We found numerous positive aspects about AS and the work it performs. Some of the more notable positive aspects and practices include the following:

- Management strongly supports the work of AS;
- Client surveys are used after each audit;
- Senior management provides input to the annual risk assessment process;
- The engagement level risk assessment is robust;
- The quality assurance & improvement program (QA&IP) has improved since the prior QA; and
- AS staff annually recognize compliance with the IIA Standards and Code of Ethics.

JEA's AS has demonstrated a commitment to quality, successful leadership practices, and maintaining an internal auditor's mindset for professionalism. Our assessment noted JEA's AS has developed and implemented a methodology, a set of policies & procedures, and built a team of experienced auditors based upon achieving the department's mandate. Evaluation of the internal audit processes and related audit work papers evidenced that JEA's AS takes this role seriously and provides value to the organization in accordance with what is being requested of them.

#### **Conformity Rating**

The IIA QA framework provides a system for rating conformity to the *Standards*, which consists of three categories: generally conforms, partially conforms, and does not conform. The framework describes these categories as follows:

**Generally Conforms (GC)** means that an internal audit activity has a charter, policies, and processes that are judged to be in accordance with the Standards in all material respects, but some opportunities for improvement may exist.

**Partially Conforms (PC)** means that practices were noted that are judged to deviate from the Standards, but they did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.

**Does Not Conform (DNC)** means that deficiencies in practices were judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

The IIA Standards are divided into two primary subsets: Attribute and Performance. The QA team rates JEA's AS as follows:

Attribute Standards:	Generally Conforms
Performance Standards:	Generally Conforms
Code of Ethics:	Generally Conforms
Definition of Internal Auditing:	Generally Conforms
OVERALL EVALUATION:	GENERALLY CONFORMS

#### **Opportunities and Practice Improvement Suggestions - Summary**

The opportunities and practice improvement suggestions that we believe will enhance conformity with the *Standards* and further improve the effectiveness of AS are summarized as follows.

#### Opportunities to Improve Conformity with IIA Standards

- Consistently document the objectives of each consulting project and the related engagement level risk assessment.
- 2. Document rationale for assignment of audit resources to engagement.
- 3. Consistently document evidence of work program approval prior to its implementation for consulting projects.

#### Practice Improvement Suggestions for Audit Services Consideration

- 1. Formalize documentation of affirmation of no limitations on scope and the functional independence of AS in its annual report to Finance and Audit Committee (FAC).
- 2. Consider use of "Conforms with the International *Standards...*" in all audit reports and/or include the phrase on the department intranet site
- 3. Enhance the Audit Services Manual by covering all of the IIA's International Professional Practices Framework, including:
  - a. Impairment to independence and objectivity
  - b. Disclosure of nonconformance with the IIA's Code of Ethics
  - c. Errors and omissions
  - d. Engagement disclosure of noncompliance with IIA Standards

#### Practice Improvement Suggestions for Management and FAC Consideration

1. Strengthen the FAC Operating Policy narrative around functional reporting by including discussions regarding compensation and performance of the CAE with the FAC Chair.

## REPORT **DETAIL**

management memorandum itself.

**Observation** 

#### **Opportunities to Improve Conformity with IIA Standards**

1. AS staff and management understand the risks and objectives of consulting engagements and build the work programs around these; however, in the consulting review included in the QA, there was no documentation of the engagement level risks and

associated objectives in the work papers, other than in the

Recommendation

AS should summarize the results of the risk assessment process for consulting engagements, including management's assessment of risk, any background information and any survey results. The summary should be documented and include:

- significant engagement issues and reasons for pursuing them in more depth;
- engagement objectives and procedures;
   and
- methodologies to be used, such as technology-based audit and sampling techniques.

Response

A formal engagement and/or planning memo were not utilized on this project, but the broad purpose and objectives were documented in a work paper, and in the management memo. That work paper was filed in the Fieldwork section of the work papers rather than the Planning section. In the future, we will make certain that all applicable planning related documents are completed and filed in the Planning section of the work papers. It should be noted that Consulting Engagement Procedure does allow for informal projects, and formal risk assessments are not always performed for consulting engagements such as this project.

#### **Opportunities to Improve Conformity with IIA Standards**

Observation Recommendation Response

- 2. While decisions on how best to utilize resources is inherent to the planning phase of any engagement, AS has an opportunity to formalize the resource allocation process by documenting the rationale for assigning auditors to an engagement. When determining the appropriateness and sufficiency of resources, AS management should consider:
  - number and experience level of the auditors;
  - knowledge, skills and other competencies of the auditors;
  - availability of subject matter experts where additional knowledge and competencies are required; and
  - training needs of internal auditors as each engagement assignment serves as a basis for meeting AS's developmental needs.
- 3. Review of AS audit work papers demonstrated solid internal procedural compliance and organization in regards to identifying, analyzing, evaluating, and documenting information during the engagement. Evidence of prior approval and subsequent approval to revisions of the work program by AS management, however, was not evidenced in the work papers for the consulting engagement reviewed.

The CAE should establish a written policy in AS Manual requiring that the rationale for assigning auditors to an engagement be documented in the planning section of the work papers. This approach ensures AS management has taken into consideration the complexity, time constraints, and availability of resources when assigning staff to an engagement.

We have already begun using a statement about the audit resources to be used on a project and why. This statement is now being included in the Comments section of the Planning screen in Auto Audit. We will also add this step to our Conduct Audit and Consulting Engagement procedures.

The CAE should implement a procedure that requires approval by AS management for all finalized work programs and subsequent adjustments prior to the initiation of fieldwork. This approval should be documented and easily verifiable in each engagement work paper file.

AS already has a Consulting Engagements Procedure which requires that for "formal" consulting projects, the engagement memo or Statement of Work should be approved by the Audit Director prior to beginning the project. The project in question was more of an informal, ad hoc type project that evolved as the project progressed, until the overall objectives of the project were achieved. Thus there was no formal work program for this project. We agree that the objectives for this project could have been better documented and formally approved at the start of the project.

## **Practice Improvement Suggestions for Audit Services Consideration**

Observation	Recommendation	Response
1. The results of AS's QA&IP program evidences that the department adheres to the <i>International Standards for the Professional Practice of internal Auditing.</i> Departments achieving this distinction have the ability, in accordance with Standard 1321, to promote the internal audit activity by disclosing that their work "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ". This distinction is often communicated to audit clients, senior management, and board members through audit reports and other communication vehicles as a means to promote the department. Currently, AS does not include this wording in audit reports, but it is included in the AS Charter, which is reviewed by senior management and the Finance and Audit Committee on at least an annual basis	The CAE should consider communicating to internal audit stakeholders that AS "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> " as a means of promoting the activity within the organization.	We will consider adding this wording to our audit reports.
2. AS does not have written policies that describe the actions required when one or more of the events listed below take place. The likelihood of one of these events occurring is rare in most cases, which is why it is important to develop action plans in advance and communicate the plans to AS management and staff, as well as to senior management and the FAC.	AS should develop policies that describe in detail the actions that will be taken in the event that any of the activities noted within the observation occur.	AS will develop a procedure to cover these four standards even though they have never occurred and are not likely to occur due to the practices and processes in place to prevent them from occurring.
<ul> <li>Impairments to Independence or Objectivity (Standard 1130)</li> </ul>		
<ul> <li>Disclosure of Non-conformance with the Definition of Internal Auditing, the Code of Ethics, or the Standards (Standard 1322)</li> </ul>		
<ul> <li>Errors or Omissions (Standard 2421)</li> </ul>		
<ul> <li>Engagement Disclosure of Non-conformance with the Definition of Internal Auditing, the Code of Ethics, or the Standards (Standard 2431)</li> </ul>		

#### **Practice Improvement Suggestions for Audit Services Consideration**

Observation Recommendation Response

3. Organizational independence is the foundation of the profession of internal audit and any impairment to it, including scope limitations and restrictions, jeopardizes the function's mission. It is therefore imperative that the FAC is kept apprised of the internal audit function's ability to maintain appropriate independence. The *Standards* require that the CAE annually confirm the function's organizational independence, which is currently being performed verbally to FAC but not formally documented.

While reporting on AS performance, the CAE should confirm AS's organizational independence to the FAC and include either disclosure of scope limitations or affirmation that no such limitations occurred.

Beginning with the August 2015 FAC meeting, AS will include a formal confirmation of independence with no limitations, along with the other audit-related documents routinely presented to the FAC each year at the August meeting.

#### **Practice Improvement Suggestions for Management and FAC Consideration**

#### Observation Recommendation Response

1. The clear understanding of a functional reporting relationship between an internal audit activity and its oversight committee is often difficult to communicate to all stakeholders of the department. Functional reporting is best described by the interpretative examples provided in IIA Standard 1110 - Organizational Independence. All of the examples o are included in the FAC Policy with the exception of approving the remuneration of the CAE.

To strengthen and make clear this functional reporting relationship, the FAC should consider revising its Operating Policy narrative to emphasize and clarify the functional reporting relationship of the CAE by including language related to discussions of compensation and performance evaluation of the CAE with the FAC Chair.

Since JEA's CEO and CRCO already informally discuss the performance and compensation of the Director, Audit Services with the FAC Chair, including this language in the FAC policy will be considered.

## **Appendix A – Standards Conformance Evaluation Summary**

Attribute Standards		GC	PC	DNC	N/A
1000	Purpose, Authority, and Responsibility	Χ			
1100	Independence and Objectivity	Х			
1200	Proficiency and Due Professional Care	Х			
1300	Quality Assurance and Improvement Program	Х			

Performance S	Performance Standards		PC	DNC	N/A
2000	Managing the Internal Audit Activity	X			
2100	Nature of Work	X			
2200	Engagement Planning	Х			
2300	Performing the Engagement	Х			
2400	Communicating Results	Х			
2500	Monitoring Progress	Х			
2600	Resolution of Senior Management's Acceptance of Risks	Х			



July 10, 2015

SUBJECT:	ANNUAL STATEMENT OF AUDITOR INDEPENDENCE				
Purpose:					
<b>Issue:</b> The Institute of Internal Auditors (IIA) requires that the Chief Auditor annually confirms Audit Services' organizational independence to the Finance & Audit Committee. While this has been done verbally on an ongoing basis, it is a best practice recommendation to put that confirmation in writing. The attached document provides that written confirmation.					
Significance:	Medium				
<b>Effect:</b> A written confirmation of organizational independence will be provided to the Finance & Audit Committee annually in accordance with IIA requirements and best practices.					
Cost or Benefit: There is no cost. See Effect above for benefit.					
Recommended Board action: None.					
For additional information, contact: Doris Champ CIA, CISA, Director, Audit Services					
Submitted by: PEI	M/TEH/DAC				



Commitments to Action



Ver.2.0D 9/21/2013 jer

#### FY 2015 Annual Statement of Independence

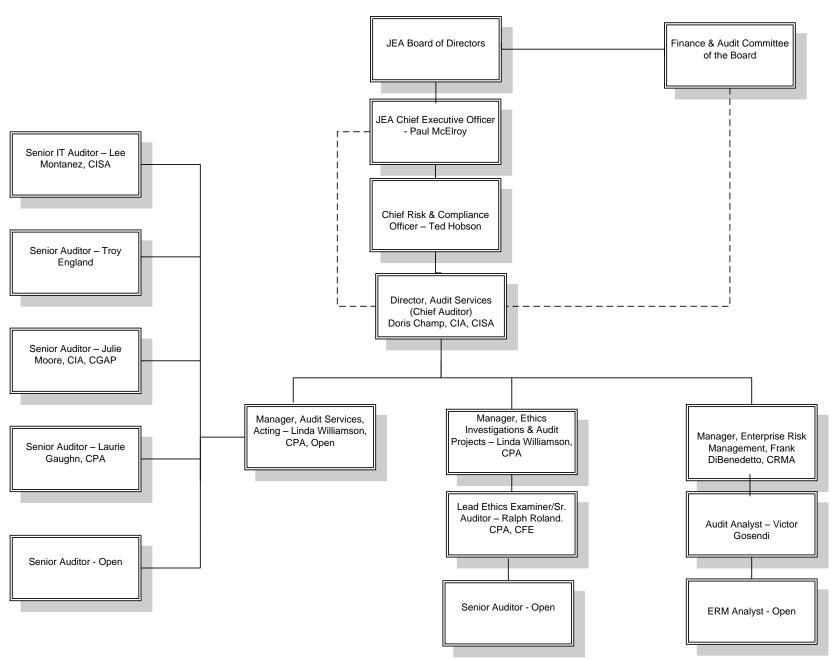
July 10, 2015

As the Director, Audit Services and Chief Auditor for JEA, I affirm that JEA's internal audit function has the independence it needs to function properly as an independent internal audit department. There have been no scope limitations placed on us, nor have there been failures to disclose information, provide documents, or provide access to certain individuals. Our access to the information we need to adequately perform our audit work has not been limited in any way.

Doris A. Champo Doris A. Champ, CIA, CISA Director, Audit Services

JEA

#### Audit Services Organization Chart - July 2015



JEA Audit Services and Enterprise Risk Management, July 2015				
Name / Title	Experience / Education / Certifications			
Champ, Doris Director, Audit Services and Enterprise Risk Management, CAE	12.5 years at JEA. 35+ years audit/risk/investigative experience, including Prudential and Kemper Insurance, direct interaction with and responsibility to the audit/compliance committee of a board. BS, Mathematics, CIA - Certified Internal Auditor, CISA – Certified Information Systems Auditor.			
DiBenedetto, Frank Manager, Enterprise Risk Management	11.5 years at JEA. 25+ years financial management, audit and risk management, including Prudential Securities, Dean Witter, and Kidder Peabody. BS – Financial Business Management, Certification in Risk Management Assurance (CRMA), Certified Financial Analyst: Series 7, 63 and 5 registered (inactive).			
Williamson, Linda Manager, Audit Services & Manager, Ethics Investigations & Audit	3 years with JEA. 25+ years audit/accounting experience, including the Inspector General's Office at the City, Jacksonville Sheriff's Office, Barnett Bank, and Peat, Marwick, & Mitchell (KPMG). Master's Degree and CPA.			
England, Troy Senior Auditor	1.5 years at JEA. 12 years audit experience at Blue Cross and Diversified Service Options. Degree in Business Administration. Pursuing the CIA designation.			
Laurie Gaughan Senior Auditor	8 months at JEA. 5 years audit experience at EverBank. 22 years as a CPA at various companies, including the Office of the Auditor General. BBA in Accounting and, and BA in Economics, CPA.			
Gosendi, Victor, Audit Services Analyst	17 years at JEA. 25+ years of experience in technology including Plaskolite, Inc. Auditing: 8 years internal auditing and continuous auditing/continuous monitoring. Computer Science degree.			
Montanez, Lee Senior Information Technology Auditor	4 years at JEA. 17 years experience in audit, finance, and IT at Fidelity, Rayonier, and the government of Puerto Rico. BS – Accounting, MBA – Finance, CISA			
Julie Moore Senior Auditor	7 months at JEA. 14 years audit experience at the Federal Reserve Bank of Atlanta and the Jacksonville Sheriff's Office. BBA in Accounting, CIA, CGAP - Certified Government Audit Professional.			
Roland, Ralph Senior Auditor, Ethics Hotline Administrator/Investigator	14 years at JEA. 20+ years, internal and external auditing experience including Koger Equities, 5 years U.S. Navy quality assurance auditing. BBA – Accounting, CPA, CFE – Certified Fraud Examiner.			



July 10, 2015

SUBJECT:	ADOPTION OF CHANGES	TO THE FINANCE & AUDIT	COMMITTEE POLICY		
Purpose:	☐ Information Only		Advice/Direction		
<b>Issue:</b> The Institute of Internal Auditors (IIA) mandates that an Audit Committee perform certain duties, including the annual review and approval of the Committee's governing policy. For JEA, that governing policy is the Finance & Audit Committee Operating Policy.					
Significance:	High				
<ul> <li>Effect: To keep JEA's Finance &amp; Audit Committee in compliance with IIA standards, and to better define the current responsibilities of the Finance &amp; Audit Committee. The suggested changes to the FAC Policy are highlighted in yellow on the attached document and include: <ul> <li>Stating that the FAC Chair and Committee members are appointed by the Board Chair.</li> <li>The City of Jacksonville Inspector General's Office is added for the FAC to use as an alternate source for performing investigations.</li> <li>The FAC Chair, JEA's CEO and/or JEA's CRCO will have an annual discussion about the compensation and performance of the Director, Audit Services.</li> </ul> </li> </ul>					
Cost or Benefit: There is no cost. See Effect above for Benefit.					
<b>Recommended Board action:</b> Staff recommends that the Finance & Audit Committee and the Board approve the attached revision of the JEA Finance & Audit Committee Operating Policy.					
Issue: The Institute of Internal Auditors (IIA) mandates that an Audit Committee perform certain duties, including the annual review and approval of the Committee's governing policy. For JEA, that governing policy is the Finance & Audit Committee Operating Policy.  Significance: High  Effect: To keep JEA's Finance & Audit Committee in compliance with IIA standards, and to better define the current responsibilities of the Finance & Audit Committee. The suggested changes to the FAC Policy are highlighted in yellow on the attached document and include:  Stating that the FAC Chair and Committee members are appointed by the Board Chair.  The City of Jacksonville Inspector General's Office is added for the FAC to use as an alternate source for performing investigations.  The FAC Chair, JEA's CEO and/or JEA's CRCO will have an annual discussion about the compensation and performance of the Director, Audit Services.  Cost or Benefit: There is no cost. See Effect above for Benefit.					

Submitted by: PEM/TEH/DAC



For additional information, contact: Doris Champ CIA, CISA, Director, Audit Services

#### Commitments to Action



Ver.2.0D 9/21/2013 jer

#### JEA Finance & Audit Committee Operating Policy

#### Role of the Finance & Audit Committee

The Finance & Audit Committee is appointed by, and is a standing Committee of, the Board of JEA. The Committee's primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing JEA's financial information, systems of internal controls, and audit process, including a high level review of the operating and capital budgets. In conjunction with its primary function, it is the responsibility of the Committee to provide an open avenue of communication between the Board, Management, Audit Services, and the external auditors. The committee will report to the Board on a regular basis to keep the full Board apprised. The Finance & Audit Committee shall review and approve various agenda items as outlined below. These items shall then be recommended to the full JEA Board for approval.

#### Membership

The Committee shall consist of at least three Board members, appointed annually by the Board Chair. The Board Chair shall also appoint one of the Committee members as Chairperson. The Director of Audit Services and the external auditors shall have direct and independent access to the members of the Finance & Audit Committee.

#### Meetings:

The Committee will meet at least four times per year. The Committee may invite members of Management, external and internal auditors, and/or others to attend meetings and provide pertinent information, as necessary. A schedule of regular meetings will be established by the Committee annually. Special meetings may be called by any Committee member. To constitute a quorum, a majority of the members must be present at all meetings. Meetings shall be subject to public information laws.

#### **Responsibilities:**

The Committee shall:

#### **General**

- Report Committee actions and recommendations to the Board.
- Annually review and approve the Committee's Operating Policy, updating as needed.
- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of Management and relevant information. The Committee may request Audit Services, and/or the City of Jacksonville Council Auditor or Inspector General, to assist it in the conduct of any investigation.

#### **Internal Controls and Risk Assessment**

 Review and evaluate the effectiveness of JEA's process for identifying and assessing significant risk exposures and the steps Management has taken to monitor and control such risks.

- Review any significant findings and recommendations of the external auditors including Management's responses and timetable for implementation of recommendations to correct any weaknesses in internal controls.
- Review with the external auditors the adequacy of JEA's internal controls including controls over computerized information, and security controls.

#### **Audit Services**

- Review the internal audit function including the independence and authority of its reporting process.
- Review and formally approve the proposed annual audit plan, and the adequacy of resources and organizational structure.
- Annually review and formally approve the Audit Services Charter.
- Review and formally approve the appointment, reassignment, or dismissal of the Director, Audit Services (the Chief Auditor).
- The Finance & Audit Committee Chair will annually discuss the Director, Audit Services' performance and compensation with the CEO and/or the Chief Risk & Compliance Officer (CRCO).
- Review the summary results of ethics violations and frauds reported through the Ethics Hotline, and confirm that JEA is maintaining effective controls over conflicts of interest and fraud.
- Receive, prior to each meeting, a progress report on the annual internal audit plan, and a summary of completed internal audits including:
  - Significant findings and Management's responses including the timetable for implementation to correct weaknesses.
  - Any difficulties encountered in the course of the audit such as restrictions on the scope of the work or access to information.

#### Enterprise Risk Management (ERM), Compliance with Laws, Regulations

The Board's responsibilities, as outlined in the Enterprise Compliance and Risk policy are delegated, in part, to the Finance & Audit Committee as follows:

- Approve significant changes to the Enterprise Compliance and Risk Policy, and to the Electric Compliance Policy.
- Ensure that JEA maintains a comprehensive and effective ERM program
- Monitor JEA's process to identify, assess, and manage those significant risks that could prevent JEA from achieving its business objectives by:
  - Reviewing any summary risk reports provided by the Enterprise Compliance and Risk Committee (ECRC).
  - Reviewing management presentations on the implementation of policies and procedures related to risk assessment and risk management, to confirm that operational and financial risks are being adequately managed and mitigate
- Gain reasonable assurance that JEA is in compliance with pertinent laws and regulations by reviewing summary reports and management presentations confirming that Management is meeting the requirements set forth by legislative and regulatory bodies applicable to JEA.

#### **Ethics Program**

On behalf of the JEA Board, the Finance & Audit Committee of the Board will oversee JEA's Ethics Program as follows:

- Ensure that JEA maintains a comprehensive and effective Ethics program, and is conducting its affairs in accordance with JEA's Core Values, Code of Conduct, and Code of Ethics.
- Review presentations and summary reports from the JEA's Board-appointed Ethics
  Officer (EO) relating to the ethics training program and ethics questions posed by
  employees.

#### **Budget**

On behalf of the JEA Board, the Finance & Audit Committee will oversee the annual budget process by:

- Reviewing and approving JEA's preliminary and final budgets.
- Reviewing significant changes to the existing budget.
- Reviewing and approving annual budget resolutions authorizing line item reallocations.

#### Rates

On behalf of the JEA Board, the Finance & Audit Committee will oversee the rates change process by:

- Reviewing and approving significant changes to JEA's rate structure and Pricing Philosophy.
- Reviewing and approving Management's recommendations for rate changes, and rate hearings.

#### **Treasury**

On behalf of the JEA Board, the Finance & Audit Committee will oversee JEA's financing processes by:

- Reviewing and discussing with Management and the external auditors:
  - All critical Investments and Debt policies and practices used by JEA, as well
    as any significant changes to those policies and practices, including changes
    resulting from recent professional and/or regulatory pronouncements, or
    changes in Management's assessment of financial market conditions or
    liquidity requirements.
- Reviewing all management reports relating to investment and debt position and results.
- Reviewing and approving all new debt issuance and/or debt refinancing, in accordance to the Board's delegated authority, as appropriate considering the

necessary timing of the transaction and the meeting schedule of the Finance & Audit Committee.

#### **Financial Reporting**

- Review and discuss with Management:
  - All critical accounting policies and practices used by JEA, as well as any significant financial reporting issues such as regulatory actions, complex or unusual transactions, alternative treatments within generally accepted accounting principles, and highly judgmental matters.
  - Significant changes in JEA's policies for financial reporting, including changes resulting from recent professional and/or regulatory pronouncements or Management's evaluation.
- Review all reports between Management and the external auditors, such as the management letter.
- Review with Management and the external auditors the results of the annual financial audit including any difficulties or disputes with Management encountered during the audit and matters required to be discussed in accordance with the Statement of Auditing Standards No. 61, Communications with Audit Committees.
- Review with Management JEA's financial performance on a periodic basis.

#### **External Auditor**

- Oversee the selection, compensation, terms of engagement and recommendation to the Board for appointment of the external auditors, who in their capacity as independent public accountants shall be responsible to the Board and the Committee. Per Florida Statute 218.391, compensation shall not be the sole or predominant factor used to evaluate and select the external auditors.
- Review and formally approve the qualifications and independence of the external auditors, including quality/ independence controls, such as independent partner reviews, peer reviews (including the most recent report) and/or a partner rotation policy. If the Committee is not satisfied with the auditors' assurances of independence, it shall recommend to the Board appropriate action to ensure the independence of the external auditors, including discharge, if necessary.
- Review and formally accept the scope and approach of the annual financial audit with the external auditors.
- Approve all non-audit services provided by the external auditors in accordance with Governmental Auditing Standards.
- Review and approve the hiring of former external auditors for JEA senior-level positions.

#### **Committee Education, Orientation, and Self-Assessment**

- With Management, the Committee shall develop and participate in a process for reviewing important topics presenting potential significant financial and reputational risk to JEA.
- Individual Committee members are encouraged to participate in relevant and appropriate self-study to assure understanding of the business and the environment in which JEA operates
- The Committee shall review, discuss, and assess its own performance annually as well as the Committee's role and responsibilities, seeking input from Senior Management, the full Board, Audit Services and the external auditors.

March 27, 2008 (07/02/08 jer)

August 9, 2010 (dac)

August 8, 2011 (dac)

August 13, 2012 (dac)

August 30, 2012 (dac)

September 17, 2012 (cb)

August 11, 2014 (dac)

August 10, 2015 (dac)



July 24, 2015

SUBJECT:	APPROVAL OF ANNUA	AL INTERNAL AUDIT PLAN	
Purpose:	☐ Information On	nly Action Required	Advice/Direction
require that the		the Institute of Internal Auditors ( ittee formally approve the Annual	,
Significance:	High		
reviewed and i		al is to demonstrate that the Finar Annual Internal Audit Plan, and to	
Cost or Benef	it: No cost. See Effect al	bove for benefit.	
	d Board action: Staff rec ached FY 2016 Annual Ir	commends that the Finance & Au nternal Audit Plan.	dit Committee and the Board
For additional	information, contact:	Doris Champ, CIA, CISA, Direct	tor, Audit Services

Submitted by: PEM/TEH/DAC



Commitments to Action



Ver.2.0D 9/21/2013 jer

# Fiscal Year 2016 Audit Plan Summary

	А	В	С	D	Е	F
	Auditable Entity - In Total Risk Score Descending Order	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score B+C	Planned Auditor Hours for FY2016	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5
1						L = 1 - 3.5
2	Debt Management - Joe Orfano, Manager is open	4.55	3.5	8.05	500	
3	SJRPP Fuels Function - Steve McInall, Jim Myers, Robin Hood	4.3	3.55	7.85		H JEA is contractually required to audit this function in calendar year 2015. Schedule for first quarter FY 2016. Perform in conjunction with the JEA Fuels Audit.
	Facilities Management - Christopher Crane, Doug Zander, Ann Freudenthal	4.05	3.6	7.65	550	Н
	30900 Technology Infrastructure - Cindy Edgar	4.5	3	7.5	400	Н
5						Limited Scope - ITEL Asset Management
	A0600 Fuels Management - Steve McInall, Jim Meyers	4.85	2.5	7.35	400	
6						Terroritan conjunction with the contract dots / tudis
7	20411 Distribution, Development & Joint Projects - John Norse. 20422 Project Mgmt Ken Talley 20413 System Prot. & Control Projects (Relays) - Darrell Hamilton 20411 Transmission and Substation Projects - Michael Short	4.2	3.1	7.3	400	H Limited Scope
	31000 Security - Patrick Maginnis	4.25	3	7.25		H 2016 audit of AMAG badge system and process to include both operational and technology aspects. Hours here are for Operations only. See Technology Services for technology hours.
	Corporate Applications - Bea Fore, Sandy Christiansen (ERP Systems, Oracle, JEA.com, etc.) , Jocelyn Granger (GIS and Engineering Systems & Interfaces), Troy Tremble (CC&B and other CR systems)	3.45	3.7	7.15	400	H Review the technology side of the AMAG application.
	30703 System Protection & Controls - Todd Skinner	3.5	3.55	7.05	500	Н
	SJRPP Electric Production, Operations, and Bulk Material Handling - Paul Yarger, James Peacock	3.95	3.05	7	300	H Limited scope audit.
11	Accounts Payable, Travel Reimbursements - Acting	4.05	2.95	7	0	H
12	Manager Heather Burnett					Monitored by ACL Continuous Monitoring function.
13	B0010 Information Security - Bill Kearson	3.95	3.05	7	400	H Limited scope- monitoring mechanisms, staff utilization, data classification.
14	SJRPP Electric Production Maintenance - Robert Stanley	3.95	2.85	6.8	350	M+ Limited Scope Audit
15	Disaster Recovery - Cindy Edgar	3.85	2.9	6.75	375	M+ Limited Scope - Disaster Recovery Follow-up Audit
16	A0506 Corporate Records Retention - Director Patrick Maginnis, Jasen Hutchinson	3.8	2.85	6.65	0	M+ Audited in various operational audits, for those cost centers.
	B0012 CIP (Critical Infrastructure Protection) Compliance - Dan Mishra, Charles Bayless	3.65	2.9	6.55	400	M+ Audit requested by Management.

# Fiscal Year 2016 Audit Plan Summary

	А	В	С	D	Е	F
	Auditable Entity -	2016	2016	Total	Planned	Comments/Risk Level
	In Total Risk Score Descending Order	Inherent	Control	2016	Auditor	H = 7.0 - 10
		Risk	Risk	Risk	Hours for	M+ = 6.0 - 6.9
		Score	Score	Score	FY2016	M = 4.6 - 5.9
				B+C		M- = 3.6 - 4.5
1						L = 1 - 3.5
	Purchasing Cards - Jenny McCollum	3.5	2.95	6.45	0	M+ P-Card transactions are reviewed monthly as
						part of the ACL Continuous Monitoring program. They
18						are also included in operational audits as applicable.
	A0203 Safety & Health - Leah Greene, Paul Thomas	3.5	2.95	6.45	0	M+ Safety is included in every audit of a safety
						sensitive area. Also Performance Pay Audits for JEA
						and SJRPP test safety numbers reported.
19						
	Customer Revenue- Billing Support Services - Sheila	4.15	2.25	6.4	125	M+ Carryover from 2015
	Pressley, Ella Jones					
20						
	Procurement & Contracts - Jenny McCollum	3.9	2.15	6.05	-	M+ Procurement contracts are reviewed in various
<b>.</b> .						audits, projects and cases.
21	Contract Administration - Heather Burnett					
	Emerging Workforce Strategies, Labor Relations -	3.25	2.4	5.65	350	·
	Director Walette Stanford, Maryanne Evans, Pat					(2015) practices, the Drug Testing process, disciplinary
	Sams					actions recording, and safety sensitive classifications in
22						Oracle.
	PMO Eleni Cruise	2.95	2.55	5.5		M Key system - Oracle eAM implementation, PMO and
23						operations processes.
	Business Analysts Services - Melissa Fulmore,	2.4	3	5.4	0	M
	Oracle, SharePoint,					Oracle access security is tested in most audits
	20100 GIS & Maximo Business Analysts - Kevin					performed.
	Tyler, Keith Joiner					
	A0200 Employee Services - Patricia Maillis	3.55	1.65	5.2	200	M JEA & SJRPP Performance Pay Audits
	A0201 Payroll - Naline Thompson					A
	Orange and the Armette Benjalen Orais Lee					Also, payroll transactions are covered in the ACL
25	Compensation - Annette Popielarz, Sonja Lee					Continuous Monitoring program.
	Customer Assistance Program - Sheila Pressley,	2.35	2.2	4.55		M- New entity. The Neighbor to Neighbor Audit will be
	Elizabeth Paulson					performed annually as part of an agreement with Council
						Auditors to fulfill the terms of the applicable Ordinance.
26						

	A	В	С	D	Е	F	G	Н	I	J	K	L	М
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
3													
4	30000 VP - Mike Brost. VP & Ger	neral Manager, Electric Systems (2	27 entities)										
5	30001 Electric Systems Asset Management - Director Steve Cooper	2014/2015 EAM Review	489	1.25	2.35	2	1.75	2.45	4.2			1	M-
6	30001 Joint-Owned Assets, Sche	erer, Vogtle/MEAG PPA, SJRPP - D	Director La	rry Pinksta	aff								
7	Plant Scherer - Larry Pinkstaff	Audited by FPL.		3.55	2.05	3	3.4	1.8	5.2			1	М
8	SJRPP Plant Manager Grant Gild												
9		2006-07 SJRPP Inventory Audit 2012/2013 Access Security Audit - very limited scope	331	3.7	3.6	5	3.8	2.85	6.65			1	M+
10	SJRPP Electric Production, Operations, and Bulk Material Handling - Paul Yarger, James Peacock	Bulk Material Handling Review 2013	estimate 350	3	3.3	5	3.95	3.05	7	1	300	1	H Limited scope audit.
11	SJRPP Electric Production Maintenance - Robert Stanley	n/a	n/a	4.35	3.05	5	3.95	2.85	6.8	1	350	1	M+ Limited Scope Audit
12	Engineering, Environmental & Predictive Maintenance - Sean Connor, Bruce Kofler	n/a	n/a	3.15	3.05	5	3.4	2.85	6.25			1	M+
13	Myers, Robin Hood	2004 SJRPP Fuels Audit by JEA. 2010 SJRPP Fuels Audit by JEA. 2012 SJRPP Fuels Audit by FPL.	581 514 N/A	4	2.2	3	4.3	3.55	7.85	1	450	1	H JEA is contractually required to audit this function in calendar year 2015. Schedule for first quarter FY 2016. Perform in conjunction with the JEA Fuels Audit.
14	30200 Electric Production - Direct	, ,											
15	Lankford Process Chemistry - Mohammad	2008 Assistance with FERC/NERC Audit by FRCC. 2009 Ops. Technology Review. 2010 Full Scope NGS Operations and Process Chemistry Audit FY 2014 Over Speed Review	350 67 903	3.5	2.5	4	3.55	2.65	6.2			1	M+

	Α	В	С	D	Е	F	G	Н	I	J	K	L	М
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level  H = 7.0 - 10  M+ = 6.0 - 6.9  M = 4.6 - 5.9  M- = 3.6 - 4.5  L = 1 - 3.5
_		2007 and 2008 Special Payroll	119	3.75	3.2	4	3.45	2.3	5.75			1	M
		Review. 2008/2009 Bulk Material Handling Audit 2011 P-Card Review	745 431										
	Crabtiee	2013/2014 BMH Case Review	400 est.										
16													
		2008 NGS Maintenance Audit 2008 Disaster Recovery F/U Audit 2009 Non-TS Supported Action Plan F/U	537 459	3.7	3.05	3	3.35	2.95	6.3			1	M+
		2011 User Developed Applications Review	109										
	Process Controls - Donna Genslinger	FY2014 Over Speed Review	128										
	30300 Maintenance Planning - David Bledsoe												
17	Production Engineering & Outage	2010 Full Scope NGS Operations	903	3.95	2.65	2	3.7	2.45	6.15			1	M+
	Services - Sr. Mgr. Joe Pineda,	Partially covered in 2014 CT Audit	907	0.90	2.00	۷	5.7	2.40	0.10			'	Wit
18													
19	Electric Production, Director, CT	s - Mike D'Avico											
	Maintenance - Mike Parrish	2003 Brandy Branch Audit 2008/2009 GEC Risk Assessment FY 2012 GEC Audit 2013/2014 CT Audit	334 121 536	3.6	2	1	3.35	2.15	5.5			1	М
20			907										
21	Electric Production Resource Pl	anning - Director, Steve McInall											
22	Plant Vogtle/MEAG Construction - Steve McInall is responsible during construction. Larry Pinkstaff has the PPA.	2012 MEAG Audit	503	4.1	2.4	3	4.6	2.55	7.15			1	H The timing of future audits will depend on when an allocation methodology is established by MEAG.

	A	В	С	D	Е	F	G	Н	-	J	K	L	М
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
23	Planning & Nuclear Planning -	2012 MEAG Audit did not include the Planning function. Generation Planning is included in an ERM Top Corporate Risk.	503	3.8	2.9	5	3.9	2.6	6.5			1	M+
24	Meyers	2004 JEA Fuels Audit. 2008/2009 GEC Risk Assessment 2009 JEA Fuels Audit. ERM Top Corporate Risk	538 121 730	4.55	2.6	5	4.85	2.5	7.35	1	400	1	H Audit should include required review of new Energy Market Risk Management Policy implementation.  Perform in conjunction with the SJRPP Fuels Audit.
25	NGS Material Handling Operations - Amaris Gresham	2006/2007 Risk Assessment. 2009 Bulk Material Handling Audit included some aspects of Byproduct Services. 2011 Byproducts P-Card Review. 2015 Audit scheduled.	138/139 745 431	4.45	2.7	3	3.75	2.35	6.1			1	M+
26	10200 Electric T&D Planning - I	Director John Coarsey.											
27	Russell Durham	2008, 2011, 2014 FERC/NERC Audits	350	3.2	2.25	3	3.2	2.55	5.75				М
28	Services & Standards - Thomas Ventrasca Systems Analysis - Matt Lundeen	Some review performed in conjunction with review of 2008 Futureworks Bid Protest.  FPSC inspectors perform quarterly random reviews of JEA projects.	97	3.25	2.5	4	3.25	2	5.25			1	М
29	20400 Electric T&D Projects - Dir	rector Vijay Burbure											

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	20411 Distribution, Development & Joint Projects - John Norse.  20422 Project Mgmt Ken Talley  20413 System Prot. & Control Projects (Relays) - Darrell Hamilton  20411 Transmission and Substation Projects - Michael Short	Audit, and 2006 E & Y Septic Tank Pre-Audit	645, 108 452 420	3.8	3.2	4	4.2	3.1	7.3	1	400	1	H Limited Scope
30													
•	30700 Electric Systems Operation	-											
	Bulk Power Operations & Systems: Neil White, Andy Mayer	2008, 2011, 2014 FERC/NERC Audit. 2014 NATF Peer Review	350	2.7	2.65	3	3.55	3.15	6.7			1	M+ Reviewed by regulators.
	40307 Electric Customer Service Response - Matt Seeley	2004 Electric Delivery Audit. 2008, 2011, 2014 FERC/NERC Audits. 2014 NATF Peer Review	230 350	3.05	2.15	5	3.05	2.55	5.6			1	М
	30707 Transmission and Substa	tion Maintenance - Director Rick	y Erixton										
35	30706 T&D Preventive Maint Kim Wheeler,	2004 Electric Delivery Audit, relays, and tree trimming. 2008, 2011, 2014 FERC/NERC Audits. 2011 T&D Audit. 2014 NATF Peer Review 2014 Vegetation Mgmt. Audit	230 350 1099 591	3.2	2.75	1	3	2.15	5.15			1	М
	30703 System Protection & Controls - Todd Skinner	2008, 2011, 2014 FERC/NERC Audits. 2014 NATF Peer Review.	350	3.4	3.25	5	3.5	3.55	7.05	1	500	1	Н
	30702 Substation Maint Andy Motsinger	2011 Substation Audit.	716	4.1	3.05	3	3.9	2.9	6.8			1	M+
38	Electric Distribution and Constru	uction Maintenance - Director Jere	emy Matthe	ews									

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39	Dodd, AJ Smith, Andy Yager, Walt Hiscox	relays, and tree trimming. 2008, 2011, 2014 FERC/NERC Audits. 2011 T&D Audit. 2010/2012 Scrap Metal Review 2014/2015 Metals Controls Review	230 350 1099 399 570	3.95	3.05	2	3.2	2.55	5.75				М
40	40230 Electric Services (includes field engineers and inspectors) - Gabor Acs	n/a		2.75	1.7	5	2.45	2.05	4.5			1	M-
41		2011 T&D Audit. 2010/2012 Scrap Metal Review 2008, 2011, 2014 FERC/NERC Regulatory Audits. 2014 Metals Controls Review	1099 399 570		2.85	2	3.3	2.85	6.15			1	M+
42													
43		eral Manager Water/Wastewater S	Systems (7	7 entities)									
	30600 Water/WW, Reuse Delivery and Collection - Director open, Josh Parker, Jackie Scheel, Ken Chascin		669 883	4.45	3.25	3	4.2	2.9	7.1			1	H Fairly recently audited.  Area is subject to inspections by regulators. No significant issues found.
44													
45		2007 WS Order Fulfillment Audit 2009 Water/Sewer Planning Audit	598 664	3.45	2	5	3.05	2.35	5.4			1	М

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46	Engineering & Construction, Development & Joint Grid Projects - Director Raynetta Marshall, Beth Sharp DiMeo, Bryan Spell, David Ashley, Brad Collier, Hai Xuan Vu	2005 Joint Projects Audit Follow-up Audit 2006 W/S Order Fulfillment Audit. FY 2012/2013 Development Risk/Control Assessment. 2013 DOT Reimbursement Review	108 598 426 487	3.85	2.7	3	4.15	2.35	6.5			1	M+
47	& System Controls - Director Darren Hollifield. Assets - Carole Smith 30136 System Controls - Shawn Arnold, Rodney Williams	2008 Disaster Recovery F/U Audit 2009 Non-TS Supported Systems F/U 2010 W/WW Reuse & Treatment Audit 2011 User Developed Applications Review 2014/2015 EAM Review Some review of GIS performed during the 2009 W/S System Planning Audit	459 109 639 128 489	3.65	2.15	1	3.3	2.4	5.7			1	M
	Water/Wastewater & Reuse Treatr	ment - Director Deryle Calhoun											
49	30100 Water/WW Reuse & Treatment, North, South, East, West, and Core City Grids -	2010 W/WW Reuse & Treatment Audit FDEP performs annual inspections.	639	4.65	2.6	5	4.35	2.25	6.6			1	M+
	30803 District Energy Operations - John Wright	2005 Chilled Water Plant Audit	664	3.8	2.9	5	4	2.45	6.45			1	M+
50 51 52	Pump Construction, Odor Control, Chemical Purchases - Charles	Odor Control covered in 2011/ 2012 W/WW Support Services Audit & EHL Investigation	1222	3.15	2.15	3	2.8	2.45	5.25			1	М
52													

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	40000 Customer Relationships -	Monica Whiting, Chief Customer	Officer (13	entities)									
54	Customer Solutions & Market Development - Director Richard Vento, Payson Tilden, Peter King, Brian Pippin	2012/2013 Corp. Data Integration Audit	620	2.75	1.9	3	2.9	2.3	5.2			1	М
	Communications - Director Jane Upton, Internal Communications -Joy	2008 Dalton Bid Protest 2008 - 2009 Charitable Initiatives Reviews 2011 Council Auditor's Accounts Payable Audit	238 367	3.1	2.25	5	3.3	2.3	5.6			1	М
55													
56	Customer & Utility Analytics - Director Tim Hunt, Kent Mathis	n/a		1.95	2.05	2	2.15	1.8	3.95			1	M-
57	Business Development & Community Project Management - Director Deb Beaver, Maritza Rivera-Clapp, Greg Corcoran, Chris Jackson	2013 Chilled Water Billing Review	155	2.75	1.95	3	2.65	1.8	4.45			1	M-
58	3	2005 NMR/Meter Services Audit 2013 DOE Smart Grid Project Audit	1639	3.9	2.4	4	3.6	2.8	6.4			1	M+
59	David Nechvatal, Glenn Ellison	2005 NMR/Meter Services Audit	1639	3.9	2.4	5	3.2	2.6	5.8			1	М
60	Customer Experience Strategy & Support - Director Robert Growcock, Jeanne Thompson, Shannon Young, Jamie Brown	n/a	243 654	2.05	2.6	1	2.35	2.5	4.85			1	M New entity last year.

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	Customer Experience Centers - Director James Bryant, Greg Owens, Jeramie Jefferson, Gerald Butler, Catrina Jordan, David Gardner  Branch Office - Vondolyn Wright Morgan, Tobi Correa, Mercy Castillo, Zasha Rivera	2004 - Payment Processing Audit. 2007 Third Party Payment Risk Assessment. 2009 Branch Cash Audit. 2012 Investigation. 2012/2013 Access Controls Audit. 2014 Call Center/ Branch Audit	147 157 1113 923	4	3.15	1	4	2.5	6.5			1	M+
61	Customer Experience Applications - Project Director Jesus Garcia, Anne Clark	2008 CC&B Review 2012/2013 Access Controls Review including CC&B 2014 CC&B Implementation Review 2014 Rapid 7 Review Vulnerability Assessment of JEA.com.	544 1113 269 397			2	2.6	2.35	4.95				M New entity this year, but systems handled by this area have been audited several times.
62	Customer Revenue - Director Shei	la Presslev											
64		2007 RCS Audit 2007 CC&B Review 2008 CC&B Review 2012/2013 Access Controls Audit. 2013/2014 Receivables & Collection Services Audit.	946 544 239 1113	4.35	2.75	1	4.15	2.3	6.45			1	M+
65	Customer Revenue- Billing Support Services - Ella Jones	2004 Payment Processing Audit. 2007 RCS Audit. 2007-08 CC&B Reviews. 2009 Billing Audit 2012/2013 Access Security Audit. 2013 DOT Reimbursement Review 2015 Audit Scheduled	313 946 544, 239 352 1113 487	4.35	2.05	3	4.15	2.25	6.4	1	125	1	M+ Carryover from 2015

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66	Revenue Assurance Services - Tonya Lewis	2012 Steven Smith Fraud Investigation	157	2.95	2.45	4	2.9	2.3	5.2			1	М
67	Customer Assistance Program - Elizabeth Paulson	2015 Neighbor to Neighbor program audit in progress.	75			1	2.35	2.2	4.55	1	75	1	M- New entity. The Neighbor to Neighbor Audit will be performed annually as part of an agreement with Council Auditors to fulfill the terms of the applicable Ordinance.
68													
	C0000 Chief Financial Officer - N	Melissa Dykes (19 entities)											
	A0500 Supply Chain Managemen												
71	Central Distribution Warehouse, Procurement Inventory - Ernie Bernich Warehouse Power Production, NGS - Becky Miller	2006, 2007 Inventory Follow-up Audit Work. 2010/2012 T&D Investigation included Inventory. 2013/14 Inventory FU Audit.	334, 67 399 448	3.7	2.55	2	3.8	2.7	6.5			1	M+
72	Investment Recovery Operations - Ernie Bernich, Carl Ramsubhag	2010/2012 T&D Investigation touched on Investment Recovery. 2012/2013 EHL Case. 2015 Investment Recovery Audit in progress.	399	4.05	3.85	3	4.05	2.95	7			1	H Auditied in 2015.
73	Small Business Enterprise - Nadine Carswell	2004 SBDE Contractor Project. 2013 -2015 Vendor Cases	36	2.25	1.9	2	2.25	2.75	5			1	M
74	Purchasing Cards - Jenny McCollum	2004 P Card Audit. 2007 Facilities Audit. 2010 By-Products P-Card Review. 2011 P-Card & Travel Audit. 2013/14 P-Card Follow-up Audit.	212 273 431 614 132	3.5	2.3	2	3.5	2.95	6.45	1	0	1	M+ PCard transactions are reviewed monthly as part of the ACL Continuous Monitoring program. They are also included in operational audits as applicable.

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	Procurement & Contracts - Jenny McCollum	2003 Procurement/ Accnts Payable Audit. 2004 End to End Proc. Process	508 455	4.2	2.65	1	3.9	2.15	6.05	1	0	1	M+ Procurement contracts are
	Contract Administration - Heather Burnett		147										reviewed in various audits, projects and cases.
		FY2010/11 Procurement Audit. 2013-2014 Procurement F/U Audit	381 143										
75		2015 Third Party Vendor Review	572										
76	Reimbursements - Naline Thompson	2003 Procurement/ Accounts Payable Audit. 2005 Accounts Payable Follow-up Audit. 2011 Council Auditor's audit and subsequent follow-up. 2013/2014 P-Card/ Travel FU Audit	508 139 187 132	3.95	1.9	2	4.05	2.95	7	1	0		H Monitored by ACL Continuous Monitoring function.
77	McElroy	2006 Risk/Control Assessment. 2011 audit. 2013 Investigation 2014 Investigation 2015 Audit in progress	66 350	4.6	3.8	3	4.3	3.35	7.65			1	H Audited in 2015
	Emergency Preparedness - Director Ed Dendor, John Sposato	n/a	n/a	4.45	2.7	5	4.2	2.05	6.25			1	M+ This area is monitored by the ERM program due to their Top Corporate Risk. Also, Disaster Recovery and Business Continuity plans may be reviewed as part of operational audits.
78 79	30003 Shared Services - Director	r Hamid Zahir											
80	Facilities Management - Christopher Crane, Doug Zander,	2007 Facilities Audit	273 572	3.75	2.75	3	4.05	3.6	7.65	1	550	1	Н

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81	Claims, Brenda Forbes	FY 2013/2014 audit of 3rd Party Claims process review completed in conjunction with Risk Management Audit.		3.85	1.95	2	3.65	2	5.65			1	М
	Revenue Contracts Administration	2003 - Special Project. 2006 Audit. 2008 GEC Risk Assessment.	42.5 137 121	3.4	1.95	5	3.1	2.05	5.15			1	М
82													
83	Strategy Development and Exec	ution - Director Vickie Cavey											Not an auditable entity.
84	C0100 Treasury Services - Treas	urer Joe Orfano											
		2003 Bond Admin. Audit by Darryl Jackson. 2007 Bond Audit by IRS. 2009-2010 Bond Audit. Bond transactions are reviewed by Bond Counsel and E&Y.	298 502	4.75	3.4	5	4.55	3.5	8.05	1	500	1	H
85	Treasury Cash & Investments -	Annual E&Y Audits		4.6	3.45	3	4.4	2.7	7.1			1	H Audited in 2015
86	Barry Greenleaf	2014/2015 Audit	1300	4.0	3.45	3	4.4	2.1	7.1			1	H Audited in 2015
87	C0700 Financial Planning, Budge	ets & Rates - Director Ryan Wann	emacher										
88	Crawford	2006 Rates Audit. 2011/2013 Interlocal Agreements Analysis Project.	71 424	4.05	2.6	3	4.05	2.5	6.55			1	M+
89	Pope	ERM is involved with the Capital Budget Core Teams for Electric and W/S. Budget is reviewed annually by Council Auditors.	n/a	3.85	2.45	3	3.7	2.7	6.4			1	M+ Capital expenses may be reviewed in applicable operations audits.

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90	, ,	2004 Capitalized Admin. Overhead (CAO) & Water Billing Credit Reviews. Budget is reviewed annually by Council Auditors.	73, 210	3.65	2.6	3	3.75	2.25	6			1	M+
91	C0200 Accounting Services Con	troller - Janice Nelson											
	Financial Accounting & Reporting - Laurette Kessler	2004 Capitalized Admin. Overhead (CAO) & Water Billing Credit Reviews. 2010/2011 User Developed Application Spreadsheets review. Annual E&Y full scope financial audit.	73, 210 128	3.35	2.4	1	3.7	2.75	6.45			1	M+
	Project Accounting - Martina Whittaker	2003 audit by outside CPA. 2012 W/WW Support Services Audit Annual E&Y audit	399 664	3.35	3.05	2	3.55	3.05	6.6			1	M+
	Tax Administration -Alan Goldman	2004 Accounts Payable. Follow-up audit of Joint Projects included some Tax involvement. 2006 FL State Tax Audit. 2010 FL Sales & Use Tax Audit. 2010, 2011, & 2012 City Franchise Fee & Public Service Tax Audits FL Public Service Commission Audits. E&Y Limited Annual Review	75 100	4	2.4	3	4	2.25	6.25			1	M+
94													
95	20004 Chief Biols 9 Commiliance	Officer Ted Hobert (Contilled)											
96	30004 Chief Risk & Compliance	Officer - Ted Hobson - (6 entities)											

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97	Director John Babik	2008 FERC/NERC Audit. 2009 - participation in CIP pre- audit review. 2010 - Review of CIP Self- Report and Self-Certification. Review of Vegetation Mgmt. in 2010 T& D Audit. 2011 FERC/NERC Audit. 2014 FERC/NERC Audit by FRCC. 2015 ERM assistance in identifying risks/controls for new regulatory approach	350	3.15	2.15	1	3.5	2.6	6.1				M+ FERC/NERC compliance may also be addressed in applicable electric operations audits.
	Maginnis	2004 Building Security Billing Project. 2006 Physical Security Audit. 2010 Security Compliance Audit 2008, 2011, 2014 FERC/NERC/CIP Audits by FRCC 2014 NATF Peer Review DHS Reviews. 2014/2015 Metals Controls Review	94, 294 333 570	4.25	3	1	4.25	3	7.25	1	350	1	H 2016 audit of AMAG badge system and process to include both operational and technology aspects. Hours here are for Operations only. See Technology Services for technology hours.
98	Retention - Director Patrick Maginnis, Jasen Hutchinson	Included in 2010 W,WW Treatment Audit, 2010 T&D Maintenance Audit and subsequent operations audits.	n/a	3.85	3.6	4	3.8	2.85	6.65	1	0	1	M+ May be audited in various operational audits, for those cost centers.
100	Protection) Compliance - Dan Mishra, Charles Bayless	2011 CIP Audit by FRCC/NERC 2014 CIP Audit by FRCC	n/a	3.45	2.9	1	3.65	2.9	6.55	1	400	1	M+ Audit requested by Management.

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101		2010 ERM Self-Audit. 2015 ECRC Self Assessment	27	2.1	1.95	3	2.4	1.55	3.95			1	M-
102 103	Director Jim Chapman	Storm records are subject to audit by FEMA. 2013/2014 Audit completed.	654	3.05	1.35	1	3.25	1.7	4.95			1	М
	A0000 Chief Human Resources 0	Officer - Angie Hiers (10 entities)											
101	A0103 Employee & Leadership Development, Tuition Refunds -	2013 Leave Adjustment/Tuition Refund Review 2014 Tuition Refund F/U Audit	350 134	2.35	1.75	1	2.15	1.5	3.65			1	M- A review of required training is considered in all operations audits.
105	Development - Manager Kris Rosenhauer												
100	Labor Relations - Director Walette Stanford, Maryanne Evans, Pat Sams	Audit Services EHL function works closely with Labor Relations on investigations.	n/a	2.95	2.25	5	3.25	2.4	5.65	1	350	1	M CHRO and Director request audits of Nepotism (2015) practices, the Drug Testing process, disciplinary actions recording, and safety sensitive classifications in Oracle.
	Business Analysts Services - Director Melissa Fulmore, Oracle, SharePoint, 20100 GIS & Maximo Business Analysts - Kevin Tyler, Keith Joiner	2011/2012 Oracle Access Audit. 2014/2015 EAM Review	1845 489		3.35	2	2.4	3	5.4	1	0		M Oracle access security is tested in most audits performed.
108		rovement - Director Bruce Dugan											
109		2013 Black Belt Review	655	1.8	1.9	3	1.8	1.55	3.35			1	L

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110	Organizational Effectiveness. Rob Mack	2014 Recruitment Services Audit - POP Process 2015 Council Auditors Payroll Audit	402	1.6	2.4	1	2.1	2.5	4.6			1	М
11.	A0203 Safety & Health - Leah Greene, Paul Thomas	2007 AAA Audit 2008 AAA Audit All audits of Safety Sensitive areas include a review of Safety. 2014 CT Audit Veg. Mgmt. Audit. Various 2012 - 2015 EHL Cases 2015 HIPAA Audit	133 102 967 591	3.55	3.25	4	3.5	2.95	6.45	1	0	1	M+ Safety is considered for testing in audits of safety sensitive areas. Also Performance Pay Audits for JEA and SJRPP test safety numbers reported.
446	Services - Wesley Grant	2011 Substation Audit 2014 Veg. Mgmt Audit - limited	716 591	2.45	2.45	3	2.65	2.7	5.35			1	M Required training is addressed in applicable operations audits.
112	Employee Services - Director Pa	t Maillie											
114	Recruitment Services - Dennis Burns	2004 Payroll Audit 2011 Black Belt Process Improvement Review 2014 Recruitment Services Audit	580 402	3.6	2.7	1	2.8	2.75	5.55			1	М
115	Compensation - Annette Popielarz, Sonja Lee	2004 Payroll Audit. 2007 Payroll Follow-up Audit. 2011 Payroll Audit 2015 Council Auditors' Payroll Audit  Annual Performance Pay Audits. For JEA and SJRPP for 2014	580 147 828 165	3.35	1.65	1	3.55	1.65	5.2	1	200	1	M JEA & SJRPP Performance Pay Audits Also, payroll transactions are covered in the ACL Continuous Monitoring program.

