JEA BOARD MEETING AGENDA

January 28, 2020 • 9:00 a.m.

21 W. Church Street, 19th Floor

I.	WELCOME
A.	Call to Order
B.	Time of Reflection
C.	Pledge to Flag
D.	Introductions
E.	Adoption of the Agenda – Action
F.	Safety Briefing – Melissa Dykes, Interim Managing Director/CEO
G.	Sunshine Law/Public Records Statement – Lawsikia Hodges, Office of General Counsel

II.	COMMENTS / PRESENTATIONS	
Item(s)		Speaker/Title
A.	Comments from the Public	Public
B.	Council Liaison's Comments	Council Member Danny Becton

III.	PERSONNEL MATTERS (DISCUSSION/ACTION)		
Item(s)		Speaker/Title	Discussion Action/Information
A.	CEO & Managing Director	April Green, Board Chair and Office of General Counsel	Action

************* *We will now have recess. The board meeting will reconvene in an hour.* ***********

IV.	OPERATIONS (DISCUSSION / ACTION)			
Definition: The "Operations" section of the Board Meeting is for business matters requiring Board discussion and action.				
Item(s)			Speaker/Title	Discussion Action/Information
A.	**Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.**			
	Consent Agenda Reference Material (Provided in Appendices)			
	Appendix A:	Board Meeting Minutes December 17, 2019		Action
	Appendix B:	Emergency Board Meeting Minutes December 24, 2019		Action
	Monthly Reports and Updates – The following monthly reports and updates are submitted to the Board as information only. These items require no explanation, discussion, presentation or action.			
	Monthly Reports and Updates (Provided in Appendices)			
	Appendix C:	Monthly Financial Statements		Information
	Appendix D:	Monthly FY20 Communications & Engagement Calendar and Plan Update		Information

		Appendix E:	Corporate Campus Update		Information
		Appendix F:	Sole Source & Emergency Procurement/Procurement Appeals Board Report		Information
		Appendix G:	Ernst & Young FY2019 External Audit Report		Information
	B.	Monthly Financial and Operations Dashboard - Execution of Strategic planning initiatives		Caren Anders, VP/GM Energy Systems Deryle Calhoun, VP/GM Water/Wastewater Systems Kerri Stewart, VP/Chief Customer Officer Shawn Eads, VP/Chief Information Officer	Information
	C.	JEA's Procurement and Jacksonville Small and Emerging Business (JSEB) Programs Report		John McCarthy, VP & Chief Supply Chain Officer	Information
	D.	Recruitment for Permanent CEO and Interim CEO Contract		Jon Kendrick, VP & Chief Human Resources Officer	Action
	E.	Committee Assignments • Finance and Audit • Compensation • Nominating • Governance and Transparency		April Green, Board Chair	Action
	F.	Changes Implemented Since December		Melissa Dykes, Interim Managing Director/CEO	Information
	G.	Rating Agency Update		Joe Orfano, Interim Chief Financial Officer	Information
	H.	Senior Leadership Contracts		April Green, Board Chair and Office of General Counsel	Action

V.	STRATEGY			
	Item(s)		Speaker/Title	Discussion Action/Information
	A.	Municipal Ownership	April Green, Board Chair	Discussion
	B.	Rescind Resolution 2019-07	April Green, Board Chair	Action

VI.	COMMITTEE REPORTS				
	Item(s)			Speaker/Title	Discussion Action/Information
	A.	Finance & Audit Committee		Kelly Flanagan, Chair	
		1.	Adoption of Agenda – December 9, 2019		Action
		2.	Approval of Minutes – August 19, 2019	Madricka Jones	Action
		3.	Ernst & Young FY2019 External Audit Report	John DiSanto	Information

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.

		4.	Audit Services – Quarterly Audit Services Update	Steve Tuten Julie Moore	Information
		5.	JEA Identity Theft Protection Program Annual Risk Assessment	Daniel Mishra	Information
		6.	Ethics Officer Quarterly Report	Walette Stanford	Information
		7.	Electric System and Water and Sewer Reserve Fund Quarterly Report	Joe Orfano	Information
		8.	STAR Plan Early Debt Retirement Phase 2 Update	Joe Orfano	Information
		9.	Investment Policy Revision	Joe Orfano	Action
		10.	JEA Energy Market Risk Management Policy Report	Caren Anders	Information
		11.	Committee Discussions: a. Ernst & Young, John DiSanto b. Director, Audit Services, Steve Tuten c. Council Auditor's Office, Jeff Rodda		Information

VII.	**OTHER BUSINESS**		
	Item(s)		Speaker/Title
	A.	Old Business	
	B.	Other New Business	
	C.	Open Discussion	
	D.	Interim Managing Director/CEO's Report	Melissa Dykes, Interim Managing Director/CEO
	E.	Chair's Report	April Green, Board Chair

VIII.	**CLOSING CONSIDERATIONS**	
	Item(s)	
	A.	Announcements – Next Board Meeting February 25, 2020
	B.	Adjournment

Board Calendar

<u>Board Meetings</u>: 9:00 a.m. – Fourth Tuesday of Every Month (exception(s)): November 17, 2020 and December 15, 2020

<u>Committees</u>: Finance & Audit Committee: March 16, 2020

Compensation Committee:

Government Affairs Committee:

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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.

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.

JEA BOARD MINUTES
December 17, 2019

The JEA Board met in regular session on Tuesday December 17, 2019, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were April Green, Reverend Fredrick Newbill, Camille Lee-Johnson, Kelly Flanagan, Dane Grey, Henry Brown, and Lynne Rhode. Also present was Lawsikia Hodges and Sean Granat, Office of General Counsel.

Agenda Item I – Welcome

A. The meeting was **called to order** at 9:00am by Chair April Green.

B. A **Moment of Reflection** was observed by all.

C. The **Pledge of Allegiance** was led by Chair Green.

D. **Introductions** were made by board members present and Lynne Rhode.

E. **Adoption of Agenda** – The agenda was approved on **motion** by Vice-Chair Newbill and second by Board Member Brown.

On motion by Vice Chair Newbill and second by Ms. Lee-Johnson the agenda was modified to place Agenda Item IV. C. and Agenda Item III. A. immediately following the Public Comments and Council Liaison Comment; motion approved unanimously.

F. The **Safety Briefing** was given by Lynne Rhode, Office of General Counsel (OGC)

G. **Sunshine Law/Public Records Statement** – Lynne Rhode, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Comments / Presentations

A. Comments from the Public –

- **Anthony Beeks (information on file) –** Stated that at a meeting Councilman Garrett Dennis said Board Members were receiving payment and made other disparaging comments concerning the board; including the motives of the African Americans on the board and influence on the career of a board member's spouse. In response to his comments Chair Green stated that she nor any of the other board members are getting paid and her spouse's employment has nothing to do with her serving on JEA's board. Reverend Newbill responded to the comments saying that the motives concerning the African American board members are not true and none of the board members are getting paid.

- **CM Salem** (information on file) – Stated that he and Councilman Diamond intend to determine the facts around the long-term incentive plan, PUP. There are still many questions about the origin of the plan, cost, and other issues. Councilman Salem went on to say that they will continue to get answer to questions.

B. Comments from Council Liaison – Council Member Becton stated that he appreciates the contribution of the Board. CM Becton stated that asking the citizens for forgiveness and not permission is bad public policy. CM Becton stated there should have been open conversations that provide the ability to reach favorable outcomes so that reasonable people can foster results with aspects of compromise and then we can move forward. CM Becton stated that it is his recommendation that the Board have conversations of a restart immediately to determine what that really means; just forgetting the past would not solve the problem. CM Becton went on to say that the citizens feel deceived and they ultimately have the final say so. CM Becton stated that it is his objective to leave his biasness on the sideline but he does not approve anything that compromises transparency or integrity of the process. CM Becton looks forward to hearing what the board thinks is the right course and the remedy to building back the public trust and thanked the Board Chair for allowing him to share his comments.

Agenda Item IV. C. Rescind Resolution 2019-10 Approved by Board of Directors July 23, 2019 (Performance Unit Plan)

Board Chair Green opened the conversation by asking Board Member Kelly Flanagan to provide an update from the hearing held the day before the Board meeting. Ms. Flanagan started her update by commending CM Diamond and CM Salem for looking into this matter and providing the opportunity for the public and board members too gain greater transparency. Ms. Flanagan then went on to explain a condensed timeline of events from the perspective of a board member to give the general public a better understanding of what was going through their minds at various stages. Ms. Flanagan stated that it is important for the public to know that at the time of approval of the plan on July 23rd, she believes that it was a reasonable stated purpose and objective of the plan that had been reviewed by the compensation committee which had legal confirmation that all employees could participate with estimated cost of $3.4 million annually with maximum targets in the framework of the plan; but what is troubling her is the board did not have a thorough understanding of the calculations and wished she had asked better questions. Ms. Flanagan thinks that they have put themselves in a disadvantage of meeting nearly a month later and having to answer to the public's scrutiny.

Chair Green opened up discussion for the other board members. Board Member Grey did not provide comment because he was not a board member at that time but stated that the process that took place the day before the board meeting was very enlightening for him just as a citizen and he thanked the Council for doing that. Board Member Brown also stated that he was not a board member at the time, but when he saw it he called CEO Aaron Zahn to try and get some background on the plan. Mr. Brown stated that he told hold him it was a good thing it was being cancelled. Mr. Brown asked the other board members what the discussion was at the July board meeting and was there presentation. Board Member Flanagan explained that they received explanation but would characterize the financial impact of recapitalization on the plan as ambiguous. Board Member Brown asked if there was ever a number given on payout or investing amount or is there a number now. Chair Green and Vice Chair Newbill stated that there wasn't a number provided. Chair Green went on to say that the numbers she is aware of come from media but has never received any from management. Chair Green stated that her approval was based on $3.4 million and that it had been vetted by outside Counsel, outside auditors, and OGC.

Kevin Hyde, Foley & Lardner, (outside Counsel) stated that they engaged as special counsel to JEA on this plan. Mr. Hyde stated that they reviewed the plan but did not develop it; the plan was developed by Pillsbury. Mr. Hyde explained that there primary role was to look into issues surrounding Florida Law.

Board Members Lee-Johnson and Newbill did not have any comments.

On ***motion*** Board Member Newbill and second by Board Member Flanagan Resolution 2019-17 was unanimously approved.

A RESOLUTION RESCINDING PREVIOUSLY ADOPTED RESOLUTION 2019-10

Agenda Item III – Personnel Matters

A. CEO & Managing Director/Executive Management - Board Chair Green made a statement expressing her disbelief and disappointment in the leadership of the organization and that they have lost a great deal of trust because they did not exercise transparency to the community. Ms. Green stated that there were three instances in which CEO, Aaron Zahn, exercised inappropriate personal and professional misconduct: providing misleading communications concerning the performance unit plan, not disclosing the hiring of a former board member's firm, and his inability to properly document secondary employment per his employment contract. Due to those reasons, Chair Green asked for a motion to terminate Mr. Zahn's employment agreement with cause. Jon Kendrick, VP/Chief Human Resource Officer, provided the layout of Mr. Zahn's contract and stated if terminated without cause Mr. Zahn would be paid $842,925.43. Sean Granat, Office of General Counsel also provided further explanation of Mr. Zahn's contract.

After discussion, Board Member Henry Brown made a motion to reduce Mr. Zahn's contractual period to one month, second by Board Member Newbill. The motion was opened for discussion.

Chair Green called a recess at 10:38am.

Chair Green called the meeting back to order at 10:49am.

Wallette Stanford, Ethics Officer, joined the conversation and gave a prepared statement to ensure that she provided all of the facts being asked about. Ms. Stanford stated she was initially told to hold off on her investigation by her boss, but was then given permission to do so. Ms. Stanford explained it (the land trust jointly owned by Mr. Zahn) would be considered secondary employment because it was listed as secondary income on his Form 1. Ms. Stanford went on to state that discipline for all employees for not disclosing secondary employment is up to/including termination and Mr. Zahn would have had 10 days to complete the form but was not asked to do so.

Chair Green opened the meeting to public comment to address the motion on the table.

Public Comment

- **Alicia Grant (information on file)** – Ms. Grant stated that she supports termination without cause to limit the liability.
- **Reverend Anthony Beeks (information on file)** – Does not support termination with cause. Reverend Beeks stated that Mr. Zahn's business decision should not be a cruxifiction.
- **James Taylor (information on file)** – Mr. Taylor stated that he recommends administrative leave for Mr. Zahn.
- **Andy Johnson (information on file)** – Mr. Taylor recommends termination with cause and feels all board members should resign.
- **CM Carlucci (information on file)** – CM Carlucci suggest a grand jury investigation, termination with cause, and thinks JEA needs to restart.

On ***motion*** by Board Member Brown to amend previous motion to remove retention agreement; to move forward with termination without cause with continued negotiations and an outstanding issues as to the consulting agreement of Mr. Zahn's employment agreement; second by Board Member Newbill. The motion was opened for discussion. Motion passed unanimously.

Board Chair called a recess at 11:25am.

Board Chair called the meeting back to order at 11:41am.

After Office General Counsel was advised that Mr. Zahn and his attorney would not negotiate today. The Board discussed Mr. Zahn being placed on paid administrative leave indefinitely. Over the next seven days, OGC was directed to negotiate an amended employment contract with Mr. Zahn with the following changes: He would be terminated without cause effective immediately upon the amendment. The consulting agreement would be reduced to one-month period and he would be ineligible for the retention agreement. OGC would be directed to move forward with an investigation and the Chair would be given the authorization to execute any and all documents to effectuate the motion.

On ***motion*** by Board Member Newbill and second by Board Member Brown the motion passed unanimously.

Chair Green called Melissa Dykes, Chief Operating Officer to the table; a motion was called by Chair Green to make Ms. Dykes Interim Managing Director/CEO.

On ***motion*** by Board Member Newbill and second by Board Member Brown, the motion was opened to discussion and public comments.

Public comment

- **Mr. Johnson (information on file) -** who stated that he was against the motion and Melissa Dykes should be given the permanent position.

Motion passed unanimously.

Ms. Dykes stated she is humbled that the Board put their trust in her to lead during this time and she will work to restore trust with the community. Ms. Dykes went on to say that she will work with the Board to ensure that they have a common set of priorities and goals through the interim period. In the meantime she encourages employees to continue to focus on safety and continue to do great work.

Agenda Item III – Operations (Discussion/Action)

A. **Consent Agenda –** used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Vice-Chair Newbill and second by Board Member Brown the consent agenda was unanimously approved.

Appendix A: Board Meeting Minutes October 22, 2019 – approved

Appendix B: **Real Estate Optimization – Deerwood Water Treatment Plant–** approved

Appendix C: Fiscal Year 2020 Operating Budget Line Item Transfers to Continue Star Plan – approved

Appendix D: Monthly Financials Statements – approved

Appendix E: Monthly FY19 Communications & Engagement Calendar and Plan Update – information only

Appendix F: Corporate Campus Update – information only

Appendix G: Financial Operations Detail – information only

Appendix H: Monthly Financial and Operations Dashboard – information only

B. FY2019 Annual Disclosure Approval – Ryan Wannemacher, Chief Financial Officer, introduced Joe Orfano, Treasurer, who walked through some of the key points of our disclosure policy and the process to prepare the ADR each year. At the completion of Mr. Orfano's presentation, Mr. Wannemacher recommended that the Board approve and authorize the release of the 2019 Annual Disclosure reports for electric and water systems as authorized by the Interim Managing Director/CEO in consultation with OGC and bond counsel to make additional corrective and clarifying changes as necessary.

On ***motion*** by Vice Chair Newbill and second Board Member Lee-Johnson, motion passed with a 5 – 1 vote.

C. Rescind Resolution 2019-10 Approved by Board of Directors July 23, 2019 (Performance Unit Plan) – Agenda Amended; Resolution approved.

D. Discussion of Mayor's Recommendations Regarding the ITN Process and JEA's Future – Chair Green requested that this conversation be deferred to the next meeting and opened it up to discussion. After discussion amongst board members on the advantages/disadvantages of deferring the conversation, suspending the strategic planning process (all scenarios), and a discussion including Robert Hosay, Foley & Lardner, on how pausing the ITN could be harmful to the process, the Board proposed a motion on direction for Ms. Dykes and management to present Scenarios 1-5 at January's Board meeting.

Board Member Camille Lee-Johnson excused herself from the meeting at 12:44am (prior to the vote on the motion).

On ***motion*** by Vice Chair Newbill and second by Board Member, motion passed unanimously.

Agenda Item V – Strategy

N/A

Agenda Item V – Subject Matter Exploration (Opportunities & Risks – Presentations)

N/A

Agenda Item VI – Committee Reports

N/A

Agenda Item VII – Other Business

A. Old Business – N/A

B. Other New Business – N/A

C. Open Discussion – N?A

D. Managing Director/CEO's Report – N/A

E. Chair's Report – Chair Green apologized on behalf of the Board to the employees of JEA, who may feel uncertainty by the discussions taking place in the community. Ms. Green stated they should have done a better job of shepherding the process and discussion and thanked everyone for their time.

Agenda Item VIII – Closing Considerations

A. Announcements – Next Board Meeting – January 28, 2020

B. Adjournment

With no further business claiming the attention of the Board, Chair Green adjourned the meeting at 12:50 p.m.

APPROVED BY:

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SECRETARY
DATE: ____________________________

Board Meeting recorded by:

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Madricka L. Jones, Executive Staff Assistant

JEA BOARD MINUTES
December 24, 2019

The JEA Board met in regular session on Tuesday December 24, 2019, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were April Green, Reverend Fredrick Newbill, Kelly Flanagan, Henry Brown, Dane Grey, Melissa Dykes, and Lawsikia Hodges.

Agenda Item I – Welcome

A. The meeting was **called to order** at 9:00am by Chair April Green.

B. A **Moment of Reflection** was observed by all.

C. The **Pledge of Allegiance** was led by Chair Green.

D. **Introductions** were made by board members present, Melissa Dykes, and Lawsikia Hodges.

E. **Adoption of Agenda** – The agenda was approved on **motion** by Vice-Chair Newbill and second by Board Member Flanagan.

F. The **Safety Briefing** was given by Melissa Dykes, Interim Managing Director/CEO.

G. **Sunshine Law/Public Records Statement** – Lawsikia Hodges, Office of General Counsel (OGC), stated this Emergency Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Operations

A. **Future of ITN Process –**

Melissa Dykes, Interim Managing Director/CEO began by outlining all scenarios of the Strategic Planning process which include: Scenario 1 & 2 Government Owned Entities; Scenario 3 Co-Op (customer ownership); Scenario 4 IPO; and Scenario 5 ITN. Ms. Dykes understands that this has been a very painful process for the community and what began for the right has been a very divisive discussion in the community; the board will decide if they should continue the ITN process today.

Lawsikia Hodges, Office of General Counsel read Resolution 2019-18. On ***motion*** by Vice Chair Newbill second by Board Member Flanagan, the motion was opened for discussion.

In the discussion Ms. Dykes stated that an estimated figure is about $10 million and the information gathered can be used to craft a future plan. Ms. Dykes stated that procurement counsel can give exact next steps. Ms. Hodges stated that the information that is subject to Sunshine Law will be available to the public. Vice Chair Newbill stated that he hopes that people don't think changes will be instantaneous, but the business does need to change. Mr. Newbill went on to say that the Board never authorized the sale of JEA, only wanted to find value. Mr. Newbill also stated the Board only has authorization on 10%, anything over that goes to City Council and then the Citizens. Board Member Flanagan agrees that the business has some challenges and the Board never had unilateral decision power over the decision. Ms. Flanagan also suggested when the ITN information is made public, all other information for the other scenarios should be released as well.

Robert Hosay, procurement counsel, stated that the Board has the discretion (due to the procurement code) to cancel the ITN.

Public Comment

- **James Taylor (information on file) –** Mr. Taylor stated that the utility in Orlando has the same issues JEA has, and the issues can be fixed. Mr. Taylor also stated the media is doing a good job providing information to the public. Mr. Taylor stated that there have been Charter violations and Mr. Zahn needs to continue to be investigated and needs to be terminated with cause.
- **Tim Wing (information on file) –** Mr. Wing stated the business is tainted and the Leadership Team and the Board has lost the trust of the employees. Mr. Wing feels the whole process, not just the ITN, needs to be ditched.
- **CM Salem (information on file) –** CM Salem supports the decision to stop the ITN and has little confidence in the Executive Team since the details of the PUP have been revealed. Encourages investigation into PUP to continue, terminate Mr. Zahn with cause, asked the Council auditor to obtain other contracts to prevent difficulties in terminating CEOs, and he still feels as though there were Senior Leadership members who knew the value of PUPs with and without recapitalization before it became public and their continued employment should be investigated.
- **CM Carlucci (information on file) –** Mr. Carlucci stated the greatest places to be misunderstood is public works and politics. He said that as you do your job remember that Public Utilities are still viable and trends are going back to them. He agrees that Mr. Zahn should be terminated with cause and whole-heartedly recommend that there is a nationwide search for permanent CEO.
- **Valerie Guitterez (information on file) –** Ms. Guitterez stated that stopping the ITN process is important for several reasons. One reason is so that employees can focus on safety and their jobs not uncertainty of the future. She also stated that the trust of the employees needs to be regained as well.
- **CM Garrett (information on file) –** CM Garrett stated JEA has a lot of work to do to regain the trust of the employees and community. He also stated that the current leadership cannot provide the fresh start needed to move forward.
- **CM Jackson (information on file) –** CM Jackson supports the action of cancelling the ITN and does not plan on withdrawing Resolution 2019 – 894 that she introduced. CM Jackson thanked the Council Auditor for doing their due diligence and stated that today is the start of rebuilding public trust.
- **CM Morgan (information on file) –** CM Morgan thanked the Board for calling the emergency meeting. CM Morgan stated that there is no positivity coming out of this. She stated that those responsible must be held accountable. CM Morgan also said there should be full transparency, trust, and community engagement. She concluded she would like to see where we can look at capping the salary of a CEO.
- **CM Ferrero (information on file) – CM Ferrero** believes that this is first step in the right direction. The conversation needs to go back to how to make JEA a better utility. CM Ferrero stated this is the right time to stop the ITN, but is concerned that this will come back up because it has before. He also stated instead of waiting on public records request to release the information, just go ahead release it.
- **Council President Wilson (information on file) –** Council President Wilson thought it would be a plan over 12 months and he encouraged Mr. Zahn to include the community. He stated that the best CEO should be chosen and then build around that. CP Wilson also stated that all executives' salaries should be looked into.

Chair Green thanked the council members for their comments. She also stated the Board is committed to rebuilding the trust of the employees and community.

Board Member Brown proposed an amendment to item 5 on the Resolution to immediately release all information concerning the ITN. On ***motion*** by Vice Chair Newbill and second by Board Member Grey Resolution 2019-18 was unanimously approved as amended.

A RESOLUTION DIRECTING THE INTERIM MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, OR HER DESIGNEE, TO CANCEL INVITATION TO NEGOTIATE #129-19 FOR STRATEGIC ALTERNATIVES AND REJECT ALL ITN REPLIES; PROVIDING FOR AN EFFECTIVE DATE.

Agenda Item VIII – Closing Considerations

A. Announcements – Next Board Meeting – January 28, 2020

B. Adjournment

With no further business claiming the attention of the Board, Chair Green adjourned the meeting at 9:54 a.m.

APPROVED BY:

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SECRETARY
DATE: ______________________________

Board Meeting recorded by:

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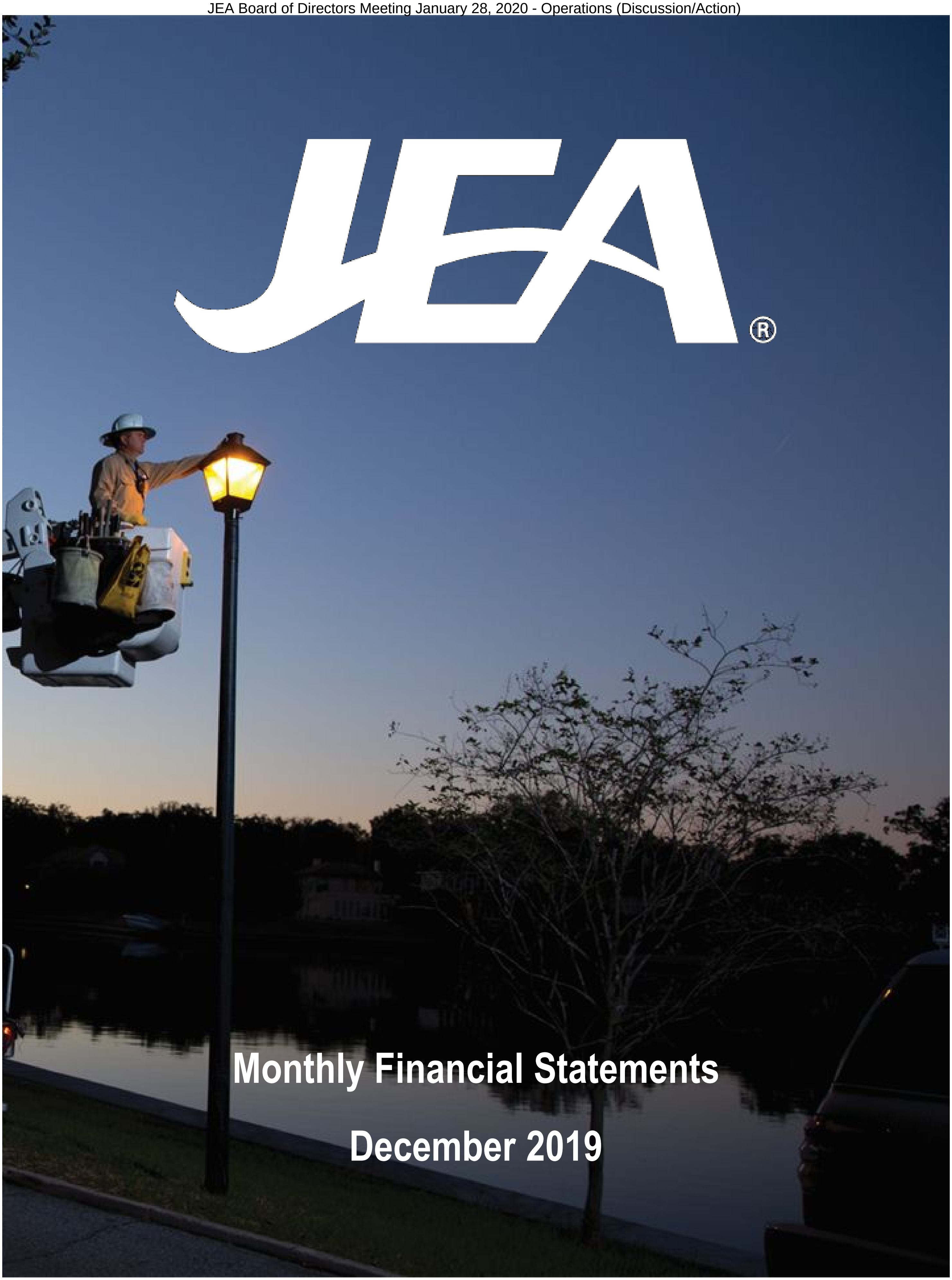
Madricka L. Jones, Executive Staff Assistant



JEA

Monthly Financial Statements

December 2019

Monthly Financial Statements

December 2019

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JEA
Statements of Net Position
(in thousands)

	December 2019 (unaudited)	September 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 249,234	$ 414,438
Investments	124,423	2,399
Customer accounts receivable, net of allowance ($914 and $1,341, respectively)	185,948	227,331
Inventories:		
Materials and supplies	61,514	58,962
Fuel	37,425	30,898
Other current assets	15,383	19,109
Total current assets	673,927	753,137
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	114,416	265,784
Investments	250,314	380,250
Accounts and interest receivable	1,081	1,071
Total restricted assets	365,811	647,105
Costs to be recovered from future revenues	841,969	851,046
Other assets	21,223	19,016
Total noncurrent assets	1,229,003	1,517,167
Capital assets:		
Land and easements	195,461	195,461
Plant in service	11,628,403	11,563,873
Less accumulated depreciation	(6,920,472)	(6,836,311)
Plant in service, net	4,903,392	4,923,023
Construction work in progress	563,479	542,421
Net capital assets	5,466,871	5,465,444
Total assets	7,369,801	7,735,748
Deferred outflows of resources		
Unrealized pension contributions and losses	131,554	131,554
Unamortized deferred losses on refundings	103,622	108,875
Accumulated decrease in fair value of hedging derivatives	148,141	161,485
Unrealized asset retirement obligations	48,134	50,329
Unrealized OPEB contributions and losses	9,100	9,100
Total deferred outflows of resources	440,551	461,343
Total assets and deferred outflows of resources	$ 7,810,352	$ 8,197,091

JEA **Page 3**
Statements of Net Position
(in thousands)

	December 2019 (unaudited)	September 2019
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	$ 38,043	$ 53,827
Customer deposits and prepayments	72,475	73,974
Billings on behalf of state and local governments	20,923	26,292
Current portion of asset retirement obligations	16,725	18,884
Compensation and benefits payable	10,489	17,228
City of Jacksonville payable	10,175	10,269
Total current liabilities	168,830	200,474
Current liabilities payable from restricted assets:		
Debt due within one year	102,700	192,555
Interest payable	30,260	64,775
Renewal and replacement reserve	45,378	46,955
Construction contracts and accounts payable	16,336	66,775
Total current liabilities payable from restricted assets	194,674	371,060
Noncurrent liabilities:		
Net pension liability	566,372	566,372
Asset retirement obligations	31,409	31,445
Net OPEB liability	18,256	18,256
Other liabilities	61,872	59,840
Total noncurrent liabilities	677,909	675,913
Long-term debt:		
Debt payable, less current portion	3,231,885	3,428,080
Unamortized premium, net	107,191	118,125
Fair value of debt management strategy instruments	131,970	149,887
Total long-term debt	3,471,046	3,696,092
Total liabilities	4,512,459	4,943,539
Deferred inflows of resources		
Revenues to be used for future costs	198,346	238,690
Unrealized pension gains	50,880	50,880
Unrealized OPEB gains	11,249	11,249
Accumulated increase in fair value of hedging derivatives	322	-
Total deferred inflows of resources	260,797	300,819
Net position		
Net investment in capital assets	2,578,850	2,248,863
Restricted for:		
Capital projects	99,329	165,186
Debt service	24,962	193,063
Other purposes	40,393	42,005
Unrestricted	293,562	303,616
Total net position	3,037,096	2,952,733
Total liabilities, deferred inflows of resources, and net position	$ 7,810,352	$ 8,197,091

JEA

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

	Month December 2019	Month December 2018	Year-to-Date December 2019	Year-to-Date December 2018
Operating revenues				
Electric - base	$ 64,505	$ 64,496	$ 226,297	$ 195,601
Electric - fuel and purchased power	24,502	38,416	78,908	105,306
Water and sewer	37,204	35,087	125,366	107,504
District energy system	690	663	2,012	2,058
Other	2,755	2,494	8,614	8,620
Total operating revenues	129,656	141,156	441,197	419,089
Operating expenses				
Operations and maintenance:				
Fuel	20,565	29,995	65,780	85,930
Purchased power	8,056	12,317	25,629	31,957
Maintenance and other operating expenses	41,091	33,008	101,672	94,735
Depreciation	30,049	30,746	89,992	90,908
State utility and franchise taxes	5,443	5,382	17,383	17,754
Recognition of deferred costs and revenues, net	2,498	1,847	6,772	4,195
Total operating expenses	107,702	113,295	307,228	325,479
Operating income	21,954	27,861	133,969	93,610
Nonoperating revenues (expenses)				
Interest on debt	(11,946)	(13,651)	(40,330)	(38,538)
Investment income	716	7,773	3,676	11,503
Allowance for funds used during construction	1,875	1,087	5,559	3,433
Other nonoperating income, net	581	576	1,970	1,762
Earnings from The Energy Authority	221	468	673	527
Other interest, net	(21)	(101)	224	(588)
Total nonoperating expenses, net	(8,574)	(3,848)	(28,228)	(21,901)
Income before contributions	13,380	24,013	105,741	71,709
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,903)	(9,804)	(29,706)	(29,412)
Developers and other	7,206	4,986	24,654	19,012
Reduction of plant cost through contributions	(4,413)	(2,062)	(16,326)	(11,859)
Total contributions, net	(7,110)	(6,880)	(21,378)	(22,259)
Change in net position	6,270	17,133	84,363	49,450
Net position, beginning of period	3,030,826	2,787,626	2,952,733	2,755,309
Net position, end of period	$ 3,037,096	$ 2,804,759	$ 3,037,096	$ 2,804,759

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Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date December 2019	Year-to-Date December 2018
Operating activities		
Receipts from customers	$ 434,265	$ 441,595
Payments to suppliers	(177,602)	(210,897)
Payments to employees	(75,807)	(68,478)
Other operating activities	14,368	7,723
Net cash provided by operating activities	195,224	169,943
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(29,614)	(29,313)
Net cash used in noncapital and related financing activities	(29,614)	(29,313)
Capital and related financing activities		
Defeasance of debt	(93,495)	-
Proceeds received from debt	-	2,000
Acquisition and construction of capital assets	(135,850)	(130,285)
Repayment of debt principal	(192,555)	(185,790)
Interest paid on debt	(70,386)	(79,696)
Capital contributions	8,328	7,153
Other capital financing activities	(9,237)	276
Net cash used in capital and related financing activities	(493,195)	(386,342)
Investing activities		
Purchase of investments	(56,285)	(154,540)
Proceeds from sale and maturity of investments	63,785	178,924
Investment income	3,466	4,743
Distributions from The Energy Authority	47	447
Net cash provided by investing activities	11,013	29,574
Net change in cash and cash equivalents	(316,572)	(216,138)
Cash and cash equivalents at beginning of year	680,222	555,782
Cash and cash equivalents at end of period	$ 363,650	$ 339,644
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 133,969	$ 93,610
Adjustments:		
Depreciation and amortization	90,294	91,224
Recognition of deferred costs and revenues, net	6,772	4,195
Other nonoperating income, net	270	53
Changes in noncash assets and noncash liabilities:		
Accounts receivable	46,231	44,186
Inventories	(9,080)	(7,358)
Other assets	(1,804)	1,582
Accounts and accrued expenses payable	(26,533)	(39,951)
Current liabilities payable from restricted assets	(1,311)	(1,262)
Other noncurrent liabilities and deferred inflows	(43,584)	(16,336)
Net cash provided by operating activities	$ 195,224	$ 169,943
Noncash activity		
Contribution of capital assets from developers	$ 16,326	$ 11,859
Unrealized gains (losses) on fair value of investments, net	$ (410)	$ 5,259

JEA
Combining Statement of Net Position
(in thousands - unaudited) December 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 171,096	$ 59,951	$ -	$ 231,047	16,871	$ 1,316	$ 249,234
Investments	88,330	2,979	-	91,309	33,114	-	124,423
Customer accounts receivable, net of allowance ($914)	133,808	-	-	133,808	51,818	322	185,948
Inventories:							
Materials and supplies	2,287	96	-	2,383	59,131	-	61,514
Fuel	37,425	-	-	37,425	-	-	37,425
Other current assets	14,632	9,868	(13,493)	11,007	4,376	-	15,383
Total current assets	447,578	72,894	(13,493)	506,979	165,310	1,638	673,927
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	80,610	-	80,610	28,716	5,090	114,416
Investments	137,983	10,226	-	148,209	102,105	-	250,314
Accounts and interest receivable	1,053	21	-	1,074	7	-	1,081
Total restricted assets	139,036	90,857	-	229,893	130,828	5,090	365,811
Costs to be recovered from future revenues	340,842	250,833	-	591,675	250,260	34	841,969
Other assets	18,200	-	-	18,200	2,998	25	21,223
Total noncurrent assets	498,078	341,690	-	839,768	384,086	5,149	1,229,003
Capital assets:							
Land and easements	124,457	6,660	-	131,117	61,293	3,051	195,461
Plant in service	5,632,869	1,316,043	-	6,948,912	4,622,341	57,150	11,628,403
Less accumulated depreciation	(3,300,267)	(1,313,071)	-	(4,613,338)	(2,278,789)	(28,345)	(6,920,472)
Plant in service, net	2,457,059	9,632	-	2,466,691	2,404,845	31,856	4,903,392
Construction work in progress	225,337	-	-	225,337	336,850	1,292	563,479
Net capital assets	2,682,396	9,632	-	2,692,028	2,741,695	33,148	5,466,871
Total assets	3,628,052	424,216	(13,493)	4,038,775	3,291,091	39,935	7,369,801
Deferred outflows of resources							
Unrealized pension contributions and losses	78,089	3,539	-	81,628	49,926	-	131,554
Unamortized deferred losses on refundings	58,931	3,451	-	62,382	41,061	179	103,622
Accumulated decrease in fair value of hedging derivatives	121,054	-	-	121,054	27,087	-	148,141
Unrealized asset retirement obligations	32,514	15,620	-	48,134	-	-	48,134
Unrealized OPEB contributions and losses	5,551	-	-	5,551	3,549	-	9,100
Total deferred outflows of resources	296,139	22,610	-	318,749	121,623	179	440,551
Total assets and deferred outflows of resources	$ 3,924,191	$ 446,826	$ (13,493)	$ 4,357,524	$ 3,412,714	$ 40,114	$ 7,810,352

JEA
Combining Statement of Net Position
(in thousands - unaudited) December 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 29,265	$ 5,805	$ (5,396)	$ 29,674	$ 8,350	$ 19	$ 38,043
Customer deposits and prepayments	55,078	-	-	55,078	17,397	-	72,475
Billings on behalf of state and local governments	17,199	(1)	-	17,198	3,725	-	20,923
Current portion of asset retirement obligations	1,105	15,620	-	16,725	-	-	16,725
Compensation and benefits payable	7,560	-	-	7,560	2,908	21	10,489
City of Jacksonville payable	8,076	-	-	8,076	2,099	-	10,175
Total current liabilities	118,283	21,424	(5,396)	134,311	34,479	40	168,830
Current liabilities payable from restricted assets:							
Debt due within one year	67,765	13,340	-	81,105	19,870	1,725	102,700
Interest payable	14,947	2,611	-	17,558	12,378	324	30,260
Renewal and replacement reserve	-	45,378	-	45,378	-	-	45,378
Construction contracts and accounts payable	3,780	4,124	(3,597)	4,307	11,600	429	16,336
Total current liabilities payable from restricted assets	86,492	65,453	(3,597)	148,348	43,848	2,478	194,674
Noncurrent liabilities:							
Net pension liability	343,046	4,001	-	347,047	219,325	-	566,372
Asset retirement obligations	31,409	-	-	31,409	-	-	31,409
Net OPEB liability	11,136	-	-	11,136	7,120	-	18,256
Other liabilities	54,075	4,500	(4,500)	54,075	7,746	51	61,872
Total noncurrent liabilities	439,666	8,501	(4,500)	443,667	234,191	51	677,909
Long-term debt:							
Debt payable, less current portion	1,681,045	251,765	-	1,932,810	1,267,665	31,410	3,231,885
Unamortized premium (discount), net	49,987	1,271	-	51,258	55,960	(27)	107,191
Fair value of debt management strategy instruments	104,883	-	-	104,883	27,087	-	131,970
Total long-term debt	1,835,915	253,036	-	2,088,951	1,350,712	31,383	3,471,046
Total liabilities	2,480,356	348,414	(13,493)	2,815,277	1,663,230	33,952	4,512,459
Deferred inflows of resources							
Revenues to be used for future costs	180,245	-	-	180,245	18,101	-	198,346
Unrealized pension gains	27,276	6,166	-	33,442	17,438	-	50,880
Unrealized OPEB gains	6,862	-	-	6,862	4,387	-	11,249
Accumulated increase in fair value of hedging derivatives	322	-	-	322	-	-	322
Total deferred inflows of resources	214,705	6,166	-	220,871	39,926	-	260,797
Net position			-				
Net investment in (divestment of) capital assets	969,834	(2,154)	-	967,680	1,611,380	(210)	2,578,850
Restricted for:							
Capital projects	45,069	-	-	45,069	49,925	4,335	99,329
Debt service	16,044	3,672	-	19,716	4,815	431	24,962
Other purposes	4,176	28,139	3,597	35,912	4,481	-	40,393
Unrestricted	194,007	62,589	(3,597)	252,999	38,957	1,606	293,562
Total net position	1,229,130	92,246	-	1,321,376	1,709,558	6,162	3,037,096
Total liabilities, deferred inflows of resources, and net position	$ 3,924,191	$ 446,826	$ (13,493)	$ 4,357,524	$ 3,412,714	$ 40,114	$ 7,810,352