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1	1												
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
116	Murnahan	2003 Benefits Audit 2009 Self Insurance Review Ongoing advisory participation on Self-Insurance Committee. 2012/2013 Benefits Audit Leave Adjustment/ Tuition Refund Review. 2015 HIPAA Audit in progress.	560 476 350	3.6	2.55	3	4.15	2.55	6.7			1	M+
117													
118													
119													
120	Technology Services - Chief Info	ormation Officer, Paul Cosgrave (7	entities)										
121	Corporate Applications - Directo	r Bea Fore											
122	Christiansen (ERP Systems, Oracle, JEA.com, etc.) , Jocelyn Granger (GIS and Engineering Systems & Interfaces), Troy Tremble (CC&B and other CR systems)	2004 Oracle 11i Security Follow- up. 2004-2005 Technology Issues Consolidation Project. Annual E&Y Audits. 2007- 2008 CC&B Audit. 2008-2010 MAXIMO Review. 2008-2010 Oracle Review. 2012/2013 Change Control Audit 2014 Review of CC&B Conversion project. Limited for this entity	389 752 1845 474 269	3.45	3.7	3	3.45	3.7	7.15	1	400	1	H Review the technology side of the AMAG application.  The 12 to 6 initiative will continue to be monitored via ERM and our Senior IT Auditor.

	Α	В	С	D	Е	F	G	Н	I	J	K	L	М
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
	Director Cindy Edgar 30901 Technical Services, Data Center - Stephen Datz 30904 Network & Telecommunications - Kim Traylor	2007 Data Center Audit, 2010 E&Y Audit 2011 CIP Audit. 2013 Change Control Audit 2013 Technology Infrastructure Audit rolled into 2014 Consultant Vulnerability Assessment. 2014 CIP Audit by FRCC. 2014/2015 Worked with this area on the ACL Project.	298 474 366	4.15	2.7	1	4.5	3	7.5	1	400	1	H Limited scope- ITEL Asset Management
123													
124	Disaster Recovery - Cindy Edgar	Annual E&Y Audit, 2008/2009 Disaster Recovery Follow-up, 2011 & 2014 CIP Audits 2012/2013 DR Follow-up Audit	158 594	4.4	2.4	3	3.85	2.9	6.75	1	375	1	M+ Limited scope - Disaster Recovery Follow-up. Management request.
125	Disaster Recovery - Director Cindy Edgar	Annual E&Y Audit, Security Consultant Review 2007, 2011, 2014 CIP Audits 2012/2013 Access Security Audit. 2013 Smart Grid DOE Review 2013 DOE Audit 2014 Vulnerability Assessment - Rapid 7	1113 136 366		3.05	3	3.95	3.05	7	1	400	1	H Limited scope- monitoring mechanisms, staff utilization, data classification, administration rights.
	B0700 Enterprise Business Intelligence - Director Sharon Van Den Heuvel	n/a	n/a	2.1	2.85	5	1.8	3.05	4.85			1	М
127	B0900 Enterprise Architecture - Director Michael Eaton	Worked with this area during the ACL Implementation.	n/a	2	2.15	4	1.7	2.15	3.85			1	M-
	IT Project Management Services	Director Steve Selders											

	A	В	С	D	E	F	G	Н	ı	J	K	L	М
1	Ì												
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
129		2006 PMO Audit. 2007/2008 PMO F/U Audit. 2008-2010 MAXIMO Review. 2008-2010 Oracle Review. 2012/2013 PMO Audit 2014-2015 Limited Review of CC&B Conversion project	1719 319 752 1845 642 269	2.55	2.55	2	2.95	2.55	5.5	1	550	1	M Key system - Oracle eAM implementation, PMO and operations processes.
130													
131	E0000 Chief Public Affairs Office	r - Senior Executive Jay Worley (4	entities)										
	Services & Water Compliance - Director Kevin Holbrooks, Paul Legge, Alan Tablada	2003 Environmental Audit Annual FDEP Audits and NELAC Audits  2013 Water/Wastewater Compliance Review.	189	3.8	1.7	3	3.8	2.55	6.35			1	M+
132													
	D0100 Permitting & Regulatory Conformance, Pollution Prevention, Industrial Pre- Treatment, WW Compliance, Solid Hazardous Waste - Director	2003 Environmental Audit, Annual reviews of permitting by FDEP and EPA. 2013 Water/Wastewater Compliance Review in progress.	189	3.15	1.8	1	3.15	2	5.15			1	М
133													<u> </u>
134	Air Compliance, Plant On-site Compliance - Senior Executive Jay Worley	Annual reviews of permitting by FDEP and EPA. 2007 SO2 Allowances Review 2010 NGS Operations Audit included a review of CEMS.	51	3.5	2.25	3	3.5	2.25	5.75			1	M+ Environmental compliance may be included in applicable plant audits.

	A	В	С	D	Е	F	G	Н	I	J	K	L	М
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
	E0000 Legislative Affairs, Federal & State - Director Nancy Kilgo Local - Director Wayne Young	2004- Dues & Fees	136	4.05	3.15	5	3.5	2.8	6.3			1	M+ Relationships with Congress, Florida legislature, City Council, Mayor's office and regulators are not suitable for audit testing. This function is monitored by ERM. Company travel expenses were tested in the 2011 Procurement Audit.
135													
	Total Number of Entities covered by 2016 audit work. Total Planned Audit Hours. Total Number of Entities.									25	7,075	93	
137													
138	2017 Annual Risk Assessment									1	500		
139													
140	2016 Special Audit Projects												
141	Auto Audit Functionality Assessment									1	100		
142	TEA Audit									1	75		
143	Miscellaneous Small Projects										150		
144	Audit Action Plan Follow-up										800		
	Special Projects Total Hours										1,125		
146													
147	Total Auditor Hours Needed										8,700		

	Α	В	С	D	Е	F	G	Н	I	J	K	L	М
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
		One current auditor opening in the recruitment queue.									8,700		
148													
149	Audit Manager (new) - project and staff management, workpaper reviews, etc. 65%	New Audit Manager opening in the recruitment queue.									1,352		
150													
151	Ethics Hotline Administration and Investigations Hrs. Needed per 2015 Projected Actual										4,100		
152	Available Hrs. 1 Lead Investigator at 75%, and 1 new Investigator at 70% = 3016 hrs.	One new investigator/auditor in the recruitment queue.									3,016		
	Investigations Manager - performance and review of casework and possibly other projects 75%										1,560		
	Total EHL Investigations Hrs. available.										4,576		

	А	В	С	D	Е	F	G	Н	I	J	K	L	М
1													
	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5
2													L = 1 - 3.5
	Excess EHL Hrs. Available for Special Projects										476		
156													
157													
	ERM Activities - Top Corporate Risks/Mitigation Plans/Reporting ECRC activity, Subordinate Committees, &Top Corp. Risk Working Groups. Director level risk assessments. Risk Benchmarking Repts., Project Management, ERM Industry Research, ERM Project Management										3,016		
158													
	Continuous Monitoring/ Continuous Auditing New System Production and Maintenance. Exception Follow-up. New Report Development, Auto Audit Administrations, Maintenance & Reports										1,560		
159													
160	ERM Total										4,576		
161	ERM Staff Available Hrs: Mgr. 1560, Audit Analyst 1560, ERM Analyst (new) 1456 = 4576	ERM Analyst position in the recruitment queue.									4,576		
162													

	А	В	С	D	Е	F	G	Н	I	J	K	L	M
1													
2	Auditable Entity	Prior Audits and Reviews	Actual Hours	2015 Inherent Risk Score	2015 Control Risk Score	2016 Audit Risk Score	2016 Inherent Risk Score	2016 Control Risk Score	Total 2016 Risk Score J+K	Audit in 2016? (1 = Yes)	Planned Auditor Hours for FY2016	No. of Audit Entities	Comments/Risk Level H = 7.0 - 10 M+ = 6.0 - 6.9 M = 4.6 - 5.9 M- = 3.6 - 4.5 L = 1 - 3.5
	Administrative Time - (Leave & Holidays, Training, Performance Evals. & Feedback, Meetings, Hardware & Software Issues) = ~27% of total regular hours 24,960 = 6760 (excluding Director)										6,760		
163													
164													
	Total Allocated 2016 Hours										25,488		Includes 529 Extra Hours.
166	Tota Available 2016 Hours										25,488		"
167													
168													
169	Summary - 2016 Audit Plan includes:												
170		of the 93 total Auditable Enti	ties.										
171	,	17 High Risk Entities - 18% of	fentities										
172		37 Medium+ Risk Entities - 4	0% of entiti	es									
173		30 Medium Risk Entities - 32	2% of entitie	es									
174		9 Medium - /Low Entities -	10 % of th	e entities									
175													
176		12 of 17 High Risk Entities covere	d by audit v	vork or con	tinuous mo	nitoring	reports.	71 %.					
177		Of the remaining 5 High Risk Entities, 4 were recently audited. The fifth is Plant Vogtle.											
178				1									
179		8 Medium Plus entities covered by audit work: 2 mgmt. requests, 4 addressed by other audits/ACL, 1 borderline High risk, 1 carryover from 2015. 22%											
180		4 Medium entities covered by audit work: 1- Oracle eAM implementation, 1- Perf. Pay audits, 1 by other audits, 1 mgmt. request. 13 % of M entities.											
181		Medium Minus entity required p								11 %	.3	1	
182		, , , , , , , ,	1										
183		M+ and M entities not receiving aud	dit coverage	e were, in c	eneral, red	cently au	dited by Au	dit Service	es or by a	a regulat	or.		
103		and in chalco het receiving au	00 v 0. ag		,	Joining du		OO: 7100	55 51 5y C	ogulat	···		



July 24, 2015

SUBJECT:	ANNUAL APPROVAL	OF AUDI	T SERVICES CHAF	RTER	
Purpose:	☐ Information Or	nly			Advice/Direction
	titute of Internal Auditors oprove the JEA Audit Se			e & Audit C	ommittee annually review
Significance:	Medium				
Assessment R Internal Audit.	dit Services Charter was eview. However, since t This new mission staten ill be in compliance goin	hat reviev nent has i	v, the IIA has releas now been incorporat	ed a new mi	ssion statement for
Cost or Benef	it: There is no cost. Se	ee Effect a	above for benefit.		
	d Board action: Staff retached version of the Au			& Audit Com	nmittee and the Board
For additional	information, contact:	Doris Ch	namp CIA, CISA, Dir	ector, Audit	Services
Submitted by: PEI	M/TEH/DAC				



Commitments to Action



Ver.2.0D 9/21/2013 jer



#### **Purpose**

To assist management in fulfilling its oversight responsibilities by determining if internal controls over JEA's processes, systems, operations, and financial reports are in place and operating effectively to achieve management's business objectives, and are in compliance with legal/regulatory requirements (including city ordinances and resolutions and Board directives), internal Management Directives, and operating procedures.

#### **Authority**

The Director, Audit Services is the Chief Audit Executive (CAE) and reports administratively to the Chief Risk and Compliance Officer, as established by the Chief Executive Officer. On audits involving Compliance Department functions, the Director, Audit Services reports directly to the CEO. The Director, Audit Services also meets quarterly with the CEO, and reports to and meets quarterly with the Finance & Audit Committee of the Board of Directors.

The Director, Audit Services and Internal Audit Staff are authorized:

- To carry out a program of Internal Audit projects as necessary to fulfill the purpose and mission of the department, including an annual risk assessment and development of an annual audit plan.
- To have access to all JEA records, assets, properties, plants, computers, personnel, etc., with strict and absolute accountability for safekeeping and confidentiality while carrying out the Internal Audit mission.

In the interest of reducing duplication of efforts, Audit Services will not audit JEA's financial statements, which are already audited by JEA's external auditors.

#### Mission

The Institute of Internal Auditors' (IIA) definition of internal auditing is: "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." The IIA's Mission of Internal Audit is "To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight."

The specific mission of JEA's Audit Services is to perform comprehensive, objective audits (assurance services) and consulting reviews (consulting services) that fulfill the purpose outlined above while conforming to the IIA's Standard Practices, Code of Ethics, Definition of Internal Auditing, and Mission of Internal Audit.



#### **Scope and Responsibilities**

Audit Services' responsibilities include both assurance services and consulting services, which are defined by the IIA as follows:

**Assurance Services:** "An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements."

**Consulting Services:** "Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training."

Activities performed by JEA Audit Services in executing its assurance and consulting services responsibilities include but are not limited to the following:

#### **Assurance/Audit Activities**

- Evaluate the effectiveness of controls over the reliability and integrity of management information. Ascertain the level of compliance with policies, procedures, laws and regulations.
- Review operations to evaluate whether established objectives and goals are being achieved.
- Assist management in identifying operational, financial, regulatory and reputational risks, and assess JEA's ability to adequately mitigate these risks.
- Conduct objective reviews of company business activities, operations, internal controls and performance management systems, and report results to JEA management.
- Proactively consult with internal customers on recommendations and the implementation of action plans, and monitor results.
- Perform engagement level audit planning and risk control assessment.
- Perform action plan follow-up.
- A detailed description of audit practices is contained in Procedures for Conducting Internal Audits ASC0500 113.

#### **Consulting Activities**

Provide consulting services per Audit Services' Consulting Engagement
Procedure ASC0500 CE, where the level of risk warrants our involvement.
However, Audit Services does not act in an operating capacity, and cannot be part
of the approval process.



#### **Annual Risk Assessment and Audit Plan Activities**

 Perform annual risk assessment activities and develop an annual audit plan. The CAE will present the annual audit plan to the Finance & Audit Committee for review and approval. Annual risk assessment/audit plan development will be performed according to Audit Services Procedures ASC0500 1101 Risk Assessment/Develop Audit Plan.

This charter will be reviewed at least annually and revised as needed. The CAE will present the charter at least annually to the Finance & Audit Committee for review and approval.

Audit scope will be based on Audit Services' assessment of risk. Audit coverage will focus on high risk areas as defined in the annual risk assessment process.

Auditors will not be assigned to audits or projects in areas where they previously worked within the past 24 months, or where their degree of independence could be questioned in any other way.

#### **Quality Assurance**

Adequate supervision and quality assurance will be performed and documented for each auditor and each audit assignment as defined in Audit Services' Quality Assurance Improvement Program (QAIP) Procedure ASC0500QA, which includes external peer reviews as required by the IIA, at least every five years beginning in 2005.

#### **Reporting**

Detailed written reports will be prepared and issued to management following the completion of each audit. The contents will be discussed with auditee management before the reports are finalized, except in cases of fraud. Reports will generally be distributed to the Chief/Vice President/General Manager and Director/Manager of the area being audited, along with the Chief Executive Officer and the Chief Risk and Compliance Officer. Final audit reports are also submitted to the Council Auditor's office for the City of Jacksonville. Quarterly summaries of audit results are presented to the Finance & Audit Committee of the Board of Directors.

# **JEA Management Responsibilities**

Although the role of Internal Audit is to assess internal controls, systems, procedures, risks, etc., JEA management retains full responsibility for ensuring that JEA maintains an appropriate framework of controls to reduce business risks to an acceptable level.



Management also has the responsibility and accountability for addressing weaknesses and inefficiencies which have been identified in both External and Internal Audit Reports and for taking the necessary corrective action. If JEA management decides to accept a level of risk that Audit Services believes is imprudent and improper, and this difference of opinion cannot be resolved, the CAE has the option to refer the matter to the Enterprise Compliance & Risk Committee (ECRC) for discussion and resolution, as stated in the ECRC Charter.

Management should immediately inform the CAE of any significant internal control problems, thefts, frauds, or unauthorized transactions.

Presented to the Executive Management Team October 5, 2004
Presented to JEA Board of Directors November 16, 2004
Revised January 7, 2009 to include the Finance & Audit Committee (F&AC)
Revised August 8, 2011 and presented to F&AC
Presented to the F&AC for review and approval Aug. 13, 2012, with no revisions
Presented to the F&AC for review and approval Aug. 12, 2013, with revisions
Presented to the F&AC for review and approval Aug. 11, 2014, with no revisions
Presented to the F&AC for review and approval Dec. 10, 2014, with revisions
Presented to the F&AC for review and approval Aug. 10, 2015, with no revisions

# **Enterprise Risk Management – Top Corporate Risks Trends – Tier 1 Risks**

Risk			FY2	012			FY2	013			FY2	014			FY2015	01	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change
Electric Risks																	
E1 - Carbon Emission Mitigation	20	20	20	20	20	20	20	20	20	20	20	25	25	25	25	25	
E2 - Effluent Limit Guidelines for Steam Units	8	8	8	8	8	8	12	12	16	16	16	16	16	16	16	16	
E4 - Adverse Electric Commodity Supply and Pricing	16	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	
E3 - Coal Combustion Residual Rule (CCR)	10	10	10	10	10	10	15	15	15	15	15	15	15	15	15	10	х
E5 - Cooling Water Intake Structures 316(b)	16	16	16	16	12	12	12	10	10	10	10	10	10	10	10	10	
E6- Long -term Planning/Load Forecast - Electric	6	6	6	6	6	6	6	6	6	6	6	10	10	10	10	10	
E7 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
Water/Wastewater Risks																	
W1 - Water Supply Management/Long Term Planning	9	9	9	9	9	8	12	12	12	12	12	12	15	15	15	15	
Corporate Wide Risks																	
H1 - Pensions	12	12	12	12	20	16	16	20	20	20	20	20	20	20	20	20	
F1 - Revenues and Expenses Management	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	
C1 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	
C2 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	9	9	9	9	9	9	9	9	9	9	12	12	12	12	12	12	
C3 - New Technology												12	12	12	12	12	
C4– External Influence on Policy	9	9	9	9	9	9	9	9	9	9	10	10	10	10	10	10	

Incr	easing risk scores generally result from external factors such as the economy and/or increasing regulatory requirements.
E1	Carbon regulations (Clean Power Plant -CPP) could require very expensive mitigations such as building new gas plants, more purchase power, decommissioning existing solid fuel plants, etc. Rule expected to be finalized August, 2015, with state specific plans expected by 2016. Although implementation is expected in 5-10 years. The expansion of solar power generation and the new Distributed Generation Policy and the revised Net Metering Policy allow JEA to effectively address and mitigate customer side generation issues.
E2	The final regulation is expected in September 2015, with the expected compliance date of 2017-2022. JEA is developing a strategy for compliance with the rule. Risk impact is based on cost estimates for potential biological treatment of power plant effluent.
E4	In progress mitigations focus on continuing to maximize dispatch of natural gas and solid fuels as economically as possible, to minimize the impact of future regulations, and improve the deliverability of gas to JEA's units.
E3	The risk description was modified to reflect the changes to the risk profile when the rule was finalized in December, 2014. The published rule treats CCR as a non-hazardous material but increases the operational processes, monitoring, recordkeeping, notification, and internet posting requirements. Since SJRPP costs (approx. \$25 M) are known and will be funded as part of the annual budget process, this cost is no longer included in the risk score. Therefore, the score was changed from a 3/5 to a 2/5 to reflect the estimated (approx. \$11 M) but still unknown cost of compliance at Plant Scherer. \$11 million represents only JEA's portion.
E5	The rule was finalized on 5/19/14. Although additional studies are required, it is expected that JEA can comply utilizing fish screens, which are less expensive than building cooling towers.
E6	Pending environmental mandates and difficulty in forecasting the various scenarios impacting demand, raise the inherent risk impact. Other top corporate risks both increase and help mitigate this risk. The inability to effectively managing this risk remains unlikely.
E7	JEA is in the process of implementing mitigations to comply with CIP V5 Cyber Security regulations. The CIP V5 standards have been expanded to include certain power plants and substations. The first FERC audit of CIP V5 is expected in 2017.
W1	Compliance with the Consumptive Use Permit (CUP) provisions may be costly depending on weather conditions and the need to address minimum flow levels (MFL's), alternate water sources, and expansion of reuse. The Water Management Districts may also require participation in regional MFL and other projects, which may be costly. Mitigation efforts focus on developing a Water Management plan to meet long term water needs and expand reclaimed and alternative water sources.
H1	The cost of funding the current pension program may result in a significant increase in employee contributions, and/or a reduction in benefits, which could negatively affect employee morale and retention. JEA's contribution continues to increase to cover the unfunded liability in the COJ pension plan. Further reductions to the pension fund rate of return assumptions may significantly increase costs. JEA will continue to pursue the proposed Inter-Local agreement and changes to pension administration approved by the Board and submitted to the City Council for consideration earlier in 2015. The proposal included JEA providing financial assistance to the City in exchange for changes to JEA's contribution criteria and the City's approval to separate from the General Employees Pension Program and create a separate retirement program for JEA employees.
F1	Insufficient revenues and inadequately controlled expenses may result in a reduced credit rating, increased cost of debt, deterioration of the financial and structural health of the organization, inability to adequately serve our customers, and loss of reputation.
C1	Customers may have a negative opinion of JEA caused by past, present and future pricing actions, customer service policies and practices and negative press. The risk covers relationships with the ratepayers. Managing relationships with other external stakeholders is covered in risk R3. The final results for the J.D. Power 2015 Business Customer Satisfaction Study were released in January. JEA continued its strong performance, finishing in the first quartile nationally and ranked 14th out of the 87 utilities participating. Among Florida utilities, JEA ranked 2nd overall. The second quarterly 2015 Residential Customer Satisfaction Study indicated a score that put us higher in the first quartile.
C2	Additional security measures are needed to comply with ever-increasing regulatory requirements, including aspects of CIP V5 and 14 and better safeguard company assets and employees. The risk also reflects the inherent risk associated with ensuring effective security protocols, and the reliance for employees to follow established safety practices.
C3	Emerging new technologies are providing customers with an increasing number of options in terms of distributed generation, increasingly efficient appliances (e.g., air conditioners), as well as alternate energy providers such as natural gas and propane. The Net Metering policy was modified in late 2014 to credit avoided cost to customers who put energy on the grid instead of the full retail rate. This helps protect against subsidization of net metering customers by non-net metering customers, and help protect against raising rates

E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate -wide. Risks are in order by risk score within Business Function

C4 External parties (e.g., COJ, water management districts) continue to increase demands on JEA's resources, which may significantly impact JEA's finances.

# **Enterprise Risk Management – Top Corporate Risks Trends – Tier 2 Risks**

Risk			FY2	2012			FY2	013			FY2	014			FY2015	Gl	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change
Electric Risks																	
E8 - SJRPP	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
E9- FERC/NERC (Section 693) O&P Reliability & Compliance	12	9	9	9	9	9	9	9	9	9	9	9	8	8	8	8	
E10 - Nuclear Power Portfolio	6	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	
C15 - Natural Gas Sales –Commercial Customers																6	х
E11 - Infrastructure Maintenance - Electric Systems Assets	9	9	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
E20 - Operations Technology Management - Electric	4	4	4	4	4	4	4	4	4	4	4	4	4	4	6	6	
E12 - By Product Management	9	9	9	9	6	6	6	6	6	6	6	6	6	6	6	6	
E13 - Infrastructure Destruction Due to Severe Weather	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
Water/Wastewater Risks																	
W2- Operations Technology Management - Water/Sewer Systems	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
W3 - Sanitary Sewer Overflow (SSO) Management	6	6	6	6	6	6	6	6	6	6	6	6	6	6	8	8	
W4 - Infrastructure Maintenance - Water/Waste Water Systems	9	9	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
Corporate Wide Risks																	
C5 - Records Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
C6 - Fraud Risk Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
T2 - Cyber Security Information Protection									9	9	9	9	9	9	9	9	
H2 - Staffing	16	16	16	16	16	16	16	16	12	12	9	9	9	9	9	9	
H3- Public and Employee Safety	6	6	6	6	6	6	6	6	6	6	6	9	9	9	9	9	
T3 - Cyber Security Business Disruption															8	8	
T4 - Technology Services Disaster Recovery/ Business Continuity															8	8	
C7 - Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	
C8 - Black Swan (High Impact - Low probability event)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	х
F3 - Credit Availability/Cost		12	9	9	9	9	6	6	6	6	6	6	6	6	6	6	
C9 - Other Regulatory Compliance	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
F4 - Counterparty Risk	6	6	6	6	6	10	10	5	5	5	5	5	5	5	5	5	

E8	Eventual changes to JEA's power sharing agreement may require more integration of operational and financial processes.
E9	While an effective compliance program is in place, the score is based on the need to continue to strengthen our compliance efforts as regulations continue to tighten, and meet regulatory requirements to implement an internal control infrastructure instead of just a "check the box" approach. The inherent risk remains that a serious reliability event could occur despite documented compliance with FERC/NERC regulatory requirements. Although the likelihood of such an event occurring is low.
E10	This risk is associated with JEA's current 20-year PPA with MEAG for 206 MW from Vogtle units 3 and 4, primarily relating to potential cost overruns, loss of power due to schedule delays, as well as potential misallocation of costs.
C15	JEA's entry into the Natural Gas sales market potentially poses some operational, financial and reputational risks that could result in negative media coverage and/or reduced commercial customer satisfaction.
E11- W4	Physical inspections have noted no major structural issues. Enterprise Asset Management systems are in the process of being implemented. Additional mitigations are noted as part of the Tier 1 Physical Security Risk which address the risk of internal/external tampering or terrorist activities.
E20	The likelihood of a disruption to our electric systems from cyber security breaches has increased. As such, the risk score was raised from a 2/2 to a 2/3; which increased this from a Tier 3 risk to a Tier 2 risk.
W2	Although water/wastewater mechanical processes can function manually for some time if the computer systems (primarily the SCADA system) go down, the impact of a cyber and/or physical intrusion could result in the inability to properly monitor the infrastructure, causing significant operational and reputational risk. Additional mitigations are noted as part of the Tier 1 Physical Security Risk.
W3	Although ongoing infrastructure maintenance makes it unlikely a non weather related significant SSO event will occur, a major SSO event could have a major impact.
C5	The risk focuses on effective records retention policies and managing public records requests.
T2	Unauthorized intrusion into JEA's critical systems could cause a loss of sensitive data and may occur without effective, fully-functioning cyber security protections in place. This risk focuses on protecting information. The risk of preventing business disruptions (e.g., DOS attack) is covered under risk T3 below.
H2	Critical employees may be eligible for retirement or could be recruited away mid-career, impacting business objectives and service levels. Retirement impact is reduced as the average age of employees decreases, but flight risk may increase. In addition, current practices may not maximize the staffing flexibility, and/or utilize the full skillsets of the workforce. A process is in place to identify at risk positions and recruit/train in time to mitigate retirements and loss of critical staff.
Н3	Additional safety related initiatives are being implemented to further reduce both the number and severity/impact of the incidents.
C8	Although deemed extremely unlikely, high impact events that are out of JEA's control may pose significant risks to JEA, and require mitigation strategies. Examples of Black Swan events include: 1. Pandemic/Reduced workforce; 2. Hurricanes greater that Cat 1; 3. River crossing transmission line failure; 4. the Loss of the Downtown Substation; and 5. Electromagnetic Pulse (EMP) and Geomagnetic Disturbances (GMD).
T3	Cyber intrusion can be in the form of a Denial of Service (DOS) attack or Grid disruption, causing disruption of services and the inability to meet operational and customer needs.
T4	The inability to recover our technology services timely, in an event of a loss of an application(s) or the Data Center, impacts our ability to meet operational and customer needs.
F3	JEA continues to convert increasing amounts of variable debt to fixed. Historical trending from the Interest Rate risk is used in the trending above as it better reflects market volatility.
F4	Current efforts focus on increasing committed funding positions, increased diversification of JEA's counterparties, and monitoring available lines of credit.

## **Enterprise Risk Management – Top Corporate Risks Trends – Tier 3 Risks**

Risk	FY2011		FY2	012			FY2	2013			FY2	.014			FY2015		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change
Electric Risks																	
E15 - TEA Activities Risk Management	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
E16 - Air Emissions Reduction Regulatory Initiatives	12	12	12	12	12	12	20	20	20	20	20	4	4	4	4	4	
E17 - Mercury and Air Toxics Standards (MATS)								15	15	15	15	15	4	4	4	4	
E18 - Renewable Energy Standards	20	20	20	20	20	20	20	20	20	3	3	3	3	3	3	3	
E19 - Plant Scherer Environmental Lawsuit									6	6	6	4	1	1	1	1	
Water/Wastewater Risks																	
W5 - Numeric Nutrient Criteria Mandates	12	12	12	12	12	12	12	10	4	4	4	4	4	4	4	4	
Corporate Wide Risks																	
T1 - Technology Infrastructure Reliability	12	12	12	12	12	12	12	12	12	12	12	12	12	12	4	4	
C10 - Project Risk Assessment and Capital Allocation	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
C11 - Project Management (design, engineering, procurement, construction, start-up)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
C12- Capacity Plan Land Acquisition	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
C13 - Key Customer Accounts Management	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
F2 - Financial Regulatory Compliances (e.g., Dodd-Frank Bill)	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	4	х
F5 - IRS Bond Audit Records Requirements	9	9	9	9	9	9	3	3	3	3	3	3	4	4	4	4	
H4 - Benefits	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	4	х
C14 - Environmental Compliance Management	1	1	1	1	1	1	1	1	1	1	1	1	4	4	4	4	

Note: Th	ese risks are deemed to be effectively mitigated and are no longer being monitored by the Enterprise Compliance and Risk Committee (ECRC). However, they will continue to be monitored by ERM staff and the risk owners.
E16	The Carbon and Mercury and Air Toxic Standards (MATS) risks have been separated from the Air Emissions risk, as they made up the bulk of the financial impact driving the overall score. The remaining Air Emissions impact is <\$1M.
E17	Rule has been finalized and will become effective in April, 2015. JEA is in compliance with the regulatory requirement through the burning of lower sulfur coal. The risk of increasing cost and possible unavailability of the lower sulfur coal is reflected in the Adverse Electric Commodity Supply & Pricing (Fuels) risk
E18	Although potential Renewable Energy Requirements can be somewhat costly, the likelihood of either the Federal or State governments passing any significant legislation is deemed rare within the foreseeable future.
E19	As of March 2014, the Plaintiffs' counsel withdrew all of the Plant Scherer cases without prejudice. Although the plaintiffs have an option to refile the lawsuit, the likelihood of this occurring, and/or the plaintiffs being successful is considered rare.
W5	EPA has acknowledged JEA's TMDL program meets NNC criteria, which JEA can easily meet with no additional mitigations.
T1	Service reliability may be compromised if critical technology applications become unavailable and may result in the inability to meet service needs, increased costs, non-compliance with regulatory requirements, and negative reputational impact.
C11	As part of the FY2013 reorganization, this function is now performed within each of the Electric and Water/Wastewater operations.
F2	JEA may be negatively impacted by financial reform legislation (e.g Dodd-Frank Bill), and/or increased disclosure requirements from the SEC and/or the Municipal Securities Review Board (MSRB). This could impose additional requirements on financing our operations, increasing costs and regulatory exposure. However, processes to identify, monitor, and verify compliance with current and proposed legislative regulations appear to be in place and functioning effectively. JEA has successfully met all provisions of the Dodd-Frank bill and the new MSRB disclosure requirements. As such, the risk score was lowered from a 3/3 to a 2/2, and moved from a Tier 2 to a Tier 3 risk.
Н4	JEA's benefits are deemed competitive and with the exception of pension benefits, have no significant negative impact on recruiting and/or retaining employees. Pension benefits are covered under a separate risk and are not included as part of this risk. As such, the risk score was lowered from a 2/3 to a 2/2, reducing the risk from a Tier 2 to a Tier 3. Risks associated with increased GASB Statement 45, financial reporting requirements, on liabilities associated with other (than pension) postemployment benefits (OPEB) are included as part of the Credit Availability Risk.

The following risks were eliminated and will no longer be reported as individual stand alone risks:

- The National Emissions Standards for Hazardous Air Pollution (NESHAP) and Other Air Emissions Requirements risks were consolidated into the Air Emissions Reduction Regulatory Initiatives risk.
- The Transmission and Distribution Restoration Reserves risk has been deemed to be mitigated.
- The Waste Water Regulations risk was consolidated into the Numeric Nutrient Criteria risk.
- The Interest Rates risk was consolidated with the Credit Availability Cost due to the similarity of the risks and overlap of the mitigations.
- The Conservation Efforts risk has been consolidated with the Customer Relationship Management risk, as the focus of the program is to expand customer benefits and not solely focus on conservation.
- The Water Long Term Planning risk was combined with the Water Supply Management Risk.
- The Pandemic Reduced Workforce Risk was included as a scenario in the Black Swan risk, and no longer be tracked as a separate risk.
- The Loss of the Downtown Substation risk is now included as a black swan event, based on its similarity in nature to other black swan events.

E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate -wide. Risks are in order by risk score within Business Function

	7	Tier One To	p Corpora	te Risks Re	port - A	s of July, 2	2015		
Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
E1- Carbon Emission Mitigation – Clean Power Plant (CPP) Mike Brost	JEA's current power generation fleet, fuel mix, and dispatching strategies may not meet expected new regulatory requirements such as mandated CO2/carbon caps, and carbon taxes; possibly resulting in increased costs for	1-2 Yrs 3-5 Yrs	5 5	4	20	Increasing *	The EPA and presidential executive orders continue to impose tighter CO2 emissions standards. Current regulations apply to new solid fuel plants. Proposed regulations for existing plants were published June 16, 2014. Current		
Public Affairs	new CO2 mitigation technology (if available), purchased power, more expensive generation, and/or the purchase of allowances.  New regulations could impact NGS, SJRPP and Plant Scherer, and the CTs.	5+ Yrs	5	5	25		mitigations are focused on assessing and minimizing the impact of proposed and active regulatory mandates. Compliance strategies will be implemented as the rules are finalized. Worst credible financial impact is NGS >\$100M, SJRPP >\$100M; Plant Scherer >\$100M. CTs costs are not known at this time. Rule expected to be finalized late summer, 2015, with state specific plans expected by 2017.		

- 1. On October 28 2014, the EPA issued a Notice of Data Availability on the Proposed Clean Power Plan asking for additional comments in five areas where the EPA has received major feedback. These areas include the stringency of the interim goal, re-dispatch of coal to natural gas, methodology for renewable energy, and using 2012 as the baseline for reduction goals. JEA continues to proactively work with other utility groups to monitor the issues and comment of the regulations. Recent examples include but are not limited to:
  - Environmental Services and Legislative Affairs continue to monitor the issue in alignment with other utility groups such as the American Public Power Association (APPA); the Large Public Power Council (LPPC); and the Florida Electric Power Coordinating Group Environmental Committee (FCG).
  - JEA management (Paul McElroy, Bud Para and Nancy Kilgo) met with Lisa Edgar, Commissioner of the Florida Public Service Commission in Tallahassee to express JEA's concerns.
  - JEA has responded to a request for additional information from the Florida Public Service Commission.
  - JEA staff had a conference call with EPA staff in Atlanta and Washington, D.C. about the treatment of interstate energy including ownership and power purchase agreements.
  - JEA submitted comments on the Clean Power Plan on 11/30/14.
- 2. In September, 2014, JEA hosted a community meeting to educate its customers and regional policymakers about the Environmental Protection Agency's (EPA) proposed Clean Power Plan (CPP), what the rule expects to accomplish, its legal basis, and its likely impact on the U.S., Florida and JEA customers.
- 3. In 2014, JEA announced the introduction of electric vehicle rebates to support emission reduction from automobiles.
- 4. JEA purchases 10MW of wind energy from Nebraska Public Power District (NPPD).
- 5. In 2014 JEA announced it will place its Northside Unit 3 in reserve storage by March 2016, three ahead of its scheduled retirement date.

#### **Completed Mitigations (Continued)**

- 6. Discussions are held with legal and air consultants regarding implications of new/proposed rules and to provide input on the rule's impact on JEA.
- 7. Integrated Resource Plan (IRP) long term planning study used a scenario approach to address key issues of uncertainty faced by JEA including carbon emissions, Renewal Energy Standards (RES), economy, load growth, fuel costs, and other potential environmental regulations. The IRP provided multiple generation resource alternatives over a 30 year planning horizon depending on the six scenarios evaluated. The IRP was completed in early 2013.
- 8. All environmental rules (existing, pending, proposed) are factored in the generation resource planning and Integrated Resource Plan (IRP).
- 9. Ongoing budgeting and financial analysis ensures that JEA's rate structure addresses the impact of and allows cost recovery for environmental regulations, through mechanisms such as the Environmental Charge and the Fuel Charge. Beginning in FY08, an Environmental Charge of \$0.62/1000 kWh was implemented to fund environmental liabilities with the ability to include the future cost of CO2 regulations, if needed.
- 10. Built additional gas generation with 2 combustion turbines, in lieu of previously planned coal generation for future needs.
- 11. Beginning in FY08, a residential conservation charge was implemented at \$.01/kWh for all consumption greater than 2750 kWh/month.
- 12. Completed a Purchase Power Agreement (PPA) amendment for additional renewable energy from the Trail Ridge Landfill Gas Project. As of January, 2015, JEA receives an additional 6MW.
- 13. Refined load forecast methodology incorporating economic crisis effects on customer demand, which effectively revised our forecasted generation supply needs for our fleet.
- 14. DSM program has provided power usage information to facilitate assessing power efficiency programs at JEA facilities.
- 15. Executed a JEA Board approved resolution on 3/11/08 authorizing a target of 10% nuclear energy no later than 2018. Executed a JEA Board approved resolution on 8/17/10 authorizing a target of up to 30% nuclear energy by 2030.
- 16. Signed PPA in April 2008 for nuclear energy (zero carbon emissions) with MEAG, for 206MW from Vogtle 3 and 4 with scheduled commercial operation dates of 2016 and 2017 respectively.
- 17. On 01/18/11 executed a JEA Board approved option agreement for ownership of additional nuclear capacity from Duke energy, in the 2021/2022 timeframe.
- 18. Completed a 200-400 MW Nuclear Base Capacity Analysis on a Present Worth Revenue Requirement (PWRR) basis through 2040 in comparison with other scenarios and sensitivities.
- 19. JEA conducted an analysis to evaluate the appropriate timing for GEC combined cycle expansion, considering all factors including carbon reduction impact. The current plan is for 2021. A process is in place for ongoing evaluation based on load forecasts and carbon mandates.
- 20. A process is in place for JEA to actively respond to the EPA's rulemakings. When draft rules are issued, JEA will formulate compliance strategy scenarios and conduct potential financial impact analysis.
- 21. JEA's solar Power Policy was approved in December, 2014 and authorizes up to an additional 38MW from solar PPAs. Requests For Proposals (RFPs) went out to bid in January, 2015.
- 22. The new Distributed Generation Policy and the revised Net Metering Policy allow JEA to effectively address and mitigate customer side generation issues, specifically relating to the rates JEA pays for power generated by customers that goes back to the grid.
- 23. JEA submitted its final comments to the EPA on the Proposed Clean Power Plan. The comments were presented to the F&AC in Match, 2015.

# Tier One Top Corporate Risks Report - As of July, 2015 Worst Credible Risk

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
E2 - Effluent Limit Guidelines for Steam Electric Units	The EPA is developing new rules to reduce discharge of pollutants from industries to waterways. The proposed rule would require	1-2 yrs	4	1	4	Increasing*	Current mitigations are focused on assessing and minimizing the impact of proposed regulatory mandates.		
Mike Brost Public Affairs	increased treatment of wastewater discharge from power plants at a significant cost to JEA.	3-5 yrs	4	4	16	ı	The EPA issued the proposed rule on April 19, 2013. JEA has evaluated the		
	Proposed regulations impact NGS, SJRPP and Plant Scherer.	5+ yrs	4	4	16		500 page rule and its impact. Comments to EPA on the proposed ELG rule were provided. We also participated in writing and supported the comments by APPA, LPPC and FCG. Final rule expected 2015. Compliance date estimated to be 2017-2022.  Worst credible financial impact is NGS \$10M; SJRPP \$48M; and Plant Scherer \$6M. JEA's Portion only).  Risk impact is based on cost estimates for potential biological treatment of power plant effluent.		

- 1. Completed EPA information request on electric power plant effluent discharge.
- 2. Working through the Florida Coordinating Group (FCG) and American Public Power Association (APPA) activities to address this issue.
- 3. Public Affairs coordinates efforts with other JEA business units impacted by the ruling (e.g. Planning, Operations).
- 4. The effluent flows at NGS, SJRPP and Plant Scherer have been evaluated to assess potential impact and determine possible required mitigation efforts.

Ti	ier One Top Corporate Risks Report - As of July, 201	5
	Worst Credible Risk	

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
E4 - Adverse Electric Commodity Supply & Pricing	JEA could experience an adverse commodity price impact due to changing market conditions or an interruption in fuel supplies from natural or man-made disasters, lack of	1-2 yrs 3-5 yrs	4	2	8	Stable	Mitigations focus on continuing to dispatch natural gas and solid fuels in the most economical manner, on improving the deliverability of gas	х	х
Jim Myers Steve McInall Mike Brost	transportation options, lack of adequate fuel storage capabilities, increasing scarcity of fuel worldwide, and/or a contract breach by a	5+ yrs	4	3	12		to JEA's units, and identifying infrastructure improvements to determine and meet long term gas delivery requirements.		
	supplier; resulting in higher fuel costs and/or inability to meet energy demands.						Current mitigations and processes are deemed adequate to manage the risk. The score is based on the inherent risk of fuel price volatility.		

- 1. Process in place for continual assessment of the fuel and purchased power needs. Risk management model analysis and reporting enhances the decision making process.
- 2. Established generation/purchased power resource optimization meeting as needed in advance of Fuel & Purchased Power meeting to ensure effective deployment of generation and purchased power renewables.
- 3. Utilizing multiple domestic and international suppliers for all plants. JEA has the capability to burn an additional 10-15% gas in CFBs at NGS, when economical to do so.
- 4. Diversified gas portfolio through acquisition of gas transport on Southern Natural Gas (SNG) pipeline. BG contract includes delivery on SNG and/or Florida Gas Transmission (FGT) pipeline.
- 5. Fuel fund reserve is used to help mitigate impact of fuel cost volatility of un-hedged fuel and is being used to avoid electric fuel rate increases. Fuel refunds to customer are considered when fund exceeds policy guidelines, and fuel costs are below projections.
- 6. Continue to evaluate natural gas capability to accommodate increased natural gas burn, as economically appropriate.
- 9. Added process to evaluate Purchased Power opportunities from one month to two years out. Execute wholesale power purchases where deemed appropriate.
- 11. Gas contract commits supplier to deliver from alternate pipeline if primary route is constrained.
- 12. Established lower minimum load requirements for both SJRPP and NGS CFBs. These actions increase JEA's ability to optimize generation and the use of additional gas and purchased power when economical.
- 13. Continue to assess and enhance fuels risk management analysis and reporting tools (metrics include fuel expense, SO2 emissions, natural gas consumption).
- 14. Fuel dispatch strategies help in reducing the impact of compliance with environmental emissions regulations.
- 15. The Energy Market Risk Management policy has been completed and was approved by the Board.
- 16. PGS completed second SeaCoast/FGT interconnection.
- 17. Fuels Management Services completed training/turnover of Daily Gas management process to Bulk Power Operations.
- 18. Completed assessment and addressed power needs for the period beginning December 2015, while waiting for the completion of the Southern Natural Gas (SNG), Elba Express pipeline expansion, expected in March 2016.

		Tier One	Top Cor	porate Risk	s Report	- As of July	, 2015		
			1	Norst Credik	ole Risk				
Risk Title / Risk Owner	Risk Description	Risk Time frame	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
E3 - Coal Combustion Residual Rule (CCR)  Public Affairs  Mike Brost	The cost for complying with the EPA's CCR mandate may be greater than expected which may increase CCR processing costs. In addition, the increased operational processes, monitoring, recordkeeping, notification, and internet posting requirements may negatively impact JEA's reputation with the public, environmental groups and regulators in the event of any non-compliance issues.		2	5	10	Stable	The rule was finalized in December, 2014, and did not designate coal combustion as hazardous. A compliance due date expected after 2017.  NGS is exempt from the rule, based on the percentage of Pet Coke it uses. JEA's gas units will also not be impacted. The SJRPP costs are for lining additional holding areas, over an 8 year period. The cost of Plant Scherer is being finalized, but JEA's portion is expected to be approximately \$11 Million.  Worst credible financial impact is NGS \$0; SJRPP Approximately \$25M; and Plant Scherer \$11M. (JEA's portion only).  Since SJRPP costs are known and will be funded as part of the annual budget process, this cost is no longer included in the risk score. Therefore, the score was changed from a 3/5 to a 2/5 to reflect the estimated but still unknown cost of compliance at Plant Scherer.		

- 1. Public Affairs is monitoring EPA/DEP rule making. JEA's position is aligned with other member utility groups that are addressing the issue on a state and national level (Florida Conservation Group, Utilities Solid Waste Activities Group). In addition JEA, along with other utility industry groups, submitted written comments to EPA regarding the proposed rule. JEA is pursuing special designation of CFB byproducts as different from coal combustion by- products.
- 2. A workshop was held to discuss the proposed EPA rule and the potential implications on JEA operations and associated costs.
- 3. JEA conducted high level discussions with a vendor in pursuing remediation options.
- 4. JEA has held discussions with Plant Scherer/Southern Company to determine the implications and costs of the proposed rule.
- 5. JEA reviewed the final rule and has determined the regulatory requirements for SJRPP. Georgia Power is in the process of identifying the cost of the regulatory requirements to be implemented at Scherer. At this time, NGS is exempt due to % of pet coke co-fired.

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Ti	ier One Top Corporate Risks Report - As of July, 201	5
	Worst Credible Risk	

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
E5 - Cooling Water Intake Structure – 316(b)	The EPA is developing new rules for existing cooling water systems at power plants. The rule is intended to reduce the environmental	1-2 yrs	2	1	2	Stable	Current mitigations are focused on assessing and minimizing the impact of regulatory mandates.		
Public Affairs Mike Brost	impact of pulling large numbers of small aquatic life into a power plant's cooling system. The new rule may require a modified water intake structure at significant	3-5 yrs	2	3	6		The rule was finalized on 5/19/14. Although additional studies are required, it is expected that JEA can comply utilizing fish screens		
	cost to JEA.  Proposed regulations impact NGS and Plant Scherer.	5+ yrs	2	5	10		rather than the construction of the more costly cooling tower. Compliance will be required in 5 years.		

## **Completed and Ongoing Mitigation**

- 1. JEA's position is aligned with other member utility groups that are addressing this on a national level (e.g. APPA).
- 2. High level cost estimates for the potential worst case of being required to install cooling towers at NGS have been developed by JEA engineers.
- 3. Consultant has performed biological intake studies to estimate potential for compliance with this rule.
- 4. Consulting contract in place to move forward with the required additional biological studies. This information will be used to support the proposed use of fish screens.
- 5. Monitoring DEP/EPA actions to assess potential impact to JEA.

Ti	Tier One Top Corporate Risks Report - As of June, 2015								
	Worst Credible Risk								

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure	Risk Summary Status	Related Audit Coverage Past 2	Related Planned Audit Coverage
						Trend (>5 years		years	
E6 - Long Term Planning & Load Forecasting - Electric Mike Brost Steve McInall	Accurate long term planning, and load forecasting is becoming increasingly unpredictable due to the inherent difficulty in predicting the impact of the many everchanging variables (e.g., new technologies, regulatory compliance, demand/growth, capital requirements, revenues), as well as sustaining current electric infrastructure and generation capacity to address long term needs. This may result in the inability to meet current and future demands, regulatory noncompliance, and a significant increase in financial costs, including unnecessary costs.		5	2	10	increasing *	Risk is deemed mitigated to the extent possible and allows for multiple scenario trigger events for more effective long term planning/load forecasting.  However, pending environmental mandates and difficulty in forecasting the various scenarios impacting load demand, raises the inherent risk impact. A number of other top corporate risks help mitigate this risk. The inability to effectively manage this risk still remains unlikely.		

- 1. Planning functions have been fully staffed with competent, experienced employees with many years of service remaining.
- 2. Completed the effort to deploy an electric distribution level modeling tool. Initiative is complete.
- 3. Established interface requirements with Electric DSM and Renewable Planning areas.
- 4. Electric system Integrated Resource Plan (IRP) examines multiple growth scenarios in order to develop most robust generation plan. Thirty-year look ahead.
- 5. Added a forecast methodology for the Electric Planning that emphasizes short term trends while maintaining the long term expectations for growth.
- 6. Established routine meetings to coordinate all business aspects (goals & objectives, revenues, O&M, capacity, and regulatory considerations).
- 7. Developed Planning Procedures and Guidelines.
- 8. Increased communication with upper management on the planning criteria, goals, objectives, and outcomes.
- 9. Participate in SLT's annual strategic planning meetings to ensure alignment with long term corporate strategy and that we're abreast of changing political, regulatory, and economic factors.
- 10. Incorporating greater awareness and review of emerging regulatory requirements for inclusion in scenario assessments and sensitivity analysis. This includes monitoring of distributive energy generation options, DSM and hybrid vehicles that may impact planning.
- 11. Process in place to coordinate efforts with Environmental, Legislative Affairs and DSM groups to assess impact of pending regulatory requirements (e.g., emissions restriction) on JEA's electric planning and forecast assessments.

	1	Tier One To	p Corpora	te Risks Re	port - As o	of July, 201	5		
			Wo	rst Credible	Risk				
Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
E7 - Critical Infrastructure Protection (CIP) Compliance  Daniel Mishra Ted Hobson Mike Brost Paul Cosgrave	Failure to comply with Critical Infrastructure Protection (CIP) requirements may result in an unauthorized intrusion into critical systems, which may cause a reliability event.  The event, or the failure to comply with CIP requirements may also result in regulatory fines, significant costs to correct the problem, and/or have a negative reputational impact.  Issues may stem from varying interpretations of rules/requirements, insufficient response/operational training, unmonitored processes and/or inadequate resources.		2	5	10	Increasing*	JEA has assessed the impact of CIP version 5 requirements, the Executive Order on cyber security, and the recently proposed Senate bill on cyber security. Efforts are underway to meet the new requirements. Specifically, the new CIP 5 version standards will increase the size of the program due to the inclusion of power plants and substations.	x	х

- 1. A formal program for internal compliance has been established. Key components include:
  - a) Standardizing policies and procedures.
  - b) Ongoing reviews to verify continued adherence to CIP standards.
  - c) Identifying gaps in the compliance program, root cause analysis and provision of guidance on mitigation.
  - d) Updating process owners on new enforceable CIP standards and support.
  - e) Supporting all regulatory communications and industry interfacing engagements such as standards drafting and request for information for regulatory agencies.
- 2. A validated, risk-based compliance structure is in place to ensure compliance with standards.
- 3. Company has implemented annual required training for all employees to instill an understanding of relevant rules and the importance of compliance. Processes are in place to assure completion by JEA.
- 4. Process in place to educate standard owners on CIP requirements. Management Overview training was conducted for over 30 JEA stake holders.
- 5. Process in place to monitor/review compliance evidence to assess effectiveness of the current process.
- 6. Implemented new model for continuous monitoring and verification of technical compliance controls
- 7. Process in place to monitor regulatory impact strategy is being reevaluated and will be revised to meet approved CIP 5 standards. CIP V5.effective date for compliance is April 1, 2016.
- 8. Activities relating to the President's Executive order on Cyber Security requirements/standards has not moved forward lately as quickly as originally expected. A process in place to monitor and assess the impact of any new/proposed regulatory and legislative requirements.
- 9. Electric Compliance Policy has been established, defining the compliance program, as well as roles and responsibilities of the standards owners. Policy has been approved by the Enterprise Compliance and Risk Committee and JEA's Board of Directors. JEA's CIP Compliance department continually assesses effectiveness of the policy and identifies any gaps that will adversely impact JEA or the JEA CIP compliance program.
- 10. Company policies regarding compensation, performance (e.g. scorecard), promotion, and disciplinary actions also include the standard owner 's compliance with regulations and reporting of violations.

#### **Completed Mitigations (continued)**

- 14. Process in place to actively monitor development work on FERC directed revisions to the regulations and provide feedback through the industry CIP committees, of which JEA is a member. JEA participates on other CIP regulatory committees with LPPC, FRCC, and NERC.
- 15. CIP Compliance Department was established with dedicated staffing resources to manage the compliance program.
- 16. Job factors relating to successful management of the FERC/NERC Compliance Program have been developed for both the Compliance Department and the CIP standards owners.
- 17. CIP team has created a new model for continuous monitoring and the team is utilizing the NERC RSAW (Reliability Standards Assessment Worksheets) to assess the JEA's CIP compliance.
- 18. A process is in place to monitor/review compliance evidence to assess the effectiveness of the established process. CIP compliance team assessed options for sustained and methodical compliance data management using JEA SharePoint, and Secure Network storage etc. At this stage, CIP Compliance has determined that none of the systems provide a comprehensive solution for CIP Data management. CIP Compliance Department will continue to use the current repository.
- 19. Process is in place to continually enhance documentation requirements to meet current standards.
- 20. An ongoing education program is in place to educate process owners who have responsibility to design and implement CIP compliance.
- 21. The CIP Compliance group conducted an internal assessment (same scope as a mock audit/spot check) during the 1<sup>st</sup> quarter of 2014. This effort resulted in saving the cost of an external contractor and enhanced internal skill sets. Noted gaps have been addressed and mitigated.
- 22. JEA has aligned with APPA and other critical infrastructure stakeholders to influence NIST to utilize the ES-C2M (Electric Sector Cyber security Capability Maturity Model). The model was pioneered by the DOE and does not use the enforcement methods of NERC/CIP. As part of the process, TS has implemented a spreadsheet to evaluate SLAs, risks and level of compliance. The CIP Compliance area has identified it's monitoring responsibilities.

	Tier One Top Corporate Risks Report - As of July, 2015											
		Worst Credible Risk										
Risk Title / Risk Owner	Risk Description	Risk Time frame	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage			
W1 - Water Supply Management/Long Term Planning Brian Roche	Accurate long term planning is becoming increasingly complex due to the inherent difficulty in predicting the impact of changing variables (e.g., regulatory compliance, demand/growth, capital requirements, revenues), sustaining current water/reclaimed infrastructure, and meeting certain provisions of the	1-2 yrs 3-5 yrs	5 5	2	10	Increasing*	Mitigation efforts focus on developing a Water Management plan to identify long term water needs and assess reclaimed and alternative water sources. Also, processes have been established to					
Public Affairs	Consumptive Use Permit (CUP). Specifically, the CUP provisions may require a significant increase in reclaimed water usage and/or place new, more stringent limits on JEA's aquifer withdrawals.  In addition, the water management districts in northeast Florida (SJRWMD and SRWMD) are setting new or revised minimum flow level (MFL) rules, and are proposing to designate Northeast Florida as a Water Resource Caution Area (WRCA). This may require utilities to mitigate the impact of their groundwater withdrawals on the MFLs.  CUP restrictions, most notably the South Grid allocation restrictions which came in effect beginning Sept 2014, may result in the inability to meet current and future water needs, possibly causing decreased services to customers, significantly increased costs for alternate water sources, reclaimed, and/or regulatory noncompliance.	5+ yrs	5	3	15	ı	verify compliance with the Consumptive Use Permit, (e.g., commitments to expand reclaimed water usage). Revised aquifer Minimum Flow Levels (MFLs) and/or potential reductions in our aquifer withdrawal limits from the water management districts, have the potential to accelerate JEA's investment in alternative water techniques, reuse, and/or to require participation in regional MFL projects.					

- 1. On May 10, 2011 JEA was granted a CUP, which identifies the maximum allowable withdrawals from the Floridan Aquifer that can be used to supply water to our customers for the next 20 years.
- 2. The Suwannee River Water Management District (SRWMD) and St. Johns River Water Management District (SJWMD) continue working to complete a joint water supply plan across both districts in North Florida. JEA is participating actively in these planning processes as part of the North Florida Utility Coordinating Group, to promote the use of sound science in ensuring long term aquifer sustainability, and to ensure equitable allocations among user groups.

Impact - 5 = Severe/Catastrophic (>\$100 M) 4 = Major (\$41-\$100M) 3 = Significant (\$16-\$40M) 2 = Moderate (\$1-\$15M) 1 = Minor (<\$1M) Likelihood - 5 = Almost Certain (> 90%) 4 = Likely (65 - 90%) 3 = Possible (35 - 65%) 2 = Unlikely (5 - 35%) 1 = Rare (< 5%)

<sup>\*</sup> Increase in risk may be based on external factors including economic factors and/or increased regulatory requirements

#### **Completed Mitigations (Continued)**

- 3. JEA routinely meets with the SJWMD to assess CUP requirements coordinate efforts to address any issues that impacts the Floridan Aquifer. The November 2014 meeting noted the following developments:
  - <u>District Water Supply Plan</u> The District is making modifications to their draft water supply plan, clarifying that the Floridan aquifer will meet projected water demands for the next 20 years with existing commitments to continued conservation and reclaimed water system expansion.
  - Reclaimed System Expansion The District reaffirmed its commitment to assist JEA in ensuring golf courses and new developments connect to the reclaimed system. The District will also continue its joint funding program for reclaimed and other water resource projects. Continue to expand reclaimed water program as is economically, technically, and environmentally feasible and meets CUP requirements.
  - <u>Feasibility Study</u> The District is seeking partners to evaluate long term aquifer sustainability studies and eventual projects such as targeted reclaimed system expansions and aquifer recharge, wherein the District or State would provide nearly full funding for Water Resource projects. The District and JEA have agreed to perform a high level desktop feasibility evaluation using effluent from JEA's Southwest wastewater treatment plant.
- 4. The 2007 Total Water Management Plan (TWMP) identified long term water needs and assessed alternate water sources. Key recommendations included increasing water conservation, an increase in the amount of reclaimed water used, and construction of a north to south pipeline for the transfer of potable water to Southside. This pipeline was completed in the first quarter, FY2014.
- 5. Continue to assess implications of reduced demand, conservation efforts, and Demand Side Management (DSM) on revenues and capacity needs. Developing short and long-term strategies.
- 6. An Integrated Water Supply Plan (IWSP), incorporating the TWMP, was originally completed in 2012 to address future strategies for water and wastewater planning consistent with CUP requirements.

  The plan is re-evaluated annually.
- 7. Continue to participate on the Clay/Putnam Area's MLFs prevention/recovery strategy teams.
- 8. Completed developing and improving water, sewer and reclaimed computer models. Added a forecast methodology for the Water Planning areas that includes both short and long term trends.
- 9. Continue to successfully produce Annual Resource Master Plans that incorporate greater assessment details and future scenarios.
- 10. Process in place to coordinate efforts with Environmental, Legislative Affairs to assess impact of pending regulatory requirements (e.g., water restrictions, waters of the U.S. designation, MFL Minimum Flow Levels ) on JEA's water planning and forecast assessments.
- 11. Consultant report on unaccounted-for water losses was completed in May, 2014. Implementation of recommendations is ongoing with the primary opportunity centered in improving the accuracy of metering including lowering the variance between raw water (well) demand and finish water production where technically and economically feasible.
- 12. Beginning Sept 2014 (with the TWMP pipe crossings complete and Greenland WTP fully operational, CUP Condition #43 places allocation restrictions on 52 South Grid "wells of concern". JEA actively manages the usage of the wells throughout the year to meet the average annual usage restrictions, and is employing significant resources to define hydraulic operating models and to modify wells for long-term sustainability.
- 13. Process is in place to continue assessments of alternate water sources and perform cost benefit analyses to address any gaps between the defined maximum allowable groundwater allocations and JEA's service area demands. These assessments were first conducted in 2008 and reassessments take place on an annual basis.
- 14. The proposed Interlocal Agreement with the City, approved by the JEA Board, includes a provision to support JEA's management of the water systems.
- 15. Strategy has been implemented to increase the number of reclaimed water customers in service areas where JEA has or will be investing in reclaimed capacity and transmission. This strategy Includes publishing updates to:
  - Rules and regulations for Water, Sewer and Reclaimed Water Services
  - Water, Sewer and Reclaimed Water Design Guidelines
  - Annual Water Resource Master Plan, with intra-year updates on JEA.com
  - Establishing requirements and criteria, in associated JEA documents, for connecting to the reclaimed water system in designated areas, as a condition for new water connections.

Tier One Top Corporate Risks Report - As of July, 2015							
	Worst Credible Risk						

Risk Title / Risk Owner	Risk Description	Risk Time frame	Risk Impact	Risk Likeli hood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
H1 - Pensions  Angie Hiers	Pension costs may increase significantly due to under-performing investments, a higher rate of early retirement, and/or actuarial	1-2 yrs	4	4	16	Increasing*	Reductions in the rate of return for the pension fund has increased JEA's annual cost, potentially requiring additional funding and/or	х	
Melissa Dykes	reductions to the investment rate of return. This may require additional funding by JEA,	3-5 yrs	4	4	16	1	potential future increases in employee contributions. JEA is assessing pension funding		
	reduction in benefits, and/or a significant increase in employee contributions. In addition, increased employee contributions and/or reduced benefits, may impact employee morale, increase flight risk and negatively impact JEA's ability to retain/attract qualified staff. The risk for SJRPP employees is lower since SJRPP grandfathered in retirement-eligible employees and long-tenured employees, reducing the flight risk and harm to long term employees.	5+ yrs	4	5	20		options and a total compensation package.  JEA will continue to pursue the proposed Inter-Local agreement and changes to pension administration previously approved by the Board and submitted to City Council for consideration earlier in 2015. The proposal stated that JEA will provide financial assistance to the City in exchange for the City's approval on the realignment of JEA's contribution formula to conform with JEA's actual electric and water and sewer system sales, and modification of JEA's Charter; including allowing JEA to split from the General Employee Pension Plan and create a separate program for JEA employees and retirees.		

- 1. The Pension Advisory Committee for the General Employees Pension Plan for the COJ includes JEA employees. The Board of Pension Trustees is an independent board appointed through City Council action. The Board makes recommendations to the City Council who is responsible for establishing or amending the pension plan. The Board of Trustees does not contain any JEA employees.
- 2. An investment policy limiting the type and percentage of funds that can be invested in certain types of securities, is in place at SJRPP. A financial advisor assists the SJRPP Pension Committee in determining investment strategies. JEA's Treasury area verifies compliance with the SJRPP investment policy.
- 3. A process is in place to continue to assess pension benefits for SJRPP, as well as available options for JEA's participation in the COJ pension plan as appropriate.
- 4. A new Defined Benefit plan ("Cash Balance Plan") with a supplemental 457 Plan match has been implemented at SJRPP.
- 5. An actuarial evaluation (completed annually in October) determines the level of funding required to meet SJRPP plan benefit levels. The unfunded liability gains and losses are amortized over a 30-year period.
- 6. The SJRPP Pension Committee determines pension program options. JEA employees sit on the committee. JEA management determines plan provisions in conjunctions with union bargaining agreements, subject to Board approval.
- 7. SJRPP's annual and COJ's periodic actuarial evaluations provide guidance on the level of funding required. This is included in the budget forecasts and planning cycle, with a one year lag.

Tier One Top Corporate Risks Report - As of July, 2015								
	Worst Credible Risk							

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
F1 - Revenue and Expense Management  Melissa Dykes Senior Leadership Team	External economic factors and/or weather conditions may significantly reduce revenues, or JEA may not properly manage/control expenses. This could require increased reliance on debt to fund capital projects. Insufficient revenues and inadequately controlled expenses may result in a reduced credit rating, increased cost of debt, deterioration of the financial and structural health of the organization, inability to adequately serve our customers, and loss of reputation.		4	4	16	Increasing*	Mitigation activities are in place and deemed effective for ongoing monitoring and risk mitigation. Although JEA's financial health has significantly improved in recent years, factors outside of JEA's control, such as the economy, weather, and/or political factors, still pose a challenge. Revenues continue to be lower than expected, mainly due to weather, conservation, energy efficiency, and the economic downturn.	x	X

- 1. Capital allocation process has resulted in lower capital expenses and better allocation of limited resources towards highest priorities. Core committees established for capital review process.
- 2. Ten year program for debt reduction is continuing to improve JEA's debt to asset ratio.
- 3. Rate stabilization fund (reserves) for debt management has been established to mitigate increasing interest rates.
- 4. Four-year water rate structure modification was implemented to better align fixed and variable expenses with revenues. Rate structures are being evaluated on an ongoing basis to determine if additional adjustments are necessary.
- 5. Monthly forecast meeting includes reviewing revenue and expense projections, their impact on JEA's finances/budget, and developing solutions to address issues.
- 6. Continue to convert variable debt to fixed as the opportunity arises.
- 7. As part of the budget planning process, continue to assess the need for capital expense reductions.
- 8. Committee established to continue to work to identify additional revenue sources, such as the Natural Gas project.
- 9. Continue efforts to maintain a higher level of liquidity.
- 10. No new debt was plannee for FY2015.
- 11. The FY 2013 reorganization aligns accountability to better control expenses and allocate revenues to the major businesses.
- 12. Process is in place for continual evaluation of factors impacting expenses and revenues, and includes the possible use of reserves to reduce the revenue gap and/or O&M expense reductions. A five year pro forma to project financial assumptions over the longer term is presented to the Board periodically.

Tier One Top Corporate Risks Report - As of July, 2015							
	Worst Credible Risk						

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
C1- Customer Relationships Management Monica Whiting	Customers may have a negative opinion of JEA caused by past, present and future pricing actions, customer service policies and practices, negative press and regulatory/financial requirements. These negative perceptions may result in decreased customer satisfaction or an inability to achieve JEA's goal of being top quartile nationally in both residential and business customer satisfaction. They could also dampen working relationships with key stakeholders and in turn interfere with critical business activities and objectives.		3	4	12	Stable	In FY2014, JEA implemented a new Strategic Initiative of Earning Customer Loyalty which includes Focus Areas of: Being Easy to Do Business With, Empowering Customers to Make Informed Decisions, and Demonstrating Community Responsibility. These Focus Areas include nearly a dozen corporate Commitments to Action (CTAs) to specifically improve Customer Satisfaction and Stakeholder Relationships. This work has been updated and continues in 2015.		x

- 1. 2014 <u>Residential Customer Satisfaction improved significantly, moving JEA into the 1<sup>st</sup> quartile. Final 2014 Residential scores show a seven point improvement over 2013 scores. Also, implementation of the Earn Customer Loyalty Strategic Plan is underway. Significant progress on several CTAs has occurred including Outage Communications, Policy and Process Enhancements, and Development of the Customer Experience Council.</u>
- 2. 2015 <u>Business Customer</u> The final results for the J.D. Power 2015 Electric Utility Business Customer Satisfaction Study were released in January. JEA continued its strong performance, finishing in the first quartile nationally and ranked 14th out of the 87 utilities participating. Among Florida utilities, JEA ranked 2nd overall . While the industry moved up from a score of 662 in 2014 to 677 (+15 points), JEA improved from 682 in 2014 to 705 (+23 points).
- 3. 2015 Residential Customer JD Power released the final 2015 Residential Customer Satisfaction Study. Results were outstanding, keeping JEA in the first quartile. Our 2015 Customer Satisfaction Index score remains significantly higher than our standing at mid-year 2014 (657 vs. 691), and continues JEA's trend of improvement year over year. At the end of the 2015 JEA finished in a tie at #30 out of 140 utilities, placing us in the first quartile nationally and exceeding our FY 15 goal for customer satisfaction. Over the past five years, JEA was the most improved utility in the country with an overall score increase of 89 points. For JEA, this record-setting improvement happened over the last three years of the five.
- 4. CTA initiative was implemented and focuses on improving policies and processes to balance customer and business needs. A number of improvements have been implemented in 2014, including changes to deposit policies, water leak adjustments, access to Supervisors and Managers for escalations, service levels and more. Focus was also placed on improving First Contact Resolution which includes improving Accuracy, Quality, Consistency and Timeliness of service. Active involvement with City and County government, Chambers of Commerce, and Economic Development Organizations, and increased work in community engagement such as the Speaker's Bureau program, is also underway.
- 5. 2015 JEA's strategic plan and CTAs will continue with the 2014 initiatives and will focus on drivers that impact customer satisfaction.

			Wo	rst Credible	Risk				
Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverag
C2 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)  Ted Hobson Pat Maginnis	Current physical security may be insufficient to safeguard company assets and/or comply with new Critical Infrastructure Protection (CIP 5) requirements, possibly due to limited resources, ineffective security procedures, increasing threat of attack and/or ever increasing regulatory requirements. This may result in loss/damage to JEA property, injury/death to employees/civilians, and lawsuits and regulatory fines.  In addition, physical security is inherently risky, due to the unpredictability of attacks, the reliance on personnel to adhere to security protocols and procedures, and the inability to completely monitor/ protect all assets in a cost-effective manner.		4	3	12	Increasing*	The risk is deemed mitigated for current regulatory compliance requirements and the current level of security is considered acceptable at this time. However, new security legislation is expected in the future and CIP version 5 will impose additional security requirements.  The risk also reflects the inherent risk associated with ensuring effective security protocols, and the reliance for employees to follow established safety practices.		

- 1. A consultant performed a limited evaluation of JEA's physical security protocols and made recommendations to address gaps. Changes to procedures have been implemented to address the most critical gaps. A process is in place to address additional gaps, as noted.
- 2. JEA has established and maintains strong relationships with JSO, DHS, FDLE, FBI, USCG, JaxPort Security and other agencies. JEA actively participates in drills with the SWAT Team and Bomb Squad, as well as other units. The strong relationships provides JEA better information to identify potential security threats, facilities security investigations and enhances JEA's overall security protocols.
- 3. Ongoing coordination meetings are held with business unit management and Security management to prioritize infrastructure security concerns.
- 4. Security Escorts are provided to field personnel if needed, and are regularly used by field employees. Escorts show direct correlation in reducing both the number of threats and assaults against employees in the field.
- 5. Shared Services Safety Council meets periodically to identify ways to remediate the risk to employees from assault. The Council provides recommendations to the SLT and implements mitigations to address the noted gaps.
- 6. JSO officer is assigned to work directly with JEA and assists in providing additional security at some of JEA's more critical facilities, as well as conducting investigations and coordinating efforts with local law enforcement agencies.
- 7. A process in place to pursue federal grant dollars for security related projects if/when funds are available.
- 8. Process is in place to implement recommendations from internal audits, which includes enhancing card access controls to limit the number of accessible gates, doors, and sites at key facilities, and to improve the process for deactivating terminated employees.

#### **Completed Mitigations (Continued)**

- 9. Maritime Security requirements relating to tracking transportation workers have been implemented and working effectively. Annual independent audits have noted no issues.
- 10. Monthly meetings are held with FERC/NERC/CIP compliance areas to coordinate efforts to address current and anticipated new CIP physical security standards.
- 11. Substations are being built or upgraded to meet CIP physical security standards. Specifically, all 230KV substations have been completed, and the 138KV substations have been upgraded.. However, CIP 5 contains additional requirements for substations, as well as generating station control rooms.
- 12. The I-Track incident management software has been implemented and allows the tracking of security incidents, such as threats to employees, thefts, unauthorized entries. The metrics are analyzed to identify security threats and better allocation of resources to the riskiest areas.
- 13. The Department of Homeland Security (DHS) has recently completed a review of security protocols for certain chemical storage facilities at SJRPP. Minor issues were noted and have been corrected.
- 14. An ongoing preventive maintenance program for JEA's fire systems has been developed to address any noted deficiencies.
- 15. JEA's Director of Security holds a Department of Homeland Security (DHS) certification, which recognizes his knowledge, skills and abilities to identify, assesse and mitigate security issues and potential terrorist threats. The Certification helps limits JEA's legal, financial and punitive exposure in the event that a terrorist action causes a disruption of services.
- 16. A security awareness training program has been implemented and is being provided to all JEA employees.

	Tier One Top Corporate Risks Report - As of July, 2015												
Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage				
C3 - New Technology Risk Senior Leadership Team	Emerging new technologies are providing some customers with an increasing number of options for reducing energy and water usage, and/or using alternative energy sources (e.g., natural gas). If this leads to decreased revenues from these customers, it could increase costs to the customers who are not participating in these new technologies. In addition, the cost of investing in new technologies and maintaining the existing infrastructure while in a period of declining revenues may have a significant negative impact on JEA's financials, and our ability to meet our debt obligations.  New technology includes but is not limited to alternate power generation (e.g. solar, wind, advanced battery power); increasingly efficient appliances (air conditioners, washing machines that use less energy and less water); applications that interact with the customer (e.g. smart metering); industrial /commercial generation with natural gas; fuel cells and increasing use of alternate energy sources, such as natural gas and propane.		4	3	12	Increasing*	Risk score is based on potential reduction of revenue by five percent (\$65M) within the next five years.						

- 1. New Revenue Task Force was established to identify projects that can generate additional revenues and/or reduce revenue losses. Projects being considered include assessing the impact of new technologies.
- 2. Distributed Generation (DG) Task Force was established to identify the impact of distributive generation options to JEA, and develop a strategy to immunize any negative impact and identify potential revenue opportunities.
- 3. JEA implemented a stand-by charge for commercial DG customers in June 2014 to more appropriately recover the cost of providing stand-by services.
- 4. A number of new electrification projects are underway to identify potential/actual new technology that may increase power demand (e.g., electric cars).
- 5. The Integrated Resource Plan (IRP) includes greater assessment details and future scenarios, as well as multiple growth scenarios, the impact of regulatory/legislative requirements, and assessment of new technologies in order to develop more robust generation plans. Thirty-year look ahead.
- 6. The Net Metering policy was modified in late 2014 to credit avoided cost to customers who put energy on the grid instead of the full retail rate. This helps protect against subsidization of net metering customers by non-net metering customers, ultimately helping protect against raising rates on all customers to subsidize net metering customers.

Tier One Top Corporate Risks Report - As of July, 2015							
	Worst Credible Risk						

Risk Title / Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years	Risk Summary Status	Related Audit Coverage Past 2 years	Related Planned Audit Coverage
C4 – External Influence on Policy Senior Leadership Team	Increasing external pressures, such as the City's continuing budget challenges, and increased requirements imposed by the surrounding water management districts, could result in decisions that negatively impact JEA's customers and long term financial health.  Certain specific issues (e.g., pensions or new environmental regulations, Customer Relationship Management) are covered under separate Top Corporate Risks.		5	2	10	Increasing*	Risk is deemed mitigated to the extent possible. Score is based on inherent risk that lies outside JEA's span of control.		

- 1. Dedicated JEA resources monitor day-to day local, state and national legislative and regulatory activities, and develop/maintain relationships.
- 2. Ongoing, proactive meetings, reports and presentations occur between Senior Leadership Team (SLT), individual City Council members, Council Committees, and/or the Mayor to educate them on the significant regulatory, financial, and environmental issues impacting JEA
- 3. A database for regulatory advocacy reporting and other pending legislation is maintained to stay current with issues and positions.
- 4. Public Affairs coordinates with internal/external topic experts to assess impact to JEA and develop JEA responses to new regulatory and/or legislative requirements.
- 5. Issues developing from new/proposed regulatory legislative requirements are discussed in a group format and with senior management as appropriate.
- 6. OGC handles legal questions. Outside council is used as appropriate.
- 7. JEA benchmarks with other utilities to provide background data on various issues.
- 8. The full SLT actively participates in the strategic planning processes within JEA.
- 9. A database is maintained by Public Affairs of all JEA related issues presented by constituents to their City Councilpersons.
- 10. JEA participates in any COJ and JEA Charter Review process.

<sup>\*</sup> Increase in risk may be based on external factors including economic factors and/or increased regulatory requirements

## JEA Audit Services FY 2015 YTD Project Summary As Of June 26,2015

	А	В	С	D	Е	F	G
1	Audits/Projects	2015 Total Risk Score	Orig. 2015 Budgeted Hrs.	Current Est. FY2015 Hrs.	Actual Hrs. as of June 26, 2015	Project Status as of July 24, 2015	Comments
2	Change from the previous report.		Hig	gher risk and/o	r higher priority	projects.	Projects were added after the annual audit plan was published.
3	FY 2014 In-Progress Projects Carried Over to	2015					
4	Electric, W/WW, and Other Assets - Enterprise Asset Management (EAM) Initiative	n/a	0	232	232	Complete	
5	Treasury Cash & Investments Audit	n/a	350	1300	1214	Complete	Scope increased and delayed start. Originally expected to have substantial audit work in FY 2014.
6	Materials Handling, Storage, Inventory, & Recovery Process Flow - WSC, SSC	n/a	0	509	513	Complete	
7	FY 2015 Projects						
8	SJRPP Business Services (Inventory, Safety, Financial, etc.)	7.3	450	0			Postpone due to resources. Risk level for 2016 reevaluated down to M+ from H.
9	SJRPP Electric Production Maintenance	7.4	650	0			Postpone due to resources. Risk level for 2016 reevaluated down to M+ from H.
10	JEA Fuels	7.2	500	0			Postponed to 2016. Perform in conjunction with SJRPP Fuels Audit scheduled for first quarter FY2016
11	Byproduct Services - NGS Material Handling Operations	7.2	450	0			Risk level reduced to 6.1 for 2016. Audit cancelled in lieu of expanding the Billing Support Audit to include Payment Processing.
12	Distribution, Development & Joint Projects	7.0	300	0			Postpone to 2016. Still evaluated as H risk for 2016.
13	System Protection & Control Projects (Relays)	7	600	0			Postpone to 2016. Still evaluated as H risk for 2016.
14	Customer Revenue - Billing Support Services & Payment Processing	6.4	450	325	0	In Progress	Project will carry-over into 2016.
15	Meter Services, Maintenance & Revenue Assurance	6.3	500	0			Entity split into two, Electric and Water/Wastewater. Risk level for 2016 reevaluated down to M+ and M respectively.
16	Investment Recovery Operations	7.9	400	350	0	In Progress	Limited scope.
17	Fleet Services	8.4	400	350	43	In Progress	Limited scope.

## JEA Audit Services FY 2015 YTD Project Summary As Of June 26,2015

	А	В	С	D	Е	F	G
1	Audits/Projects	2015 Total Risk Score	Orig. 2015 Budgeted Hrs.	Current Est. FY2015 Hrs.	Actual Hrs. as of June 26, 2015	Project Status as of July 24, 2015	Comments
2	Change from the previous report.		Hig	gher risk and/o	r higher priority	projects.	Projects were added after the annual audit plan was published.
18	Corporate Records Retention	7.5	400	0			Pospone due to reorganization of this area and new processes and procedures being developed.
19	Treasury Debt Management Audit	8.2	350	0			Postpone to 2016 due to Debt Manager vacancy and conversion to Oracle.
20	Project Management Office - CC&B Upgrade	5.1	400	67	67	Complete	In view of the outstanding success of the CC&B implementation, we waived further audit work.
21	Benefits Services - HIPAA Compliance	6.2	200	200	11	In Progress	Limited scope audit.
22	Fraud Risk Management Survey & Workshop	n/a	450	200			
23	Third Party Cyber Risk Review	n/a	0	600	573	Complete	
24	IIA External Quality Assessment Review	n/a	0	175	168	Complete	
25	Recurring/Ongoing Projects						
26	JEA FY2014 Performance Pay Audit	n/a	50	77	77	Complete	Required by JEA.
27	SJRPP FY 2014 Performance Pay Audit	n/a	50	88	88	Complete	Required by JEA.
28	TEA Audit	n/a	75	72	72	Complete	Required per owners agreement. Audit report to be released by Santee Cooper auditors.
29	Neighbor To Neighbor Program Review	n/a	100	100	90	In progress - Reporting	Required per agreement with Council Auditors.
30	Ethics Hotline, Anonymous Letter, Verbal Reports, Fraud Investigations, and other Ethics-related activities	n/a	1800	4000	3123	Ongoing	
	Action Plan Follow-up & Reporting	n/a	500	800	641	Ongoing	Required by the IIA.
32	2016 Annual Risk Assessment	n/a	550	490	490	Complete	Required by the IIA.
33	Continuous Auditing/Continuous Monitoring Application Production & Maintenance	n/a	1700	1800	1369	Ongoing	Analytics and dashboards are in production. The system is in the process of post-implementation stabilization.
34	Systems Administration	n/a	200	200	134	Ongoing	

## JEA Audit Services FY 2015 YTD Project Summary As Of June 26,2015

	А	В	С	D	E	F	G
1	Audits/Projects	2015 Total Risk Score	Orig. 2015 Budgeted Hrs.	Current Est. FY2015 Hrs.	Actual Hrs. as of June 26, 2015	Project Status as of July 24, 2015	Comments
2	Change from the previous report.		Hig	gher risk and/o	higher priority	•	Projects were added after the annual audit plan was published.
35	ERM Activities (Top Corp. Risks, Risk Committees, Industry Research, Project Management, etc.)	n/a	3260	1400	993	Ongoing	ERM Analyst position open. Not expected to be filled now until 1st quarter FY 2016.
36	Recruiting	n/a	0	150	68	Ongoing	Recruiting for an ERM Analyst, Audit Director (retirement), and Senior Auditor (retirement), and addition of 2 staff for investigations.
37	Misc. Small Projects/Customer Assistance	n/a	150	75	38	Ongoing	
38	Audit Management Hours (Audit Plan Development, Audits, Special Projects, Industry Research, Project Mgmt., FAC and other Presentations)	n/a	3000	2400	1787	Ongoing	
39	Strategic Cascade/CTAs	n/a	0	235	196	Ongoing	
40	New Auditor Training on Audit Process	n/a	0	550	455	Ongoing	
41							
	Total Hours		18,285	16,745	12,442		
43							
44							
45							
46							

## Summary of Action Plans for Audits/Projects Completed Since Previous F&AC Meeting

## Third Party Vendors, Control Rooms, and HVAC Systems Review

- Software as a Service (SaaS) related contracts and bid specifications will be updated to include language pertaining to data encryption, disposition, and destruction, Disaster Recovery/Business Continuity Plans, Network Security Policies, Services Level Agreements, and Cloud data locations.
- SSAE 16 reports (an assessment of a vendor's technology controls usually performed by an independent firm specializing in these reviews) will be requested, reviewed and evaluated on an annual basis where specified in the contract.
   Where appropriate, contracts that do not include this requirement will be modified to include it.
- Contracts will require that vendor couriers who transport JEA financial documents (e. g. ratepayer checks and money orders) be properly bonded.
- Contract Managers will request and review documents specified in the contract to be provided to JEA, such as a list of cyber assets, network diagrams, security policies, and personal risk assessments (background screens).
- Where appropriate, contract language will be modified to provide assurance that vendors have performed proper background screens for personnel who will be working on JEA projects.

## Summary of Action Plans for Audits/Projects Completed Since Previous F&AC Meeting

## Third Party Vendors, Control Rooms, and HVAC Systems Review cont.

- USB sticks used for patching the Electricity Management System (EMS) are now kept in a secure and controlled location. A USB usage procedure has been created and distributed to the appropriate employees.
- A set of SCADA backups for Northside Generating Station (NGS) will be kept at an offsite location.
   Change Control Procedures will be updated accordingly.
- The Change Control Procedures will also be updated to ensure that patches are applied, tested and approved in pre-production before being migrated to production.
- A process will be implemented to ensure that NGS SCADA users change their passwords regularly.
- Disaster Recovery Plans and Business Continuity Plans will be updated and/or created for the Buckman and Ridenour SCADA systems.
- Formal Change Management and attestation processes will be developed and documented for the Buckman and Ridenour SCADA systems.
- Facilities will provide Information Security with a list of authorized HVAC controllers devised to enable IP address filtering to prevent unauthorized access.
- A formal bid to select a new Building Automation System software to manage JEA's air conditioning systems is being processed. The selected vendor will no longer have remote access to the software application.

## Summary of Action Plans for Audits/Projects Completed Since Previous F&AC Meeting

## **Treasury Cash Management Audit**

- Formal procedures will be updated to ensure a consistent reconciliation process for all accounts, including inactive accounts. Outstanding reconciling items will be promptly researched and cleared.
- Applicable areas will be notified periodically regarding outstanding reconciling items that they need to research.
- Inactive accounts will be analyzed to determine if additional accounts can be closed.
- All jobs in the area will be analyzed to identify duties that need to be segregated for control purposes.
   Duties will be reassigned and procedures updated accordingly.
- Improved access controls over manual check printing will be implemented.
- Procedures for miscellaneous incoming check processing will be updated to better reflect current processes, roles and responsibilities. Refresher training will be provided to the proper areas.
- Management will regularly review the list of employees who have ACH Payment access to make sure they still need the access to do their jobs, and that the access is properly limited.
- Management will also attest semi-annually that employees who have access to two funds-related applications still need that access, that passwords are being changed regularly, and that only approved transactions are being created.
- Uncashed checks will be properly and promptly reported to the state as required by regulations.
   Unclaimed funds payable to JEA will also be monitored for potential revenue opportunities.
- Escheat procedures should be developed for all applicable areas, not just Treasury.
- A Disaster Recovery Plan will be developed for several systems applications maintained by Treasury, and a Business Continuity Plan will be developed for Treasury operations in the event of a significant unplanned business interruption.
- Security over the check print and file rooms will be analyzed and updated accordingly, particularly with regard to removing those who have access but don't have a business need for it.

## August 18, 2015 JEA Board Meeting - IV. A. Reports

## **JEA Audit Services Quality Indicators**

Quality Indicators	FY 2015	FY 2015 Year To	Percent of	Desired
	<b>Annual Goal</b>	Date*	<b>Goal Met</b>	Direction of
				Percent of
				Goal
Customer Survey Results as of July 2015 month end.*	2.25	2.9	129%	1
Project Evaluation Average Score as of July month end.*	2.25	2.7	120%	1
Percent of Staff Productive Time as of June month end **	75%	78%	104%	1
Number of Completed Reports/Memos/Outputs as of July month end ***	21	10	48%	1
Number of Current Open Action Items as of June quarter end. (Quarterly Report)	n/a	47	n/a	n/a
Number of Action Items Closed this quarter as of June quarter end. (Quarterly Report)	n/a	23	n/a	n/a
Expenses as of June month end.***	\$1,467,877	\$937,429	64%	1
Total Productive Hours Used (Audit and ERM) as of June Month End. ***	18,285	12,442	68%	<b>1</b>
Cost per Productive Hour - Expenses divided by Productive Hours as of March month end.	\$ 80.28	\$ 75.34	93.9%	•
* On a 3 point scale, JEA's score range for "exceeding expectations" is 2.25 - 3.				
**75% is the recommended benchmark by the Institute of Internal Auditors.				
*** June month end = 9 months or 75% of the year elapsed.				

## **Ethics Hotline Quarterly Report**

## For 3rd Quarter Ending June 30, 2015

	Prior Year	Current FY - Prior Quarters	Current Quarter	Total Current Fiscal YTD	Total Since Inception in 2006
Total No. of Cases Received (Includes hotline calls, anonymous letters, and direct requests)	40	22	15	37	197
No. of Non-Ethics Cases Referred elsewhere	6	3	0	3	18
No. of Ethics Cases Investigated by Audit Services	34	19	15	34	179
No. of Cases Closed (includes calls referred elsewhere)	40	21	11	32**	179
No. of Cases Open as of this Quarter*	0	6	12	18	N/A

Case Categories ***	Received Prior Year	Received Prior Quarter Current Year	Received Current Quarter	Total - Prior Yr and Current YTD	Percent By Category
Ethics Inquiry	0	1	0	1	1%
Conflict of Interest	3	1	0	4	5%
Fraud/Theft of JEA Assets	7	6	1	14	18%
Misuse of JEA Resources/Business Integrity	9	9	12	30	39%
Alcohol or Substance Abuse	0	0	0	0	0%
Request for Information	2	1	0	3	4%
Electric Regulatory Compliance	0	0	0	0	0%
Environmental	0	0	0	0	0%
Diversity, Equal Opportunity, Discrimination, and Workplace Respect & Harassment	19	4	2	25	32%
Totals	40	22	15	77	100%

<sup>\*</sup> Certain cases may remain open for extended periods pending possible legal action, or labor relations activity.

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<sup>\*\*</sup> Includes cases that originated in the previous fiscal year but were closed in the current fiscal year.

<sup>\*\*\*</sup> Classified by content of the allegation , not by the actual results of the investigation.

## Audit Committee Summary Report Ethics Hotline Cases Closed 3rd Quarter FY15

Case Number	Allegation	Investigation Results
JEA-14-04-0001	An anonymous caller alleged that a JEA employee was not working a	
	full day, volunteered for charitable activities to get out of work, and	
	received favorable treatment from his/her director who was a long-	Our investigation did not identify evidence to support the allegations.
	time friend.	
JEA-14-08-0001	We received information that a JEA employee may have falsified	We found evidence that the JEA employee had entered and been paid regular
	his/her time report and was being paid for time not worked.	pay when on leave. There were also other indications of time and attendance
		issues. In addition, the employee was using JEA vehicles for non-business
		purposes, and in an unsafe manner. The employee resigned his/her position
		with JEA at the conclusion of a fact finding.
JEA-14-10-0004	The caller alleged that a JEA Manager was sexually harassing certain	We did not find any evidence that the allegations were true.
	female employees via email and instant message. The caller declined	
	to provide the names or any details surrounding the incidents.	
JEA-14-10-0006	An anonymous caller alleged that a contractor who had been	Our investigation did not find any evidence to support the caller's allegations.
	disqualified from the Contractor Bid List continued to do work for	The contractor in question did not perform any work directly for JEA. The
	JEA, and that the company was falsifying records with respect to this	contractor had only worked as a subcontractor for another JEA Vendor.
	contractor.	
JEA-14-11-0001	We received information that a JEA employee e-mailed personal	We did not find any evidence that the JEA employee emailed personal medical
	medical information about the caller and the caller's son/daughter. Per	information about the caller or his/her son/daughter.
	the caller, the e-mails were sent on JEA time which is unethical. The	
	caller wants the e-mails secured from public scrutiny.	
JEA-14-12-0005	An anonymous caller alleged that a JEA employee was not qualified	Our investigation did not identify any evidence to support the allegations.
	for his/her position because the employee did not pass a professional	
	exam to acquire the required license. In addition, the employee's	
	Manager was made aware of the problem, but ignored the issue.	
JEA-15-01-0003	A caller said he/she was moved to another job as a result of a conflict	This case was turned over to Labor Relations for handling. Based on their
	with Management, but was later reinstated to the previous position.	investigation, it was determined that there was no evidence to support the
	When the caller subsequently received a "below satisfactory"	allegations, and all administrative action taken was in accordance with all
	performance evaluation and complained that it was unfair, his/her	applicable policies.
	Manager allegedly threatened to again remove the caller from his/her	
	position.	

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	In addition, the caller also alleged that another JEA employee sided	
	with the caller's Manager against caller, resulting in the caller being	
	placed on administrative leave.	
JEA-15-02-0001	A caller reported that a JEA Manager was observed by an unknown	The investigation was not able to determine the identity of the unknown third
	third party, to be engaging in inappropriate acts in a parked car in a	party, and thus could not confirm any of the allegations.
	JEA parking lot.	
JEA-15-04-0001	The caller alleged that a JEA employee was discriminated against	This case was turned over to Human Resources for handling. The results of the
	during a recent recruitment interview.	investigation did not support the allegation.
JEA-15-04-0005	The caller said that a JEA Director hired external candidates for every	Our investigation did not result in any evidence to support the allegation. The
	new position opening in the last two years, when there were a number	Director followed JEA Procedures during these recruitments.
	of eligible, qualified internal candidates in that area The internal	
	candidates had been bypassed for promotions for the past five	
	consecutive open positions.	
JEA-15-06-0003	The caller said that two JEA Managers told employees that one of their	Our investigation indicated that company procedures and applicable regulations
	co-workers may not be returning from a FMLA absence. The caller	were adhered to.
	feels that the two Managers violated the company's employee privacy	
	policy.	

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Audit Name, Report Date	Responsible Party	VP/Chief	Total # of Action Plans in Report*	# Closed Last Quarter*	# Closed in Previous Quarters*	# Overdue Action Plans*	List of Overdue Action Items	Overdue Action Dates	Closed Pending Future Action**	# Current Open Action Plans*	Current Action Plans, Issue Number & Due Dates	Issue Significance Score	Issue Frequency Score
Substation Maintenance	Physical Access/Security Compliance Specialist	CRCO	2	0	1					1	3.2 - 6/30/2016	4	3
4/25/2011													
MEAG-Purchase Power Agreement	MEAG,Director of Finance		2	0	2								
4/26/2012		VP/GM - Elec	4	0	3					1	2.2 - 9/30//2015	4	3
		VP/GM - Elec	1	0	0					1	2.3 - 9/30/2015	4	3
Chilled Water Billing	Director, Meter Reading & Billing		1	0	1								
1/31/2013	Manager, Financial Planning & Rates		1	0	1								
	Manager District Energy Operations (WWW)	VP/GM - Water	2	0	1					1	6 - 9/30//2015	3	3

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Combustion Turbine Maintenance	Sr. Mgr., Elec. Prod. Ops.		1	0	1								
2/21/2014	Sr. Mgr., Elec. Prod. Ops.; Dir. (CIP) Phys. Access/Sec. Comp. Spec.	VP/GM - Elec	1	0	0					1	1.b.1 - 9/30/2015	3	3
	Sr. Mgr., Elec. Prod. Ops.; Sr. Mgr. Elec. Prod. Engineering & Outage; Dir Critical Infrastructure e- Protection	VP/GM - Elec	1	0	0					1	1.b.2 - 9/30/2015	3	3
	Sr. Mgr., Elec. Prod. Maint.; Phys. Access/Sec. Compliance Spec.		1	0	1								
	Sr. Mgr Elec Prod. Engineering & Outage; Dir. Elec. Trans. & Dist.; Dir. Elec. Trans. & Dist. Proj., Dir. Trans. & Substation Maint., and Phys. Access/Sec Compliance Spec.	VP/GM - Elec	1	0	0					1	2.a.1 - 9/30/2015	3	2
	Sr. Mgr. Elec. Prod. Engineering & Outage Serv.; Dir. Elec. Trans. & Dist Proj.; Dir. Elec. Trans. & Substation Maint. Phys. Comp Spec.	VP/GM - Elec	1	0	0					1	2.a.2 - 9/30/2015	4	1
	Dir. Elec. Prod.; Sr.Mgr. Elec. Prod. Ops.; Sr. Mgr. Elec. Prod. Maint. Phys. Access/Sec. Comp. Specialist		1	0	1								
	Dir Elec Prod CTs; Dir Organizational Perf Improvement (CHRO)		1	1	0								
	Sr. Mgr. Elec. Prod. Maint.; Mgr. Empl. & Leadership Devel.		1	1	0								
	Sr. Mgr. Elec. Prod. Maint.		1	1	0								2

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	Sr. Mgr. Elec. Prod. Maint.		2	0	2								
	Safety & Health Process Coord.; Mgr. Analyst Oracle		1	0	1								
	Dir. Elec. Prod.; VP/GM Electric Syst.		1	1	0								
	Dir. Supply Chain Mgt.		1	1	0								
Waste Hauler Review	Director, W/WW & Reuse Treatment		1	1	0								
	Mgr. WW Treatment & Reuse Buckman	VP/GM - Water	1	0	0					1	1.2 - 9/30/2015	2	3
	Mgr. Rec. & Coll. Services		1	0	1								
	Mgr., Rec. and Collection Serv.		1	0	1								
3/5/2014			5	0	5								
			1	1	0								
	Director TS Security		1	0	1								
	Mgr. Rec & Coll.; Mgr. Cust. Exp. Training		1	1	0								
	Mgr. Procurement & Contracts		1	0	1								
	Director Cust. Rev.		1	0	1								
	Dir. Cust. Rev; Dir Cust. Exp. Strat. & Support		1	0	1								
	Dir. CIP Compliance; Chief Comp. Officer		2	0	2								
	Chief Fin. Officer	CFO	1	0	0					1	1.2 - 9/30/2015	3	2

Audit Name, Report Date	Responsible Party	VP/Chief	Total # of Action Plans in Report*	# Closed Last Quarter*	# Closed in Previous Quarters*	# Overdue Action Plans*	List of Overdue Action Items	Overdue Action Dates	Closed Pending Future Action**	# Current Open Action Plans*	Current Action Plans, Issue Number & Due Dates	Issue Significance Score	Issue Frequency Score
Recruitment Services	Mgr. Labor Rel; Dir CIP Compliance; Dir Security; Dir Info Security; Mgr. Organizational Devel	CHRO	1	0	0					1	1a,c,d - 9/30/2015	2	3
6/2/2014	Dir Info Security; Mgr Bulk Power; Proj. Dir CC&B	CIO	1	0	0					1	1.b - 7/31/2015	2	3
	Mgr Bus Analyst Oracle		1	0	1								
	Mgr Recruitment Serv	CHRO	2	0	1					1	3 - 8/15/2015	2	2
EHL Case - JEA-13-16- 0001(B)	Dir Org Perf Improvement; CHRO	CHRO	1	0	0					1	1.1 - 9/1/2015	3	2
6/15/2014	Dir Org Perf Improvement; CHRO	CHRO	1	0	0					1	1.2 - 9/30/2015	2	2
Customer Contact & Branch	Dir Cust Experience & Support		11	2	9								
6/18/2014	Mgr Cust Contacts CBO	cco	2	0	1					1	1.h - 8/31/2015	2	3
	Dir Cust Exp & Supp and Dir Facilities		1	0	1								
	Mgr WF Planning & Productivity		1	0	1								
	Mgr Quality & Accuracy		2	1	1								
	Business Analyst, Oracle		1	0	1								
EHL Case - JEA-12-05- 0004	Mgr Supply Chain Operations	CFO	1	0	0					1	1 - 8/14//2015	2	2
7/15/2014													

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	Mgr T&D Preventive Maintenance		3	1	2								
9/30/2014	Mgr T&D Preventive Maintenance		1	0	1								
	Mgr T&D Preventive Maintenance and Mgr Safety & Health		2	0	2								
	Mgr T&D Preventive Maintenance and Mgr Safety & Health		1	0	1								
	Mgr T&D Preventive Maint; Mgr Bulk Power Ops; and Mgr Tech Util Training Services		1	1	0								
	Mgr T&D Preventive Maint; Dir Envir Permitting & Regulatory Conformance		1	1	0								
	Mgr T&D Preventive Maint; Mgr Procurement & Cont		1	0	1								
	Mgr Safety & Health Services		1	0	1								
	Mgr T&D Prev Maint; Mgr Tech Util Training		1	1	0								
	Director Security	CRCO	1	0	0					1	2.a - 9/30/2015	3	3
	Dir Elec Compliance; Mgr T&D Prev Maint		1	1	0								
	Mgr T&D Prev Maint; Cust Coordinator, Brand Mgmt		2	0	2								
	GIS, Bus Analyst; Mgr T&D Prev Maint; Dir Tech Infrastructure		1	0	1								
2014 E&Y External Audit	Dir. Information Sec; CIO	CIO	1	0	0					1	1 - 8/31/2015	3	3
12/10/2014													

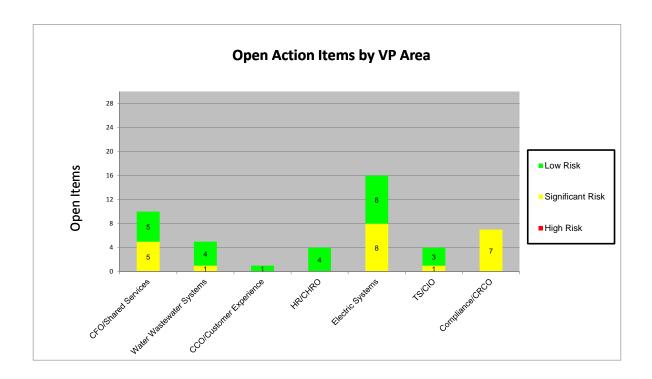
Audit Name, Report Date	Responsible Party	VP/Chief	Total # of Action Plans in Report*	# Closed Last Quarter*	# Closed in Previous Quarters*	# Overdue Action Plans*	List of Overdue Action Items	Overdue Action Dates	Closed Pending Future Action**	# Current Open Action Plans*	Current Action Plans, Issue Number & Due Dates	Issue Significance Score	Issue Frequency Score
2014 EHL Case JEA- 13-09-0002	Director Electric Transmission & Substation Maintenance		1	1	0								
1/15/2015	Director Electric Transmission & Substation Maintenance		1	1	0								
	Director, Organizational Performance Improvement		1	1	0								
2015 EAM Assessment	Dir W/WW Sys Control	VP/GM - Water	2	0	0					2	I.A.1 - 12/31/2015 I.C - 12/31/2015	2	2
2/27/2015	Dir IT Proj Mgmt Serv; Dir Tech Infrastructure (CIO)	CIO	2	1	0					1	I.A.2.b - 9/30/2015	3	2
	Sr. Mgr Elec Meter Serv; Sr. Mgr Water Meter Serv; CC&B Proj Dir (VP/GM Elec Sys)	VP/GM - Elec	1	0	0					1	I.A.3 - (TBD - FY 2016)	2	2
	Dir Elec Sys Asset Mgmt	VP/GM - Elec	1	0	0					1	I.B - 3/31/2016	2	2
	EAM Council (VP/GM Elec Sys)	VP/GM - Elec	4	0	0					4	I.D.1 - I.D.4: 9/30/2015	2	2
	(a) Mgr Fleet Serv; Dir Supply Chain Mgmt (b) Dir Shared Serv	CFO	2	0	0					2	II.A - 9/30/2015 II.B - 6/30/2016	2	2
EHL Case JEA-14-10- 0006	Dir W/WW Sys Control	VP/GM - Water	1	0	0					1	1.1 - 8/31/2015	2	2
3/23/2015	Dir Shared Serv	CFO	1	0	0					1	2.1(a&b) - 9/30/2015	2	2
EHL Case JEA-15-01- 0002	Security	CIO	1	0	0					1	1.1 - 3/31/2016	2	2
4/24/2015													
SSC Metal Controls	Facilities (Shared Services); Security	CFO - 1.a.1 CRCO - 1.a.3	3	1	0					2	1.a.1 - 9/30/2015 1.a.3 - 9/30/2015	3	3
4/30/2015	Facilities (Shared Services)	CFO	1	0	0					1	1.a.2 - 3/31/2016	3	3

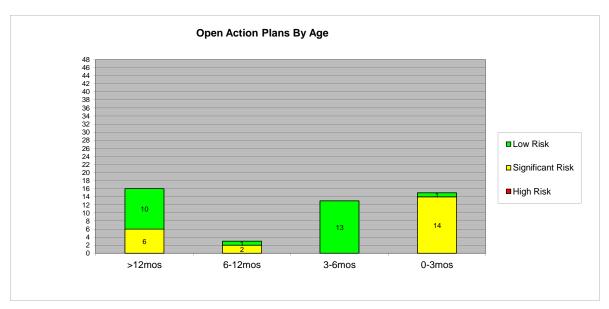
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	Security; Elec Dist, Const, & Maint	CRCO	4	1	0						1.a.4 - 9/30/2015 5.a - 9/30/2015 6 - 9/30/2015	3	3
	Elec Dist Const & Maint	VP/GM - Elec	2	0	0						2.a.1 - 9/30/2015 2.c - 9/30/2015	3	3
	Supply Chain; Elec Dist Const & Maint	CFO - 2.b VP/GM Elec - 4, 5.b	3	0	0						2.b - 9/30/2015 4 - 9/30/2015 5.b - 9/30/2015	3	3
	Security	CRCO	1	1	0								
	Shared Services; Elec Dist Const & Maint	CFO	2	0	0						3.b - 8/31/2015 3.c - 9/30/2015	3	3
	Supply Chain; Security	CRCO	1	0	0					1	5.c - 9/30/2015	3	3

#### Internal Audit Action Plan Status Report-3rd Quarter FY15

Audit Name, Report Date	Responsible Party	VP/Chief	Total # of Action Plans in Report*	# Closed Last Quarter*	# Closed in Previous Quarters*	# Overdue Action Plans*	List of Overdue Action Items	Overdue Action Dates	Closed Pending Future Action**	# Current Open Action Plans*	Current Action Plans, Issue Number & Due Dates	Issue Significance Score	Issue Frequency Score
Totals			125	23	55	0	0	0	0	47			
* Action plans may overlap between areas, so a specific item may be included more than once.	**Closed pending future actions are action plans that are outside the control of the issue owner, generally a system implementation. These items are not included in the bar charts.												
Risk Significance Definitions													
1. Minor	Affect would have little impact.												
2. Moderate	Affect would cause some hardship.												
3. Significant	Affect would cause moderate hardship												
4. Major	Affect would cause extreme hardship.												
5. Catastrophic	entity to cease to exist.												
Risk Frequency Defini	tions												
1. Rare	The likelihood of this risk of	ccurring is almost z	ero.										
2. Unlikely	This risk does not occur in	most circumstance	3.	·									
3. Moderate	This risk can occur periodi	cally											
4. Likely	This risk occurs or can occ	cur frequently											
<ol><li>Almost Certain</li></ol>	This risk occurs all of the ti	me.											





<sup>\*</sup> Duplicate action plans applying to more than one responsible party that appear on the Action Plan Status Report, have been eliminated from these graphs.

The above risk catagories are determined by multiplying the issue significance scores by the issue likelihood scores on the status report, and then applying the following criteria:

>12 = Red - High or Critical Risk 8-12= Yellow - Significant Risk

<8 = Green - Low to Moderate Risk

#### Finance and Audit Committee Annual Self-Assessment Questionnaire

Attribute	Score	Comments if Score is 1 or 2.
0 1 0 1/0 1 27 1 1 27		
Scoring: 0 = N/A or Insufficient Knowledge, 1 = Stron		
4 = Agree, 5	= Strong	ly Agree
Committee Composition		
Qualified Committee members are identified by sources other than management.		
Committee members have appropriate qualifications to meet the objectives of the Committee Policy, including appropriate financial literacy.     Committee members are independent.		
4. The Committee reviews its policy annually to determine whether its responsibilities are described adequately, and recommends changes to the Board for approval.		
5. New Committee members participate in an orientation program to educate them on the company, their responsibilities, and the company's financial reporting, auditing, risk, and accounting practices.		
Understanding the Business and Risks		
6. The committee considers, understands, and approved the process implemented by management to effectively identify, assess, and respond to the organization's key risks.		
Process and Procedures		
7. The Committee reports its proceedings and recommendations to the Board after each Committee meeting.		
8. Committee meetings are conducted effectively, with sufficient time spent on significant or emerging issues.		
<ol> <li>The agenda and related information are circulated in advance of meetings to allow members sufficient time to study and understand the information.</li> </ol>		
10. Meetings are held at least quarterly, and with enough frequency to fulfill the Committee's duties.		
11. Meetings regularly include separate private sessions with the internal and external auditors.		
12. The Committee maintains adequate minutes of each meeting.		
13. The Committee respects the line between oversight and management of the financial reporting process.		
14. Committee members come to the meetings well prepared.		
15. Committee members regularly attend the meetings.		
Oversight of Financial Reporting		
16. The Committee reviews the company's significant accounting policy changes.		

8/13/2015

#### Finance and Audit Committee Annual Self-Assessment Questionnaire

Attribute	Score	Comments if Score is 1 or 2.
Cooring , O = N/A or localificient Viscolate 4 C	alu Di	voo 3 - Diaggree 3 - Noith or A
Scoring: 0 = N/A or Insufficient Knowledge, 1 = Stror	igiy Disag	ree, 2 = Disagree, 3 = Neither Agree or Disagree,
17. The Committee oversees external financial reporting and internal controls over financial reporting.		
18. The Committee oversees the internal control testing conducted by management, the internal auditors, and the external auditors, and confirms that any material weaknesses identified are adequately addressed.  Oversight of Audit Functions		
19. The Committee regularly reviews the adequacy of the internal audit		
function charter, audit plan, budget, and number, continuity, and quality of staff.		
20. Internal audit reporting lines allow for significant issues that might involve management to be brought to the attention of the Committee.		
21. The Committee appropriately considers internal audit reports, and management's responses and steps toward improvement.		
22. The Committee oversees the role of the external auditors from selection to termination, and has an effective process to evaluate the external auditors' qualifications and performance.		
23. The Committee oversees the external audit plan.		
Ethics		
24. The Committee oversees the company's hotline or whistleblower process, reviews the history of incoming calls (especially those that might relate to possible fraudulent activity), and understands that retaliation is prohibited.		
Monitoring Activities		
25. An annual self-evaluation of the Committee is conducted and any significant matters that require follow-up are resolved and presented to the full Board.		
Total Score	0	
General Comments - Record any general comments below.		
General Comments - Necord any general comments below.		
		-

8/13/2015

# JEA Finance and Audit Committee Report August 10, 2015

# Creating an Ethical Culture



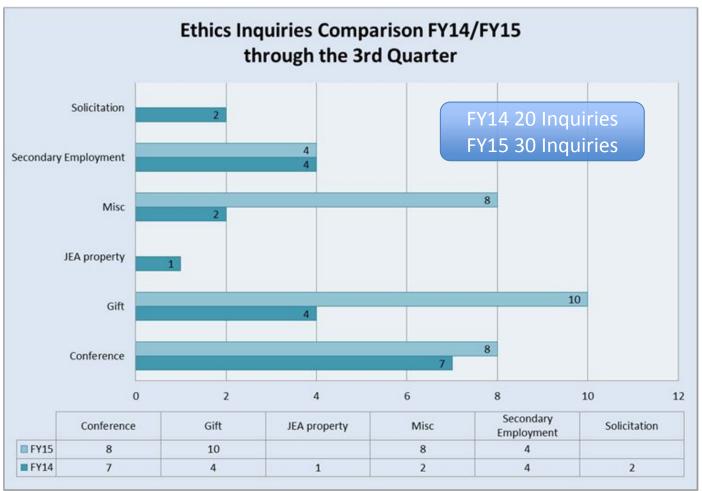


# Business Ethics Update and What's Next

- 100 % Compliant with Ethics standards and training requirements in FY15
- Finalize the SharePoint Database to store previous ethics rulings and training materials for future archiving
- Develop the FY16 Ethics Refresher Training CBT
- Work with the new Inspector General at the City Thomas Cline, Jr.