JEA
Combining Statement of Net Position
(in thousands) September 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 282,069	$ 66,734	$ -	$ 348,803	$ 64,146	$ 1,489	$ 414,438
Investments	-	2,399	-	2,399	-	-	2,399
Customer accounts receivable, net of allowance ($1,341)	172,163	-	-	172,163	54,930	238	227,331
Inventories:							
Materials and supplies	2,219	106	-	2,325	56,637	-	58,962
Fuel	30,898	-	-	30,898	-	-	30,898
Other current assets	18,049	9,790	(13,138)	14,701	4,408	-	19,109
Total current assets	505,398	79,029	(13,138)	571,289	180,121	1,727	753,137
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	74,586	94,858	-	169,444	89,586	6,754	265,784
Investments	230,849	10,891	-	241,740	138,510	-	380,250
Accounts and interest receivable	1,053	11	-	1,064	7	-	1,071
Total restricted assets	306,488	105,760	-	412,248	228,103	6,754	647,105
Costs to be recovered from future revenues	343,247	253,706	-	596,953	254,059	34	851,046
Other assets	16,285	-	-	16,285	2,731	-	19,016
Total noncurrent assets	666,020	359,466	-	1,025,486	484,893	6,788	1,517,167
Capital assets:							
Land and easements	124,457	6,660	-	131,117	61,293	3,051	195,461
Plant in service	5,598,589	1,316,043	-	6,914,632	4,592,091	57,150	11,563,873
Less accumulated depreciation	(3,252,637)	(1,312,969)	-	(4,565,606)	(2,242,977)	(27,728)	(6,836,311)
Plant in service, net	2,470,409	9,734	-	2,480,143	2,410,407	32,473	4,923,023
Construction work in progress	203,901	-	-	203,901	337,716	804	542,421
Net capital assets	2,674,310	9,734	-	2,684,044	2,748,123	33,277	5,465,444
Total assets	3,845,728	448,229	(13,138)	4,280,819	3,413,137	41,792	7,735,748
Deferred outflows of resources							
Unrealized pension contributions and losses	78,089	3,539	-	81,628	49,926	-	131,554
Unamortized deferred losses on refundings	61,773	3,502	-	65,275	43,418	182	108,875
Accumulated decrease in fair value of hedging derivatives	130,219	-	-	130,219	31,266	-	161,485
Unrealized asset retirement obligations	32,282	18,047	-	50,329	-	-	50,329
Unrealized OPEB contributions and losses	5,551	-	-	5,551	3,549	-	9,100
Total deferred outflows of resources	307,914	25,088	-	333,002	128,159	182	461,343
Total assets and deferred outflows of resources	$ 4,153,642	$ 473,317	$ (13,138)	$ 4,613,821	$ 3,541,296	$ 41,974	$ 8,197,091

JEA
Combining Statement of Net Position
(in thousands) September 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 42,875	$ 4,255	$ (3,600)	$ 43,530	$ 10,156	$ 141	$ 53,827
Customer deposits and prepayments	56,714	-	-	56,714	17,260	-	73,974
Billings on behalf of state and local governments	22,406	(1)	-	22,405	3,887	-	26,292
Current portion of asset retirement obligations	837	18,047	-	18,884	-	-	18,884
Compensation and benefits payable	12,236	-	-	12,236	4,944	48	17,228
City of Jacksonville payable	8,186	-	-	8,186	2,083	-	10,269
Total current liabilities	143,254	22,301	(3,600)	161,955	38,330	189	200,474
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	-	136,160	54,705	1,690	192,555
Interest payable	32,109	5,564	-	37,673	26,436	666	64,775
Renewal and replacement reserve	-	46,955	-	46,955	-	-	46,955
Construction contracts and accounts payable	24,589	3,859	(3,315)	25,133	41,481	161	66,775
Total current liabilities payable from restricted assets	179,078	70,158	(3,315)	245,921	122,622	2,517	371,060
Noncurrent liabilities:							
Net pension liability	343,046	4,001	-	347,047	219,325	-	566,372
Asset retirement obligations	31,445	-	-	31,445	-	-	31,445
Net OPEB liability	11,136	-	-	11,136	7,120	-	18,256
Other liabilities	51,373	6,223	(6,223)	51,373	8,438	29	59,840
Total noncurrent liabilities	437,000	10,224	(6,223)	441,001	234,883	29	675,913
Long-term debt:							
Debt payable, less current portion	1,796,880	265,105	-	2,061,985	1,332,960	33,135	3,428,080
Unamortized premium (discount), net	56,775	1,433	-	58,208	59,946	(29)	118,125
Fair value of debt management strategy instruments	118,621	-	-	118,621	31,266	-	149,887
Total long-term debt	1,972,276	266,538	-	2,238,814	1,424,172	33,106	3,696,092
Total liabilities	2,731,608	369,221	(13,138)	3,087,691	1,820,007	35,841	4,943,539
Deferred inflows of resources							
Revenues to be used for future costs	208,794	-	-	208,794	29,896	-	238,690
Unrealized pension gains	27,276	6,166	-	33,442	17,438	-	50,880
Unrealized OPEB gains	6,862	-	-	6,862	4,387	-	11,249
Total deferred inflows of resources	242,932	6,166	-	249,098	51,721	-	300,819
Net position							
Net investment in (divestment of) capital assets	773,119	(12,879)	-	760,240	1,490,121	(1,498)	2,248,863
Restricted for:							
Capital projects	83,017	-	-	83,017	77,771	4,398	165,186
Debt service	121,541	14,071	-	135,612	55,761	1,690	193,063
Other purposes	4,388	28,186	3,315	35,889	6,116	-	42,005
Unrestricted	197,037	68,552	(3,315)	262,274	39,799	1,543	303,616
Total net position	1,179,102	97,930	-	1,277,032	1,669,568	6,133	2,952,733
Total liabilities, deferred inflows of resources, and net position	$ 4,153,642	$ 473,317	$ (13,138)	$ 4,613,821	$ 3,541,296	$ 41,974	$ 8,197,091

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended December 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 64,778	$ -	$ -	$ 64,778	$ -	$ -	$ (273)	$ 64,505
Electric - fuel and purchased power	25,530	2,086	(2,086)	25,530	-	-	(1,028)	24,502
Water and sewer	-	-	-	-	37,220	-	(16)	37,204
District energy system	-	-	-	-	-	714	(24)	690
Other	1,722	39	-	1,761	1,246	-	(252)	2,755
Total operating revenues	92,030	2,125	(2,086)	92,069	38,466	714	(1,593)	129,656
Operating expenses								
Operations and maintenance:								
Fuel	20,565	-	-	20,565	-	-	-	20,565
Purchased power	10,142	-	(2,086)	8,056	-	-	-	8,056
Maintenance and other operating expenses	22,784	6,366	-	29,150	13,231	303	(1,593)	41,091
Depreciation	16,575	34	-	16,609	13,234	206	-	30,049
State utility and franchise taxes	4,537	-	-	4,537	906	-	-	5,443
Recognition of deferred costs and revenues, net	716	1,103	-	1,819	679	-	-	2,498
Total operating expenses	75,319	7,503	(2,086)	80,736	28,050	509	(1,593)	107,702
Operating income	16,711	(5,378)	-	11,333	10,416	205	-	21,954
Nonoperating revenues (expenses)								
Interest on debt	(6,678)	(845)	-	(7,523)	(4,314)	(109)	-	(11,946)
Investment income	445	177	-	622	85	9	-	716
Allowance for funds used during construction	760	-	-	760	1,111	4	-	1,875
Other nonoperating income, net	350	26	-	376	205	-	-	581
Earnings from The Energy Authority	221	-	-	221	-	-	-	221
Other interest, net	(19)	-	-	(19)	(2)	-	-	(21)
Total nonoperating expenses, net	(4,921)	(642)	-	(5,563)	(2,915)	(96)	-	(8,574)
Income before contributions	11,790	(6,020)	-	5,770	7,501	109	-	13,380
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,823)	-	-	(7,823)	(2,080)	-	-	(9,903)
Developers and other	127	-	-	127	7,079	-	-	7,206
Reduction of plant cost through contributions	(127)	-	-	(127)	(4,286)	-	-	(4,413)
Total contributions, net	(7,823)	-	-	(7,823)	713	-	-	(7,110)
Change in net position	3,967	(6,020)	-	(2,053)	8,214	109	-	6,270
Net position, beginning of period	1,225,163	98,266	-	1,323,429	1,701,344	6,053	-	3,030,826
Net position, end of period	$ 1,229,130	$ 92,246	$ -	$ 1,321,376	$ 1,709,558	$ 6,162	$ -	$ 3,037,096

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 64,761	$ -	$ -	$ 64,761	$ -	$ -	$ (265)	$ 64,496
Electric - fuel and purchased power	39,211	2,190	(1,989)	39,412	-	-	(996)	38,416
Water and sewer	-	-	-	-	35,126	-	(39)	35,087
District energy system	-	-	-	-	-	689	(26)	663
Other	1,735	33	-	1,768	1,008	1	(283)	2,494
Total operating revenues	105,707	2,223	(1,989)	105,941	36,134	690	(1,609)	141,156
Operating expenses								
Operations and maintenance:								
Fuel	29,456	539	-	29,995	-	-	-	29,995
Purchased power	14,306	-	(1,989)	12,317	-	-	-	12,317
Maintenance and other operating expenses	22,612	(554)	-	22,058	12,216	343	(1,609)	33,008
Depreciation	18,118	34	-	18,152	12,391	203	-	30,746
State utility and franchise taxes	4,545	-	-	4,545	837	-	-	5,382
Recognition of deferred costs and revenues, net	(133)	1,171	-	1,038	809	-	-	1,847
Total operating expenses	88,904	1,190	(1,989)	88,105	26,253	546	(1,609)	113,295
Operating income	16,803	1,033	-	17,836	9,881	144	-	27,861
Nonoperating revenues (expenses)								
Interest on debt	(7,743)	(869)	-	(8,612)	(4,926)	(113)	-	(13,651)
Investment income	4,081	667	-	4,748	3,014	11	-	7,773
Allowance for funds used during construction	366	-	-	366	717	4	-	1,087
Other nonoperating income, net	340	29	-	369	207	-	-	576
Earnings from The Energy Authority	468	-	-	468	-	-	-	468
Other interest, net	(102)	-	-	(102)	1	-	-	(101)
Total nonoperating expenses, net	(2,590)	(173)	-	(2,763)	(987)	(98)	-	(3,848)
Income before contributions	14,213	860	-	15,073	8,894	46	-	24,013
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	880	-	-	880	4,106	-	-	4,986
Reduction of plant cost through contributions	(880)	-	-	(880)	(1,182)	-	-	(2,062)
Total contributions, net	(7,746)	-	-	(7,746)	866	-	-	(6,880)
Change in net position	6,467	860	-	7,327	9,760	46	-	17,133
Net position, beginning of period, as restated	1,084,456	95,782	-	1,180,238	1,601,846	5,542	-	2,787,626
Net position, end of period	$ 1,090,923	$ 96,642	$ -	$ 1,187,565	$ 1,611,606	$ 5,588	$ -	$ 2,804,759

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Combining Statement of Revenues, Expenses, and Changes in Net Position

(in thousands - unaudited) for the three months ended December 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 227,143	$ -	$ -	$ 227,143	$ -	$ -	$ (846)	$ 226,297
Electric - fuel and purchased power	82,092	6,102	(6,103)	82,091	-	-	(3,183)	78,908
Water and sewer	-	-	-	-	125,430	-	(64)	125,366
District energy system	-	-	-	-	-	2,100	(88)	2,012
Other	5,700	57	-	5,757	3,652	(1)	(794)	8,614
Total operating revenues	314,935	6,159	(6,103)	314,991	129,082	2,099	(4,975)	441,197
Operating expenses								
Operations and maintenance:								
Fuel	65,780	-	-	65,780	-	-	-	65,780
Purchased power	31,732	-	(6,103)	25,629	-	-	-	25,629
Maintenance and other operating expenses	60,400	7,183	-	67,583	37,897	1,167	(4,975)	101,672
Depreciation	49,678	102	-	49,780	39,595	617	-	89,992
State utility and franchise taxes	14,691	-	-	14,691	2,692	-	-	17,383
Recognition of deferred costs and revenues, net	2,831	2,838	-	5,669	1,103	-	-	6,772
Total operating expenses	225,112	10,123	(6,103)	229,132	81,287	1,784	(4,975)	307,228
Operating income	89,823	(3,964)	-	85,859	47,795	315	-	133,969
Nonoperating revenues (expenses)								
Interest on debt	(22,489)	(2,534)	-	(25,023)	(14,979)	(328)	-	(40,330)
Investment income	2,124	735	-	2,859	784	33	-	3,676
Allowance for funds used during construction	2,238	-	-	2,238	3,312	9	-	5,559
Other nonoperating income, net	1,040	79	-	1,119	851	-	-	1,970
Earnings from The Energy Authority	673	-	-	673	-	-	-	673
Other interest, net	87	-	-	87	137	-	-	224
Total nonoperating expenses, net	(16,327)	(1,720)	-	(18,047)	(9,895)	(286)	-	(28,228)
Income before contributions	73,496	(5,684)	-	67,812	37,900	29	-	105,741
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(23,468)	-	-	(23,468)	(6,238)	-	-	(29,706)
Developers and other	223	-	-	223	24,431	-	-	24,654
Reduction of plant cost through contributions	(223)	-	-	(223)	(16,103)	-	-	(16,326)
Total contributions, net	(23,468)	-	-	(23,468)	2,090	-	-	(21,378)
Change in net position	50,028	(5,684)	-	44,344	39,990	29	-	84,363
Net position, beginning of year	1,179,102	97,930	-	1,277,032	1,669,568	6,133	-	2,952,733
Net position, end of period	$ 1,229,130	$ 92,246	$ -	$ 1,321,376	$ 1,709,558	$ 6,162	$ -	$ 3,037,096

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the three months ended December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 196,440	$ -	$ -	$ 196,440	$ -	$ -	$ (839)	$ 195,601
Electric - fuel and purchased power	107,651	7,991	(7,179)	108,463	-	-	(3,157)	105,306
Water and sewer	-	-	-	-	107,667	-	(163)	107,504
District energy system	-	-	-	-	-	2,157	(99)	2,058
Other	6,209	314	-	6,523	2,932	2	(837)	8,620
Total operating revenues	310,300	8,305	(7,179)	311,426	110,599	2,159	(5,095)	419,089
Operating expenses								
Operations and maintenance:								
Fuel	83,160	2,770	-	85,930	-	-	-	85,930
Purchased power	39,136	-	(7,179)	31,957	-	-	-	31,957
Maintenance and other operating expenses	59,841	1,427	-	61,268	37,358	1,204	(5,095)	94,735
Depreciation	53,272	102	-	53,374	36,924	610	-	90,908
State utility and franchise taxes	15,125	-	-	15,125	2,629	-	-	17,754
Recognition of deferred costs and revenues, net	(503)	3,515	-	3,012	1,183	-	-	4,195
Total operating expenses	250,031	7,814	(7,179)	250,666	78,094	1,814	(5,095)	325,479
Operating income	60,269	491	-	60,760	32,505	345	-	93,610
Nonoperating revenues (expenses)								
Interest on debt	(21,489)	(2,610)	-	(24,099)	(14,102)	(337)	-	(38,538)
Investment income	6,366	1,042	-	7,408	4,059	36	-	11,503
Allowance for funds used during construction	1,143	-	-	1,143	2,279	11	-	3,433
Other nonoperating income, net	1,056	86	-	1,142	620	-	-	1,762
Earnings from The Energy Authority	527	-	-	527	-	-	-	527
Other interest, net	(528)	-	-	(528)	(60)	-	-	(588)
Total nonoperating expenses, net	(12,925)	(1,482)	-	(14,407)	(7,204)	(290)	-	(21,901)
Income before contributions	47,344	(991)	-	46,353	25,301	55	-	71,709
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(23,238)	-	-	(23,238)	(6,174)	-	-	(29,412)
Developers and other	1,162	-	-	1,162	17,850	-	-	19,012
Reduction of plant cost through contributions	(1,162)	-	-	(1,162)	(10,697)	-	-	(11,859)
Total contributions, net	(23,238)	-	-	(23,238)	979	-	-	(22,259)
Change in net position	24,106	(991)	-	23,115	26,280	55	-	49,450
Net position, beginning of year, as restated	1,066,817	97,633	-	1,164,450	1,585,326	5,533	-	2,755,309
Net position, end of period	$ 1,090,923	$ 96,642	$ -	$ 1,187,565	$ 1,611,606	$ 5,588	$ -	$ 2,804,759

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Combining Statement of Cash Flows
(in thousands - unaudited) for the three months ended December 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 319,990	$ 6,101	$ (6,464)	$ 319,627	$ 116,803	$ 2,016	$ (4,181)	$ 434,265
Payments to suppliers	(156,292)	(3,607)	6,464	(153,435)	(28,008)	(1,134)	4,975	(177,602)
Payments to employees	(50,812)	(5,046)	-	(55,858)	(19,764)	(185)	-	(75,807)
Other operating activities	10,205	57	-	10,262	4,901	(1)	(794)	14,368
Net cash provided by operating activities	123,091	(2,495)	-	120,596	73,932	696	-	195,224
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(23,391)	-	-	(23,391)	(6,223)	-	-	(29,614)
Net cash used in noncapital and related financing activities	(23,391)	-	-	(23,391)	(6,223)	-	-	(29,614)
Capital and related financing activities								
Defeasance of debt	(48,070)	-	-	(48,070)	(45,425)	-	-	(93,495)
Acquisition and construction of capital assets	(78,344)	-	-	(78,344)	(57,295)	(211)	-	(135,850)
Repayment of debt principal	(122,380)	(13,780)	-	(136,160)	(54,705)	(1,690)	-	(192,555)
Interest paid on debt	(36,378)	(5,564)	-	(41,942)	(27,779)	(665)	-	(70,386)
Capital contributions	-	-	-	-	8,328	-	-	8,328
Other capital financing activities	(6,606)	-	-	(6,606)	(2,631)	-	-	(9,237)
Net cash used in capital and related financing activities	(291,778)	(19,344)	-	(311,122)	(179,507)	(2,566)	-	(493,195)
Investing activities								
Purchase of investments	(41,715)	(11,845)	-	(53,560)	(2,725)	-	-	(56,285)
Proceeds from sale and maturity of investments	46,038	11,922	-	57,960	5,825	-	-	63,785
Investment income	2,149	731	-	2,880	553	33	-	3,466
Distributions from The Energy Authority	47	-	-	47	-	-	-	47
Net cash provided by investing activities	6,519	808	-	7,327	3,653	33	-	11,013
Net change in cash and cash equivalents	(185,559)	(21,031)	-	(206,590)	(108,145)	(1,837)	-	(316,572)
Cash and cash equivalents at beginning of year	356,655	161,592	-	518,247	153,732	8,243	-	680,222
Cash and cash equivalents at end of period	$ 171,096	$ 140,561	$ -	$ 311,657	$ 45,587	$ 6,406	$ -	$ 363,650
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 89,823	$ (3,964)	$ -	$ 85,859	$ 47,795	$ 315	$ -	$ 133,969
Adjustments:								
Depreciation and amortization	49,678	102	-	49,780	39,897	617	-	90,294
Recognition of deferred costs and revenues, net	2,831	2,838	-	5,669	1,103	-	-	6,772
Other nonoperating income, net	33	-	-	33	237	-	-	270
Changes in noncash assets and noncash liabilities:								
Accounts receivable	42,190	3	-	42,193	4,122	(84)	-	46,231
Inventories	(6,596)	10	-	(6,586)	(2,494)	-	-	(9,080)
Other assets	(1,267)	-	-	(1,267)	(512)	(25)	-	(1,804)
Accounts and accrued expenses payable	(24,204)	1,550	-	(22,654)	(3,730)	(149)	-	(26,533)
Current liabilities payable from restricted assets	-	(1,311)	-	(1,311)	-	-	-	(1,311)
Other noncurrent liabilities and deferred inflows	(29,397)	(1,723)	-	(31,120)	(12,486)	22	-	(43,584)
Net cash provided by operating activities	$ 123,091	$ (2,495)	$ -	$ 120,596	$ 73,932	$ 696	$ -	$ 195,224
Noncash activity								
Contribution of capital assets from developers	$ 223	$ -	$ -	$ 223	$ 16,103	$ -	$ -	$ 16,326
Unrealized gains on fair value of investments, net	$ (212)	$ (8)	$ -	$ (220)	$ (190)	$ -	$ -	$ (410)

JEA
Combining Statement of Cash Flows
(in thousands - unaudited) for the three months ended December 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 330,803	$ 8,466	$ (8,064)	$ 331,205	$ 112,149	$ 2,499	$ (4,258)	$ 441,595
Payments to suppliers	(190,157)	(4,275)	8,064	(186,368)	(28,490)	(1,134)	5,095	(210,897)
Payments to employees	(49,362)	(10)	-	(49,372)	(18,941)	(165)	-	(68,478)
Other operating activities	5,284	314	-	5,598	2,960	2	(837)	7,723
Net cash provided by operating activities	96,568	4,495	-	101,063	67,678	1,202	-	169,943
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(23,115)	-	-	(23,115)	(6,198)	-	-	(29,313)
Net cash used in noncapital and related financing activities	(23,115)	-	-	(23,115)	(6,198)	-	-	(29,313)
Capital and related financing activities								
Proceeds received from debt	-	-	-	-	2,000	-	-	2,000
Acquisition and construction of capital assets	(83,231)	-	-	(83,231)	(46,774)	(280)	-	(130,285)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Interest paid on debt	(42,117)	(5,603)	-	(47,720)	(31,296)	(680)	-	(79,696)
Capital contributions	-	-	-	-	7,153	-	-	7,153
Other capital financing activities	265	-	-	265	11	-	-	276
Net cash used in capital and related financing activities	(255,773)	(7,323)	-	(263,096)	(120,626)	(2,620)	-	(386,342)
Investing activities								
Purchase of investments	(90,486)	(38,495)	-	(128,981)	(25,559)	-	-	(154,540)
Proceeds from sale and maturity of investments	64,999	46,118	-	111,117	67,807	-	-	178,924
Investment income	2,286	994	-	3,280	1,427	36	-	4,743
Distributions from The Energy Authority	447	-	-	447	-	-	-	447
Net cash provided by (used in) investing activities	(22,754)	8,617	-	(14,137)	43,675	36	-	29,574
Net change in cash and cash equivalents	(205,074)	5,789	-	(199,285)	(15,471)	(1,382)	-	(216,138)
Cash and cash equivalents at beginning of year	285,814	139,953	-	425,767	123,061	6,954	-	555,782
Cash and cash equivalents at end of period	$ 80,740	$ 145,742	$ -	$ 226,482	$ 107,590	$ 5,572	$ -	$ 339,644
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 60,269	$ 491	$ -	$ 60,760	$ 32,505	$ 345	$ -	$ 93,610
Adjustments:								
Depreciation and amortization	53,272	102	-	53,374	37,240	610	-	91,224
Recognition of deferred costs and revenues, net	(503)	3,515	-	3,012	1,183	-	-	4,195
Other nonoperating income (loss), net	53	-	-	53	-	-	-	53
Changes in noncash assets and noncash liabilities:								
Accounts receivable	41,164	475	-	41,639	2,205	342	-	44,186
Inventories	(5,901)	1,217	-	(4,684)	(2,674)	-	-	(7,358)
Other assets	2,049	-	-	2,049	(437)	(30)	-	1,582
Accounts and accrued expenses payable	(35,679)	(43)	-	(35,722)	(4,179)	(50)	-	(39,951)
Current liabilities payable from restricted assets	-	(1,262)	-	(1,262)	-	-	-	(1,262)
Other noncurrent liabilities and deferred inflows	(18,156)	-	-	(18,156)	1,835	(15)	-	(16,336)
Net cash provided by operating activities	$ 96,568	$ 4,495	$ -	$ 101,063	$ 67,678	$ 1,202	$ -	$ 169,943
Noncash activity								
Contribution of capital assets from developers	$ 1,162	$ -	$ -	$ 1,162	$ 10,697	$ -	$ -	$ 11,859
Unrealized gains (losses) on fair value of investments, net	$ 3,208	$ 11	$ -	$ 3,219	$ 2,040	$ -	$ -	$ 5,259

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Debt Service Coverage
December 2019
(unaudited)

	Month December 2019	Month December 2018	Year-to-Date December 2019	Year-to-Date December 2018
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	7.88 x	5.29 x	11.02 x	5.75 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	3.58 x	2.28 x	5.00 x	2.47 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	2.91 x	2.96 x	2.53 x	2.44 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (semi-annual minimum 1.15x)	1.18 x	1.14 x	1.18 x	1.18 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	5.45 x	3.41 x	6.49 x	3.37 x
Senior and subordinated debt service coverage excluding capacity fees [1]	4.33 x	2.56 x	5.25 x	2.58 x
Senior and subordinated debt service coverage including capacity fees [1]	4.82 x	2.87 x	5.73 x	2.83 x
District Energy System				
Debt service coverage, (annual minimum 1.15x)	1.67 x	1.42 x	1.28 x	1.31 x

[1] Annual minimum 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).

JEA
Electric System
Operating Statistics
(unaudited)

	Month December 2019	Month December 2018	Variance	Year-to-Date December 2019	Year-to-Date December 2018	Variance
Electric revenues sales (000s omitted):						
Residential	$ 45,756	$ 46,318	-1.21%	$ 137,366	$ 141,127	-2.66%
Commercial	30,135	30,660	-1.71%	92,984	94,277	-1.37%
Industrial	15,778	16,059	-1.75%	48,110	48,381	-0.56%
Public street lighting	1,118	1,083	3.23%	3,332	3,249	2.55%
Electric revenues - territorial	92,787	94,120	-1.42%	281,792	287,034	-1.83%
Sales for resale - off system	54	163	-66.87%	458	2,040	-77.55%
Electric revenues	92,841	94,283	-1.53%	282,250	289,074	-2.36%
Rate stabilization & recovery	(2,533)	9,809	-125.82%	26,985	15,349	75.81%
Allowance for doubtful accounts	-	(120)	-100.00%	-	(332)	-100.00%
Net electric revenues	90,308	103,972	-13.14%	309,235	304,091	1.69%
MWh sales						
Residential	397,659	404,918	-1.79%	1,190,754	1,227,312	-2.98%
Commercial	308,041	312,830	-1.53%	946,968	960,623	-1.42%
Industrial	224,816	216,808	3.69%	661,051	654,110	1.06%
Public street lighting	4,658	4,826	-3.48%	13,537	14,406	-6.03%
Total MWh sales - territorial	935,174	939,382	-0.45%	2,812,310	2,856,451	-1.55%
Sales for resale - off system	470	9,395	-95.00%	11,971	53,934	-77.80%
Total MWh sales	935,644	948,777	-1.38%	2,824,281	2,910,385	-2.96%
Number of accounts (1)						
Residential	424,263	415,980	1.99%	423,713	415,303	2.03%
Commercial	53,362	52,765	1.13%	53,313	52,740	1.09%
Industrial	197	195	1.03%	195	196	-0.51%
Public street lighting	3,928	3,824	2.72%	3,917	3,821	2.51%
Total average accounts	481,750	472,764	1.90%	481,138	472,060	1.92%
Residential averages						
Revenue per account - $	107.85	111.35	-3.14%	324.20	339.82	-4.60%
kWh per account	937	973	-3.71%	2,810	2,955	-4.90%
Revenue per kWh - ¢	11.51	11.44	0.59%	11.54	11.50	0.32%
Degree days						
Heating degree days	173	247	(74)	339	396	(57)
Cooling degree days	44	39	5	408	432	(24)
Total degree days	217	286	(69)	747	828	(81)
Degree days - 30 year average	344			775		

(1) The year-to-date column represents a fiscal year-to-date average.

JEA
Water and Sewer System
Operating Statistics
(unaudited)

	Month December 2019	Month December 2018	Variance	Year-to-Date December 2019	Year-to-Date December 2018	Variance
Water						
Revenues (000s omitted):						
Residential	$ 8,026	$ 7,389	8.62%	$ 24,198	$ 23,488	3.02%
Commercial and industrial	3,992	3,897	2.44%	11,952	11,835	0.99%
Irrigation	2,422	2,096	15.55%	8,637	8,004	7.91%
Total water revenues	14,440	13,382	7.91%	44,787	43,327	3.37%
Rate stabilization	(178)	(75)	137.33%	4,644	(906)	-612.58%
Allowance for doubtful accounts	(17)	(16)	6.25%	(55)	(50)	10.00%
Net water revenues	$ 14,245	$ 13,291	7.18%	$ 49,376	$ 42,371	16.53%
Kgal sales (000s omitted)						
Residential	1,431,825	1,336,445	7.14%	4,314,553	4,161,909	3.67%
Commercial and industrial	1,130,131	1,161,930	-2.74%	3,425,149	3,420,105	0.15%
Irrigation	372,470	294,481	26.48%	1,438,100	1,284,796	11.93%
Total kgals sales	2,934,426	2,792,856	5.07%	9,177,802	8,866,810	3.51%
Number of accounts (1):						
Residential	297,336	290,302	2.42%	296,873	289,845	2.42%
Commercial and industrial	26,119	25,858	1.01%	26,109	25,839	1.04%
Irrigation	37,356	37,109	0.67%	37,360	37,118	0.65%
Total average accounts	360,811	353,269	2.13%	360,342	352,802	2.14%
Residential averages:						
Revenue per account - $	26.99	25.45	6.05%	81.51	81.04	0.58%
Kgals per account	4.82	4.60	4.78%	14.53	14.36	1.18%
Revenue per kgals - $	5.61	5.53	1.45%	5.61	5.64	-0.53%
Sewer						
Revenues (000s omitted):						
Residential	$ 12,304	$ 11,402	7.91%	$ 36,087	$ 35,253	2.37%
Commercial and industrial	9,492	9,616	-1.29%	28,015	27,494	1.89%
Total sewer revenues	21,796	21,018	3.70%	64,102	62,747	2.16%
Rate stabilization	(133)	(154)	-13.64%	7,152	(1,397)	-611.95%
Allowance for doubtful accounts	(27)	(24)	12.50%	(83)	(76)	9.21%
Net sewer revenues	21,636	20,840	3.82%	71,171	61,274	16.15%
Kgal sales (000s omitted)						
Residential	1,286,787	1,196,836	7.52%	3,743,001	3,669,483	2.00%
Commercial and industrial	1,034,366	1,073,821	-3.67%	3,023,832	2,973,995	1.68%
Total kgals sales	2,321,153	2,270,657	2.22%	6,766,833	6,643,478	1.86%
Number of accounts (1):						
Residential	264,015	257,220	2.64%	263,564	256,777	2.64%
Commercial and industrial	18,595	18,443	0.82%	18,599	18,423	0.96%
Total average accounts	282,610	275,663	2.52%	282,163	275,200	2.53%
Residential averages:						
Revenue per account - $	46.60	44.33	5.12%	136.92	137.29	-0.27%
kgals per account	4.87	4.65	4.73%	14.20	14.29	-0.63%
Revenue per kgals - $	9.56	9.53	0.31%	9.64	9.61	0.31%
Reuse						
Revenues (000s omitted):						
Reuse revenues	$ 1,339	$ 995	34.57%	$ 4,883	$ 4,022	21.41%
Kgal sales (000s omitted)						
Reuse sales (kgals)	257,015	203,301	26.42%	1,017,324	865,893	17.49%
Number of accounts (1):						
Reuse accounts	16,202	13,397	20.94%	16,009	13,175	21.51%
Rainfall			Diff in inches			Diff in inches
Normal	2.80	2.80		8.84	8.84	
Actual	4.86	4.96	(0.10)	11.85	11.47	0.38
Rain Days	12	10	2	29	29	-

(1) The year-to-date column represents a fiscal year-to-date average.

Appendix

JEA
Schedule of Cash and Investments
(in thousands - unaudited) December 2019

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 40,530	$ 43,083	$ 83,613	$ 15,330	$ 1,316	$ 100,259
Rate stabilization:						
Fuel	55,953	-	55,953	-	-	55,953
Environmental	24,139	-	24,139	18,101	-	42,240
Purchased Power	52,200	-	52,200	-	-	52,200
DSM/Conservation	4,624	-	4,624	-	-	4,624
Total rate stabilization funds	136,916	-	136,916	18,101	-	155,017
Customer deposits	44,795	-	44,795	16,554	-	61,349
General reserve	-	19,847	19,847	-	-	19,847
Self insurance reserve funds:						
Self funded health plan	10,617	-	10,617	-	-	10,617
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,617	-	20,617	-	-	20,617
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	$ 259,426	$ 62,930	$ 322,356	$ 49,985	$ 1,316	$ 373,657
Restricted assets						
Renewal and replacement funds	$ 43,840	$ 45,378	$ 89,218	$ 21,202	$ 4,335	$ 114,755
Debt service reserve account	58,800	11,036	69,836	59,324	-	129,160
Debt service funds	30,991	6,283	37,274	17,098	755	55,127
Construction funds	-	-	-	28,716	-	28,716
Environmental funds	176	-	176	446	-	622
Subtotal	133,807	62,697	196,504	126,786	5,090	328,380
Unrealized holding gain (loss) on investments	4,176	100	4,276	4,035	-	8,311
Other funds	-	28,039	28,039	-	-	28,039
Total restricted cash and investments	$ 137,983	$ 90,836	$ 228,819	$ 130,821	$ 5,090	$ 364,730

JEA
Schedule of Cash and Investments
(in thousands) September 2019

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 35,605	$ 49,322	$ 84,927	$ 17,961	$ 1,489	$ 104,377
Rate stabilization:						
Fuel	47,152	-	47,152	-	-	47,152
Debt management	29,884	-	29,884	14,209	-	44,093
Environmental	25,632	-	25,632	15,687	-	41,319
Purchased Power	56,870	-	56,870	-	-	56,870
DSM/Conservation	4,363	-	4,363	-	-	4,363
Total rate stabilization funds	163,901	-	163,901	29,896	-	193,797
Customer deposits	44,785	-	44,785	16,289	-	61,074
General reserve	-	19,811	19,811	-	-	19,811
Self insurance reserve funds:						
Self funded health plan	11,210	-	11,210	-	-	11,210
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,210	-	21,210	-	-	21,210
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	$ 282,069	$ 69,133	$ 351,202	$ 64,146	$ 1,489	$ 416,837
Restricted assets						
Renewal and replacement funds	$ 81,964	$ 46,955	$ 128,919	$ 48,796	$ 4,398	$ 182,113
Debt service reserve account	65,433	10,973	76,406	63,441	-	139,847
Debt service funds	153,650	19,635	173,285	80,775	2,356	256,416
Construction funds	-	-	-	28,968	-	28,968
Environmental funds	-	-	-	1,891	-	1,891
Subtotal	301,047	77,563	378,610	223,871	6,754	609,235
Unrealized holding gain (loss) on investments	4,388	107	4,495	4,225	-	8,720
Other funds	-	28,079	28,079	-	-	28,079
Total restricted cash and investments	$ 305,435	$ 105,749	$ 411,184	$ 228,096	$ 6,754	$ 646,034

JEA
INVESTMENT PORTFOLIO REPORT
December 2019
(unaudited)
All Funds

INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL
Agencies			
Federal Farm Credit Bank	34,037,165	1.62%	4.68%
Federal Home Loan Bank	126,882,567	2.35%	17.43%
Total	160,919,732	2.19%	22.10%
Municipal Bonds	171,362,419	2.83%	23.54%
Commercial Paper	34,128,719	1.91%	4.69%
U.S. Treasury Money Market Funds (1)	62,866,072	1.55%	8.63%
Agency Money Market Funds (2)	113,475,000	1.55%	15.59%
PALM Money Market Fund	20,500,000	1.82%	2.82%
Florida Prime Fund	120,989,000	1.83%	16.62%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	34,086,827	1.60%	4.68%
SJRPP	4,209,497	1.60%	0.58%
Water & Sewer, DES	5,515,264	1.60%	0.76%
Total Portfolio	$ 728,052,529	2.09%	100.00%

Weighted Avg. Annual Yield for December 2019, Excluding Bank & Money Market Funds: 2.47%

Weighted Avg. Annual Yield for December 2019, Including Bank & Money Market Funds: 2.09%

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

(1) Fidelity Treasury Fund
(2) State Street Government Fund
(3) Month-end bank balances

JEA
Schedule of Outstanding Indebtedness
December 2019

	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric Enterprise				
Electric System				
Fixed Rate Senior	3.000-6.056%	2020-2044	515,615,000	18,555,000
Fixed Rate Subordinated	3.000-6.406%	2020-2039	556,980,000	35,730,000
Variable Rate Senior	1.200-1.735%	2020-2040	454,935,000	6,505,000
Variable Rate Subordinated	1.265-1.314%	2021-2038	132,420,000	-
Total Electric System	3.121% (wtd avg)	2020-2044	1,659,950,000	60,790,000
Bulk Power Supply System				
Fixed Rate Senior	2.000-5.920%	2020-2038	88,860,000	6,975,000
St. Johns River Power Park				
Fixed Rate Senior	2.000-5.450%	2020-2039	265,105,000	13,340,000
Total Electric Enterprise	3.254% (wtd avg)	2020-2044	2,013,915,000	81,105,000
Water and Sewer System				
Fixed Rate Senior	2.000-6.310%	2020-2044	929,290,000	8,375,000
Fixed Rate Subordinated	2.750-5.000%	2023-2043	93,890,000	-
Variable Rate Senior	1.187-2.799%	2020-2042	156,220,000	9,195,000
Variable Rate Subordinated	1.218-1.300%	2020-2038	103,135,000	2,300,000
Other Obligations	2.855%	2021	5,000,000	-
Total Water and Sewer System	3.504% (wtd avg)	2020-2044	1,287,535,000	19,870,000
District Energy System				
Fixed Rate Senior	2.415 - 4.538%	2020-2034	33,135,000	1,725,000
Total JEA	3.361% (wtd avg)	2020-2044	3,334,585,000	102,700,000

JEA
Debt Ratio
December 2019

	Current YTD	Year End Target
Electric Enterprise	63.6%	62.1%
Water and Sewer System	43.5%	42.0%

JEA
Interest Rate Swap Position Report
December 2019
(unaudited)

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	$ 84,800,000	$ -	3.717	1.162	2.555	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.230	3.120	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	84,775,000	-	3.661	1.162	2.499	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.162	2.554	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	19,110,000	4.054	2.799	1.255	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.230	2.677	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.230	2.665	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.230	2.606	n/a	SIFMA
			Total	$ 405,985,000	$ 104,400,000	Wtd Avg Spread		2.627		

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

JEA
Electric System
Production Statistics
(unaudited)