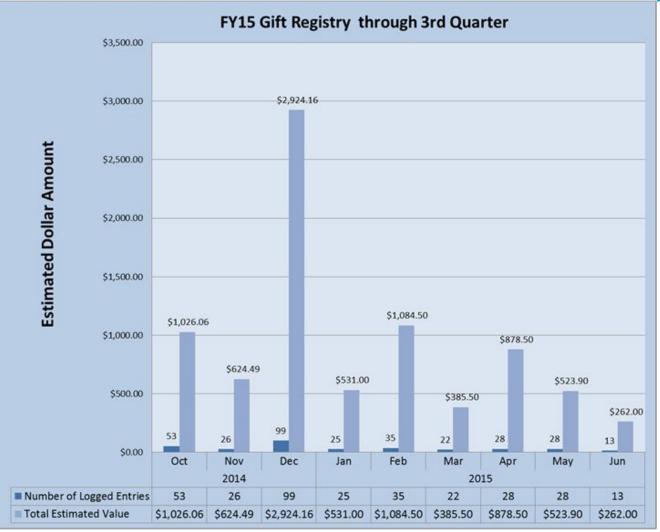


# FY14/15 Comparison





# FY15 Gift Registry







July 22, 2015

SUBJECT:	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Purpose:	
	Young, LLP (E&Y) issued their Independent Auditors' Report on the Schedule of of Federal Awards for the fiscal year ended September 30, 2014.
Assistance are Office of Mana	Entities that expend \$500,000 or more yearly in Federal Awards or State Financial required to have an audit conducted in accordance with requirements described in the U.S. gement and Budget (OMB) Circular A-133, and Executive Office of the Govenor's State liance supplement.
Effect: The au	dit is required to be performed annually within nine months after the end of the fiscal year.
	it: Auditing standards require the auditors to communicate certain matters to the Governing y assist the Board in its oversight responsibilities.
Recommende	ed Board action: No action is required. This item is submitted for information.
For additional	I information, contact: Janice Nelson 665-6442
Submitted by: PEI	M/MHD/JRN



Commitments to Action



Ver.2.0D 9/21/2013 jer



#### INTER-OFFICE MEMORANDUM

July 22, 2015

SUBJECT: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FROM: Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

#### **BACKGROUND**:

Ernst & Young, LLP (E&Y), issued their Independent Auditors' Report on the Schedule of Expenditures of Federal Awards for the fiscal year ended September 30, 2014. The purpose of the audit is to express an opinion on JEA's compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

#### **DISCUSSION:**

Attached is a copy of the Independent Auditors' Report on the Schedule of Expenditures of Federal Awards. JEA had one federal program during fiscal year 2014 which is identified in the schedule below:

FEDERAL AWA	ARDS		Expenditures	<b>Total Expenditures</b>	Remaining Grant
Grantor/Federal Program Title/Pass-Through Grantor/		for 9/30/14	through 9/30/2014	Funding	
U. S. Department of Energy:					
	Development an	d Analysis - ARRA	554,708	12,539,593	491,954

#### **RECOMMENDATION:**

No action is required. This item is submitted for information only.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JRN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**JEA** 

Year Ended September 30, 2014 With Report of Independent Certified Public Accountants

Ernst & Young LLP





#### Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

#### **Contents**

Report of Independent Certified Public Accountants on Compliance for Each Major	
Federal Program; Report on Internal Control Over Compliance and Report on	
Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	1
Report of Independent Certified Public Accountants on Internal Control Over	
Financial Reporting and on Compliance and Other Matters Based on an Audit of	
Financial Statements Performed in Accordance with Government Auditing	
Standards	
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Ouestioned Costs	8



Ernst & Young LLP Suite 1701 One Independent Drive Jacksonville, FL 32202 Tel: +1 904 358 2000 Fax: +1 904 358 4598 ev.com

Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The Chief Executive Officer, Chief Financial Officer, and the Governing Board of JEA Jacksonville, Florida

#### Report on Compliance for Each Major Federal Program

We have audited JEA's compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on JEA's major federal program for the year ended September 30, 2014. JEA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for JEA's major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JEA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of JEA's compliance.



#### Opinion on Each Major Federal Program

In our opinion, JEA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

#### **Report on Internal Control Over Compliance**

Management of JEA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JEA's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



#### Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of JEA as of and for the year ended September 30, 2014 and have issued our report thereon dated November 26, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst + Young LLP

June 10, 2015

3



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Report of Independent Certified Public Accountants on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with Government

Auditing Standards

The Chief Executive Officer, Chief Financial Officer, and the Governing Board of JEA Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of JEA, which comprise the statement of net position as of September 30, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 26, 2014

Ernst + Young LLP

### Schedule of Expenditures of Federal Awards

#### Year Ended September 30, 2014

FEDERAL AWARDS	Identification	<b>CFDA</b>	Fe	ederal
Grantor/Federal Program Title/Pass-Through Grantor/	Number	Number	Expe	enditures
U. S. Department of Energy				
Direct Program				
Electricity Delivery and Energy Reliability, Research, Development and				
Analysis – ARRA	DE-OE0000269	81.122	\$	554,708
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$	554,708

See accompanying notes.

#### Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

#### 1. Presentation and Basis of Accounting

The Schedule of Expenditures of Federal Awards (the Schedule) is prepared on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

#### 2. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of JEA. In the opinion of management, all grant and grant matching expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

#### Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2014

#### Part I – Summary of Auditor's Results

#### **Financial Statements Section**

Type of auditor's report issued (unmodified, qualified, adverse or disclaimer):		Unmodi	fied
Internal control over financial reporting:			
Material weakness(es) identified?	yes	X	no
Significant deficiency(ies) identified?	yes	X	none reported
Noncompliance material to financial statements noted?	yes	X	no
Federal Awards Section			
Internal control over major programs:			
Material weakness(es) identified?	yes	X	no
Significant deficiency(ies) identified?	yes	X	none reported
Type of auditor's report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):		Unmodi	fied
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes	_ X	no

#### Schedule of Findings and Questioned Costs (continued)

# Part I – Summary of Auditor's Results (continued) Identification of major programs: CFDA number(s) Name of federal program or cluster Electricity Delivery and Energy Reliability, Research, Development and Analysis Dollar threshold used to distinguish between Type A and Type B programs: \$300,000 Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no

#### Schedule of Findings and Questioned Costs (continued)

#### Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No matters were reported

#### Part III – Federal award findings and questioned costs section

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

No matters were reported

#### EY | Assurance | Tax | Transactions | Advisory

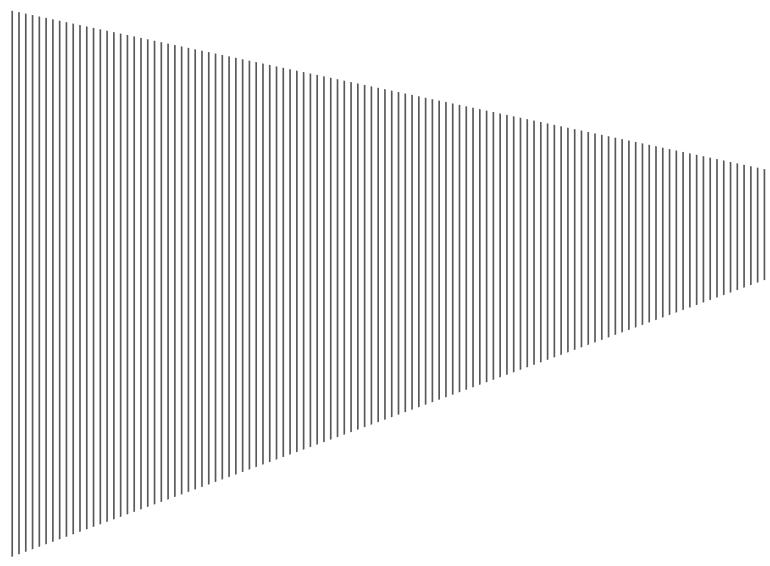
#### About EY

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2015 audit plan August 10, 2015







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The Audit and Finance Committee JEA

August 3, 2015

Dear Members of the Audit and Finance Committee,

We look forward to discussing the current year audit plan for JEA on August 10, 2015. At that meeting, we will outline the scope of our services, identify the EY team that will perform the audit and present the key considerations that will affect the 2015 audit. We are providing the enclosed materials so you can familiarize yourselves with them prior to our meeting.

The audit is designed to express an opinion on the 2015 financial statements. We are currently completing the planning phase of our audit, and have aligned our procedures to consider JEA's current and emerging business risks and evaluate those risks that could materially affect the financial statements.

We appreciate that JEA selected EY to perform its 2015 audit and are committed to executing a quality audit that embraces the responsibility of serving the Audit and Finance Committee.

Very truly yours,

Min

Mike Pattillo

Coordinating Partner

John DiSanto Executive Director

03	2015 EY services
04	Executive summary
05	Accounting and audit developments
09	Our audit plan
09	► Audit timetable
11	► Areas of audit emphasis
15	► Involvement of Council Auditors and others
16	Inquiries relating to matters relevant to the audit
17	Client service team
18	Timing of required communications
20	Appendix A - System review report



#### 2015 EY services

#### Services and deliverables

## Audit and audit-related services

- Express an opinion on, and report to the Audit and Finance Committee the results of our audit of:
  - The financial statements of JEA the audit will meet the requirements of Florida Statutes and Rules of the Auditor General of the State of Florida and will be conducted in accordance with auditing standards related to financial statement audits as set forth in the US Government Accountability Office's Government Auditing Standards.
  - JEA's Electric System, Water and Sewer System, Bulk Power Supply, and St. John's River Power Park System schedules of debt service coverage
- Other reports:
  - Issue a report on internal control over financial reporting compliance with certain provisions of laws, regulations, contracts, and grants and other matters.
  - Issue a report on compliance with requirements applicable to each major federal awards program and internal control over compliance in accordance with OMB Circular A-133
  - Issue a management letter including recommendations for improvements of internal controls and other opportunities based on observations made during the course of the audit
  - Report on other matters as required by Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits in Florida

#### Other services

- Prepare a schedule of findings and questioned costs pursuant to OMB Circular A-133
- $\,{}^{\backprime}$  Issue reports on compliance with debt covenants as required by JEA credit agreements
- Issue a summary results report to the Audit Committee
- Provide comfort and consent letters for bond offerings



# **Executive summary**

#### Audit timeline

We will perform our interim procedures during the months of August and September and our year end procedures during the months of October and November. Refer to the audit timetable on pages 9 and 10.

#### Audit scope and strategy

 Our audit scope and strategy, including significant risks identified, for the 2015 audit is outlined in the "Areas of audit emphasis" section on pages 11 – 14.

# Accounting developments affecting JEA in 2015

- ► GASB Statement No. 68, Accounting and Financial Reporting for Pensions
- GASB Statement No. 69, Government Combinations and Disposals of Government Operations
- GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68
- ► GASB Statement No. 72, Fair Value Measurement and Application
- GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68
- GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

# Significant 2015 considerations

- ► Revenue recognition
- Allowances for doubtful accounts
- Regulatory accounts
- Asset impairment
- Legal reserves
- Derivative instruments and hedging activities
- Pollution remediation obligations
- GASB 68 pension plan accounting and reporting
- OPEB liabilities
- Pension plans
- Investments
- Capital assets
- ► Impairment of long-lived assets
- Application of regulatory accounting to the electric and water systems



#### GASB Statement No. 68, Accounting and Financial Reporting for Pensions

#### Summar

- Statement No. 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria.
- Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and RSI.
- Defined benefit pensions plans: The statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The statement calls for immediate recognition of more pension expense than is currently required.
- Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.
- Defined contribution pensions: The existing standards for governments that provide defined contribution pensions are largely carried forward in the new statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

#### Effect on JEA

The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014, which is JEA's fiscal year 2015.



#### GASB Statement No. 69, Government Combinations and Disposals of Government Operations

#### Summary

#### Effect on JEA

- Statement No. 69 provides specific accounting and financial reporting guidance for combinations in the government environment. Statement No. 69 also improves the usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposal of government operations.
- The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013, which is JEA's fiscal year 2015.
- The implementation of this statement is not expected to have a material effect of JEA's financial statements.

## GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68

#### Summary

#### Effect on JEA

- Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.
- The provisions of this statement should be applied simultaneously with the provisions of Statement 68 and is therefore effective for fiscal 2015.

#### GASB Statement No. 72, Fair Value Measurement and Application

#### Summary

#### Effect on JEA

- Statement No. 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach.
- This Statement generally requires investments to be measured at fair value and requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement.
- This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

 The provisions of this statement are effective for financial statements for periods beginning after June 15, 2015, which is JEA's fiscal year 2016.



GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

#### Summary

- The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets.
- It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

#### Effect on JEA

Effect on JEA

The provisions of this statement are effective for financial statements for periods beginning after June 15, 2016.

#### GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

#### Summary

- This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.
- This statement's objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The provisions of this statement are effective for financial statements for periods beginning after June 15, 2016.



#### GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Summary	Effect on JEA
Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.	The provisions of this statement are effective for financial statements for periods beginning after June 15, 2017.

# GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Summary	Effect on JEA
This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.	<ul> <li>The provisions of this statement are effective for financial statements for periods beginning after June 15, 2015, which is JEA's fiscal year 2016.</li> <li>The implementation of this statement is not expected to have a material effect of JEA's financial statements.</li> </ul>



# Our audit plan Audit timetable

	Jun Jul	Aug	Sep Oct	Nov	Dec Jan	Feb	Mar A	Apr May	Jun
Planning and risk identification									
Understand service requirements and audit scope and coordinate with management and internal audit									
Update our understanding of the business									
Establish the team including determining the need for specialized skills or knowledge									
Audit planning including identification of significant risks and budgeting									
Strategy and risk assessment									
Update our understanding of the Company's systems and related IT applications and develop overall audit strategy and audit program									
Evaluate entity level internal controls									
Update our understanding of significant classes of transactions and perform walkthroughs									
Make combined (inherent and control) risk assessments and develop audit approach									
Execution of audit procedures									
Design and perform interim tests of controls									
Perform interim substantive procedures									
Update tests of controls									
Perform year end substantive procedures									
Perform general audit procedures									



# Our audit plan Audit timetable

	Jun J	ul Au	g Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Implementation of GASB 68												
Perform required procedures related to JEA's implementation of GASB 68												
Conclusion and reporting												
Issue audit opinion on the (consolidated) financial Statements												
Communicate audit results to management and those charged with governance												
Issue reports to management and those charged with governance on any significant deficiencies or material weaknesses												
Issue a management letter including recommendations for improvements in controls and procedures (if applicable)												
OMB Circular A-133 procedures												
Perform planning and fieldwork for major 2015 Programs												
Issue audit opinion on 2015 SEFA												
Issue reports to management and those charged with governance on any significant deficiencies or material weaknesses regarding major programs												



# Our audit plan Areas of audit emphasis

Our audit procedures emphasize testing those accounts, contracts or transactions where we believe there is the greatest risk of material misstatement to the financial statements, whether due to error or fraud. We consider the effects of current market risk factors on JEA, and also place emphasis on those areas requiring subjective determinations by management. We will reassess our risk assessment and other internal and external factors influencing JEA throughout our audit, and communicate to you any changes to our initial plan, as necessary. Our areas of audit emphasis, including areas with identified significant risks, are as follows. Our proposed audit plan is detailed on the pages following:

- Revenue recognition
- Allowances and reserves
- Regulatory accounts
- ► Legal reserves
- Derivative Instruments and hedging activities
- ► Pollution remediation obligations

- Other postretirement benefits liabilities
- ▶ Pension plans
- ► Investments
- ► Capital assets
- Impairment of long-lived assets

<sup>\*\*</sup>Shaded/asterisked areas indicate accounts or transactions identified as having significant risks, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations.



# Our audit plan Areas of audit emphasis

#### Area of emphasis

#### Summary of planned audit procedures

#### Revenue recognition

JEA recognizes revenues for estimated services provided on its electric and water and sewer infrastructure. Unbilled revenue relates to services that have not yet been billed to the end customer at fiscal period-end. The calculation is based upon approved rates and historical consumption trends.

JEA is a member of The Energy Authority (TEA), a municipal power marketing and risk management joint venture. In addition to providing its members with wholesale power marketing and resource management services, TEA also assists JEA with natural gas procurement and related gas hedging activities. JEA records energy marketing activity in the period when the energy is delivered.

Intergovernmental revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources remitted before the eligibility requirements are met should, under most circumstances, be reported as deferred revenue. JEA receives revenue from various federal and state-assisted grant programs. Programs are generally reimbursement-based, and JEA records revenue once expenditures for allowable purposes are made or upon compliance with the terms and conditions of grant agreements and applicable regulations.

- Review calculation of unbilled revenue
- Test contractual arrangements, including unique terms and conditions, to obtain reasonable assurance of compliance with the applicable accounting standards
- Test timing of revenue recognition based on the terms of the arrangement
- Confirm terms and conditions with both customers and management as considered necessary
- Test account reconciliations to determine timely completion and review
- Perform detailed analytical review procedures, by system, including predictive analytics based on verifiable consumption and production data
- Perform detailed tests over a sample of revenue transactions to assess the appropriateness and accuracy of recorded amounts

#### Allowance for doubtful accounts

An allowance for doubtful accounts is established based on JEA's best estimate of billed amounts that will not be collected from its customers.

- Test allowance for doubtful accounts calculation, including the aging of receivables
- Validate assumptions based on retrospective review of prior estimates
- Evaluate the appropriateness of the financial statement presentation and disclosure

#### Regulatory accounts

Regulatory accounts are recorded when either future revenues are expected to recover incurred expenses or when amounts have been collected through rates in advance. JEA's regulatory accounts are associated with the SJRPP and Bulk power systems pursuant to 3rd party agreements, and generally relate to the timing differences between recognition of capital asset costs (depreciation) and amounts collected in rates to cover debt service requirements.

- Test approval of any new regulatory assets/liabilities
- Verify that amortization and expense recognition are consistent with rate recovery
- Vouch significant additions
- Test account reconciliations
- Perform projection tests to determine that regulatory accounts will be recovered/amortized over the remaining maturities/useful lives of related debt and capital assets



# Our audit plan Areas of audit emphasis

### Area of emphasis

### Summary of planned audit procedures

### Legal reserves

Accruals are recorded for regulatory and legal proceedings that arise in the ordinary course of business when probable and subject to reasonable estimation.

Many factors are considered in making an assessment of a contingency, including history and stage of litigation. Estimates are based upon consultation with legal counsel (in-house and/or external). Legal fees are generally expensed as incurred.

- Interview management and in-house legal counsel regarding all litigation
- Obtain external letters from counsel
- Review legal accruals and expenses for appropriateness based on management inquiry and responses from outside counsel

### Derivative instruments and hedging activities

JEA uses derivative contracts to manage its exposure to changes in energy commodity prices and interest rates. Derivative contracts are accounted for in accordance with GASB 53. The gains and losses from the change in fair market value of JEA's derivative instruments are deferred if hedge effectiveness is maintained.

- Test assessment of hedge effectiveness documentation, including re-performance where quantitative methods are used
- Confirm instruments with counterparties
- Test recorded market values using independently developed estimates
- Test fuel hedge contract settlements
- Evaluate disclosures
- Reconsider normal purchase/normal sales assumptions for commodity contracts

### Pollution remediation obligations

JEA records accruals for costs for future and ongoing remediation, litigation and administrative expenses when these amounts are estimable. As required by GASB 49, management applies probability assessments to expected future cash outflows for remediation activities to determine the amounts accrued.

- Inquire of management and internal or external engineers regarding remediation plans and efforts
- Obtain evidence of the remediation plans and review and test management's probability assumptions for remediation activities
- Review estimated recoveries and obtain evidence that amounts recorded are considered probably of occurring



# Our audit plan Areas of audit emphasis

### Area of emphasis

### Summary of planned audit procedures

### Other postretirement benefits liabilities

JEA engages an actuary to calculate the liability related to the other post-employment benefit liability.

JEA's benefit obligations recognizable under these standards are significantly affected by certain assumptions, among which are the discount rate, long-term rate of return on plan assets, life expectancies and the assumed health care cost trend rate assumption.

- Review key assumptions for reasonableness
- Test census data provided to the actuaries
- Develop independent estimates for corroboration

### Pension plans

With the implementation of GASB 68 JEA is required to record a liability for it's unfunded pension obligations.

- Review actuary reports for reasonableness of assumptions and methodology
- For cost sharing plan (City Plan) obtain allocation schedule to determine the City's liabilities, expenses, deferred inflows and outflows
- For single employer plan, obtain actuary's reports and procedures performed by plan auditors
- Assess reasonableness of require disclosures

### Investments

All investments are stated at fair value based on quoted market prices or other observable market inputs (e.g., matrix pricing for fixed income securities).

- Assess estimation uncertainty for significant classes of securities in JEA's portfolio
- Confirm investments with custodial institutions and managers
- Test valuation for selected securities using alternative pricing sources
- Test selected transactions
- Evaluate GASB 40 risk disclosures

### Capital assets

Property and equipment is carried at historical cost. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 50 years.

- Review expenses to determine expenses should be capitalized versus expensed
- Test selection of assets added during fiscal year 2015
- Review depreciation for reasonableness

### Impairment of long-lived assets

JEA assesses recoverability of long-lived assets as indicators of impairment become known, as required by GASB Statement No. 42. If an impairment indicator or change in circumstance affecting the value of the asset has occurred, JEA would evaluate the need for an impairment charge by determining whether the carrying value is recoverable based on expected future cash flows of the asset. The assets are reduced to reflect their fair value if they are determined to be unrecoverable.

- Review and evaluate impairment indicators through inquiries and review of other records and meeting minutes
- Discuss and understand management's assessment if a change in circumstance potentially effects the value of an asset
- ▶ If applicable, test impairment computations and disclosures



# Our audit plan Involvement of council auditors and others

- Areas where EY is using the work of council auditors and subcontractor staff for direct assistance:
  - Test of controls/transactions
  - Substantive procedures for certain audit areas (including cash and investments, accounts receivable, capital assets, accounts payable, long-term debt)
- Direct assistance:
- EY works closely with council auditors and subcontractor staff, who provide us direct assistance:
  - On-site direction and supervision
  - Detailed review of working papers



# Inquiries relating to matters relevant to the audit

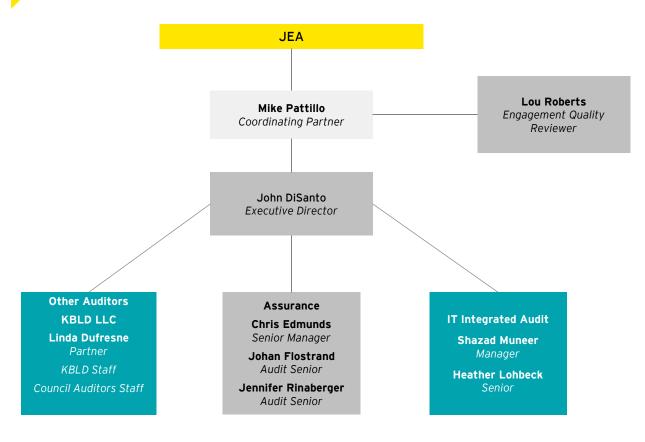
We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As a part of our upcoming meeting, we would like to discuss the following topics with you in order to understand any matters of which you believe we should be aware, including, but not limited to:

- Your views about the risks of material misstatements due to fraud, including the risks of management override of controls
- Your knowledge of any actual, alleged or suspected fraud
- Your awareness of tips or complaints regarding JEA's financial reporting (including those received through the audit committee's own "whistleblower" program, if any) and your response to such tips and complaints
- How you exercise oversight over JEA's assessment of fraud risks and the establishment of controls to address these risks
- Your awareness of other matters relevant to the audit including, but not limited to, violations or possible violations of laws or regulations
- Your understanding of JEA's relationships and transactions with related parties that are significant to JEA
- Whether any member of the audit committee has concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns
- Whether JEA has entered into any significant unusual transactions

When we identify a fraud risk, including a fraud risk that arises through or is associated with the risk of management override of controls, we perform audit procedures to address those risks. In addition to any specific responses related to the fraud risk, we also examine journal entries, review accounting estimates for management bias and evaluate the business rationale of significant unusual transactions as required by our professional standards.



## Client service team





# Summary of required communications

Provided below is a summary of required communications between the audit team and those charged with governance.

Services and deliverables	Communicate when event occurs	Communicate on a timely basis, at least annually
Overview of the planned scope and timing of the audit		Х
Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing and if there are any events or conditions that cause us to conclude that there is substantial doubt about the entity's ability to continue as a going concern		Х
Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements		X
Our views about the qualitative aspects of the entity's significant accounting practices, including:		
► The appropriateness of accounting policies to the particular circumstances of the Company including, the adoption of, or a change in, and accounting principle	X	
▶ The effect of significant accounting policies in controversial or emerging areas	X	:
▶ Significant accounting estimates	:	. X
Financial statement disclosures and related maters	:	. X
Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial		Х
Material corrected misstatements, related to accounts and disclosures	:	X
Significant deficiencies and material weaknesses in internal control	<u>:</u>	X
Fraud and illegal acts	X	
Independence matters	X	
Representations we are requesting from management	<u>:</u>	X
Changes to the terms of the audit with no reasonable justification for the change	X	
Significant findings and issues arising during the audit relating to related parties	Х	
Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management	X	
Significant difficulties encountered during the audit	X	
Disagreements with management	X	:
Management's consultations with other accountants	: X	•



# Summary of required communications

	Communicate when event occurs	Communicate on a timely basis, at least annually
Findings regarding external confirmations	X	
AICPA ethics ruling regarding third-party service providers		X
Other findings or issues regarding the oversight of the financial reporting process	X	
Additional communications required under GAS		X



Appendix A
System review report

# Appendix



KPMG LLP 345 Park Avenue New York, NY 10154-0102

### **System Review Report**

To the Partners of Ernst & Young LLP and the National Peer Review Committee of the AICPA Peer Review Board:

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the firm) applicable to non-SEC issuers, in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at <a href="https://www.aicpa.org/prsummary">www.aicpa.org/prsummary</a>.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) I and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Ernst & Young LLP, applicable to non-SEC issuers, in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Ernst & Young LLP has received a peer review rating of *pass*.



December 6, 2013

### EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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### About EY's Assurance Services

Our assurance services help our clients meet their reporting requirements by providing an objective and independent examination of the financial statements that are provided to investors and other stakeholders. Throughout the audit process, our teams provide timely and constructive challenge to management on accounting and reporting matters and a robust and clear perspective to audit committees charged with oversight.

The quality of our audit starts with our 60,000 assurance professionals, who have the breadth of experience and ongoing professional development that comes from auditing many of the world's leading companies.

For every client, we assemble the right multidisciplinary team with the sector knowledge and subject-matter expertise to address your specific issues. All teams use our Global Audit Methodology and latest audit tools to deliver consistent audits worldwide.

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1508-1592547



July 22, 2015

SUBJECT:	REGULATORY ACTIONS APPR	ROVAL AND POLICY R	EVISIONS		
Purpose:	☐ Information Only		Advice/Direction		
<b>Issue:</b> At the March 2015 meeting, the Board approved implementation of the Governmental Accounting Standards Board's (GASB) alternative accounting methods called "Regulatory Accounting", and approved changes to the Pricing Policy originally approved in October 2014. As outlined in the Pricing Policy, all regulatory actions by JEA are brought to the Finance and Audit Committee for recommendation. Recommended Finance and Audit Committee regulatory actions are presented to the Board for approval.					
<b>Significance:</b> Regulatory action approvals recognize commitments by regulatory bodies responsible for rates (in JEA's case, our Board) to collect revenues to cover specific categories of expenses, and treats those commitments as assets or liabilities on utilities' balance sheets.					
Effect: Established the direction of	shing these regulatory balance she f the Board.	eet items, and their inclu	sion in rates, can occur only at		
<b>Cost or Benefit:</b> These regulatory accounting actions better align with our Generally Accepted Accounting Principals (GAAP) reporting with debt service, coverage calculations, reporting and Utility Basis methodology for establishing revenue requirements.					
<b>Recommended Board action:</b> Staff recommends that the Finance and Audit Committee recommend to the Board the approval of the regulatory items and the changes to the Pricing Policy.					
For additional information, contact: Janice Nelson, 665-6442					

Submitted by: PEM/MHD/JRN



### Commitments to Action



Ver.2.0D 9/21/2013 jer



### INTER-OFFICE MEMORANDUM July 22, 2015

SUBJECT: REGULATORY ACTIONS APPROVAL AND POLICY REVISIONS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

### **BACKGROUND:**

At the March 2015 meeting, the Board approved implementation of the Governmental Accounting Standards Board's (GASB) alternative accounting methods called "Regulatory Accounting", as prescribed under paragraphs 476-500 of Governmental Accounting Standards Board 62, Regulated Operations. Accordingly, certain revenues and costs may be deferred to the Balance Sheet (Statement of Net Position) as regulatory assets or liabilities that would otherwise be charged to revenue or expense under Generally Accepted Accounting Principles (GAAP). As outlined in the Pricing Policy, all regulatory actions by JEA are brought to the Finance and Audit Committee for recommendation. Staff recommends the Finance and Audit Committee present the regulatory actions to the Board for approval.

### **DISCUSSION:**

Below are items requiring regulatory action approval:

### 1) Non-Fuel Purchased Power

In connection with the power purchase agreement with the Municipal Electric Authority of Georgia (MEAG), the Board has authorized a non-fuel purchase power stabilization fund. It was initially established to balance the timing of the payments for the plant's debt service with the anticipated inservice date; however, it may also be used for other purposes with the Board's approval. Annually as part of the budget approval process and periodically throughout the year, the Board will determine the amount in revenue requirements that should be included in the reserve.

Staff recommends depositing \$26 million of current year revenues in the Non-Fuel Purchased Power rate stabilization fund. This amount is the additional obligated payments under the power purchase agreement prior to commercial operation of the facility resulting from the recently-announced additional delay in construction. The new anticipated in-service dates are 2019 for Unit 3 and 2020 for Unit 4.

### 2) Loss on Debt Refunding

JEA periodically redeems or refinances debt. As part of these transactions, a gain or loss will be incurred. These gains and losses are amortized over the remaining life of the redeemed bonds, or the life of the new bonds of those refinanced. The amount deferred from prior bond refunding and refinancing on October 1, 2014, is \$90.8M for the Electric System and \$51.6M for Water and Sewer System.

Ver 2.2 02/01/2014

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Staff recommends that the annual amortization of prior year bond refunding gains and losses be included as a cost in developing the annual revenue requirements. Also, staff recommends that any gains or losses on future debt refunding be included in setting revenue requirements for the establishment of customer rates.

### 3) Debt Issue Costs

In connection with issuing bonds JEA will incur issuance costs. As part of implementation of Governmental Accounting Standards Board (GASB) 65, assets previously reported as Assets and Liabilities, JEA removed all debt issuance costs and related accumulated amortization which were previously reported in the statement of net position. The cumulative effect on net position of debt issue costs removed and written off was \$31.5 million.

Staff recommends the deferral and amortization of debt issuance costs incurred in fiscal year 2015 and any future debt issuance costs. In addition, staff recommends that the amortization of debt issuance costs be included in determining future revenue requirements as they are incurred. This is consistent with common market practice in bond issuance: Costs of issuance are included in the total bond amount and amortized over the life of the financing.

### 4) Environmental Charge - Water

The Board has approved the use of an Environmental Charge (EC) in the Water and Sewer System. JEA maintains a rate stabilization fund for Environmental Charge revenues which segregates the cash collected from the general fund. The Environmental Charge is set to recover the costs of approved projects as outlined in the Pricing Policy.

The Environmental Charge and associated stabilization fund was established in 2010 with the intent to fully recover both future environmental capital and operating costs and environmental expenses incurred between 2006 and 2010. Environmental Charge revenue requirements were established including both components. Going forward, for capital project costs recovered in the rate after October 1, 2014, the amounts recovered will be used to reduce the carrying cost of the asset in plant in service. For those capital projects funded from other sources, the annual amounts collected in the rate for these costs will be transferred to the fund providing the original monies to fund the project.

To allow for continued recovery of environmental costs not yet recovered from environmental revenues, and for transfer of these revenues to the fund providing original monies for the projects, staff recommends the Board approve recovery of, through the Environmental Charge, the cost of certain projects (in the attached project list) that had costs incurred prior to the current fiscal year net of monies already collected through the Environmental Charge. On October 1, 2014, this amounts to \$101.3 million. A portion of this is being recovered through the Environmental Charge during fiscal year 2015, leaving an estimated unrecovered balance of \$88 million at the end of the fiscal year. Staff recommends these amounts be approved for recovery over a 10-year period beginning in fiscal year 2016. A regulatory asset for this amount will be established and amortized consistent with future recovery in through the Environmental Charge.

### 5) Pension

Effective for fiscal year ended September 30, 2015, JEA will be required to record a net pension liability (NPL) on its statement of net position (balance sheet) which represents its proportionate share of the collective NPL of the City of Jacksonville General Employee Pension Plan. The liability is the difference between JEA's share of the total pension liability and the value of the assets that have been set aside to pay benefits to current employees, retirees, and their beneficiaries. Additionally, recognition of pension expense is no longer funding based. The new GASB 68 standard will require recording the changes in the NPL from one measurement date to the next as pension expense. Broadly speaking, the change in the NPL represent the recognition of the expense when benefits are earned rather than funding of those benefits, similar to the private sector recognition of pension expense. The changes required in calculating pension expense by the GASB standard relate only to financial reporting and do not impact the funding (pension contribution).

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As outlined in the agenda item dated February 25, 2015, through Regulatory Accounting, a regulatory asset will be recorded rather than a direct subtraction from JEA's net position when the pension liability is recorded on JEA's statement of net position for the year ended September 30, 2015, reflecting the Board's commitment to recover the unfunded pension liability from ratepayers in the future.

Staff also recommends deferral of changes in the related NPL and that the annual pension contributions (funding) be included as a cost in developing the annual revenue requirements for the establishment of customer rates.

Staff has updated the Pricing Policy that supports these regulatory actions and provides more clarity in the Debt Management Strategy Stabilization Fund section and the Water Environmental Charge section. The Environmental Charge pricing language is modified to clarify the Board's role in recovering the costs of capital projects funded from sources other than the environmental charge revenues and the future use of those collected funds. The Debt Management Strategy Stabilization Fund language is modified to broaden the Board's role concerning the Debt Management Policy and the use of the related stabilization funds based on debt management strategy objectives. Other administrative edits have also been made to the Pricing Policy, which are reflected in the attached document.

### **RECOMMENDATION:**

PEM/MHD/JRN

Staff recommends that the Finance and Audit Committee recommend to the Board the approval of the following regulatory items:

- 1) Depositing \$26 million of current year revenues in the Non-Fuel Purchased Power rate stabilization fund.
- 2) The annual amortization of prior year bond refunding gains and losses to be included as a cost in developing the annual revenue requirements. Also, any gains or losses on future debt refunding to be included in setting revenue requirements for the establishment of customer rates.
- 3) The deferral and amortization of debt issuance costs incurred in fiscal year 2015 and any future debt issuance costs. In addition, staff recommends that the amortization of debt issuance costs be included in determining future revenue requirements as they are incurred.
- 4) Recovery through the Environmental Charge, the cost of certain projects (in the attached project list) that had costs incurred prior to the current fiscal year net of monies already collected through the Environmental Charge over a 10-year period beginning in fiscal year 2016.
- 5) Deferral of changes in the related NPL and that the annual pension contributions (funding) be included as a cost in developing the annual revenue requirements for the establishment of customer rates.

In addition,	Staff is recommending approval of the changes to the Pricing Policy.				
	Paul E. McElroy, Managing Director/CEO				

### **Pricing Policy**

### I. Scope

This Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity. The total revenue requirement of each system must be sufficient to ensure the financial integrity of the utility, including recovery of debt service, sufficient revenue to meet renewal and replacement fund requirements, and maintenance of key financial metrics. It recognizes the operational challenges of managing dynamic businesses with major cost drivers such as significant regulatory reform, as well as fuel and debt service, which are dependent on global market conditions. The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

The Board is JEA's independent body responsible for setting rates. As part of this responsibility, the Board acknowledges that the rate setting policy and practices utilized will govern JEA's accounting under current generally accepted accounting principles, meaning that rate actions by the Board will impact when certain costs and revenues are recognized for financial statement purposes. This policy formalizes the rate philosophy utilized in prior years and codifies policy changes required for the implementation of regulatory accounting beginning with FY2015, including the change in rate setting methodology from Cash Basis to Utility Basis.

### II. Goal and Objectives

JEA's pricing shall be managed with an overall philosophy to provide advantages of a community-owned utility by delivering high quality, reliable and exceptional service at fair and competitive rates. JEA will exhaust all other net revenue improvement opportunities before recommending any price increases. JEA will develop a price structure that is based on cost of service and allocates costs to appropriate customer classes based on the cost to serve each class. Pricing shall be sufficient, predictable, consistent, understandable, fair, equitable, non-discriminatory and relatively easy to administer. A comprehensive cost of service study will be performed at a minimum of every five years to support that the rates charged by class are based on cost.

### III. Responsibility for Pricing Policy

The overall Pricing Policy is approved by the JEA Board of Directors and implemented by the Chief Executive Officer, Chief Financial Officer and staff. Annually, during the development of the Five Year Financial Projection that is

provided to the credit rating agencies, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Customer Officer (CCO), Vice President/General Manager Water Wastewater Systems, and Vice President/General Manager Electric Systems will meet to develop strategy and review pricing and financial performance. JEA's Financial Planning and Rates department will develop and manage processes to implement and administer this Policy. Based on this review, any changes to pricing such that JEA continues to have rates based on cost of service and sufficient to maintain each System's financial integrity will be recommended to the Board for approval.

### IV. Authorization

The JEA Board of Directors is independent from JEA management and has the power to fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend the same from time to time.

Although JEA is a non-jurisdictional entity, Tariffs approved by the Board of Directors are filed with the Public Service Commission for information and review. The Florida Public Service Commission (FPSC) does not regulate the revenue requirement of municipal utilities, yet pursuant to Section 366.04 (2), Florida Statues, the FPSC has jurisdiction to review a rate structure for municipal utilities.

### V. Electric System

Revenue requirements and rate design for the Electric System shall be constructed in three major categories: Base Rate, Fuel Charge, and Environmental Charge.

### **Base Rate**

### Structure

The Base Rate will be structured with two major components: a fixed monthly charge and consumption charges. The fixed charge is billed as a "Basic Monthly Charge" and the consumption charges are billed as "Energy Charge," "Residential Conservation Charge," "Demand Charge," and "Excess kVar Charge." (Italicized charges apply to commercial or industrial customers only, and do not appear on residential bills.) Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Electric System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 2.2x, (with a longterm goal of consistently achieving a minimum annual total debt service coverage ratio of 2.5x)
- A minimum of 150 to 250 days of liquidity
- Continue to move towards a maximum debt to asset ratio of 60%
- Maintain stabilization funds as detailed in the "Stabilization Funds" section

Staff plans to phase in higher fixed components of base rates over time, utilizing widely accepted principles and practices to better reflect the fixed components of JEA's electric system cost structure.

### **Pricing**

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the "Five Year Projection" section). Recurring capital will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA's balance sheet.

The Base Rate will additionally include a policy-directed allocation of current year base electric revenues to Customer Benefit programs to be collected in addition to the Residential Conservation Charge. Staff will develop specific programs such as electrification, direct load control, demand side management, residential low income efficiency programs, and customer utility optimization education programs, set program objectives and periodically report the status of the programs. Each year, the Customer Benefit budget will include an allocation for customer education initiatives at least equal to revenues generated from the Residential Conservation Charge (initially set at \$0.01 per kWh for monthly residential consumption in excess of 2,750 kWh) collected from customers in the prior year. The budgeted carve-out from the Base Rate will be set each year based on funding required to meet the targets determined by staff, at least equal to the Residential Conservation Charge and not to exceed \$0.50 per 1,000 kWh. Any amounts collected in excess of current and future anticipated need will be used for future costs or refunded to customers. The Customer Benefit programs do not function as special charge, but are a component of JEA's cost of service in determination of the Base Rate each year.

### **Fuel Charge**

### <u>Structure</u>

The Fuel Charge is designed to recover fuel and energy costs and will be structured with three potential components, the Variable Fuel Rate, the Fuel Stabilization Charge and the Fuel Recovery Charge.

The Variable Fuel Rate will be structured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling, residual disposal expense, less any proceeds from the sale of residuals, August 2015

byproduct expenses directly utilized in managing the facilities used to prepare the byproduct for its final disposition, fuel hedging activities including gains and losses on settlement of fuel hedges, purchase power energy charges such as fuel, and renewable energy that is not considered generation available for JEA's current capacity plans. This charge can be adjusted up or down based upon energy costs. The Fuel Charge structure shall also include a charge for Fuel Stabilization to fund potential negative variances between projected and actual energy costs, when projections at the time of the rate setting indicate this fund balance will be below the target balance during the rate period. A Fuel Recovery Charge may also be included as part of the Fuel Charge if needed to recover a cumulative fuel fund deficit over a set number of years.

### **Pricing**

The Fuel Charge will be set annually during the budget process to be effective October 1 of the upcoming fiscal year. The Charge is based on the forward twelve-month energy cost projection and will be structured to fully recover all expected fuel-related costs and any amounts for Fuel Stabilization Fund, discussed below, over the coming fiscal year. Provided the actual plus forecasted energy costs remain within 10% of projected energy cost, any variance will be "trued-up" annually and recovered in the subsequent twelve month period. Should actual plus forecasted energy costs exceed the 10% range of projected energy costs during the twelve month period, rates may be adjusted to reflect current market conditions. For example, a Variable Fuel Rate charge of \$50.00/1,000 kWh may be adjusted when the twelve month projection for total energy cost is less than \$45.00/1,000 kWh or greater than \$55.00/1,000 kWh. Absent a rate change, Fuel Charges collected in excess of fuel expenses are deposited in the Fuel Stabilization Fund, and under collected amounts are funded through Fuel Stabilization Fund withdrawals until rates can be adjusted.

The Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs. The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum 12-month historical fuel cost or (ii) the projected 12month fuel cost. Should the Fuel Stabilization Fund balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the CEO, CFO, CCO, and staff will evaluate the Fuel Stabilization Fund balance, projection through year-end, and current market prices and volatility, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. Absent any specific change, the Fuel Charge will continue to be collected until the end of the cycle. An objective of the Fuel Stabilization Charge is to establish the most transparent mechanism to communicate the amount of the Fuel Charge which is being collected to fund the Fuel Stabilization Fund, and thus should be utilized in the communication with stakeholders. Allowable uses of the Fuel Stabilization Fund shall include cash deposits supporting any fuel fund deficits, energy risk management activities, and inter-fund loans.

The Fuel Charge may also include a Fuel Recovery Charge to recover any cumulative fuel fund deficit. Allowable uses shall include debt reduction, repayment of inter-fund loans, new inter-fund loans, and fund activities employed during the time the fuel deficit accumulated that were used to fund the deficit.

Each month management shall report the total fuel revenues, expenses and the resulting surplus or deficit. All authorized fuel related costs shall be recovered through the Fuel Charge, and funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

### **Environmental Charge**

### **Structure**

The Environmental Charge is applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs.

### **Pricing**

The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Applicable use of funds is described in the "Stabilization Funds" section.

### VI. Water and Sewer System

Revenue requirements and rate design for the Water and Sewer System shall be constructed in two major categories: Base Rate and Environmental Charge.

### **Base Rate**

### Structure

Revenue and rate design for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity and main extension fees. Standard monthly charges will include two primary components: A fixed monthly charge and volume charges based on customer usage. The fixed charge is billed as a "Basic Monthly Charge" and the volume charges are billed as "Water Consumption Charges" and "Sewer Usage Charges".

Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Water and Sewer System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 1.8x, with a longterm goal of consistently achieving a minimum annual total debt service coverage ratio of 2.0x
- A minimum of 100 days of liquidity
- A long-term objective of a maximum debt to asset ratio of 50%
- Maintain stabilization funds in the "Stabilization Funds" section

### **Pricing**

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the "Five Year Projection" section). Recurring capital not recovered via the Environmental Charge will be recovered from revenues Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover nonrecurring capital over a future period of time may constitute an asset on JEA's balance sheet. The annual principal repayment requirements and contributions to the Renewal and Replacement Fund will be added to the non-capacity capital expenditure amount with the amount in excess of the annual depreciation expense included as an additional cost in setting rates. Capacity fee revenue will be used as an additional source of revenue in determining annual revenue requirements.

Capacity fees to recover water, sewer and reclaimed water treatment facilities investment are established to recover 100% of the cost, including materials, of performing these services. These fees will be reviewed and if necessary, adjusted at least every three years. Capacity fees to recover the cost of off-site water and sewer line extensions shall be established to recover:

- 75% master plan main extension attributed to general system growth, assessed on a per connection basis; and
- 100% main extension attributed to specific development, assessed to the developer in accordance with JEA's development policy.

On-site line extensions have been and will remain the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain.

Tap and meter fees will be established to recover 100% of the cost, including materials, of performing tap and meter services. These fees will be reviewed and, if necessary, adjusted at least every three years.

Staff will review with the Board of Directors the revenue and capital funding plans during both the annual budget cycle and the Five Year Projection/Rating Agency cycle.

### **Environmental Charge**

### **Structure**

The Environmental Charge is applied to all kgal sales and structured to provide funding for major specific environmental and regulatory program needs.

### **Pricing**

The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations. Applicable use of funds is described in the "Stabilization Funds" section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects funded from sources other than the environmental charge revenues, the Board will determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and related carrying charge of the related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Water and Sewer System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Water and Sewer System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

### VII. Five Year Projection

Staff will prepare a Five Year Projection annually that will be presented to Board of Directors and Rating Agencies. The Five Year Projection will address the status of the current pricing and forecasted cost-based revenue requirements.

The annual budgeting process will be used to project the cost-based revenue requirements and suggested pricing for the next fiscal year. Thereafter, factors to be considered in the projections include:

- Required revenue and resulting rates
- The forecast of unit sales
- Projected fuel and purchased power costs
- Projected non-fuel purchased power costs
- Projected operating and maintenance costs
- Projected pension contributions
- Contribution to the City General Fund
- Renewal and Replacement Deposit

- Amortization of regulatory assets and liabilities including gains and losses on debt refinancing, debt issue costs and other items approved by the Board
- Desired level of operating capital outlay
- Projected depreciation expense
- Desired debt service coverage, liquidity, and debt to asset levels consistent with a highly rated electric and water and sewer utilities
- Analysis of costs and revenue of any special charges for programs adopted by JEA and approved by the Board

### VIII. Stabilization Funds

The Board authorizes the funding and utilization of certain Stabilization Funds within each of the Electric and Water and Sewer Systems. Deposits and withdrawals will be made into each of the funds as specifically described below, and are governed by both this Pricing Policy and JEA's Bond Resolutions. The Stabilization Funds described below have a specific funding source which is approved by the Board, and uses of funds which are also approved by the Board. Any excess amounts remaining after the funding target is met and expenses are paid are refunded back to customers.

### **Fuel Stabilization Fund**

### **Target Balance**

The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum 12-month historical fuel cost or (ii) the projected 12-month fuel cost.

### Funding and Authorization

The Fuel Charge for each Fiscal Year is established to include the projected fuelrelated expenditures for the upcoming fiscal year as well as deposits required into the Fuel Stabilization Fund to maintain the target balance in the Fund. These projections, including any Fuel Stabilization Fund projected deposit amounts, are approved by the Board in connection with the approval of the annual Budget. Deposits to the Fuel Stabilization Fund during the fiscal year are made for amounts representing the excess of the variable rate fuel revenues (not including the fuel stabilization revenues) recorded for the fiscal year over the amount of actual fuel and purchased power expense for the fiscal year.

### Allowable Uses

Withdrawals from the Fuel Stabilization Fund for fuel stabilization are limited to the following purposes:

- a) to reduce the variable fuel rate charge to the customers for a determined period of time
- b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues
- c) to pay for the costs associated with any energy risk management activities and/or
- d) to be rebated back to the customers as a credit against the electric bill

The balance in the Fuel Stabilization Fund may also be borrowed by the Electric System operating fund through an interfund loan, which requires the approval of the CFO and the CEO with the amounts required to be repaid within a reasonable period of time.

### Excess Funds

Funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

### **Customer Benefit Stabilization Fund**

### Funding and Authorization

Deposits to the Customer Benefit Stabilization Fund are made for amounts representing the Residential Conservation Charge to the customer (\$0.01 per kWh over 2,750 kWh) and the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh) during the course of the fiscal year. The Residential Conservation Charge revenues are direct collections from customers based on sales. The Customer Benefit Revenue Allocation is approved by the Board in connection with the annual Budget process.

### Allowable Uses

Withdrawals from the Customer Benefit Stabilization Fund are limited to amounts representing charges to the applicable "Customer Benefit" expense types, which represent Customer Benefit programs approved annually by the Board. Amounts withdrawn from the Customer Benefit Stabilization Fund will first be funded by the Residential Conservation Charge (\$0.01 per kWh over 2,750 kWh) and the remaining funded by the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh). Any costs not recovered in the current year will be collected in future years through the Residential Conservation Charge and the Customer Benefit Revenue Allocation.

### **Excess Funds**

Funds collected in excess of the approved Customer Benefit programs shall be used to fund future program expenses or be refunded to customers.

### **Electric System Environmental Stabilization Fund**

### Funding and Authorization

Deposits to the Electric System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

### Allowable Uses

Withdrawals from the Electric System Environmental Stabilization Fund are limited to potential environmental expenditures approved by the Board, and may

include regulatory initiatives such as the cost of acquisition of renewable energy capacity.

### Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

### Water and Sewer System Environmental Stabilization Fund

### Funding and Authorization

Deposits to the Water and Sewer System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

### Allowable Uses

Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to major environmental and regulatory program needs. Capital costs include those costs associated with specific environmental or regulatory requirements. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source. The Environmental Charge revenue may also be used for JEA's cost participation with the City of Jacksonville septic tank phase-out program, including a waiver of sewer and main extension fees, or for well mitigation. Additionally, the Environmental Charge revenue may be used for Customer Benefit programs supporting the Consumptive Use Permit objective to reduce JEA's demand on the Florida Aquifer.

### Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

### **Debt Management Strategy Stabilization Fund**

### Funding and Authorization

The Board will approve a Debt Management Policy and use of related stabilization funds. Deposits to the Debt Management Strategy Stabilization Fund will be for amounts associated with any debt management strategy objectives. The Board as part of the budget review process will determine and approve the amounts included in rates that are to be deposited into the Debt Management Strategy Stabilization Fund for the year. The Board may, periodically throughout the year, determine and approve changes to these amounts. The amounts included in rates and deposited into the stabilization fund are intended to offset future costs.

### Allowable Uses

Withdrawals from the Debt Management Strategy Stabilization Fund for debt management strategy can be made for expenses related to market disruption in

the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. Any amounts withdrawn for these costs will subsequently be presented for approval by the Board.

### **Excess Funds**

Amounts deposited into the Debt Management Strategy Stabilization Fund for debt management strategy in excess of the target amount set forth in the Debt Management Policy in both the Electric and Water and Sewer Systems may be authorized by the Board to be used to (1) maintain the financial integrity of the Systems, (2) fund future debt-related expenses or (3) be refunded to customers.

### Non-Fuel Purchased Power (NFPP) Stabilization Fund

### **Target Balance**

Initially, the total projected principal payments incurred by MEAG for the Vogtle Units 3 and 4 Purchased Power Agreement prior to the operating date of each unit.

### **Funding and Authorization**

Deposits to the NFPP Stabilization Fund are for amounts associated with any non-fuel purchased power. The Board will determine as part of the Budget approval process or periodically throughout the year the amount to include in rates that will be deposited into the NFPP Stabilization Fund.

### Allowable Uses

Withdrawals from the NFPP Stabilization Fund are to reimburse non-fuel purchased power expenses associated with Plant.

### Excess Funds

Funds collected in excess shall be used to fund future non-fuel purchased power expenses or be refunded to customers.

### **Health Self-Insurance Reserve**

### Target Balance

The target size of this reserve is based on regulatory requirements, market conditions and risk management experience, along with input from the Department of Insurance, the regulatory body responsible for oversight of all self-insurance health and medical plans.

The objective is to maintain appropriate reserves and to ensure the long-term viability of the organization and the sustainability of the self-insurance health programs. Rule 69O-149.053, Florida Administrative Code requires that JEA maintain a minimum surplus reserve of 60 days over and above the amount needed for the Plan's claim liability to cover costs associated with unexpected claims.

### **Funding and Authorization**

JEA has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program. Reserve requirements will be reviewed and approved by the Board annually. The Board, as part of the Budget approval process, will approve amounts to be collected in rates that include both the current anticipated cost less amounts approved to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

### Allowable Uses:

The amounts approved for recovery from the employees will be used to reduce the annual cost. Any costs in excess of revenues collected will be included in rates at the direction of the Board in a future period.

### Excess Funds

Any amount over the required reserve requirement will be used to reduce future costs included in rates or will be refunded to the employee through premium holidays as approved by the Board.

### IX. Policy Exceptions

Any pricing activity determined to be in conflict with this Policy will be brought to the Board of Directors for review and approval prior to adoption, and resulting metrics will be reported on an annual basis within the Five Year Projection.

### X. Effective Date

This Pricing Policy became effective October 1, 2005 (originally called "Pricing Philosophy"). This revision will become effective on the date on which it is adopted by the full Board effective October 1, 2014.

### **Pricing Policy**

### I. Scope

This Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity. The total revenue requirement of each system must be sufficient to ensure the financial integrity of the utility, including recovery of debt service, sufficient revenue to meet renewal and replacement fund requirements, and maintenance of key financial metrics. It recognizes the operational challenges of managing dynamic businesses with major cost drivers such as significant regulatory reform, as well as fuel and debt service, which are dependent on global market conditions. The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

The Board is JEA's independent body responsible for setting rates. As part of this responsibility, the Board acknowledges that the rate setting policy and practices utilized will govern JEA's accounting under current generally accepted accounting principles, meaning that rate actions by the Board will impact when certain costs and revenues are recognized for financial statement purposes. This policy formalizes the rate philosophy utilized in prior years and codifies policy changes required for the implementation of regulatory accounting beginning with FY2015, including the change in rate setting methodology from Cash Basis to Utility Basis.

### II. Goal and Objectives

JEA's pricing shall be managed with an overall philosophy to provide advantages of a community-owned utility by delivering high quality, reliable and exceptional service at fair and competitive rates. JEA will exhaust all other net revenue improvement opportunities before recommending any price increases. JEA will develop a price structure that is based on cost of service and allocates costs to appropriate customer classes based on the cost to serve each class. Pricing shall be sufficient, predictable, consistent, understandable, fair, equitable, non-discriminatory and relatively easy to administer. A comprehensive cost of service study will be performed at a minimum of every five years to support that the rates charged by class are based on cost.

### III. Responsibility for Pricing Policy

The overall Pricing Policy is approved by the JEA Board of Directors and implemented by the Chief Executive Officer, Chief Financial Officer and staff.

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Annually, during the development of the Five Year Financial Projection that is provided to the credit rating agencies, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Customer Officer (CCO), Vice President/General Manager Water Wastewater Systems, and Vice President/General Manager Electric Systems will meet to develop strategy and review pricing and financial performance. JEA's Financial Planning and Rates department will develop and manage processes to implement and administer this Policy. Based on this review, any changes to pricing such that JEA continues to have rates based on cost of service and sufficient to maintain each System's financial integrity will be recommended to the Board for approval.

### IV. Authorization

The JEA Board of Directors is independent from JEA management and has the power to fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend the same from time to time.

Although JEA is a non-jurisdictional entity, Tariffs approved by the Board of Directors are filed with the Public Service Commission for information and review. The Florida Public Service Commission (FPSC) does not regulate the revenue requirement of municipal utilities, yet pursuant to Section 366.04 (2), Florida Statues, the FPSC has jurisdiction to review a rate structure for municipal utilities.

### V. Electric System

Revenue requirements and rate design for the Electric System shall be constructed in three major categories: Base Rate, Fuel Charge, and Environmental Charge.

### **Base Rate**

### Structure

The Base Rate will be structured with two major components: a fixed monthly charge and consumption charges. The fixed charge is billed as a "CustomerBasic Monthly Charge" and the consumption charges are billed as "Energy Charge," "Residential Conservation Charge," "Demand Charge," and "Excess kVar Charge." (Italicized charges apply to commercial or industrial customercustomers only, and do not appear on residential bills.) Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Electric System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 2.2x, (with a longterm goal of consistently achieving a minimum annual total debt service coverage ratio of 2.5x)
- A minimum of 150 to 250 days of liquidity
- Continue to move towards a maximum debt to asset ratio of 60%
- Maintain stabilization funds as detailed in the "Stabilization Funds" section

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Staff plans to phase in higher fixed components of base rates over time, utilizing widely accepted principles and practices to better reflect the fixed components of JEA's electric system cost structure. At that time the fixed charge will be renamed based on customer feedback.

### **Pricing**

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the "Five Year Projection" section). Recurring capital will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA's balance sheet.