	Month December 2019	Month December 2018	Variance	Year-to-Date December 2019	Year-to-Date December 2018	Variance
Generated power:						
Steam:						
Fuel oil						
Fuel expense	$ 70,419	$ 158,771	-55.65%	$ 32,788	$ 153,775	-78.68%
Barrels #6 oil consumed	650	1,512	-57.01%	303	1,466	-79.33%
$/ per barrel consumed	$ 108.34	$ 105.01	3.17%	$ 108.21	$ 104.89	3.16%
kWh oil generated (1)	-	248,781	-100.00%	141,446	480,724	-70.58%
Cost per MWh - oil	$ -	$ 638.20	-100.00%	$ 231.81	$ 319.88	-27.53%
Natural gas units #1-3						
Gas expense - variable	$ 930,543	$ 1,161,820	-19.91%	$ 9,871,724	$ 16,430,275	-39.92%
MMBTU's consumed	374,116	254,875	46.78%	3,887,050	4,263,319	-8.83%
$/ per MMBTU consumed	$ 2.49	$ 4.56	-45.43%	$ 2.54	$ 3.85	-34.10%
kWh - gas generated (1)	28,541,258	17,835,363	60.03%	365,337,215	394,898,435	-7.49%
Cost per MWh - gas	$ 32.60	$ 65.14	-49.95%	$ 27.02	$ 41.61	-35.06%
Cost per MWh - gas & oil - steam	$ 35.07	$ 73.02	-51.97%	$ 27.10	$ 41.94	-35.39%
Coal						
Coal expense	$ 1,148,247	$ 2,913,819	-60.59%	$ 3,253,842	$ 4,357,621	-25.33%
kWh generated	44,955,597	61,910,776	-27.39%	128,472,570	116,051,842	10.70%
Cost per MWh - coal	$ 25.54	$ 47.06	-45.73%	$ 25.33	$ 37.55	-32.55%
Pet coke and limestone						
Expense	$ 2,784,345	$ 3,700,943	-24.77%	$ 6,207,439	$ 8,751,734	-29.07%
kWh generated	114,595,642	105,689,718	8.43%	253,695,498	213,900,486	18.60%
Cost per MWh - pet coke and limestone	$ 24.30	$ 35.02	-30.61%	$ 24.47	$ 40.91	-40.20%
Cost per MWh - coal & petcoke - steam	$ 24.65	$ 39.47	-37.55%	$ 24.76	$ 39.73	-37.69%
Combustion turbine:						
Fuel oil						
Fuel expense	$ 195,260	$ 95,298	104.89%	$ 509,712	$ 547,761	-6.95%
Barrels #2 oil consumed	1,843	627	193.88%	4,140	4,388	-5.65%
$/ per barrel consumed	$ 105.95	$ 151.96	-30.28%	$ 123.12	$ 124.83	-1.37%
kWh - oil generated	663,188	220,726	200.46%	1,674,470	1,592,932	5.12%
Cost per MWh - oil	$ 294.43	$ 431.75	-31.81%	$ 304.40	$ 343.87	-11.48%
Natural gas (includes landfill)						
Gas expense Kennedy & landfill - variable	$ 333,260	$ 530,835	-37.22%	$ 1,045,907	$ 1,103,136	-5.19%
MMBTU's consumed	136,163	112,918	20.59%	411,889	258,843	59.13%
$/ per MMBTU consumed	$ 2.45	$ 4.70	-47.94%	$ 2.54	$ 4.26	-40.42%
kWh - gas generated (1)	11,877,687	9,102,283	30.49%	35,522,191	21,443,845	65.65%
Cost per MWh - gas	$ 28.06	$ 58.32	-51.89%	$ 29.44	$ 51.44	-42.76%
Gas expense BB simple - variable	$ 81,319	$ 702,174	-88.42%	$ 432,927	$ 1,804,808	-76.01%
MMBTU's consumed	$ 33,085	148,224	-77.68%	173,316	471,437	-63.24%
$/ per MMBTU consumed	$ 2.46	$ 4.74	-48.12%	$ 2.50	$ 3.83	-34.75%
kWh - gas generated (1)	2,679,988	12,568,683	-78.68%	23,899,356	41,451,753	-42.34%
Cost per MWh - gas simple	$ 30.34	$ 55.87	-45.69%	$ 18.11	$ 43.54	-58.40%
Gas expense BB combined - variable	$ 6,813,090	$ 11,018,254	-38.17%	$ 19,149,113	$ 28,683,420	-33.24%
MMBTU's consumed	2,771,599	2,339,111	18.49%	7,594,297	7,480,433	1.52%
$/ per MMBTU consumed	$ 2.46	$ 4.71	-47.81%	$ 2.52	$ 3.83	-34.24%
kWh - gas generated (1)	425,374,007	350,099,829	21.50%	1,123,772,102	1,086,055,920	3.47%
Cost per MWh - gas combined	$ 16.02	$ 31.47	-49.11%	$ 17.04	$ 26.41	-35.48%
Gas expense GEC simple - variable	$ 199,204	$ 1,162,580	-82.87%	$ 2,302,041	$ 2,813,737	-18.19%
MMBTU's consumed	80,118	265,196	-69.79%	908,128	950,493	-4.46%
$/ per MMBTU consumed	$ 2.49	$ 4.38	-43.28%	$ 2.53	$ 2.96	-14.37%
kWh - gas generated	6,520,245	23,413,844	-72.15%	82,734,381	84,523,468	-2.12%
Cost per MWh - gas simple	$ 30.55	$ 49.65	-38.47%	$ 27.82	$ 33.29	-16.42%
Cost per MWh - gas & oil ct	$ 17.05	$ 34.17	-50.10%	$ 18.49	$ 28.30	-34.66%
Natural gas expense - fixed	$ 3,472,382	$ 3,434,513	1.10%	$ 9,619,590	$ 9,699,293	-0.82%
Total generated power:						
Fuels expense	$ 16,028,069	$ 24,879,007	-35.58%	$ 52,425,083	$ 74,345,560	-29.48%
kWh generated	635,207,612	581,090,003	9.31%	2,015,249,229	1,960,399,405	2.80%
Cost per MWh	$ 25.23	$ 42.81	-41.06%	$ 26.01	$ 37.92	-31.40%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

Cost of fuels	Month 2019	Month 2018	Year-to-Date 2019	Year-to-Date 2018
Fuel oil #6	$ 70,419	$ 158,771	$ 32,788	$ 153,775
Natural gas units #1-3 with landfill - variable	930,543	1,161,820	9,871,724	16,430,275
Coal	1,148,247	2,913,819	3,253,842	4,357,621
Petcoke	2,784,345	3,700,943	6,207,439	8,751,734
Fuel oil #2	195,260	95,298	509,712	547,761
Natural gas - simple cycle (BB & GEC) - variable	613,783	2,395,589	3,780,875	5,721,681
Natural gas - combined (BB) - variable	6,813,090	11,018,254	19,149,113	28,683,420
Natural gas - fixed	3,472,382	3,434,513	9,619,590	9,699,293
Total	$ 16,028,069	$ 24,879,007	$ 52,425,083	$ 74,345,560

JEA
Electric System
Production Statistics (Continued)
(unaudited)

	Month December 2019	Month December 2018	Variance	Year-to-Date December 2019	Year-to-Date December 2018	Variance
Production Statistics (Continued)						
Purchased power:						
Plant Scherer						
Purchases	$ 4,915,352	$ 5,979,231	-17.79%	$ 14,904,889	$ 16,284,451	-8.47%
kWh purchased	79,075,000	129,368,000	-38.88%	281,637,000	371,728,000	-24.24%
Cost per MWh	$ 62.16	$ 46.22	34.49%	$ 52.92	$ 43.81	20.81%
TEA & other						
Purchases	$ 8,056,981	$ 12,316,626	-34.58%	$ 25,629,652	$ 31,956,632	-19.80%
kWh purchased	209,908,307	272,686,519	-23.02%	612,139,289	698,370,472	-12.35%
Cost per MWh	$ 38.38	$ 45.17	-15.02%	$ 41.87	$ 45.76	-8.50%
SJRPP						
Purchases	$ 2,085,610	$ 1,988,998	4.86%	$ 6,102,721	$ 7,179,431	-15.00%
kWh purchased	-	-		-	-	
Cost per MWh						
Total purchased power:						
Purchases	$ 15,057,943	$ 20,284,855	-25.77%	$ 46,637,262	$ 55,420,514	-15.85%
kWh purchased	288,983,307	402,054,519	-28.12%	893,776,289	1,070,098,472	-16.48%
Cost per MWh	$ 52.11	$ 50.45	3.28%	$ 52.18	$ 51.79	0.75%
Subtotal - generated and purchased power:	$ 31,086,012	$ 45,163,862	-31.17%	$ 99,062,345	$ 129,766,074	-23.66%
Fuel interchange sales	(1,671)	(113,461)	-98.53%	(300,100)	(1,894,582)	-84.16%
Earnings of The Energy Authority	(221,372)	(468,331)	-52.73%	(672,917)	(529,559)	27.07%
Realized and Unrealized (Gains) Losses	1,136,770	-		1,781,140	(5,434,520)	-132.77%
Fuel procurement and handling	839,477	889,209	-5.59%	3,177,743	2,983,480	6.51%
By product reuse	305,193	305,796	-0.20%	642,783	1,633,557	-60.65%
Total generated and net purchased power:						
Cost, net	33,144,409	45,777,075	-27.60%	103,690,994	126,524,450	-18.05%
kWh generated and purchased	924,190,919	983,144,522	-6.00%	2,909,025,518	3,030,497,877	-4.01%
Cost per MWh	$ 35.86	$ 46.56	-22.98%	$ 35.64	$ 41.75	-14.62%
Reconciliation:						
Generated and purchased power per above	$ 33,144,409	$ 35.86		$ 103,690,994	$ 35.64	
SJRPP operating expenses:						
SJRPP O & M	-	-		520	0.00	
SJRPP debt service	(1,841,163)	(1.99)		(5,369,899)	(1.85)	
SJRPP R & R	(244,447)	(0.26)		(733,342)	(0.25)	
Scherer operating expenses:						
Scherer power production	(393,563)	(0.43)		(1,486,430)	(0.51)	
Scherer R & R	(1,602,938)	(1.73)		(3,784,226)	(1.30)	
Scherer transmission	(503,815)	(0.55)		(1,510,352)	(0.52)	
Scherer taxes	(159,816)	(0.17)		(371,064)	(0.13)	
Florida and other capacity	(1,323,418)	(1.43)		(3,976,589)	(1.37)	
MEAG	(1,547,399)	(1.67)		(4,670,739)	(1.61)	
Rounding	(2)	(0.00)		-	-	
Energy expense per budget page	$ 25,527,848	$ 27.62		$ 81,788,873	$ 28.12	

JEA							**Page 25**
Electric System		**Month**				**Prior Year Month**	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**		**ACTUAL**	**Variance**
December 2019 and 2018 (unaudited)	**2019-20**	**2019-20**	**2019-20**	**%**		**2018-19**	**%**
Fuel Related Revenues & Expenses							
Fuel Rate Revenues	$ 410,912,768	$ 31,313,027	$ 30,132,328	-3.77%	$	30,264,170	-0.44%
Fuel Expense and Purchased Power:							
Fuel Expense - Electric System	297,844,914	22,352,988	18,309,508			26,074,009	
Other Purchased Power	94,282,216	7,292,159	7,218,340			13,020,133	
Subtotal Energy Expense	392,127,130	29,645,147	25,527,848	13.89%		39,094,142	34.70%
Transfer to (from) Rate Stabilization, Net	18,169,269	1,616,516	4,604,170			(8,873,768)	
Fuel Related Uncollectibles	616,369	51,364	310			43,796	
Total	410,912,768	31,313,027	30,132,328	3.77%		30,264,170	0.44%
Fuel Balance	-	-	-			-	
Nonfuel Related Revenues							
Base Rate Revenues	791,145,587	60,288,132	57,584,744			58,767,554	
Conservation Charge Revenue	768,600	58,570	28,953			34,476	
Environmental Charge Revenue	7,814,100	595,462	572,047			575,221	
Investment Income	11,378,365	948,197	657,346			872,753	
Natural Gas Revenue Pass Through	1,000,000	83,333	68,551			65,105	
Other Revenues	51,779,029	2,209,093	2,006,763			2,028,017	
Total	863,885,681	64,182,787	60,918,404	-5.09%		62,343,126	-2.29%
Nonfuel Related Expenses							
Non-Fuel O&M	268,791,324	23,545,904	18,500,684			18,559,793	
DSM / Conservation O&M	8,072,869	659,262	655,884			475,623	
Environmental O&M	2,027,284	169,010	138,237			546,249	
Rate Stabilization - DSM	(899,269)	(74,375)	(169,162)			12,963	
Rate Stabilization - Environmental	5,787,582	482,364	(354,782)			28,972	
Natural Gas Expense Pass Through	960,991	78,841	76,048			89,361	
Debt Principal - Electric System	60,790,000	5,065,833	5,065,833			9,685,833	
Debt Interest - Electric System	77,259,892	6,438,324	6,644,203			7,798,563	
Bond Buy-Back Principal - Electric System	25,269,914	-	-			-	
R&R - Electric System	65,623,650	5,468,637	5,468,637			5,370,642	
Operating Capital Outlay	175,125,724	9,000,000	9,000,000			6,000,000	
Operating Capital Outlay - Environmental	-	-	788,592			-	
City Contribution Expense	93,870,968	7,822,581	7,822,581			7,746,012	
Taxes & Uncollectibles	1,399,517	116,626	16,493			101,445	
Emergency Reserve	5,000,000	-	-			-	
Nonfuel Purchased Power:							
* SJRPP D/S Principal	13,340,000	1,111,667	1,111,667			1,148,333	
* SJRPP D/S Interest	10,444,195	870,350	843,913			898,688	
** Other Non-Fuel Purchased Power	51,021,040	5,229,694	4,957,249			4,449,200	
Total Nonfuel Expenses	863,885,681	65,984,718	60,566,077	8.21%		62,911,677	3.73%
Non-Fuel Balance	-	(1,801,931)	352,327			(568,551)	
Total Balance	-	(1,801,931)	352,327			(568,551)	
Total Revenues	**1,274,798,449**	**95,495,814**	**91,050,732**	-4.65%		**92,607,296**	-1.68%
Total Expenses	**1,274,798,449**	**97,297,745**	**90,698,405**	6.78%		**93,175,847**	2.66%
KWH Sold - Territorial	**12,810,000,000**	**976,168,000**	**935,174,073**	-4.20%		**939,381,343**	-0.45%
KWH Sold - Off System	**-**	**-**	**470,000**			**9,395,000**	
	12,810,000,000	**976,168,000**	**935,644,073**	-4.15%		**948,776,343**	-1.38%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

JEA Electric System Budget vs. Actual December 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Year-to-Date BUDGET 2019-20	Year-to-Date ACTUAL 2019-20	Year-to-Date Variance %	Prior Year-to-Date ACTUAL 2018-19	Prior Year-to-Date Variance %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 410,912,768	$ 93,076,128	$ 90,593,400	-2.67%	$ 91,990,134	-1.52%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	297,844,914	66,698,595	58,026,749		73,528,076	
Other Purchased Power	94,282,216	22,633,029	23,762,124		32,222,861	
Subtotal Energy Expense	392,127,130	89,331,624	81,788,873	8.44%	105,750,937	22.66%
Transfer to (from) Rate Stabilization, Net	18,169,269	3,590,413	8,801,604		(13,876,845)	
Fuel Related Uncollectibles	616,369	154,091	2,923		116,042	
Total	410,912,768	93,076,128	90,593,400	2.67%	91,990,134	1.52%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	791,145,587	179,202,921	174,878,544		178,221,369	
Conservation Charge Revenue	768,600	174,096	111,987		144,802	
Environmental Charge Revenue	7,814,100	1,769,977	1,721,924		1,748,354	
Investment Income	11,378,365	2,844,591	2,336,894		3,156,878	
Natural Gas Revenue Pass Through	1,000,000	250,000	187,959		167,347	
Other Revenues	51,779,029	31,897,192	31,689,843		7,088,505	
Total	863,885,681	216,138,777	210,927,151	-2.41%	190,527,255	10.71%
Nonfuel Related Expenses						
Non-Fuel O&M	268,791,324	74,895,635	48,172,569		49,126,187	
DSM / Conservation O&M	8,072,869	2,029,017	1,310,965		1,017,903	
Environmental O&M	2,027,284	509,696	165,973		874,525	
Rate Stabilization - DSM	(899,269)	(223,126)	261,127		619,497	
Rate Stabilization - Environmental	5,787,582	1,446,830	(1,493,188)		873,829	
Natural Gas Expense Pass Through	960,991	241,489	220,166		203,765	
Debt Principal - Electric System	60,790,000	15,197,500	15,197,500		29,057,500	
Debt Interest - Electric System	77,259,892	19,314,973	18,287,184		21,655,670	
Bond Buy-Back Principal - Electric System	25,269,914	25,269,914	55,154,065		-	
Rate Stabilization - Debt Management	-	-	(29,884,152)		-	
R&R - Electric System	65,623,650	16,405,912	16,405,912		16,111,925	
Operating Capital Outlay	175,125,724	39,000,000	39,000,000		27,000,000	
Operating Capital Outlay - Environmental	-	-	3,049,139		-	
City Contribution Expense	93,870,968	23,467,742	23,467,742		23,238,037	
Taxes & Uncollectibles	1,399,517	349,879	53,330		274,268	
Emergency Reserve	5,000,000	-	-		-	
* SJRPP D/S Principal	13,340,000	3,335,000	3,335,000		3,445,000	
* SJRPP D/S Interest	10,444,195	2,611,049	2,531,739		2,696,063	
** Other Non-Fuel Purchased Power	51,021,040	13,555,394	14,958,334		14,037,879	
Total Nonfuel Expenses	863,885,681	237,406,904	210,193,405	11.46%	190,232,048	-10.49%
Non-Fuel Balance	-	(21,268,127)	733,746		295,207	
Total Balance	-	(21,268,127)	733,746		295,207	
Total Revenues	**1,274,798,449**	**309,214,905**	**301,520,551**	-2.49%	**282,517,389**	6.73%
Total Expenses	**1,274,798,449**	**330,483,032**	**300,786,805**	8.99%	**282,222,182**	-6.58%
KWH Sold - Territorial	**12,810,000,000**	**2,901,602,000**	**2,812,309,965**	-3.08%	**2,856,450,922**	-1.55%
KWH Sold - Off System	**-**	**-**	**11,971,000**		**53,934,000**	
	12,810,000,000	**2,901,602,000**	**2,824,280,965**	-2.66%	**2,910,384,922**	-2.96%

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* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

JEA
Water and Sewer System

Budget vs. Actual December 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Month BUDGET 2019-20	ACTUAL 2019-20	Variance %	Prior Year Month ACTUAL 2018-19	Variance %
REVENUES						
Water & Sewer Revenues	$ 450,736,934	$ 36,164,407	$ 36,670,993		$ 34,558,902	
Capacity & Extension Fees	27,600,000	2,225,166	2,792,393		2,913,135	
Capital Contributions	-	-	-		9,920	
Investment Income	4,308,356	359,030	274,609		972,961	
Other Income	45,792,672	974,339	1,218,874		3,049,163	
Total	528,437,962	39,722,942	40,956,869	3.11%	41,504,081	-1.32%
EXPENSES						
O & M Expenses	185,838,461	15,390,803	13,017,077		11,981,232	
Debt Principal - Water & Sewer	19,870,000	1,655,833	1,655,834		4,558,750	
Debt Interest - Water & Sewer	58,666,036	4,888,836	4,759,922		5,578,443	
Bond Buy-Back - Water & Sewer	33,986,631	-	-		-	
Rate Stabilization - Environmental	-	-	311,868		229,366	
R&R - Water & Sewer	25,138,950	2,094,913	2,094,913		1,962,696	
Operating Capital Outlay	137,450,895	13,212,602	13,212,602		10,960,458	
Operating Capital Outlay - Capacity/Extension	27,600,000	2,300,000	2,792,393		2,913,136	
Operating Capital Outlay - Contributions	-	-	-		9,920	
Operating Capital Outlay - Environmental	13,393,063	1,134,197	679,827		809,513	
City Contribution Expense	24,953,042	2,079,420	2,079,420		2,057,949	
Uncollectibles & Fees	540,884	45,074	43,950		40,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,437,962	42,801,678	40,647,806	5.03%	41,101,463	1.10%
Total Balance	$ -	$ (3,078,736)	$ 309,063		$ 402,618	
Sales kgals						
Water	39,900,000	3,112,267	2,934,426	-5.71%	2,792,856	5.07%
Sewer	33,180,000	2,674,974	2,578,168	-3.62%	2,473,958	4.21%
Total	73,080,000	5,787,241	5,512,594	-4.75%	5,266,814	4.67%

Budget vs. Actual December 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Year-To-Date BUDGET 2019-20	ACTUAL 2019-20	Variance %	Prior Year to Date ACTUAL 2018-19	Variance %
REVENUES						
Water & Sewer Revenues	$ 450,736,934	$ 110,230,785	$ 111,081,017		$ 107,467,173	
Capacity & Extension Fees	27,600,000	5,662,909	8,327,786		7,142,729	
Capital Contributions	-	-	-		9,920	
Investment Income	4,308,356	1,077,089	973,500		2,017,388	
Other Income	45,792,672	37,172,743	38,089,576		9,393,294	
Total	528,437,962	154,143,526	158,471,879	2.81%	126,030,504	25.74%
EXPENSES						
O & M Expenses	185,838,461	47,689,237	36,949,392		36,403,201	
Debt Principal - Water & Sewer	19,870,000	4,967,500	4,967,501		13,676,249	
Debt Interest - Water & Sewer	58,666,036	14,666,509	13,721,145		16,060,352	
Bond Buy-Back - Water & Sewer	33,986,631	33,986,631	48,195,881		-	
Rate Stabilization - Debt Management	-	-	(14,209,250)		-	
Rate Stabilization - Environmental	-	-	2,413,632		2,303,354	
R&R - Water & Sewer	25,138,950	6,284,738	6,284,738		5,888,087	
Operating Capital Outlay	137,450,895	42,737,806	42,737,806		35,419,794	
Operating Capital Outlay - Capacity/Extension	27,600,000	6,900,000	8,327,786		7,142,728	
Operating Capital Outlay - Contributions	-	-	-		9,920	
Operating Capital Outlay - Environmental	13,393,063	3,185,285	1,103,407		1,183,192	
City Contribution Expense	24,953,042	6,238,261	6,238,261		6,173,847	
Uncollectibles & Fees	540,884	135,221	137,680		126,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,437,962	166,791,188	156,867,979	5.95%	124,386,724	-26.11%
Total Balance	$ -	$ (12,647,662)	$ 1,603,900		$ 1,643,780	
Sales kgals						
Water	39,900,000	9,649,252	9,177,802	-4.89%	8,866,810	3.51%
Sewer	33,180,000	7,999,447	7,784,157	-2.69%	7,509,371	3.66%
Total	73,080,000	17,648,699	16,961,959	-3.89%	16,376,181	3.58%

District Energy System

Budget vs. Actual December 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Month BUDGET 2019-20	Month ACTUAL 2019-20	Month Variance %	Prior Year Month ACTUAL 2018-19	Prior Year Month Variance %
REVENUES						
Revenues	$ 9,044,699	$ 705,751	$ 715,090		$ 690,485	
Investment Income	-	-	9,212		10,677	
Total	9,044,699	705,751	724,302	2.63%	701,162	3.30%
EXPENSES						
O & M Expenses	5,164,460	430,199	304,054		341,300	
Debt Principal - Water & Sewer	1,725,000	143,750	143,750		140,833	
Debt Interest - Water & Sewer	1,295,550	107,963	107,963		110,871	
R&R - Water & Sewer	589,200	49,100	49,100		36,913	
Operating Capital Outlay	270,489	-	-		-	
Total Expenses	9,044,699	731,012	604,867	17.26%	629,917	3.98%
Total Balance	$ -	$ (25,261)	$ 119,435		$ 71,245	

Budget vs. Actual December 2019 and 2018 (unaudited)	ANNUAL BUDGET 2019-20	Year-To-Date BUDGET 2019-20	Year-To-Date ACTUAL 2019-20	Year-To-Date Variance %	Prior-Year-to-Date ACTUAL 2018-19	Prior-Year-to-Date Variance %
REVENUES						
Revenues	$ 9,044,699	$ 2,311,727	$ 2,099,541		$ 2,159,043	
Investment Income	-	-	33,034		35,681	
Total	9,044,699	2,311,727	2,132,575	-7.75%	2,194,724	-2.83%
EXPENSES						
O & M Expenses	5,164,460	1,301,349	1,165,144		1,200,461	
Debt Principal - Water & Sewer	1,725,000	431,250	431,250		422,500	
Debt Interest - Water & Sewer	1,295,550	323,888	323,888		332,612	
R&R - Water & Sewer	589,200	147,300	147,300		110,738	
Operating Capital Outlay	270,489	-	-		-	
Total Expenses	9,044,699	2,203,787	2,067,582	6.18%	2,066,311	-0.06%
Total Balance	$ -	$ 107,940	$ 64,993		$ 128,413	

Building Community

Customer & Community Engagement Overview and Update
January FY20

Each month, we update the Board on past, present and future Customer & Community Engagement monthly activities. The purpose is to keep you informed of these efforts, so that you are knowledgeable about JEA's attempts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Customer Communications

Neighbor to Neighbor Campaign

JEA encouraged customers to consider participating in the Neighbor to Neighbor Fund. Founded in 1987, JEA's Neighbor to Neighbor Fund is a way for customers to provide temporary assistance to customers unable to pay their utility bill during a financial crisis. The Neighbor to Neighbor Fund helps elderly, disabled, and those less fortunate keep the lights on and water running. So far this year, through the Neighbor to Neighbor Fund, JEA customers and employees have provided $164,310 in bill payment assistance to 538 customers experiencing a temporary crisis.

Holiday Cooking and Proper Oil Disposal Campaign

The focus of the Holiday Cooking and Proper Oil Disposal Campaign was to educate customers on proper behavior during the holidays. During this time, customers are more likely to dispose of items like cooking fat, oil and grease (FOG) down the drain, which can clog the pipes at home and in our system and cause sewage to back up into homes, yards, streets and waterways.

Holiday Safety Tips Campaign

As customers prepare for the holidays, we reminded them through a comprehensive social media campaign, of important electric safety tips. For example, reminding them to never run electric cords under rugs or carpeting. If the cord becomes frayed and sparks a fire, it will take longer to notice. Customers were directed to jea.com to check out our list of tips that they can follow at home and in the office.

Community Engagement

JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of October. Ambassadors participated in 23 activities and volunteers served 685 hours in the community.

JEA Ambassadors

December was a busy month for Ambassadors through participation in several community events including Senior Day at JEA, Hyde Park Elementary Career Day, Sandalwood High Career Fair and Yulee High Career day just to name a few.

Employee Volunteerism

In December, 141 JEA employees volunteered 685 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities.

Volunteers served at events for the Catty Shack Ranch, Farm Share, HabiJax Builds, Eden Gardens and many others. Through these efforts, JEA employees gave generously of their time and talents to benefit our community.

JEA employees take great pride in the Ambassador and Volunteer programs, which demonstrate tangible ways for our customers and our community to see the "Heart of JEA."

JEA Community Engagement Calendar December - February 2020

Date	Event/Activity	Location	Time	Type
Dec-19				
12/2/2019	1 - Hour Power Pals Duval Scholars	100 Scholars Way	1pm	Ambassador Instructor
12/5/2019	JEA Ambassador & Volunteer Appreciation Breakfast	T-19	8:30am	Ambassasor & Volunteer Event
12/6/2019	Tulsa Welding Students	Imeson Solar	9:30am	Ambassador Facility Tour
12/6/2019	Sandlewood Career Day	7250 John Prom Blvd.	10:30am	Ambassador Event
12/9 - 12/12/2019	Children's Home Socity Toy Sort & Pack	San Diego Rd.	9:30am	Volunteer Activity
12/9 - 12/17/2019	Salvation Army Toy Shop	Regency Square	8am	Volunteer Activity
12/10/2019	John Stockton Elem. Career Day	4827 Carlile Rd.	10am	Ambassador Event
12/12/2019	BEAM Food Bank	Jacksonville Beach	1pm	Volunteer Activity
12/13/2019	Feeding NE Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
12/13/2019	Andrew Jackson Career Fair	3816 N. Main St	8:30am	Ambassador Event
12/13/2019	Yulee High Career Day	85375 Miner Rd.	9am	Ambassador Event
12/16/2019	Holiday Hill Elem. Career Fair	6900 Altama Dr.	9am	Ambassador Event
12/17/2019	Punkin Place Career day	6641 San Juan Ave.	9:30am	Ambassador Event
12/18/2019	West Riverside Elem. Career day	2801 Herschel Ave.	8:30am	Ambassador Event
12/18/2020	Senior Day at JEA	JEA Customer Center Lobby	8:30am	Ambassador Event
12/19/2019	Farm Share	Vantage Way	9am	Volunteer Activity
12/19/2019	Hyde Park Elem. Career day	5300 Park St.	8:30am	Ambassador Event
12/23/2019	City Rescue Mission Christmas Luncheon	State St.	10:30am	Volunteer Activity
Jan-20				
1/8/2020	Custom Fleet Team Project	Eden Gardens	8am	Volunteer Activity
1/13/2020	Callahan Food Distribution	Nassau County	12pm	Volunteer Activity

JEA Community Engagement Calendar December - February 2020

Date	Event/Activity	Location	Time	Type
1/10/2020	JEA Power Pals	St Clair Evans Elem.	10am	Ambassador Instructor
1/15/2020	James H Peterson High Tour	NGS	9am	Ambassador Facility Tour
1/16/2020	Susie Tolbert Elem. STEM Night	1925 W 13th St.	5:30pm	Ambassador Event
1/16/2020	JEA Power Pals	Tiger Academy	10am	Ambassador Instructor
1/17/2020	Catty Shack Ranch	Starratt Rd.	10am	Volunteer Activity
1/17/2020	Episcopal Student	Arlington East Tour	10am	Ambassador Facility Tour
1/17/2020	Mandarin High Career Fair	4831 Greenland Rd	8am	Ambassador Event
1/17/2020	JEA Power Pals	St Clair Evans Elem.	10am	Ambassador Instructor
1/21-1/22/2020	USO Food Pantry	Mayport Rd.	9am	Volunteer Activity
1/22/2020	JEA Power Pals	Rufus Payne Elem.	9:30am	Ambassador Instructor
1/23/2020	Farm Share	Northside	9am	Volunteer Activity
1/23/2020	JEA Power Pals	Tiger Academy	10am	Ambassador Instructor
1/24/2020	Feeding Northeast Florida Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
1/24/2020	JEA Power Pals	St Clair Evans Elem.	10am	Ambassador Instructor
1/25/2020	First Coast No More Homeless Pet Food Bank	Cassat Ave.	9am	Volunteer Activity
1/27/2020	USO No Dough Dinner	Mayport Rd.	10am	Volunteer Activity
1/27/2020	Callahan Food Distribution	Nassau County	12pm	Volunteer Activity
1/28/2020	JEA Power Pals	Henry Kite Elem.	1:15pm	Ambassador Instructor
1/29/2020	JEA Power Pals	Rufus Payne Elem.	9:30am	Ambassador Instructor
1/30/2020	Cathedral Terrace Café	Downtown	11am	Volunteer Activity
1/30/2020	JEA Power Pals	Tiger Academy	10am	Ambassador Instructor
1/31/2020	JEA Power Pals	St Clair Evans Elem.	10am	Ambassador Instructor
1/31/2020	Impact Christian Center Vehicle Fair	Lone Star Rd.	10am	Ambassador Event
Feb-20				
2/4/2020	JEA Power Pals	Henry Kite Elem.	1:15pm	Ambassador Instructor
2/5/2020	JEA Power Pals	Rufus Payne Elem.	9:30am	Ambassador Instructor
2/5 - 2/6/2020	PACE Center for Girls	University Blvd.	9am	Volunteer Activity

JEA Community Engagement Calendar December - February 2020

Date	Event/Activity	Location	Time	Type
2/6/2020	JEA Power Pals	Tiger Academy	10am	Ambassador Instructor
2/7 - 2/10/2020	DONNA Marathon	Beaches Areas	multiple shifts	Volunteer Activity
2/10/2020	Northeast Florida Regional Science Fair	Florida Blue Conference Center	7:30am	Volunteer Activity
2/10/2020	USO No Dough Dinner	Mayport Rd.	10am	Volunteer Activity
2/11/2020	JEA Power Pals	Henry Kite Elem.	1:15pm	Ambassador Instructor
2/12/2020	JEA Power Pals	Rufus Payne Elem.	9:30am	Ambassador Instructor
2/13/2020	BEAM Food Bank	Jacksonville Beach	1:30pm	Volunteer Activity
2/13/2020	PACE Family Night	University Blvd.	9am	Volunteer Activity
2/18/2020	JEA Power Pals	Henry Kite Elem.	1:15pm	Ambassador Instructor
2/18 - 19/2020	USO Food Pantry	Mayport Rd.	9am	Volunteer Activity
2/20/2020	Farm Share	Northside	9am	Volunteer Activity
2/20/2020	Eden Gardens	Garden St.	8:30am	Volunteer Activity
2/21/2020	Chimney Lakes International Fair	9553 Staples Mill Dr.	8am	Ambassador Event
2/21/2020	JMI Homeschool Group	Main St Lab Tour	10:30am	Ambassador Facility Tour
2/21/2020	Catty Shack	Starratt Rd.	10am	Volunteer Activity
2/24/2020	Providence School	Buckman Facility Tour	8am	Ambassador Facility Tour
2/26 - 2/28/2020	NE FL Construction Career Days	Jacksonville Equestrian Center	7am	Volunteer Activity
2/27/2020	Cathedral Terrace Café	Downtown	11am	Volunteer Activity
2/28/2020	MathCounts	UNF	9am	Volunteer Activity
2/28/2020	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity

INTER-OFFICE MEMORANDUM
January 15, 2020

SUBJECT:	**CORPORATE CAMPUS UPDATE**
FROM:	Melissa H. Dykes, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:

JEA has been planning for a new corporate headquarters for several years to address business continuity risks while meeting our headquarter needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019 meeting. The lease was executed by JEA on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville.

DISCUSSION:

JEA and Ryan continue to plan for the project. Ryan received final design approval from the City's Downtown Development Review Board (DDRB) on December 12th conditioned on streetscape and tree shading requirements, redesign of the perimeter security elements (bollard and landscape planter elements) and southeast garage corner design at Adams and Julia streets to enhance pedestrian experience for the building corner and hardscaping. Ryan continues with site due diligence including environmental review, preliminary site development submittals to the City, geotechnical investigations preliminary structural design and garage design. Ryan has kept JEA and its consultants abreast of progress on all aspects during the planning process. JEA is nearing completion of programming work to compile and confirm building size, functions and planned departmental adjacencies. The programming work will help inform total usable square footage and building sizes. JEA will issue a Request for Proposals for Tenant Improvement (TI - interiors) design services for responses in late January. Ryan continues to express a strong interest in performing TI construction work to control schedule, coordination and project efficiency. JEA and Ryan are planning for a groundbreaking event in late April or early May.

FINANCIAL IMPACT:

The lease executed in July includes a maximum indebtedness of $160,500,000 over the 15 year lease for all rents and building operating expenses. Additionally JEA will pay separately for interior tenant Improvement buildout including materials, tenant equipment, workstations and construction separate from the lease. JEA has a continuing right of first offer to consider a purchase of the property if Landlord desires to sell the property.

RECOMMENDATION:

This update is being provided as information only.

Melissa H. Dykes, Interim Managing Director/CEO

Ver 2.2 02/01/2014

MHD/NKV

INTER-OFFICE MEMORANDUM
January 1, 2020

SUBJECT: **SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT APPEALS BOARD REPORT**

FROM: Melissa Dykes, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:
Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Procurement Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

DISCUSSION:
This report is submitted for the quarter ending December 31, 2019. Summary information for all awards is provided below. A detailed listing for the Formal Sole Source and Emergency Awards is attached. Detailed back-up information for all other awards is retained by the Chief Procurement Officer and is available upon request. There was one (1) Procurement Appeals Board (PAB) action this quarter.

Quarter Ending December 31, 2019

Formal Awards	**Number**	**%**		**Dollar Amount**	**%**
Total	73		$	197,366,063.31	
Sole Source Awards	2	2.74%	$	3,598,441.00	1.82%
Emergency Awards	1	1.37%	$	2,064,333.53	1.05%

Informal Awards	**Number**	**%**		**Dollar Amount**	**%**
Total	1922		$	21,827,177.00	
Sole Source Awards	1	0.05%	$	138,585.00	0.63%
Emergency Awards	1	0.05%	$	23,863.00	0.11%

FINANCIAL IMPACT:
N/A

RECOMMENDATION:
This item is submitted for information. No action by the Board is required.

Melissa Dykes, Interim Managing Director/CEO

MHD/JPM/JGM

Ver 2.1 09/21/2013

Formal Sole Source Awards by Department - Detailed Listing

12 months ending December 31, 2019

Sole Source Awards (2 Item totaling $3,598,441.00)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
10/3/2019	$1,092,000.00	Kerri Stewart (Customer)	Fiserv	Customer eBill Distribution Implementation and Services	**Sole Source:** JEA has negotiated a five (5) year agreement with Fiserv for eBill distribution services to maximize customer paperless bill adoption and expand customer choice. This service will allow customers to use their existing banking services eBill feature to pay their JEA bill reaching customers beyond JEA's own website to augment paperless billing options and convenience for JEA customers. Fiserv has been selected as a sole source for new Customer Ebill Distributions services due to market monopolization strength and product capability. Fiserv is recognized as pioneer in digitization of bill pay solutions and sends 94% of all payment ebills delivered to U.S financial institutions. Fiserv has exclusive access to more than 4,000 financial institutions and 20 million customers. JEA extensively negotiated with Fiserv and compared other similar public contracts and pricing to ensure a competitive offer including no cost for implementation.
12/12/2019	$2,506,441.00	Kerri Stewart (Customer)	Exceleron Software, LLC	Customer MyWay Pre-Paid Account Management Software Support	**Sole Source:** The scope of this request is for Customer Pre-Paid Account Management Software Support Services for JEA Customer MyWay Pre-Paid Accounts. JEA offers customers prepaid services to offer an alternative to traditional payment methods, and to accommodate JEA customer growth. Exceleron Customer MyWay Prepaid Software was originally competitively bid in 2012 and is now being awarded a new sole source contract for software support as a follow up service. Exceleron has provided JEA a high level of service since 2012 and is currently partnering with JEA to develop the prepaid version of the complex flex pricing billing regime which JEA is considering. Continuing a sole source contract with Exceleron requires no new implementation or integration costs which are estimated at $2.7M and 18 months of JEA IT resources if JEA were to change vendors. Half of the original implementation cost was paid for by the federal government. In addition a limited number of companies offer prepaid software. JEA negotiated with Exceleron and received rate reductions of 2.5% in year 1, 6% in year 2, and 7% in year 3 in exchange for a new contract.
Total	**$3,598,441.00**				

Formal Emergency Awards by Department - Detailed Listing

12 months ending December 31, 2019

Emergency Awards (1 Item totaling $2,064,333.56)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
10/3/2019	$2,064,333.56	Deryle Calhoun (W/WW)	TB Landmark Construction, Inc.	Collins Road Force Main (FM) Relocation - Whispering Pines Dr. to Blanding Blvd.	**Emergency:** This request is to procure construction services for the installation of approximately 5,200 linear feet (LF) of 12-inch wastewater FM including 184 LF of flanged 316L stainless steel bridge-mounted river crossing with associated bridge hangers and approximately 5,016 LF of 12-inch DR-18 PVC FM with associated fittings and appurtenances. This project replaces a force main (pressurized sewer pipe) that has had several main breaks and sanitary sewer overflows (SSOs), requiring vacuum truck (Vactor) crews to stage along I-295 with accompanying maintenance of traffic and police presence to minimize the SSO and clean up the site. The project was competitively bid, but due to the emergency nature of the project, the advertising period was shortened to 21 days (including an extension due to Hurricane Dorian). Florida Statue 255.0525 requires advertising for 30 days for construction projects over $500,000. JEA received five (5) Bids and TB Landmark Construction, Inc. was the lowest responsive and responsible bidder.
Total	**$2,064,333.56**				

Total Sole Source & Emergency Procurement Actions

	FY19 Q2	FY19 Q3	FY19 Q4	FY20 Q1
Total Awards	$119.76M	$134.34M	$132.01M	$219.19M
Sole Source ($)	$0.00M	$0.23M	$0.00M	$3.74M
Sole Source (%)	0%	0.17%	0%	1.71%
Emergency ($)	$0.00M	$0.02M	$0.00M	$2.09M
Emergency (%)	0.00%	0.02%	0.00%	0.95%
Combined SS/E (%)	0.00%	0.19%	0.00%	2.66%

Written Order from October 3, 2019 Hearing
Before the JEA Procurement Appeals Board (PAB)

Protester: J. Collins Engineering Associates, LLC
Solicitation: JEA Solicitation No. 054-19 RFP
(General Engineering Services for Pipeline Projects and Studies Less than 16" Pipe Diameter and Manhole Inspections (JSEB Sheltered)

Whereas, on June 15, 2019, the Protester filed a formal protest (the "Protest"), with respect to the Solicitation;

Whereas, on August 14, 2019, JEA's Chief Procurement Officer denied the Protest;

Whereas, on August 16, 2019, the Protester appealed the denial of the Protest to the PAB in accordance with Section 5-303 of JEA's Procurement Code;

Whereas, on October 3, 2019, the PAB (consisting of Chairperson John McCarthy, Shawn Eads, and Caren Anders) conducted a public hearing on the appeal, beginning at approximately 4:00 PM and concluding at approximately 4:55 PM;

Whereas, the PAB members heard arguments and testimony from: (i) the Protester, through its attorney, Judson Bradley, Esq. and its representative, John Collins, (ii) JEA's Chief Purchasing Officer (Jenny McCollum); and (iii) the attorney representing JEA's Chief Purchasing Officer (Emerson Lotzia).

Whereas, written information regarding the Protest was provided prior to the hearing to the PAB members by JEA and the Protester.

Now therefore, at the conclusion of the hearing, based on the information presented, the PAB decided (on a motion by Caren Anders, seconded by Shawn Eads, and unanimously approved by the PAB) as follows:

1. To deny the Protester's appeal on the basis that JEA's intended action of JEA's final rankings for Solicitation RFP 054-19 General Engineering Services for Pipeline Projects and Studies Less than16" Pipe Diameter and Manhole Inspections (JSEB Sheltered) determining that Almond Engineering, Four Waters Engineering and C&ES are the Responsive and Responsible Proposers whose Proposals meet or exceeds the Minimum Qualifications set forth in the Solicitation and are the Highest Evaluated Proposers was not in conflict with JEA's Procurement Code, arbitrary, capricious, dishonest, fraudulent, clearly erroneous, illegal and that such action was in the best interest of JEA.