The Base Rate will additionally include a policy-directed allocation of current year base electric revenues to Customer Benefit programs to be collected in addition to the Residential Conservation Charge. Staff will develop specific programs such as electrification, direct load control, demand side management, residential low income efficiency programs, and customer utility optimization education programs, set program objectives and periodically report the status of the programs. Each year, the Customer Benefit budget will include an allocation for customer education initiatives at least equal to revenues generated from the Residential Conservation Charge (initially set at \$0.01 per kWh for monthly residential consumption in excess of 2,750 kWh) collected from customers in the prior year. The budgeted carve-out from the Base Rate will be set each year based on funding required to meet the targets determined by staff, at least equal to the Residential Conservation Charge and not to exceed \$0.50 per 1,000 kWh. Any amounts collected in excess of current and future anticipated need will be used for future costs or refunded to customers. The Customer Benefit programs do not function as special charge, but are a component of JEA's cost of service in determination of the Base Rate each year.

### **Fuel Charge**

### Structure

The Fuel Charge is designed to recover fuel and energy costs and will be structured with three potential components, the Variable Fuel Rate, the Fuel Stabilization Charge and the Fuel Recovery Charge.

The Variable Fuel Rate will be structured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling, residual disposal expense, less any proceeds from the sale of residuals, byproduct expenses directly utilized in managing the facilities used to prepare the byproduct for its final disposition, fuel hedging activities including gains and losses on settlement of fuel hedges, purchase power energy charges such as fuel, and renewable energy that is not considered generation available for JEA's current capacity plans. This charge can be adjusted up or down based upon energy costs. The Fuel Charge structure shall also include a charge for Fuel Stabilization to fund potential negative variances between projected and actual energy costs, when projections at the time of the rate setting indicate this fund balance will be below the target balance during the rate period. A Fuel Recovery Charge may also be included as part of the Fuel Charge if needed to recover a cumulative fuel fund deficit over a set number of years.

### **Pricing**

The Fuel Charge will be set annually during the budget process to be effective October 1 of the upcoming fiscal year. The Charge is based on the forward twelve-month energy cost projection and will be structured to fully recover all expected fuel-related costs and any amounts for Fuel Stabilization Fund, discussed below, over the coming fiscal year. Provided the actual plus forecasted energy costs remain within 10% of projected energy cost, any variance will be "trued-up" annually and recovered in the subsequent twelve month period. Should actual plus forecasted energy costs exceed the 10% range of projected energy costs during the twelve month period, rates may be adjusted to reflect current market conditions. For example, a Variable Fuel Rate charge of \$50.00/1,000 kWh may be adjusted when the twelve month projection for total energy cost is less than \$45.00/1,000 kWh or greater than \$55.00/1,000 kWh. Absent a rate change, Fuel Charges collected in excess of fuel expenses are deposited in the Fuel Stabilization Fund, and under collected amounts are funded through Fuel Stabilization Fund withdrawals until rates can be adjusted.

The Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs. The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum 12-month historical fuel cost or (ii) the projected 12-month fuel cost. Should the Fuel Stabilization Fund balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the CEO, CFO, CCO, and staff will evaluate the Fuel Stabilization Fund balance, projection through year-end, and current market prices and volatility, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. Absent any specific change, the Fuel Charge will continue to be collected until the end of the cycle. An objective of the Fuel Stabilization Charge is to establish the most transparent mechanism to communicate the amount of the Fuel Charge which is being collected to fund the Fuel Stabilization Fund, and thus should be utilized in the communication with stakeholders. Allowable uses of the Fuel Stabilization Fund shall include

cash deposits supporting any fuel fund deficits, energy risk management activities, and inter-fund loans.

The Fuel Charge may also include a Fuel Recovery Charge to recover any cumulative fuel fund deficit. Allowable uses shall include debt reduction, repayment of inter-fund loans, new inter-fund loans, and fund activities employed during the time the fuel deficit accumulated that were used to fund the deficit.

Each month management shall report the total fuel revenues, expenses and the resulting surplus or deficit. All authorized fuel related costs shall be recovered through the Fuel Charge, and funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

### **Environmental Charge**

### Structure

The Environmental Charge is applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs.

### **Pricing**

The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Applicable use of funds is described in the "Stabilization Funds" section.

### VI. Water and Sewer System

Revenue requirements and rate design for the Water and Sewer System shall be constructed in two major categories: Base Rate and Environmental Charge.

### **Base Rate**

### Structure

Revenue and rate design for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity and main extension fees. Standard monthly charges will include two primary components: A fixed monthly charge and volume charges based on customer usage. The fixed charge is billed as a "Service AvailabilityBasic Monthly Charge" and the volume charges are billed as "Water Consumption Charges" and "Sewer Usage Charges".

Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Water and Sewer System by achieving the following objectives:

 A minimum annual total debt service coverage ratio of 1.8x, with a longterm goal of consistently achieving a minimum annual total debt service coverage ratio of 2.0x

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- A minimum of 100 days of liquidity
- A long-term objective of a maximum debt to asset ratio of 50%
- Maintain stabilization funds in the "Stabilization Funds" section

### **Pricing**

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the "Five Year Projection" section). Recurring capital not recovered via the Environmental Charge will be recovered from revenues Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover nonrecurring capital over a future period of time may constitute an asset on JEA's balance sheet. The annual principal repayment requirements and contributions to the Renewal and Replacement Fund will be added to the non-capacity capital expenditure amount with the amount in excess of the annual depreciation expense included as an additional cost in setting rates. Capacity fee revenue will be used as an additional source of revenue in determining annual revenue requirements.

Capacity fees to recover water, sewer and reclaimed water treatment facilities investment are established to recover 100% of the cost, including materials, of performing these services. These fees will be reviewed and if necessary, adjusted at least every three years. Capacity fees to recover the cost of off-site water and sewer line extensions shall be established to recover:

- 75% master plan main extension attributed to general system growth, assessed on a per connection basis; and
- 100% main extension attributed to specific development, assessed to the developer in accordance with JEA's development policy.

On-site line extensions have been and will remain the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain.

Tap and meter fees will be established to recover 100% of the cost, including materials, of performing tap and meter services. These fees will be reviewed and, if necessary, adjusted at least every three years.

Staff will review with the Board of Directors the revenue and capital funding plans during both the annual budget cycle and the Five Year Projection/Rating Agency cycle.

### **Environmental Charge**

### Structure

The Environmental Charge is applied to all kgal sales and structured to provide funding for major specific environmental and regulatory program needs.

### **Pricing**

The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations. Applicable use of funds is described in the "Stabilization Funds" section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects not funded currently from sources other than the environmental charge revenues, the Board will include determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge an amount for these approved projects both in the current year and from prior years equal to the. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and a current related carrying charge on the undepreciated balance. Depreciation of assets funded through current year Environmental Charge revenues will not be included in future rate determination. Amounts collected for depreciation and carrying costs of projects not funded through the charge will be transferred toof the Renewal and Replacement fund. related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Water and Sewer System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Water and Sewer System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

### VII. Five Year Projection

Staff will prepare a Five Year Projection annually that will be presented to Board of Directors and Rating Agencies. The Five Year Projection will address the status of the current pricing and forecasted cost-based revenue requirements.

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The annual budgeting process will be used to project the cost-based revenue requirements and suggested pricing for the next fiscal year. Thereafter, factors to be considered in the projections include:

- Required revenue and resulting rates
- The forecast of unit sales
- Projected fuel and purchased power costs
- Projected non-fuel purchased power costs
- · Projected operating and maintenance costs
- Contribution to the City General Fund
- Renewal and Replacement Deposit
- Amortization of regulatory assets and liabilities including gains and losses on debt refinancing, debt issue costs and other items approved by the Board
- Desired level of operating capital outlay
- Projected depreciation expense
- Desired debt service coverage, liquidity, and debt to asset levels consistent with a highly rated electric and water and sewer utilities
- Analysis of costs and revenue of any special charges for programs adopted by JEA and approved by the Board

### VIII. Stabilization Funds

The Board authorizes the funding and utilization of certain Stabilization Funds within each of the Electric and Water and Sewer Systems. Deposits and withdrawals will be made into each of the funds as specifically described below, and are governed by both this Pricing Policy and JEA's Bond Resolutions. The Stabilization Funds described below have a specific funding source which is approved by the Board, and uses of funds which are also approved by the Board. Any excess amounts remaining after the funding target is met and expenses are paid are refunded back to customers.

### **Fuel Stabilization Fund**

### Target Balance

The target balance in the Fuel Reserve Stabilization Fund is equal to 15% of the greater of (i) the maximum 12-month historical fuel cost or (ii) the projected 12-month fuel cost.

### **Funding and Authorization**

The Fuel Charge for each Fiscal Year is established to include the projected fuelrelated expenditures for the upcoming fiscal year as well as deposits required into the Fuel Stabilization Fund to maintain the target balance in the Fund. These projections, including any Fuel Stabilization Fund projected deposit amounts, are approved by the Board in connection with the approval of the annual Budget. Deposits to the Fuel Stabilization Fund during the fiscal year are made for amounts representing the excess of the variable rate fuel revenues (not including the fuel stabilization revenues) recorded for the fiscal year over the amount of actual fuel and purchased power expense for the fiscal year.

### Allowable Uses

Withdrawals from the Fuel Stabilization Fund for fuel stabilization are limited to the following purposes:

- a) to reduce the variable fuel rate charge to the customers for a determined period of time
- b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues
- c) to pay for the costs associated with any energy risk management activities and/or
- d) to be rebated back to the customers as a credit against the electric bill

The balance in the Fuel Stabilization Fund may also be borrowed by the Electric System operating fund through an interfund loan, which requires the approval of the CFO and the CEO with the amounts required to be repaid within a reasonable period of time.

### Excess Funds

Funds collected in excess of authorized fuel related expenses (including <u>Fuel</u> Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

### **Customer Benefit Stabilization Fund**

### Funding and Authorization

Deposits to the Customer Benefit Stabilization Fund are made for amounts representing the Residential Conservation Charge to the customer (\$0.01 per kWh over 2,750 kWh) and the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh) during the course of the fiscal year. The Residential Conservation Charge revenues are direct collections from customers based on sales. The Customer Benefit Revenue Allocation is approved by the Board in connection with the annual Budget process.

### Allowable Uses

Withdrawals from the Customer Benefit Stabilization Fund are limited to amounts representing charges to the applicable "Customer Benefit" expense types, which represent Customer Benefit programs approved annually by the Board. Amounts withdrawn from the Customer Benefit Stabilization Fund will first be funded by the Residential Conservation Charge (\$0.01 per kWh over 2,750 kWh) and the remaining funded by the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh). Any costs not recovered in the current year will be collected in future years through the Residential Conservation Charge and the Customer Benefit Revenue Allocation.

### **Excess Funds**

Funds collected in excess of the approved Customer Benefit programs shall be used to fund future program expenses or be refunded to customers.

### **Electric System Environmental Stabilization Fund**

### **Funding and Authorization**

Deposits to the Electric System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

### Allowable Uses

Withdrawals from the Electric System Environmental Stabilization Fund are limited to potential environmental expenditures, which approved by the Board, and may include, with the approval of the Board, regulatory initiatives such as the cost of acquisition of renewable energy capacity.

### Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

### Water and Sewer System Environmental Stabilization Fund

### Funding and Authorization

Deposits to the Water and Sewer System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

### Allowable Uses

Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to major environmental and regulatory program needs. Capital costs include those costs associated with specific environmental or regulatory requirements. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source. The Environmental Charge revenue may also be used for JEA's cost participation with the City of Jacksonville septic tank phase-out program, including a waiver of sewer and main extension fees-, or for well mitigation. Additionally, the Environmental Charge revenue may be used for Customer Benefit programs supporting the Consumptive Use Permit objective to reduce JEA's demand on the Florida Aquifer.

### **Excess Funds**

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

## **Debt Management Strategy Stabilization Fund**

## **Target Balance**

Five percent of the par amount of the total outstanding variable rate debt.

## Funding and Authorization

The Board will approve a Debt Management Policy and use of related stabilization funds. Deposits to the Debt Management Strategy Stabilization Fund will be for Debt Management Strategy shall be made from amounts associated with any debt management strategy objectives. The Board as part of the difference inbudget review process will determine and approve the actual amounts included in rates for interest expense incurred for unhedged variable rate debt, if any outstanding, and budgeted variable rate for interest expense enthat are to be deposited into the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budgeted over Debt Management Strategy Stabilization Fund for the actual debt service expense for any fiscal year. The Debt and Investment Committee will The Board may, periodically review the actual and budgeted debt service duringthroughout the year, determine and approve changes to these amounts. The amounts included in rates and recommend to the Board the appropriate amount to be included in the reserve. The amount deposited for excess debt service will be reviewed and approved by the Board. However, the total amounts deposited (in additioninto the stabilization fund are intended to actual debt service offset future costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year.

## Allowable Uses

Withdrawals from the Debt Management <u>Strategy</u> Stabilization Fund for <u>Debt Management Strategy debt management strategy</u> can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. The amounts deposited into the reserve are included in rates currently as a cost. The amounts withdrawn are intended to offset a cost in the future period or be refunded to customers as reduced rates. Any amounts withdrawn for these costs will subsequently be presented for approval by the Board.

## Excess Funds

Funds collected Amounts deposited into the Debt Management Strategy Stabilization Fund for debt management strategy in excess shallof the target amount set forth in the Debt Management Policy in both the Electric and Water and Sewer Systems may be authorized by the Board to be used to (1) maintain the financial integrity of the Systems, (2) fund future environmental debt-related expenses or (3) be refunded to customers.

## Non-Fuel Purchased Power (NFPP) Stabilization Fund

## **Target Balance**

11

August 2015

Initially, the total projected principal payments incurred by MEAG for the Vogtle Units 3 and 4 Purchased Power Agreement prior to the operating date of each unit.

## **Funding and Authorization**

Deposits to the RateNFPP Stabilization Fund are for amounts associated with any non-fuel purchased power. The Board will determine as part of the Budget approval process or periodically throughout the year the amount to include in rates that will be deposited into the NFPP Stabilization Fund.

## Allowable Uses

Withdrawals from the NFPP Stabilization Fund are to reimburse non-fuel purchased power expenses associated with Plant.

## **Excess Funds**

Funds collected in excess shall be used to fund future non-fuel purchased power expenses or be refunded to customers.

## **Health Self-Insurance Reserve**

## Target Balance

The target size of this reserve is based on regulatory requirements, market conditions and risk management experience, along with input from the Department of Insurance, the regulatory body responsible for oversight of all self-insurance health and medical plans.

The objective is to maintain appropriate reserves and to ensure the long-term viability of the organization and the sustainability of the self-insurance health programs. Rule 69O-149.053, Florida Administrative Code requires that JEA maintain a minimum surplus reserve of 60 days over and above the amount needed for the Plan's claim liability to cover costs associated with unexpected claims.

#### Funding and Authorization

JEA has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program. Reserve requirements will be reviewed and approved by the Board annually. The Board, as part of the Budget approval process, will approve amounts to be collected in rates that include both the current anticipated cost less amounts approved to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

#### Allowable Uses:

The amounts approved for recovery from the employees will be used to reduce the annual cost. Any costs in excess of revenues collected will be included in rates at the direction of the Board in a future period.

## Excess Funds

Any amount over the required reserve requirement will be used to reduce future costs included in rates or will be refunded to the employee through premium holidays as approved by the Board.

## IX. Policy Exceptions

Any pricing activity determined to be in conflict with this Policy will be brought to the Board of Directors for review and approval prior to adoption, and resulting metrics will be reported on an annual basis within the Five Year Projection.

## X. Effective Date

This Pricing Policy became effective October 1, 2005 (originally called "Pricing Philosophy"). This revision will become effective on the date on which it is adopted by the full Board effective October 1, 2014.

WORK ORDER DESCRIPTION	FY06-FY14	FY15	TOTAL
OM - BIOLOGICAL NITROGEN REMOVAL - PROTOTYPE PROGM CP896	2,780,270.77	- \$	2,780,270.77
USC - SAN JOSE PHASE-OUTS CP831	172,878.60	\$	172,878.60
USC - (AFS) STORAGE AND REPUMP FACILITY - SJC - RECLAIM WATER - CP148	122,712.65	- \$	122,712.65
USC - DEERWOOD N OFFICE PARK - RECLAIM WATER CP363	41,634.58	\$	41,634.58
OM - ARLINGTON E - FILTER EXPN RCW - CP795	505.74	- \$	505.74
USC - BEACH BV - FCCJ TO HODGES BV - RCW	7,897.86	12Y \$	7,897.86
USC - SAN PABLO WWTP PHASE OUT - S	3,546,195.29	- \$	3,546,195.29
USC - WOODMERE WWTP PHASE OUT - S	2,851,526.34	( <b>2</b> 0) \$	2,851,526.34
COM - NOCATEE RECLAIM TRANSMISSION - ON-SITE - RCW	5,045,253.06	- \$	5,045,253.06
USC - SOUTH GRID RECLAIM INTERCONNECT - RCW	337,573.60	erc \$	337,573.60
USC - NOCATEE RECLAIM STORAGE & REPUMP FACILITY - ON-SITE - RCW	3,278,083.48	- \$	3,278,083.48
USC - IAI - JP - RCW	5,766,120.97	<b>≔</b> \$	5,766,120.97
USC - IAI - JTA - JP - RCW	287,825.58	- \$	287,825.58
COM - AMELIA CONCOURSE RECLAIM WATER MAIN - RCW	65,313.65	<b>≔</b>	65,313.65
TREASURY-STORAGE AND REPUM FACILITY - SJC - RCW	68,467.35	- \$	68,467.35
CR - COM - BARTRAM PK BV RECLAIM WATER MAIN EXT- RCW	185,317.97	· \$	185,317.97
OM - (AFS) BIOLOGICAL NITROGEN REMOVAL FY06- PROTOTYPE PRG - S	6,705,497.11	- \$	6,705,497.11
USC - MANDARIN WWTP SYSTEM EXPANSION - S	42,525.29	- \$	42,525.29
CR - COM (AFS) - DEVELOPER DRIVEN PROJECTS RECLAIM - RCW	5,069.85	- \$	5,069.85
SP - SJC (AFS) - NOCATEE RECLAIM TRANSMISSION - OFF_SITE - RCW	2,815,930.41	( <b>≒</b> \$	2,815,930.41
SP - (AFS) DELIVERY STATI <b>ON</b> S - JG&CC - QHGC - GKGCC - RCW	236,943.53	₁ <del>,</del> \$	236,943.53
CR - COM - ABERDEEN_DURBIN RECLAIMED WATER MAINS	4,650,214.35	- \$	4,650,214.35
OM - RIVER OAKS RESERVOIR REHABILITATION	996,331.50	: \$	996,331.50
ECS - SOUTHWEST WWTF BNR CAPACITY UPGRADE	2,660,461.77	- \$	2,660,461.77
ECS - BUCKMAN WWTF BNR CAPACITY UPGRADE	375,670.62	· \$	375,670.62
ECS - ARLINGTOM EAST WWTP BNR CAPACITY UPGRADES - S	24,703,765.37	- \$	24,703,765.37
ECS - SOUTHWEST WWTF BNR CAPACITY UPGRADE PH2 - S	9,486,596.36	≔ \$	9,486,596.36
ECS - ROYAL LAKES WWTP PHASE OUT	5,957,796.76	- \$	5,957,796.76
ECS - FT CAROLINE RD FORCE MAIN	1,977,225.09	- \$	1,977,225.09
ECS - HOLLY OAKS PUMP STATION - S	470,496.54	- \$	470,496.54
ECS - SJRPP RECLAIMED ON-SITE IMPROVEMENTS	1,425,728.68	- \$	1,425,728.68
ECS - CRAIG FIELD-KERNAN BLVD TO MONUMENT RD RECLAIMED TRANSMISSION	3,818,226.56	= \$	3,818,226.56
ECS - BLACKSFORD RECLAIM STORAGE	1,127,673.74	- \$	1,127,673.74
ECS - COM - RIVERTOWN - RECLAIMED	3,058,737.97	÷ \$	3,058,737.97
ECS - COM - NOCATEE PHASE II - RECLAIMED	2,432,119.48	- \$	2,432,119.48
ECS - ATLANTIC BV - HENDRICKS AV TO UNIVERSITY AV - W	*	:- \$	-
ECS - SAN JOSE PHASE OUT - SANCHEZ - LAVISTA TO SAN CLERC FM - S	449,817.75	\$	449,817.75
OM-BAY HARBOUR TO BEACON HILLS - FM - S	168,540.55	· \$	168,540.55
ECS - ROYAL LAKES PUMP STATION - S	2,007,139.09	- \$	2,007,139.09
ECS - ED AUSTIN PARK ENHANCED RECLAIMED WATER IRRIGATION SYSTEM - RCW	₩	¥ \$	=

CR - COM - SALARIES AND MISC CAPITAL EXPENDITURES - RCW	9 <b>-</b> 9	593	\$ 180
OM - WWTP IRRIGATION SYSTEM CONV TO REUSE - RCW	1,051,351.67	-	\$ 1,051,351.67
CR - COM BARTRAM PARK PHASE 3B - RCW	232,950.41	-	\$ 232,950.41
CR - WSOF - SALARIES AND MISC CAPITAL EXPENDITURES - RCW	-	-	\$ -
ECS - MAIN ST WTP - ORANGE ST RESERVOIR REHAB - W	11,966,005.02		\$ 11,966,005.02
ECS - (ENV) ST JOHNS RIVER - SS GEN TO CESERY RD - TWMP SEGMENT 2- W	23,717,823.41	-	\$ 23,717,823.41
ECS - BRADLEY RD - SOUTHSIDE BV TO ST JOHNS BLUFF RD - TWMP SEGMENT 6- W	5,487,844.32	12.58	\$ 5,487,856.90
ECS - (ENV) HENDRICKS WTP TO ST JOHNS RIVER - TWMP SEGMENT 1- W	4,358,728.32	-	\$ 4,358,728.32
ECS - (ENV) ARLINGTON EXPRESS ACCESS RD - CESERY RD TO SSIDE BV - TWMP SEGMENT 5 - W	8,179,731.90	-	\$ 8,179,731.90
ECS - (ENV) BUCKMAN WWTP BNR - S	11,918,368.13	207,146.53	\$ 12,125,514.66
ECS -BEACON HILL WWTP DEMOLITION - S	45,161.80	120	\$ 45,161.80
ECS - IAI - JP - ROYAL LAKES SOUTHSIDE BV - JTB EAST RAMP - S - S	1,533,859.65	: *:	\$ 1,533,859.65
OM - (WMD) ARLINGTON EAST WWTP 2.0 MGD REUSE CAPACITY ADDIT - RCW	150		\$
ECS - NOCATEE RIVERWOOD - RECLAIM - RCW	199,066.16	-	\$ 199,066.16
OM - (WMD) ARLINGTON EAST WRF - RECLAIM WATERIRRIGATION SYSTEM - RCW	177,125.91	3.53	\$ 177,125.91
ECS - NOCATEE GREENLEAF DR - RCW	212,114.49		\$ 212,114.49
(R) OM - DEERWOOD PARK NORTH HOA - RCW	71,603.56	8-8	\$ 71,603.56
ECS - (ENV) FAIRFAX WTP RESERVOIR REHABWTP RESERVOIR - W	1,469,577.48	729,060.56	\$ 2,198,638.04
ECS - SERVICE AREA MONITORING WELLS - W	884,122.44	**	\$ 884,122.44
ECS - (ENV) - ARLINGTON WTP TO ARLINGTON EXPRESSWAY TWMP SEG4- W	5,151,690.60	3.00	\$ 5,151,690.60
ECS - (ENV) -E BANK St JOHNS RIVER HDD TO ARLINGTON WTP TWMP SEG3- W	4,881,047.29	-	\$ 4,881,047.29
OM - ARLINGTON EAST RECLAIM STORAGE CONVERSION - S	680,754.71	*	\$ 680,754.71
ECS - ARLINGTON EAST WWTP 2.0 MGD REUSE CAPACITY ADDITION - S	646,372.11	-	\$ 646,372.11
ECS - (ENV) SAN JOSE PHASEOUT - TIE TO ROYAL LAKES OUTFALL (16INCH) - S	1,434,242.71	620	\$ 1,434,242.71
ECS - (ENV) ROYAL LAKES OUTFALL LINE - SAN JOSE (WWTF) TO ARLINGTON EAST (WRF) - S	452,508.17	-	\$ 452,508.17
ECS - (ENV) SAN JOSE PHASEOUT MASTER PUMP STATION - S	646,734.37	250	\$ 646,734.37
OM - (ENV) SAN JOSE PHASEOUT - CONVERT SAN CLREC PS TO BOOSTER STATION - S	440,516.00	-	\$ 440,516.00
ECS - DEVELOPMENT - MINOR PROJECTS - R	-	(4)	\$ -
OM - UPGRADE PUMPS AT MANDARIN - R	412,990.51	-	\$ 412,990.51
ECS - NOCATEE - VALLEY RIDGE BV EXTENSION (SC) - R	274,261.43	(=3)	\$ 274,261.43
ECS - (ENV) SERVICE AREA MONITORING WELLS - W	629,525.28	-	\$ 629,525.28
ECS - (ENV) SERVICE AREA MONITORING WELLS - FY14 - W	1,289,093.22	39,838.32	\$ 1,328,931.54
ECS - (ENV) FILL LINE AT ARLINGTON WTP AND BOOSTER STATION - TWMP - W	2,458,019.85	; <del>_</del> 3	\$ 2,458,019.85
ECS - (ENV) JAX HEIGHTS PHASE OUT WWTF - WHEAT RD - FIRESTONE RD FM - S	273,127.25	-	\$ 273,127.25
ECS - DD - RIVERTOWN - RECLAIMED	59,854.43	(4)	\$ 59,854.43
ECS - (ENV) PRODUCTION WELL ABANDONMENT - W	1,094,064.51	517,817.41	\$ 1,611,881.92
ECS - (ENV) SERVICE AREA MONITORING WELLS - FY15 - W	196,293.43	354,217.98	\$ 550,511.41
ECS - MAIN ST WELLFIELD - WELL NO 14 - TWMP - W	205,092.15	135,383.75	\$ 340,475.90
ECS - GREENLAND WTP - MONITORING WELLS	484,616.55	17,702.82	\$ 502,319.37
SP - (ENV) INTERMEDIATE AQUIFER SYSTEM - IMPLEMENTATION - W	132,312.55	2,469.63	\$ 134,782.18
ECS - (ENV) ROYAL LAKES FACILITIES DEMOLITION - \$	258,783.16	100	\$ 258,783.16
ECS - SAN JOSE PHASE OUT - WWTP DEMOLITION	400,422.27	-	\$ 400,422.27

DISTRICT II - BROWARD RIVER CROSSING REPLACEMENT	1,039,560.47	252,950.79 \$	1,292,511.26
JAX HEIGHTS PHASE OUT WWTF DEMOLITION	141,753.45	- \$	1 <b>41,</b> 753.45
ECS - RIVERTOWN - THE LANDINGS - R	65,273.21	- \$	65,273.21
ARLINGTON EAST 2 MGD RECLAIMED WATER FILTER	63,747.33	294,630.88 \$	358,378.21
REUSE STORAGE TANK AT MANDARIN WRF	28,693.80	120,923.07 \$	149,616.87
MAIN ST WTP - WELL 13 - TWMP - W	57,780.26	8,334.52 \$	66,114.78
MAIN ST WELL NO 6A - TWMP - W	109,940.68	60,548.65 \$	170,489.33
SOUTH GRID WELL RELIABILITY - TWMP - W	104,784.80	50,463.89 \$	155,248.69
DISTRICT II MANATEE BARRIER	77,228.70	234,324.34 \$	311,553.04
NOCATEE - TWENTY MILE VILLAGE -R	125,821.29	79,186.48 \$	205,007.77
NOCATEE - CYPRESS TRAILS - R	87,459.91	(1,842.72) \$	85,617.19
JP - FDOT - WONDERWOOD DRAINAGE IMPROVEMENT - R	134,841.79	2,641.77 \$	137,483.56
(R) QUEENS HARBOR RECLAIMED TIE-IN	521,547.13	(16,160.37) \$	505,386.76
(R) SR 9B TO GEC - R (R-50)	-	(8,336.65) \$	(8,336.65)
SOUTH GRID WATER QUALITY - WELL IMPROVEMENT	254	46,554.70 \$	46,554.70
ARLINGTON EAST ONSITE REUSE PUMP UP	32	23,072.53 \$	23,072.53
NOCATEE - RIVERWOOD POD 14 - R	186	130,307.69 \$	130,307.69
JP - FDOT - SR 9B - DUVAL - ST JOHN		445,027.00 \$	445,027.00
PSI - SE REGIONAL RW MANAGEMENT STR	-	60,458.28 \$	60,458.28
CUP CONDITION NO 43	:#:	:±: \$	160
RG SKINNER - 9B TO T-LINE - R		- \$	-
RG SKINNER - 9B TO PARCELS 10A - 11 - R	-	© \$	:×:
DD - NOCATEE - RECLAIMED	3.83	- \$	-
MONUMENT RD - CANCUN DR TO HIDDEN HILLS LN - TRANS - NEW - R	(4)	\$	-
GRID - COST PARTICIPATION - NEW - RW	-	- \$	(*)
RIVERTOWN - R	5.4	÷ \$	
JP - RACE TRACK ROAD - BISHOP ESTATES ROAD TO THE EASTERLY LIMIT OF JULINGTON CREEK PLANTATION - SJC - RECLAIM	-	- \$	(*)
JP - ARLINGTON EAST WWTP - MONUMENT RD - WWTP TO MCCORMICK RD - JTA RECLAIM WATER	<b>25</b>	ire \$	-
MEMBRANE BIO REACTOR (MBR NUTRIENT REMOVAL SYSTEM)	· · · · · · · · · · · · · · · · · · ·	- \$	20
BUCKMAN BNR & DENITRIFICATION FILTERS	1 <del>2</del> 3	\$	::::
USC - SOUTHWEST DENTRIFICATION FILTERS	(a)	<b>≔</b> \$	353
SPORTS COMPLEX ARENA - BALL FIELD - RECLAIM WATER CP181	-	- \$	
USC - IA - ST AUGUSTINE RD - 195 INTERCHANGE - RECLAIM WATER CP182	· ·	æ \$	266
CR - BARTRAM PK BV - ST AUGUSTINE RD TO RACETRACK RD RECLAIM MAIN - PH I - DUVAL CP167	-	- \$	3
USC - BJP - SPORTS COMPLEX - RC CP182	(%).	\ <b>€</b> : \$	93
USC - FDOT - OLD ST AUGUSTINE RD 195 INTERCH S CP182		- \$	88
USC - IAI - RECLAIM PROJECTS - CP182		¥ \$	120
USC - IAI 9A - BEACH BV TO JTB BV - RCW	-	<b>∞</b> \$	-
USC - NOCATEE RECLAIM TRANSMISSION - OFF-SITE - RCW	350	- \$	-
USC - IAI - DOT - JP - RCW		- \$	348
USC - IAI - SJC - JP - RCW	90	- \$	923
CR - COM - GRID CAPACITY DEVELOPMENT COST PARTICIPATION - RECLAIMED	-	\$	327

## August 18, 2015 JEA Board Meeting - IV. A. Reports

TOTAL \$ 101,276,665.90 \$ (12,670,755.57) \$

88,605,910.33

	SUBTOTAL 5: SJRWMD REIMBURSEMENTS 5: ENVIRONMENTAL REVENUES	\$ 196,696,275.90 \$ (10,100,000.00) \$ (85,319,610.00) \$	3,786,734.43 (16,457,490.00)	\$ 200,483,010.33 (10,100,000.00) (101,777,100.00)
CR210 - SOUTH HAMPTON TO ASHFORD MILLS - TRANS - R		-	-	\$ -
ECS - DD - RIVERTOWN - RECLAIMED - R				\$ ¥5
ECS - DD - NOCATEE - RECLAIMED - R		-	*	\$ -
ECS - DD - RIVERTOWN - RECLAIMED - R			-	\$ <del>-</del>
ECS - DD - NOCATEE - RECLAIMED - R		-	<i>2</i>	\$ -
ECS - (ENV) MAIN ST WELLFIELD ADDITIONAL WELLS - TWMP - W		1	-	\$ ±:
ECS - (ENV) SOUTH GRID WELL RELIABILITY - TWMP - W		-2	÷.	\$ 幺
OM - WATER CAPACITY IMPROVEMENTS - W		ŝ	-	\$ 2
ECS - JP - RECLAIM PROJECTS - RCW		5	*	\$ =
ECS - JOINT PARTICIPATION PROJECTS - RCW		25	-	\$ 2



July 28, 2015

SUBJECT:	RATE STRUCTURE PROJECT PLAN						
Purpose:							
<b>Issue:</b> JEA has embarked on an initiative to continually update and realign its rate structure and options, providing customers new and enhanced rate options, providing JEA and in turn its customers long-term rate stability, and to help drive system efficiencies.							
Significance:	High. The Clean Power Plan is likely to require dramatic system changes.						
Effect: The Fir plan.	nance and Audit Committee will be provided details concerning the rate structure project						
Cost or Benefit: Transparency of JEA's Rate Restructuring Initiative status.							
Recommended Board action: Staff recommends that the Finance and Audit Committee brief the full Board at the August 18, 2015 meeting.							
For additional	information, contact: Melissa Dykes						

Submitted by: PEM/ MHD



## Commitments to Action



Ver.2.0D 9/21/2013 jer



#### INTER-OFFICE MEMORANDUM

July 28, 2015

SUBJECT: RATE STRUCTURE PROJECT PLAN

FROM: Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

#### **BACKGROUND:**

JEA has embarked on an initiative to continually update and realign its rate structure and options, providing customers new and enhanced rate options, providing JEA and in turn its customers long-term rate stability, and to help drive system efficiencies. To date, examples of changes and realignment that have been implemented include an updated Pricing Policy, various economic development rates, updated cost of service studies, and new distributed generation policies. As part of this initiative, JEA analyzes various options using industry best practices, regulatory requirements and guidelines, financial analysis, customer research and technological feasibility.

#### **DISCUSSION:**

JEA's rate strategy team has continued this Rate Restructuring Initiative and has committed to develop, implement, and evaluate a demand rate pilot program to recognize each customer's unique load and cost characteristics. Staff has engaged Black and Veatch to assist in planning, developing and executing this pilot, and is confident that with their help we will be able to conduct a successful program and gain results that will provide guidance for future scalable rate offerings.

Rate or pricing pilot programs are used to reach statistically meaningful conclusions that can be generalized across the customer base related to the impacts of alternative rate structures and pricing concepts on customer energy usage patterns and the underlying behaviors. These programs represent a first step in assessing the potential for broad application and acceptance of a new rate form for customers.

Attached is an illustration of the potential process, deliverables, and timeline. It is important to note that this Rate Structure Pilot Plan is designed to be revenue neutral and does not include a rate increase.

## **RECOMMENDATION:**

Staff recommends that the Finance and Audit Committee brief the full Board at the August 18, 2015 meeting.

Paul E. McElroy, Managing Director/CEO

PEM/MHD

Ver 3.0 02/19/2015



# **RATE STRUCTURE PROJECT PLAN**

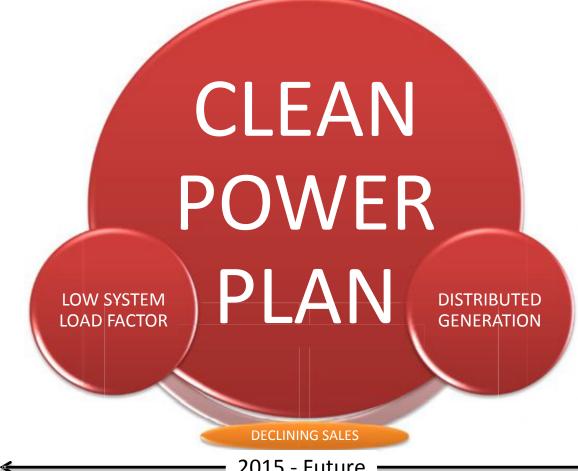
JEA Finance and Audit Committee Meeting

August 10, 2015

# THE CLEAN POWER PLAN IS A BUSINESS ALTERING **EVENT FOR THE ELECTRIC UTILITY INDUSTRY**

# JEA TOP CHALLENGES:



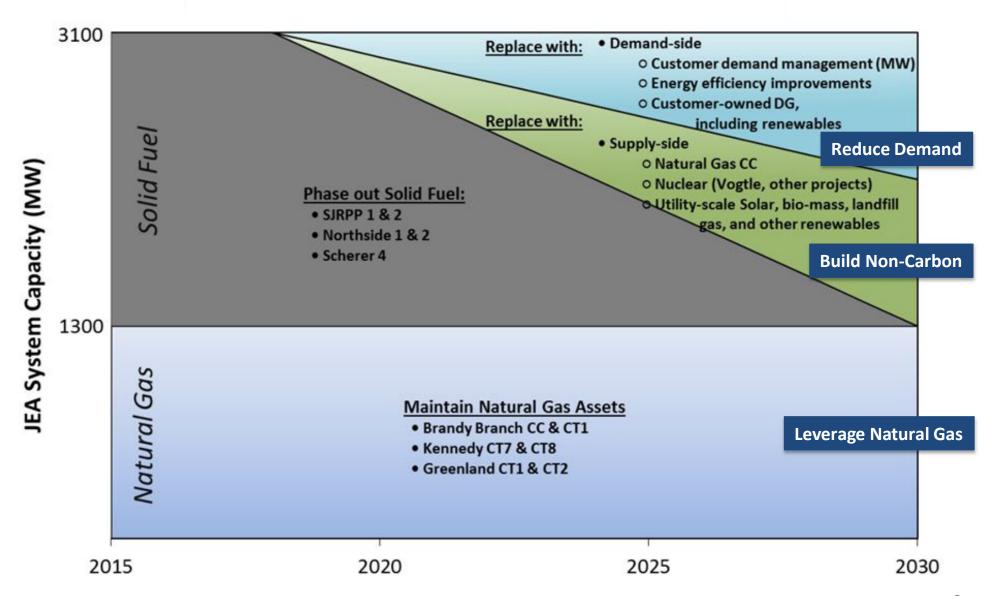


2010 - 2015

2015 - Future

Clean Power Plan: Introduces new and significant challenges that will require a community and regional solution to mitigate significant impacts on rates and reliability. Our focus must become on a long-term and transformational solution. We must create a new and sustainable utility model for the future.

## **CLEAN POWER PLAN ASSET STRATEGY**



## JEA'S FUTURE BUSINESS MODEL UNDER THE CLEAN POWER PLAN

The future JEA business model will include a partnership with customers to optimize solutions for the whole community

Reducing the community's overall electrical demand will be paramount to mitigate some of the financial and reliability impacts from the Clean Power Plan.

This may be accomplished through several community initiatives:

- Higher system utilization Customers understanding and using electricity differently to reduce system peaks
- Energy efficiency Customers eliminating waste
- Distributed generation Customers owning their own generation















水

This requires updating the cost of service study and a new rate structure.

## RATES RESTRUCTURING INITIATIVE

- A cross functional rates strategy team has diligently analyzed many different options to address this challenge, including:
  - Basic variable to fixed charge shift to align more with cost structure
     Flat monthly structure
  - Basic variable to fixed charge shift with low consumption consideration Residential demand rates\*
  - Variable to fixed charge shift with a two tiered variable structure
     "Cell phone" plans
  - Variable to fixed charge shift with a three tiered variable structure
     Decoupling residential rates
  - Time of use rates for all residential customers\*
     Graduated Residential Customer Charge

 Staff also conducted customer research to determine how customers perceive value when it comes to utility services and to gain customer input on preferences for the electric rate re-structuring

<sup>\*</sup>Potentially tested as part of Pilot

# **POTENTIAL DEMAND RATE STRUCTURE**

The demand rate structure strives to allocate costs according to the portion of the system that each customer utilizes.

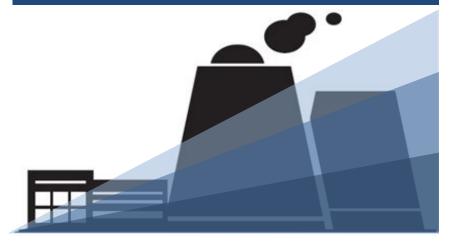
## Costs will be broken into three categories:

- Basic Monthly Charge the minimum amount all customers pay for a portion of system fixed costs
- Demand Charge the incremental or next piece of system fixed and scalable costs that a customer utilizes each month
- Fuel Charge variable charge for the cost of fuel used to generate each customer's electricity consumption

## Today's Rate Structure

- Significantly dependent on sales
- No incentive to use system efficiently how much to use and when to use it
- Seasonal weather patterns can dramatically impact customer bills
- Too focused on overall consumption instead of when and how electricity is used

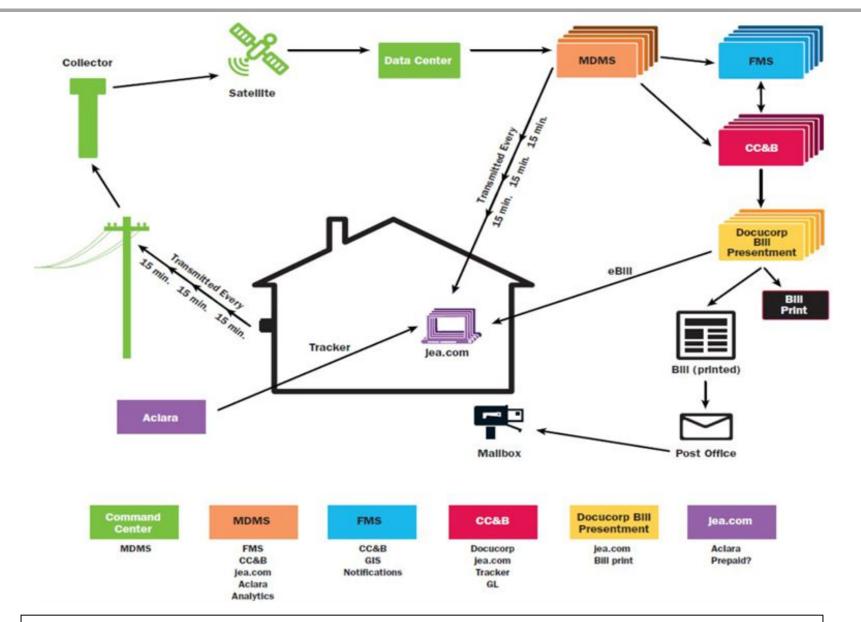
## Demand charges reflect system usage



## **Future Rate Structure Potential**

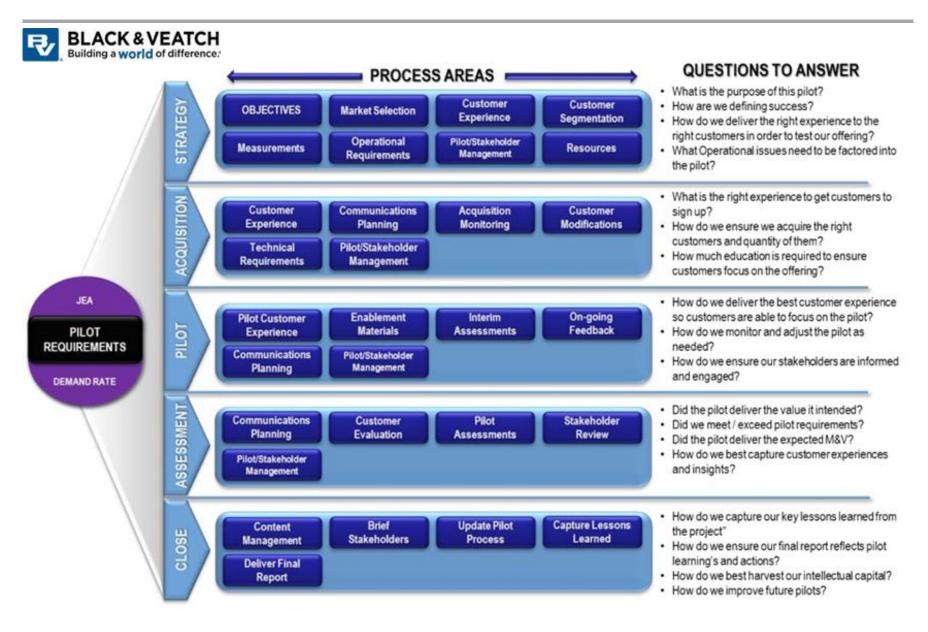
- Improved system utilization lower peak to offset future generation needs
- Greater customer control of bills based on when and how electricity is used
- Community partnership on environmental and operational challenge
- Leverages new technology

# **DEMAND RATE - METER TO BILL FUTURE PROCESS**



\*This diagram is illustrative in nature and the final technology configuration and number of systems and integrations may vary.

## **JEA PILOT REQUIREMENTS**



## **BLACK & VEATCH QUALIFICATIONS**

Black & Veatch brings a highly experienced and capable lead consultant, backed up by a team of professionals who have the hands-on experience and industry insights to guide JEA's staff through the design, implementation, and evaluation of its proposed residential demand rate pilot program.

## Black and Veatch Rate Pilot Program Resources

- JEREMY KLINGEL MANAGING DIRECTOR AND LEAD CONSULTANT
- ED OVERCAST, PH.D. DIRECTOR
- BOB BRADY DIRECTOR
- JEFF BUXTON EXECUTIVE CONSULTANT AND LEAD CONSULTANT FOR THE JEA METER STRATEGY
- CHRIS FLOWERS PROJECT MANAGER

## **Lead Consultant**

Jeremy Klingel will serve as the lead consultant for this work effort. Maximizing Jeremy's overall effectiveness in supporting JEA, certain aspects of conducting this rate pilot program are likely to require specialized expertise to supplement Jeremy and JEA's already broad capabilities. As a result, other professional staff members are provided who are well-versed in the economic, ratemaking, technology, customer response and behavioral assessment components of designing, and implementing and managing utility rate pilot programs. These additional resources will be available to Jeremy to support specific Subject Matter Expertise, or will be working in parallel with him on the current activities supporting the Meter Strategy engagement.

# **JEA PRELIMINARY TIMELINE**

ID	PILOT	2015 Qtr3 Qtr4		2016				2017			
	Task Name			Qtr1 Qtr2 Qtr3 Qtr		Qtr4	Qtr1 Qtr2		Qtr3	Qtr4	
1	Initiate & Charter Pilot Design										
2	Define Rate Structure and Regulatory Requirements										
3	Conduct System Analysis (AMI, Billing, etc.)										
4	Develop Go-to-Market Strategy										
5	<b>Design Customer Experience Suite</b>										
6	Customer Education & Acquisition										
7	Ongoing Pilot Operation & Customer Support										
8	Secondary Customer Acquisition Campaign										
9	<b>Conduct Preliminary Impact Analysis</b>										
10	Conduct Final Impact Analysis and Customer Insights Study										
11	Develop a Post-pilot Scalability Plan										
12	Pilot Close Out										

# **INITIAL FULL DEPLOYMENT CONSIDERATIONS**

- Meter Deployment
- System Integration
- Customer Acceptance

## **IN SUMMARY**

- There has been significant rate work and customer research completed to date
- The Clean Power Plan significantly changes future strategies within the utility industry
- JEA is focusing on a long-term sustainable model to mitigate reliability and rate impacts
- This requires innovative community partnership
- Analysis completed to date points to a residential Demand
   Rate as a potential model

# RESIDENTIAL DEMAND RATE PILOT PROGRAM

## **STATEMENT OF WORK**

JEA

20 JULY 2015



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#### **BLACK & VEATCH CORPORATION**

201 SOUTH ORANGE AVENUE, SUITE 500, ORLANDO, FL 32801 +1 703-627-4398 | BRNILOVICHR@BV.COM

20 July 2015

Richard Vento and Ryan Wannemacher JEA Jacksonville, Florida

Subject: Black & Veatch Statement of Work Regarding the JEA Residential Demand Rate Pilot

Black & Veatch Corporation (Black & Veatch) is pleased to present the following approach for planning, developing, and executing the JEA Residential Demand Rate Pilot. We appreciate the opportunity to be considered as a trusted advisor for this strategic and market-leading work. We are confident that our proposed Methodology will provide the required structure and insight to facilitate a successful program and provide guidance for future scalable rate offerings.

Should you have any questions, please do not hesitate to contact Jeremy Klingel at 704-724-7341 or *klingelje@bv.com*.

Very truly yours,

**BLACK & VEATCH CORPORATION** 

Robert Brnilovich Vice President

www.bv.com

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# I. Pilot Rate Design Methodology and Program Development Framework

Black & Veatch understands that JEA has committed to develop, implement, and evaluate a pilot program to evaluate charging its residential customers for electric service under a three-part rate structure, including a separate demand rate to recognize each customer's unique load and cost characteristics. Rate or pricing pilot programs are used by utilities to reach statistically meaningful conclusions that can be generalized across the utility's customer base related to the impacts of alternative rate structures and pricing concepts on customer energy usage patterns and the underlying consumer behaviors. These programs represent a first step in assessing the potential for broad application and acceptance of a new rate form for a utility's customers when a utility has not yet committed to implementing rate design changes. Careful planning and execution are essential to avoid the potential threats to the validity of the program and generally seek to answer to following high-level questions:

- Are customers willing to sign-up for and remain on the new rate?
- Are the new rates beneficial to both JEA and the customer?
- Are internal JEA processes and systems mature enough to support rate scalability?
- What will it take for customers to sign up for the demand rates?
  - What factors encourage customers to adopt the rate?
- What types or segments of customers are enrolling?
  - What characteristics do participants share?
  - Can this information be used to target customers for a commercial offer?
- What is the acquisition cycle?
  - How many touches are required for a decision?
- What is the attrition rate for the program?
  - What contributes to this attrition and is there a seasonal/cyclical aspect to customers leaving?
- What usage patterns or load profiles reflect customers on the demand rate?
  - How has usage changed from the prior year as a result of being on a demand rate?
  - How has the amount of the customer's bill changed from the prior year as a result of participating?
- Does the customer's satisfaction with JEA change as a result of being on the rate?

- Will you have a dedicated customer service hotline to contact specially trained CSRs to handle billing issues and questions?
- How does weather impact the customer's willingness to modify behavior to shift usage?
- What is the mix of winners, losers, and/or free-riders on the demand rate?
- What shift or reduction in load is realized by demand rate participants?
- Does the JEA have the necessary systems in place to support this rate offering?
- What is the price elasticity?
- What are the impacts to JEA, regarding:
  - · Level of customer support required
  - Metering and Data support requirements
  - Billing system modifications
  - Revenue impacts
  - Customer Satisfaction impacts
  - Other Rates or Program opportunities
- Are the new rates scalable, beneficial and sustainable for customers and the IEA?
- If the demand rate creates a load shift away from peak, does it impact existing demand response programs?
- Does the demand rate create a shift in load without an overall loss in energy consumption, or simply a loss of load and consumption?

Generally speaking, there are two basic types of pilot programs: *demonstration pilots* and *controlled experiments*. *Demonstration pilots* are used when the primary objective is to prove that a given rate structure, pricing form, or ratemaking mechanism can feasibly be implemented in a real-world setting. *Controlled experiments* are pilots based on a more rigorous analysis of a select number of participants to estimate the impacts of a future full-scale program on a broad population of customers.

Important considerations in the design of a *controlled experiment* include:

- The selected timeframe, (typically longer than a year to capture seasonal and consistency effects)—We recommend an 18 month pilot duration (post enrollment period) for JEA's residential demand rate
- The selected type and number of participants—For statistical significance and to account for program attrition, participant enrollment of at least 500 customers is recommended



- Recognition of treatment groups among the population (i.e., pilot participants and a control group)—If multiple treatments are selected, such as enabling technology, each segment should consist of no fewer than 100 participants and include corresponding control groups if possible
- Strict requirements for the recruitment of participants—For instance, it is important to recruit a sample representative of the usage and demographic clusters expected to enroll in the program at scale or to mirror the population when the rate is considered for mandatory participation
- Strict requirements for the type of information and incentives provided to participants—It is recommended that incentives are limited to sweepstakes or compensation for providing insights regarding pilot participation and not as a reimbursement for enrollment

The design of a well-conceived and meaningful rate pilot program requires the utility to undertake a series of steps and related decisions as outlined below:

## Step 1—Establish Objectives for the Rate Pilot Program

Create a statement of objectives for the rate pilot program that states explicitly the information and insights to be obtained from the pilot. Since the objectives of a residential demand rate are of interest to many different stakeholders, it is important to recognize that the objectives should be jointly developed between JEA's project team and its internal policy makers. These include both key sponsors of this program, Customer Solutions and Rates & Financial Planning.

By developing the pilot objectives over a broad stakeholder constituency, JEA will be better able to make reasoned decisions related to:

- 1. The choice of rate treatments;
- 2. The experimental customer population; and
- 3. The allocation of participants to the treatment and control groups.

These three decisions are discussed in more detail in the subsequent steps of the developmental process.

# Step 2—Develop a Design Template That is Supportive of the Pilot's Objectives

Develop a template of the required design elements to help ensure that the objectives of the pilot program, such as: better rate cost allocation, demand reduction at the system or distribution level, or increased customer interaction and satisfaction with JEA. For example, this can include the decisions related to the measurement of demand (the use of kW, kVa, demand intervals, the time differentiation of demand (peak periods, hourly), the functional types of demand charges (distribution costs, G&T costs), and the types of demand ratchets, if any.



This design template must also include consideration for any technical restrictions resulting from current state technology and opportunities available from future state Smart Metering and bill processing technologies.

Finally, the design of the pilot program and the related evaluation process should match the required results to enable the extrapolation of the results to the utility's entire residential customer base.

## Step 3—Identify All Relevant Data in Support of the Pilot Program

Identify all relevant variables for the pilot program to help ensure high quality data analysis throughout the duration of the pilot. This step would include not only the electric usage data for each pilot participant, but potentially the household end-use data (e.g., central air conditioning, space heating, water heating), the household demographic data, and different treatment data, if applicable (e.g., participating customers with and without smart thermostats).

## **Step 4—Specify the Pilot Participants**

The pilot design should specify each proposed treatment and how customers will be chosen at each stage of the enrollment process. Since there are multiple steps in the enrollment process and it will differ for the experimental and the control groups, the process must be laid out sequentially. For example, there may be a stage where potential participants complete a questionnaire that is used as part of the selection process. Also, it would not be a good sample if most of the participants were in the same age cohort, or if no one was home all day during the week because the adult residents all worked outside the home. It is critical that the participant groups for each treatment reflect the population that rates will be applied to if the pilot is to be successful.

Finally, the participant selection process must be designed to help ensure accurate extrapolation of results to the broader JEA rate base.

## Step 5—Develop a Plan to Manage Pilot Participant Attrition

The design of the utility's pilot program should address the issue of participant attrition. For making the results statistically reliable, the initial design for rate treatment should reasonably assure that the customer sample remains adequate throughout the duration of the pilot so that the final evaluation has an adequate sample to properly reflect the diversity of customers within the particular customer class.

From this series of steps the design framework of the pilot is developed. From this framework, there are three critical decisions that need to be made before the pilot can be implemented:

1. **The choice of treatments** (*see Step 3*)—the basic treatment being evaluated by JEA is a residential demand rate structure. As noted earlier, there are issues related to the determination of demand for these customers. Other considerations include the potential application of future-state technology options for a sub-set of customers. Examples might include the

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potential use of smart thermostats that utilize telemetry or are enabled by the deployment of AMI, to receive signals from the utility and adjust customers' demand, or near-real-time alerts via a mobile application, SMS or e-mail that could be sent to a segment of participants based on their measured usage during high demand periods. Finally, it is also important to define the potential feedback for customers enrolled in the pilot program that may be provided to them either directly or through their utility bills and how the impact of this feedback might be measured to assess the customer impact of communications strategies.

- 2. **Selection of the pilot population (***see Step 4***)**—for JEA, the manner in which the treatment is specified (i.e., a residential demand rate structure) defines the basic population from which the pilot's participants will be selected. However, the important question to consider is whether it will be necessary to test the pilot within the residential class based on energy use, or segments of the class such as low income, all electric customers, single family homes, or renters. In addition, separate experimental and control subgroups should be considered for customers with PV facilities recognizing that this type of customer is one of the reasons such a rate form is being considered by a growing number of electric utilities.
- 3. The allocation of treatment and control groups (see Steps 4-5)—the determination of the type of pilot participants for the treatments that are selected include opt-in selection, opt-out selection, and payments for continued participation. In addition, the control group should not be aware that they are part of the pilot program. For JEA, the current availability of one-way AMR, and the limited availability of two-way AMI will influence whether the control and treatment groups can be matched to each population segment and have a greater number of participants than under a pilot program with no two-way AMI capability. In addition, the ability of the MDMS and billing systems to enable the defined demand billing determinants and execute a bill that properly represents the anticipated future state customer communications will produce technology dependencies.

#### IMPLEMENTATION OF THE JEA DEMAND RATE PILOT PROGRAM

Once the pilot is fully developed, there are a number of go-to-market issues that involve the selection of a qualified group of participants based on the preliminary criteria identified in both the objectives and the specification of the pilot participants. The next step is to determine the smaller subset of solicited customers who will be in the initial marketing and promotion as potential participants. At this point, customers will be selected as potential participants and may or may not be surveyed to become qualified participants. Finally, the sample will be narrowed to enrolled participants. These customers will be assigned to the various treatment groups for the pilot.



While the process is straightforward, implementation relies on customer choice (opt-in or opt-out options). There are questions about the interaction of the utility and participants such as the balance of mitigating participant attrition by providing an incentive. However, this can also provide false expectation for customer adoption at scale when an incentive is not offered. There are also issues about high-bill risk mitigation, participant education, active and passive technology options, management of free-riders, and so forth. The important point is that numerous decisions must be made prior to rolling out the pilot and those decisions may need to be revisited throughout the pilot lifecycle.

Among decisions on the project critical path are those that relate to the technology requirements for the measurement of demand, the collection of data via the JEA one-way and two-way AMI meters, and the processing of the data through back-end systems to formulate sample billing. The pilot program cannot be rolled out until these decisions are made and the back office systems are available to support billing and other operating considerations of the pilot, including potential coordination with smart thermostats, other customer enabling technologies, e-mail alert generation and any other customer feedback mechanisms to be included in the pilot.

### IMPACT EVALUATION OF THE RATE PILOT PROGRAM'S RESULTS

The results of the pilot should be thoroughly evaluated and reported in detail. The report should identify uncertainties in the results and the relative precision of the findings. As much as possible, the results must address the issues that the policy makers may raise as they consider implementation of the pilot rate treatment on a broader scale across the utility's customer base.



## **II. Project Approach and Deliverables**

Black & Veatch has broad experience in each of the key areas necessary to successfully design, implement, and evaluate JEA's residential demand rate pilot program. In light of this experience, we propose the following advisory support:

- Drafting of the pilot charter and hypothesis
- Modeling and development of the pilot rate structure, including a minimum of one alternative design
- Creation of a market insight report investigating existing demand rate programs throughout North America
- Establishment of a customer baseline for treatment and control, leveraging historical usage and interval data
- Statistical and demographic sampling to provide pre, intra, and post-pilot analysis
- Meter Strategy dependencies Functional, Systems, Timeline
- Development of a participant dashboard and pilot reporting suite
- Creation of a comprehensive go-to-market and pilot engagement strategy
  - Define the customer acquisition approach
  - Design a participant segmentation framework
  - Craft a multi-channel customer acquisition campaign including online, email, direct mail, and call center-driven marketing collateral
  - Develop customer education and acquisition micro-sites
  - Provide on-going pilot dialogue and messaging support for participating customers
- Evaluation of customer performance with regards to reduction or shifting of usage via quarterly bill comparisons, demand analysis, and a mid-pilot impact report
- Coordinate structured feedback analysis of customer adoption, performance, and attrition via surveys and focus groups to gauge perception and satisfaction with the pilot
- Creation of a final cost/benefit impact analyses including customer insights for future rate design and engagement models, this will include:
  - kW and kWh Impact
  - Customer Acquisition and Support Cost
  - Recommended customer experience refinements for scaled deployment, (i.e. systems, process, etc.)

 Identification of enhancements to educational material for scaled deployment

Figure 1, (below) is an illustrative example of the framework we will leverage during pilot chartering and go-to-market design:

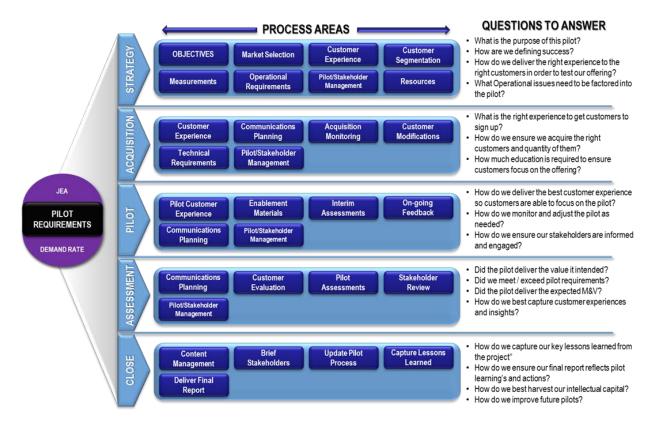


Figure 1

## **III. Proposed Project Team**

Black & Veatch brings to JEA for this project a highly experienced and capable lead consultant, backed up by a team of professionals who have the hands-on experience and industry insights to guide JEA's staff through the design, implementation, and evaluation of its proposed residential demand rate pilot program.

Jeremy Klingel will serve as the lead consultant for this work effort. Maximizing Jeremy's overall effectiveness in supporting JEA, certain aspects of conducting this rate pilot program are likely to require specialized expertise to supplement Jeremy and JEA's already broad capabilities. As a result, we are providing, (below) other professional staff members who are well-versed in the economic, ratemaking, technology, customer response and behavioral assessment components of designing, and implementing and managing utility rate pilot programs. These additional resources will be available to Jeremy to support specific Subject Matter Expertise, or will be working in parallel with him on the current activities supporting the Meter Strategy engagement.

## Jeremy Klingel—Managing Director and Lead Consultant

Mr. Klingel is an executive management consultant specializing in the business transformation of utilities. He is currently focused on the design and implementation of customer-facing and critical infrastructure programs that leverage the regulatory constructs and best-practices driving the investment decisions of today's utilities. Skilled in crafting and integrating energy management, energy efficiency, and demand response technology solutions, Mr. Klingel previously founded a practice serving utilities with specific focus on enabling optimized operations in a competitive retail environment via: behind-the-meter product development, time-of-use rate design, and progressive customer engagement models. This includes the direct experience of leading the Rate Design, Marketing, and Customer Experience for a Fortune 200 Utility Corporation in the following capacity:

- Serving five years as the lead portfolio developer and manager for nine dynamic pricing programs across three jurisdictions. These residential and small general service tests trialed 18 rate configurations ranging from simple peak time rebate programs to four-season, multi-tier design with critical peak pricing and the introduction of enabling technology.
- During this time he was also responsible for the redesign of the utility's rate presentment and bill format, as well as management of all residential, billing products and services.
- In addition to rate design and prototype management he also crafted the goto-market approach, customer acquisition strategy, and customer interaction, (marketing) material for all residential pilot programs involving a rate or smart-grid technology

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- In support of the utility's AMI business case he also managed the regulatory and collaborative relationship between the Utility, Public Utilities Commission, Consumer Council, and other intervening agencies
- During his tenure as an imbedded consultant, he also established an analytics team focused on Market and Customer Insights, specifically concerning demographic segmentation, energy signatures, behavior-based programs, technology trends, and overall customer satisfaction.
- Under his direction, this team was then charged with modeling and carrying out all segmentation studies, conjoint analysis, impact analysis, preliminary measurement and verification related to pricing, such as conservation, elasticity, cost-causation and customer persistence.

#### Ed Overcast, Ph.D.—Director

Dr. Overcast has been responsible for a wide variety of electric and gas pricing and cost analyses. He has had operational and strategic responsibility for both the electric and gas utility tariff design, including comprehensive unbundling cost analyses and innovative tariff administration. He has provided expert testimony and presentations before city, state and federal regulatory agencies on a number of rate and strategic policy issues related to unbundling cost of service (marginal, fully allocated and unbundled cost studies, alternative regulation), strategic and market-sensitive pricing, bypass economics, sales and revenue forecasts, revenue sharing and adjustment mechanisms, competition and fuel switching, transmission pricing and a variety of policy issues including unbundling proposals, line extension policy and rate discounting and recovery. Dr. Overcast has also prepared cost benefit analyses for various rate designs and other utility programs. As a member of the Association of Edison Illuminating Companies (AEIC) Load Research Committee, he has presented various papers related to the application of load research to developing new utility rate designs.

### **Bob Brady—Director**

Mr. Brady has served clients in more than 40 states and 12 foreign countries in his more than 40 years of industry experience. He has served clients in the areas of unbundled costs-of-service, rate design, competitive assessment and organizational studies; financial feasibility; tax-exempt revenue bond financing; utility operation; utility property valuation; cogeneration compliance reviews; and expert witness testimony. Mr. Brady is responsible for management oversight of financial studies for publicly owned utilities, major customers of utilities and the private power industry. Clients served include public power and combination utilities in all regions of the United States, public power agencies, as well as international assignments for electric and water utilities.

# Jeff Buxton—Executive Consultant and Lead Consultant for the JEA Meter Strategy

Mr. Buxton leverages 30+ years of experience within the energy, utility, IT, technology, and industrial sectors, including North American and international

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management expertise delivering business-to-business solutions. His experience encompasses strategic business planning, technology roadmap development, program management, executive and marketing communications, change management and operations planning.

Mr. Buxton's representative domain experience includes:

- Smart Metering and Advanced Metering Infrastructure (AMI)
- Smart Grid and Distribution Automation
- Meter Data Management Systems (MDMS) and Utility Back Office processes
- Deregulated Markets, Retail/Wholesale Markets

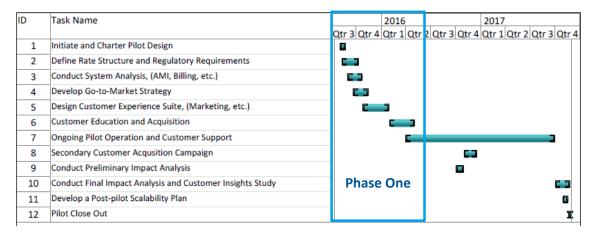
## **Chris Flowers—Project Manager**

Mr. Flowers is a project manager with a cross-disciplinary skill set providing strategic consultancy, project leadership, product management and solutions design to organizations. He focuses on using his successfully demonstrated functional and technical background to develop, sell and implement innovative technologies across industries. He possesses a unique combination of business acumen and relationship building skills.

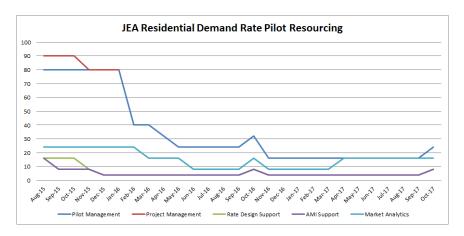
## IV. Schedule

The complete Residential Demand Rate Pilot Program as described above is expected to occur between September 1, 2015 and October 31, 2017 and be split into two significant phases. The first phase will include all the planning, strategy, and preparations work to enable the launch of the actual pilot phase (Phase two). Phase One is expected to last six months while Phase Two will complete the remaining 20 months.

The figure (below) highlights an illustrative key event schedule from Pilot Chartering through Execution and Reporting. The scope and duration of the pilot program will evolve as the Charter and Go-to-Market Strategy are developed; therefore this Statement of Work only covers the Phase One Tasks1 through 6, as stated below, and for a duration of 6 months.



The resources and hours required to support these Phases will vary over the entire 26 months of the program. Efforts will ramp up during the Phase One pilot design and acquisition activities before receding to minimal care and maintenance levels during Phase Two pilot operations. An influx of activity is also to be expected during the preliminary impact analysis and pilot close-out phases. The following provides and illustrative graph of the expected resource requirements to complete the Pilot Program work.



As illustrated above, Phase One resource hours are estimated as follows:

- 480 man-hours by the Lead Consultant (Pilot Management)
- 510 man-hours of Project Management
- 160 man-hours of support by Rate Design and Market Analytics Consultants
- 96 man-hours of support by the Lead Consultant for the Meter Strategy (AMI Support)



July 31, 2015

SUBJECT:	DOWNTOWN CAMPUS COM	MPREHENSIVE PLAN	
Purpose:	☐ Information Only		Advice/Direction
Issue: The down and building sy	wntown campus is in need of maged of ma	najor upgrades due to the con	ndition of the existing buildings
_	Timely decision to either compectiveness and customer service	,	a new building is critical to
Effect: All Stat	keholder groups including empl	loyees assigned to the downt	own campus and customers.
Cost or Benef million.	it: Staff will work to plan desigr	n the best option, with a spen	ding authorization of up to \$3
	d Board action: Staff recomm the Board an authorization to p pus.		• •
For additional	information, contact: Hamid	Zahir, 665-6068	

Submitted by: PEM/VP/MHD/HAZ



Commitments to Action



Ver.2.0D 9/21/2013 jer



### INTER-OFFICE MEMORANDUM

July 31, 2015

SUBJECT: DOWNTOWN CAMPUS COMPREHENSIVE PLAN

FROM: Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

### **BACKGROUND**:

The downtown campus consists of the Tower, Customer Center, and the Adair Parking Garage. The JEA Tower and Customer Center constructed in 1962 as a joint development; the Universal Marion office building (Tower) and Iveys department store (Customer Center).

### **DISCUSSION:**

The downtown campus has been on the list for major upgrades; however, in the past other priorities have taken a higher rank for capital investments. It is critical to address the downtown campus and make it a higher priority due to the condition of the buildings and building systems.

### **RECOMMENDATION:**

Staff recommends the Finance and Audit Committee approve and recommend to the board, work to plan design the best option, with a spending authorization of up to \$3 million.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/HAZ

# FINANCE & LOGISTICAL SERVICES

# Finance & Audit Committee Meeting

August 10, 2015

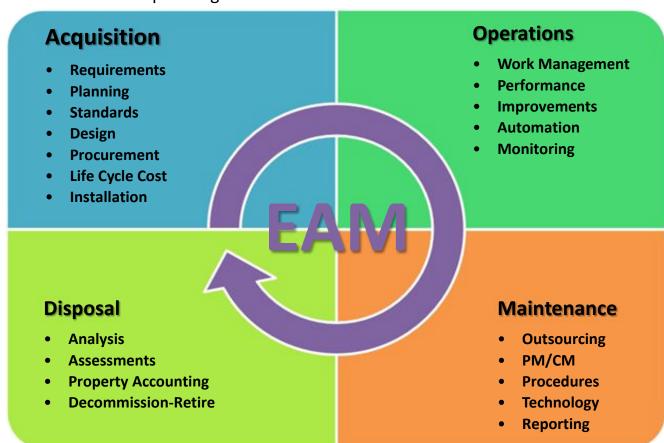
# **Assets Groups**

- 1. Appliances
- 2. ATS
- 3. Backflow
- 4. BAS
- 5. Buildings
- 6. Cell Tower
- 7. Electrical
- 8. Elevators
- 9. Fiber
- 10. Furniture
- 11. Generators
- 12. HVAC
- 13. Landscaping
- 14. Lighting
- 15. Paving
- 16. Plumbing
- 17. Roofing
- 18. Site Work
- 19. Security
  - 1. Fire System
  - 2. Fencing
  - 3. Gates
  - 4. Cameras
  - 5. Card Readers

# **ENTERPRISE ASSET MANAGEMENT (EAM)**

# **Enterprise Asset Management is...**

- A systematic process that maximizes the value of physical assets.
- A logical approach for maintaining, upgrading, and replacing assets based on lifecycle costs.
- The rigorous link of databases to the financial aspects of ownership for long-term and short-term planning.

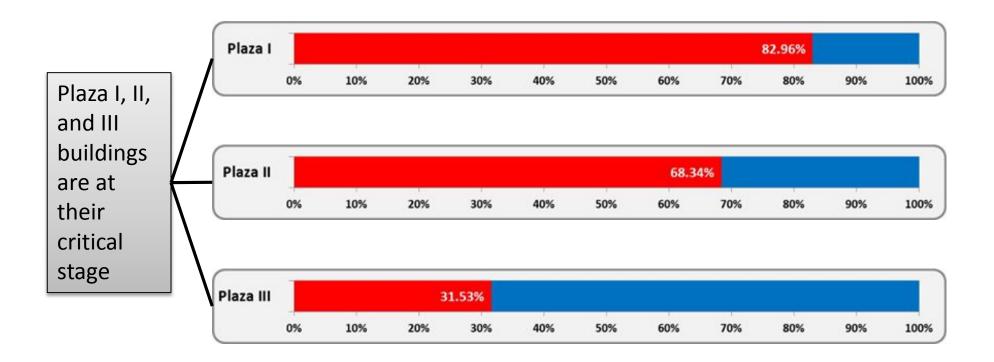


# **EXISTING DOWNTOWN CAMPUS**

Over the past decade, capital requirements have been identified for JEA's downtown campus, but other electric & water system projects have taken a higher rank for capital investments. It is now critical to address the downtown campus due to the condition of the building and building systems.

Industry best practice suggest the following scale for building assessment:





# **EXISTING DOWNTOWN CAMPUS**

### **Current state**

The JEA Tower and Customer Center were constructed in 1962 as a joint development; the Universal Marion office building (Tower) and Iveys department store (Customer Center). These two buildings are joined by two levels of shared underground spaces consist of mechanical rooms and parking decks. JEA purchased the property in 1989 from the Charter Oil Company.

# **Description of campus**

JEA's Downtown campus, centered around Church Street between Laura and Main Streets, covers nearly 1½ city blocks. The campus consists of three buildings: The Customer Center, Tower, and JEA's Adair Garage, all centered around a Plaza with underground parking.

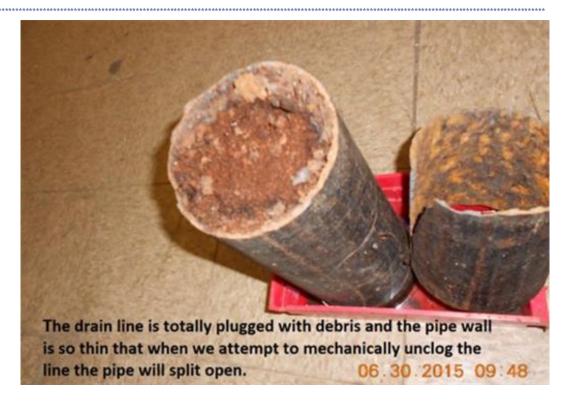


The 1.88 acre site contains the Tower, a high-rise office totaling 193,600 sf and the Customer Center (CC), a six-story office building totaling 144,000 sf directly to the west. The downtown campus buildings support and provide workspaces for approximately 750 JEA employees. Overall, the Plaza buildings contain more floor space than is currently being utilized. In fact, several floors of the Tower are less than 50% occupied. The plaza underground parking and the Adair garage contain approximately 513 parking spaces.

# **EXISTING DOWNTOWN CAMPUS - ISSUES**

# **Capital Repair Issues**

Plumbing: The existing cast iron drain lines are original to the building and have become a source of continual problems. The lines have reached the end of their anticipated life and we normally experience 2 to 3 major leaks each year. The potential for a significant sanitary sewer leak poses an ongoing risk to business continuity within the Tower.



**Electrical:** The Tower main electrical distribution and overload protection devices are original to the building. Because they are over 50 years old, replacement parts are becoming difficult to obtain. In addition, much of the electrical system is located in the basement and these systems are at risk of being suddenly shorted offline or damaged during storm/flood conditions. A long-term Tower electrical system failure could have a cascading effect on the CC Data Center, as several telecommunications points reside throughout the tower. In November 2014, the main circuit breaker serving Tower generator loads failed and the generator ran for over 60 hours straight while emergency repairs to the breaker and conductors were completed.

# **EXISTING DOWNTOWN CAMPUS - ISSUES**

# **Capital Repair Issues, Continued:**

Fire Protection: The current fire protection system is outdated and all software updates must be performed by a single vendor if we want to add or delete components. Also, the main fire panel is beginning to exhibit signs and symptoms of a major hardware failure. The fire alarm command center is located on the second floor northwest stairwell landing. While rescue personnel are attempting to pinpoint the source of the fire alarm, the stairwell could be inadvertently blocked by emergency personnel and equipment during an evacuation.



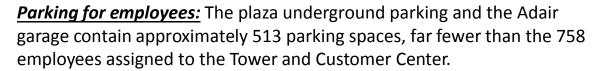
Flooding issues: The intersection at Church and Main form a natural basin and flooding during severe afternoon thunderstorms has been frequently observed. Occasionally, these flood waters spill over into our basement through the Main Street employee entrance. Also, a Category 3 or 4 Hurricane could generate a storm surge up Main Street which combined with heavy rainfall may flood the basement. Such an event would render the Tower uninhabitable for at least 6 months.



# **EXISTING DOWNTOWN CAMPUS - ISSUES**

## **Capital Repair Issues, Continued:**

**Basement generator:** If the Tower electrical system in the basement is knocked out of service during a storm/flood condition, the 41 year old generator will provide back-up power to the Tower. The generator and associated transfer switch is located at a slightly higher elevation than the basement electrical equipment and will most likely survive minor downtown flooding, but the generator and transfer switch are beyond their anticipated life cycle and must be replaced. The installation of a new Tower generator will require a significant electrical upgrade to the existing service.



<u>Security concerns:</u> The two levels of basement parking below the Tower and Customer Center are inconsistent with Security best practices for a headquarters building of a bulk power supply system operator.

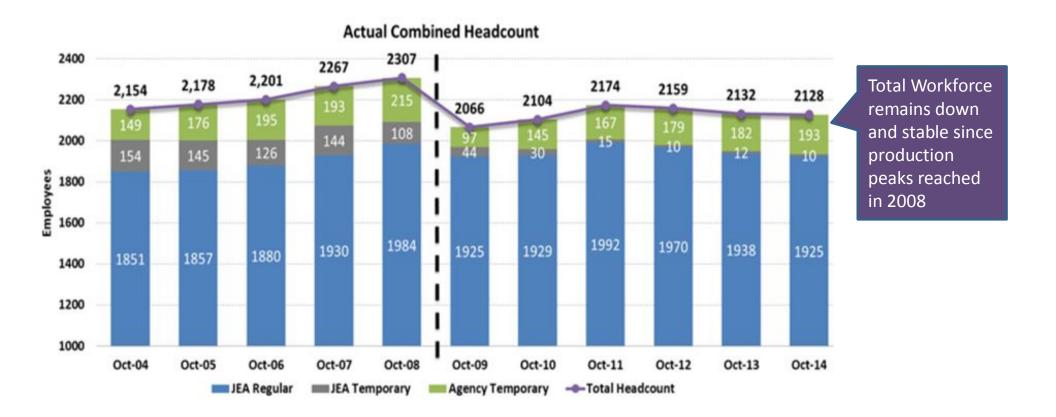
<u>Structural issues:</u> At the age of 53 years, the Towers concrete structure remains in fair/good physical condition. However, with only 12,000 usable square feet per floor, short column spacing, and a central stairwell the Tower is not conducive to a high density furniture layout.



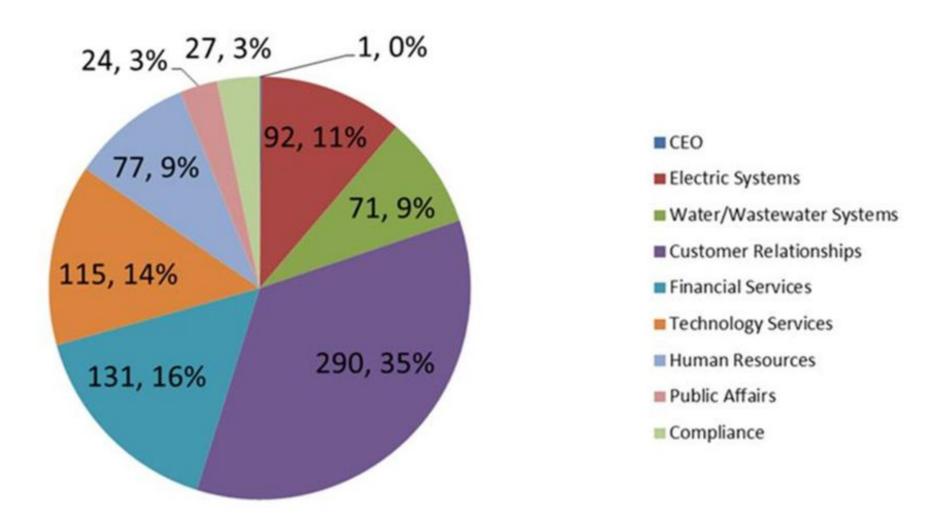




# The JEA Workforce — Historic Staffing Levels



# JEA DOWNTOWN ASSIGNMENTS BY BUSINESS UNIT



828 Total Downtown Assigned Employees; optimal future location of downtown work groups will be considered as part of the campus analysis

# POTENTIAL SCENARIOS TO ADDRESS DOWNTOWN FACILITIES INFRASTRUCTURE NEEDS

# **Construct New Building**

• Under this plan, JEA would maintain the existing Tower and Customer Center until a new building is constructed, minimizing repair and maintenance expenditures at the existing buildings while the new building is under construction

# **Large-Scale Renovation of Existing Tower and Customer Center**

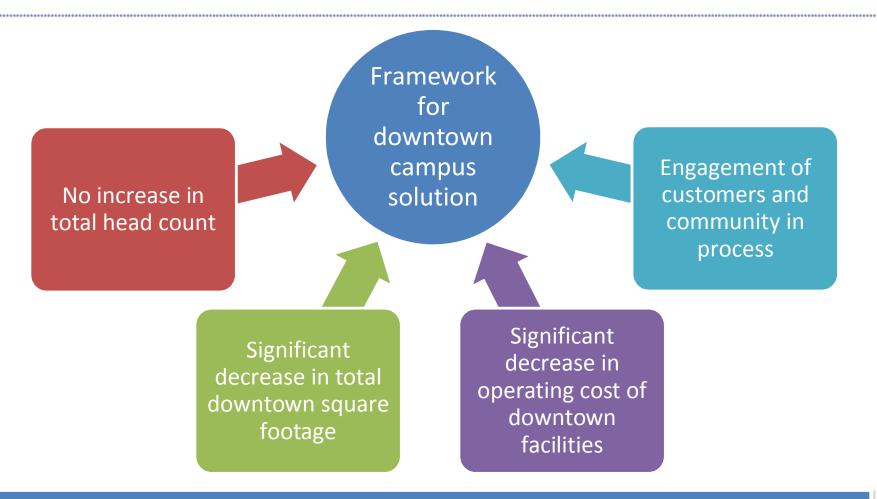
 This option completely renovates the entire Tower and portions of the Customer Center improving all critical infrastructures. All Tower critical infrastructures (electrical distribution, air handlers, chilled and potable water pumps, etc.) will be relocated out of the basement.

# Tear Down Existing Tower and Completely Re-Build

• Under this plan the Tower will be demolished and replaced with a new building to suit our needs. This plan has the highest risk due to complete removal.

BUT ... A final recommendation on the path forward requires further development and diligence

# **NEXT STEPS: FRAMEWORK FOR DOWNTOWN CAMPUS SOLUTION**



- Staff recommends the Finance and Audit Committee approve and recommend to the Board an authorization to proceed with development of a comprehensive plan for downtown campus within the framework described.
- Phase 1 development budget will not exceed \$3 million, and project will be submitted for board approval prior to commencement of construction or rehabilitation activities.

# Technology Services

---at a glance





# Background Paul Cosgrave - CIO

- Joined JEA September, 2014
- 42 years of IT experience:
  - CIO, City of NY
  - CIO, Internal Revenue Service
  - CEO, Claremont Technology (took public in 1996)
  - Managing Partner Andersen Consulting (now Accenture)
- Industrial Engineer from Rensselaer (RPI-BS and MS), recognized by RPI with the
  Distinguished Albert Fox Demers Medal,
  the second highest recognition given to
  an Alumnus, and by his Fraternity, Sigma
  Chi, as a Significant Sig.
- Has three grown children, has held local JAX residency since 2000, Currently lives in PVB w/wife Charlene and 2 dogs, moving to Jax Beach later this year.

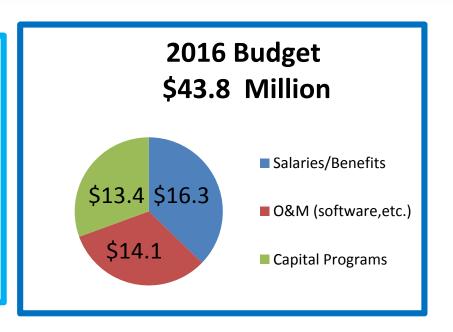


Paul J Cosgrave
Chief Information Officer

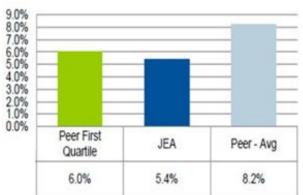


# Technology Services (TS) Highlights

- Technology Services (TS) is one of 8 organizations that report in directly to the CEO.
- Authorized Staff is 121
- Services include:
  - Telecommunications/Network Support (16)
  - Data Center/PC Support (37)
  - Cyber Security (11)
  - Application Development (31)
  - Analytics/GIS Support (12)
  - Project Management (9)
  - Enterprise Architecture (5)



# IT Staff as % of Total Employees



# IT Spend as % of Revenue

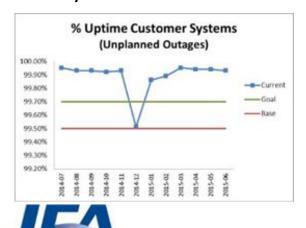


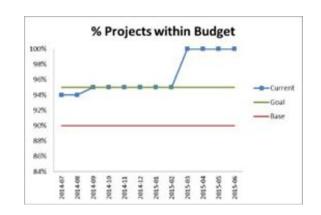


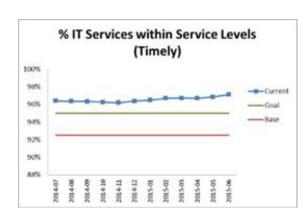
# Technology Services (TS) Highlights

- Major Service Goals:
  - Reliability of Essential Systems (99.9% uptime target)
  - Deliver Projects on-time and on-budget
  - Provide timely response to all service needs
  - Ensure System Security/Protect Enterprise and Personal Information;
    - Compliance Meet Critical Infrastructure Protection Requirements
    - Compliance Protect Customer and Employee Identities/Personal Information
    - Operational –Prevent business disruption-ensure continuity of operations (from both terrorist and natural incidents.

# **Key Performance Metrics:**









July 27, 2015

SUBJECT:	ELECTRIC SYSTEM AND V QUARTERLY REPORT	VATER AND SEWER SYSTE	M RESERVE FUND
Purpose:		Action Required	☐ Advice/Direction
Issue: Electric	System and Water and Sewe	r System Reserve Fund Quart	erly Report as of June 30, 2015.
Significance:	Low		
Effect: JEA Bo	pard		
Cost or Benef	it: None		
Recommende	d Board action: No action re	quired; provided for information	n only.
For additional	information, contact: Meliss	sa Dykes	

Submitted by: PEM/MHD/JEO/BHG



Commitments to Action



Ver.2.0D 9/21/2013 jer



### INTER-OFFICE MEMORANDUM

July 27, 2015

SUBJECT: ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE

**FUND QUARTERLY REPORT** 

FROM: Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

### **BACKGROUND:**

At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolution or under Board approved policies such as Pricing Philosophy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning in August 2012.

### **DISCUSSION**:

Attached are the reserve fund schedules referenced above for the period ending June 30, 2015.

### **RECOMMENDATION:**

No action required; provided for information only.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/BHG

### Electric System and Water & Sewer System Reserve and Fund Balances (1)

For the Fiscal Quarter Ending June 30, 2015 (In Thousands of Dollars)

Electric System	<u>Fi</u>	scal Year 2012		Fiscal Year FY 2013	•	Fiscal Year FY 2014	ļ	Fiscal Year FY 2015	<u>Detail</u> Page #
Unrestricted	\$	40.740	۲	46 F00	Ļ	42 170	Ļ	40.657	
Operations/Revenue Fund Debt Management Strategy Reserve	Ş	49,749 12,257	Ş	46,588	Ş	43,178	Ş	48,657	3
Self Insurance Reserve Fund		12,237		_		_		_	3
Property		10,000		10,000		10,000		10,000	4
Employee health insurance		15,440		15,914		10,749		7,799	5
Rate Stabilization		13,140		13,314		10,745		7,733	3
• Fuel		92,362		108,289		105,457		147,454	6
DSM/conservation		6,912		3,891		3,570		2,935	7
<ul> <li>Environmental</li> </ul>		5,343		10,023		-,-:		23,259	8
Debt Management		41,611		42,126		42,126		42,126	9
Non-Fuel Purchased Power		-		-		12,000		38,000	10
Environmental		18,359		18,662		18,662		18,662	11
Customer Deposits		43,454		44,882		42,688		42,688	12
Total Unrestricted		295,487		300,375		288,430		381,580	•
Unrestricted Days of Cash on Hand		125		129		123		176	•
Doctrictor									
Restricted  Debt Service Funds (Sinking Funds)		107.754		101 205		120 459		127 176	13
Debt Service Funds (Sinking Funds)  Debt Service Reserve Funds		107,754 72,226		101,305 64,841		120,458 64,841		137,476 64,595	14
Renewal and Replacement Funds/OCO (2)		105,235		140,486		146,910		170,466	15
Construction Funds		40,034		5,184		42		-	16
Total Restricted	-	325,249		311,816		332,251		372,537	. 10
Total Restricted		323,243		311,010		332,231		372,337	
Total Electric System	\$	620,736	\$	612,191	\$	620,681	\$	754,117	· •
Water and Sewer System									•
Unwantwinted									
Unrestricted Operations/Revenue Fund	\$	3,084	۲.	F 996	Ļ	9,227	ć	10 222	
Debt Management Strategy Reserve	Ş	6,458	Ş	5,886 304	Ş	304	Ş	10,223	17
Rate Stabilization Fund – Debt Management		20,290		20,290		20,291		20,290	18
Customer Deposit		12,627		13,860		12,787		13,434	19
Total Unrestricted	-	42,459		40,340		42,609		43,947	
Unrestricted Days of Cash on Hand	-	113		110		118		128	
Restricted									
Debt Service Funds (Sinking Funds)		81,675		80,317		75,019		70,610	20
Debt Service Reserve Funds		119,131		119,915		116,829		114,182	21
Renewal and Replacement Funds						<b>F</b> 22-			
R&R/OCO (3)  Consider Force (Charles Boundaine Leaves		64,260		78,689		59,295		74,371	22
Capacity Fees/State Revolving Loans     State Revolving Loans		45,454		60,360		76,887		87,751	23
Environmental  Construction Funds		(8,158)		(9,857)		5,299		17,897	24
Construction Funds		7,419		2,305		326		-	25
Total Restricted		309,781		331,729		333,655		364,811	
Total Water & Sewer System	\$	352,240	\$	372,069	\$	376,264	\$	408,758	

<sup>(1)</sup> This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.

Page 1

<sup>(2)</sup> Balance includes \$47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.

 $<sup>(3) \ \</sup>textit{Balance includes $20,000 of Water \& Sewer System Renewal and Replacement Reserve for MADS calculation.}$ 

### **Funds Established Per the Bond Resolutions**

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

# **Electric System Debt Management Reserve**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	А	ctual as of	06/30/2015	5			Full Year					Proje	ction		
(In Theorem de)	Cur		V t-	Data	201		2015	Prior		20	11.6	20	17	20	010
(In Thousands)	Qua	rter	Year -to-	-Date	Forec	ast	Budget	Act	uai	20	<u>)16</u>	20	<u>17</u>	<u>21</u>	018
Opening Balance	\$		\$	_	\$		N/A	\$	_	\$		\$		\$	-
Additions: Contributions							N/A		-						
Sub-total	<u> </u>		<u> </u>		<u> </u>		<u> </u>	<u> </u>		\$		Ġ		Ġ	
Deductions:	<u> </u>		<u>, y</u>		<u>, y</u>		<u>,</u>	<del></del>		<u>, , , , , , , , , , , , , , , , , , , </u>		<u>, , , , , , , , , , , , , , , , , , , </u>		<u> </u>	
Withdrawals						-	N/A		-						
Sub-total	\$		\$		\$		\$ -	\$		\$		\$		\$	-
Ending Balance	\$	-	\$	-	\$	-	N/A	\$	-	\$	-	\$	-	\$	-

			His	torical					Stati	istical		
	<u>2010</u>	<u>2011</u>		2012	<u>2013</u>	<u>2014</u>	Low	ı	Median		Mean	High
Opening Balance Additions:	\$ 12,257	\$ 12,257	\$	12,257	\$ 12,257	\$ 	\$ -	\$	12,257	\$	9,806	\$ 12,257
Contributions	-		-	-	-		-		-		-	-
Sub-total Withdrawals	\$ -	\$ -	\$	-	\$ 12,257	\$ 	-		-		3,064	12,257
Sub-total Ending balance	\$ 	\$ 12,257	\$	12,257	\$ 12,257	\$ <u>-</u>	\$ -	\$	- - 12,257	Ś	- - 7,354	\$ - - 12,257

### Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF Debt Management for that year.
- A portion of this reserve was used to pay on interest rate swap terminations in connection with a refunding of variable rate debt in February 2013, and the remainder was used
  in Sept 2013 for a defeasance.

# **Electric System Self Insurance - Property**

For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Budget Appropriation

Metric: Budgeted Deposit = \$10 million

Definitions and Goals: JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

		Actual as of	06/30/	2015			Full Y				P	rojection	
(In Thousands)		Current Quarter	Yea	r -to-Date	F	2015 orecast	201 Budg		rior Year Actual	<u>2016</u>		2017	<u>2018</u>
Opening Balance Additions: Reserve Contribution	\$	10,000	\$	10,000	\$	10,000	N/2	 \$	10,000	\$ 10,000	\$	10,000	\$ 10,000
Sub-total Deductions: Reserve Withdrawal	\$	<u>-</u>	\$	<u>-</u> _	\$	<u>-</u> _	\$ N/A	 \$	<u>-</u>	\$ <u>-</u>	\$	-	\$ -
Sub-total Ending Balance	\$ \$	10,000	\$	10,000	\$	10,000	\$ N/A	 \$	10,000	\$ 10,000	\$	10,000	\$ 10,000

			His	torical					Stati	istical		
	<u>2010</u>	<u>2011</u>		2012	<u>2013</u>	2014	Low	1	Median		Mean	High
Opening Balance Additions:	\$ 3,500	\$ 3,500	\$	10,000	\$ 10,000	\$ 10,000	\$ 3,500	\$	10,000	\$	7,400	\$ 10,000
Reserve Contribution		6,500					-		3,250		3,250	6,500
							-		-		-	-
		 			 	 	-		-		-	-
Sub-total	\$ 	\$ 6,500	\$	-	\$ 	\$ -						
Reserve Withdrawal							-		-		-	-
							-		-		-	-
					 	 	-		-		-	-
Sub-total	\$ -	\$ -	\$	-	\$ -	\$ -						
Ending balance	\$ 3,500	\$ 10,000	\$	10,000	\$ 10,000	\$ 10,000	\$ 3,500	\$	10,000	\$	8,700	\$ 10,000

# **Electric System Self Insurance - Employee Health Insurance**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Florida Statute for self insured government plans

Metric: An actuary calculates amount annually

Definitions and Goals: This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

		Actual as of	f 06/30/	/2015			F	ull Year					F	Projection	
		Current				2015		2015		Prior Year	•				
(In Thousands)	(	Quarter	Yea	r -to-Date	F	orecast		Budget		Actual		2016		2017	2018
Opening Balance	\$	9,368	\$	10,749	\$	10,749		N/A	\$	15,9	14	\$ 7,799	\$	7,799	\$ 7,799
Additions:															
Employee Contributions		1,445		3,874		5,464		N/A		4,5	73	6,101		6,589	7,116
Retiree & Other Contributions		964		3,090		4,988				5,1	.88	6,987		7,546	8,150
Employer Contributions		4,105		13,196		17,012				14,2	52	19,759		21,340	23,047
Sub-total	\$	6,514	\$	20,160	\$	27,464	\$		- \$	24,0	13	\$ 32,847	\$	35,475	\$ 38,313
Deductions:	· <del></del>										,			,	
Payments for Claims				21,415		28,416		N/A		27,1	57	30,689		33,144	35,796
Actuary & Other Payments		614		1,731		1,998				2,0	21	2,158		2,331	2,517
Sub-total	\$	614	\$	23,146	\$	30,414	\$		- \$	29,1	78	\$ 32,847	\$	35,475	\$ 38,313
Ending Balance	\$	15,268	\$	7,763	\$	7,799		N/A	\$	10,7	49	\$ 7,799	\$	7,799	\$ 7,799

			Hi	storical						Sta	tistical		
(In Thousands)	<u>2010</u>	<u>2011</u>		<u>2012</u>		2013	<u>2014</u>	Low	ı	Median		Mean	High
Opening Balance	\$ 4,095	\$ 8,227	\$	12,505	\$	15,440	\$ 15,914	\$ 4,095	\$	12,505	\$	11,236	\$ 15,914
Additions:					-	,							
Employee Contributions	5,804	5,926		6,147		5,893	4,573	4,573		5,893		5,669	6,147
Retiree & Other Contributions	4,653	4,725		6,910		5,701	5,188	4,653		5,188		5,435	6,910
Employer Contributions	22,186	20,484		21,155		20,629	14,252	14,252		20,629		19,741	22,186
Sub-total	\$ 32,643	\$ 31,135	\$	34,212	\$	32,223	\$ 24,013						
Deductions:	_	 											
Payments for Claims	26,179	24,699		29,220		29,354	27,157	24,699		27,157		27,322	29,354
Actuary & Other Payments	2,332	2,158		2,057		2,395	2,021	2,021		2,158		2,193	2,395
Sub-total	\$ 28,511	\$ 26,857	\$	31,277	\$	31,749	\$ 29,178						
Ending balance	\$ 8,227	\$ 12,505	\$	15,440	\$	15,914	\$ 10,749	\$ 8,227	\$	12,505	\$	12,567	\$ 15,914

### Observations:

- Self Insurance for Employee Health Insurance began in July 2009.
- Projections are using the 8% rate of increase based on information obtained from the Actuarial Memorandum and Report.
   Calendar year data is presented above in fiscal year format.

## **Electric System Rate Stabilization - Fuel Management**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Targeted 15% of total annual projected energy costs

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (a) the maximum 12-month historical fuel cost or (b) the projected 12-month fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

	Actual as of	06/30	/2015			F	ull Year				Pr	ojection	
	Current				2015		2015	Р	rior Year				
(In Thousands)	Quarter	Yea	ar -to-Date	ı	orecast		Budget		Actual	<u>2016</u>		2017	<u>2018</u>
Opening Balance Additions:	\$ 136,669	\$	105,457	\$	105,457		N/A	\$	108,289	\$ 147,454	\$	87,454	\$ 87,454
Contributions	29,690		60,902		91,905		12,879		22,496				
Sub-total Deductions:	\$ 29,690	\$	60,902	\$	91,905	\$	12,879	\$	22,496	\$ 	\$	<u> </u>	\$ -
Withdrawals Customer Fuel Rebate Credit			49,908		49,908				- 25,328	60,000			
Sub-total	\$ 	\$	49,908	\$	49,908	\$		\$	25,328	\$ 60,000	\$		\$ -
Ending Balance	\$ 166,359	\$	116,451	\$	147,454		N/A	\$	105,457	\$ 87,454	\$	87,454	\$ 87,454

				His	storical				Stat	istical		
		<u>2010</u>	<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	Median		Mean	High
Opening Balance Additions:	\$	84,781	\$ 55,935	\$	24,990	\$ 92,362	\$ 108,289	\$ 24,990	\$ 84,781	\$	73,271	\$ 108,289
Contributions		73,194	53,465		76,763	52,523	22,496	22,496 - -	53,465 -		55,688 - -	76,763 - -
Sub-total Deductions:	\$	73,194	\$ 53,465	\$	76,763	\$ 52,523	\$ 22,496	-	-		-	-
Withdrawals Customer Fuel Rebate C	redit	102,040	84,410		9,391	36,596	25,328	9,391 25,328	84,410 30,962		65,280 30,962	102,040 36,596
Sub-total Ending balance	\$	102,040 55,935	\$ 84,410 24,990	\$	9,391 92,362	\$ 36,596 108,289	\$ 25,328 105,457	\$ - 24,990	\$ - 92,362	\$	- 77,407	\$ - 108,289

### Observations:

Actual and historical numbers reflect fuel recovery contributions and withdrawls on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11.

# **Electric System Rate Stabilization - Demand Side Management (DSM)**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 KWh monthly

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section VII of the Pricing Policy, \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

		Actual as of	06/30/	2015			Full Year				Pr	ojection	
<i>(</i> , <del>-</del> , , )		Current	.,			2015	2015		or Year	2016		2017	2010
(In Thousands)	C	luarter	Year	-to-Date	FC	recast	Budget	Α	ctual	<u>2016</u>		<u>2017</u>	<u>2018</u>
Opening Balance	\$	3,467	\$	3,570	\$	3,570	N/A	\$	3,891	\$ 2,935	\$	2,935	\$ 2,935
Additions:												<u>.</u>	
Contributions		1,644		4,806		6,937	6,942		6,929	7,000		7,000	7,000
Other													
Sub-total	\$	1,644	\$	4,806	\$	6,937	\$ 6,942	\$	6,929	\$ 7,000	\$	7,000	\$ 7,000
Deductions:							 			 			
Withdrawals							9,021		7,250			7,000	7,000
				5,183		7,572				7,000			
Sub-total	\$	-	\$	5,183	\$	7,572	\$ 9,021	\$	7,250	\$ 7,000	\$	7,000	\$ 7,000
Ending Balance	\$	5,111	\$	3,193	\$	2,935	N/A	\$	3,570	\$ 2,935	\$	2,935	\$ 2,935

			H	istorical				Stati	istical		
	<u>2010</u>	<u>2011</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	Low	Median		Mean	High
Opening Balance Additions:	\$ 6,058	\$ 10,813	\$	10,703	\$ 6,912	\$ 3,891	\$ 3,891	\$ 6,912	\$	7,675	\$ 10,813
Contributions Transfer from Rev Fd	8,240	7,978		6,657	6,683	6,929	6,657 -	6,929 -		7,297 -	8,240 -
Sub-total Deductions:	\$ 8,240	\$ 7,978	\$	6,657	\$ 6,683	\$ 6,929	-	-		-	-
Withdrawals	3,485	8,088		10,448	9,704	7,250	3,485	8,088		7,795 -	10,448
Sub-total	\$ 3,485	\$ 8,088	\$	10,448	\$ 9,704	\$ 7,250	-	-		-	-
Ending balance	\$ 10,813	\$ 10,703	\$	6,912	\$ 3,891	\$ 3,570	\$ 3,570	\$ 6,912	\$	7,178	\$ 10,813

### Observations

Rate Stabilization Fund for Demand Side Management began in April 2009.

# **Electric System Rate Stabilization - Environmental**

For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.62 per 1,000 kWh

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge (\$0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

		Actual as of	f 06/30/	2015			F	ull Year					Pr	rojection		
		Current				2015		2015	Р	rior Year						
(In Thousands)		Quarter	Yea	r -to-Date	F	orecast		Budget		Actual		<u>2016</u>		<u>2017</u>		<u>2018</u>
Opening Balance	\$	19,874	\$	16,639	\$	16,639		N/A	\$	10,023	\$	23,259	\$	26,259	\$	29,259
Additions:	·															
Contributions		1,954		5,416		7,588		7,320		7,395		7,440		7,440		7,440
Sub-total	<u> </u>	1,954	Ś	5,416	Ś	7,588	Ś	7,320	Ś	7,395	Ś	7,440	Ś	7,440	Ś	7,440
Deductions:	<u></u>	,	<u> </u>		<u> </u>	,,,,,,,	<u> </u>	,		,	<u> </u>	, -	<u> </u>	, -	<u> </u>	
Withdrawals								2,229		779				4,440		4,440
				411		968						4,440				
Sub-total	\$	-	\$	411	\$	968	\$	2,229	\$	779	\$	4,440	\$	4,440	\$	4,440
Ending Balance	\$	21,828	\$	21,644	\$	23,259		N/A	\$	16,639	\$	26,259	\$	29,259	\$	32,259

			His	torical					Stati	istical		
	2010	2011		2012	2013	2014	Low	ľ	Median		Mean	High
Opening Balance Additions:	\$ 	\$ 2,467	\$	4,232	\$ 5,343	\$ 10,023	\$ -	\$	4,232	\$	4,413	\$ 10,023
Contributions	2,467	6,583		2,436	5,650	7,395	2,436		5,650		4,906	7,395
							-		-		-	-
Sub-total Deductions:	\$ 2,467	\$ 6,583	\$	2,436	\$ 5,650	\$ 7,395	-		-		-	-
Withdrawals		4,818		1,325	970	779	779		1,148		1,973	4,818
							-		-		-	-
Sub-total	\$ 	\$ 4,818	\$	1,325	\$ 970	\$ 779	-		-		-	-
Ending balance	\$ 2,467	\$ 4,232	\$	5,343	\$ 10,023	\$ 16,639	\$ 2,467	\$	5,343	\$	7,741	\$ 16,639

### Observations

• Rate Stabilization Fund for Environmental began in June 2010.

### **Electric System Rate Stabilization - Debt Management**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

		Actual as of	06/30/	2015			F	ull Year					Pr	ojection		
(In Thousands)		urrent uarter	Voa	-to-Date		2015 orecast		2015 Budget		rior Year Actual		<u>2016</u>		2017		2018
(III Thousands)	4	darter	icai	-to-Date		biccast		buuget		Actual		2010		2017		2018
Opening Balance	\$	42,126	\$	42,126	\$	42,126		N/A	\$	42,126	\$	42,126	\$	42,126	\$	42,126
Additions: Contributions								N/A		_						
Contributions								N/A								
Sub-total	Ś		Ś		Ś		Ś		Ś		Ś		Ś		Ś	-
Deductions:	<u> </u>		<u> </u>		<u> </u>		<u> </u>		<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Withdrawals										-						
						-										
Sub-total	\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	_	\$	-
Ending Balance	\$	42,126	\$	42,126	\$	42,126		N/A	\$	42,126	\$	42,126	\$	42,126	\$	42,126

				His	torical					Stat	istical		
	2010		<u>2011</u>		2012	<u>2013</u>	<u>2014</u>	Low	- 1	Median		Mean	High
Opening Balance Additions:	\$ 4,026	\$	19,213	\$	35,930	\$ 41,611	\$ 42,126	\$ 4,026	\$	35,930	\$	28,581	\$ 42,126
Contributions	15,187		16,717		5,681	6,581		5,681		10,884		11,042	16,717
C. h. v. v. l	 45.407	_	46.747		F. CO4	 C F04		-		-		-	-
Sub-total Deductions:	\$ 15,187	\$	16,717	\$	5,681	\$ 6,581	\$ <del></del>						
Withdrawals	-		-		-	6,066		-		-		1,517	6,066
								-		-		-	-
Sub-total	\$ -	\$	-	\$	-	\$ 6,066	\$ -						
Ending balance	\$ 19,213	\$	35,930	\$	41,611	\$ 42,126	\$ 42,126	\$ 19,213	\$	41,611	\$	36,201	\$ 42,126

### Observations:

Rate Stabilization Fund for Debt Management began in May 2009.

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# **Electric System Rate Stabilization - Non-Fuel Purchased Power**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

	Actual as o	f 06/30/2	015			Year			Pr	ojection	
(In Thousands)	Current Quarter	Year	-to-Date	2015 orecast		015 dget	rior Year Actual	<u>2016</u>		2017	<u>2018</u>
Opening Balance Additions: Contributions	\$ 12,000	\$	12,000	\$ 12,000 26,000		I/A I/A	\$ 12,000	\$ 38,000	\$	35,000	\$ 26,000
Sub-total Deductions: Withdrawals	\$ -	\$	<u> </u>	\$ 26,000	\$	<u> </u>	\$ 12,000	\$ 3,000	\$	9,000	\$ 12,000
Sub-total Ending Balance	\$ 12,000	\$	12,000	\$ 38,000	\$ N	- I/A	\$ 12,000	\$ 3,000 35,000	\$	9,000	\$ 12,000 14,000

				H	listorical					Stati	stical		
	<u>20</u> 2	<u>10</u>	<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	N	Median		Mean	High
Opening Balance Additions:	\$	<u>-                                    </u>	\$	- \$	-	\$ 	\$ -	\$ - -	\$	-	\$	-	\$ -
Contributions							12,000	12,000		12,000		12,000	12,000
Sub-total	\$	- 5	\$	- \$	-	\$ 	\$ 12,000	-		-		-	-
Deductions: Withdrawals								-		-		-	-
Sub-total Ending balance	\$		\$	- - \$	<u>-</u>	 <u> </u>	\$ 12,000	\$ -	\$	-	\$	2,400	\$ 12,000

### Observations

• The Non-Fuel Purchased Power Rate Stabiliation Fund began in FY 2014.

# **Electric System Environmental Reserve**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

Definitions and Goals: This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

	Actual as of	f 06/30/	2015			Full Year			Pı	ojection	
(In Thousands)	Current Quarter	Yea	r -to-Date	F	2015 Forecast	2015 Budget	rior Year Actual	<u>2016</u>		2017	<u>2018</u>
Opening Balance	\$ 18,662	\$	18,662	\$	18,662	N/A	\$ 18,662	\$ 18,662	\$	18,662	\$ 18,662
Additions: Contributions					-	N/A	-				
Sub-total	\$ 	\$		\$		\$ -	\$ 	\$ 	\$		\$ -
Deductions: Withdrawals					-	N/A	-				
Sub-total	\$ 	\$		\$	-	\$ -	\$ 	\$ 	\$		\$ 
Ending Balance	\$ 18,662	\$	18,662	\$	18,662	N/A	\$ 18,662	\$ 18,662	\$	18,662	\$ 18,662

					His	torical						Stat	istical		
		<u>2010</u>		<u>2011</u>		2012		<u>2013</u>		<u>2014</u>	Low	Median		Mean	High
Opening Balance Additions:	\$	12,523	\$	16,946	\$	20,899	\$	18,359	\$	18,662	\$ 12,523	\$ 18,359	\$	17,478	\$ 20,899
Contributions		4,423		3,953				970		-	-	2,462		2,337	4,423
Sub-total	Ś	4,423	Ś	3,953	Ś		Ś	970	Ś		-	-		-	-
Deductions: Withdrawals	<u>.</u>	<del>, , , , , , , , , , , , , , , , , , , </del>			<u></u>	2,540		667		_	-	667		1,069	2,540
											-	-		-	-
Sub-total	\$	-	\$	-	\$	2,540	\$	667	\$	-					
Ending balance	\$	16,946	\$	20,899	\$	18,359	\$	18,662	\$	18,662	\$ 16,946	\$ 18,662	\$	18,706	\$ 20,899

### Observations:

• The Environmental Reserve began in FY 2008.