Entered this 3rd day of October, 2019, in Jacksonville, Florida.

John McCarthy, Chair

Document Number: 1309948

INTER-OFFICE MEMORANDUM
January 13, 2020

SUBJECT:	**ERNST & YOUNG FY2019 EXTERNAL AUDIT REPORT**
FROM:	Melissa H. Dykes, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA management is responsible for the preparation and fair presentation of the company's annual financial statements. As part of the governance process, the JEA Board engages an independent accounting firm to express an opinion on the financial statements based on their audit.

DISCUSSION:
JEA has engaged Ernst & Young, LLP (E&Y) to conduct the audit of JEA's annual financial statements for a period of 16 years. On December 9, 2019, E&Y presented the results of their audit to the Finance and Audit Committee. Their resulting report is attached.

FINANCIAL IMPACT:
None

RECOMMENDATION:
No action by the Board is required. This item is submitted for information only.

Melissa H. Dykes, Interim Managing Director/CEO

MHD/JEO/RJC

Ver 2.2 02/01/2014

Financial Statements, Supplementary Information, and Bond Compliance Information

JEA

Years Ended September 30, 2019 and 2018
With Report of Independent Auditors

Ernst & Young LLP

Building a better
working world

JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2019 and 2018

Contents

Building a better working world

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Report of Independent Auditors

The Board of Directors
JEA
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of JEA, a component unit of the City of Jacksonville as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise JEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JEA as of September 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Building a better working world

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Disclosure and Analysis, the Schedule of JEA's Proportionate Share of the Net Pension Liability and Schedule of JEA Contributions, SJRPP Pension Plan – Schedule of Changes in Net Pension Liability and Related Ratios, SJRPP Pension Plan – Investment Returns and Schedule of Contributions, OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios and OPEB Plan – Investment Returns and Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position and cash flows and Schedules of Debt Service Coverage as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements of net position, revenues, expenses and changes in net position and cash flows and schedules of debt service coverage, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 9, 2019, on our consideration of JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEA's internal control over financial reporting and compliance.

Ernst + Young LLP

December 9, 2019

Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Electric Enterprise, Water and Sewer, and DES funds are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2019 and 2018. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The notes to the financial statements are an integral part of JEA's basic financial statements and contain information on accounting principles and additional information on certain components of these statements.

The following tables summarize the financial condition and operations of JEA for the 2019 and 2018 fiscal years:

Management's Discussion and Analysis (continued)

Condensed Statements of Net Position

	2019	2018	2017*
		(In millions)	
Assets and deferred outflows of resources			
Current assets	**$ 753**	$ 874	$ 902
Other noncurrent assets	**1,517**	1,677	1,624
Net capital assets	**5,466**	5,380	5,814
Deferred outflows of resources	**461**	435	438
Total assets and deferred outflows of resources	**$ 8,197**	$ 8,366	$ 8,778
Liabilities and deferred inflows of resources			
Current liabilities	**$ 200**	$ 207	$ 189
Current liabilities payable from restricted assets	**371**	367	449
Net pension liability	**566**	544	554
Other noncurrent liabilities	**110**	91	90
Long-term debt	**3,696**	4,053	4,410
Deferred inflows of resources	**301**	348	457
Net position			
Net investment in capital assets	**2,249**	1,857	1,622
Restricted	**400**	542	614
Unrestricted	**304**	357	393
Total liabilities, deferred inflows of resources, and net position	**$ 8,197**	$ 8,366	$ 8,778

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017*
		(In millions)	
Operating revenues	**$ 1,752**	$ 1,790	$ 1,875
Operating expenses	**(1,340)**	(1,399)	(1,380)
Operating income	**412**	391	495
Nonoperating expenses, net	**(111)**	(131)	(149)
Contributions	**(103)**	(89)	(91)
Special Item	**–**	(45)	–
Change in net position	**198**	126	255
Net position – beginning of the year	**2,755**	2,629	2,377
Effect of adoption of GASB Statement No. 75	**–**	–	(3)
Net position – beginning of the year, restated	**2,755**	2,629	2,374
Net position – end of the year	**$ 2,953**	$ 2,755	$ 2,629

*Restated for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Management's Discussion and Analysis (continued)

Financial Analysis of JEA for fiscal years 2019 and 2018

2019 Compared to 2018

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $66 million (4.8%) compared to fiscal year 2018. Electric revenues decreased $7 million and other operating revenues decreased by $59 million.

The $7 million decrease in electric revenues was driven by a $29 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018. That decrease was mostly offset by a $16 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information) and a $6 million increase in territorial sales. Territorial MWh sales were up 40,695 megawatt hours (MWh) (0.3%), driven by a 0.9% increase in degree days that was partially offset by a 1.6% decrease in average MWhs per customer. SJRPP Sales to FPL decreased by 332,467 MWh and off-system sales increased by 25,494 MWh, which brought the change to a net decrease in MWh sales of 266,278 MWh (2.1%).

The decrease in other operating revenues was due to the cycling of the prior year FPL shutdown payment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for further details.

Operating Expenses

Total operating expenses decreased approximately $83 million (7.5%), compared to fiscal year 2018.

Fuel and purchased power expense decreased approximately $65 million (12.2%), compared to fiscal year 2018. Costs decreased by $76 million while MWh generated and purchased increased by $11 million. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 0.7% compared to fiscal year 2018 to 12,964,577 MWh, with an increase of 39.8% for MWh purchased and a decrease of 8.2% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2019	FY 2018
Natural gas	**49%**	48%
Purchases	**26%**	18%
Coal	**16%**	22%
Petroleum coke	**9%**	12%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, decreased approximately $18 million, compared to fiscal year 2018.

Maintenance and other operating expenses decreased $46 million. The drivers for the decrease were a $49 million reduction in SJRPP operating expenses due to the plant shutdown, a $14 million decrease in Scherer capital improvements and operating costs as outage years are in even-numbered years, and a $4 million decrease in industrial services. These decreases were offset by an $11 million increase in professional services, an $8 million increase in compensation and benefits, a $1 million increase in insurance, and a $1 million increase in maintenance.

Management's Discussion and Analysis (continued)

Recognition of deferred costs and revenues, net increased $33 million due to a $22 million increase in environmental projects paid from the rate stabilization fund and $11 million in higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for additional details. Depreciation expense decreased $6 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $1 million due to higher electric revenue taxable sales.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues increased approximately $28 million (6.5%) compared to fiscal year 2018. Water revenues increased $8 million (4.5%) due to a 4.2% increase in consumption and a 2.1% increase in customer accounts. Water consumption increased 1,509,513 kilogallons (kgals) to 37,696,072 kgals. Sewer revenues increased approximately $9 million (3.9%) primarily related to a 5.3% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 1,386,174 kgals to 27,726,796 kgals. Reuse revenues increased approximately $4 million (31.1%), primarily related to a 24.1% increase in reuse accounts and a 24.5% increase in sales. Reuse sales increased 764,471 kgals to 3,884,210 kgals. Water and sewer revenues also increased due to a $5 million net increase in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million as a result of increases in miscellaneous service revenues.

Operating Expenses

Operating expenses increased $24 million (7.6%), compared to fiscal year 2018. Maintenance and other expenses increased $11 million due to a $7 million increase in compensation and benefits and a $4 million increase in professional and industrial services. Depreciation expense increased $8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net increased $5 million due to an increase in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2018 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2018 at $7 million.

Management's Discussion and Analysis (continued)

2018 Compared to 2017

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $62 million (4.4%) compared to fiscal year 2017. Electric revenues decreased $114 million and other operating revenues increased by $52 million. The $114 million decrease in electric revenues was due to a $97 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018, and a $40 million decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. The decrease was partially offset by $23 million increase in territorial sales. Territorial MWh sales were up 314,205 megawatt hours (MWh) (2.6%), resulting in a 1.0% increase in average MWhs per customer, driven by a 13.9% increase in degree days. SJRPP Sales to FPL decreased by 1,360,616 MWh and off-system sales decreased by 115,206 MWh, which brought the change to a net decrease in MWh sales of 1,161,617 MWh (8.4%). The increase in other operating revenues was driven by the FPL shutdown payment. See note 3, St. Johns River Power Park Decommissioning, for further details.

Operating Expenses

Total operating expenses increased approximately $14 million (1.3%), compared to fiscal year 2017.

Fuel and purchased power expense decreased approximately $6 million (1.1%), compared to fiscal year 2017. Costs decreased by $19 million while MWh generated and purchased increased by $13 million. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 1.6% compared to fiscal year 2017 to 12,874,102 MWh, with an increase of 41.6% for MWh purchased and a decrease of 4.5% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2018	**FY 2017**
Natural gas	**48%**	39%
Coal	**22%**	43%
Purchases	**18%**	12%
Petroleum coke	**12%**	6%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, increased approximately $20 million, compared to fiscal year 2017.

Maintenance and other operating expenses increased $30 million. The drivers for the increase were a $19 million increase in Scherer capital improvements and operating costs, $14 million in SJRPP renewal and replacement expenses, and $5 million increase in maintenance costs. These increases were offset by an $8 million reduction in SJRPP operating expenses due to the plant shutdown.

Depreciation expense decreased $28 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $2 million due to higher electric revenue taxable sales. Recognition of deferred costs and revenues, net increased $16 million as a result of higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See note 3, St. Johns River Power Park Decommissioning, for additional details.

Management's Discussion and Analysis (continued)

Water and Sewer Enterprise

Operating Revenues

Total operating revenues decreased approximately $22 million (4.9%) compared to fiscal year 2017. Water revenues decreased $10 million (5.5%) due to a 2.8% decrease in consumption, which was partially offset by a 2.1% increase in customer accounts. Water consumption decreased 1,058,629 kgals to 36,186,559 kgals. Sewer revenues decreased approximately $4 million (1.6%) primarily related to a 1.4% decrease in sales, which was partially offset by a 2.5% increase in sewer accounts. Sewer sales decreased 372,148 kgals to 26,340,622 kgals. The water and sewer revenue decreases were driven by a 22.4% increase in rain days. Reuse revenues increased approximately $1 million (3.4%), primarily related to a 22.4% increase in reuse accounts, which was partially offset by a 5.2% decrease in sales. Reuse sales decreased 170,572 kgals to 3,119,739 kgals. Water and sewer revenues were impacted by an $11 million net decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million due to additional waste disposal revenues.

Operating Expenses

Operating expenses increased $5 million (1.7%), compared to fiscal year 2017. Maintenance and other expenses increased $8 million due to a $5 million increase in professional services, industrial services, and compensation and a $3 million increase in interfund charges. Depreciation expense increased $2 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net decreased $5 million due to a decrease in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2017 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2017 at $7 million.

Management's Discussion and Analysis (continued)

Nonoperating Revenues and Expenses

2019 Compared to 2018

There was a decrease of approximately $20 million (14.9%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2019 (in millions)
Changes in nonoperating expenses, net	
Write-off of losses on refundings due to defeasances	$ (24)
Investment gains – fair value adjustments	17
Decrease in scheduled interest on debt	16
Increase in investment income	11
Increase in allowance for funds used during construction	2
Cycling of prior year gain on sale of assets	(2)
Decrease in The Energy Authority earnings	(2)
Increase in other nonoperating income - timber	2
Total change in nonoperating expenses, net	$ 20

2018 Compared to 2017

There was a decrease of approximately $18 million (12.1%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2018 (in millions)
Changes in nonoperating expenses, net	
Decrease in interest on debt	$ 16
Investment gains – fair value adjustments	4
Decrease in investment income	(3)
Decrease in The Energy Authority earnings	(2)
Gain on sale of assets	2
Decrease in other nonoperating expenses - timber	2
Increase in other interest expense	(1)
Total change in nonoperating expenses, net	$ 18

Management's Discussion and Analysis (continued)

Capital Assets and Debt Administration for Fiscal Years 2019 and 2018

Capital Assets

As of September 30, 2019, JEA had approximately $5,465 million in capital assets, net of accumulated depreciation. This included $2,684 million in electric plant, $2,748 million in water and sewer plant, and $33 million in chilled water plant. During fiscal year 2019, capital additions were $487 million, which included $277 million in electric plant, $209 million in water and sewer plant, and $1 million in chilled water plant. As of September 30, 2018, JEA had approximately $5,380 million in capital assets, net of accumulated depreciation. This included $2,662 million in electric plant, $2,683 million in water and sewer plant, and $35 million in chilled water plant. During fiscal year 2018, capital additions were $387 million, which included $183 million in electric plant, $203 million in water and sewer plant, and $1 million in chilled water plant. Also during fiscal year 2018, a $451 million write down was recorded to the Electric Enterprise capital accounts due to the shutdown of the SJRPP power plant. More detailed information is presented in note 3, St. Johns River Power Park Decommissioning, to the financial statements.

With the adoption of the depreciation ratemaking policy in 2014, the depreciation of contributed assets are not included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB 62, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2019, $5 million of contributed capital related to the Electric System and $62 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2018, $2 million of contributed capital related to the Electric System and $52 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be provided from revenues generated from operations and existing construction fund balances.

Scherer is subject to a joint ownership agreement. JEA's share of the estimated capital expenditures relating to this plant is $10 million and is included in the Electric Enterprise Fund amount above.

Management's Discussion and Analysis (continued)

Debt Administration

Debt outstanding at September 30, 2019, was $3,621 million, a decrease of approximately $379 million from the prior fiscal year. This decrease was due to defeasance of principal of $195 million and regular principal payments of $186 million, being partially offset by new debt issued of $2 million.

Debt outstanding at September 30, 2018, was $3,999 million, a decrease of approximately $402 million from the prior fiscal year. This decrease was due to defeasance of principal of $994 million and regular principal payments of $229 million, being partially offset by new debt issued of $821 million.

JEA's debt ratings on its long-term debt per Standard & Poor's and Fitch remained unchanged from fiscal year 2018. On October 11, 2018, Moody's Investors Service lowered its ratings with respect to the Bonds of JEA as follows:

(a) with respect to Electric System Revenue Bonds, Bulk Power Supply System Revenue Bonds, and SJRPP System Revenue Bonds, the long-term debt ratings were lowered from "Aa2" to "A2";

(b) with respect to Electric System Subordinated Revenue Bonds, the long-term ratings were lowered from "Aa3" to "A3";

(c) with respect to Water and Sewer Revenue Bonds and Water and Sewer Subordinated Revenue Bonds, the long term ratings were lowered from "Aa2" to "A2"; and

(d) with respect to DES Revenue Bonds, the long-term ratings were lowered from "Aa3" to "A3".

	2019					2018				
	Electric System	Water and Sewer System	SJRPP	Scherer	District Energy System	Electric System	Water and Sewer System	SJRPP	Scherer	District Energy System
Senior debt										
Moody's Investors Service	**A2**	**A2**	**A2**	**A2**	**A3**	Aa2	Aa2	Aa2	Aa2	Aa3
Standard & Poor's	**A+**	**AAA**	**A+**	**A+**	**AA+**	A+	AAA	A+	A+	AA+
Fitch	**AA**	**AA**	**AA**	**AA**	**AA**	AA	AA	AA	AA	AA
Subordinated debt										
Moody's Investors Service	**A3**	**A2**	*	*	*	Aa3	Aa2	*	*	*
Standard & Poor's	**A**	**AA+**	*	*	*	A	AA+	*	*	*
Fitch	**AA**	**AA**	*	*	*	AA	AA	*	*	*

* There are no subordinated bonds related to this system.

Management's Discussion and Analysis (continued)

Currently Known Facts Expected to have a Significant Effect on Financial Position and/or Changes in Operations

Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its March 2019 meeting, the following two changes to the electric tariff:

- Residential Demand Rate Pilot modifications to continue evaluating a pricing platform that may provide revenue stability, deliver positive customer impact, and promote efficient system utilization and

- removal of the expiration date of the JEA SolarMax Rider to continue to provide large commercial customers a choice to have up to 100 percent of their business's energy needs met by solar power.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Audited Financial Statements

JEA

Statements of Net Position

(In Thousands)

	September 2019	September 2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 414,438**	$ 441,206
Investments	**2,399**	85,310
Customer accounts receivable, net of allowance ($1,341 for 2019 and $1,830 for 2018)	**226,848**	232,858
Inventories:		
Materials and supplies	**58,962**	59,204
Fuel	**30,898**	36,871
Other current assets	**19,592**	18,290
Total current assets	**753,137**	873,739
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	**265,784**	114,576
Investments	**380,250**	731,627
Accounts and interest receivable	**1,071**	62
Total restricted assets	**647,105**	846,265
Costs to be recovered from future revenues	**851,046**	808,096
Other assets	**19,016**	22,686
Total noncurrent assets	**1,517,167**	1,677,047
Net capital assets	**5,465,444**	5,380,259
Total assets	**7,735,748**	7,931,045
Deferred outflows of resources		
Unrealized pension contributions and losses	**131,554**	171,367
Unamortized deferred losses on refundings	**108,875**	143,722
Accumulated decrease in fair value of hedging derivatives	**161,485**	86,356
Unrealized asset retirement obligation	**50,329**	29,173
Unrealized OPEB contributions and losses	**9,100**	4,078
Total deferred outflows of resources	**461,343**	434,696
Total assets and deferred outflows of resources	**$ 8,197,091**	$ 8,365,741

See accompanying notes to financial statements.

JEA

Statements of Net Position (continued)
(In Thousands)

	September 2019	September 2018
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	**$ 53,827**	$ 81,770
Customer deposits and prepayments	**73,974**	70,213
Billings on behalf of state and local governments	**26,292**	25,970
Current portion of asset retirement obligations	**18,884**	6,646
Compensation and benefits payable	**17,228**	12,688
City of Jacksonville payable	**10,269**	9,957
Total current liabilities	**200,474**	207,244
Current liabilities payable from restricted assets:		
Debt due within one year	**192,555**	185,790
Interest payable	**64,775**	73,737
Renewal and replacement reserve	**46,955**	54,370
Construction contracts and accounts payable	**66,775**	53,369
Total current liabilities payable from restricted assets	**371,060**	367,266
Noncurrent liabilities:		
Net pension liability	**566,372**	544,203
Asset retirement obligation	**31,445**	22,526
Net OPEB liability	**18,256**	18,835
Other liabilities	**59,840**	49,227
Total other noncurrent liabilities	**675,913**	634,791
Long-term debt:		
Debt payable, less current portion	**3,428,080**	3,813,680
Unamortized premium, net	**118,125**	152,891
Fair value of debt management strategy instruments	**149,887**	86,356
Total long-term debt	**3,696,092**	4,052,927
Total liabilities	**4,943,539**	5,262,228
Deferred inflows of resources		
Revenues to be used for future costs	**238,690**	286,832
Unrealized pension gains	**50,880**	50,124
Unrealized OPEB gains	**11,249**	8,712
Accumulated increase in fair value of hedging derivatives	**-**	2,536
Total deferred inflows of resources	**300,819**	348,204
Net position		
Net investment in capital assets	**2,248,863**	1,856,725
Restricted for:		
Capital projects	**165,186**	331,157
Debt service	**193,063**	187,172
Other purposes	**42,005**	23,708
Unrestricted	**303,616**	356,547
Total net position	**2,952,733**	2,755,309
Total liabilities, deferred inflows of resources, and net position	**$ 8,197,091**	$ 8,365,741

See accompanying notes to financial statements.

JEA

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	September 2019	September 2018
Operating revenues		
Electric	**$ 1,259,815**	$ 1,267,202
Water and sewer	**450,116**	423,480
District energy system	**8,504**	8,348
Other	**33,526**	90,952
Total operating revenues	**1,751,961**	1,789,982
Operating expenses		
Operations and maintenance:		
Fuel	**330,328**	421,052
Purchased power	**135,245**	109,194
Maintenance and other operating expenses	**395,692**	431,269
Depreciation	**362,313**	360,609
State utility and franchise taxes	**71,569**	70,027
Recognition of deferred costs and revenues, net	**44,792**	6,856
Total operating expenses	**1,339,939**	1,399,007
Operating income	**412,022**	390,975
Nonoperating revenues (expenses)		
Interest on debt	**(175,046)**	(166,508)
Investment income	**39,745**	11,826
Allowance for funds used during construction	**14,099**	11,764
Other nonoperating income, net	**9,082**	9,857
Earnings from The Energy Authority	**2,412**	4,074
Other interest, net	**(1,626)**	(1,825)
Total nonoperating expenses, net	**(111,334)**	(130,812)
Income before contributions	**300,688**	260,163
Contributions (to) from		
General Fund, City of Jacksonville, Florida	**(132,802)**	(116,620)
Developers and other	**97,726**	82,157
Reduction of plant cost through contributions	**(68,188)**	(54,114)
Total contributions, net	**(103,264)**	(88,577)
Special items	**-**	(45,099)
Change in net position	**197,424**	126,487
Net position, beginning of year	**2,755,309**	2,628,822
Net position, end of year	**$ 2,952,733**	$ 2,755,309

See accompanying notes to financial statements.

JEA

Statements of Cash Flows
(In Thousands)

	September	
	2019	**2018**
Operating activities		
Receipts from customers	**$ 1,679,527**	$ 1,740,598
Payments to suppliers	**(709,908)**	(799,895)
Payments to employees	**(233,377)**	(258,636)
Other operating activities	**33,088**	84,869
Net cash provided by operating activities	**769,330**	766,936
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	**(132,707)**	(116,569)
Net cash used in noncapital and related financing activities	**(132,707)**	(116,569)
Capital and related financing activities		
Defeasance of debt	**(195,045)**	(993,690)
Proceeds received from debt	**2,000**	821,000
Acquisition and construction of capital assets	**(466,730)**	(375,544)
Repayment of debt principal	**(185,790)**	(229,095)
Interest paid on debt	**(169,836)**	(182,849)
Capital contributions	**29,538**	28,043
Other capital financing activities	**(3,835)**	63,197
Net cash used in capital and related financing activities	**(989,698)**	(868,938)
Investing activities		
Purchase of investments	**(415,403)**	(1,037,966)
Proceeds from sale and maturity of investments	**863,004**	1,179,471
Investment income	**27,471**	15,301
Distributions from The Energy Authority	**2,443**	3,513
Net cash provided by investing activities	**477,515**	160,319
Net change in cash and cash equivalents	**124,440**	(58,252)
Cash and cash equivalents at beginning of year	**555,782**	614,034
Cash and cash equivalents at end of year	**$ 680,222**	$ 555,782
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 412,022**	$ 390,975
Adjustments:		
Depreciation and amortization	**363,534**	361,889
Recognition of deferred costs and revenues, net	**44,792**	6,856
Other nonoperating income, net	**2,035**	1,073
Changes in noncash assets and noncash liabilities:		
Accounts receivable	**(2,403)**	26,486
Accounts receivable, restricted	**8**	16
Inventories	**6,215**	46,419
Other assets	**2,418**	(2,612)
Accounts and accrued expenses payable	**(22,743)**	979
Current liabilities payable from restricted assets	**(5,299)**	(49,998)
Other noncurrent liabilities and deferred inflows	**(31,249)**	(15,147)
Net cash provided by operating activities	**$ 769,330**	$ 766,936
Noncash activity		
Contribution of capital assets from developers	**$ 68,188**	$ 54,114
Unrealized gains (losses) on fair value of investments, net	**$ 13,314**	$ (3,386)

See accompanying notes to financial statements.

JEA

Notes to Financial Statements
(Dollars in Thousands)

Years Ended September 30, 2019 and 2018

1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA is currently organized into three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which is jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). Water and Sewer consists of water and sewer system activities. DES consists of chilled water activities. Separate accounting records are currently maintained for each system. These financial statements include JEA’s ownership interest in Scherer. The following information relates to JEA’s ownership interest in Scherer as of September 30, 2019 and 2018:

	2019	2018
Inventories	$ **4,753**	$ 7,463
Costs to be recovered from future revenues	**3,970**	6,155
Capital assets, net	**127,207**	135,595
Unrealized asset retirement obligations	**32,282**	-
Current portion of asset retirement obligations	**837**	-
Debt due within one year	**6,150**	5,710
Asset retirement obligations	**31,445**	-
Long-term debt	**88,403**	94,602
Revenues to be used for future costs	**33,682**	37,560

The funds are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the operations. The operations of Scherer and SJRPP are subject to joint ownership agreements and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(t), Setting of rates.

At the July 23, 2019 board meeting, the JEA board authorized JEA's senior leadership team to explore four different forms of ownership: 1) community ownership, 2) initial public offering, 3) private placement offering equity shares, or 4) a conversion to a corporation with controlling interest purchased by a tech-focused company, oil and gas-focused company, or utility company. On August 2, 2019, as part of this process, JEA issued an invitation to negotiate (ITN) for strategic alternatives. Negotiations are ongoing with the nine respondents that have been moved to the negotiation phase. The impact to JEA’s financial reporting of the results of the ITN process is unknown at this time.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.
- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.
- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. Discounts and allowances totaled $34,996 in fiscal year 2019 and $32,441 in 2018. JEA withdrew the net amount of $36,713 in fiscal year 2019 and $15,813 in 2018 from stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 0.1% of its electric revenue from billings to FPL in fiscal year 2019 and 2.4% in 2018. Operating revenues include amounts estimated for unbilled services provided during the reporting period of $78,973 in 2019 and $82,576 in 2018.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by its bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	**2019**	**2018**
Electric Enterprise Fund	**4.4%**	4.3%
Water and Sewer Fund	**4.3%**	4.3%
District Energy System	**3.8%**	3.7%

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was $175,046 for fiscal year 2019 and $166,508 for 2018, of which $14,099 was capitalized in fiscal year 2019 and $11,764 in 2018. Investment income on bond proceeds was $186,189 in fiscal year 2019 and $0 in 2018.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(f) Depreciation

Depreciation of capital assets is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. Depreciation begins on the date the assets are placed in service. Generally, recurring renewal and replacement capital additions are placed in service at the end of each fiscal year. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically. The latest depreciation study was completed during fiscal year 2019 and the rates for that study become effective in fiscal year 2020. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.18% and 3.24% for fiscal years 2019 and 2018, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life *(Years)*	**2019**	**2018**
Electric Enterprise Fund	**23.7**	23.9
Water and Sewer Fund	**27.4**	27.6
District Energy System	**23.7**	23.7

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments are presented at fair value or cost, which is further explained in note 14, *Fair Value Measurements*. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2019 and 2018, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred outflow of resources or a deferred inflow of resources until such time that the transactions end. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position.

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of $68,188 and $54,114 were recorded in fiscal years 2019 and 2018 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City's General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. The SJRPP Plan is governed by a three-member Pension Committee to ensure compliance with actuarial standards.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

The compensated absence liability as of September 30, 2019 was $32,094. Of this amount, $2,660 was included in compensation and benefits payable on the accompanying statements of net position. The remaining balance of $29,434 was included in other liabilities on the accompanying statements of net position. During fiscal year 2019, annual leave earned totaled $22,794 and annual leave taken totaled $21,583. The compensated absence liability as of September 30, 2018, was $30,854. Of this amount, $1,423 was included in compensation and benefits payable on the accompanying statements of net position. The remaining balance of $29,431 was included in other liabilities on the accompanying statements of net position. During fiscal year 2018, annual leave earned totaled $21,983 and annual leave taken totaled $22,788.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(r) Asset Retirement Obligations

JEA applies GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). See note 3, Asset Retirement Obligations, for further discussion.

(s) Costs to Be Recovered from Future Revenues/Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

(t) Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its March 2019 meeting, the following two changes to the electric tariff:

- Residential Demand Rate Pilot modifications to continue evaluating a pricing platform that may provide revenue stability, deliver positive customer impact, and promote efficient system utilization and
- removal of the expiration date of the JEA SolarMax Rider to continue to provide large commercial customers a choice to have up to 100 percent of their business's energy needs met by solar power.

(u) Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(v) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(w) Newly Adopted Standards for Fiscal Year 2019

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. See note 8, Long-Term Debt, for the additional disclosures.

(x) Recently Issued Accounting Pronouncements Not Yet Effective

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2020. The impact on JEA's financial reporting will be the reporting of its pension and other postemployment benefit plans in fiduciary fund financial statements.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting has not been determined.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. However, GASB allows those entities meeting the criteria for regulated operations, and electing to apply the related provisions of Statement 62, to continue to capitalize qualifying interest cost as a regulatory asset. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting has not been determined.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for JEA in fiscal year 2020. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under costs to be recovered from future revenues or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Asset	2019	2018
Unfunded pension costs	**$ 485,698**	$ 433,583
SJRPP and Bulk Power cost to be recovered	**248,343**	264,526
Environmental projects	**74,129**	59,859
Unfunded OPEB costs	**20,405**	23,469
Storm costs to be recovered	**15,683**	18,966
Debt issue cost	**6,788**	7,693
Total regulatory assets	**$ 851,046**	$ 808,096

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation. In fiscal year 2019, the balance includes amounts attributable to JEA's portion of the GERP and amounts related to the SJRPP Plan. In fiscal year 2018, the asset consisted of amounts attributable to JEA's portion of the GERP. For the SJRPP pension plan, JEA made excess contributions during fiscal year 2018 that resulted in a regulatory liability. See excess pension contributions in the Regulatory Liabilities section of this footnote. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

2. Regulatory Deferrals (continued)

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of $245,104 at September 30, 2019 and $259,165 at September 30, 2018 are the result of differences between expenses in determining rates and those used in financial reporting. During fiscal year 2018, operations of SJRPP, as generating facility, ceased and the majority of the assets were dismantled. A write down of $451,037 of undepreciated book value of the assets was recognized during fiscal year 2018 and $128,280 of bonds were defeased as a result of the shutdown of SJRPP. As of September 30, 2019, SJRPP has remaining plant in service assets of $9,734 and outstanding debt of $278,885. The details relating to the shutdown of SJRPP are further discussed in the St. Johns River Power Park section of note 3, Asset Retirement Obligations. The JEA board approved the deferral of this regulatory asset. SJRPP has a contract with the JEA Electric System to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were $3,239 at September 30, 2019 and $5,361 at September 30, 2018. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Environmental Projects – The Board approved the recovery of previously approved water environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was $101,277 of which $51,307 and $59,859 remained unrecovered as of September 30, 2019 and 2018, respectively. This deferral is being amortized over ten years. The Board also approved the recovery of previously approved electric environmental capital projects that had not been collected through the environmental surcharge over a five-year period beginning October 1, 2018. The amount approved for recovery and transferred out of capital assets was $28,527 of which $22,822 remained unrecovered as of September 30, 2019. This deferral is being amortized over five years.

Unfunded OPEB Costs – Accrued OPEB represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's other postemployment benefit plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for OPEB. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 75 in fiscal year 2018. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and OPEB expense.

Storm costs to be recovered – This amount represents storm costs that are expected to be recovered from insurance and the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

2. Regulatory Deferrals (continued)

Regulatory Liabilities

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities		**2019**		**2018**
Fuel stabilization	**$**	**47,153**	$	74,376
Environmental		**41,319**		55,077
Nonfuel purchase power		**56,870**		53,493
Debt management stabilization		**44,093**		44,093
Bulk Power revenues to be used for future costs		**33,682**		37,560
Excess pension contributions		**–**		10,624
Self-insurance medical reserve		**11,210**		8,139
Customer benefit stabilization		**4,363**		3,470
Total regulatory liabilities	**$**	**238,690**	$	286,832

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. Net expense incurred in excess of the revenue collected and recognized as a reduction of the regulatory liability during fiscal years 2019 and 2018 was $27,223 and $57,339, respectively.

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability. During fiscal year 2019, $32,678 was collected through the surcharge with $14,257 of recovery of previously approved environmental capital projects, $26,827 of capital projects, and $5,352 of operations and maintenance costs being incurred with the remaining $13,758 recognized as a reduction of the regulatory liability. During fiscal year 2018, $31,401 was collected through the surcharge with $8,551 of recovery of previously approved environmental capital projects, $6,169 of capital projects, and $3,234 of operations and maintenance costs being incurred with the remaining $13,447 recognized as an addition to the regulatory liability.

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle's debt service with the anticipated in service date. It may be used for other purposes with the Board's approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed. Deposits made to the stabilization fund were $17,566 and $40,000 for fiscal years 2019 and 2018, respectively.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

2. Regulatory Deferrals (continued)

Debt management stabilization – The Board has authorized the use of a debt management stabilization fund. Amounts are included in the fund based on differences between budgeted and actual debt cost up to an established maximum reserve fund. At the September 2019 board meeting, the Board approved the elimination of the debt management stabilization fund and the use of the corresponding funds to execute Phase 2 of the Strategic and Timely Asset Realignment (STAR) plan. See note 18, Subsequent Events, for more information.

Bulk Power revenues to be used for future costs – This amount represents Bulk Power Supply System early debt principal paid in excess of straight-line depreciation.

Excess pension contributions – Excess pensions contributions represents a regulatory liability related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to the SJRPP Plan. The regulatory liability is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated “Health Self-Insurance Fund” to cover reserve requirements for its self-insurance health program over medical and prescription benefits. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less approved amounts to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of $250 per employee. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

The changes in the self-insurance medical reserve for the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Beginning balance	**$ 8,139**	$ 9,214
Contributions	**32,116**	29,561
Incurred claims	**(29,045)**	(30,636)
Ending balance	**$ 11,210**	$ 8,139

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

3. Asset Retirement Obligations

Scherer

As part of JEA's ownership of Scherer, it has a proportionate ownership interest in associated common facilities (Common Facilities) of 5.91% (23.64% divided by 4, as there are 4 units in total). There is no majority owner of the Common Facilities. Georgia Power is the nongovernmental minority owner that has operational responsibility of the Common Facilities and, as such, is responsible for calculating any associated asset retirement obligations (AROs). The AROs at Scherer are primarily related to the ash pond.

In accordance with GASB 83, JEA's minority share of the AROs is reported using the measurement produced by Georgia Power, who is registered with the Securities and Exchange Commission and is subject to accounting rules set by the Financial Accounting Standards Board.

At September 30, 2019, the total amount of the AROs at Scherer are $546,227, with JEA's minority share being $32,282. Of the total liability, $837 is recorded in current portion of asset retirement obligations and $31,445 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by $32,282, which is recorded in the separate line item, unrealized asset retirement obligation, in deferred outflows of resources.

There are no legally required funding or assurance provisions associated with JEA's minority share of the AROs and JEA has not restricted any of its assets for payment of this liability.

St. Johns River Power Park

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. A Purchased Power Agreement (PPA) in the JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP, including early termination of the PPA. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP. The final order was approved by FPSC in October 2017.

Shutdown occurred on January 5, 2018. On that date, FPL paid JEA $90,400, made up of FPL's cash reserves at SJRPP and a shutdown cash payment of $51,869 as a result of the early termination of the PPA. The payment was recorded as other operating revenue and the expenses related to the shutdown were charged to maintenance and other operating expenses on the statement of revenues, expenses, and changes in net position. In addition, on that date, FPL paid JEA the FPL Debt Service Reserves, which JEA then paid to an escrow account to consummate the bond defeasance of $128,280 of Issue Two debt. On January 5, 2018, JEA defeased all of the SJRPP System Revenue Issue Two debt and, on March 21, 2018, JEA satisfied and discharged the First Power Park Resolution.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

3. Asset Retirement Obligations (continued)

As part of the agreement, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited into the SJRPP Pension Fund. JEA paid a total of $8,974 in separation benefits for SJRPP employees in fiscal year 2018.

FPL conveyed their 20% interest in SJRPP's fuel inventory to JEA. The fuel inventory received, totaling $4,595, was recorded at fair value. The remaining coal at SJRPP was transferred and consumed at JEA Northside Units 1 and 2. These transactions were recorded at the book value of the coal as the coal was transferred. Based on a physical inventory, the book balance of coal inventory at September 30, 2018 was written down by $11,484 to reflect the remaining coal at SJRPP of $1,015. As of September 30, 2019, all of the SJRPP coal has been consumed.

FPL received a credit for their estimated share of the material and supplies inventory balance at shutdown, pending sale of the inventory. After the sales period passed, FPL paid a shutdown payment adjustment for their share of 20% of the loss on the remaining materials and supplies inventory. JEA is in the process of liquidating the material and supplies inventory. The remaining materials and supplies was written down to fair value in fiscal year 2018 with the recording of an adjustment of $22,444. The value remaining is $106 and $665 at September 30, 2019 and 2018, respectively.

As part of the agreement, the parties agreed that all operation of SJRPP as a generating facility would cease at shutdown. As such, the majority of the plant assets were dismantled. Because of the shutdown of SJRPP and in accordance with GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets*, an impairment loss of $451,037 was recorded, as a special item, on the un-depreciated book value of the assets that are being dismantled in fiscal year 2018. In conjunction with the recording of the impairment loss related to SJRPP decommissioning, it was determined that there were certain items included in the regulatory asset balance that were no longer going to be recovered through the ratemaking process, primarily those costs deferred related to debt issues that were defeased. As a result, an additional adjustment of $45,099 to regulatory balances was included in the statement of revenues, expenses and changes in net position in the current period, as a special item in fiscal year 2018. The remaining regulatory balance will be amortized over the life of the remaining debt outstanding related to Issue Three debt. See note 2, Regulatory Deferrals, for additional information related to SJRPP's regulatory deferrals.

FPL conveyed their 20% undivided ownership of plant in service assets to JEA. The retained plant in service assets were recorded at fair value. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA upon completion of dismantlement and environmental remediation. Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. Dismantlement and remediation is expected to be complete by July 2020. Monitoring of the site will continue for thirty years subsequent to the completion date. JEA's share of the estimated cost for dismantlement and remediation is approximately $42,400. The remaining liability, $18,047, is recorded in current portion of asset retirement obligations and is offset by the separate line item, unrealized asset retirement obligation, in the statement of net position. Currently, JEA does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on the site until completion of future environmental studies. In addition, conditions that are currently unknown could result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, JEA believes its ARO accurately reflects the estimated cost of remedial actions currently required.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

4. Restricted Assets

Restricted assets were held in the following funds at September 30, 2019 and 2018:

	September 30, 2019				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	**$ 83,017**	**$ 46,955**	**$ 48,803**	**$ 4,398**	**$ 183,173**
Sinking Fund	**153,650**	**19,635**	**80,775**	**2,356**	**256,416**
Debt Service Reserve Fund	**65,433**	**10,984**	**63,441**	**–**	**139,858**
Revenue Fund	**–**	**28,079**	**–**	**–**	**28,079**
Adjustment to fair value of investments	**4,388**	**107**	**4,225**	**–**	**8,720**
Environmental Fund	**–**	**–**	**1,891**	**–**	**1,891**
Construction Fund	**–**	**–**	**28,968**	**–**	**28,968**
Total	**$ 306,488**	**$ 105,760**	**$ 228,103**	**$ 6,754**	**$ 647,105**

	September 30, 2018				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	$ 189,929	$ 52,610	$ 141,423	$ 1,078	$ 385,040
Sinking Fund	167,483	7,446	81,242	2,340	258,511
Debt Service Reserve Fund	65,433	11,354	102,850	–	179,637
Revenue Fund	–	26,014	–	–	26,014
Adjustment to fair value of investments	(3,302)	66	(1,347)	–	(4,583)
Environmental Fund	–	–	1,159	–	1,159
Construction Fund	203	–	284	–	487
Total	$ 419,746	$ 97,490	$ 325,611	$ 3,418	$ 846,265

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

4. Restricted Assets (continued)

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the First SJRPP Bond Resolution. An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the Second SJRPP Bond Resolution. However, no such deposit is required under the Second SJRPP Bond Resolution as long as the First SJRPP Bond Resolution has not been discharged. On January 5, 2018, JEA defeased all the SJRPP System Revenue Issue Two bonds in their entirety and on March 21, 2018, JEA satisfied and discharged the First Power Park Resolution; therefore, the deposits required under the Second SJRPP Bond Resolution began in fiscal year 2018.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	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.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments (continued)

At September 30, 2019 and 2018, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2019	2018
Securities:		
U.S. Treasury and government agency securities	**$ 184,525**	$ 462,897
State and local government securities	**183,116**	223,845
Local government investment pool	**188,130**	194,786
Commercial paper	**44,266**	133,074
Money market mutual funds	**126,452**	23,208
Total securities, at fair value	**$ 726,489**	$ 1,037,810

These securities are held in the following accounts:

	2019	2018
Current assets:		
Cash and cash equivalents	**$ 414,438**	$ 441,206
Investments	**2,399**	85,310
Restricted assets:		
Cash and cash equivalents	**265,784**	114,576
Investments	**380,250**	731,627
Total cash and investments	**1,062,871**	1,372,719
Plus: interest due on securities	**1,838**	2,878
Less: cash on deposit	**(338,220)**	(337,787)
Total securities, at fair value	**$ 726,489**	$ 1,037,810

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2019, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments (continued)

The maturity distribution of the investments held at September 30, 2019 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
U.S. Treasury and government agency securities	$ 30,085	$ 140,128	$ 5,144	$ 9,168	$ 184,525
State and local government securities	44,301	44,897	26,489	67,429	183,116
Local government investment pools	188,130	–	–	–	188,130
Commercial paper	44,266	–	–	–	44,266
Money market mutual funds	126,452	–	–	–	126,452
Total securities, at fair value	$ 433,234	$ 185,025	$ 31,633	$ 76,597	$ 726,489

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; (2) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2019, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to $12,500. Additionally, JEA's investment policy limits investments in commercial paper to 25% of the total cash and investment portfolio regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2019, JEA had 6.1% of its investments in commercial paper.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

Concentration of Credit Risk – As of September 30, 2019, investments in any one issuer representing 5% or more of JEA's investments included $148,467 (20.4%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2019, investments in all security types were within the allowable policy limits.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

6. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance September 30, 2018	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2019
Electric Enterprise Fund:					
Generation assets	$ 3,699,914	$ –	$ (2,114)	$ 100,217	$ 3,798,017
Transmission assets	593,858	–	(3,853)	3,906	593,911
Distribution assets	2,000,076	–	(16,326)	66,556	2,050,306
Other assets	448,877	–	(5,558)	29,079	472,398
Total capital assets	6,742,725	–	(27,851)	199,758	6,914,632
Less: accumulated depreciation and amortization	(4,385,170)	(208,287)	27,851	–	(4,565,606)
Land	130,286	–	(3)	834	131,117
Construction work-in-process	174,527	276,978	–	(247,604)	203,901
Net capital assets	2,662,368	68,691	(3)	(47,012)	2,684,044
Water and Sewer Fund:					
Pumping assets	525,648	–	(2,320)	38,547	561,875
Treatment assets	646,269	–	(1,746)	36,778	681,301
Transmission and distribution assets	1,206,880	–	(1,226)	48,374	1,254,028
Collection assets	1,508,598	–	(52)	23,737	1,532,283
Reclaimed water assets	137,534	–	–	1,309	138,843
General and other assets	407,065	–	(3,768)	20,464	423,761
Total capital assets	4,431,994	–	(9,112)	169,209	4,592,091
Less: accumulated depreciation	(2,108,027)	(148,250)	9,111	4,189	(2,242,977)
Land	61,215	–	(11)	89	61,293
Construction work-in-process	297,682	209,331	–	(169,297)	337,716
Net capital assets	2,682,864	61,081	(12)	4,190	2,748,123
District Energy System:					
Chilled water plant assets	56,376	–	(261)	1,035	57,150
Total capital assets	56,376	–	(261)	1,035	57,150
Less: accumulated depreciation	(25,554)	(2,429)	255	–	(27,728)
Land	3,051	–	–	–	3,051
Construction work-in process	1,154	679	–	(1,029)	804
Net capital assets	35,027	(1,750)	(6)	6	33,277
Total	$ 5,380,259	$ 128,022	$ (21)	$ (42,816)	$ 5,465,444

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

6. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance September 30, 2017	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2018
Electric Enterprise Fund:					
Generation assets	$ 3,685,363	$ –	$ (5,686)	$ 20,237	$ 3,699,914
Transmission assets	571,810	–	(175)	22,223	593,858
Distribution assets	1,927,058	–	(5,881)	78,899	2,000,076
Other assets	459,240	–	(1,754)	(8,609)	448,877
Total capital assets	6,643,471	–	(13,496)	112,750	6,742,725
Less: accumulated depreciation and amortization	(3,718,060)	(680,606)	13,496	–	(4,385,170)
Land	130,246	–	(197)	237	130,286
Construction work-in-process	106,012	183,278	–	(114,763)	174,527
Net capital assets	3,161,669	(497,328)	(197)	(1,776)	2,662,368
Water and Sewer Fund:					
Pumping assets	509,490	–	(9,533)	25,691	525,648
Treatment assets	627,165	–	(7,037)	26,141	646,269
Transmission and distribution assets	1,182,420	–	(312)	24,772	1,206,880
Collection assets	1,485,168	–	(427)	23,857	1,508,598
Reclaimed water assets	138,535	–	(730)	(271)	137,534
General and other assets	397,765	–	(1,512)	10,812	407,065
Total capital assets	4,340,543	–	(19,551)	111,002	4,431,994
Less: accumulated depreciation	(1,991,742)	(140,025)	19,551	4,189	(2,108,027)
Land	61,259	–	(11)	(33)	61,215
Construction work-in-process	205,890	202,761	–	(110,969)	297,682
Net capital assets	2,615,950	62,736	(11)	4,189	2,682,864
District Energy System:					
Chilled water plant assets	55,240	–	(940)	2,076	56,376
Total capital assets	55,240	–	(940)	2,076	56,376
Less: accumulated depreciation	(24,091)	(2,403)	940	–	(25,554)
Land	3,051	–	–	–	3,051
Construction work-in process	1,980	1,250	–	(2,076)	1,154
Net capital assets	36,180	(1,153)	–	–	35,027
Total	$ 5,813,799	$ (435,745)	$ (208)	$ 2,413	$ 5,380,259

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has eight members, and JEA's ownership interest in TEA is 17.6%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were $2,412 in fiscal year 2019 and $4,074 in 2018 for all power marketing activities. JEA's distributions from TEA were $2,443 in fiscal year 2019 and $3,513 in 2018. The investment in TEA was $6,999 at September 30, 2019 and $7,030 at September 30, 2018 and is included in noncurrent assets on the accompanying statement of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2019 and 2018. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2019	**2018**
Condensed statement of net position:		
Current assets	**$ 167,808**	$ 165,904
Noncurrent assets	**23,666**	21,510
Total assets	**$ 191,474**	$ 187,414
Current liabilities	**$ 151,620**	$ 146,768
Noncurrent liabilities	**50**	15
Members' capital	**39,804**	40,631
Total liabilities and members' capital	**$ 191,474**	$ 187,414
Condensed statement of operations:		
Operating revenues	**$ 1,279,819**	$ 1,334,738
Operating expenses	**1,217,046**	1,252,868
Operating income	**$ 62,773**	$ 81,870
Net income	**$ 61,568**	$ 81,975

As of September 30, 2019, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to $28,929 and TEA's natural gas procurement and trading activities up to $34,600, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to $60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

7. Investment in The Energy Authority (continued)

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

Under a separate agreement, TEA contracted with Southern Power Company ("Southern"), on JEA's behalf, for the purchase and sale of capacity and energy from Southern's Wansley plant located in Heard County, GA, covering the term from January 1, 2018 to December 31, 2019. In turn, JEA has guaranteed the payment obligations in the agreement up to $9,000 as well as all reasonable fees and expenses of Southern's counsel in any way relating to the enforcement of Southern's rights under the agreement.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each System in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Below is the schedule of outstanding indebtedness for the fiscal years 2019 and 2018.

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	September 30 2018
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	**$ 5**	$ 5
Series Three 2005B	4.750%	2033	**100**	100
Series Three 2008A[2]	Variable	2027-2036	**51,680**	51,680
Series Three 2008B-1[3]	Variable	2019-2040	**59,620**	60,020
Series Three 2008B-2[2]	Variable	2025-2040	**41,900**	41,900
Series Three 2008B-3[2]	Variable	2024-2036	**37,000**	37,000
Series Three 2008B-4[3]	Variable	2019-2036	**49,010**	49,410
Series Three 2008C-1[2]	Variable	2024-2034	**44,145**	44,145
Series Three 2008C-2[2]	Variable	2024-2034	**43,900**	43,900
Series Three 2008C-3[2]	Variable	2030-2038	**25,000**	25,000
Series Three 2008D-1[3]	Variable	2019-2036	**106,275**	108,900
Series Three 2009D[4]	6.056%	2033-2044	**45,955**	45,955
Series Three 2010A	4.000%	2019	**5,070**	10,065
Series Three 2010C	4.500%	2031	**1,290**	1,950
Series Three 2010D	4.250-5.000%	2020-2038	**1,205**	7,210
Series Three 2010E[4]	5.350-5.482%	2028-2040	**34,255**	34,255
Series Three 2012A	4.000-4.500%	2027-2033	**16,210**	16,995
Series Three 2012B	2.000-5.000%	2019-2039	**85,615**	85,615
Series Three 2013A	3.000-5.000%	2019-2026	**49,050**	74,865
Series Three 2013B	3.000-5.000%	2026-2038	**7,500**	7,500
Series Three 2013C	4.600-5.000%	2019-2030	**10,555**	19,335
Series Three 2014A	3.500-5.000%	2019-2034	**9,350**	12,870
Series Three 2015A	3.000-5.000%	2019-2041	**59,005**	69,975
Series Three 2015B	3.375-5.000%	2019-2031	**17,225**	23,900
Series Three 2017A	5.000%	2019	**18,670**	18,670
Series Three 2017B	3.375 - 5.000%	2026-2039	**198,095**	198,095
Total Electric System Senior Revenue Bonds			**1,017,685**	1,089,315

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	September 30 2018
Electric System Subordinated Revenue Bonds:				
2000 Series A[2]	Variable	2021-2035	**$ 30,965**	$ 30,965
2000 Series F-1[2]	Variable	2026-2030	**37,200**	37,200
2000 Series F-2[2]	Variable	2026-2030	**24,800**	24,800
2008 Series D[2]	Variable	2024-2038	**39,455**	39,455
2009 Series D	N/A	N/A	**–**	11,660
2009 Series E	N/A	N/A	**–**	295
2009 Series F[4]	4.900-6.406%	2019-2034	**62,155**	63,670
2009 Series G	4.000-5.000%	2019	**14,665**	16,090
2010 Series B	4.000-5.000%	2019-2020	**3,115**	4,605
2010 Series D[4]	4.150-5.582%	2019-2027	**42,050**	44,125
2012 Series A	3.250-5.000%	2019-2033	**55,515**	62,440
2012 Series B	3.250-5.000%	2019-2037	**50,030**	52,995
2013 Series A	3.000-5.000%	2019-2030	**37,330**	44,585
2013 Series B	3.000-5.000%	2019-2026	**17,165**	21,275
2013 Series C	1.375-5.000%	2019-2038	**74,750**	78,330
2013 Series D	4.375-5.250%	2019-2035	**50,115**	88,660
2014 Series A	4.000-5.000%	2019-2039	**94,265**	121,320
2017 Series A	3.000%	2019	**1,290**	31,790
2017 Series B	3.375-5.000%	2019-2034	**171,700**	185,745
Total Electric System Subordinated Revenue Bonds			**806,565**	960,005
Bulk Power Supply System Revenue Bonds:				
Series 2010A[4]	4.800-5.920%	2019-2030	**$ 34,355**	$ 37,400
Series 2014A	2.000-4.125%	2019-2038	**60,655**	63,320
Total Bulk Power System Revenue Bonds			**95,010**	100,720
SJRPP System Revenue Bonds:				
Issue Three, Series One	4.500%	2037	**100**	100
Issue Three, Series Two	5.000%	2034-2037	**29,370**	29,370
Issue Three, Series Four[4]	4.700-5.450%	2019-2028	**20,690**	22,410
Issue Three, Series Six	2.375-5.000%	2019-2037	**91,330**	91,330
Issue Three, Series Seven	2.000-5.000%	2019-2033	**79,500**	79,500
Issue Three, Series Eight	2.000-5.000%	2019-2039	**57,895**	57,895
Total SJRPP System Revenue Bonds			**278,885**	280,605

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	September 30 2018
Water and Sewer System Senior Revenue Bonds:				
2006 Series B[5]	Variable	2019-2022	**$ 24,850**	$ 30,370
2008 Series A-2[2]	Variable	2028-2042	**51,820**	51,820
2008 Series B[2]	Variable	2023-2041	**85,290**	85,290
2009 Series B	3.750%	2019	**8,915**	18,295
2010 Series A[4]	6.210-6.310%	2026-2044	**83,115**	83,115
2010 Series B	5.200-5.700%	2019-2025	**12,110**	13,840
2010 Series C	N/A	N/A	**–**	3,000
2010 Series D	4.000-5.000%	2019-2039	**24,125**	42,525
2010 Series E	4.000-5.000%	2023-2039	**8,570**	11,865
2010 Series F[4]	3.900-5.887%	2019-2040	**42,095**	44,275
2012 Series A	3.000-5.000%	2019-2041	**153,175**	162,430
2012 Series B	2.250-5.000%	2019-2037	**73,270**	76,380
2013 Series A	4.500-5.000%	2019-2027	**17,575**	63,660
2014 Series A	2.000-5.000%	2019-2040	**212,960**	217,790
2017 Series A	3.125-5.000%	2022-2041	**360,775**	378,220
Total Water and Sewer System Senior Revenue Bonds			**1,158,645**	1,282,875
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1[2]	Variable	2019-2038	**48,850**	50,950
Subordinated 2008 Series A-2[2]	Variable	2030-2038	**25,600**	25,600
Subordinated 2008 Series B-1[2]	Variable	2030-2036	**30,885**	30,885
Subordinated 2010 Series A	5.000%	2019	**2,790**	8,275
Subordinated 2010 Series B	4.000-5.000%	2023-2025	**2,060**	3,255
Subordinated 2012 Series A	N/A	N/A	**–**	1,440
Subordinated 2012 Series B	3.250-5.000%	2030-2043	**29,685**	29,685
Subordinated 2013 Series A	2.125-5.000%	2019-2029	**25,210**	37,435
Subordinated 2017 Series A	2.750-5.000%	2021-2034	**58,940**	58,940
Total Water and Sewer System Subordinated Revenue Bonds			**224,020**	246,465

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Water and Sewer System Other Subordinated Debt:				
Revolving Credit Agreement[6]	Variable	2021	**$ 5,000**	$ 3,000
Total Water and Sewer System Other Subordinated Debt			**5,000**	3,000
District Energy System:				
2013 Series A	2.065-4.538%	2019-2034	**34,825**	36,485
Total District Energy System			**34,825**	36,485
Total Debt Principal Outstanding			**3,620,635**	3,999,470
Less: Debt Due Within One Year			**(192,555)**	(185,790)
Total Long-Term Debt			**$ 3,428,080**	$ 3,813,680

(1) Interest rates apply only to bonds outstanding at September 30, 2019. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode, or the flexible mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2019 and 2018.

(2) Variable rate demand obligations – interest rates ranged from 1.40% to 1.79% at September 30, 2019.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 2.08% at September 30, 2019.

(4) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(5) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 2.51% to 2.55% at September 30, 2019.

(6) Revolving Credit Agreement – interest rate was 3.19% at September 30, 2019.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2019 was as follows:

System	Debt Payable September 30, 2018	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2019	Current Portion of Debt Payable September 30, 2019
Electric:						
Revenue	$ 1,830,990	$ –	$ (100,090)	$ (121,555)	$ 1,609,345	$ 112,635
Direct purchase	218,330	–	–	(3,425)	214,905	3,595
Total electric	2,049,320	–	(100,090)	(124,980)	1,824,250	116,230
Bulk Power Supply	100,720	–	–	(5,710)	95,010	6,150
SJRPP	280,605	–	–	(1,720)	278,885	13,780
Water and Sewer	1,529,340	–	(94,955)	(51,720)	1,382,665	54,705
DES	36,485	–	–	(1,660)	34,825	1,690
Total	$ 3,996,470	$ –	$ (195,045)	$ (185,790)	$ 3,615,635	$ 192,555

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2018 was as follows:

System	Debt Payable September 30, 2017	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2018	Current Portion of Debt Payable September 30, 2018
Electric:						
Revenue	$ 1,978,860	$ 383,840	$ (405,105)	$ (126,605)	$ 1,830,990	$ 121,555
Direct purchase	221,625	–	–	(3,295)	218,330	3,425
Total electric	2,200,485	383,840	(405,105)	(129,900)	2,049,320	124,980
Bulk Power Supply	105,925	–	–	(5,205)	100,720	5,710
SJRPP	450,215	–	(128,280)	(41,330)	280,605	1,720
Water and Sewer	1,603,505	437,160	(460,305)	(51,020)	1,529,340	51,720
DES	38,125	–	–	(1,640)	36,485	1,660
Total	$ 4,398,255	$ 821,000	$ (993,690)	$ (229,095)	$ 3,996,470	$ 185,790

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

8. Long-Term Debt (continued)

The debt service to maturity on the outstanding debt (excluding the revolving credit agreement) as of September 30, 2019 is summarized below, representing debt service accrued from October 1 through September 30 of the corresponding fiscal year, except for fiscal year 2019, which excludes payments made during the fiscal year.

Fiscal Year Ending	Electric System Revenue		Electric System Direct Purchase		Bulk Power Supply System	
September 30	Principal	Interest(1)	Principal	Interest(1)	Principal	Interest(1)
2019	$ 112,635	$ 28,978	$ 3,595	$ 312	$ 6,150	$ 1,980
2020	54,285	57,650	6,505	23,333	6,975	3,716
2021	50,545	54,944	8,595	22,995	7,080	3,498
2022	46,570	52,536	8,925	22,448	7,270	3,274
2023	8,830	50,315	7,950	21,910	7,485	3,003
2024–2028	342,455	230,769	63,300	94,522	22,515	11,565
2029–2033	467,715	153,665	69,910	50,733	20,260	5,681
2034–2038	440,690	64,927	40,805	17,429	17,275	2,271
2039–2043	80,925	8,747	5,320	346	–	–
2044–2048	4,695	284	–	–	–	–
Total	$ 1,609,345	$ 702,815	$ 214,905	$ 254,028	$ 95,010	$ 34,988

Fiscal Year Ending	SJRPP		Water and Sewer System		District Energy System		Total Debt
September 30	Principal	Interest(1)	Principal	Interest(1)	Principal	Interest	Service
2019	$ 13,780	$ 5,564	$ 54,705	$ 26,069	$ 1,690	$ 665	$ 256,123
2020	13,340	10,444	19,870	52,787	1,725	1,296	251,926
2021	14,175	9,894	22,250	52,369	1,770	1,254	249,369
2022	15,285	9,310	37,765	51,690	1,815	1,206	258,094
2023	15,865	8,693	59,310	50,210	1,870	1,152	236,593
2024–2028	87,755	33,978	291,820	211,579	10,370	4,738	1,405,366
2029–2033	68,100	18,403	302,410	145,382	12,695	2,412	1,317,366
2034–2038	46,730	6,651	367,740	82,687	2,890	131	1,090,226
2039–2043	3,855	154	220,670	19,979	–	–	339,996
2044–2048	–	–	6,125	386	–	–	11,490
Total	$ 278,885	$ 103,091	$ 1,382,665	$ 693,138	$ 34,825	$ 12,854	$ 5,416,549

(1) The interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2019 and reflects gross interest, prior to any 35% cash subsidy payments, on the Federally Taxable – Issuer Subsidy – Build America Bonds.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJRPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2020	2020	2020	2020	2023
Redemption price	100%	100%	100%	100%	100%

There was no JEA debt issued during fiscal year 2019.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, Bulk Power Supply System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

System	Authorization Senior	Authorization Subordinated	Expiration
Electric	$ 629,000	$ 263,000	December 31, 2020
Bulk Power Supply System	60,000	N/A	December 31, 2020
SJRPP Issue Three	250,000	N/A	December 31, 2020
Water and Sewer	313,000	151,000	December 31, 2020

Variable Rate Demand Obligations (VRDOs) – Liquidity Support

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2019, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. Commitment fees range from 0.38% to 0.55% with stated termination dates ranging from May 8, 2020 to August 22, 2022, unless otherwise extended.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2019, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The commitment fee is 0.42% with a stated expiration date of December 1, 2023, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4, and Series Three 2008D-1 (collectively, the Direct Purchase Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchase Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchase Bonds that were not purchased on the scheduled mandatory tender date that occurred, upon the expiration of such period, would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the scheduled mandatory tender date. The continuing covenant agreements specify certain events of default that require immediate repayment of outstanding amounts and other events of default that require repayment of outstanding amounts if the event of default continues from 7 days to 180 days. During the years ended September 30, 2019 and 2018, JEA did not default on any terms of the continuing covenant agreements. The current expiration date of the continuing covenant agreements is December 10, 2021, unless otherwise extended. The interest rate is variable and set weekly based upon SIFMA plus 50 basis points.

Revolving Credit Agreement

JEA has a revolving credit agreement with a commercial bank for an unsecured amount of $500,000. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES for operating or capital expenditures. The revolving credit agreement specifies events of default that require immediate repayment of outstanding amounts. During the years ended September 30, 2019 and 2018, JEA did not default on any terms of the revolving credit agreement. During fiscal year 2019, the revolving credit agreement was drawn upon by the Water and Sewer System for $2,000, increasing the outstanding balance to $5,000 as of September 30, 2019, with $495,000 available to be drawn. The revolving credit agreement is scheduled to expire on May 24, 2021.

Debt Management Strategy

JEA has entered into various interest rate swap agreements, executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2019, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	**$ 174,000**	**$ 84,800**	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	**117,825**	**82,575**	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	**116,425**	**85,200**	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	**40,875**	**39,175**	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	**98,375**	**62,980**	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	**100,000**	**51,680**	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	**38,730**	**24,850**	4.0-4.1%	Oct 2006	Oct 2019-2022	CPI
Water and Sewer	2008 Series B	**85,290**	**85,290**	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	**$ 516,550**				

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2018, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	**$ 174,000**	**$ 84,800**	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	**117,825**	**82,575**	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	**116,425**	**85,600**	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	**40,875**	**39,175**	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	**98,375**	**62,980**	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	**100,000**	**51,680**	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	**38,730**	**30,370**	4.0-4.1%	Oct 2006	Oct 2018-2022	CPI
Water and Sewer	2008 Series B	**85,290**	**85,290**	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	**$ 522,470**				

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The following table includes fiscal year 2019 and 2018 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2019		
System	**Classification**	**Amount**	**Classification**	**Amount[1]**	**Notional**
Electric	Deferred outflows	**$ 48,518**	Fair value of debt management strategy instruments	**$ (118,621)**	**$ 406,410**
Water and Sewer	Deferred outflows	**15,013**	Fair value of debt management strategy instruments	**(31,266)**	**110,140**
Total		**$ 63,531**		**$ (149,887)**	**$ 516,550**

	Changes in Fair Value		Fair Value at September 30, 2018		
System	**Classification**	**Amount**	**Classification**	**Amount[1]**	**Notional**
Electric	Deferred outflows	**$ (31,247)**	Fair value of debt management strategy instruments	**$ (70,103)**	**$ 406,810**
Water and Sewer	Deferred outflows	**(7,666)**	Fair value of debt management strategy instruments	**(16,253)**	**115,660**
Total		**$ (38,913)**		**$ (86,356)**	**$ 522,470**

(1) Fair value amounts were calculated using market rates and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2019 and 2018, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2019	**2018**
68% of LIBOR Index:		
Notional amount outstanding	**$ 209,175**	$ 209,575
Variable rate received (weighted average)	**1.62%**	1.17%
Fixed rate paid (weighted average)	**3.69%**	3.69%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	**$ 282,525**	$ 282,525
Variable rate received (weighted average)	**1.56%**	1.27%
Fixed rate paid (weighted average)	**4.02%**	4.02%
CPI Index:		
Notional amount outstanding	**$ 24,850**	$ 30,370
Variable rate received (weighted average)	**3.23%**	2.87%
Fixed rate paid (weighted average)	**4.04%**	4.02%
Net debt management swap loss	**$ (11,445)**	$ (13,395)

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2019:

Electric System[(1)]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2019	$ 425	$ 505	$ 839	$ 1,769
2020	3,200	5,669	10,055	18,924
2021	3,275	5,618	9,982	18,875
2022	3,375	5,566	9,908	18,849
2023	5,400	5,512	9,831	20,743
2024–2028	120,815	24,232	43,970	189,017
2029–2033	163,070	13,353	24,633	201,056
2034–2038	97,675	4,887	8,986	111,548
2039–2042	9,175	147	272	9,594
Total	$ 406,410	$ 65,489	$ 118,476	$ 590,375

Water and Sewer System[(1)]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2019	$ 5,740	$ 410	$ 366	$ 6,516
2020	9,195	1,678	2,424	13,297
2021	4,860	1,445	2,285	8,590
2022	5,055	1,322	2,212	8,589
2023	4,035	1,194	2,136	7,365
2024–2028	13,560	5,122	9,160	27,842
2029–2033	7,055	4,615	8,253	19,923
2034–2038	28,710	3,655	6,539	38,904
2039–2042	31,930	906	1,622	34,458
Total	$ 110,140	$ 20,347	$ 34,997	$ 165,484

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swaps was determined by using the interest rates that were in effect at the financial statement date of September 30, 2019. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2019.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A/A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" and a payment is owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount. All outstanding interest rate swaps at September 30, 2019, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2019.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2019, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A3/A	$ 170,405,000
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480,000
JPMorgan Chase Bank, N.A.	A+/Aa2/AA	124,375,000
Merrill Lynch Derivative Products AG	A-/A2/A+	85,290,000
Total		$ 516,550,000

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2019, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 1.77%, while the SIFMA swap index rate is 1.58% and 68% of LIBOR is 1.43%.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Transactions with City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	2019	2018
Revenues	**$ 27,494**	$ 26,513
Expenses	**$ 5,393**	$ 6,031

City Contribution

On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021. On February 28, 2019, the agreement was amended to extend its expiration date to September 30, 2023 and to make an additional contribution to the City of $15,155.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

9. Transactions with City of Jacksonville (continued)

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund for fiscal years 2019 and 2018 were as follows:

	2019	2018
Electric	**$ 92,952**	$ 91,472
Water and Sewer	**$ 39,850**	$ 25,148

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year, other than sales of energy to FPL from JEA's SJRPP System. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

	2019	2018
Electric	**$ 29,110**	$ 28,496
Water and Sewer	**$ 10,802**	$ 10,476

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

9. Transactions with City of Jacksonville (continued)

JEA has excess coverage for individual workers' compensation claims above $1,200. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

	2019	2018
General liability	**$ 2,042**	$ 2,240
Workers' compensation	**$ 1,212**	$ 1,613

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2019 and 2018. The amounts are recorded by the City at present value using a 4% discount rate for the fiscal years ended September 30, 2019 and September 30, 2018.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	$ 99,151	$ 2,592	$ 15,300	$ 2,556
Change in provision	29,726	947	7,660	1,055
Payments	(26,119)	(675)	(6,415)	(950)
Ending balance	$ 102,758	$ 2,864	$ 16,545	$ 2,661

10. Fuel Purchase and Purchased Power Commitments

JEA has made long-term commitments to purchase 1,170,000 tons of coal for Scherer Unit 4 between October 2019 and December 2022. Additionally, in September 2019, JEA has committed to purchase approximately 70,000 and 120,000 tons of coal and pet coke, respectively, for Northside. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts. The majority of JEA's coal and petroleum coke supply is purchased with transportation included.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2019.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that expire in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long-term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year Ending	Coal and Pet Coke Fuel	Coal and Pet Coke Transportation	Natural Gas Transportation	Electric Generating Capacity / Energy	Transmission	Total
2020	$ 2,360	$ 2,748	$ 7,256	$ 2,050	$ 6,495	$ 20,909
2021	810	–	7,024	–	6,772	14,606
2022	504	–	6,606	–	7,030	14,140
2023	118	–	6,606	–	7,403	14,127
2024	–	–	6,624	–	7,780	14,404
2025-2042	–	–	44,053	–	173,961	218,014
Total	$ 3,792	$ 2,748	$ 78,169	$ 2,050	$ 209,441	$ 296,200

Vogtle Units Purchased Power Agreement

Overview

As a result of an earlier 2008 Board policy establishing a 10% of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the Additional Vogtle Units PPA) with the Municipal Electric Authority of Georgia (MEAG) for 206 megawatts (MW) of capacity and related energy from MEAG's interest in two additional nuclear generating units (the Additional Vogtle Units or Plant Vogtle Units 3 and 4) under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company (Georgia Power), Oglethorpe Power Corporation, MEAG and the City of Dalton, Georgia (collectively, the Vogtle Co-Owners). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 13% of JEA's total energy requirements in the year 2023.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, whether or not its output is suspended, reduced or the like, or terminated in whole or in part) except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

On September 11, 2018, MEAG filed a complaint in the United States District Court for the Northern District of Georgia seeking a declaratory judgment that the Additional Vogtle Units PPA is lawful and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and ordering specific performance from JEA with the terms of the Additional Vogtle Units PPA. On the same day, JEA and the City, as co-plaintiffs, filed a complaint in the Fourth Judicial Circuit Court of Florida seeking a declaratory judgment that the Additional Vogtle Units PPA violates the Florida Constitution and laws and public policy of the state of Florida and is therefore ultra vires, void ab initio, and unenforceable. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. MEAG has filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals. On July 12, 2019, the Middle District of Florida ordered the case initiated by JEA and the City transferred to the Northern District of Georgia, where the substantive issues will be tried. For additional information about such litigation, see the *Litigation and Regulatory Proceedings* section in this note.

Financing and In-Service Costs

MEAG created three separate projects (the Vogtle Units 3 and 4 Project Entities) for the purpose of owning and financing its 22.7% undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as Project J. MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately $6,375,400, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately $6,851,600. Based on information provided by MEAG, (i) the portion of the total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J is approximately $2,691,200 and (ii) the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately $204,200 resulting in total capital requirements of approximately $2,895,400.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued approximately $1,248,435 of its Plant Vogtle Units 3 and 4 Project J Bonds (the 2010 PPA Bonds) on March 11, 2010. Of the total 2010 PPA Bonds, approximately $1,224,265 were issued as Federally Taxable – Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35% of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2029. The exact amount of such reduction is determined on or about the beginning of the federal government's fiscal year, or October 1, and is subject to adjustment thereafter. The current reduction amount of 5.9% became effective on October 1, 2019. MEAG issued $185,180 of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued $570,925 of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of MEAG's July 18, 2019 Project J Bonds Series 2019A Official Statement relating to the issuance and JEA did not make any representations or warranties, or deliver any opinions of legal counsel, in connection with the offering, issuance, and sale of the Project J Series 2019A Bonds.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy (DOE) for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175% of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the Project J Entity).

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank (FFB) an aggregate amount of approximately $575,738, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of $414,700. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of $414,700. The Project J Entity's portion of the $414,700 in additional loan guarantees is $111,547 and this amount currently remains undrawn. MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Summary of financing associated with Project J:

Long-term bonds	
2010A Build America bonds	1,224,265
2010B tax-exempt bonds	24,170
2015A tax-exempt bonds	185,180
2019A tax-exempt bonds	570,925
Remaining financing requirement	20,646
Total long-term bonds	2,025,186
DOE advances[1]	
2015 DOE advances	345,990
2019 DOE advances	229,748
Total DOE advances	575,738
Estimated interest earnings and bond premiums	182,929
Remaining DOE capacity	111,547
Total capital requirements[2]	$ 2,895,400

(1) Includes advances and related capitalized interest accretion.

(2) Represents estimated total construction costs and required reserve deposits, net of payments received.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2019 is summarized as follows:

Fiscal Year Ending September 30	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2020	$ 19,708	$ 132,376	$ 152,084	$ (27,392)	$ (104,984)	$ 19,708
2021	22,682	132,051	154,733	(27,100)	(104,951)	22,682
2022	25,393	130,725	156,118	(26,790)	(53,085)	76,243
2023	28,224	129,410	157,634	(26,466)	(7,124)	124,044
2024	29,554	128,037	157,591	(26,129)	–	131,462
2025	30,697	126,447	157,144	(25,776)	–	131,368
2026	31,866	124,840	156,706	(25,409)	–	131,297
2027	33,052	123,251	156,303	(25,026)	–	131,277
2028	34,367	121,387	155,754	(24,626)	–	131,128
2029	35,685	119,616	155,301	(24,209)	–	131,092
2030	37,062	117,731	154,793	(23,774)	–	131,019
2031	38,496	115,768	154,264	(23,320)	–	130,944
2032	39,944	113,836	153,780	(22,847)	–	130,933
2033	41,558	111,566	153,124	(22,353)	–	130,771
2034	43,199	109,353	152,552	(21,838)	–	130,714
2035	44,879	107,082	151,961	(21,301)	–	130,660
2036	39,348	104,715	144,063	(20,740)	–	123,323
2037	27,796	102,183	129,979	(20,155)	–	109,824
2038	22,982	99,641	122,623	(19,545)	–	103,078
2039	21,245	96,838	118,083	(18,909)	–	99,174
2040	13,004	94,020	107,024	(18,246)	–	88,778
2041	9,912	91,039	100,951	(17,553)	–	83,398
2042	5,515	45,877	51,392	(9,217)	–	42,175
2043	770	6,113	6,883	(1,249)	–	5,634
Total	$ 676,938	$ 2,583,902	$ 3,260,840	$ (519,970)	$ (270,144)	$ 2,470,726

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Construction Arrangements for the Additional Vogtle Units

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

- Bechtel Power Corporation (Bechtel) will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the Construction Agreement), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.
- In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the Vogtle Joint Ownership Agreements) that limit the circumstances under which the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.
- Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately $1,400,000 to the current estimate of approximately $2,895,400. In addition, significant delays in the project's construction schedule have resulted in the original placed in service dates for Vogtle Unit 3 of April 2016 and for Vogtle Unit 4 of April 2017 being revised to the current projected placed in service dates for Vogtle Unit 3 and for Vogtle Unit 4 of November 2021 and November 2022, respectively.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project, or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Vogtle Units PPA. See the *Overview* and *Financing and In-Service Costs* sections above and *Litigation and Regulatory Proceedings* section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Litigation and Regulatory Proceedings

Litigation – As noted in the *Overview* section and under this section herein, on September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Fourth Judicial Circuit Court of Florida seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019, MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 5, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The Court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the PPA is enforceable.JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation.

Settlement Negotiations – JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission (FERC) seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (FERC Petition). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011, JEA entered into an option agreement with Duke Energy Carolinas, LLC (Duke Carolinas), a wholly owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was $7,500, with $3,750 paid in both fiscal year 2011 and 2012, respectively. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% of JEA's energy requirements from nuclear sources by 2030.

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however, the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances, should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optional portion of the projected Lee Project capacity.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year purchased power agreement with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is owned by PSEG Solar Source, LLC and generated approximately 18,018 MWh of electricity in 2019 and 18,391 MWh of electricity in 2018. JEA pays only for the energy produced. Purchases of energy were $3,619 for fiscal year 2019 and $3,592 in 2018.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued Requests for Proposals for Power Purchase Agreements (PPAs) in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

The projects for this 2014 initiative are scheduled for completion in 2019. As of the end of fiscal year 2019, six of the seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, and Old Kings Solar. JEA entered into 20-25 year purchased power agreements for the energy and the associate environmental attributes from each solar farm. The solar facilities generated approximately 41,932 MWh in 2019 and 36,755 MWh in 2018. JEA pays only for the energy produced. Purchases of energy were $3,133 for fiscal year 2019 and $2,703 in 2018.

The JEA Board approved a further solar expansion consisting of five 50 MWac solar facilities to be constructed on JEA owned property. These projects, totaling 250 MWac, are structured as PPAs. EDF-DS was selected as the vendor for the sites and contract were executed in January 2019. Preliminary site work is underway. It is expected the facilities will be phased into service with all sites completed by 2022.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota if it is expanded and becomes available. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville, which came online in January 2015. Purchases of landfill energy were 87,864 MWh for $5,813 in fiscal year 2019 and 89,682 MWh for $4,554 in 2018.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA entered into financial swaps that locked in the monthly commodity price of natural gas for calendar year 2018 and February 2019 through December 2022, covering approximately 40% in calendar year 2018 and approximately 44% in calendar years 2019 through 2022 of its expected annual natural gas requirements.

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2019, deferred charges of $11,598 were included in accumulated decrease in fair value of hedging derivatives and, at September 30, 2018, deferred credits of $2,536 were included in accumulated increase in fair value of hedging derivatives on the statements of net position. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. There were realized gains offsetting fuel expense of $789 in fiscal year 2019 and $4,191 in 2018.

12. Pension Plans

Substantially all employees of the Electric System and Water and Sewer System participate in and contribute to the GERP, as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan with a defined contribution alternative. GERP, based on laws outlined in the City's Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the 2018 Comprehensive Annual Financial Report of the City. This report may be obtained at: http://www.coj.net/departments/finance/docs/budget/city-of-jacksonville-2018-cafr-sec.aspx or by writing to the City of Jacksonville, Florida, Accounting Division, City Hall at St. James Building, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202-5725.

The first phase of pension reform was approved by the City in April 2017. The reform provides for a dedicated funding source for the GERP, Corrections Officers Plan, and Police and Fire Pension Plan through the extension of the Better Jacksonville Plan half-cent sales tax. The surtax will remain in effect until the earlier of December 31, 2060 or when it is determined by the actuarial report to the Florida Department of Management Services that the funding level of each of the City's three defined benefit retirement plans, which are funded by surtax, is expected to reach or exceed 100%.

In order for the plan to benefit from the sales tax revenue, the defined benefit pension plan portion of the GERP was closed to new members and employees as of September 30, 2017.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed $150 per month.

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. In fiscal years 2019 and 2018, JEA plan members were required to contribute 10% of their annual covered salary. JEA's contribution of the covered payroll for the JEA plan members was $34,345 (25.62%) in fiscal year 2019 and $35,459 (26.36%) in 2018. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

Defined Contribution Plan

The City has, by ordinance, a defined contribution (DC) plan within the Jacksonville Retirement System for GERP participants as an employee choice alternative to the defined benefit (DB) plans. Beginning in fiscal year 2011, employees had the option to participate in a DC plan. Employees vest in the employer contributions to the plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation. All employees hired after September 30, 2017 now enter this plan.

In fiscal years 2019 and 2018, JEA plan members of the defined contribution plan were required to contribute 8% of their annual covered salary. JEA's contribution for the members of the defined contribution plan was $2,783 (11.25%) in fiscal year 2019 and $1,886 (11.31%) in 2018. Any contribution forfeitures were used to offset plan expenses.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Disability Program Fund

All contributions for both the defined contribution and defined benefit plans of the City were separated between the pension contribution and a disability program fund. However, beginning with the October 1, 2018 valuation, the assets and liabilities associated with the fund were transferred back to the GERP to consolidate the administration of the disability benefits within the pension.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively. JEA's allocated share of the net pension liability is $562,371 (50.59%) as of September 30, 2019, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2018. JEA's allocated share of the net pension liability is $527,680 (51.68%) as of September 30, 2018, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2017.

For the year ended September 30, 2019 and 2018, JEA's recognized pension expense is $80,303 and $77,111, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30	
	2019	**2018**
Deferred outflows of resources		
Changes in assumptions	**$ 64,906**	$ 59,741
Contributions subsequent to the measurement date	**34,345**	35,459
Differences between expected and actual experience	**17,176**	25,477
Changes in proportion	**11,588**	16,452
Total	**$ 128,015**	$ 137,129
Deferred inflows of resources		
Net difference between projected and actual earnings on pension investments	**$ (31,964)**	$ (37,760)
Changes in proportion	**$ (7,680)**	$ –
Changes in assumptions	**(1,826)**	(3,730)
Differences between expected and actual experience	**(3,244)**	(1,543)
Total	**$ (44,714)**	$ (43,033)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2020	$ 65,231
2021	14,954
2022	3,413
2023	(297)
Total	$ 83,301

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases assumption	3.00%-7.50%, of which 2.50% is the Plan's long-term payroll inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	50% RP2000 Combined Healthy White Collar and 50% RP2000 Combined Healthy Blue Collar, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 Combined Healthy White Collar, set forward 2.5 years, projected generationally with Scale BB for females.
Healthy post-retirement mortality rates	50% RP2000 White Collar Annuitant and 50% RP2000 Blue Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 White Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for females.
Disabled mortality rates	RP-2000 Disabled Retiree Mortality Table, setback four years for males and set forward two years for females

The actuarial assumptions used in the valuations were based on the results of an experience study for the period October 1, 2012 to September 30, 2017. Data from the experience study is reviewed in conjunction with each annual valuation and updates to the mortality improvement scale and discount rate have been made as of September 30, 2018.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30.0%	6.41%
Fixed income	20.0%	1.96%
International equity	20.0%	6.96%
Real estate	15.0%	4.76%
Alternatives	7.5%	3.83%
Private equity	7.5%	10.41%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 7.00% for 2019 and 7.20% for 2018, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2019	**2018**
1% decrease	**$ 756,293**	$ 713,777
Current discount	**562,371**	527,680
1% increase	**400,894**	372,518

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the 2018 Comprehensive Annual Financial Report of the City.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan that covers former employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan was required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a three-member pension committee (Pension Committee). As part of the Asset Transfer Agreement with FPL related to the shutdown of SJRPP, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited in SJRPP Pension Fund.