# **Electric System Customer Deposits**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Actual as of	f 06/30/	2015			-	Full Year			Pr	ojection	
	Current				2015		2015	ior Year				
(In Thousands)	Quarter	Yea	r -to-Date	F	orecast		Budget	Actual	<u>2016</u>		2017	2018
Opening Balance	\$ 42,870	\$	42,688	\$	42,688		N/A	\$ 44,882	\$ 42,688	\$	42,688	\$ 42,688
Additions:	 							 				
Net Customer Activity					-		N/A	-				
Loan Repayment to ES Revenue Fund								-				
Sub-total	\$ 	\$		\$	-	\$	-	\$ -	\$ 	\$		\$ -
Deductions:												
Net Customer Activity	624		442					2,194				
Loan to ES Revenue Fund							N/A	-				
Sub-total	\$ 624	\$	442	\$		\$	-	\$ 2,194	\$ 	\$		\$ -
Ending Balance	\$ 42,246	\$	42,246	\$	42,688		N/A	\$ 42,688	\$ 42,688	\$	42,688	\$ 42,688

			His	storical				Stati	istical		
	<u>2010</u>	<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	Median		Mean	High
Opening Balance Additions:	\$ 37,390	\$ 38,801	\$	42,767	\$ 43,454	\$ 44,882	\$ 37,390	\$ 42,767	\$	41,459	\$ 44,882
Net Customer Activity Loan Repayment to ES Revenue Fund	4,032 17,500	5,011 16,000		905	1,430		905 16,000	2,731 16,750		2,845 16,750	5,011 17,500
Sub-total Deductions:	\$ 21,532	\$ 21,011	\$	905	\$ 1,430	\$ 	-	-		-	-
Net Customer Activity Loan to ES Revenue Fund	2,621 17,500	1,045 16,000		218	2	2,194	2 16,000	1,045 16,750		1,216 16,750	2,621 17,500
Sub-total Ending balance	\$ 20,121 38,801	\$ 17,045 42,767	\$	218 43,454	\$ 2 44,882	\$ 2,194 42,688	\$ 38,801	\$ 42,767	\$	42,518	\$ 44,882

### Observations

• JEA is in the process of implementing a prepaid meter program which could reduce customer deposits starting in Fiscal Year 2014.

# **Electric System Debt Service Sinking Fund**

# For the Fiscal Quarter Ending June 30, 2015 Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

		Actual as of	f 06/30	/2015				Full Year					P	rojection		
	(	Current				2015		2015	P	rior Year						
(In Thousands)	C	Quarter	Yea	ar -to-Date	I	Forecast		Budget		Actual		<u>2016</u>		<u>2017</u>		<u>2018</u>
Opening Balance	\$	87,018	\$	120,458	\$	120,458		N/A	\$	101,305	\$	137,476	\$	136,861	\$	129,201
Additions:								,								
Revenue Fund Deposits Bond funded interest		45,271		136,055		184,140		200,470		167,340 -		194,698		190,860		190,785
Sub-total	\$	45,271	\$	136,055	\$	184,140	\$	200,470	\$	167,340	\$	194,698	\$	190,860	\$	190,785
Deductions:																
Principal and Int Payments		41,079		165,303		167,122		N/A		148,187		195,313		198,520		188,902
Sub-total	Ś	41,079	Ś	165,303	Ś	167,122	Ś		Ś	148,187	Ś	195,313	Ś	198,520	Ś	188,902
Ending Balance	\$	91,210	\$	91,210	\$	137,476		N/A	\$	120,458	\$	136,861	\$	129,201	\$	131,084

					Hi	storical						Stat	istical		
		<u>2010</u>		<u>2011</u>		2012		<u>2013</u>		<u>2014</u>	Low	Median		Mean	High
Opening Balance Additions:	\$	80,683	\$	86,769	\$	125,988	\$	107,754	\$	101,305	\$ 80,683	\$ 101,305	\$	100,500	\$ 125,988
Revenue Fund Deposits Bond funded interest		126,621 7,263		187,629 1,726		159,724		159,072		167,340	126,621 1,726	159,724 4,495		160,077 4,495	187,629 7,263
Sub-total	\$	133,884	\$	189,355	\$	159,724	\$	159,072	\$	167,340	-	-		-	-
Deductions: Principal and Int Payments		127,798		150,136		177,958		165,521		148,187	127,798	150,136		153,920	177,958
Sub-total	Ś	127,798	Ś	150,136	Ś	177,958	Ś	165,521	Ś	148,187	-	-		-	-
Ending balance	\$	86,769	\$	125,988	\$	107,754	\$	101,305	\$	120,458	\$ 86,769	\$ 107,754	\$	108,455	\$ 125,988

### Observations:

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).

# **Electric System Debt Service Reserve Account**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution

Metric: Maximum interest payable on outstanding senior Electric System bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

		Actual as of	f 06/30/	2015		Fu	II Year	Budget A	mour	nts			Projection	
	C	Current				2015		2015		Pr	ior Year			
(In Thousands)	C	Quarter	Yea	r -to-Date	F	orecast		Budget		,	Actual	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance Additions:	\$	64,595	\$	64,841	\$	64,841		N/A		\$	64,841	\$ 64,595	\$ 64,595	\$ 64,595
Sub-total Deductions:	\$	<u> </u>	\$	- 246	\$		\$	N/0	<u>-</u>	\$		\$ 	\$ <u>-</u> _	\$ -
Release to Revenue Fund  Sub-total	\$		\$	246	\$	246	\$	N/A	<u> </u>	\$	- -	\$ -	\$ -	\$
Ending Balance	\$	64,595	\$	64,595	\$	64,595		N/A		\$	64,841	\$ 64,595	\$ 64,595	\$ 64,595

				Histori	ical Actuals				St	atistica	I	
	<u>2010</u>		<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	Median		Mean	High
Opening Balance Additions:	\$ 55,551	\$	72,226	\$	72,226	\$ 72,226	\$ 64,841	\$ 55,551	\$ 72,226	\$	67,414	\$ 72,226
Proceeds from Bonds	16,675	-			-	-	-	-	-		3,335	16,675 -
Sub-total Deductions:	\$ 16,675	\$		\$		\$ 	\$ 	-	-		-	-
Defeasance						7,385		7,385 -	7,385		7,385	7,385 -
Sub-total	\$ -	\$		\$		\$ 7,385	\$ 	-	-		-	-
Ending balance	\$ 72,226	\$	72,226	\$	72,226	\$ 64,841	\$ 64,841	64,841	72,226		69,272	72,226

### Observations:

- In FY 2007, the debt service reserve requirement was satisfied 100% by the use of debt service reserve surety policies. In accordance with the bond resolution, beginning in FY 2008, cash/investments replaced the downgraded sureties due to their downgrade by the rating agencies. Sureties of \$67.6 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- The debt service reserve account balance is currently in excess of the the debt service reserve requirement under the bond resolution by \$3.0 million. The excess will be used, if needed, to (1) fund an increase in the reserve requirement caused by a future issuance of new money bonds and/or variable to fixed refunding bonds, (2) help satisfy cash reserve targets instituted by the rating agencies, and/or (3) redeem bonds, in accordance with applicable tax laws.

# Electric Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Electric System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Electric System bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

		Actual as of	06/30,	/2015			F	ull Year				P	rojection	
		Current				2015		2015	Р	rior Year				
(In Thousands)	(	Quarter	Yea	ar -to-Date	F	orecast		Budget		Actual	<u>2016</u>		<u>2017</u>	<u>2018</u>
Opening Balance	\$	174,200	\$	146,910	\$	146,910		N/A	\$	140,486	\$ 170,466	\$	171,728	\$ 141,064
Additions:														
R&R/OCO Contribution		57,524		131,856		148,236		130,818		85,639	138,472		130,481	116,484
Loans betw Capital Fds								-		-				
Other		703		496		771		-		4,014	18,590			
Sub-total	\$	58,227	\$	132,352	\$	149,007	\$	130,818	\$	89,653	\$ 157,062	\$	130,481	\$ 116,484
Deductions:														
Capital Expenditures		26,139		72,974		125,418		118,996		82,889	155,800		161,145	126,301
Transfers betw Capital Fds						33		-		340			-	-
Transfer to Scherer								-		-				
Sub-total	\$	26,139	\$	72,974	\$	125,451	\$	118,996	\$	83,229	\$ 155,800	\$	161,145	\$ 126,301
Ending Balance	\$	206,288	\$	206,288	\$	170,466		N/A	\$	146,910	\$ 171,728	\$	141,064	\$ 131,247

			His	storical				Stati	stical		
	<u>2010</u>	<u>2011</u>		2012	2013	<u>2014</u>	Low	Median		Mean	High
Opening Balance	\$ 67,697	\$ 48,626	\$	73,727	\$ 105,235	\$ 140,486	\$ 48,626	\$ 73,727	\$	87,154	\$ 140,486
Additions:											
R&R/OCO Contribution	128,214	156,406		142,822	124,630	85,639	85,639	128,214		127,542	156,406
Loans betw Capital Fds	2,000	-		-	-	-	-	-		400	2,000
Other	2,467	2,876		943	2,423	4,014	943	2,467		2,545	4,014
Sub-total	\$ 132,681	\$ 159,282	\$	143,765	\$ 127,053	\$ 89,653					
Deductions:						 					
Capital Expenditures	117,752	115,181		112,257	91,802	82,889	82,889	112,257		103,976	117,752
Bond Buy Back	34,000	-		-			-	-		11,333	34,000
Transfer to Scherer		19,000									
Loans betw Capital Fds						340					
Other		-			-		-	-		-	-
Sub-total	\$ 151,752	\$ 134,181	\$	112,257	\$ 91,802	\$ 83,229					
Ending balance	\$ 48,626	\$ 73,727	\$	105,235	\$ 140,486	\$ 146,910	\$ 48,626	\$ 105,235	\$	102,997	\$ 146,910

### Observations:

- Other includes the Oracle Financing and Sale of Property.
- Includes \$47 million for Maximum Annual Debt Service calculation.

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# **Electric Construction / Bond Fund**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution

Metric: Target = Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

	A	ctual as of	f 06/30/20	015			Full	Year				Proje	ction		
	Cur	rent			2	015	20	015	Pr	ior Year					
(In Thousands)	Qua	rter	Year -	-to-Date	For	ecast	Bu	dget	A	Actual	<u>2016</u>	<u>20</u>	<u>17</u>	2	018
Opening Balance	\$	7	\$	42	\$	42	N	I/A	\$	5,184	\$ -	· \$	_	\$	
Additions:						_									
Bond Proceeds								-		-					
Line of Credit								-		-					
Transfers b/w Capital Fds				4		37		-		3,091					
Other								-		340					
Sub-total	\$	-	\$	4	\$	37	\$	-	\$	3,431	\$ -	\$	-	\$	
Deductions:								,							
Capital Expenditures				75		75		40		4,821					
Bond Funded Interest								-		-					
Transfers betw Capital Fds				4		4				3,091					
Other						-		-		661					
Sub-total	\$	-	\$	79	\$	79	\$	40	\$	8,573	\$ -	\$	-	\$	
Ending Balance	\$	7	\$	(33)	\$	-	N	I/A	\$	42	\$ -	\$	-	\$	

			His	torical					Stati	istical		
(In Thousands)	<u>2010</u>	2011		2012	2013	2014	Low	1	Median		Mean	High
Opening Balance	\$ 33,084	\$ 36,981	\$	63,915	\$ 40,034	\$ 5,184	\$ (33)	\$	35,033	\$	29,861	\$ 63,915
Additions:												
Bond Proceeds	100,306	91,545			1,550		1,550		91,545		64,467	100,306
Line of Credit							-		-		-	-
Transfers b/w Capital Fds						3,091	3,091		3,091		3,091	3,091
Other		562			 34	 340	34		340		312	562
Sub-total	\$ 100,306	\$ 92,107	\$	-	\$ 1,584	\$ 3,431						
Deductions:												
Capital Expenditures	86,869	63,371		23,385	35,253	4,821	4,821		35,253		42,740	86,869
Bond Funded Interest	7,263	1,802					1,802		4,533		4,533	7,263
Line of Credit												
Transfers b/w Capital Fds	2,000				35	3,091	35		2,000		1,709	3,091
Other	277			496	 1,146	 661	277		579		645	1,146
Sub-total	\$ 96,409	\$ 65,173	\$	23,881	\$ 36,434	\$ 8,573						
Ending balance	\$ 36,981	\$ 63,915	\$	40,034	\$ 5,184	\$ 42	\$ 42	\$	36,981	\$	29,231	\$ 63,915

### Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2013 2015 projection period.

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# **Water and Sewer Debt Management Reserve**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt.

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual a	s of 06/30/2015		Full Year			Projection	
(In Thousands)	Current Quarter	Year -to-Date	2015 Forecast	2015 Budget	Prior Year Actual	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance Additions: Contributions	\$	- \$ 304	\$ 304	N/A	\$ 304	\$ -	\$ -	\$ -
Sub-total Deductions: Withdrawals	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-total Ending Balance	4	- \$ 304 - \$ -	\$ 304 \$ -	\$ - N/A	\$ - \$ 304	\$ - \$ -	\$ - \$ -	\$ - \$ -

				Hist	torical					Stati	stical		
	<u>2010</u>		<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	N	Лedian		Mean	High
Opening Balance Additions: Contributions	\$ 6,458	\$	6,458	<u>\$</u> -	6,458	\$ 6,458	\$ 304	\$ 304	\$	6,458 - -	\$	5,227 - -	\$ 6,458 - -
Sub-total Deductions: Withdrawals	\$ -	\$	<u> </u>	\$	<u> </u>	\$ 6,154	\$ 	6,154		6,154		6,154	6,154
Sub-total Ending balance	\$ - 6,458	\$ \$	- 6,458	\$	6,458	\$ 6,154 304	\$ 304	\$ 304	\$	- - 6,458	\$	- - 3,996	\$ - - 6,458

### Observations

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF Debt Management for that year.
- \$6 million was used in Sept 2013 for a defeasance.

### **Water and Sewer Rate Stabilization Debt Management**

#### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt.

Definitions and Goals: TheWater & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of cred

	Actual as of	06/30/	/2015			Full Year				P	rojection	
(In They are do.)	Current Quarter	V	- t- D-t-		2015 orecast	2015		Prior Year	2016		2017	2010
(In Thousands)	Quarter	rea	ir -to-Date	,	orecast	Budget		Actual	<u>2016</u>		<u>2017</u>	<u>2018</u>
Opening Balance	\$ 20,290	\$	20,290	\$	20,290	N/A	\$	20,290	\$ 20,290	\$	20,290	\$ 20,290
Additions:												
Contributions	-		-		-	N/A		-				
Financial Statement Rounding												
Sub-total	\$ 	\$		\$	-	\$	- \$	-	\$ 	\$		\$ -
Deductions:	 								 			
Withdrawals												
Sub-total	\$ -	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$ -
Ending Balance	\$ 20,290	\$	20,290	\$	20,290	N/A	\$	20,290	\$ 20,290	\$	20,290	\$ 20,290

				His	torical								Stati	stical		
	-	<u>2010</u>	2011		<u>2012</u>		<u>2013</u>		2014		Low	N	Лedian		Mean	High
Opening Balance	\$	1,524	\$ 9,514	\$	17,560	\$	20,290	\$	20,290	\$	1,524	\$	17,560	\$	13,836	\$ 20,290
Additions: Contributions		7,990	8,046		2,730						2,730		2,730		2,730	2,730
							_				-		-		-	-
Sub-total Deductions: Withdrawals	\$	7,990	\$ 8,046	\$	2,730	\$		\$			_				_	
withurawais											-		-		-	-
Sub-total	\$	-	\$ -	\$	-	\$	-	\$	-							
Ending balance	\$	9,514	\$ 17,560	Ś	20,290	Ś	20,290	Ś	20,290	Ś	9,514	Ś	20,290	\$	17,589	\$ 20,290

### Observations:

Contributions began in June 2009.

### **Water and Sewer System Customer Deposits**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Actual as of	06/30/	2015		2015	Full Yea	r	. ,,		Pi	rojection	
(In Thousands)	Current Quarter	Yea	r -to-Date	F	2015 Forecast	2015 Budget	t	rior Year Actual	<u>2016</u>		2017	<u>2018</u>
Opening Balance	\$ 12,985	\$	12,787	\$	12,787	N/A		\$ 13,860	\$ 13,434	\$	13,434	\$ 13,434
dditions: Allocated from Electric Loan Repayment	449		647		647 -	N/A		-				
Sub-total	\$ 449	\$	647	\$	647	\$	_	\$ 	\$ 	\$		\$ -
Deductions: Allocated from Electric Loan to W&S Operations					-	N/A		1,073				
Sub-total	\$ _	\$	_	\$		\$		\$ 1,073	\$ 	\$		\$ -
Ending Balance	\$ 13,434	\$	13,434	\$	13,434	N/A		\$ 12,787	\$ 13,434	\$	13,434	\$ 13,434

			His	torical					Stati	istical		
	2010	<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	ľ	Median		Mean	High
Opening Balance Additions:	\$ 6,598	\$ 8,517	\$	9,727	\$ 12,627	\$ 13,860	\$ 6,598	\$	9,727	\$	10,266	\$ 13,860
Allocated from Electric	2,458	1,210		2,900	1,233		1,233		2,067		2,067	2,900
Loan Repayment				1,000			1,000		1,000		1,000 -	1,000
Sub-total	\$ 2,458	\$ 1,210	\$	3,900	\$ 1,233	\$ 						
Deductions: Allocated from Electric	539					1,073	1,073		1,073		1,073	1,073
Loan to W&S Operations				1,000			1,000		1,000		1,000	1,000
Sub-total	\$ 539	\$ 	\$	1,000	\$ 	\$ 1,073	-		-		-	-
Ending balance	\$ 8,517	\$ 9,727	\$	12,627	\$ 13,860	\$ 12,787	\$ 8,517	\$	12,627	\$	11,504	\$ 13,860

### Observations:

• JEA is in the process of implementing a prepaid meter program which could reduce customer deposits at some future date.

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### Water and Sewer Debt Service Sinking Fund

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

	Actual as of	06/30/	2015		2015		Full Year		-iV			Projection	
(In Thousands)	urrent Juarter	Yea	r -to-Date	ı	2015 Forecast		2015 Budget		rior Year Actual	<u>2016</u>		<u>2017</u>	<u>2018</u>
Opening Balance	\$ 51,703	\$	75,019	\$	75,019		N/A	\$	80,317	\$ 70,610	\$	68,082	\$ 84,949
Additions:													
Revenue fund deposits	25,699		77,442		105,755		128,232		117,444	108,055		126,684	125,214
Sub-total	\$ 25,699	\$	77,442	\$	105,755	\$	128,232	\$	117,444	\$ 108,055	\$	126,684	\$ 125,214
Deductions:													
Principal and interest payments	33,647		108,706		110,164		N/A		122,742	110,583		109,817	125,566
Sub-total	\$ 33,647	\$	108,706	\$	110,164	\$		Ś	122,742	\$ 110,583	Ś	109,817	\$ 125,566
Ending Balance	\$ 43,755	\$	43,755	\$	70,610	<u> </u>	N/A	\$	75,019	\$ 68,082	\$	84,949	\$ 84,597

			Hi	storical				Stat	istical		
(In Thousands)	<u>2010</u>	<u>2011</u>		<u>2012</u>	<u>2013</u>	2014	Low	Median		Mean	High
Opening Balance Additions:	\$ 60,696	\$ 71,496	\$	80,936	\$ 81,675	\$ 80,317	\$ (33)	\$ 75,907	\$	62,515	\$ 81,675
Revenue fund deposits Bond funded interest	108,867	120,846		125,160	119,535	117,444	108,867 -	119,535 -		118,370 -	125,160 -
Sub-total Deductions:	\$ 108,867	\$ 120,846	\$	125,160	\$ 119,535	\$ 117,444	-	-		-	-
Principal and interest payments	98,067	111,406		124,421	120,893	122,742	98,067 -	120,893 -		115,506 -	124,421 -
Sub-total	\$ 98,067	\$ 111,406	\$	124,421	\$ 120,893	\$ 122,742	-	-		-	-
Ending balance	\$ 71,496	\$ 80,936	\$	81,675	\$ 80,317	\$ 75,019	\$ 71,496	\$ 80,317	\$	77,889	\$ 81,675

#### Observations

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).

### **Water and Sewer Debt Service Reserve Account**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution

Metric: 125% of average annual debt service on outstanding senior fixed and variable rate bonds plus subordinated fixed rate bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Actual	as of 06/30	/2015			F	ull Year					P	rojection		
(In Thousands)	Current Quarter	Υe	ar -to-Date	F	2015 Forecast		2015 Budget	F	Prior Year Actual		<u>2016</u>		2017		<u>2018</u>
Opening Balance	\$ 114,1	.82 \$	116,829	\$	116,829		N/A	\$	119,915	\$	114,182	\$	114,182	\$	114,182
Additions:	<del></del>														
Construction reserve fund/bond issues					-		N/A		-						
Revenue fund					-		N/A		-						
Rounding					=_										
Sub-total	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Deductions:				-	<del></del>	-									
Revenue fund			2,647		2,647				3,086						
Sub-total	\$	<u> </u>	2,647	Ś	2,647	Ś		Ś	3,086	Ś		Ś		Ś	-
Ending Balance	\$ 114,1	82 \$	114,182	\$	114,182		N/A	\$	116,829	\$	114,182	\$	114,182	\$	114,182

			His	storical				Stat	istical		
	<u>2010</u>	<u>2011</u>		2012	<u>2013</u>	<u>2014</u>	Low	Median		Mean	High
Opening Balance Additions:	\$ 54,356	\$ 91,239	\$	102,214	\$ 119,131	\$ 119,915	\$ 54,356	\$ 102,214	\$	97,371	\$ 119,915
Construction reserve fund/bond issues Revenue fund	24,316 12,567	10,975 -		10,917 6,000	784 3,821		784 -	10,946 4,911		11,748 5,597	24,316 12,567
Sub-total Deductions:	\$ 36,883	\$ 10,975	\$	16,917	\$ 4,605	\$ -	-	-		-	-
Revenue fund					3,821	3,086	3,086	3,454		3,454	3,821
Sub-total	\$ -	\$ -	\$	-	\$ 3,821	\$ 3,086	-	-		-	-
Ending balance	\$ 91,239	\$ 102,214	\$	119,131	\$ 119,915	\$ 116,829	\$ 91,239	\$ 116,829	\$	109,866	\$ 119,915

### Observations:

<sup>•</sup> In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.

### Water and Sewer Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Water and Sewer System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds.

		Actual as of	06/30	2015			F	ull Year					P	rojection	
	(	Current				2015		2015		Pri	or Year				
(In Thousands)	C	Quarter	Yea	r -to-Date	F	orecast	1	Budget		A	Actual	2016		2017	2018
Opening Balance	\$	81,930	\$	59,295	\$	59,295		N/A		\$	78,689	\$ 74,371	\$	52,626	\$ 10,043
Additions:															
R&R/OCO Contribution		39,444		97,660		102,828			-		48,373	114,068		95,451	97,131
Loans betw Capital Fds						471			-		-				
Other		53		259		1,120			-		1,614	-			
Sub-total	\$	39,497	\$	97,919	\$	104,419	\$			\$	49,987	\$ 114,068	\$	95,451	\$ 97,131
Deductions:				<u>.</u>											
Capital Expenditures		21,773		57,560		89,343		-	-		67,488	135,813		138,034	102,340
Transfer to Capacity Fund								-	-		-				
Transfer to Construction Fund								-	-		1,893	-			
Sub-total	\$	21,773	\$	57,560	\$	89,343	\$			\$	69,381	\$ 135,813	\$	138,034	\$ 102,340
Ending Balance	\$	99,654	\$	99,654	\$	74,371		N/A		\$	59,295	\$ 52,626	\$	10,043	\$ 4,834

			His	torical					Stati	istical		
	<u>2010</u>	2011		2012	<u>2013</u>	2014	Low	- 1	Median		Mean	High
	= 0=5	44.500				=0.500	- 0-6					=0.500
Opening Balance Additions:	\$ 7,076	\$ 11,539	\$	28,840	\$ 64,260	\$ 78,689	\$ 7,076	\$	28,840	\$	38,081	\$ 78,689
R&R/OCO Contribution	31,176	49,946		76,157	91,245	48,373	31,176		49,946		59,379	91,245
Loans betw Capital Fds	-	-		-	-		-		-		-	-
Other (incl septic tank)	 1,847	1,067		5,771	 1,539	 1,614	1,067		1,614		2,368	5,771
Sub-total	\$ 33,023	\$ 51,013	\$	81,928	\$ 92,784	\$ 49,987						
Deductions:												
Capital Expenditures	13,560	33,712		46,508	68,355	67,488	13,560		46,508		45,925	68,355
Loan Repayment	15,000	-		-	-	-	-		-		3,000	15,000
Transfer to Constr. Fund	-	-		-	10,000	1,893	-		-		2,379	10,000
Other (incl septic tank)	 -	_		-	 _	 -	-		-		-	-
Sub-total	\$ 28,560	\$ 33,712	\$	46,508	\$ 78,355	\$ 69,381						
Ending balance	\$ 11,539	\$ 28,840	\$	64,260	\$ 78,689	\$ 59,295	\$ 11,539	\$	59,295	\$	48,525	\$ 78,689

#### Observations:

- Other includes the Septic Tank Phase-out project and Sale of Property.
- Includes \$20 million for Maximum Annual Debt Service calculation.
- No new debt issues for the FY 2013-2015 projection period which creates the need to make permanent transfers from the R&R/OCO Fund to the Construction Fund (page 26).
- \$35 million is projected to be withdrawn from this capital balance in FY 2016-2017 to support the capital program with lower Net Revenues as planned with the June 2012 approved reduction in the October 1, 2012 rate increase.

Page 22

### Water and Sewer Capacity Fees / State Revolving Fund Loans

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Florida Statute and Rate Tariff

Metric: Tariff rate

Definitions and Goals: Capacity fees are charged to customers as a one- time fee for a new connection to the Water System and a one- time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose. In addition, the Water and Sewer System has received funds from the State Revolving Fund (SRF) program for the construction of water and wastewater treatment facilities. SRF loans are subordinated to all Water and Sewer System Revenue Bonds and Water and Sewer System Subordinated Revenue Bonds.

		Actual as of	06/30/	2015			ı	ull Year				Pr	ojection	
		Current				2015		2015		rior Year				
(In Thousands)	C	luarter	Yea	r -to-Date	F	orecast		Budget		Actual	<u>2016</u>		2017	2018
Opening Balance	\$	83,482	\$	76,887	\$	76,887		N/A	\$	60,360	\$ 87,751	\$	70,690	\$ 44,442
Additions:									-					
Capacity Fees		5,393		14,457		18,207		-		18,298	15,650		15,650	15,650
State Revolving Fd Loan								-		-				
Transfer from R&R/OCO Fund		50		203		265		-		-	650		650	650
Other				5		30		_		_	 			
Sub-total	\$	5,443	\$	14,665	\$	18,502	\$	-	\$	18,298	\$ 16,300	\$	16,300	\$ 16,300
Deductions:														
Capital Expenditures				4,228		7,638		-		1,758	33,361		42,548	24,307
Other								-		13				
Sub-total	\$		\$	4,228	\$	7,638	\$	-	\$	1,771	\$ 33,361	\$	42,548	\$ 24,307
Ending Balance	\$	88,925	\$	87,324	\$	87,751		N/A	\$	76,887	\$ 70,690	\$	44,442	\$ 36,435

			His	torical					Stati	istical		
(In Thousands)	<u>2010</u>	<u>2011</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	Low	I	Median		Mean	High
Opening Balance	\$ 4,054	\$ 21,463	\$	41,025	\$ 45,454	\$ 60,360	\$ 4,054	\$	41,025	\$	34,471	\$ 60,360
Additions:						 						
Capacity Fees	10,968	10,311		10,820	17,394	18,298	10,311		10,968		13,558	18,298
State Revolving Fd Loan	2,450	14,667		3,798	-	-	-		2,450		4,183	14,667
Loan Repayments	15,000	-		-	-	-	-		-		3,000	15,000
Other	191	 -		-	 12	 -	-		-		41	191
Sub-total	\$ 28,609	\$ 24,978	\$	14,618	\$ 17,406	\$ 18,298						
Deductions:												
Capital Expenditures	11,200	5,268		7,096	2,270	1,758	1,758		5,268		5,518	11,200
Loans betw Capital Fds	-	-		-			-		-		-	-
Other	-	148		3,093	230	13	-		148		697	3,093
	 -			-	 	 						
Sub-total	\$ 11,200	\$ 5,416	\$	10,189	\$ 2,500	\$ 1,771						
Ending balance	\$ 21,463	\$ 41,025	\$	45,454	\$ 60,360	\$ 76,887	\$ 21,463	\$	45,454	\$	49,038	\$ 76,887

#### Observations

• Other includes funds received from the River Accord and Department of Environmental Protection.

### **Water and Sewer Environmental**

### For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Pricing Policy Metric: Unit tariff rates times consumption

Definitions and Goals: The Environmental Charge will be applied to all water, sewer, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

		Actual as of	66/30/	2015			Full Year			Pı	rojection	
(In Thousands)		urrent Luarter	Yea	r -to-Date	F	2015 orecast	2015 Budget	rior Year Actual	<u>2016</u>		2017	2018
Opening Balance	\$	12,335	\$	5,299	\$	5,299	N/A	\$ (9,857)	\$ 17,897	\$	19,336	\$ 25,258
Additions:	<u> </u>							 	,		<u>.</u>	
Environmental Contributions		5,918		16,057		21,429	-	21,018	19,792		19,792	19,791
Loans betw Capital Fds							-	-				
Other	<u> </u>						-	 	 			
Sub-total	\$	5,918	\$	16,057	\$	21,429	\$ -	\$ 21,018	\$ 19,792	\$	19,792	\$ 19,791
Deductions:												
Capital Expenditures		1,548		4,211		8,052	-	5,862	17,703		13,220	21,107
Septic Tank Phase Out				203		265	-	-	650		650	650
Other		228		514		514	 -	 _	 			
Sub-total	\$	1,776	\$	4,928	\$	8,831	\$ -	\$ 5,862	\$ 18,353	\$	13,870	\$ 21,757
Ending Balance	\$	16,477	\$	16,428	\$	17,897	 N/A	\$ 5,299	\$ 19,336	\$	25,258	\$ 23,292

			His	storical				Stati	istical		
(In Thousands)	<u>2010</u>	<u>2011</u>		2012	2013	2014	Low	Median		Mean	High
Opening Balance	\$ -	\$ 5,920	\$	9,795	\$ (8,158)	\$ (9,857)	\$ (9,857)	\$ -	\$	(460)	\$ 9,795
Additions:				<u>.</u>							
Environmental Contributions	5,920	14,577		21,747	21,193	21,018	5,920	21,018		16,891	21,747
Loans betw Capital Fds	-	-		-	-		-	-		-	-
Other					 		-	-		-	-
Sub-total	\$ 5,920	\$ 14,577	\$	21,747	\$ 21,193	\$ 21,018					
Deductions:											
Capital Expenditures	-	10,702		39,700	22,892	5,862	-	10,702		15,831	39,700
	-	-		-	-		-	-		-	-
	 -						-	-		-	-
Sub-total	\$ -	\$ 10,702	\$	39,700	\$ 22,892	\$ 5,862					
Ending balance	\$ 5,920	\$ 9,795	\$	(8,158)	\$ (9,857)	\$ 5,299	\$ (9,857)	\$ 5,299	\$	600	\$ 9,795

### Observations:

• Currently this fund is combined on the balance sheet with the R&R fund (page 22).

### Water and Sewer Construction / Bond Fund

For the Fiscal Quarter Ending June 30, 2015

Reserve/Fund Authorization: Bond Resolution

Metric: Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water and Sewer System.

		Actual as of	06/30/2	.015			Fu	II Year					Proje	ection		
	Cı	urrent			2	015		2015	Pri	or Year						
(In Thousands)	Qı	uarter	Year	-to-Date	Fo	recast	В	udget	A	Actual	2	<u> 2016</u>	20	<u>117</u>	20	<u>018</u>
Opening Balance	\$	664	\$	326	\$	326		N/A	\$	2,305	\$	-	\$	-	\$	-
Additions:				,										,		
Bond Proceeds						-		-		-						
Line of Credit						-		-		-						
Transfer from R&R/OCO Fund								-		1,893						
Other		-		344		344		-		476						
Sub-total	\$	_	\$	344	\$	344	\$	-	\$	2,369	\$		\$		\$	-
Deductions:													<u> </u>			
Capital Expenditures				6		199		-		3,784						
Bond Proceeds								-		-						
Other						471		-		-						
Sub-total	\$	-	\$	6	\$	670	\$	-	\$	3,784	\$	-	\$	-	\$	-
Ending Balance	\$	664	\$	664	\$	-		N/A	\$	890	\$		\$	-	\$	-

	Historical							Statistical								
(In Thousands)		<u>2010</u>		2011		2012		2013	2014	Low		Median		Mean		High
Opening Balance	\$	18,003	\$	18,708	\$	29,622	\$	7,419	\$ 2,305	\$ 2,305	\$	18,003	\$	15,211	\$	29,622
Additions:																
Bond Proceeds		74,246		45,662		-		486	-	-		486		24,079		74,246
Line of Credit		=		=		-		-	-	=		-		=		-
Loans/trnsf btw CapFds		-		-		-		10,000	1,893	-		-		2,379		10,000
Other		-		-		-		3	 476	-		-		96		476
Sub-total	\$	74,246	\$	45,662	\$	-	\$	10,489	\$ 2,369							
Deductions:																
Capital Expenditures		50,574		34,172		20,243		14,855	3,784	3,784		20,243		24,726		50,574
Bond Proceeds		-		-		-		411	48	-		-		92		411
Line of Credit		21,715		-		-		-	-	-		-		4,343		21,715
Loans/trnsf btw CapFds		-		-		-		337	516	-		-		171		516
Other		1,252		576		1,960			 -	-		576		758		1,960
Sub-total	\$	73,541	\$	34,748	\$	22,203	\$	15,603	\$ 4,348							
Ending balance	\$	18,708	\$	29,622	\$	7,419	\$	2,305	\$ 326	\$ 326	\$	7,419	\$	11,676	\$	29,622

#### Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2013-2015 projection period which creates the need to make permanent transfers from the R&R/OCO Fund (page 23) to the Construction Fund.

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July 24, 2015

SUBJECT:	RECAP OF RECENT JEA E DELEGATED TRANSACTION	LECTRIC SYSTEM FIXED RA	TE DEBT REFUNDING
Purpose:		Action Required	Advice/Direction
Issue: On Dec	ember 16, 2014 the Board add	opted Resolutions No. 2014-07	related to the Electric System.
	The following resolution provio ate refunding transactions with		O the authorization to price and
on July 7, 2015		Dexecuted the bond purchase	\$42.4 million fixed rate bonds agreement for the Electric
		ing produces over \$5.9 million age annual debt service saving	
Recommende	d Board action: No action is a	required by the Board.	
For additional	information, contact: Joe O	rfano, Treasurer, 665-4541	
Submitted by: PEI	M/MHD/JEO/OCD	Commi	tments to Action





Ver.2.0D 9/21/2013 jer



### **INTER-OFFICE MEMORANDUM**

July 24, 2015

SUBJECT: RECAP OF RECENT JEA ELECTRIC SYSTEM FIXED RATE DEBT

**REFUNDING DELEGATED TRANSACTIONS** 

FROM: Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

### **BACKGROUND:**

On December 16, 2014, the Board adopted Resolution No. 2014-07 relating to the Electric System that provided the Managing Director/CEO the authorization to price and execute fixed rate refunding transactions within stated parameters. The resolution, in addition to providing parameters, also (i) approves the form of and authorizes the execution of various legal documents that have been prepared by counsel in connection with the issuance of any fixed rate funding bonds; and (ii) provides that the bonds must be sold no later than December 31, 2016. The results of all bond issues sold will be reported back to the Board.

### **DISCUSSION:**

Pursuant to Resolution No. 2014-07 relating to the Electric System adopted by the Board on December 16, 2014, JEA staff priced approximately \$42.4 million fixed rate bonds on July 7, 2015. Bond refunding proceeds, together with a \$25 million contribution from the Electric System, were utilized to redeem approximately \$69.6 million of fixed rate bonds. The Managing Director/CEO executed the bond purchase agreement for the Electric System Revenue Bonds, Series Three 2015B on July 8, 2015.

The attached presentation shows the actual results as compared to the delegated parameters for the Electric System Revenue Bonds, Series Three 2015B.

J.P. Morgan served as senior manager, Nixon Peabody LLP served as JEA's Bond Counsel and Public Financial Management served as JEA's Financial Advisor for the refunding transaction.

### **RECOMMENDATION:**

Provided for the Board's information. No action is required at this time.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/OCD



# **FY 15 BOND REFUNDING ACTIVITY AND RESULTS**

JEA Finance and Audit Committee Meeting

August 10, 2015

# FINANCING TEAM

## **JEA**

Joe Orfano, Treasurer
Chris Cicero, Bond Compliance Specialist
Lori Boynton, Bond Compliance Specialist
Robert Hahn, Bond Administration Specialist
Oliver Domingo, Debt Financial Analyst

## **Senior Underwriter:**

## **Electric System Series Three 2015A**

- Goldman, Sachs & Co.

### **Electric System Series Three 2015B**

- J.P. Morgan

### SJRPP Issue 2, Series 26 & 27

- RBC Capital Markets

# **Bond Counsel:**

Nixon Peabody, LLP

## **Financial Adviser:**

Public Financial Management, Inc.



# **SUMMARY OF REFUNDING RESULTS**

# **Series Three 2015A Electric System Refunding (3/19/15)**

Total bond par amount: \$83.3 million

Gross savings: \$19.8 million

Present value savings: \$12.8 million

# **Series Three 2015B Electric System Refunding (7/16/15)**

Total bond par amount: \$42.4 million

• Gross savings: \$16.5 million

Present value savings: \$5.9 million

# SJRPP Issue Two, Series Twenty-Six & Twenty-Seven Refunding (5/7/15)

Total bond par amount: \$73.1 million

Gross savings: \$12.1 million

Present value savings: \$11.3 million



# **ELECTRIC SYSTEM RESOLUTION PARAMETERS**

	Delegated	Actual
Maximum Par Amount	\$162.7MM¹	\$42.4MM²
Weighted Average Life	Current + 1: 10.924 Years	7.554 Years
Current Refunding NPV Savings	Positive Savings, 2015 >= 3.00% 2016, 2017 >= 4.00% 2018-2023 >= 5.00% 2024 + OR >= 5.00% Overall	8.55% Overall
Optional Redemption Price	<=101%	100%
Optional Redemption Dates	>= 4.0 years; <= 10.0 years	October 1, 2020 and April 1, 2025



<sup>&</sup>lt;sup>1</sup>Remaining balance from the original amount of \$246.0MM less the \$83.3MM from the Electric System Series Three 2015A refunding transaction. <sup>2</sup>\$69.6 million of bonds redeemed through a combination of cash contribution and bond refunding proceeds.

# **FY15 ANTICIPATED REFUNDING TRANSACTION SCHEDULE**

System	Туре	Pricing	Estimated Par Amount
Water & Sewer	Current	August/September	TBD





July 28, 2015

SUBJECT:	RESOLUTIONS AMENDMEN PURCHASE VARIABLE RAT		M 2008B AND 2008D DIRECT
Purpose:	☐ Information Only		Advice/Direction
Fargo Bank, N authorization p	.A. relating to the Direct Purcha	ase of certain variable rate E 2-20. JEA's bond counsel ha	Agreements ("CCAs") with Wells Electric System bonds under as recommended a modification
Significance:	High.		
language rega	on is not renewed and the bond	nortization payments to be m	nade on the bonds by JEA if the
the risk reducti	it: Renewing the existing agree on and diversification of JEA's credit terms and conditions co	variable debt portfolio achie	ved through the Direct Purchase
the Board appr	d Board action: That the Final rove Resolution No. 2015-04 mescribed in the Discussion section	odifying Section 503.1 of Re	esolutions No. 2010-11 and No.
For additional	information, contact: Melissa	a Dykes	
Submitted by: PEI	M/MHD/JEO/RLH		
	NOISSION AND NOISSION	Comm	Earn Customer Loyalty

Ver.2.0D 9/21/2013 jer

Deliver Business Excellence

Develop an Unbeatable Team

4832-9661-8534.2

Safety
 Service
 Growth<sup>2</sup>
 Accountability
 Integrity

service provider, valued asset and vital partner in advancing our community.

community through high-value energy and water solutions.



### INTER-OFFICE MEMORANDUM

July 28, 2015

SUBJECT: RESOLUTIONS AMENDMENT FOR ELECTRIC SYSTEM 2008B AND

2008D DIRECT PURCHASE VARIABLE RATE INDEX BONDS

**FROM:** Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Peter Bower, Chair Husein Cumber Robert Heekin John Hirabayashi

### **BACKGROUND:**

On June 15, 2010 the Board adopted Resolution No. 2010-10, which approved restructuring the outstanding variable rate Electric System Revenue Bonds, Series Three 2008B-1 (the "2008B-1 Bonds"), Series Three 2008B-4 (the "2008B-4 Bonds") and Series Three 2008D-1 (the "2008D-1 Bonds" and collectively with the 2008B-1 Bonds and the 2008B-4 Bonds, the "Bonds") from a structure that utilized liquidity and credit facilities to "Direct Purchase" variable rate index bonds under which Wells Fargo Bank, N.A. ("Wells Fargo") would purchase the applicable bonds for their own account, with the variable rate based on a spread to the SIFMA index. In 2010, Wells Fargo purchased the 2008B-1 Bonds and the 2008D-1 Bonds for an initial holding period of two (2) years and the 2008B-4 Bonds continued to be remarketed as variable rate demand bonds with credit and liquidity support from Wells Fargo. In 2012, Wells Fargo agreed to extend the holding period for the 2008B-1 Bonds and the 2008D-1 Bonds for three years and to purchase the 2008B-4 Bonds with an initial holding period of three years. The Advantages of the Direct Purchase over the prior structure include (i) the simplification of the role of the remarketing agent resulting in the elimination of the associated remarketing fee, (ii) the reduction of risk to JEA relating to the negative consequences relating to any downgrade in credit ratings relating to the credit provider since the bonds are owned by the bank as opposed to being publicly remarketed based on the bank's credit rating and (iii) the diversification that the Direct Purchase notes add to the entire portfolio of variable rate bonds issued by JEA.

On May 15, 2012 the Board adopted Resolution No. 2012-20, which provided the Managing Director and CEO the authorization to extend, amend or substitute the Direct Purchase Continuing Covenant Agreements ("CCAs"), so long as such actions are deemed by the Managing Director and CEO or his designee, and confirmed by JEA's financial advisor, to be necessary or desirable and advantageous to JEA and commercially reasonable. The current CCAs expire September 25, 2015 (with respect to the 2008B-1 Bonds and 2008D-1 Bonds) and October 22, 2015 (with respect to the 2008B-4 Bonds) and staff is working on amendments to extend the agreements with Wells Fargo Bank, N.A. at a favorable rate for approximately three years under the authorization provided by Resolution No. 2012-20 and to make other modifications to the agreements that are determined by the Managing Director and CEO or his designee, and confirmed by JEA's financial advisor, to be necessary or desirable and advantageous to JEA and commercially reasonable.

Ver 3.0 02/19/2015

Page 2

### **DISCUSSION:**

Concurrent with its 2010 approval to restructure the Bonds, the Board adopted Resolutions No. 2010-11 and No. 2010-12, which amended and restated the original supplemental resolutions authorizing the issuance of the Series Three 2008B-1, Series Three 2008B-2, Series Three 2008B-3 and Series Three 2008B-4, and the Series Three 2008D-1 and Series Three 2008D-2 bonds, respectively. JEA's bond counsel has prepared Resolution No. 2015-04 to modify Section 503.1 of each of Resolution No. 2010-11 and No. 2010-12 to clarify that at the conclusion of the period during which Wells Fargo will be holding the Bonds, if JEA and Wells Fargo do not extend the holding period and if the bonds are not purchased from Wells Fargo, then JEA will need to pay the principal amount of the bonds over a period of time beginning with the first business day in April or October that is at least six months after the end of the holding period and continuing every six months on the first business day in April or October until the earlier to occur of (i) the maturity date for the bonds or (ii) the first business day in April or October immediately preceding the fifth anniversary of the end of the period during which Wells Fargo will be holding the bonds.

Staff is currently negotiating the renewal of the three variable rate Wells Fargo Direct Purchase Agreements to reduce the credit spreads and conform covenants/events of default to recently-renewed liquidity facilities.

### **RECOMMENDATION:**

That the Finance and Audit Committee review, discuss and recommend the Board approve Resolution No. 2015-04 modifying Section 503.1 of Resolutions No. 2010-11 and No. 2010-12 as described in the Discussion above.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH



July 20, 2015

SUBJECT:	JEA ENERGY MARKET RISK M	IANAGEMENT POLICY R	EPORT							
Purpose:		Action Required	Advice/Direction							
<b>Issue:</b> The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires that the Chief Financial Officer report quarterly on JEA's financial and physical fuel and power transactions. This report includes physical transactions greater than one year and all financial transactions.										
JEA to execute	High. The Policy governs JEA's we certain physical and financial tran audit Committee and satisfies the re	sactions. The attached re	port is provided to the Board's							
	cial and physical transactions allow and energy markets. The attached ns.									
	fit: The costs of financial transaction is the costs of financial transaction is establishment of a stable fuel prior is the costs of t		rison to market indices. The							
Recommende provided as inf	ed Board action: None required. formation.	The report is required by t	he EMRM Policy and is							
For additional	I information, contact: Steve McI	Inall, 665-4309								
Submitted by: PEI	M/MID/SCM									

Submitted by: PEM/ MJB/ SGM



### Commitments to Action



Ver.2.0D 9/21/2013 jer

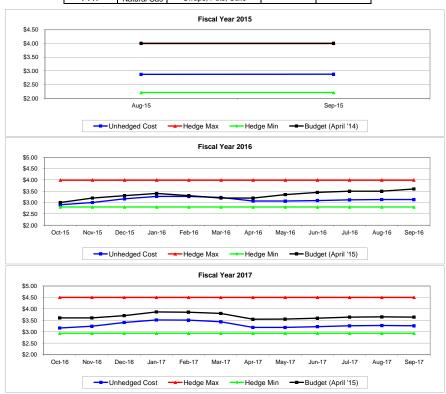
### Financial Natural Gas Positions as of 7/20/15

	Physical	Hedged	Percent	Unhedged			Mark-to-
Month	Volume	Volume	Hedged	Cost	Hedge Type	Hedge Price	Market Value
Aug-15	4,105,700	600,000	14.6%	\$2.87	Collar	\$2.21 / \$4.00	\$0
Sep-15	4,567,900	600,000	13.1%	\$2.87	Collar	\$2.21 / \$4.00	\$1,920
FY15 Total	8,673,600	1,200,000	13.8%	\$2.87			\$1,920
Oct-15	4,082,500	600,000	14.7%	\$2.90	Collar	\$2.80 / \$4.00	\$80,610
Nov-15	2,836,400	600,000	21.2%	\$3.00	Collar	\$2.80 / \$4.00	\$70,440
Dec-15	3,453,100	600,000	17.4%	\$3.17	Collar	\$2.80 / \$4.00	\$31,560
Jan-16	3,508,800	600,000	17.1%	\$3.27	Collar	\$2.80 / \$4.00	(\$8,010)
Feb-16	3,310,600	600,000	18.1%	\$3.27	Collar	\$2.80 / \$4.00	(\$11,070)
Mar-16	2,064,300	600,000	29.1%	\$3.22	Collar	\$2.80 / \$4.00	(\$1,050)
Apr-16	1,939,400	600,000	30.9%	\$3.07	Collar	\$2.80 / \$4.00	\$67,380
May-16	2,952,900	600,000	20.3%	\$3.06	Collar	\$2.80 / \$4.00	\$69,960
Jun-16	2,746,100	600,000	21.8%	\$3.09	Collar	\$2.80 / \$4.00	\$68,730
Jul-16	3,149,900	600,000	19.0%	\$3.12	Collar	\$2.80 / \$4.00	\$60,570
Aug-16	3,360,900	600,000	17.9%	\$3.13	Collar	\$2.80 / \$4.00	\$58,530
Sep-16	2,563,300	600,000	23.4%	\$3.13	Collar	\$2.80 / \$4.00	\$60,750
FY16 Total	35,968,200	7,200,000	20.0%	\$3.12			\$548,400
Oct-16	2.565.700	600,000	23.4%	\$3.16	Collar	\$2.93 / \$4.50	\$111,210
Nov-16	1,931,600	600,000	31.1%	\$3.24	Collar	\$2.93 / \$4.50	\$81,240
Dec-16	3,219,700	600,000	18.6%	\$3.40	Collar	\$2.93 / \$4.50	\$29,970
Jan-17	2,566,800	600,000	23.4%	\$3.51	Collar	\$2.93 / \$4.50	(\$17,880)
Feb-17	2,024,700	600,000	29.6%	\$3.50	Collar	\$2.93 / \$4.50	(\$21,750)
Mar-17	2,551,700	600,000	23.5%	\$3.44	Collar	\$2.93 / \$4.50	(\$3,030)
Apr-17	1,896,700	600,000	31.6%	\$3.19	Collar	\$2.93 / \$4.50	\$99,450
May-17	2,386,600	600,000	25.1%	\$3.18	Collar	\$2.93 / \$4.50	\$100,710
Jun-17	2,755,900	600,000	21.8%	\$3.22	Collar	\$2.93 / \$4.50	\$92,160
Jul-17	3,108,800	600,000	19.3%	\$3.26	Collar	\$2.93 / \$4.50	\$83,040
Aug-17	3,208,800	600,000	18.7%	\$3.27	Collar	\$2.93 / \$4.50	\$80,760
Sep-17	2,504,200	600,000	24.0%	\$3.26	Collar	\$2.93 / \$4.50	\$85,440
FY17 Total	30,721,200	7,200,000	23.4%	\$3.30			\$721,320

Volume - mmBtu

### Counterparty Exposure

	Counterparty Exposure										
Supplier/ Counterparty	Fuel Type	Contract Type	Hedged Volume	Mark-to- Market Value							
Wells											
FY15	Natural Gas	Puts and Calls	1,200,000	\$1,920							
FY16	Natural Gas	Puts and Calls	7,200,000	\$548,400							
FY17	Natural Gas	Puts and Calls	7,200,000	\$721,320							
RBC											
FY15	Natural Gas	Swaps, Puts, Calls									
FY16	Natural Gas	Swaps, Puts, Calls									
FY17	Natural Gas	Swaps, Puts, Calls									



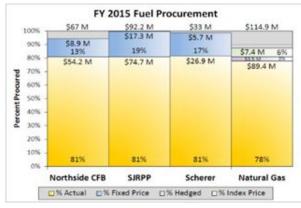
### Physical Fuel and Purchase Power Positions as of 7/20/15

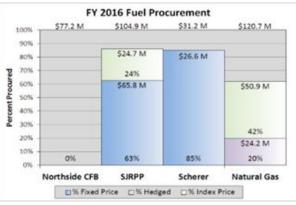
**Physical Positions** 

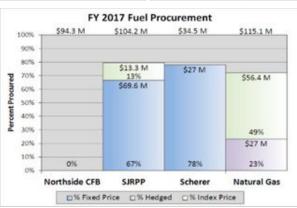
i nysicai i ositions											
Plant	Energy Fixed Price (MWH)	Energy Fixed Price (%)	Expense Fixed Price (\$)	Expense Fixed Price (%)							
Northside CFB			( , )	(**)							
Bal. FY15	365,017	67%	8,918,797	70%							
FY16	-	0%	-	0%							
FY17	-	0%	-	0%							
SJRPP											
Bal. FY15	484,487	99%	17,307,066	99%							
FY16	1,814,764	62%	65,823,864	63%							
FY17	1,865,737	66%	69,639,911	67%							
Scherer 4											
Bal. FY15	237,500	100%	5,670,602	92%							
FY16	924,865	80%	26,583,467	85%							
FY17	647,017	52%	26,991,074	78%							
Renewable Pu	rchase Powe	r									
Bal. FY15	99,637	100%	6,175,799	100%							
FY16	197,664	100%	13,039,759	100%							
FY17	197,108	100%	13,200,309	100%							
Other Purchas	e Power										
Bal. FY15	-	0%	-	0%							
FY16	-	0%	-	0%							
FY17	-	0%	-	0%							

**Physical Counterparties (Contracts One Year or Greater)** 

		, o.		Original	Remaining			
			Generating	Contract	Contract		<b>Original Contract</b>	Remaining
Supplier/ Counterparty	Fuel Type	Contract Type	Unit	Volume	Volume	Units	Term	Contract Term
Coal Marketing Company	Coal	Index w/ Collar	SJRPP	1,500,000	682,000	Tons	1/1/14 - 12/31/16	7/20/15 - 12/31/16
Coal Marketing Company	Coal	Fixed Price	SJRPP	2,000,000	1,736,000	Tons	1/1/15 - 12/31/17	7/20/15 - 12/31/17
Coal Marketing Company	Coal	Fixed Price	SJRPP	372,000	279,000	Tons	1/1/15 - 12/31/15	7/20/15 - 12/31/15
Sunrise Coal	Coal	Fixed Price	SJRPP	250,000	174,850	Tons	1/1/15 - 12/31/16	7/20/15 - 12/31/16
Alpha- Eagle Butte	Coal	Fixed Price	Scherer 4	260,270	120,284	Tons	1/1/15 - 12/31/15	7/20/15 - 12/31/15
Coal Sales LLC	Coal	Fixed Price	Scherer 4	182,638	105,037	Tons	1/1/15 - 12/31/15	7/20/15 - 12/31/15
Arch Coal Inc.	Coal	Fixed Price	Scherer 4	191,020	84,589	Tons	1/1/15 - 12/31/15	7/20/15 - 12/31/15
Cloud Peek Cordero Rojo	Coal	Fixed Price	Scherer 4	56,150	16,803	Tons	1/1/15 - 12/31/15	7/20/15 - 12/31/15
Cloud Peek Antelope	Coal	Fixed Price	Scherer 4	94,764	73,706	Tons	6/1/15 - 12/31/15	7/20/15 - 12/31/15
Alpha- Eagle Butte	Coal	Fixed Price	Scherer 4	350,000	350,000	Tons	1/1/16 - 12/31/16	1/1/16 - 12/31/16
Coal Sales LLC	Coal	Fixed Price	Scherer 4	150,000	150,000	Tons	1/1/16 - 12/31/16	1/1/16 - 12/31/16
Alpha- Eagle Butte	Coal	Fixed Price	Scherer 4	350,000	350,000	Tons	1/1/17 - 12/31/17	1/1/17 - 12/31/17
BG	Natural Gas	Index w/Fixed Price Option	NG Fleet	445.6	130.7	Bcf	6/1/01 - 5/31/21	7/20/15 - 5/31/21







### JEA **ENVIRONMENTAL COMMITTEE AGENDA**

DATE: August 10, 2015

TIME: 10:00 AM

PLACE: 21 W. Church Street

8<sup>th</sup> Floor, Board Conference Room

8<sup>th</sup> Floor Board Conference Room Other Board Members may join via conference call by dialing 904-665-7100 - No password is needed.

Committee Members will meet in the

Committee Members will meet in the 8<sup>th</sup> Floor Board Conference Room Other Board Members may join via conference call

Phone Number: 904-665-7100

			Responsible Person	Action (A) Info (I)	Total Time
I.	OPE	ENING CONSIDERATIONS	Husein Cumber		
	A.	Call to Order			
	B.	Adoption of Agenda		Α	
	C.	Approval of Committee Meeting Minutes May 19, 2015		Α	
II.	NEV	V BUSINESS			
	A.	Update on Clean Power Plan	Jay Worley/ Nancy Kilgo	1	20 mins.
	В.	State Water Supply Planning	Paul Steinbrecher	I	15 mins.
	C.	Other Business	Paul McElroy	I	5 mins.
	D.	Announcements	Husein Cumber	I	
		Schedule Next Meeting as Appropriate			
	E.	Adjournment			

### JEA EPA COMMITTEE MINUTES May 19, 2015

The EPA Committee of JEA met on Wednesday, May 19, 2015, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

### **Agenda Item I – Opening Considerations**

- A. Call to Order Committee Chair Husein Cumber called the meeting to order at 11:17 AM with Member Wyman Winbush in attendance. Lisa Weatherby participated telephonically. Present were Paul McElroy, Bud Para, Mike Brost, Melissa Dykes, Nancy Kilgo, Paul Steinbrecher, Steve McInall, Judi Spann, Gerri Boyce, and Tom Larson, Sierra Club.
- B. Adoption of Agenda The Agenda was adopted on **motion** by Mr. Winbush and second by Ms. Weatherby.
- C. Approval of Minutes The February 11, 2015 Minutes were unanimously approved on **motion** by Ms. Weatherby and second by Mr. Winbush.