The SJRPP Plan periodically issues stand-alone financial statements, with the most recent report issued for the year ended September 30, 2018. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan and Tier Two employees (defined as employees with less than 20 years of experience) will participate in a modified defined benefit plan, or “cash balance” plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant’s earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant’s Earliest Retirement Age.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2019 and September 30, 2018, the following employees were covered by the benefit terms:

	2019	2018
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**379**	309
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	**85**	54
Active Plan Members	**5**	159
Total Plan Members	**469**	522

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2019 and 2018, SJRPP plan members were required to contribute 4% of their annual covered salary. SJRPP did not make any employer contributions in fiscal year 2019. In fiscal year 2018, SJRPP employer's contribution to the SJRPP Plan was $26,409 (454.62%).

Net Pension Liability – SJRPP's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Actuarial Assumptions –The total pension liability in the October 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	October 1, 2018
Measurement Date:	September 30, 2018
Methods and Assumptions Used to Determine Net Pension Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	6.00% per year compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 9/30/2017 measurement date were modified to reflect retirements and separation upon the SJRPP plant closure.
Mortality rates	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Other Information:	
Changes in Assumptions	Long term Expected Rate of Return was changed to 6% per year for the 9/30/2018 measurement date from 7% per year used for 9/30/2017 measurement date.

The actuarial assumptions used in the October 1, 2018 valuation were based on the demographic experience from 2008 through 2013 and economic forecasts available at the time the report was issued. Mortality rates were developed by the Florida Retirement System in a recent experience study and are mandated by the State Statutes for funding valuations.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation at the measurement date of September 30, 2018, are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	47%	7.35%
Fixed income	45%	2.50%
International equity	8%	6.00%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2019	2018
1% decrease	**$ 22,759**	$ 33,976
Current discount rate	**4,001**	16,523
1% increase	**(11,781)**	1,896

JEA

Notes to Financial Statements (continued)

(Dollars in Thousands)

12. Pension Plans (continued)

Changes in the net pension liability are detailed below.

	2018	2017
Total pension liability		
Beginning balance	**$ 169,321**	$ 158,926
Service cost	**112**	1,032
Interest on the total pension liability	**11,163**	10,768
Difference between expected and actual experience	**(1,784)**	10,826
Changes in assumptions	**15,782**	26
Benefit payments	**(19,928)**	(12,257)
Ending balance	**174,666**	169,321
Plan fiduciary net postion		
Beginning balance	**152,798**	142,286
Employer contributions	**26,409**	8,039
Employee contributions	**232**	625
Pension plan net investment income (loss)	**11,499**	14,571
Benefit payments	**(19,928)**	(12,257)
Administrative expense	**(345)**	(466)
Ending balance	**170,665**	152,798
Net pension liability	**$ 4,001**	$ 16,523

Plan Assets – Cash balances are amounts on deposit with the SJRPP Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

At September 30, 2018, the SJRPP Plan's cash and cash equivalents consist of the following:

Cash on hand	$	7
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account		10,785
Total cash and cash equivalents	$	10,792

The Policy specifies investment objectives and guidelines for the SJRPP Plan's investment portfolio and provides asset allocation targets for various asset classes.

At September 30, 2018, investments controlled by the SJRPP Plan that represent 5% or more of the SJRPP Plan's net position were the Alliance Domestic Passive Collective Trust with a basis of $16,670 and a fair market value of $49,516. This investment represent 29% of the fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the SJRPP Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. As of September 30, 2018, the average modified duration of the managed fixed securities portfolio was 4.5 years.

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The SJRPP Plan's rated debt instruments as of September 30, 2018 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the SJRPP Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the SJRPP Plan's investments are held by the SJRPP Plan's directed trustee and custodian in the SJRPP Plan's name, or by an agent in the SJRPP Plan's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio as of September 30, 2018, and specific target allocations are as follows:

	Fair Value	Actual Percent	Target Percent
U.S. Government Securities and Agencies	$ 30,002	18%	N/A
Corporate bonds – non-convertible	29,498	17%	N/A
Money Market/Cash	10,792	6%	N/A
Total fixed income	70,292	41%	45%
S&P 500 Index Fund	49,516	29%	28%
S&P 400 Mid-Cap Index Fund	20,967	13%	11%
Small and Mid-Cap Value Fund	15,256	9%	8%
International equities	14,273	8%	8%
Total equities	$ 100,012	59%	55%
Total	$ 170,304		

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments was 7.37%. This reflects the changing amounts actually invested.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 8% of total investments as of September 30, 2018.

Fair Value Disclosures

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The SJRPP Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The table below summarizes the SJRPP Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices.

	Level 1	Level 2	Total
U.S. Government Securities and Agencies	$ 18,173	$ 11,829	$ 30,002
Corporate bonds - non-convertible	–	29,498	29,498
Money Market/Cash	10,792	–	10,792
Total fixed income	28,965	41,327	70,292
S&P 500 Index Fund	49,516	–	49,516
S&P 400 Mid-Cap Index Fund	20,103	864	20,967
Small and Mid-Cap Value Fund	13,281	1,975	15,256
International equities	–	14,273	14,273
Total equities	82,900	17,112	100,012
Total	$ 111,865	$ 58,439	$ 170,304

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension Liability – SJRPP's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively. SJRPP's net pension liability is $4,001 as of September 30, 2019 and $16,523 as of September 30, 2018. As discussed in note 3, St. Johns River Power Park, during fiscal year 2018, JEA assumed FPL's portion of the pension obligation in accordance with the shutdown agreement.

For the year ended September 30, 2019 and 2018, SJRPP recognized pension expense is $17,020 and $14,408, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30	
	2019	**2018**
Deferred outflows of resources		
Contributions subsequent to the measurement date	**$ –**	$ 26,641
Net difference between projected and actual earnings on pension plan investments	**2,045**	4,091
Differences between expected and actual experience	**1,192**	2,451
Changes in assumptions	**302**	1,055
Total	**$ 3,539**	$ 34,238
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ (6,166)**	$ (7,091)
Total	**$ (6,166)**	$ (7,091)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2020	$ 1,251
2021	(2,071)
2022	(1,379)
2023	(428)
Total	$ (2,627)

13. Other Postemployment Benefits

Plan Description

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is a single-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries.

JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees. The OPEB Plan does not issue separate financial statements.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Plan membership – As of September 30, 2018 (the actuarial valuation date), the OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	490
Active plan members	1,891
Total	2,381

Benefits provided – The postretirement benefit portion of the JEA benefits plan (OPEB Plan) refers to the benefits applicable to current and future retirees and their beneficiaries. These benefits consist of continued access to medical, dental, and vision benefits as well as life insurance coverage upon retirement through the plan sponsored by JEA. Premiums for the first $5,000 of coverage are being subsidized by JEA and, as such, are considered as other postemployment benefits for purposes of GASB Statement No. 75.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Actuarial assumptions – The total OPEB liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	September 30, 2018
Measurement Date	September 30, 2018
Methods and Assumptions Used to Determine Net OPEB Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	6.00%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2018 at 6.00% and the long-term municipal bond rate as of September 28, 2018 at 3.83%
Salary increases	2.5% to 12.5%, including inflation; varies by years of service
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality tables used for Regular Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging Factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
Expenses	Investment returns are net of the investment expenses; and, Administrative expenses related to the operation of the health plan are included in the premium costs.
Other Information:	
Notes	The following changes in assumptions are reflected in the schedule of changes in TOL: - Long Term Rate of Return was reduced from 7% to 6% - First year trend on premiums was reduced from 6.75% to 6.58% - Initial cost of coverage was increased from previously projected $1,045 per subscriber per month to assumed $1,077 per subscriber per month, partially offset by an increase in the first year average premium to $656 per month from expected $641 per month Health-related assumptions are based on experience over the plan year ending December 31, 2018.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation at the measurement date of September 30, 2018 and September 30, 2017, are summarized in the following table.

	2018		2017	
Asset Class	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Large cap domestic equity	**34%**	**8.1%**	34%	8.0%
Global fixed income	**15%**	**4.5%**	18%	4.6%
International equity	**15%**	**8.5%**	15%	8.5%
Domestic fixed income	**15%**	**4.3%**	12%	4.3%
Small cap domestic equity	**11%**	**8.5%**	11%	8.5%
Real estate	**10%**	**7.3%**	10%	7.4%
Total	**100%**		100%	

Discount Rate – GASB Statement No. 75 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As the assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate of 6.00% was used.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using a discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	2019	2018
1% decrease	**$ 23,663**	$ 23,779
Current discount rate	**18,256**	18,835
1% increase	**13,708**	14,662

Healthcare Cost Trend Rate – JEA followed the Getzen model with trend rates for costs and premiums declining from 6.75% assumed for the year 2018 to the ultimate level of 4.57%.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, calculated using a healthcare cost trend rate of 6.75% down to 4.57%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current trend rate:

	2019	2018
1% decrease	**$ 13,443**	$ 14,401
Current healthcare cost trend rate	**18,256**	18,835
1% increase	**23,977**	24,098

Changes in the net OPEB liability are detailed below.

	2019	2018
Total OPEB liability		
Beginning balance	**$ 44,547**	$ 60,949
Service cost	**499**	811
Interest on the total OPEB liability	**3,044**	4,253
Changes in benefit terms	**–**	(11,556)
Difference between expected and actual experience	**(4,057)**	(7,891)
Change of assumptions	**5,794**	–
Benefit payments	**(3,122)**	(2,019)
Ending balance	**46,705**	44,547
Plan fiduciary net postion		
Beginning balance	**25,712**	21,441
Employer contributions	**4,078**	5,240
Net investment income	**1,989**	2,942
Reimbursements to employer	**(3,308)**	(3,911)
OPEB plan administrative expense	**(22)**	–
Ending balance	**28,449**	25,712
Net OPEB liability	**$ 18,256**	$ 18,835
Plan fiduciary net position as a percentage of the total OPEB liability	**60.91%**	57.72%
Covered payroll	**$156,042**	$155,326
Net OPEB liability as a percentage of covered payroll	**11.70%**	12.13%

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Plan Assets – The assets of the plan consist of shares held in the Florida Municipal Investment Trust (FMIT), which is administered by the Florida League of Cities. The FMIT is an interlocal governmental entity created under the laws of the State of Florida and an Authorized Investment under Sec. 163.01 Florida Statutes. It is considered an external investment pool for reporting purposes. JEA owns shares in the OPEB Fund A as directed in the Master Trust Agreement. OPEB Fund A target asset allocation is 60% equities, 30% fixed income, and 10% real estate.

At September 30, 2018 and September 30, 2017, the OPEB Plan's cash and money market balance within the OPEB Fund A was $171 and $309, respectively.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table below details the interest rate risk in years for investments in the trust.

	September 30, 2018		September 30, 2017	
Fixed Income Fund	Modified Duration	Weighted Average Maturity	Modified Duration	Weighted Average Maturity
FMIT Broad Market High Quality Bond Fund	**5.00**	**6.40**	4.74	6.10
FMIT Core Plus Fixed Income Fund	**2.13**	**7.00**	2.24	7.40

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The FMIT Broad Market High Quality Bond Fund was rated by Fitch as AAf/S4 as of September 30, 2018 and September 30, 2017. The remaining funds of the trust are unrated.

Money-Weighted rates of return

The money-weighted rates of return for the fiscal years ended September 30, 2018 and September 30, 2017 were 7.54% and 13.35%, respectively.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Fair Value Disclosures

The table below summarizes the OPEB Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. JEA's investment is in shares of the FMIT OPEB Fund A. The disclosure below is based on the asset allocation provided by the FMIT of those investments held by OPEB Fund A.

	September 30, 2018			September 30, 2017		
	Level 2	**Level 3**	**Total**	**Level 2**	**Level 3**	**Total**
FMIT Core Plus Fixed Income Fund	**$ –**	**$ 4,780**	**$ 4,780**	$ –	$ 5,785	$ 5,785
FMIT Broad Market High Quality Bond Fund	**4,523**	**–**	**4,523**	3,831	–	3,831
Total fixed income	**4,523**	**4,780**	**9,303**	3,831	5,785	9,616
FMIT Russell 1000 Enhanced Index Portfolio	**–**	**–**	**–**	5,991	–	5,991
FMIT Large Cap Diversified Value Portfolio	**8,962**	**–**	**8,962**	2,160	–	2,160
FMIT International Equity Portfolio	**4,125**	**–**	**4,125**	2,674	–	2,674
FMIT Diversified Small to Mid Cap Equity Portfolio	**3,243**	**–**	**3,243**	2,905	–	2,905
FMIT Core Real Estate Portfolio	**–**	**2,646**	**2,646**	–	–	–
FMIT High Quality Growth Portfolio	**–**	**–**	**–**	2,057	–	2,057
Total equities	**16,330**	**2,646**	**18,976**	15,787	–	15,787
Total	**$ 20,853**	**$ 7,426**	**$ 28,279**	$ 19,618	$ 5,785	$ 25,403

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the OPEB

Net OPEB Liability – JEA's net OPEB liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of and with the measurement dates of September 30, 2018 and September 30, 2017, respectively. JEA's net OPEB liability is $18,256 as of September 30, 2019 and $18,835 as of September 30, 2018.

For the year ended September 30, 2019 and 2018, JEA recognized OPEB expense is $652 and ($9,272), respectively. As JEA has implemented regulatory accounting for OPEB, the difference between the recognized OPEB expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

The JEA Plan recorded deferred outflows of resources and deferred inflows of resources related to OPEB as detailed in the table below.

	September 30	
	2019	**2018**
Deferred outflows of resources		
Change of assumptions	**$ 5,197**	$ –
Contributions subsequent to the measurement date	**3,903**	4,078
Total	**$ 9,100**	$ 4,078
Deferred inflows of resources		
Differences between expected and actual experience	**$ (9,952)**	$ (7,102)
Net difference between projected and actual earnings on pension plan investments	**(1,297)**	(1,610)
Total	**$ (11,249)**	$ (8,712)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	**Recognition of Deferred Outflows (Inflows)**
2020	$ 2,816
2021	(1,086)
2022	(921)
2023	(643)
2024	(610)
Thereafter	(1,705)
Total	$ (2,149)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2019		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	$ 184,525	$ 2,006	$ 182,519
State and local government securities	183,116	–	183,116
Total investments by fair value level	367,641	2,006	365,635
Investments measured at NAV			
Local government investment pools	188,130		
Money market mutual funds	126,452		
Total investments measured at NAV	314,582		
Investments measured at cost			
Commercial paper	44,266		
Total investments measured at cost	44,266		
Total investments per statement of net position	$ 726,489		

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements (continued)

	2018		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	**$ 453,060**	**$ 453,060**	**$ –**
State and local government securities	**223,845**	**–**	**223,845**
Total investments by fair value level	**676,905**	**453,060**	**223,845**
Investments measured at NAV			
Local government investment pools	**194,786**		
Money market mutual funds	**23,208**		
Total investments measured at NAV	**217,994**		
Investments measured at cost			
Commercial paper	**133,074**		
U.S. Treasury and government agency securities	**9,837**		
Total investments measured at cost	**142,911**		
Total investments per statement of net position	**$ 1,037,810**		

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2019 and 2018 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2019	2018
Electric	**$ (118,621)**	$ (70,103)
Water and Sewer	**(31,266)**	(16,253)
Total	**$ (149,887)**	$ (86,356)

Natural Gas Cash Flow Hedges

JEA's natural gas cash flow hedges consisted of swap agreements for either a 3-month or 12-month period, covering calendar years 2018 through December 2022. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. The fair market value changes in the hedges were recorded on a net basis in the statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2019, deferred charges of $11,598 were included in deferred outflows of resources and, at September 30, 2018, deferred credits of $2,536 were included in deferred inflows of resources on the statements of net position.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations affecting JEA:

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO2) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), applicable to existing fossil fuel-fired electric EGUs.
- The Final Carbon Pollution Standards Rule (CPS), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy "in favor of energy independence, economic growth, and the rule of law". The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO^2 emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA's review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

On August 30, 2018, EPA a proposed rule to replace the CPP. The proposed rule is titled the Affordable and Clean Energy (ACE) Rule. ACE proposes new Existing Source Performance Standards (ESPS) to regulate CO2 emissions from fossil-fueled boilers. The ACE standards are significantly less stringent than the CPP standards. ACE also proposes to simplify and remove considerable ambiguity from EPA's New Source Review (NSR) rules applicable to major improvements to generating units. EPA has also promulgated but not issued proposed New Source Performance Standards (NSPS) for fossil-fueled units. Provisions of ACE are anticipated to be complied with without significant capital expenditure and do not represent significant cost exposure for JEA. Similarly, since JEA is not presently anticipating construction of any electric generation units that would be impacted by a new NSPS, the pending rule likewise does not represent significant cost exposure for JEA. Because these rules are either proposed or pending issuance, it is difficult to know when or if the rules will become "final" and enforceable. For this reason, JEA is unable, at this time, to definitively ascertain the impact to JEA to come from prospective regulation of CO2 emissions.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter ($PM_{2.5}$), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO2 and NOx emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of $PM_{2.5}$ and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012 with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NOx emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule. However, the EPA has made known that it is in the early stages of developing a supplemental rule (CSAPR Update II) to address the 2015 ozone and $PM_{2.5}$ NAAQS. It is possible that the CSAPR Update II may mandate deeper emission reductions and an expansion of the geographic area for regulation, possibly to again include Florida. The EPA has not established a rulemaking schedule for the CSAPR Update II. Consequently, JEA is not able to estimate any impacts from the CSAPR Update II.

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPS) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

In April 2015, the EPA finalized rules to regulate the disposal and management of coal combustion residuals (CCRs), meaning fly ash, bottom ash, boiler slag, and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015 and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by the EPA, is enforced only by citizen-initiated lawsuits, rather than by the EPA. However, with passage of the WIIN Act in 2016, the rule can now be reformed to provide the following: 1) conversion from a “self-implementing” program to a permit program the states or EPA would have primary responsibility to administer and enforce; and, 2) flexibility for state programs to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The state has started the process to incorporate the rule and regulations, which ultimately may constitute a permitting or tailored program.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of byproducts at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The currently operating cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule even after the plant was decommissioned in 2018. SJRPP’s two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities is currently projected to run through 2030.

The EPA left in place the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries, or oceans to cool their plants. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and was initiated in 2018. Estimated final compliance deadlines are not expected until after 2025 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but no later than December 31, 2023. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

Water Supply System Regulatory Initiatives – JEA was issued a 20-year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

Pollution Remediation Obligations

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions, and contaminated site assessment and remediation. Based on an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on project estimates and probabilities, the liability is estimated to be $26,123 at September 30, 2019. The accrual is related to the following environmental matters: Kennedy Generating Station RCRA Corrective Action for former wood preserving site; SJRPP Area B Landfill; Sans Souci Substation remedial activities; Pearl Street Electric Shop remedial activities; WSSC PCB Issue, Northside Generating Station RCRA Corrective Action program; and remediation at a number of miscellaneous petroleum sites. Of the $26,123 that JEA has accrued as environmental liabilities, approximately $15,795 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain and no accurate prediction of range of loss is possible at this time: Pickettville Road Landfill CERCLA site post-closure activities and the Ellis Road CERCLA site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total $16,568. The remaining liability is recognized as part of revenues to be used for future costs.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff is suing multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately $75,000; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of $500. The issue was argued in the Mississippi Supreme Court in January 2019. In June 2019, the U.S. Supreme Court reversed a long-standing precedent with respect to the ability of one state's courts to exercise jurisdiction over another state. The same week, the Mississippi Supreme Court dismissed Promenade's damages cap appeal and remanded the case to the trial court for consideration of JEA's jurisdiction defense in light of the U.S. Supreme Court's 2019 decision. The trial court is expected to rule on whether it has any jurisdiction over JEA late this year.

New Headquarters Building Lease

On July 11, 2019, JEA signed a 15-year building lease for a new headquarters building with the option to renew the lease for three consecutive renewal terms of 5 years each. The groundbreaking is expected to take place in the first quarter of calendar year 2020 and work is expected to continue through fall 2021, barring any delays due to inclement weather or other unforeseen factors. The costs to finance and build the new building will be paid for by the lessor and the lease term will commence once construction is complete. The annual lease payment for the initial year is estimated to be approximately $6,527 and will increase by 2.50% each year thereafter.

In additional to the annual rent, JEA will also pay an additional rental related to operating expenses for operation, maintenance, management, and repair of the building. This amount will vary each year, but will be no more than 105% of the preceding year's operating expenses. The initial year's estimate of additional rental is $1,829.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

16. Storm Costs

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida) of those costs not covered by insurance. As a result, $41,233 of the eligible costs were deferred as costs to be recovered from future revenues in the statement of net position with the 12.5%, or $4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position in fiscal year 2017. Through September 30, 2019, JEA has received $25,550, which reduced the deferred costs to be recovered from future revenues. Of the $25,550 received, $18,500 was from insurance and $7,050 from FEMA. JEA believes it is probable that reimbursement from FEMA will be received for the eligible cost incurred that is remaining.

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA, which is currently in the process of being decommissioned as discussed in note 2, St. Johns River Power Park. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

17. Segment Information (continued)

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the financial statements. See intercompany charges detailed below.

	2019			2018		
	Electric	**W&S**	**DES**	**Electric**	**W&S**	**DES**
Electricity services	**N/A**	**$ 13,368**	**$ 3,324**	N/A	$ 13,422	$ 3,282
Water and sewer services	**382**	**N/A**	**143**	505	N/A	136
Chilled water services	**–**	**387**	**N/A**	–	408	N/A

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was $49,238 for fiscal year 2019 and $45,869 for 2018.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for $32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were $1,266 for fiscal year 2019 and $784 for 2018.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of $22,940 and $6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was $2,089 for fiscal year 2019 and $2,030 for 2018.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2019 and 2018 was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer		DES	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Condensed statements of net position								
Total current assets	**$ 505,398**	$ 603,965	**$ 79,029**	$ 70,352	**$ 180,121**	$ 196,938	**$ 1,727**	$ 4,396
Total noncurrent assets	**666,020**	740,394	**359,376**	358,767	**484,893**	574,441	**6,788**	3,445
Net capital assets	**2,674,310**	2,652,224	**9,734**	10,144	**2,748,123**	2,682,864	**33,277**	35,027
Deferred outflows of resources	**307,914**	241,405	**25,088**	67,596	**128,159**	125,501	**182**	194
Total assets and deferred outflows of resources	**$ 4,153,642**	$ 4,237,988	**$ 473,227**	$ 506,859	**$ 3,541,296**	$ 3,579,744	**$ 41,974**	$ 43,062
Total current liabilities	**$ 143,254**	$ 163,168	**$ 22,301**	$ 7,668	**$ 38,330**	$ 37,101	**$ 189**	$ 103
Total current liabilities payable from restricted assets	**179,078**	184,899	**70,158**	63,435	**122,622**	117,447	**2,517**	2,601
Total noncurrent liabilities	**437,000**	373,718	**10,224**	39,049	**234,883**	221,990	**29**	34
Total long-term debt	**1,972,276**	2,166,201	**266,538**	281,359	**1,424,172**	1,570,576	**33,106**	34,791
Total liabilities	**2,731,608**	2,887,986	**369,221**	391,511	**1,820,007**	1,947,114	**35,841**	37,529
Deferred inflows of resources	**242,932**	283,185	**6,166**	17,715	**51,721**	47,304	**–**	–
Net investment in (divestment of) capital assets	**773,119**	530,479	**(12,879)**	2,138	**1,490,121**	1,325,600	**(1,498)**	(1,492)
Restricted net position	**208,946**	316,700	**42,257**	26,164	**139,648**	195,319	**6,088**	2,738
Unrestricted net position	**197,037**	219,638	**68,552**	69,331	**39,799**	64,407	**1,543**	4,287
Total net position	**1,179,102**	1,066,817	**97,930**	97,633	**1,669,568**	1,585,326	**6,133**	5,533
Total liabilities, deferred inflows of resources, and net position	**$ 4,153,642**	$ 4,237,988	**$ 473,317**	$ 506,859	**$ 3,541,296**	$ 3,579,744	**$ 41,974**	$ 43,062
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	**$ 1,298,085**	$ 1,275,255	**$ 28,618**	$ 147,838	**$ 463,817**	$ 435,682	**$ 8,895**	$ 8,756
Depreciation	**207,427**	203,075	**410**	10,987	**152,047**	144,144	**2,429**	2,403
Other operating expenses	**816,619**	829,441	**21,628**	115,612	**182,130**	166,291	**4,703**	4,603
Operating income	**274,039**	242,739	**6,580**	21,239	**129,640**	125,247	**1,763**	1,750
Total nonoperating expenses, net	**(68,802)**	(67,484)	**(6,283)**	(18,028)	**(35,086)**	(44,079)	**(1,163)**	(1,221)
Total contributions, net	**(92,952)**	(91,472)	**–**	–	**(10,312)**	2,895	**–**	–
Total special items	**–**	–	**–**	(45,099)	**–**	–	**–**	–
Changes in net position	**112,285**	83,783	**297**	(41,888)	**84,242**	84,063	**600**	529
Net position, beginning of year	**1,066,817**	983,034	**97,633**	139,521	**1,585,326**	1,501,263	**5,533**	5,004
Net position, end of year	**$ 1,179,102**	$ 1,066,817	**$ 97,930**	$ 97,633	**$ 1,669,568**	$ 1,585,326	**$ 6,133**	$ 5,533
Condensed statements of cash flow information								
Net cash provided by operating activities	**$ 453,417**	$ 448,267	**$ 17,773**	$ 38,185	**$ 293,244**	$ 276,604	**$ 4,896**	$ 3,880
Net cash used in noncapital and related financing activities	**(92,829)**	(91,538)	**–**	–	**(39,878)**	(25,031)	**–**	–
Net cash used in capital and related financing activities	**(586,400)**	(380,568)	**(12,946)**	(193,269)	**(386,589)**	(291,037)	**(3,763)**	(4,064)
Net cash provided by (used in) investing activities	**296,653**	(30,410)	**16,812**	174,010	**163,894**	16,616	**156**	103
Net change in cash and cash equivalents	**70,841**	(54,249)	**21,639**	18,926	**30,671**	(22,848)	**1,289**	(81)
Cash and cash equivalents at beginning of year	**285,814**	340,063	**139,953**	121,027	**123,061**	145,909	**6,954**	7,035
Cash and cash equivalents at end of year	**$ 356,655**	$ 285,814	**$ 161,592**	$ 139,953	**$ 153,732**	$ 123,061	**$ 8,243**	$ 6,954

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

18. Subsequent Events

On October 11, 2019, JEA defeased $48,070 Electric System Subordinated Revenue Bonds and $45,425 Water and Sewer System Revenue Bonds and Subordinated Revenue Bonds. This defeasance was part of the execution of Phase 2 of the STAR plan, which was approved by the Board in December 2018, to utilize cash from the Operations Fund, Debt Management Stabilization Fund, and Renewal and Replacement Fund to defease debt.

REQUIRED SUPPLEMENTARY INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

City of Jacksonville General Employees Retirement Plan

Schedule of JEA's Proportionate Share of the Net Pension Liability*

Fiscal Year	Proportional Share Percentage	Net Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	48.85%	$ 386,789	$ 129,922	297.71%	68.64%
2015	48.85%	404,466	128,084	315.78%	69.06%
2016	49.15%	480,353	127,440	376.92%	64.03%
2017	50.37%	541,025	126,808	426.65%	63.00%
2018	51.68%	527,680	134,443	392.49%	63.71%
2019	50.59%	562,371	135,709	414.40%	65.23%

Schedule of JEA Contributions**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2009	$ 13,280	$ 13,280	–	$ 120,727	11.00%
2010	16,257	16,257	–	125,054	13.00%
2011	17,195	17,195	–	132,269	13.00%
2012	22,301	22,301	–	127,434	17.50%
2013	27,038	27,038	–	129,990	20.80%
2014	34,149	34,149	–	129,922	26.28%
2015	40,179	40,179	–	128,084	31.37%
2016	43,156	43,156	–	127,440	33.86%
2017	48,942	48,942	–	126,808	38.60%
2018	35,459	35,929	(470)	134,443	26.72%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

** All information is on measurement year basis.

JEA

Required Supplementary Information – Pension (continued)
(Dollars in Thousands)

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 1.50% (2017) and 1.14% (2016) annual increases*
Remaining amortization period	All new bases are amortized over 30 years
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.
Actual assumptions:	
Investment rate of return	7.40% (2017) and 7.50% (2016), net of pension plan investment expense, including inflation
Inflation rate	2.75%*
Projected salary increases	3.00% – 6.00%, of which 2.75% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	Plan provisions contain a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.75% as of October 1, 2016. Per Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, the payroll growth assumption for amortization purposes would have decreased from 1.14% to 0.57%. However, pursuant to Chapter 112.64(5)(b), and after adjusting this analysis to account for bargained pay level increases and inclusion of DC plan participants in the total payroll, the assumption was set at 1.50%.

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios*

	2018	2017	2016	2015	2014
Total Pension Liability					
Beginning balance	**$ 169,321**	$ 158,926	$ 155,143	$ 148,508	$ 146,521
Service cost	**112**	1,032	1,210	1,275	1,470
Interest	**11,163**	10,768	10,514	10,271	10,026
Changes in benefit terms	**–**	–	(59)	–	–
Difference between actual and expected experience	**(1,784)**	10,826	714	2,121	–
Changes in assumptions	**15,782**	26	3,730	3,316	–
Benefit payments	**(19,928)**	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	**$ 174,666**	$ 169,321	$ 158,926	$ 155,143	$ 148,508
Plan Fiduciary Net Position					
Beginning balance	**$ 152,798**	$ 142,286	$ 138,902	$ 145,425	$ 135,019
Contributions – employer	**26,409**	8,039	2,142	3,509	5,559
Contributions – employee	**232**	625	629	648	655
Net investment income (loss)	**11,499**	14,571	13,379	(266)	13,763
Benefit payments	**(19,928)**	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	**(345)**	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	**$ 170,665**	$ 152,798	$ 142,286	$ 138,902	$ 145,425
Net Pension Liability – Ending	**$ 4,001**	$ 16,523	$ 16,640	$ 16,241	$ 3,083
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**97.71%**	90.24%	89.53%	89.53%	97.92%
Covered Payroll	**$ 5,809**	$ 15,621	$ 15,730	$ 16,665	$ 21,304
Net Pension Liability as a Percentage of Covered Payroll	**68.88%**	105.78%	105.79%	97.46%	14.47%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Investment Returns*

Year Ended	Return
2009	7.60%
2010	10.14%
2011	0.41%
2012	17.17%
2013	12.64%
2014	10.32%
2015	-0.19%
2016	9.99%
2017	10.39%
2018	7.37%

SJRPP Plan – Schedule of Contributions*

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 13,453	$ 13,565	$ (112)	$ 19,431	69.81%
2010	13,453	13,565	(112)	19,431	69.81%
2011	8,919	9,028	(109)	19,895	45.38%
2012	7,995	8,005	(10)	19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,728	26,409	(18,681)	5,809	454.62%

* All information is on measurement year basis

JEA

Required Supplementary Information – Pension (continued)
(Dollars in Thousands)

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	1 year
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	7.00% per year, compounded annually, net of investment expenses.
Retirement age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 10/1/2017 valuation were modified to reflect retirements and separations upon the SJRPP plant closure.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios*

	2018	2017	2016
Total OPEB Liability			
Beginning balance	**$ 44,547**	$ 60,949	$ 62,554
Service cost	**499**	811	781
Interest on the total OPEB liability	**3,044**	4,253	4,203
Changes in benefit terms	**–**	(11,556)	–
Difference between actual and expected experience	**(4,057)**	(7,891)	–
Change of assumptions	**5,794**	–	–
Benefit payments	**(3,122)**	(2,019)	(6,589)
Total OPEB liability – ending	**$ 46,705**	$ 44,547	$ 60,949
Plan Fiduciary Net Position			
Beginning balance	**$ 25,712**	$ 21,441	$ 18,156
Employer contributions	**4,078**	5,240	5,061
Net investment income	**1,989**	2,942	2,135
Reimbursements to employer	**(3,308)**	(3,911)	(3,911)
OPEB plan administrative expense	**(22)**	–	–
Plan fiduciary net position – ending	**$ 28,449**	$ 25,712	$ 21,441
Net OPEB Liability – Ending	**$ 18,256**	$ 18,835	$ 39,508
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**60.91%**	57.72%	35.18%
Covered Payroll	**$ 156,042**	$ 155,326	$ 150,073
Net OPEB Liability as a Percentage of Covered Payroll	**11.70%**	12.13%	26.33%

* This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Investment Returns*

All information is on a measurement year basis.

Year Ended	Return
2009	1.44%
2010	6.74%
2011	-1.41%
2012	15.84%
2013	11.93%
2014	8.22%
2015	-0.46%
2016	7.90%
2017	13.35%
2018	7.54%

OPEB Plan – Schedule of Contributions**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 5,779	$ 4,023	$ 1,756	N/A	N/A
2010	5,126	5,236	(110)	138,093	3.79%
2011	5,344	6,601	(1,257)	N/A	N/A
2012	5,211	5,423	(212)	150,714	3.60%
2013	5,433	6,185	(752)	N/A	N/A
2014	4,819	4,382	437	148,617	2.95%
2015	5,011	7,255	(2,244)	N/A	N/A
2016	5,061	7,739	(2,678)	150,073	5.16%
2017	4,138	5,240	(1,102)	155,326	3.37%
2018	3,885	4,078	(193)	161,602	2.52%

* All information is on measurement year basis

** These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

Notes to Schedule of Contributions

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.5% – 12.5% per year, including inflation; varies by years of service
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Mortality tables used for Regular Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, administrative expenses related to operation of the health plan are included in the premium costs.

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 282,069	$ 66,734	$ –	$ 348,803	$ 64,146	$ 1,489	$ 414,438
Investments	–	2,399	–	2,399	–	–	2,399
Customer accounts receivable, net of allowance ($1,341)	171,854	–	–	171,854	54,756	238	226,848
Inventories:							
Materials and supplies	2,219	106	–	2,325	56,637	–	58,962
Fuel	30,898	–	–	30,898	–	–	30,898
Other current assets	18,358	9,790	(13,138)	15,010	4,582	–	19,592
Total current assets	505,398	79,029	(13,138)	571,289	180,121	1,727	753,137
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	74,586	94,858	–	169,444	89,586	6,754	265,784
Investments	230,849	10,891	–	241,740	138,510	–	380,250
Accounts and interest receivable	1,053	11	–	1,064	7	–	1,071
Total restricted assets	306,488	105,760	–	412,248	228,103	6,754	647,105
Costs to be recovered from future revenues	343,247	253,706	–	596,953	254,059	34	851,046
Other assets	16,285	–	–	16,285	2,731	–	19,016
Total noncurrent assets	666,020	359,466	–	1,025,486	484,893	6,788	1,517,167
Net capital assets	2,674,310	9,734	–	2,684,044	2,748,123	33,277	5,465,444
Total assets	3,845,728	448,229	(13,138)	4,280,819	3,413,137	41,792	7,735,748
Deferred outflows of resources							
Unrealized pension contributions and losses	78,089	3,539	–	81,628	49,926	–	131,554
Unamortized deferred losses on refundings	61,773	3,502	–	65,275	43,418	182	108,875
Accumulated decrease in fair value of hedging derivatives	130,219	–	–	130,219	31,266	–	161,485
Unrealized asset retirement obligations	32,282	18,047	–	50,329	–	–	50,329
Unrealized OPEB contributions and losses	5,551	–	–	5,551	3,549	–	9,100
Total deferred outflows of resources	307,914	25,088	–	333,002	128,159	182	461,343
Total assets and deferred outflows of resources	$ 4,153,642	$ 473,317	$ (13,138)	$ 4,613,821	$ 3,541,296	$ 41,974	$ 8,197,091

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 42,875	$ 4,255	$ (3,600)	$ 43,530	$ 10,156	$ 141	$ 53,827
Customer deposits and prepayments	56,714	–	–	56,714	17,260	–	73,974
Billings on behalf of state and local governments	22,406	(1)	–	22,405	3,887	–	26,292
Current portion of asset retirement obligations	837	18,047	–	18,884	–	–	18,884
Compensation and benefits payable	12,236	–	–	12,236	4,944	48	17,228
City of Jacksonville payable	8,186	–	–	8,186	2,083	–	10,269
Total current liabilities	143,254	22,301	(3,600)	161,955	38,330	189	200,474
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	–	136,160	54,705	1,690	192,555
Interest payable	32,109	5,564	–	37,673	26,436	666	64,775
Renewal and replacement reserve	–	46,955	–	46,955	–	–	46,955
Construction contracts and accounts payable	24,589	3,859	(3,315)	25,133	41,481	161	66,775
Total current liabilities payable from restricted assets	179,078	70,158	(3,315)	245,921	122,622	2,517	371,060
Noncurrent liabilities:							
Net pension liability	343,046	4,001	–	347,047	219,325	–	566,372
Asset retirement obligations	31,445	–	–	31,445	–	–	31,445
Net OPEB liability	11,136	–	–	11,136	7,120	–	18,256
Other liabilities	51,373	6,223	(6,223)	51,373	8,438	29	59,840
Total noncurrent liabilities	437,000	10,224	(6,223)	441,001	234,883	29	675,913
Long-term debt:							
Debt payable, less current portion	1,796,880	265,105	–	2,061,985	1,332,960	33,135	3,428,080
Unamortized premium (discount), net	56,775	1,433	–	58,208	59,946	(29)	118,125
Fair value of debt management strategy instruments	118,621	–	–	118,621	31,266	–	149,887
Total long-term debt	1,972,276	266,538	–	2,238,814	1,424,172	33,106	3,696,092
Total liabilities	2,731,608	369,221	(13,138)	3,087,691	1,820,007	35,841	4,943,539
Deferred inflows of resources							
Revenues to be used for future costs	208,794	–	–	208,794	29,896	–	238,690
Unrealized pension gains	27,276	6,166	–	33,442	17,438	–	50,880
Unrealized OPEB gains	6,862	–	–	6,862	4,387	–	11,249
Total deferred inflows of resources	242,932	6,166	–	249,098	51,721	–	300,819
Net position							
Net investment in (divestment of) capital assets	773,119	(12,879)	–	760,240	1,490,121	(1,498)	2,248,863
Restricted							
Capital projects	83,017	–	–	83,017	77,771	4,398	165,186
Debt service	121,541	14,071	–	135,612	55,761	1,690	193,063
Other purposes	4,388	28,186	3,315	35,889	6,116	–	42,005
Unrestricted	197,037	68,552	(3,315)	262,274	39,799	1,543	303,616
Total net position	1,179,102	97,930	–	1,277,032	1,669,568	6,133	2,952,733
Total liabilities, deferred inflows of resources, and net position	$ 4,153,642	$ 473,317	$ (13,138)	$ 4,613,821	$ 3,541,296	$ 41,974	$ 8,197,091

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 285,611	$ 65,840	$ –	$ 351,451	$ 86,219	$ 3,536	$ 441,206
Investments	83,268	2,042	–	85,310	–	–	85,310
Customer accounts receivable, net of allowance ($1,830)	180,731	–	–	180,731	51,267	860	232,858
Inventories:							
Materials and supplies	2,189	665	–	2,854	56,350	–	59,204
Fuel	35,856	1,015	–	36,871	–	–	36,871
Other current assets	16,310	790	(1,912)	15,188	3,102	–	18,290
Total current assets	603,965	70,352	(1,912)	672,405	196,938	4,396	873,739
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	203	74,113	–	74,316	36,842	3,418	114,576
Investments	419,536	23,330	–	442,866	288,761	–	731,627
Accounts and interest receivable	7	47	–	54	8	–	62
Total restricted assets	419,746	97,490	–	517,236	325,611	3,418	846,265
Costs to be recovered from future revenues	301,805	261,277	–	563,082	244,987	27	808,096
Other assets	18,843	–	–	18,843	3,843	–	22,686
Total noncurrent assets	740,394	358,767	–	1,099,161	574,441	3,445	1,677,047
Net capital assets	2,652,224	10,144	–	2,662,368	2,682,864	35,027	5,380,259
Total assets	3,996,583	439,263	(1,912)	4,433,934	3,454,243	42,868	7,931,045
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	–	117,887	53,480	–	171,367
Unamortized deferred losses on refundings	85,165	4,185	–	89,350	54,178	194	143,722
Accumulated decrease in fair value of hedging derivatives	70,103	–	–	70,103	16,253	–	86,356
Unrealized asset retirement obligations	–	29,173	–	29,173	–	–	29,173
Unrealized OPEB contributions and losses	2,488	–	–	2,488	1,590	–	4,078
Total deferred outflows of resources	241,405	67,596	–	309,001	125,501	194	434,696
Total assets and deferred outflows of resources	$ 4,237,988	$ 506,859	$ (1,912)	$ 4,742,935	$ 3,579,744	$ 43,062	$ 8,365,741

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 69,831	$ 1,021	$ (796)	$ 70,056	$ 11,636	$ 78	$ 81,770
Customer deposits and prepayments	53,738	–	–	53,738	16,475	–	70,213
Billings on behalf of state and local governments	22,295	1	–	22,296	3,674	–	25,970
Current portion of asset retirement obligations	–	6,646	–	6,646	–	–	6,646
Compensation and benefits payable	9,458	–	–	9,458	3,205	25	12,688
City of Jacksonville payable	7,846	–	–	7,846	2,111	–	9,957
Total current liabilities	163,168	7,668	(796)	170,040	37,101	103	207,244
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	–	132,410	51,720	1,660	185,790
Interest payable	37,613	5,603	–	43,216	29,841	680	73,737
Renewal and replacement reserve	–	54,370	–	54,370	–	–	54,370
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,886	261	53,369
Total current liabilities payable from restricted assets	184,899	63,435	(1,116)	247,218	117,447	2,601	367,266
Noncurrent liabilities:							
Net pension liability	321,885	16,523	–	338,408	205,795	–	544,203
Asset retirement obligations	–	22,526	–	22,526	–	–	22,526
Net OPEB liability	11,489	–	–	11,489	7,346	–	18,835
Other liabilities	40,344	–	–	40,344	8,849	34	49,227
Total noncurrent liabilities	373,718	39,049	–	412,767	221,990	34	634,791
Long-term debt:							
Debt payable, less current portion	2,019,350	278,885	–	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	76,748	2,474	–	79,222	73,703	(34)	152,891
Fair value of debt management strategy instruments	70,103	–	–	70,103	16,253	–	86,356
Total long-term debt	2,166,201	281,359	–	2,447,560	1,570,576	34,791	4,052,927
Total liabilities	2,887,986	391,511	(1,912)	3,277,585	1,947,114	37,529	5,262,228
Deferred inflows of resources							
Revenues to be used for future costs	249,085	10,624	–	259,709	27,123	–	286,832
Unrealized pension gains	26,250	7,091	–	33,341	16,783	–	50,124
Unrealized OPEB gains	5,314	–	–	5,314	3,398	–	8,712
Accumulated increase in fair value of hedging derivatives	2,536	–	–	2,536	–	–	2,536
Total deferred inflows of resources	283,185	17,715	–	300,900	47,304	–	348,204
Net position							
Net investment in (divestment of) capital assets	530,479	2,138	–	532,617	1,325,600	(1,492)	1,856,725
Restricted							
Capital projects	190,132	(1,760)		188,372	141,707	1,078	331,157
Debt service	129,870	1,843		131,713	53,799	1,660	187,172
Other purposes	(3,302)	26,081	1,116	23,895	(187)	–	23,708
Unrestricted	219,638	69,331	(1,116)	287,853	64,407	4,287	356,547
Total net position	1,066,817	97,633	–	1,164,450	1,585,326	5,533	2,755,309
Total liabilities, deferred inflows of resources, and net position	$ 4,237,988	$ 506,859	$ (1,912)	$ 4,742,935	$ 3,579,744	$ 43,062	$ 8,365,741

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	$ 1,274,843	$ 28,159	$ (26,495)	$ 1,276,507	$ –	$ –	$ (16,692)	$ 1,259,815
Water and sewer	–	–	–	–	450,641	–	(525)	450,116
District energy system	–	–	–	–	–	8,891	(387)	8,504
Other	23,242	459	–	23,701	13,176	4	(3,355)	33,526
Total operating revenues	1,298,085	28,618	(26,495)	1,300,208	463,817	8,895	(20,959)	1,751,961
Operating expenses								
Operations and maintenance:								
Fuel	325,659	4,669	–	330,328	–	–	–	330,328
Purchased power	161,740	–	(26,495)	135,245	–	–	–	135,245
Maintenance and other operating expenses	248,379	2,898	–	251,277	160,671	4,703	(20,959)	395,692
Depreciation	207,427	410	–	207,837	152,047	2,429	–	362,313
State utility and franchise taxes	60,767	–	–	60,767	10,802	–	–	71,569
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Total operating expenses	1,024,046	22,038	(26,495)	1,019,589	334,177	7,132	(20,959)	1,339,939
Operating income	274,039	6,580	–	280,619	129,640	1,763	–	412,022
Nonoperating revenues (expenses)								
Interest on debt	(99,654)	(11,311)	–	(110,965)	(62,733)	(1,348)	–	(175,046)
Investment income	21,623	4,684	–	26,307	13,282	156	–	39,745
Allowance for funds used during construction	3,973	–	–	3,973	10,097	29	–	14,099
Other nonoperating income, net	4,392	344	–	4,736	4,346	–	–	9,082
Earnings from The Energy Authority	2,412	–	–	2,412	–	–	–	2,412
Other interest, net	(1,548)	–	–	(1,548)	(78)	–	–	(1,626)
Total nonoperating expenses, net	(68,802)	(6,283)	–	(75,085)	(35,086)	(1,163)	–	(111,334)
Income before contributions	205,237	297	–	205,534	94,554	600	–	300,688
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(92,952)	–	–	(92,952)	(39,850)	–	–	(132,802)
Developers and other	5,431	–	–	5,431	92,295	–	–	97,726
Reduction of plant cost through contributions	(5,431)	–	–	(5,431)	(62,757)	–	–	(68,188)
Total contributions, net	(92,952)	–	–	(92,952)	(10,312)	–	–	(103,264)
Change in net position	112,285	297	–	112,582	84,242	600	–	197,424
Net position, beginning of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309
Net position, end of year	1,179,102	97,930	–	1,277,032	1,669,568	6,133	–	2,952,733

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	$ 1,253,139	$ 87,749	$ (56,982)	$ 1,283,906	$ –	$ –	$ (16,704)	$ 1,267,202
Water and sewer	–	–	–	–	424,121	–	(641)	423,480
District energy system	–	–	–	–	–	8,756	(408)	8,348
Other	22,116	60,089	–	82,205	11,561	–	(2,814)	90,952
Total operating revenues	1,275,255	147,838	(56,982)	1,366,111	435,682	8,756	(20,567)	1,789,982
Operating expenses								
Operations and maintenance:								
Fuel	356,877	64,175	–	421,052	–	–	–	421,052
Purchased power	166,176	–	(56,982)	109,194	–	–	–	109,194
Maintenance and other operating expenses	245,291	52,296	–	297,587	149,646	4,603	(20,567)	431,269
Depreciation	203,075	10,987	–	214,062	144,144	2,403	–	360,609
State utility and franchise taxes	59,551	–	–	59,551	10,476	–	–	70,027
Recognition of deferred costs and revenues, net	1,546	(859)	–	687	6,169	–	–	6,856
Total operating expenses	1,032,516	126,599	(56,982)	1,102,133	310,435	7,006	(20,567)	1,399,007
Operating income	242,739	21,239	–	263,978	125,247	1,750	–	390,975
Nonoperating revenues (expenses)								
Interest on debt	(86,808)	(20,292)	–	(107,100)	(58,034)	(1,374)	–	(166,508)
Investment income	6,910	1,196	–	8,106	3,617	103	–	11,826
Allowance for funds used during construction	3,912	–	–	3,912	7,802	50	–	11,764
Other nonoperating income, net	6,025	1,068	–	7,093	2,764	–	–	9,857
Earnings from The Energy Authority	4,074	–	–	4,074	–	–	–	4,074
Other interest, net	(1,597)	–	–	(1,597)	(228)	–	–	(1,825)
Total nonoperating expenses, net	(67,484)	(18,028)	–	(85,512)	(44,079)	(1,221)	–	(130,812)
Income before contributions	175,255	3,211	–	178,466	81,168	529	–	260,163
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(91,472)	–	–	(91,472)	(25,148)	–	–	(116,620)
Developers and other	1,597	–	–	1,597	80,560	–	–	82,157
Reduction of plant cost through contributions	(1,597)	–	–	(1,597)	(52,517)	–	–	(54,114)
Total contributions, net	(91,472)	–	–	(91,472)	2,895	–	–	(88,577)
Special items	–	(45,099)	–	(45,099)	–	–	–	(45,099)
Change in net position	83,783	(41,888)	–	41,895	84,063	529	–	126,487
Net position, beginning of year	983,034	139,521	–	1,122,555	1,501,263	5,004	–	2,628,822
Net position, end of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309

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JEA

Combining Statement of Cash Flows
(In Thousands)

Year Ended September 30, 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,244,236	$ 22,150	$ (28,693)	$ 1,237,693	$ 449,924	$ 9,514	$ (17,604)	$ 1,679,527
Payments to suppliers	(646,113)	(4,877)	28,693	(622,297)	(104,542)	(4,028)	20,959	(709,908)
Payments to employees	(167,477)	41	–	(167,436)	(65,347)	(594)	–	(233,377)
Other operating activities	22,771	459	–	23,230	13,209	4	(3,355)	33,088
Net cash provided by operating activities	453,417	17,773	–	471,190	293,244	4,896	–	769,330
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Net cash used in noncapital and related financing activities	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Capital and related financing activities								
Defeasance of debt	(100,090)	–	–	(100,090)	(94,955)	–	–	(195,045)
Proceeds from issuance of debt	–	–	–	–	2,000	–	–	2,000
Acquisition and construction of capital assets	(260,413)	–	–	(260,413)	(205,559)	(758)	–	(466,730)
Repayment of debt principal	(92,619)	(11,167)	–	(103,786)	(64,705)	(1,345)	–	(169,836)
Interest paid on debt	(130,690)	(1,720)	–	(132,410)	(51,720)	(1,660)	–	(185,790)
Capital contributions	–	–	–	–	29,538	–	–	29,538
Other capital financing activities	(2,588)	(59)	–	(2,647)	(1,188)	–	–	(3,835)
Net cash used in capital and related financing activities	(586,400)	(12,946)	–	(599,346)	(386,589)	(3,763)	–	(989,698)
Investing activities								
Purchase of investments	(235,745)	(97,635)	–	(333,380)	(82,023)	–	–	(415,403)
Proceeds from sale and maturity of investments	515,390	109,768	–	625,158	237,846	–	–	863,004
Investment income	14,565	4,679	–	19,244	8,071	156	–	27,471
Distributions from The Energy Authority	2,443	–	–	2,443	–	–	–	2,443
Net cash provided by investing activities	296,653	16,812	–	313,465	163,894	156	–	477,515
Net change in cash and cash equivalents	70,841	21,639	–	92,480	30,671	1,289	–	124,440
Cash and cash equivalents at beginning of year	285,814	139,953	–	425,767	123,061	6,954	–	555,782
Cash and cash equivalents at end of year	$ 356,655	$ 161,592	$ –	$ 518,247	$ 153,732	$ 8,243	$ –	$ 680,222
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 274,039	$ 6,580	$ –	$ 280,619	$ 129,640	$ 1,763	$ –	$ 412,022
Adjustments:								
Depreciation and amortization	207,427	410	–	207,837	153,268	2,429	–	363,534
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Other nonoperating income, net	171	–	–	171	1,864	–	–	2,035
Changes in noncash assets and noncash liabilities:								
Accounts receivable	8,314	(6,009)	–	2,305	(5,330)	622	–	(2,403)
Accounts receivable, restricted	7	–	–	7	1	–	–	8
Inventories	4,928	1,574	–	6,502	(287)	–	–	6,215
Other assets	2,527	–	–	2,527	(109)	–	–	2,418
Accounts and accrued expenses payable	(23,717)	(292)	–	(24,009)	1,179	87	–	(22,743)
Current liabilities payable from restricted assets	–	(5,299)	–	(5,299)	–	–	–	(5,299)
Other noncurrent liabilities and deferred inflows	(40,353)	6,748	–	(33,605)	2,361	(5)	–	(31,249)
Net cash provided by operating activities	$ 453,417	$ 17,773	$ –	$ 471,190	$ 293,244	$ 4,896	$ –	$ 769,330
Non-cash activity								
Contribution of capital assets from developers	$ 5,431	$ –	$ –	$ 5,431	$ 62,757	$ –	$ –	$ 68,188
Unrealized gains on fair value of investments	$ 7,690	$ 52	$ –	$ 7,742	$ 5,572	$ –	$ –	$ 13,314

JEA

Combining Statement of Cash Flows
(In Thousands)

Year Ended September 30, 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,249,048	$ 104,261	$ (34,089)	$ 1,319,220	$ 430,685	$ 8,446	$ (17,753)	$ 1,740,598
Payments to suppliers	(655,986)	(90,429)	34,089	(712,326)	(104,124)	(4,012)	20,567	(799,895)
Payments to employees	(160,943)	(35,736)	–	(196,679)	(61,403)	(554)	–	(258,636)
Other operating activities	16,148	60,089	–	76,237	11,446	–	(2,814)	84,869
Net cash provided by operating activities	448,267	38,185	–	486,452	276,604	3,880	–	766,936
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(91,538)	–	–	(91,538)	(25,031)	–	–	(116,569)
Net cash used in noncapital and related financing activities	(91,538)	–	–	(91,538)	(25,031)	–	–	(116,569)
Capital and related financing activities								
Defeasance of debt	(405,105)	(128,280)	–	(533,385)	(460,305)	–	–	(993,690)
Proceeds from issuance of debt	383,840	–	–	383,840	437,160	–	–	821,000
Acquisition and construction of capital assets	(171,075)	–	–	(171,075)	(203,416)	(1,053)	–	(375,544)
Repayment of debt principal	(135,105)	(41,330)	–	(176,435)	(51,020)	(1,640)	–	(229,095)
Interest paid on debt	(97,134)	(16,685)	–	(113,819)	(67,659)	(1,371)	–	(182,849)
Capital contributions	–	–	–	–	28,043	–	–	28,043
Other capital financing activities	44,011	(6,974)	–	37,037	26,160	–	–	63,197
Net cash used in capital and related financing activities	(380,568)	(193,269)	–	(573,837)	(291,037)	(4,064)	–	(868,938)
Investing activities								
Purchase of investments	(506,359)	(252,593)	–	(758,952)	(279,014)	–	–	(1,037,966)
Proceeds from sale and maturity of investments	462,211	428,653	–	890,864	288,607	–	–	1,179,471
Investment income	10,225	(2,050)	–	8,175	7,023	103	–	15,301
Distributions from The Energy Authority	3,513	–	–	3,513	–	–	–	3,513
Net cash provided by (used in) investing activities	(30,410)	174,010	–	143,600	16,616	103	–	160,319
Net change in cash and cash equivalents	(54,249)	18,926	–	(35,323)	(22,848)	(81)	–	(58,252)
Cash and cash equivalents at beginning of year	340,063	121,027	–	461,090	145,909	7,035	–	614,034
Cash and cash equivalents at end of year	$ 285,814	$ 139,953	$ –	$ 425,767	$ 123,061	$ 6,954	$ –	$ 555,782
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 242,739	$ 21,239	$ –	$ 263,978	$ 125,247	$ 1,750	$ –	$ 390,975
Adjustments:								
Depreciation and amortization	203,075	10,987	–	214,062	145,424	2,403	–	361,889
Recognition of deferred costs and revenues, net	1,546	(859)	–	687	6,169	–	–	6,856
Other nonoperating income, net	103	700	–	803	270	–	–	1,073
Changes in noncash assets and noncash liabilities:								
Accounts receivable	13,184	15,812	–	28,996	(2,200)	(310)	–	26,486
Accounts receivable, restricted	13	–	–	13	3	–	–	16
Inventories	2,136	52,297	–	54,433	(8,014)	–	–	46,419
Other assets	(3,287)	–	–	(3,287)	675	–	–	(2,612)
Accounts and accrued expenses payable	10,076	(10,441)	–	(365)	1,330	14	–	979
Current liabilities payable from restricted assets	–	(49,998)	–	(49,998)	–	–	–	(49,998)
Other noncurrent liabilities and deferred inflows	(21,318)	(1,552)	–	(22,870)	7,700	23	–	(15,147)
Net cash provided by operating activities	$ 448,267	$ 38,185	$ –	$ 486,452	$ 276,604	$ 3,880	$ –	$ 766,936
Non-cash activity								
Contribution of capital assets from developers	$ 1,597	$ –	$ –	$ 1,597	$ 52,517	$ –	$ –	$ 54,114
Unrealized gains (losses) on fair value of investments	$ (4,052)	$ 4,146	$ –	$ 94	$ (3,480)	$ –	$ –	$ (3,386)

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Report of Independent Auditors 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 Board of Directors
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 financial statements of JEA, which comprise the statement of net position as of September 30, 2019, 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 December 9, 2019.

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.

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 results of that testing, and not to provide an opinion on the effectiveness of 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.

Ernst + Young LLP

December 9, 2019

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BOND COMPLIANCE INFORMATION

JEA Electric System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2019	**2018**
Revenues		
Electric	**$ 1,235,358**	$ 1,229,625
Investment income [1]	**11,818**	9,525
Earnings from The Energy Authority	**2,412**	4,074
Other, net [2]	**23,400**	22,216
Plus: amounts paid from the rate stabilization fund into the revenue fund	**83,302**	88,415
Less: amounts paid from the revenue fund into the rate stabilization fund	**(43,817)**	(64,901)
Total revenues	**1,312,473**	1,288,954
Operating expenses [3]		
Fuel	**287,956**	328,160
Purchased power [4]	**234,793**	244,478
Maintenance and other operating expenses	**222,515**	204,982
State utility and franchise taxes	**60,767**	59,551
Total operating expenses	**806,031**	837,171
Net revenues	**$ 506,442**	$ 451,783
Debt service	**$ 81,494**	$ 71,890
Less: investment income on sinking fund	**(2,114)**	(1,436)
Less: Build America Bonds subsidy	**(1,527)**	(1,521)
Debt service requirement	**$ 77,853**	$ 68,933
Senior debt service coverage [5], (min 1.20x)	**6.51 x**	6.55 x
Net revenues (from above)	**$ 506,442**	$ 451,783
Debt service requirement (from above)	**$ 77,853**	$ 68,933
Plus: aggregate subordinated debt service on outstanding subordinated bonds	**104,640**	129,469
Less: Build America Bonds subsidy	**(2,002)**	(2,045)
Total debt service requirement and aggregate subordinated debt service	**$ 180,491**	$ 196,357
Senior and subordinated debt service coverage [6], (min 1.15x)	**2.81 x**	2.30 x

[1] Excludes investment income on sinking funds.

[2] Excludes the Build America Bonds subsidy.

[3] Excludes depreciation and recognition of deferred costs and revenues, net.

[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

JEA Bulk Power Supply System

Schedule of Debt Service Coverage

(In Thousands)

	Year ended September 30 2019	2018
Revenues		
Operating	$ **73,053**	$ 78,302
Investment income	**190**	162
Total revenues	**73,243**	78,464
Operating expenses [(1)]		
Fuel	**37,703**	28,717
Maintenance and other operating expenses	**14,812**	17,545
Total operating expenses	**52,515**	46,262
Net revenues	$ **20,728**	$ 32,202
Aggregate debt service	$ **10,109**	$ 9,943
Less: Build America Bonds subsidy	**(624)**	(667)
Aggregate debt service	$ **9,485**	$ 9,276
Debt service coverage [(2)]	**2.19 x**	3.47 x

(1) Excludes depreciation and recognition of deferred costs and revenues, net.

(2) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System, Second Resolution

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30 2019	2018
Revenues		
Operating	$ **29,322**	$ 34,196
Investment income	**4,633**	1,339
Total revenues	**33,955**	35,535
Operating expenses [(1)]	**4,669**	15,389
Net revenues	$ **29,286**	$ 20,146
Aggregate debt service	$ **24,908**	$ 12,925
Less: Build America Bonds subsidy	**(344)**	(367)
Aggregate debt service	$ **24,564**	$ 12,558
Debt service coverage [(2)]	**1.19 x**	1.60 x

(1) Excludes depreciation and recognition of deferred costs and revenues, net.

(2) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA Water and Sewer System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30			
		2019		2018
Revenues				
Water	**$**	**178,908**	$	171,216
Water capacity fees		**10,477**		9,730
Sewer		**274,505**		260,606
Sewer capacity fees		**18,911**		18,268
Investment income		**7,710**		7,097
Other [1]		**15,040**		11,831
Plus: amounts paid from the rate stabilization fund into the revenue fund		**22,327**		16,128
Less: amounts paid from the revenue fund into the rate stabilization fund		**(25,099)**		(23,829)
Total revenues		**502,779**		471,047
Operating expenses [2]				
Maintenance and other operating expenses		**160,671**		149,646
State utility and franchise taxes		**10,802**		10,476
Total operating expenses		**171,473**		160,122
Net revenues	**$**	**331,306**	$	310,925
Aggregate debt service	**$**	**94,693**	$	95,818
Less: Build America Bonds subsidy		**(2,478)**		(2,495)
Aggregate debt service	**$**	**92,215**	$	93,323
Senior debt service coverage [3], (min 1.25x)		**3.59 x**		3.33 x
Net revenues (from above)	**$**	**331,306**	$	310,925
Aggregate debt service (from above)	**$**	**92,215**	$	93,323
Plus: aggregate subordinated debt service on outstanding subordinated debt		**17,585**		18,084
Total aggregate debt service and aggregate subordinated debt service	**$**	**109,800**	$	111,407
Senior and subordinated debt service coverage excluding capacity fees [4]		**2.75 x**		2.54 x
Senior and subordinated debt service coverage including capacity fees [4]		**3.02 x**		2.79 x

[1] Excludes the Build America Bonds subsidy.

[2] Excludes depreciation and recognition of deferred costs and revenues, net.

[3] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

[4] 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).

JEA District Energy System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2019	**2018**
Revenues		
Service revenues	**$ 8,891**	$ 8,756
Investment income	**156**	103
Plus: amounts paid from the rate stabilization fund into the revenue fund	**2,737**	-
Total revenues	**11,784**	8,859
Operating expenses [(1)]		
Maintenance and other operating expenses	**4,703**	4,603
Total operating expenses	**4,703**	4,603
Net revenues	**$ 7,081**	$ 4,256
Aggregate debt service [(2)]	**$ 3,020**	$ 3,019
Debt service coverage [(3)], (min 1.15x)	**2.34 x**	1.41 x

(1) Excludes depreciation.

(2) 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.

(3) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA

Corporate Metrics Dashboard

As of December 31, 2019

Metrics for FY20 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 YTD	2020 Goal	Variance
Customer Value											
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	3rd Quartile	Top 1/2 of 2nd Quartile	Below
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decile	2nd Quartile	1st Quartile	Top 1/2 of 2nd Quartile	-
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.0%	79.3%	78.5%	>=80%	-2%
Grid Performance: Average Outage Length (CAIDI)	35	40	52	51	54	64	45	47	50	50-54	0%
Grid Performance: CEMI4	N/A	N/A	4.8%	5.1%	3.6%	3.2%	1.0%	0.4%	0.4%	1.5%-2.0%	73%
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%	3%	0.31%	2%	85%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8	8.8	1.4	2.0	30%
Information Technology Mean Time to Recover	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62	<=90 min	31%
Community Impact Value											
Capital Invested ($000)	$273,774	$234,718	$158,392	$204,708	$298,045	$307,918	$374,456	$497,341	$86,185	$381,695 - $500,974	TBD
Safety: % of safety checks closed on time	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	92%	93%	-1%
Safety: % of work orders closed in a timely manner	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	TBD	80% w/in 1-2 weeks	TBD
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities	7,183	1,499	4,500-4,800 hours	TBD
JSEB Spend ($000)	$9,168	$10,121	$7,302	$9,318	$9,983	$13,365	$15,760	$18,772	$4,000	$17,000	TBD
Employee Training Hours	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30,558	50,000	TBD
Environmental Value											
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2	0	0	<4	100%
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	650	767	579	553	527	558	550	396	77	466	83%
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.6	0.6	0.7	0.6	0.7	1.2	0.7	0.7	0.1	0.6	76%
Financial Value											
Generation Fleet Reliability (forced outages rate)	1%	2%	3%	2%	2%	2%	2%	5%	0%	2.25-2.5%	91%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%	94%	95%	97.5%	2.6%
Cost Reduction Metric ($000)	N/A	N/A	N/A	N/A	$25,156	$10,087	$10,495	$15,131	$5,382	$5,300	TBD

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
Customer Value									
Innovation (# of Ideas Submitted)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	304
Innovation (# of hours improved)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	TBD
Financial Value									
Change in Net Position ($000)	$182,642	$79,975	$156,269	$323,008	$210,016	$254,620	$126,488	$197,424	$201,613
Debt to Capitalization	73%	71%	72%	67%	64%	59%	57%	52%	50%
City Contribution ($000)	$104,188	$106,687	$109,188	$111,688	$129,187	$115,823	$116,620	$132,648	$118,824
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364	12,366	12,249
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187	37,696	37,988
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340	27,727	27,569
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120	3,884	4,197
Community Impact Value									
Renewable Energy Production (000's MWh)	121	122	121	131	128	131	173	171	176
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	98%	99%	100%	100%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4	5	1
Organizational Sentiment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	TBD
Safety: Recordable Incident Rate	1.5	1.8	2.4	1.7	1.8	2.1	1.5	1.5	1.1

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
Customer Value									
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%	98.6%	98.6%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%	90.3%	89.1%
Financial Value									
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%	11.0%	9.1%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%	5.0%	4.7%
Unlevered Free Cash Flow: EBITDA less CAPEX ($000)	$606,131	$532,872	$632,212	$591,925	$547,897	$573,259	$367,007	$275,589	$285,926
Net Position (Book Value of Equity) ($000)	$1,991,311	$2,071,286	$2,196,006	$2,166,909	$2,376,928	$2,631,545	$2,755,310	$2,976,663	$3,154,346
City Contribution NPV	-	-	-	-	-	-	$1,998,311	$1,998,311	$1,998,311
Electric Credit Ratings	Aa2/AA-/AA-	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/A+/AA	A2/A+/AA	A2/A+/AA
W/WW Credit Ratings	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AAA/AA	Aa2/AAA/AA	Aa2/AAA/AA	A2/AAA/AA	A2/AAA/AA
Environmental Value									
CO_2 Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516	1,526	1,626
CO_2 Emissions Mass(10^3 Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731	7,329	8,971
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	117	118
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75	78	78

*May contain reclaimed customers temporarily supplied with potable water

MANAGEMENT DISCUSSION

Financial

Electric Enterprise:
- FY20 DecYTD sales down 1.6% compared to FY19 DecYTD
- FY20 DecYTD sales per customer down 3.4% compared to FY19 DecYTD
- FY20 DecYTD degree days down 31.2% compared to FY19 DecYTD
- FY20 DecYTD total customers up 1.9% compared to FY19 DecYTD
- Revenue increased $4m vs. FY19 with withdrawals from the stabilization funds being mostly offset by lower sales
- Expenses decreased $21m vs. FY19 driven by lower fuel and purchased power costs.

Water and Sewer:
- FY20 DecYTD Water sales up 3.5% compared to FY19 DecYTD
- FY20 DecYTD Sewer sales up 1.9% compared to FY19 DecYTD
- FY20 DecYTD Reclaimed sales up 17.5% compared to FY19 DecYTD
- FY20 DecYTD Sales per customer up 0.85% compared to FY19 DecYTD
- FY20 DecYTD Rain flat compared to FY19 DecYTD, FY20 DecYTD irrigation up 11.9% versus FY19 DecYTD
- FY20 DecYTD Total customers up 2.7% compared to FY19 DecYTD
- Revenues increased by $18m vs. FY19 driven by withdrawals from the debt management stabilization fund to defease debt.
- Expenses increased $3m vs. FY19 due to higher depreciation.

DES:
- Stable, minimal change from FY19

Operations

Electric Enterprise:
- **CAIDI**: Due to system ehancement projects customer reliability has increased with the an avarage customer outage duration lasting 50 minutes.
- **CEMI4**: 1,901,of our 482,522 customers served experienced more than 5 outages in the last 12 months.
- **Enviromental Permit Exceedances**: Energy has expereiced 0 permit exceedances.
- **EFOR**: The JEA Fleet forced outage rate was switched from a rolling 12 month metric to YTD reporting in FY20. The Generation EFOR achievements were due to minimal operational issues with the running units, as well as, reduced service hours associated with planned outages and the offline economy status of Northside Unit 2.

Water and Sewer:
- Unplanned Water Main Outages: 163 customers experienced an unplanned outage in the month of December.
- Water Distribution System Pressure (avg min per monitor station < 30 psi): 1.4 YTD is the average minutes pressure dropped lower than <30 psi.
- CUP: Average daily flow of 118 MGD is 14% below CY19 limit of 138 MGD; reclaimed usage at 19 MGD
- Nitrogen to River: FY20 Forecast is 429 tons. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- SSO's Impacting Waters of the US: 7 YTD, root cause analysis is performed on each SSO.

Safety: 78/85 safety checks closed on time. 0 recordables for Dec.

2020 Goal--Meets	2020 Goal--Exceeds
Top 1/2 of 2nd Quartile	1st Quartile
Top 1/2 of 2nd Quartile	1st Quartile
80%	>80%
50-54	<46
1.5%-2.0%	<1.5%
1.9-2.1%	<1.9%
2-3	<2
<90 min	<60 min
$400,000 - $450,000	$450,000 - $500,000
93%	>93%
80% w/in 1-2 weeks	90% w/in 1-2 weeks
4500-4800 hours	>4800 hours
$15M-$17M	>$17M
50,000	60000
4-6	<4
Yes	Yes
466-500	<466
0.58-0.68	<0.58
2.25%-2.5%	<2.25%
95-97.5%	<95%
$3.85M-$5.3M	>$5.35M

INTER-OFFICE MEMORANDUM
January 6, 2020

SUBJECT:	**JEA'S JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB) PROGRAM REPORT**
FROM:	Melissa Dykes, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
A report on JEA's FY20 Q1 JSEB performance is provided to the JEA Board of Directors for review.

DISCUSSION:
JEA's JSEB performance for the first quarter of FY20 is on track to achieve our annual goals. Details are provided in the attachment and summary information is provided below.

- FY20 JSEB annual spend goal is $17,000,000
  - The FY20 JSEB annual spend goal is 25% of the available spend.
  - During the first quarter of FY20, JEA has achieved a JSEB spend of $4M, or 24% of our annual goal.

- JEA's goal is to contract with 10 new JSEB companies during FY20
  - JEA has identified potential areas for JSEB opportunties and is working with key stakeholders on targeted outreach efforts to further grow capacity.
  - During the first quarter of FY20, JEA has contracted with 2 new JSEB companies that did not provide services to JEA in FY19.

FINANCIAL IMPACT:
N/A

RECOMMENDATION:
No action is required by the Board. This item is presented for information only.

Melissa Dykes, Interim Managing Director/CEO

MHD/JPM/JGM/RLS

Ver 2.2 02/01/2014


JEA®
JSEB PROGRAM
FY20 Q1 REPORT

What is JSEB?
Jacksonville Small and Emerging Business ("JSEB") program is a race and gender neutral, local small business program, which has been in existence since 2004 which allows: sheltered markets for JSEB companies, JSEB subcontracting goals in open market solicitations and RFP evaluation criteria favoring JSEB companies

City Ordinance 2004-602-E requires City Agencies to allocate 18% to 20% of their available spend with JSEB certified firms

COJ manages the application process for JSEB certification. There are currently 300 certified JSEB Vendors

JSEB Requirements
- Owner must either be a resident in Duval County for a minimum twelve (12) consecutive month period immediately preceding the JSEB application date OR have an established business headquartered in Duval County for a minimum of 3 years, and be a resident in Duval, St. Johns, Nassau, Baker or Clay County for at least one year
- Personal net worth of $1,325,000 or less, excluding personal residence
- 3 year average gross receipts do not exceed $12M
- Own and control more than 51% of business
- Be a for-profit and small business

FY19 RESULTS JSEB SCORECARD

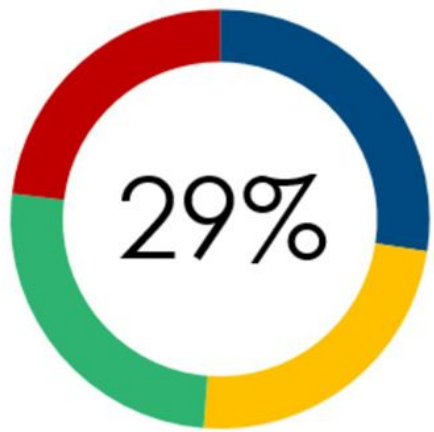
JSEB Sheltered Markets

- Concrete Services
- Janitorial Services
- Landscaping Services

Available Project Spend

AVAILABLE SPEND	GOAL = 23%
$65,000,000	$15,000,000

JSEB SPEND
$18,772,933



QTR1 JSEB SPEND	$5,154,836
QTR2 JSEB SPEND	$4,468,138
QTR3 JSEB SPEND	$4,825,048
QTR4 JSEB SPEND	$4,324,912

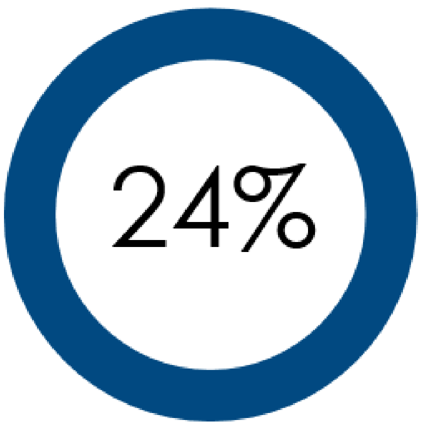
2

Available Project Spend

AVAILABLE SPEND	SPEND GOAL = 25%
$67,000,000	$17,000,000

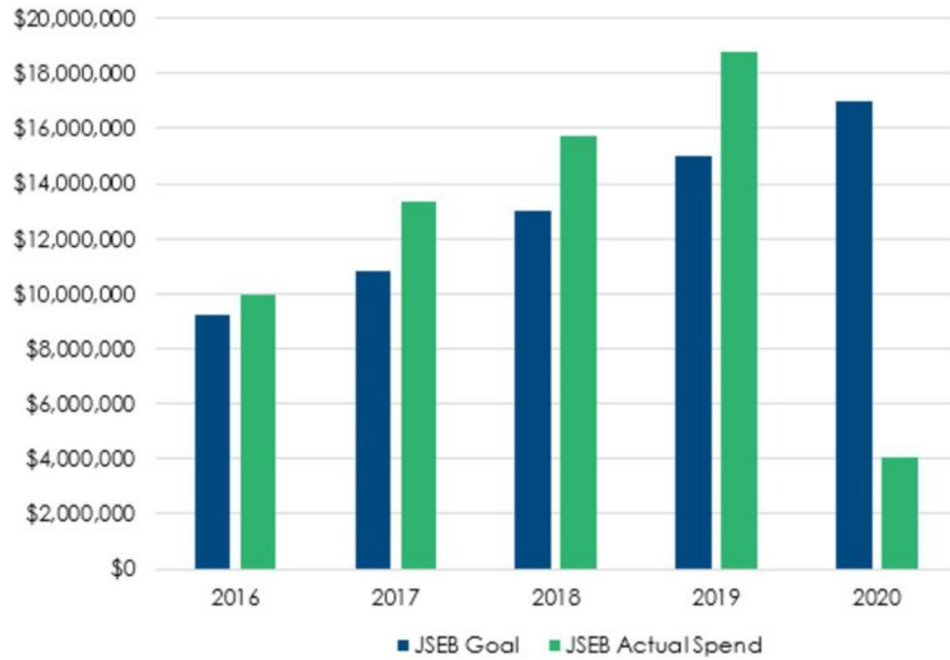
JSEB ACTUAL SPEND

$4,078,105



QTR1 JSEB SPEND
$4,078,105
QTR2 JSEB SPEND
$0
QTR3 JSEB SPEND
$0
QTR4 JSEB SPEND
$0

Past 5 Years - JSEB Goal vs. Actual Spend



FY20 Q1 RESULTS JSEB SCORECARD

3

Q1 JSEB Outreach

JSEB Target Outreach

- Boards & Commissioners
- Chamber of Commerce
- Local Diversity Groups
- Local Trade Organizations
- Small Business Organizations
- JEA Leadership

FY20 Q1 JSEB OUTREACH

October 9, 2019
Meeting with Councilman Terrance Freeman

October 14, 2019
Speed Networking Meet & Greet Hosted by JAA

October 30, 2019
2nd Annual Jacksonville SMSA/SAME Industry Day Hosted by Jacksonville Post of the Society of American Military Engineers

November 4-8, 2019
MED-WEEK – Minority Enterprise Development Week Hosted by First Coast Business Alliance

November 20, 2019
COMTO Week Hosted by JTA

3rd Thursday of the Month

Doing Business with JEA Workshop

4

FY20 Q2 JSEB OUTREACH

Q2 JSEB Outreach

January 15, 2020

Subcontractor Outreach Event for the New JEA Headquarters
Hosted by Ryan Companies

February 4, 2020

Small Business Appreciation Day
Hosted by Jaxport

February 13, 2020

African American Small Business Forum
Hosted by Florida Blue

5

INTER-OFFICE MEMORANDUM
January 13, 2020

SUBJECT:	**RECRUITMENT FOR PERMANENT CEO AND INTERIM CEO CONTRACT**
FROM:	Jon Kendrick, VP/Chief Human Resources Officer
TO:	JEA Board of Directors

BACKGROUND:
An executive search firm should be engaged to assist the JEA Board of Directors in the process of recruiting and selecting a CEO.

DISCUSSION:
The procurement and selection of an executive search firm will provide the JEA Board of Directors with a wide network of prospective candidates.

FINANCIAL IMPACT:
The cost of services could range from $80K to 30% of the selected CEO's first year's compensation plus expenses.

RECOMMENDATION:
It is recommended that the Compensation Committee select and approve a firm from the list of three finalists derived from a competitive bidding process.

Jon Kendrick, VP/Chief Human Resources Officer

MHD/JAK

INTER-OFFICE MEMORANDUM
January 17, 2020

SUBJECT:	**CHANGES SINCE DECEMBER 2019**
FROM:	Melissa H. Dykes, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
Since the last regular Board meeting on December 17, 2019, JEA has made changes in the way it does business to improve transparency, internal controls, and communication to begin the process of restoring trust with our community.

DISCUSSION:
By making changes in the way we do business, we can improve the transparency and controls around our entire operation. Since December we

- **Began reforming our public records request processes** to accommodate record volume and improve transparency and response time. We have added 3 additional staff members to our two full-time public records employees to accommodate increased volume. Looking ahead, we will finish developing the architecture to begin posting all records requests and responses on our website to further improve transparency and streamline the process.
- **Adopted an organizational structure that emphasizes utility operations**. By having our operations leaders report directly to the Interim Managing Director/CEO, the focus will remain on delivering high-value service to our customers throughout this interim period.
- **Canceled contracts**. We are working to cancel all the consulting and legal agreements associated with the ITN. We successfully recovered $100,000 through the early termination of the McKinsey & Company contract.
- **Remove NDAs**. We reviewed employment-related documents to ensure they do not contain non-disclosure language, and re-confirmed this language was removed from all Retention Agreements through the collective bargaining process. We removed non-disclosure restrictions, where possible, for participants in the ITN process so participants are free to share all information from the process, except where required to be protected.
- **Repurpose Whatsnextjax.com for the release of ITN information**. JEA has released thousands of pages of information from the ITN process through the new Whatsnextjax.com site to ensure that all information is made transparently available to the public.

We will continue to look for ways to improve how we do business transparently in the coming months. In addition to the steps we have already taken, we

- Conducting 11 employee Town Hall meetings to reach substantially all 2,000 employees
- Reached out to community organizations such as the Jacksonville Chamber of Commerce
- With the Chair, met with nearly all City Council members
- Began scheduling Town Hall meetings in the community
- Attended meetings with and responded to all records requests from the Office of General Counsel, Office of Inspector General and City Council Auditor's Office.

This outreach has provided us with valuable feedback that will help inform further changes to improve how we do business.

FINANCIAL IMPACT:
While there is not a direct financial impact of these changes, improvements in transparency and internal controls, when properly managed, can improve our relationships with financial stakeholders.