### Agenda Item II - New Business

A. Update on EPA's Proposed Clean Power Plan (CPP) – Bud Para, Chief Public Affairs Officer, provided an update on the Environmental Protection Agency (EPA) proposed Clean Power Plan for Existing Plants 111(d). Mr. Para stated the final rulings on 111(b) for new units and 111(d) for existing units are anticipated to be sent to the Office of Management and Budget (OMB) for interagency review. The OMB will have 90 days for review of this ruling. At the time the final CPP is published, the EPA will also publish a Federal Plan. States will then have one year, with a possible one year extension, to submit a State Plan. If the State Plan is not acceptable, or if one is not submitted, the EPA will impose the Federal Plan. If a Federal Plan is imposed, the State could still submit a State Plan at a later date.

The proposed CPP would require significant compliance by 2020. The EPA may loosen this date, but the final 2030 compliance date is expected to remain firm. Mr. Para stated JEA will work with the EPA, Florida Public Service Commission, Florida Department of Environmental Protection (FDEP), and the Department of Agriculture and Consumer Services. On April 22, 2015, he, along with Paul McElroy, and Nancy Kilgo, Director Government Affairs, met with FDEP Secretary Steverson and Paula Cobb, Deputy Secretary for Regulatory Programs, regarding the CPP. A second meeting with Deputy Secretary Cobb is scheduled to be held June 30, 2015. Deputy Secretary Cobb will be leading the FDEP effort to develop the State Plan.

Mr. Para stated West Virginia Senator Shelley Moore Capito introduced the "Affordable Reliable Electricity Now Act of 2015". If passed, this legislation would restrict the ability of the EPA to issue greenhouse gas regulations for new and existing fossil fuel-fired power plants. A copy of the press release is on file.

B. Community Engagement Process – Mr. Para introduced Mr. Tom Larson, member of the Sierra Club Northeast Florida Group. Mr. Larson has been among the stakeholders meeting with JEA since 2001 regarding emissions from power plants. The stakeholder group is providing input to JEA staff on how to engage the Jacksonville community on JEA's options and on the CPP. Mr. Para has also contacted Austin Energy and the Omaha Public Power District to learn how they conducted recent community engagement efforts. On September 25, 2014, JEA hosted a community meeting to educate its customers and regional policymakers about the EPA's proposed CPP. Mr. Para stated that JEA plans to conduct a similar meeting this fall to discuss the final CPP rule. JEA will also reach out to community groups, civic organizations, and churches to offer education and to solicit community feedback. Mr. Para will request feedback and input

EPA Committee May 19, 2015 Page - 2

- from the Board regarding a hosting a second symposium. Once the final CPP is published, JEA will send out a communication to past symposium attendees.
- C. Florida Water Policy Update Mr. Para stated Governor Rick Scott recently named Jon Steverson as the new Secretary of the FDEP. Ann Shorstein was named the new Executive Director of the St. Johns River Water Management District, and there is a current opening for the Executive Director of the Suwanee River Water Management District. Mr. Para provided an overview of the EPA's proposed Clean Water Rule.

### D. Other Business

1. Revise Committee Name and Charter – Committee Chair Cumber stated the Committee was formed approximately one year ago, but did not have a Charter in place. Mr. McElroy presented the draft charter which has been provided to the Committee for review. The draft charter includes: a revision to the committee name to the Environmental Committee, which will broaden the scope of the Committee to incorporate Water and Wastewater; states the Committee will meet at least twice a year; will consist of least three Board Members, and defines the role of the Committee. On motion by Ms. Weatherby and second by Mr. Winbush, the Committee unanimously approved the Environmental Committee Charter.

### E. Announcements

- The next EPA Committee Meeting will be scheduled after receiving the benefit of information and discussion at the American Public Power Association (APPA) National Conference.
- F. Adjournment With no further business claiming the attention of this Committee, the meeting was declared adjourned at 11:45 AM.

	APPROVED BY:
	Husein Cumber, Committee Chair Date:
Submitted by:	
Melissa Charleroy Executive Assistant	

# Clean Power Plan Update

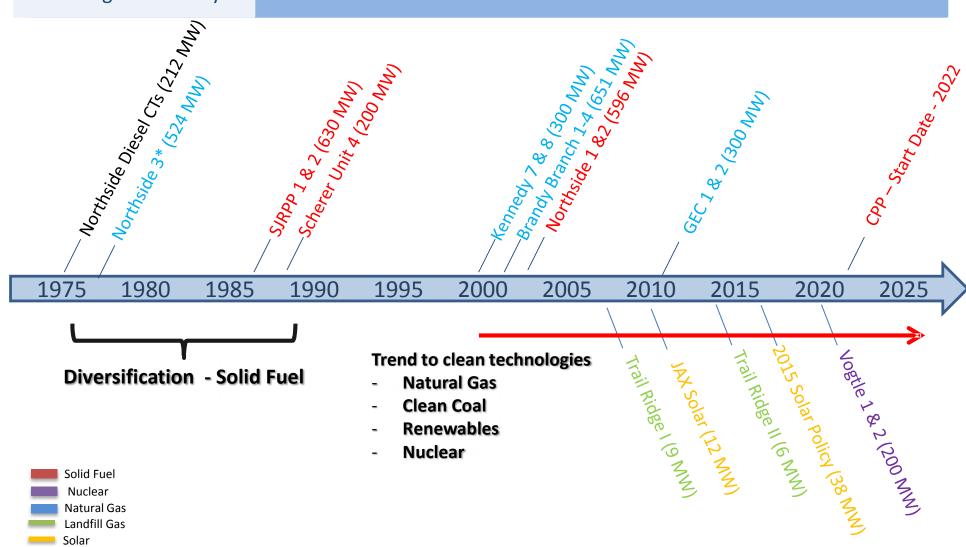
JEA Board Environmental Committee 8/10/15
Jay Worley / Nancy Kilgo

# **Clean Power Plan**

- Reduction of carbon emissions from the electric sector
- Proposed rule published on June 2, 2014
- EPA received 4.3 million comments
- Final pre-publication rule released on August 3, 2015
  - Publication in Federal Register anticipated in September 2015
- State Plan to be developed by Florida Department of Environmental Protection (FDEP) {assumption to be ratified by Legislature}
- Early review of final rule indicates some "relief" from requirements from the proposed rule
- JEA subject matter experts, associated utility organizations, legal counsel, etc. continue to review and analyze for interpretation of impacts and opportunities
- Anticipation of litigation upon final rule publication



# Generation Development



Summer Capacity listed; \*NS3 capable of dual fuel – Natural Gas and Residual Oil

# Clean Power Plan: Proposed vs. Final

Proposed	Final
Nationally, a 30 percent reduction of CO <sub>2</sub> emissions from 2005 levels from existing fossil fuel power plants by 2030.	Nationally, a 32 percent reduction of CO <sub>2</sub> emissions from 2005 levels from existing fossil fuel power plants by 2030.
Florida - A final goal of 740 lbs CO <sub>2</sub> /MWh by 2030.  Florida - Interim emission reduction goal of 794 lbs CO <sub>2</sub> /MWh between 2020 – 2029	Florida - A final goal of 919 lbs CO <sub>2</sub> /MWh by 2030.  Florida - Step change reductions, through a phased in gradual "glide path" commencing in 2020 to 2030.  Establishment of mass targets.
State goal was in the form of an average rate in lb CO <sub>2</sub> /MWh. Flexibility to convert the ratebased goal into a mass-based goal using a methodology determined by the state.	State can elect a goal in one of 3 forms: (1) A rate-based goal measured in lb CO <sub>2</sub> /MWh; (2) a statewide goal mass emissions goal of only existing affected EGUs within the state, measured in tons of CO <sub>2</sub> ; and (3) a mass-based state goal, measured in tons of CO <sub>2</sub> , which includes emissions from both existing and new affected EGUs.

# Clean Power Plan: The Building Blocks

Proposed	Final
<b>Block 1</b> - Improve heat rate of coal-fired power plants. National 6% average improvement applied in 2020	Florida - 4.3% average improvement applied in 2022
<b>Block 2</b> - Increase generation from natural gas combined cycle. 70% of gross capacity beginning in 2020. Re-dispatch w/n State.	Phased in from 68% to 75% of <u>net summer</u> capacity from 2022 to 2024.  Re-dispatch w/n eastern interconnect.
<b>Block 3</b> - Increase clean generation. State-specific based on current state renewable requirements and inclusion of 5.8% of existing nuclear + nuclear under construction	By national region - Renewable energy based on historic deployment & technical potential – phased in from 2022 to 2029  No nuclear component
Block 4 - Increase end-use energy efficiency. State specific growing 1.5% per year	Not Included – However, energy efficiency can be used for compliance within the State Plan

# **Clean Power Plan - Summary**

- Two year extension to 2022 to commence reductions
- Florida final goal was increased from 740 lbs CO<sub>2</sub>/MWh to 919 lbs CO<sub>2</sub>/MWh
  - Interim goals, through step change reductions, commencing in 2020 to 2030 providing more flexibility to leverage existing assets and provide fuel diversity
- Movement toward a mass-based (tons) goal vs. rate (lbs/MWh) goal
  - Assists in addressing intrastate and interstate generation
  - Assists in addressing possible trading opportunities
  - Assists in addressing disparate treatment within the State and between States
- Allows nuclear units under construction to be included toward goal compliance
- A more aggressive renewable goal
- Allows specific approved energy efficiency programs to be included toward goal
- Development of the State Plan by the Florida Department of Environmental Protection will be critical to determine final compliance requirements
  - JEA to interface closely with FDEP and with State utility companies and organizations to promote a fair and equitable plan throughout the State.





# **EPA Issues Regulations to Control Carbon Dioxide Emissions from the Power Sector**

### **AUGUST 5, 2015**

### Kyle Danish, Stephen Fotis, Van Smith, and Avi Zevin

On August 3, 2015, the Environmental Protection Agency (EPA) issued a suite of rules regulating the emission of carbon dioxide (CO<sub>2</sub>) from new, modified and reconstructed, and existing fossil fuel-fired electric generating units (EGUs) under section 111 of the Clean Air Act (CAA or Act).

This suite of rules includes (1) a final rule under section 111(b) of the CAA setting emission standards for new EGUs, set based on the "partial" application of carbon capture and sequestration (CCS) for coal-fired EGUs; (2) in the same rule, emission standards for modified and reconstructed EGUs, which are not based on CCS for coal-fired EGUs; and (3) the final "Clean Power Plan," a rule under section 111(d) of the Act that establishes state-by-state CO<sub>2</sub> emission reduction "goals" starting in 2022 and directs each state to submit for EPA approval a plan demonstrating how the state's affected EGUs will meet its reduction goals. In addition, EPA released a proposed federal plan, which would establish unit-by-unit emission reduction obligations for affected EGUs in a state that did not submit an approvable state plan. The proposed federal plan also includes presumptively approvable model trading frameworks for states submitting their own plans. The pre-Federal Register versions of these rules run to over 3,000 pages, and EPA has issued hundreds of pages of supporting Technical Support Documents.

While many features of the final rules have changed since they were proposed, the overall structure remains largely the same. Overall, EPA projects that the suite of rules will result in power sector emission reductions of 32 percent from 2005 levels by the year 2030. In a White House speech on August 3, President Obama emphasized that these rules build on previous U.S. climate policies, and are consistent with the targets his Administration has set as part of the international climate talks.

This alert briefly outlines the various final and proposed power sector rules, highlights some key changes from the proposals, and identifies next steps. Van Ness Feldman will be preparing a more in-depth analysis. Please contact Stephen Fotis, Kyle Danish, or anyone else in the climate change or environmental practices if you are interested in such analysis.

### **Final Clean Power Plan**

### Background on Section 111(d)

Section 111(d) of the CAA directs EPA to promulgate regulations establishing a federal-state process for setting standards of performance limiting emissions from existing sources for pollutants not otherwise regulated in other specified sections of the Act. Under this process, EPA develops performance standards, states are to submit plans to EPA to meet these standards, and EPA then approves or disapproves the state plans. EPA has used this section in only a handful of rules over the forty-plus year history of section 111, and there is almost no case law interpreting EPA's authorities under section 111. In the previous rules under section 111(d), EPA has issued a "guideline document" establishing emission reduction targets and compliance deadlines for states, and has required states to implement compliance plans that ensure that the regulated sources meet those targets. The Clean Power Plan includes such a quideline, along with a requirement that states submit plans to achieve compliance with the quideline.

### Emission Guideline: Source-specific CO2 Performance Rates with a State-By State Emission Goal Option

As under the <u>proposed rule</u>, the <u>final Clean Power Plan</u> sets state-specific  $CO_2$  emission goals to reduce statewide emissions from the power sector. These goals consist of an Interim Goal, which must be met on average during the years of 2022-2029, and a Final Goal for 2030 and beyond. In a significant change from the proposed rule, EPA has shifted the compliance start date from 2020 to 2022.

1



EPA projects that the implementation of these goals, averaged nationally, will result in a 32 percent reduction of CO<sub>2</sub> emissions from 2005 levels from existing fossil fuel power plants by 2030.

Form of State Goal. In the proposed rule, each state's goal was in the form of an average rate of emissions per net MWh of electricity generated by the electric power sector within the state. The proposed rule then gave states the flexibility to convert the rate-based goal into a mass-based goal using a methodology determined by the state. In the final Clean Power Plan, EPA specifically set state goals in three forms, which it deems equivalent: (1) A rate-based goal measured in pounds of  $CO_2$  per megawatt hour (lb  $CO_2$ /MWh) of generation by the electric power sector; (2) a statewide goal covering the mass emissions of only existing affected EGUs within the state, measured in tons of  $CO_2$ ; and (3) a mass-based state goal, measured in tons of  $CO_2$ , which includes emissions from both existing and new affected EGUs. States may choose which goal to use when designing and submitting their plans.

Basis for Setting State-by-State Goals. EPA's calculation of state goals in the final Clean Power Plan has changed significantly from the proposed rule. EPA established each state goal by determining a national "best system of emission reduction" (BSER) for EGUs in each of two EGU source categories: coal- and oil/gas-fired steam generating units (fossil steam) and base load natural gas-fired stationary combustion units for each year. EPA continues to rely, in part, on an interpretation of the term "system" that assumes action from measures occurring outside the regulated plant that reduce emissions at the plant. Specifically, EPA relied on three "building blocks" that constitute BSER at EGUs:

- Block 1, improving the average efficiency (or "heat rate") of coal-fired steam EGUs. The proposed rule assumed coal plants can, on average, improve heat rates by 6% by 2020. The final rule sets an expected level of heat rate improvement ranging from 2.1% to 4.3% based on the geographic location of facilities.
- Block 2, displacing fossil steam generation by increasing generation from existing natural gas
  combined cycle (NGCC) facilities. The proposed rule assumed that this redispatch could occur by
  2020, that all NGCC facilities in a state could be operated at up to 70% of the unit's nameplate
  capacity, and that such increased utilization would reduce generation of higher emitting EGUs in the
  state. The final rule determines the amount of redispatch from fossil steam EGUs in each
  interconnected electric grid (Eastern Interconnect, Western Interconnect, and ERCOT) to
  underutilized existing NGCC EGUs in that region by assuming NGCC units can operate at up to 75% of
  net summer capacity.
- Block 3, reducing fossil fuel-fired generation through increased zero-carbon generation. The proposed rule assumed that (1) each of the three nuclear facilities under construction in May 2014 could be completed, (2) the 5.8% of nuclear capacity deemed "at-risk" could be maintained, and (3) non-hydroelectric renewable facilities could generate electricity in each state consistent with state renewable portfolio standard (RPS) policies in place in the state's region. The final rule does not include either nuclear component in building block 3, does not count existing renewable generation or achievable new distributed solar generation (e.g., solar rooftop) or generation from biomass, and replaces the RPS metric with a metric based on regional technical potential for incremental renewable generation. The result is that the final rule significantly expands assumed renewable generation and the stringency of block 3.

Unlike in the proposed Clean Power Plan, EPA has not assumed that end-use energy efficiency that reduces demand from EGUs is part of BSER (previously Building Block 4). However, EPA continues to emphasize that energy efficiency is a compliance option that may be incorporated into state plans, and the agency predicts substantial use of energy efficiency measures.

EPA applies the building blocks to the EGUs in each interconnected electric grid region and, by phasingthem in over time, arrives at separate Interim and Final emission rates for fossil steam EGUs and base load stationary combustion EGUs in each region. EPA then sets the national emission rate limit for each EGU type by taking the least stringent of the regional limits. Finally, to arrive at state-by-state emission



rate goals, EPA applies these national emission rates to the fleet of affected EGUs in each state as of 2012, with some adjustments. As such, differences among the various state goals in the final rule are far less pronounced than the goals under the proposed rule – with the differences in the final rule driven entirely by the distribution of existing fossil steam versus existing base load stationary combustion units in a state in 2012. EPA also converted each state's emission rate goals into two mass-based goals: one taking into account only existing units, and one taking into account existing and new units.

EPA also set emission performance standards for areas of Indian Country with affected EGUs. However, the agency declared that it still needs additional information for the states of Alaska and Hawaii and the territories of Guam and Puerto Rico, implying that those jurisdictions will have a different compliance schedule if and when EPA finalizes guidelines for them.

### **State Compliance Plans**

As with many other CAA regulatory programs, section 111(d) gives states the primary responsibility to implement the reduction obligations through the adoption of state plans that limit emissions at regulated facilities. The Clean Power Plan requires states to make initial plan submissions by September 6, 2016; however, unlike in the proposed rule, EPA will grant a state an extension for as many as two years provided that its initial submission meets certain specified criteria for progress and consultation. Accordingly, final plan submissions must be made by September 2018, an extension of two years from the proposed rule.

EPA continues to emphasize the flexibility it has provided states for developing plans to meet the Interim and Final Goals. The Clean Power Plan offers states at least three forms of flexibility: flexibility in the means of compliance, flexibility in timing, and flexibility in the form of the compliance obligation. In addition, EPA has outlined a Clean Energy Incentive Program to encourage early emission reductions in 2020 and 2021 prior to the start of the program in 2022. In addition, in the proposed Federal Plan rule, EPA has proposed different kinds of model trading rules for flexible implementation that states may adopt in part or in whole for their own plans.

Means of compliance. The final Clean Power Plan identifies two types of state plans. States may adopt an "emission standards plan," which includes source-specific emission limits (rate or mass) for all existing affected EGUs within the state that, collectively, ensure that the state's affected EGUs will reach the state's Interim and Final Goals. These rates are based on the national emission rates for fossil steam and base load stationary combustion EGUs that were used to set state goals. State plans adopting an emission-standards plan may include a cap-and-trade program or a rate-based trading program that takes into account low- and zero-carbon generation and energy savings from end-use efficiency actions. EPA has established guidance to encourage such plans to be "trading ready" so that they can take advantage of emission reduction opportunities in other states.

Alternatively, states may adopt a "State measures plan," which may include a mix of federally-enforceable EGU emission limits and non-federally enforceable additional measures – such as state renewable energy or energy efficiency standards – that reduce emissions from EGUs. State measures plans may only be used with mass-based goals and must include "backstop" federally enforceable standards for EGUs that will kick in if the state measures fail to achieve the expected level of emission reductions. This is similar, though not identical, to the "portfolio approach" option included in the proposed Clean Power Plan.

In either case, states are not limited to the emission reduction measures covered in the three "building blocks." States may design plans that take advantage of end-use energy efficiency, new and uprated nuclear generation, biomass generation, and a host of other measures not incorporated into the state qoal-setting methodology, provided those measures reduce emissions at the affected EGUs.

**Compliance timing.** Regardless of what measures they use for compliance, state plans must ensure that the state's power sector meets the Interim Goals, on average, over the 2022-2029 period, and a more stringent Final Goal by 2030 (averaged over a 3-year period). However, EPA proposes to allow states to



determine when and how quickly individual EGUs in the state must reduce their emissions. EPA requires states to demonstrate that they are making progress towards meeting the Interim Goal by 2029. A state's plans must set milestones that show it will meet the Interim and Final goals over time. EPA allows states to demonstrate progress either through multi-year "step down" goals or through a state-determined "glide-path" approach.

Form of the compliance obligation. The Final Clean Power Plan gives states the option to choose among rate-based targets and mass-based targets, and (for states that choose a mass-based target) whether to include new fossil fuel-fired units under the target. In addition, the final rule allows multiple states to work together to achieve reductions (as is occurring in the Northeast with the Regional Greenhouse Gas Initiative).

Clean Energy Incentive Program. The final rule establishes a Clean Energy Incentive Program, under which states may issue tradeable rate credits (or, for a mass-based plan, emission allowances) to certain renewable energy and demand-side energy efficiency activities that are commenced after submission of state plans and before 2022. EPA will then issue matching credits or allowances for those activities. For renewable energy, only wind and solar projects are eligible. For energy efficiency, only activities implemented in low-income communities are eligible. Activities can earn federal matching credits from EPA for MWh generated (in the case of renewable energy projects) or saved (in the case of energy efficiency activities) in 2020 or 2021. The final rule states that EPA will address further implementation details for the program in a subsequent action. This Program is intended to incentivize early renewable energy and energy efficiency development, and therefore emission reductions, without undermining emission reductions obligations during the 2022-2029 compliance period.

Reliability Assurance. Reacting to significant public comment, EPA has adopted a number of changes aimed at addressing reliability concerns. This includes (1) moving the compliance start date from 2020 to 2022; (2) a new requirement that each state plan demonstrate that it has considered reliability, including consultation with the appropriate reliability entity; (3) a way for a state to revise its plan in the face of unanticipated reliability challenges; (4) a temporary "safety-valve" for individual EGUs when Clean Power Plan requirements conflict with reliability obligations; and (5) an agreement between EPA, the Department of Energy, and the Federal Energy Regulatory Commission to coordinate and monitor implementation of the rule in order to ensure reliability.

### **Proposed Federal Plan**

EPA also <u>issued</u> a proposed "Federal Plan" rule. Under section 111(d) of the CAA, EPA is authorized to impose a federal plan for a state that fails to submit an approvable state plan. In its proposed rule, EPA explains that it is setting forth the Federal Plan in advance of the deadline for submission of state plans not only to provide regulatory certainty about the rules that will apply in states that fail to submit approvable plans, but also to provide models for states to use in developing their own plans. Indeed, EPA makes clear that a state may voluntarily adopt the Federal Plan in whole or in part as its state plan.

The proposed Federal Plan would apply emission reduction obligations directly on affected EGUs. The agency has proposed two different approaches for consideration for the Federal Plan: a rate-based program and a mass-based program. EPA explains that it intends to finalize only one of those approaches for the Federal Plan. However, the proposed rule also offers both pathways (with some variations) as available models for states to use – and to presume approvable – in their own plans. In total, therefore, the proposed rule outlines four actions: (1) a rate-based Federal Plan; (2) a mass-based Federal Plan; (3) a rate-based model trading rule for potential use by any state; and (4) a mass-based model trading rule for potential use by any state.

### Final Emission Standards for New, Modified, and Reconstructed EGUs

In addition to the final Clean Power Plan, EPA released a final rule setting carbon dioxide emission standards for new, modified, and reconstructed fossil fuel-fired EGUs (which it terms the "Carbon Pollution Standards" rule).



### **Background**

Section 111(b) of the CAA requires EPA to establish new source performance standards (NSPS) for any category of stationary sources that "contributes significantly" to air pollution that endangers public health or welfare. NSPS established under this section apply only to sources that are new, modified or reconstructed

**New Source Proposal.** In September 2013, EPA issued <u>a proposal</u> to set  $CO_2$  emission standards for new fossil steam EGUs and certain stationary combustion turbines (New Source Proposal). In the New Source Proposal, EPA proposed to require that new fossil steam EGUs meet an emission limit of 1,100 lb  $CO_2/MWh-a$  level that effectively would require the units to install carbon capture and storage (CCS) technology to capture at least 40% of  $CO_2$  emissions (termed "partial CCS"). EPA also proposed to require that base load natural gas-fired stationary combustion units meet an emission limit of either 1,000 lb or 1,100 lb  $CO_2/MWh$  (depending on the size of the unit) based on modern, efficient NGCC technology as BSER.

Modified Source Proposal. In June 2014, EPA issued a related proposal to set CO<sub>2</sub> emission standards for modified and reconstructed fossil fuel-fired EGUs (Modified Source Proposal). In the Modified Source Proposal, EPA proposed to subject modified fossil steam EGUs to a unit-specific emission standard equivalent to the EGU's best demonstrated historical performance since 2002 with an additional 2 percent emission reduction, and additionally proposed to subject fossil steam EGUs modified after becoming subject to a 111(d) plan to a unit-specific emission limit set by the state or other relevant 111(d) implementing authority. For reconstructed fossil steam EGUs, EPA proposed an emission standard based on the most efficient generation technology available at the EGU, which EPA determined corresponded to an average emission limit of either 1,900 or 2,100 lbs CO<sub>2</sub>/MWh (net), depending on the size of the unit. For natural gas turbines, EPA proposed for new natural gas turbines: either 1,000 or 1,100 lbs CO<sub>2</sub>/MWh, depending on the size of the unit.

### Final Standards for New, Modified, and Reconstructed EGUs

In the final <u>Carbon Pollution Standards</u> rule, EPA combined its New and Modified Proposals into one rulemaking and made several changes to key elements of these proposals. EPA set emission standards for new fossil steam EGUs at 1,400 lb/CO<sub>2</sub>/MWh – a level less stringent than in the New Source Proposal – based on the use of supercritical pulverized coal technology and partial CCS. According to EPA, the new standard can be met by a supercritical utility boiler burning bituminous coal and capturing 16% of CO<sub>2</sub> (or 23% if burning subbituminous or dried lignite). EPA also outlines an "alternative compliance option" under which new EGUs can meet the standard without CCS by co-firing approximately 40% natural gas.

For reconstructed fossil steam EGUs, EPA adopted a final emission standard of either 1,800 or 2,000 lbs CO<sub>2</sub>/MWh, depending on the size of the unit, which EPA based on the most efficient generation technology at the EGU. For modified fossil steam EGUs, EPA adopted a unit-specific emission standard based on the EGU's best demonstrated historical performance, capped at the level of the standard for reconstructed fossil steam EGUs. EPA did not adopt an additional 2 percent emission reduction from the EGU's best demonstrated historical performance, as it had originally proposed, or provide for an additional emission limit for fossil steam EGUs that are modified after becoming subject to 111(d).

For new stationary natural gas-fired combustion turbines, EPA adopted a uniform standard of 1,000 lb CO<sub>2</sub>/MWh for base load units based on the use of "efficient" NGCC, and added an emission standard for non-base load units at a level of 120 lb CO<sub>2</sub>/MMBtu based on the use of clean fuels (natural gas with a small allowance for distillate oil). The final rule includes criteria for what constitutes a base load unit.

Additionally, EPA adopted an emission standard for new multi-fuel fired combustion turbines (both base load and non-base load) of 120 to 160 lb  $CO_2/MMBtu$ , depending on fuel characteristics. EPA adopted the same standards for reconstructed combustion turbines as it did for new combustion turbines, and opted not to finalize any standards for modified combustion turbines, as it had proposed to do.



### **Next Steps**

Effective Dates and Regulatory Obligations. The final Clean Power Plan rule becomes effective 60 days after it is published in the Federal Register; however states need not submit plans before September 4, 2016 and plans do not go into effect until 2022. The final "Carbon Pollution Standards" rule applies to any facility that commenced construction after January 8, 2014, or modification or reconstruction after June 18, 2014, with requirements becoming effective 60 days after the rule is published in the Federal Register.

Litigation. Under the Clean Air Act, petitions for review of both the Clean Power Plan and the Carbon Pollution Standards rules must be filed at the United States Court of Appeals for the District of Columbia Circuit within 60 days after the rules are published in the Federal Register. The filing of a petition for reconsideration with EPA will most likely not impact the availability or timeline for litigation. Litigation is expected to commence shortly after such publication, and, with regard to the Clean Power Plan, petitioners are expected to request that the D.C. Circuit stay the rule until litigation is resolved. Similarly, many interested parties are expected to file petitions with EPA for administrative reconsideration given the many major changes to the proposed rule that EPA has made to the final rule.

**Public Comments.** EPA is requesting comment on its proposed Federal Plan, (2) the proposed state plan model rules, and (3) a guidance document related to the evaluation, measurement & verification (EM&V) that must be conducted in order to utilize end-use energy efficiency in rate-based state compliance plans. Public Comment must be received within 90 days of the publication of the proposed model rule in the Federal Register.

### For more information

Van Ness Feldman will be preparing a comprehensive analysis of these rules that will be available on a cost-share basis. Our professionals are also available to provide counsel to companies and others as they assess the implications of the rule and prepare to submit comments to EPA. Please contact <u>Kyle Danish</u>, <u>Stephen Fotis</u>, or any other professionals in Van Ness Feldman's <u>Environmental</u> Practice for additional information on the analysis or on other matters related to these rules.

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American Public Power Association

Ph: 202.467.2900 Fax: 202.467.2910 www.PublicPower.org

2451 Crystal Drive Suite 1000 Arlington, VA 22202-4801

#### APPA Summary of EPA's Final Greenhouse Gas Emission Guidelines for Existing Electric Generating Units Under Section 111(d) of the Clean Air Act

Note: This summary contains a high level overview of key features of the final section 111(d) greenhouse gas emission guidelines for existing electric generating units. This document is intended for APPA member utilities and their employees only. Please do not distribute outside your organization. APPA staff is still reviewing the final section 111(d) rule and supporting documentation. This document in no way reflects a final analysis, but rather a compilation of information from fact sheets, the final section 111(d) rule, consultants and other supporting documents. APPA will provide more detailed analyses in the coming weeks.

**Overview**: On June 25, 2013, President Obama issued a memorandum directing the U.S. Environmental Protection Agency (EPA) administrator to issue proposed "standards, regulations, or guidelines, as appropriate that address carbon pollution from modified, reconstructed, and existing power plants…" Regulating carbon dioxide (CO<sub>2</sub>) from power plants is a central component of the Obama Administration's efforts to address climate change.

Following the President's directive, on June 2, 2014, EPA proposed emissions guidelines for CO<sub>2</sub> emissions from existing fossil fuel-fired power plants. On August 3, 2015, EPA finalized its greenhouse gas emission guidelines for existing electric generating units (EGUs) under section 111(d) of the Clean Air Act (CAA)-the Clean Power Plan (CPP). The agency asserts that the final emission guidelines (or final rule) will reduce CO<sub>2</sub> emissions by 32 percent from 2005 levels by 2030, a steeper decline than the 30 percent cut envisioned by the proposed rule, due largely to a greater decline in coal use and greater use of renewables.

**Affected Units**: Under the final emission guidelines an affected EGU is any fossil fuel-fired utility boiler, integrated gasified combined cycle (IGCC) unit or stationary combustion turbine that is in operation or commenced construction by January 8, 2014. Affected EGUs must be capable of selling greater than 25 megawatts (MW) of electric output and have a baseload rating of greater than 250 million British Thermal Units per hour (MMBtu/hr) heat input of fossil fuel. If the unit is a stationary combustion turbine or a combined heat and power combustion turbine it must sell greater than 25 MW and have a base load rating of greater than 250 MMBtu/hr. The

final rule also exempts certain affected EGUs from inclusion in state plans. Exclusions apply to: EGUs that commenced modification or reconstruction under section 111(b); coal stream units or IGCC units that are currently and always have been subject to a federally enforceable permit limiting net-electric sales to one-third or less of its potential electric output or 219,000 megawatt hour (MWh) or less on an annual basis; and combined heat and power units that are subject to a federally enforceable permit limiting, or has historically limited, annual net electric sales to a utility power distribution system to the product of the design efficiency and the potential electric output or 219,000 MWh.

**Next Steps**: The final emission guidelines will become effective 60 days after the final rules' publication in the *Federal Register*, which is expected to occur no later than September 4, 2015. Once the final rule is published in the *Federal Register*, stakeholders then have 60 days to commence litigation in the U.S. Court of Appeals for the District of Columbia Circuit.

Compliance Dates: The final rule establishes emission reduction goals for each state (except for Alaska, Hawaii and Vermont) and sets 2030 as the compliance deadline. The rule's interim performance period runs from 2022 through 2029, with three interim periods — 2022-2024, 2025-2027, and 2028- 2029 — during which increasingly stringent emission performance goals must be met. The final rule allows states to include an alternative trajectory of emission performance as long as states:

- 1. Specify their own interim step CO<sub>2</sub> performance rate or state goal,
- 2. Meet the interim step over an 8 year average or on a cumulative basis, and
- 3. Meet the final CO<sub>2</sub> emission performance rate or state goal by 2030.

Beginning in 2030, states and EGUs must report compliance every two years thereafter.

Best System of Emission Reduction and Building Block Computations: EPA is establishing: (1) CO<sub>2</sub> emission performance rates based on the best system of emission reduction (BSER) for two subcategories of existing fossil fuel-fired EGUs, fossil fuel-fired electric utility steam (coal) generating units and stationary combustion turbines (natural gas), and (2) guidelines for the development, submittal and implementation of state plans that implement the CO<sub>2</sub> emission performance rates. The emission performance rates reflect the "best system of emission reductions ... adequately demonstrated" for CO<sub>2</sub> emissions from the EGU source category. The guidelines also provide for the development, submittal and implementation of state plans that implement the CO<sub>2</sub> emission performance rate either directly by means of source-specific requirements, or through measures that achieve equivalent CO<sub>2</sub> reductions in a mass based program.

The final rule acknowledges the interconnected nature of electric generation in the United States (U.S.) and how the grid is divided into three established regional electricity interconnections: the Western interconnection, the Eastern interconnection and the Electricity Reliability Council of Texas interconnection. EPA applied the building blocks to all coal plants and all natural gas power plants in each region to develop regional emission performance rates for each category. Based on the six resulting regional coal and natural gas rates, EPA chose the most "achievable"

rate for each category to arrive at a "uniform" national  $CO_2$  emission performance rates for the U.S. These rates constitute the BSER.

To calculate overall performance rates, EPA took the weighted average of EPA-established "uniform" CO<sub>2</sub> emission performance rates for both steam generating units and natural gas-fired stationary combustion turbines as a source category. This results in a performance rate of 1,305 lb. CO<sub>2</sub>/MWh for steam and 771 lb. CO<sub>2</sub>/MWh for combined cycle turbines. These rates are much lower than the average emissions rates for each source category nationwide (2,280 and 907 lb. CO<sub>2</sub>/MWh respectively).

These same CO<sub>2</sub> emission performance rates for coal and for natural gas were then applied to all affected sources in each state to arrive at individual statewide rate-based and mass-based goals. Each state has a different goal based upon its own mix of affected sources. While demand-side energy efficiency (EE) is not a BSER building block in the final rule, the final rule's compliance options allow states to fully deploy EE programs to meet their state goals.

The final rule also establishes interim and final CO<sub>2</sub> emission performance rates for fossil fuelfired electric utility generating units that states can (but are not required to) apply directly to their units.

EPA determines BSER is comprised of three building blocks that individually and together reduce the carbon intensity of electricity generation:

- **Building Block 1:** Region-specific heat rate improvement applied to the coal steam fleet to make these units more efficient (a range from 2.1 to 4.3 percent, not 6 percent nationwide as proposed)
- Building Block 2: Phased-in increase in the use of existing natural gas combined cycle (NGCC) units to run at a rate of 75 percent net summer capacity (rather than 70 percent nameplate capacity as proposed), which for many states is a more realistic approach to redispatch than what was in the proposed rule. States like Minnesota and Florida among others, would have been worse off if EPA had not used a net summer capacity rate to calculate states emission targets. The chart below is illustrative of examples of corrected NGCC capacity factors.

State	NGCC Nameplate Capacity	Summer Net Capacity	EPA's NGCC Calculation at 70% Capacity Factor	Corrected NGCC Calculation at 70% Capacity Factor using Summer Net Generation	Based on Net Summer Capacity of Generating Fleet if EPA Does Not Revise it's	by Not Using Net Summer Capacity for	Corrected Maximum Capacity Factor EPA Should Have Applied If Using Nameplate	Corrected 2030 Target in lb/MWh
AL	10,333	9,278	63,535,550	57,048,566	6,848	78%		
AR	5,588	4,660	34,359,494	28,653,408	7,353	84%	58%	1,039.87
FL	29,485	23,784	181,297,368	146,243,059	7,602	87%	56%	912.98
GA	8,354.9	7,956	51,372,609	48,919,853	6,439	73%	67%	860.18
NC	4,709	4,075	28,954,699	25,056,360	7,086	81%	53%	1,063.40
ОК	8,035	7,512	49,405,608	46,189,786	6,559	75%	65%	934.76
TX	37,548	32,833	230,875,142	201,883,550	7,013	80%	61%	863.22
MN	2808.5	2120.8	17,268,905	13,040,375	8,120	92%	54%	992.71

Source: Comments of the American Public Power Association on EPA's Section

- 111(d) Proposed Rule for Carbon Dioxide Emissions from Existing EGUs EPA-HQOAR- 2013-0602; December 1, 2014.
- **Building Block 3:** Greater use of new renewable energy (RE) based on historical RE capacity deployment (2010-2014); existing RE and nuclear resources are not included in the state goal calculation (under-construction nuclear, new nuclear, all uprates of nuclear, energy efficiency and, renewables (including increase hydro) may still be included as state compliance measures to reduce CO<sub>2</sub> emissions from power plants).

**State Emission Goals:** The 2030 emission goal for each state is calculated based upon 2012 data. The final rule creates a weighted average of the category-specific fossil steam rate and the category-specific NGCC rate using the state's baseline generation levels. States may choose to impose these rate-based standards directly on their EGUs, although these rates would necessitate some type of emissions trading or market-based mechanism to make them achievable. All emission rates were provided on a net basis and EPA made the following adjustments when calculating state emission rates:

- It adjusted affected fossil baseline generation upwards in states with large hydro generation portfolios (Goal Computation Appendix 7, adjustment calculations and applied in Goal Computation Appendix 3).
- It adjusted state-level generation upwards where a single unit outage representing a significant portion of the generation portfolio—resulted in potentially unrepresentative state-level data (adjustment calculations in Goal Computation Appendix 7 and applied in Goal Computation Appendix 3).
- It adjusted state-level generation and emissions upwards to reflect the incremental impact of likely affected under construction fossil steam and NGCC capacity (including units commencing operation part way through 2012). (Note: a list of units is available in Goal Computation Appendix 2 and adjustment is applied in Goal Computation Appendix 3)

**State Plans:** States must develop and implement plans that ensure power plants in a state, — either individually, together, or in combination with other measures — achieves either their rate or mass based interim CO<sub>2</sub> emission targets between 2022 and 2029 and final CO<sub>2</sub> emission performance target by 2030. States must submit their final plans or "initial plans" with a request for an extension by September 6, 2016. States that receive an extension request must provide a progress report by September 6, 2017, and submit their final plan by September 6, 2018.

# Clean Power Plan Timeline 15 Years • January 1, 2030 - CO<sub>2</sub> Emission Goals met Summer 2015 • August 3, 2015 - Final Clean Power Plan 1 Year • September 6, 2016 - States submit initial state plan • September 6, 2018 - States submit final state plan 7 Years • January 1, 2022 - Compliance period begins

The final rule gives states the opportunity to design state rate or mass based plans that will make their units "trading ready," allowing individual power plants to use out-of-state reductions — in the form of credits or allowances, depending on the plan type — to achieve required  $CO_2$  reductions, without the need for up-front interstate agreements. EPA is allowing states to submit two types of plans:

- 1. The emissions standards approach establishes source specific requirements for each affected EGU, using a rate or mass based approach.
- 2. The state measures approach or a "portfolio" approach. This approach must use a mass based program and can include measures, such as renewables, residential EE programs, and federally enforceable source specific requirements for compliance. However, these "state measures" would not be included in a federally enforceable component of the plan.

States may also meet their obligation under Section 111(d) by submitting multi-state plans. Multiple states may aggregate their rate or mass based CO<sub>2</sub> goals and submit a multi-state plan that will achieve a joint CO<sub>2</sub> emissions goal for a fleet of affected EGUs. States may participate in more than one multi-state plan to address affected EGUs in states that are served by more than one independent system operator (ISO) or regional transmission organization (RTO). Additionally, a subset of affected EGUs may participate in a multi-state plan.

**Emissions Trading:** The final rule authorizes states to include emissions trading in approvable state plans. Emissions trading occurs vis-à-vis the buying and selling of emission rate credits (ERCs) in the case of a rate based program or allowances in the case of a mass based program.

States can choose to submit state or multi-state plans containing a "linked emission budget trading program," which requires the identification of participating states. States may also submit a "ready-for-interstate-trading" plan to later identify links with other states. Both options allow states to engage in programs to trade mass based allowances or rate based ERCs.

Given these two options, the final rule notes that the agency is providing states the flexibility of designing their own emissions budget trading programs, provided states ensure that the emission standards are quantifiable, verifiable, enforceable and non-duplicative. Under a mass based goal, states have discretion in whether they choose to allocate allowances to individual affected EGUs or to a particular unit within a plant's fence line.

States undergoing a mass based emission budget program must indicate how allowances will be issued, used for compliance and tracked. Allowance tracking must be done through a specified EPA-approved tracking system. If a state submits a "ready-for-interstate-trading" plan, the state can recognize other states' allowances as usable if their plans are also approved by EPA, granted that they are also using an EPA-approved allowance tracking system. If multiple states submit a linked budget trading program, in which they have identified trading partner states, they must use a joint tracking system, interoperable tracking system or EPA-administered tracking system.

The final rule also discusses an emission budget trading program that may include a new source emission complement and other non-affected emission sources. The final rule provides a mass budget for each state that account for the state's mass CO<sub>2</sub> goal for affected EGUs and a complementary emission budget for new sources, referred to as the new source CO<sub>2</sub> emission complement. States that both adopt the EPA-provided mass budget, based on the state mass-based CO<sub>2</sub> goal for affected EGUs plus the new source CO<sub>2</sub> emission complement, and regulate new sources under this emission budget as a matter of state law, in conjunction with federally enforceable emission standards for affected EGUs as part of the mass-based state plan, may be able to submit a presumptively approvable plan. See Section VIII.J.2.b, Table 14, in the final rule preamble for more information on new source complement budget.

EPA states that linked emission budget trading programs are informally seen as multi-state mass based goals. In other words, the partnering states are essentially required to meet an aggregated mass CO<sub>2</sub> standard, while considering the net import and net export of allowances between the states involved. In all state plans that include multi-state emission budget trading programs, EPA will assess achievement of the mass emission goal based on affected EGU compliance with the mass-based standard, rather than assess the reported emissions from affected EGUs.

**Clean Energy Incentive Program:** The final rule provides a Clean Energy Incentive Program (CEIP) to reward early investments in renewable energy generation and demand-side energy efficiency measures that are made between 2020 and 2021.

CEIP is an optional program designed to encourage early investment in certain RE and demandside EE projects. It is described in Section VIII.B of the preamble of the final rule, beginning on page 865. CEIP is also part of the proposed federal plan. Under the program, a state may set aside allowances from its emission budget for the interim plan performance period or may generate early action ERCs and allocate these allowances or ERCs to "eligible" projects.

An eligible project must meet the following criteria:

- Located in or benefits a state that has submitted a final state plan that includes requirements establishing its participation in CEIP,
- Construction commences (or in the case of EE, operation commences) after the final state plan is submitted to EPA (or after September 6, 2018, for a state that does not submit a complete state plan by that date),
- For RE, generates metered MWh from any type of wind or solar resources,
- For EE, results in quantified and verified MWh savings through demand-side EE implemented in "low-income communities" (still to be defined), and
- Generates or saves MWh in 2020 and/or 2021.

For each early action allowance or ERC a state allocates to an eligible project, EPA will provide the state with matching allowances or ERCs for the state to allocate to the project. The agency will match ERCs and allowances up to an amount that represents the equivalent of 300 million short tons of CO<sub>2</sub> emissions.

For eligible RE projects, for every two MWh generated, the project will receive one early action ERC (or the equivalent number of allowances) from the state, and EPA will provide one matching ERC (or the equivalent number of allowances) to the state to award to the project. For eligible EE projects, the state and EPA awards are double those amounts.

These early action allowances or ERCs awarded by the state and EPA may be used for compliance by an affected EGU with its emission standards and are fully transferrable prior to such use.

In a later action, EPA will address design and implementation details, including how to determine equivalence between allowances and MWh and the definition of low-income community.

**Reliability Assurance:** EPA asserts in the final rule it provides the time and flexibility to allow for the planning, implementation, and integration of actions needed to address reliability while achieving the required emissions reductions. Below are some overall reliability considerations now included in the final rule:

• The period for mandatory reductions under the plan starts in 2022. EPA asserts that the additional two years will address reliability.

- The interim goals provide a slightly less abrupt initial reduction expectation. States and utilities need only meet their interim goal "on average" over the 8-year period from 2022-2029, which provides latitude in determining their emission reduction trajectory.
- A state plan requires states to demonstrate that they have considered electric system reliability in developing their state plans. The details of how this actually occurs are unclear.
- In the event that reliability challenges arise that need to be remedied, states can amend their state plans.
- The final rule allows for a reliability safety valve to address situations where, because of an unanticipated catastrophic event, there is a conflict between the requirements imposed on an affected unit and the maintenance of reliability.
- The EPA, the Department of Energy and the Federal Energy Regulatory Commission have agreed to coordinate their efforts at the federal level, to help ensure continued reliable electricity generation and transmission during the implementation of the final rule. A memorandum between the three agencies reflects their joint understanding of how they will work together to monitor implementation, share information and resolve any difficulties that may be encountered.

The reliability safety valve provides 90 days during which a reliability-critical affected EGU or EGUs will not be required to meet the emission standard established for them under the state plan but will meet an alternative standard. After the initial period of up to 90 days, the reliability-critical affected EGU is required to continue to operate under the original state plan emission standard or an alternative standard as part of the reliability safety valve, and the state must revise its plan to accommodate changes needed to respond to ongoing reliability requirements and ensure that any emissions excess of the applicable state goals or performance rates, occurring after the initial period of up to 90 days, are accounted for and offset.

The reliability safety valve can only be used twice. If the state finds that a second reliability emergency occurs that conflicts with the state plan, the state must submit a revision to its state plan to ensure it is flexible enough to prevent such conflicts from recurring.

APPA Scorecard of Changes to the Final Clean Power Plan Rule						
Changes to the Proposed Rule Recommended by APPA	How APPA's Recommendations are Addressed in the Final Rule					
Withdraw and re-propose the rule in a manner consistent with EPA's authority under Section 111(d) of the CAA.	The rule was not withdrawn and re-proposed, and the final rule re-asserts EPA's general interpretation of its definition of Best System of Emission Reduction (BSER) to encompass the entire chain of electricity production and consumption, though with some significant changes to the methodology for establishing emission standards.					
Decrease the proposed rule's overreliance on rapid increases in the amount of natural gas-fired generation necessary for compliance.	In the final rule, assumptions and related calculations regarding increased dispatch of existing natural gas were reduced, and essentially replaced with assumptions about increased use of and investment in renewables.					
Change the baseline from 2012 to a more representative baseline chosen by the states.	2012 was retained as the baseline.					
The baseline and BSER computations should allow full credit for early action.	Some additional, but not full, credit is provided in two ways:  1) more early action is reflected in the modified state goals, and  2) a Clean Energy Incentive Program is proposed in the Federal Plan, and explained in the Clean Power Plan, that would provide credits or allowances for solar and wind investments, and energy efficiency programs implemented in low-income communities implemented after September 6, 2018, that generate zero-emitting MWh or reduce demand in 2020 and 2021.					
Decrease the percentage of achievable reductions assumed under Building Block 1 to a more realistic range.	The range was decreased from 4-6 percent to 2-4 percent.					
Provide clear guidance and a more streamlined process for addressing potential violations of New Source Review requirements with respect to using Building Block 1 for compliance.	No additional guidance was provided.					
Regulate natrual gas simple cycle turbine	Exempt natural gas simple cycle turbines					
Use summer peak capacity instead of nameplate capacity in the computation for increased natural gas dispatch under Building Block 2.	The final rule uses 75 percent of net summer peak capacity in the computation.					
Nuclear units under construction should be removed from the baseline in Building Block 3, but	These units were removed from the baseline in Building Block 3, and are eligible for compliance when operational, as					
should be counted toward compliance when they come online.	are new nuclear units and uprates to existing units.					
Address multiple problems in the assumptions for energy efficiency programs in Building Block 4.	Building Block 4 was removed from the BSER calculation, but energy efficiency programs are eligible for compliance.					
Provide more guidance on establishing multistate plans and interstate trading.	Additional guidance was provided on both preparing and submitting multistate plans, as well as interstate trading among states with individual plans. The final rule for existing plants and the proposed Federal Plan establish the concept of 'trading ready" state compliance plans and a program of Emission Reduction Credits for both interstate trading and to allow utilities to receive credit in one state for eligible investments made in another state.					
Give states more time to prepare and submit compliance plans.	Individual states are provided an easier process to request and receive an additional one to two years to prepare and submit plans, with a final due date of September 6, 2018.					
Eliminate the interim reduction goal and allow states to set their own emission reduction trajectory.	The start of the interim reduction period was moved from 2020 to 2022. The rule also establishes three new interim goal periods between 2022 and 2029, though states have some ability to adjust those interim goals.					
Provide provisions and mechanisms – such as ensuring affected units can operate for their remaining useful life - that ensure affordability and prevent the stranding of assets	No such provisions or authority were included.					
Allow states an opportunity to adjust key elements of their compliance plans in the event they are negatively impacted by materially changes circumstances beyond their control.	It appears that some provision for such an opportunity has been included in the final rule, though we are still analyzing those provisions.					
Require upfront assessments of potential reliability issues in state compliance plans and establish a reliability safety valve to address unforeseen circumstances threatening reliability that may arise during compliance.	States are required to assess reliability implications related to their plans prior to submittal to EPA (though it is unclear who actually does that). The rule also establishes a reliability safety valve that would suspend compliance obligations on relevant, specified individual generating units for up to 90 days; other features and requirements also apply.					
Do not give the RTOs/ISOs any new market-related role in implementing the final rule.	The rule is essentially blind to wholesale electricity market structure.					
Legend:						
Red	No change from proposal to final					
Yellow	Neutral/ some improvement					
Green	Improvement from proposal to final					

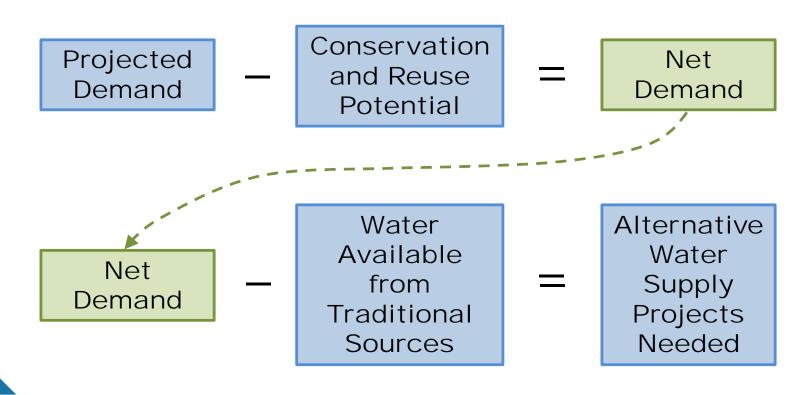
For more information, go to <a href="http://www2.epa.gov/cleanpowerplan/clean-power-plan-existing-power-plants">http://www2.epa.gov/cleanpowerplan/clean-power-plan-existing-power-plants</a>

## **Regional Water Supply Planning**

# JEA Board Environmental Committee 8/10/15

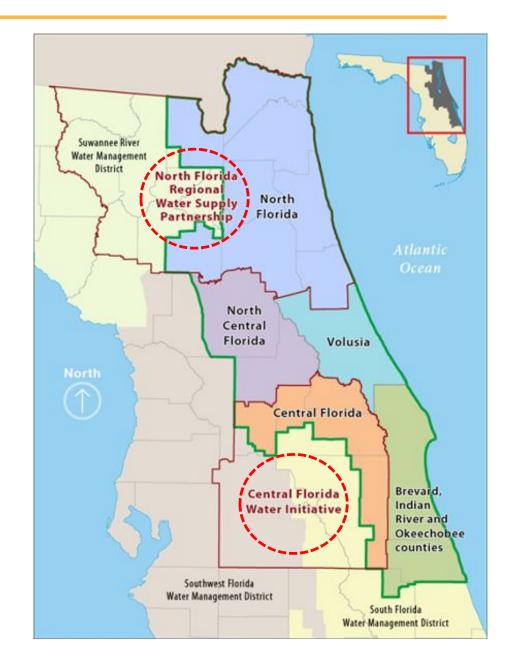
## **Purpose of Regional Water Supply Plans**

- Identify sustainable quantities of groundwater
- Develop strategies to meet projected demands
- Ensure consistency between adjoining Districts



## **Regional Plan Development**

- Regional water supply plans in lieu of a single SJRWMD plan
- Recognizes that areas have different issues and opportunities
- Stakeholder engagement at regional level



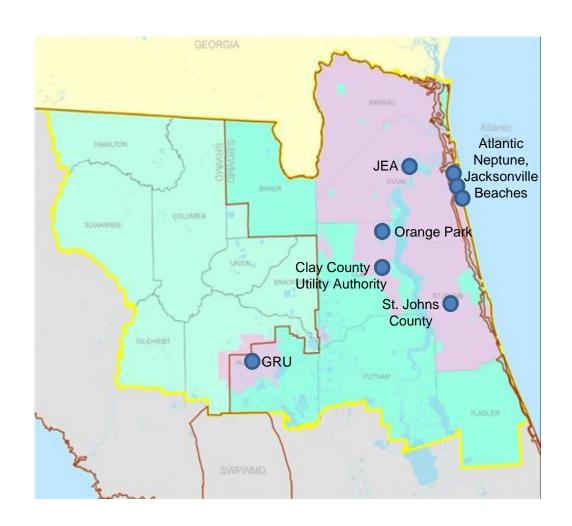
# JEA's Water Supply Can Be Affected By Local and Regional Issues



- Managing withdrawals on S. Grid to address water quality issues
- Minimum Flows and Levels (MFLs<sup>\*</sup>) protect natural systems and can limit pumping in North Florida
- JEA will participate proportionally with others on needed solutions

# JEA Participating with North Florida Utility Group in Regional Plan Development

- Ensuring accurate demand projections
- Technical resources
- Project Strategies and Options
- Equitable allocation of responsibility among all user classes



## **Water Supply Plan Outcomes**

- If properly developed, the interests of Utilities and Water Management Districts are aligned
  - Sustainability and availability of water resources
  - Protection of the environment
  - Future development of alternative sources
- Help to focus State, Districts and Utilities on effective investments

#### **Schedule**

### Central Florida Water Initiative (CFWI) Plan

- In draft and seeking public comment
- Scheduled approval November 2015

#### North Florida Regional Plan

- Awaiting development of modeling tools and demand projections before drafting
- Scheduled completion in Fall 2016

Executive management changes at St. Johns and Suwannee River Water Management Districts