RECOMMENDATION:
That the Board receive this item for information and discussion.

Melissa H. Dykes, Interim Managing Director/CEO

MHD

INTER-OFFICE MEMORANDUM
January 13, 2020

SUBJECT:	**RATING AGENCY UPDATE**
FROM:	Melissa H. Dykes, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
Joe Orfano, Interim Chief Financial Officer and Treasurer, spoke with JEA's three credit rating agencies, S&P Global Ratings, Moody's Investors Service and Fitch Ratings during the week of January 6, 2020 to apprise them of the recent changes to the JEA Senior Leadership Team.

DISCUSSION:
Ongoing open and honest communication with our rating agencies is a vital component of maintaining our strong credit ratings. We converse with each of the three rating agencies as soon as substantive JEA information is made public. This communication ensures that each agency has the most current information regarding JEA such that they can respond to bond investor inquiries in a timely fashion.

FINANCIAL IMPACT:
None

RECOMMENDATION:
This update is being provided as information only.

Melissa H. Dykes, Interim Managing Director/CEO

MHD/JEO

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JEA
FINANCE & AUDIT COMMITTEE AGENDA

DATE: December 9, 2019
TIME: 2:00 PM – 4:00 PM
PLACE: 21 W. Church Street
8th Floor Conference Room

				Responsible Person	Action (A) Info (I)	Total Time
I.	OPENING CONSIDERATIONS			Kelly Flanagan		
	A.	Call to Order				
	B.	Adoption of Agenda			A	
	C.	Approval of Minutes – August 19, 2019		Madricka Jones	A	
II.	NEW BUSINESS					
	A.	Ernst & Young FY2019 External Audit Report		John DiSanto	I	45 mins.
	B.	Audit Services – Quarterly Audit Services Update		Steve Tuten Julie Moore	I	10 mins.
	C.	JEA Identity Theft Protection Program Annual Risk Assessment		Daniel Mishra	I	5 mins.
	D.	Ethics Officer Quarterly Report		Walette Stanford	I	5 mins.
	E.	Treasury		Joe Orfano		20 mins.
		1.	Electric System and Water and Sewer Reserve Fund Quarterly Report		I	
		2.	STAR Plan Early Debt Retirement Phase 2 Update		I	
		3.	Investment Policy Revision		A	
	F.	JEA Energy Market Risk Management Policy Report		Caren Anders	I	5 mins.
	G.	Announcements				
		1.	Next Meeting, March 16, 2020, 8:00am – 10:00am			
		Committee Discussion Sessions				
	H.	1.	Ernst & Young	John DiSanto	I	5 mins.
		2.	Director, Audit Services	Steve Tuten	I	5 mins.
		3.	Council Auditor's Office	Jeff Rodda	I	5 mins.
	I.	Adjournment				

JEA FINANCE & AUDIT COMMITTEE MINUTES
August 19, 2019

The Finance & Audit Committee of JEA met on Monday, August 19, 2019, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

A. Call to Order – Committee Chair Kelly Flanagan called the meeting to order at 8:03 AM. Others in attendance were Aaron Zahn, Melissa Dykes, Ryan Wannemacher, Ted Hobson, Shawn Eads, Lynn Rhode, Joe Orfano, Steve Tuten, Frank DiBenedetto, Lee Montanez, Walette Stanford, Russell Caffey, Victor Blackshear, Laura Gutteridge, Russ Jeans, Ernst & Young, John DiSanto, Ernst & Young, and Tara Patrucci, Ernst & Young..

***Due to a lack of quorum physically present, agenda items were received for information only. Action items will be brought before the August 27, 2019 full Board for action*.**

B. Adoption of Agenda – Due to a lack of quorum, the agenda was received for information

C. Approval of Minutes – Due to a lack of quorum, the May 20, 2019 Minutes were received for information.

Agenda Item II – New Business

A. Audit Services

1. Quarterly Audit Services Review – Steve Tuten, Director of Audit Services, reviewed the report. Mr. Tuten stated the Internal Audit group is on track to meet their goal. Mr. Tuten also stated that the Internal Audit team successfully completed the annual risk assessment process for the FY20 Internal Audit plan, and a special engagement audit for the certification of JEA renewable energy credits for 2017 and 2018 was completed. Mr. Tuten reviewed the FY19 audit calendar, summary of completed audits and projects, and open audit and investigation report issues (including details of the major issues). This presentation was received for information.

2. Annual Approval of Internal Audit Charter – Steve Tuten, Director of Audit Services, stated that the document is a summary of Internal Audit's authority, key roles and responsibilities, and quality assurance program. There were no changes in the text from FY18 to FY19. Staff recommends that the Finance & Audit Committee approve the Internal Audit Charter.

   Due to a lack of quorum, this item was received for information and will be presented at the August 27, 2019 Board Meeting for action.

3. Approval of Annual Internal Audit Plan – Lee Montanez, Manager Internal Audits, presented the role of internal audit, risk-based audit plan guidance, risk-based audit plan steps, the risk assessment survey, and a description of scheduled audits. Mr. Montanez also discussed the FY20 Audit Plan calendar, stating that the goal was to schedule in consideration of both management timing issues and Internal Audit team work load. Staff recommends that the Finance & Audit Committee and the Board of Directors approve the Annual Internal Audit Plan for FY20.

Due to a lack of quorum, this item was received for information and will be presented at the August 27, 2019 Board Meeting for action.

4. Enterprise Risk Management (ERM) Update – Frank DiBenedetto, Manager, Enterprise Risk Management provided information on the changes in the risk management process, specifically the scoring methodology. Mr. DiBenedetto highlighted the primary changes that have been made to the scoring methodology, providing examples of financial impact, probability factors, preparedness, and expenditure descriptions, as well as overall financial assessment. This presentation was received for information.

B. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer, reviewed the current inquiries and the new metric being tracked (written vs. verbal inquiries). Ms. Stanford also provided a summary of the Ethics Newsletter content and some of the initiatives that she is currently working on. Committee Chair Flanagan requested staff benchmark against other entities within city to find out if there any best practices other local industries are following. This presentation was received for information

C. Ernst & Young FY2019 Financial Audit Plan – John DiSanto, Managing Director, Ernst & Young, began the presentation with an introduction of Russ Jeans and Tara Patrucci, both Senior Managers at Ernst & Young. Mr. DiSanto highlighted the key points of the presentation which are outlined in the Executive Summary. Mr. Disanto added that there is an asset retirement obligation that is not in the report that they will be looking into as well. Mr. DiSanto pointed out the chart identifying the Client Service Team and reviewed the areas of audit emphasis as well as the involvement of the Council Auditors in the 2019 audit plan. Mr. DiSanto further explained the important dates in 2020, 2021, and 2022 that are in the presentation. This presentation was received for information.

D. STAR Plan Phase 2 Update

1. Pricing Policy Revision – Mr. Ryan Wannemacher, Chief Financial Officer, provided an overview of the process timeline for the STAR Plan; Phase 2 plan to be implemented in October 2019 which will require Board action. Mr. Wannemacher also explained the changes staff is recommending to the internal policies that are required for Phase 2 of the STAR Plan. The sources and uses of Phase 2, debt payment schedule, and an overview of debt retirement and debt service savings were also presented by Mr. Wannemacher.

   Staff recommends that JEA Finance and Audit Committee review and recommend that the JEA Board approve and authorize revisions to the Pricing Policy and Debt Management Policy at the next scheduled Board of Directors meeting.

2. Debt Management Policy Revision – Joe Orfano, Treasurer, stated the change to eliminate the debt management strategy stabilization fund requires a conforming change to eliminate the Debt Management Strategy Rate Stabilization Fund in the Debt Management Policy. There are no significant changes to any of the numerical benchmarks required under the Debt Management Policy; principally just an elimination of the Debt Management Strategy RSF. There are no other significant changes.

   Due to a lack of quorum, both the Pricing Policy Revision and Debt Management Policy Revision items were received for information and will be presented at the August 27, 2019 Board Meeting for action.

E. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, stated this report is provided for full disclosure of reserve funds. Mr. Orfano provided highlights from the Electric and Water and Sewer Reserve Fund quarterly report. This presentation was received for information.

F. JEA Energy Market Risk Management Policy Report – Caren Anders, Vice President/General Manager, Energy, reviewed the highlights from the Energy Market Risk Management Policy Report. This presentations was received for information.

G. Announcements

   1. The next Finance and Audit Committee meeting will be held on December 9, 2019 at 8:00 AM.

H. Committee Discussion Sessions

   1. Ernst & Young Engagement – At 9:01 AM, Committee Chair Flanagan dismissed staff and held a discussion with Ted Hobson, Vice-President & Chief Compliance Officer and Shawn Eads, Chief Information Officer.
   2. Ernst & Young – At 9:03 AM, Committee Chair Flanagan held a general conversation with Russ Jeans, Ernst & Young, John DiSanto, Ernst & Young and Tara Patrucci, Ernst & Young.
   3. Director, Audit Services – At 9:09 AM, Committee Chair Flanagan held a general conversation with Steve Tuten, Director, Audit Services.
   4. There was no discussion held with the Council Auditor.

Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 9:15 AM.

APPROVED BY:

____
Kelly Flanagan, Committee Chair
Date: ________________

Submitted by:

____
Madricka Jones
Executive Staff Assistant

JEA
Building Community

INTER-OFFICE MEMORANDUM
December 5, 2019

SUBJECT:	Ernst & Young FY2019 External Audit Report
FROM:	Aaron F. Zahn, Interim Managing Director/CEO
TO:	JEA Finance and Audit Committee

BACKGROUND:

Auditing standards require the auditors to communicate certain matters to the Governing Board that may assist the Board in overseeing management's financial reporting process. Ernst & Young, LLP (E&Y) presented their audit plan for fiscal year 2019 at the Finance and Audit Committee (FAC) meeting on August 19, 2019. At that meeting, they outlined the scope of their services, identified the E&Y team that will perform the audit and presented the key considerations that will affect the 2019 audit. Representatives from E&Y have been invited to attend the December 9, 2019 Finance and Audit Committee meeting to discuss FY2019 audited results.

DISCUSSION:

Attached is a draft copy of JEA's Audited Financial Statements. In addition, attached is a copy of the Audit Report on the Allocation of Net Pension Liability of the City of Jacksonville General Employees Retirement Plan (GERP) performed by Carr, Riggs & Ingram (CRI). This report summarizes the results of the audit and also contains communications required by auditing professional standards. E&Y relies on the audit performed by CRI to support JEA's allocations (deferred inflows of resources, deferred outflows of resources, pension expense and net pension liability) of GERP that is included in JEA's financial statements.

RECOMMENDATION:

No action by the Committee is required. This item is submitted for information, only.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/RJC

City of Jacksonville
General Employees Retirement Plan

Audit Report on Schedules of Pension-Related Amounts

September 30, 2018

CRI CARR RIGGS & INGRAM
CPAs and Advisors
CRIcpa.com

City of Jacksonville General Employees Retirement Plan
Schedules of Pension-Related Amounts

Table of Contents
September 30, 2018

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
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Jacksonville, Florida 32204

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CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Jacksonville City Council
Board of Directors, JEA

We have audited the accompanying schedule of employer allocations and net pension liability of the City of Jacksonville Retirement System's General Employees Retirement Plan (the "Plan") as of September 30, 2018, (the "Schedule") and the related notes. We have also audited the columns titled net pension liability at September 30, 2018, total deferred outflows of resources, total deferred inflows of resources, and pension plan expense ("Specified Column Totals") included in the accompanying schedule of collective pension amounts of the Plan as of and for the year ended September 30, 2018, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the Schedule and the Specified Column Totals based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule and Specified Column Totals are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule and Specified Column Totals. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule and Specified Column Totals, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule and Specified Column Totals in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule and Specified Column Totals.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the Schedule and Specified Column Totals referred to above present fairly, in all material respects, the employer allocations and net pension liability as of September 30, 2018, and the total deferred outflows of resources, total deferred inflows of resources, and pension expense for the Plan as of and for the year ended September 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Schedule and the Specified Column Totals are not intended to be a complete presentation of the Plan's financial statements. Our opinions are not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the City of Jacksonville, JEA, Jacksonville Housing Authority (JHA), North Florida Transportation Planning Organization and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
October 7, 2019

City of Jacksonville General Employees Retirement Plan
Schedule of Employer Allocations and Net Pension Liability

September 30, 2018

Entity	Employer Contributions	Proportion of Net Pension Liability	Net Pension Liability
City of Jacksonville	$ 33,627,000	47.35%	$ 526,354,208
JEA	35,929,000	50.59%	562,370,843
Jacksonville Housing Authority	1,353,000	1.90%	21,120,866
North Florida Transportation Planning Organization	115,000	0.16%	1,778,599
Total	$ 71,024,000	100.00%	$ 1,111,624,516

See accompanying notes.

City of Jacksonville General Employees Retirement Plan
Schedule of Collective Pension Amounts

As of and for the year ended September 30, 2018

Entity	Net Pension Liability September 30, 2018	Deferred Outflows of Resources: Differences Between Expected and Actual Experience	Deferred Outflows of Resources: Changes of Assumptions	Deferred Outflows of Resources: Changes in Proportion	Deferred Outflows of Resources: Total Deferred Outflows of Resources	Deferred Inflows of Resources: Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Deferred Inflows of Resources: Differences Between Expected and Actual Experience	Deferred Inflows of Resources: Changes of Assumptions	Deferred Inflows of Resources: Changes in Proportion	Deferred Inflows of Resources: Total Deferred Inflows of Resources	Pension Plan Expense
City of Jacksonville	$ 526,354,208	$ 16,075,724	$ 60,749,062	$ 6,904,769	$ 83,729,555	$ 29,916,895	$ 3,036,586	$ 1,708,810	$ 12,072,193	$ 46,734,484	$ 69,624,772
JEA	562,370,843	17,175,731	64,905,915	11,588,447	93,670,093	31,964,007	3,244,370	1,825,738	7,679,794	44,713,909	80,302,874
Jacksonville Housing Authority	21,120,866	645,066	2,437,660	1,673,205	4,755,931	1,200,466	121,848	68,570	468,850	1,859,734	3,896,228
North Florida Transportation Planning Organization	1,778,599	54,321	205,277	161,735	421,333	101,092	10,261	5,774	107,319	224,446	355,938
Total	$ 1,111,624,516	$ 33,950,842	$ 128,297,914	$ 20,328,156	$ 182,576,912	$ 63,182,460	$ 6,413,065	$ 3,608,892	$ 20,328,156	$ 93,532,573	$ 154,179,812

See accompanying notes.

City of Jacksonville General Employees Retirement Plan
Notes to Schedules of Pension-Related Amounts

NOTE 1 – SUMMARY OF THE PLAN

The City of Jacksonville sponsors the City of Jacksonville Retirement System (JRS) which includes the General Employees Retirement Plan (the "Plan"). The JRS arises out of Chapter 16 of the City Charter, Chapter 120 of Ordinance Code of the City of Jacksonville, and Chapter 112, Part VII, Florida Statutes. Provided other criteria are met, the Plan is available to City employees who are employed by one of the following entities: City of Jacksonville, JEA, Jacksonville Housing Authority (JHA), and North Florida Transportation Planning Organization (TPO). Effective October 1, 2009, the City added an employee choice defined contribution alternative to the defined benefit plan for all members of the Plan. The City hired a third party administrator to assist employees with the management of their individual accounts within a number of investment options including model portfolios. All full-time City employees, the employees of JEA, JHA and the employees of TPO are eligible to participate in the Plan upon employment.

As of September 30, 2018, the General Employees Retirement Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,176
Terminated employees vested, not yet receiving benefits	185
Active employment plan members:	
Vested	3,366
Non-vested	868
Total plan membership	9,595

The Plan is open to employees of the JEA, JHA, TPO, and City of Jacksonville, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of the Retirement System. Elected officials are members of the Florida Retirement System Elected Officer Class. Participation in the Retirement System is mandatory for all full time employees of the City who otherwise meet the requirements for participation. Members of the Plan are eligible to retire with a normal pension benefit upon achieving one of the following:

(a) Completing thirty (30) years of credited service, regardless of age;

(b) Attaining age fifty-five (55) with twenty (20) years of credited service; or

(c) Attaining age sixty-five (65) with five (5) years of credited service.

There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of two and one-half (2.5) percent of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of eighty (80) percent of final monthly compensation. A time service retirement benefit is payable bi-weekly to commence upon the first

NOTE 1 – SUMMARY OF THE PLAN (CONTINUED)

payday coincident with or next payday following the member's actual retirement and will continue until death, or the death of their surviving beneficiary, if this option is selected.

Each member and survivor is entitled to a cost of living adjustment ("COLA"). The COLA consists of a three (3) percent increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least four and one-half (4.5) years (and no more than five and one-half (5.5) years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed one-hundred and fifty dollars ($150) per month.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Governmental Accounting Standards Board (GASB) Statement No. 67

The Plan is required to report pension information in its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, as amended.

The accompanying schedules relate only to certain pension-related amounts and they do not constitute a full set of financial statements for the Plan.

The accompanying schedules are a specific element of the City's financial statements and were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the accompanying schedules, adhere to the reporting requirements established by the GASB to the extent that they relate to the accompanying schedules.

Basis of Accounting

The Plan prepares its financial statements using the accrual basis of accounting.

Proportionate Share Allocation Methodology

The basis for each entity's proportion is actuarially determined by comparing the entity's employer contributions for the year ended September 30, 2018. This basis is intended to measure the proportion of each entity's long term funding requirements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of the Schedules

The preparation of these schedules in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Relationship to the Basic Financial Statements

The net pension liability, pension expense, deferred inflows of resources and deferred outflows of resources reported in the Schedules of Pension-Related Amounts have been determined on the same basis as they will be reported by the Plan in the Comprehensive Annual Financial Report of The City of Jacksonville, Florida.

Investments

Investments are recorded at fair value. Investment values fluctuate and are subject to market volatility.

NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS

The components of the net pension liability are as follows:

Total pension liability	$	3,196,680,516
Plan fiduciary net position		2,085,056,000
Net pension liability	$	1,111,624,516

The total pension liability was determined as of a measurement date of September 30, 2018, using an actuarial valuation date of October 1, 2018, and the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Inflation	2.75%
Salary increases assumption	3.00% - 6.00%, of which 2.75% is the Plan's long-term payroll inflation.
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.
Pre-retirement mortality rates	50% RP2000 Combined Healthy White Collar and 50% RP2000 Combined Healthy Blue Collar, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 Combined Healthy White Collar, set forward 2.5 years, projected generationally with Scale BB for females.
Healthy annuitant mortality rates	50% RP2000 White Collar Annuitant and 50% RP2000 Blue Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 White Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for females.
Disabled annuitant mortality rates	The FRS Non-Special Risk Tables, set forward 2.5 years reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The RP-2000 Disabled Retiree Mortality Table, set back four years for males and set forward two years for females reasonably reflect the disabled annuitant mortality experience as of the measurement date. The mortality improvement assumptions are mandated under state law.

The actuarial assumptions used in the October 1, 2018 valuation were based on the results of an experience study for the period October 1, 2012 to September 30, 2018.

The following changes in key actuarial assumptions occurred in 2018:

- The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.20% to 7.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return by the target asset allocation as of September 30, 2018 are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Macro Advisors.

NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.0%	6.41%
International equity	20.0%	6.96%
Fixed income	20.0%	1.96%
Real estate	15.0%	4.76%
Private equity	7.5%	10.41%
Alternatives	7.5%	3.83%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

Proportional share of the Net Pension Liability	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
City of Jacksonville	$ 707,857,072	$ 526,354,208	$ 375,219,423
JEA	756,293,332	562,370,843	400,894,416
Jacksonville Housing Authority	28,403,980	21,120,866	15,056,323
North Florida Transportation Planning Organization	2,391,914	1,778,599	1,267,901

NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Plan Fiduciary Net Position

The Plan's fiduciary net position as a percentage of total pension liability is 65.23%.

NOTE 4 – INVESTMENTS

Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	Total Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Stock - Common	$ 542,647,892	$ 542,647,892	$ -	$ -
Registered Investment Companies	17,260,748	17,260,748	-	-
U.S. Government Securities	97,618,705	49,695,217	47,923,488	-
Corporate Debt Instruments	126,888,721	-	126,888,721	-
Common/Collective Trust	479,709,400	-	-	479,709,400
Partnership/Joint Venture Interest	435,831,924	74,904,155	-	360,927,769
Pooled Separate Accounts	85,429,358	-	-	85,429,358
*Other Investments	233,895,254	2,693,929	806,459	230,394,866
	$ 2,019,282,002	$ 687,201,941	$ 175,618,668	$ 1,156,461,393

* Composed of 103-12 investments, Other Short Term Bonds, Derivatives, and Cash/Dividend/Interest/Misc., Payables/Pending trades as of 9/30/18.

The Plan has the following recurring fair value measurements as of September 30, 2018:

- Corporate Stock (Common) – Values using the primary exchange closing price.
- Registered Investment Co. – Valued at the daily closing value as reported by the fund and as supplied by third party vendors to the Plan's custodian. Short term fixed income investment funds (security maturities that do not exceed one year) may be valued using book value.
- U.S. Government Securities – Short term US government fixed income securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids and based upon calculations that reflect the expected price to an investor in an orderly transaction.

NOTE 4 – INVESTMENTS (CONTINUED)

- Corporate Debt Instruments – Short term corporate debt securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids or a measurable market close and are based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Common/Collective Trusts – Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the security is held.
- Partnership/Joint Venture Interests – Underlying equity investments valued using the primary exchange close price. Underlying non-equity investments valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.
- Pooled Separate Accounts – Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.

Interest Rate Risk

Interest rate risk is controlled primarily through duration, which is a measure that approximates the change in value of a bond, or bond portfolio, for a given change in interest rates. In general, shorter duration measures are less sensitive to interest rate shifts, while longer durations are more sensitive. To limit the portfolio volatility associated with changes in interest rates, the Plan's investment policy statement restricts the average duration of the overall portfolio to a range of 0.75 – 5.00 years, of which, no more than 7.5% of the individual securities in the portfolio can have a duration greater than eight and one-half (8.5) years. This guideline applies to all investment types underlying the portfolio including, but not limited to, government, agency, corporate, international, and mortgage backed securities.

Credit Quality

The portfolio measures credit quality of the fixed income holdings contained therein using Moody's rating schedule. Credit quality is reported on a quarterly basis and is monitored by the Pension Board of Trustees, staff to the board, and by the plan's consultant. Credit quality reports are provided on the overall portfolio to illustrate the credit risk at fiscal-year end.

Quality Breakdown	Portfolio (%)
Aaa	30%
Aa1-Aa3	4%
A1-A3	19%
Baa1-Baa3	18%
Ba1-Ba3	2%
Other	2%
Commingled	25%
	100%

NOTE 4 – INVESTMENTS (CONTINUED)

Rating definitions:

Treasury – United States Treasury Securities (Included in Aaa)
Agency – Government Agency Securities (Included in Aaa)
Aaa (AAA) – Highest Investment Grade Quality Rating
Aa1-Aa3 (AA+ to AA-) – Medium Investment Grade Quality Rating
A1-A3 (A+ to A-) – Medium Low Investment Grade Quality Rating
Baa1-Baa3 (BBB+ to BBB-) – Lowest Investment Grade Quality Rating
Ba1-Ba3 (BB+ to BB-) – Highest Non-Investment Grade Quality Rating
Commingled – Securities that are not applicable to Quality Ratings – they predominantly represent mutual funds that are listed and valued as a whole, not individual holdings, as well as minor exposure to non-investment grade securities.

Custodial Credit Risk

The custodial relationship is governed by written agreements that are executed by all parties and specifies that, all securities owned and cash held by the Plan shall be held in the City's, or its nominee's, name in an account separate from all other accounts maintained by the custodian and shall at all times, while in the custody of the Custodian, be designated as an asset of the City’s Pension Trust.


JEA
2019 audit results
December 9, 2019
EY
Building a better working world

Executive summary: 2019 audit results

Our audit scope is consistent with the plan communicated in August 2019. After completing our remaining procedures, we expect to issue an unqualified opinion on the basic financial statements.

Significant 2019 considerations*

- Revenue recognition
- Accounts and unbilled receivable and related allowance for doubtful accounts
- Derivatives instruments and hedging activities
- Pollution remediation obligations
- Pension and OPEB plan accounting and reporting
- Investments
- Capital assets
- Legal reserves
- SJRPP and Plant Scherer Asset retirement obligations
- Plant Vogtle PPA

Open items

- Obtaining the executed letter of representations from management.
- Performance of subsequent event procedures through the date of filing of the financial statements.

Summary of audit differences

- See our summary of corrected and uncorrected audit differences in Appendix A.

Other observations and findings

- Non-compliance with JEA investment policy.
- Accounting for non-routine financial transactions.

Inquiries

We inquire of Audit Committee members regarding your awareness of matters relevant to the audit, including:

- Your views about the risk of material misstatement due to fraud.
- Your knowledge of any actual, alleged or suspected fraud.
- Your awareness of tips or complaints regarding JEA's financial reporting and its response to such tips and complaints.
- Your awareness of other matters relevant to the audit (such as violations or possible violations of laws or regulations).
- How you exercise oversight over the JEA's assessment of fraud risks and the internal controls to address those risks.

* These matters are addressed on the following pages within our presentation.

Note: This report is intended solely for the information and use of the Audit Committee, Board of Directors and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

Key audit areas

Key audit areas: Significant accounting policies and estimates

Provided below is a summary of JEA's significant accounting policies and accounting estimates which have been applied in accordance with US GAAP and consistent with industry practice.

Description of accounting policy/estimate	Our views on the quality and application of accounting policy and reasonableness of estimate
Revenue recognition Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method. Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. Operating revenues include amounts estimated for unbilled services provided during the reporting period.	We believe that JEA's revenue recognition and sales commitments accounting policy and the application thereof are appropriate. Additionally, we have reviewed the financial statements, including the disclosures relating to revenue recognition and sales commitments, and found them to be appropriate and in conformity with US GAAP. We utilized data analytics in combination with detailed test of transactions to obtain a full understanding of the flow of revenue transactions.

Key audit areas: Areas of emphasis

Our audit procedures emphasized testing those processes, 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. Our audit procedures included additional focus on the following areas, which are consistent with what was communicated to you at our meeting in August 2019.

Area of emphasis	Summary of procedures and findings
Accounts and unbilled receivables and related allowance for doubtful accounts	We tested the assumptions and inputs used in the unbilled revenue calculation for reasonableness. We also performed procedures over billed accounts receivable, and assessed the adequacy of the allowance for uncollectible accounts.
Derivative instruments and hedging activities	For the interest rate swaps, and fuel hedges entered into this year, we independently corroborated the fair value of swaps with the assistance of our EY valuation professionals. We independently tested the hedge effectiveness of the swaps in accordance with GASB 53.
Pollution remediation obligations	We obtained the schedule of all known and recorded pollution remediation obligations at JEA. Per review of the schedule we compared the obligations to prior year's accounting records to obtain a better understanding of any significant movement in the account. We also inquired of management regarding any changes or development during the twelve months ended September 30, 2019. In order to gain comfort over the completeness of the recorded obligation, we engaged our Climate Change and Sustainability Services group, to compare the recorded sites to public environmental databases such as the Environmental Protection Agency's (EPA). Through our procedures there were no issues identified.

Key audit areas: Areas of emphasis

Area of emphasis	Summary of procedures and findings
Pension and OPEB plan accounting and reporting	We obtained and tested the actuarial valuations, including assessing the reasonableness of the significant assumptions (i.e., discount rate, rate of return, etc.), of the Pension and OPEB plans. We ensured all applicable disclosures were made in the notes to the financial statements and that such disclosures agreed to the actuary report in compliance with GASB 68 (Pension) and GASB 75 (OPEB).
Investments	We tested the fair values as of the statement of net position date, and confirmed investment accounts. We also performed compliance procedures as required by the provisions of Chapter 10.550, Rules of the Auditor General. Through our procedures there were no material issues identified.
Capital assets	We tested the capital asset rollforward, which included specific procedures over CWIP additions, CWIP transfers, additions to capital assets and depreciation expense. Through our procedures there were no issues identified.
Legal reserves	We obtained an in-house legal letter update from OGC and an external legal letter from Holland & Knight LLP. Per our review of the obtained legal letter there were no significant legal matters requiring accrual or disclosure considerations not already included as part of the financial statements and related footnote disclosures.
SJRPP and Plant Scherer asset retirement obligation	We tested supporting documentation of the SJRPP and Scherer asset retirement obligations to ensure they were complete, accurate and in accordance with GASB 83 Asset Retirement Obligations. We engaged experienced specialists in EY's Climate Change and Sustainability Services (CCaSS) to assess the estimate, and components thereof. There were certain prior and current period adjustments identified as noted in Appendix A Summary of Audit Differences.
Plant Vogtle PPA	We believe that JEA's accounting and disclosure related to Plant Vogtle PPA is appropriate and is conformity with US GAAP.

Use of Internal Audit

Executive Summary

Use of Internal Audit

We have evaluated the competence and objectivity of the internal audit function (City of Jacksonville Auditors) and its application of a systematic and disciplined approach, including its quality control processes. We have met with internal audit and coordinated the use of internal audit in an direct assistance model in the 2019 audit.

Areas/significant class of transactions where EY have used the work of internal audit	Hours Incurred
‣ Officer Expense Testing	15
‣ Walkthrough procedures and documentation	80
‣ Substantive test of details	65
‣ Total	160

Required communications

Required communications: Summary

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

Area	Comments
Overview of the planned scope and timing of the audit	Our audit scope is consistent with the plan communicated during the August 2019 meeting.
Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing	Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you and is available upon request. Upon completion of our remaining audit procedures, we currently expect to issue an unmodified opinion on JEA's financial statements as of and for the year ended September 30, 2019.
Matters relevant to our evaluation of the entity's ability to continue as a going concern	We did not identify any events or conditions that lead us to believe there was substantial doubt about JEA's ability to continue as a going concern.
Our views about the qualitative aspects of the entity's significant accounting practices, including: ▸ Accounting policies ▸ Additional views	During 2019, management implemented policies related to the new debt disclosure policy. We have provided a discussion of significant accounting policies and our views regarding accounting estimates and financial statement disclosures and related matters in the section titled "Significant accounting policies and estimates."

Required communications: Summary

Area	Comments
Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial	Refer to Appendix A.
Material corrected misstatements, related to accounts and disclosures	Refer to Appendix A.
Significant deficiencies and material weaknesses in internal control *	No material weaknesses have been identified.
Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements	We have reviewed JEA's Supplementary Information and Required Supplementary Information and found the information presented to be consistent with the information in the audited financial statements.
Fraud and non-compliance with laws and regulations (illegal acts)**	We are not aware of any matters that require communication.
Independence matters	We are not aware of any matters that in our professional judgment would impair our independence.
Representations we are requesting from management	We expect to obtain from management a letter of representations related to the 2019 audit after this meeting.
Changes to the terms of the audit with no reasonable justification for the change	None.
Significant findings and issues arising during the audit relating to related parties	None.

All communications are to be made annually unless marked otherwise.
* Communicate when event occurs, at least annually
** Communicate when event occurs

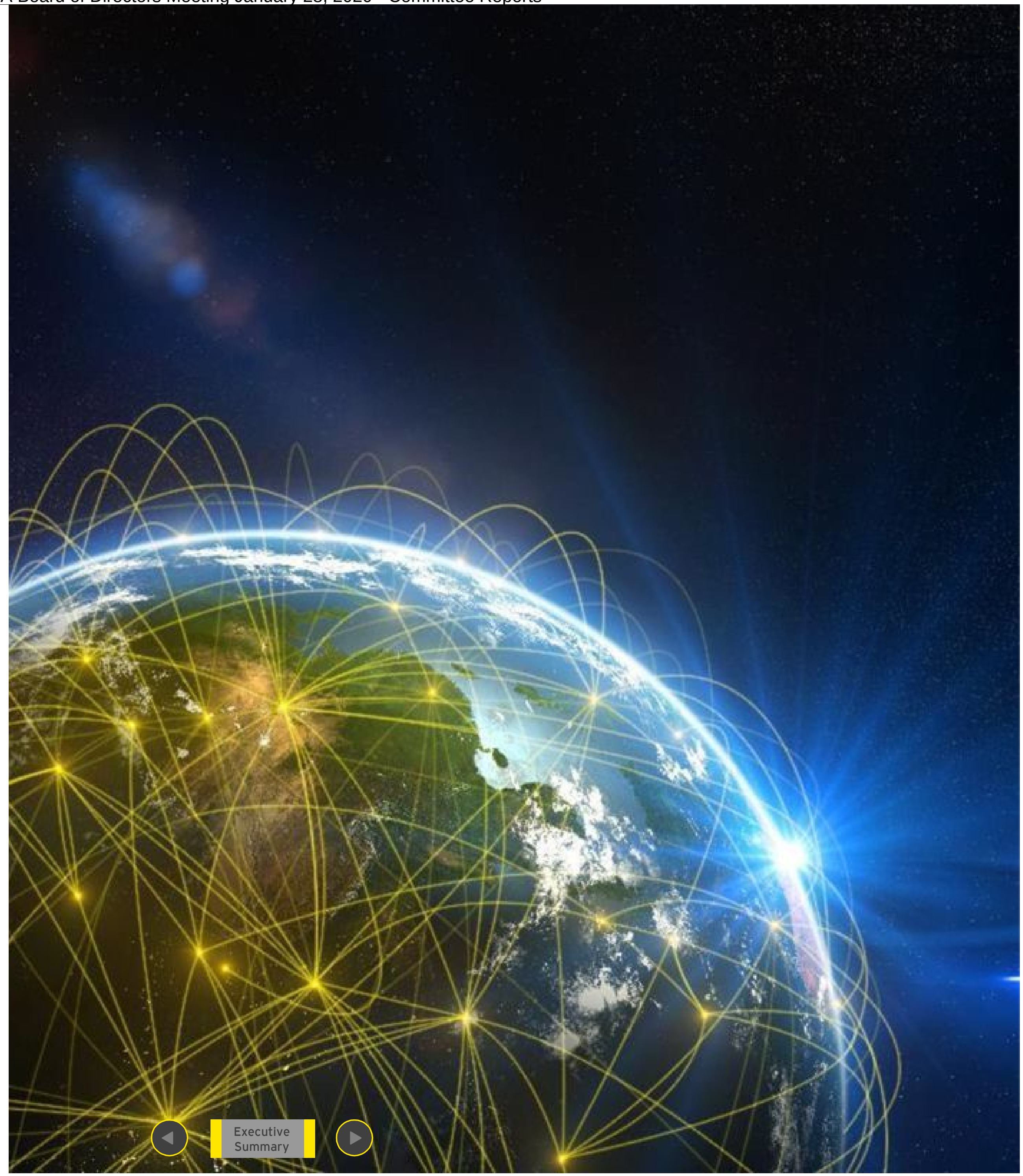
Required communications: Summary

Area	Comments
Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management **	None.
Significant difficulties encountered during the audit**	None.
Disagreements with management**	None.
Management's consultations with other accountants**	None of which we are aware.
Findings regarding external confirmations**	None.
AICPA ethics ruling regarding third-party service providers	From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with JEA or its affiliates directly, although EY alone will remain responsible to you for the Audit Services, and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.
Other findings or issues regarding the oversight of the financial reporting process**	There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

Appendices

Appendix A

Summary of audit differences (SAD)



Summary of audit differences (SAD)

The only uncorrected misstatement in the current period is the turn-around effect of Loss on Refunding $14,992,433 entry below.

Here we present our schedule of corrected misstatements that have been identified in FY 2019 that relate to either prior periods or the current period, that were recorded in the current period.

Prior Period factual misstatements (recorded in current period)	
Account/description of disclosure	**Amount/authoritative guidance reference**
▸ FY 2018 Plant Scherer ARO opening entry: Deferred Outflow (asset): increase and Non-current Liabilities: increase	$10,682,949 (Balance sheet only)
▸ FY 2018 SJRPP ARO Landfill Reclassification Deferred Outflow (asset) : decrease and Non-current Liabilities: decrease	$8,120,442 (Balance sheet only)
▸ FY 2017 and prior Loss on Refunding correction for defeased debt: Loss on Refunding: decrease and Interest Expense: increase	$14,992,433 (Income statement)

Current period factual misstatements (recorded in current period)	
Account/description of disclosure	**Amount/authoritative guidance reference**
▸ Supplementary Information combining schedule – SJRPP (eliminated in consolidation) - SJRPP Landfill Environmental Liability estimate adjustment Other current asset: increase and Non-current Liability: increase	$3,000,000 (Balance sheet only)
▸ Loss on Refunding correction for defeased debt: Loss on Refunding: decrease and Interest Expense: increase	$8,938,086 (Income statement)

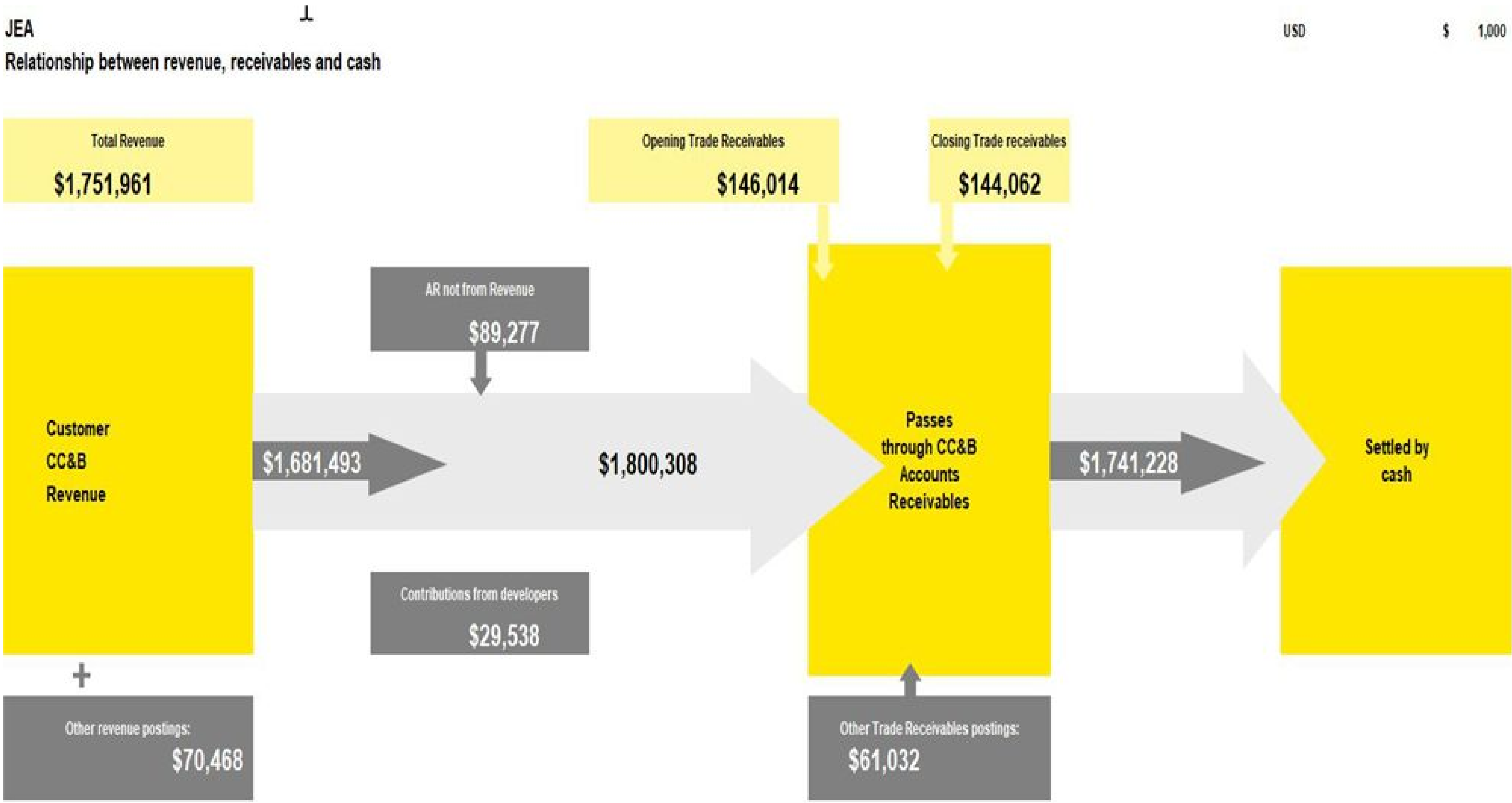
Appendix B

Data analytics

Data-driven insights: Revenue correlation analysis

As we performed our planned audit procedures using our Helix tools and techniques we made the following observations about your business processes or strategic opportunities. These do not represent findings, misstatements or an opinion on internal control but have been communicated to management.

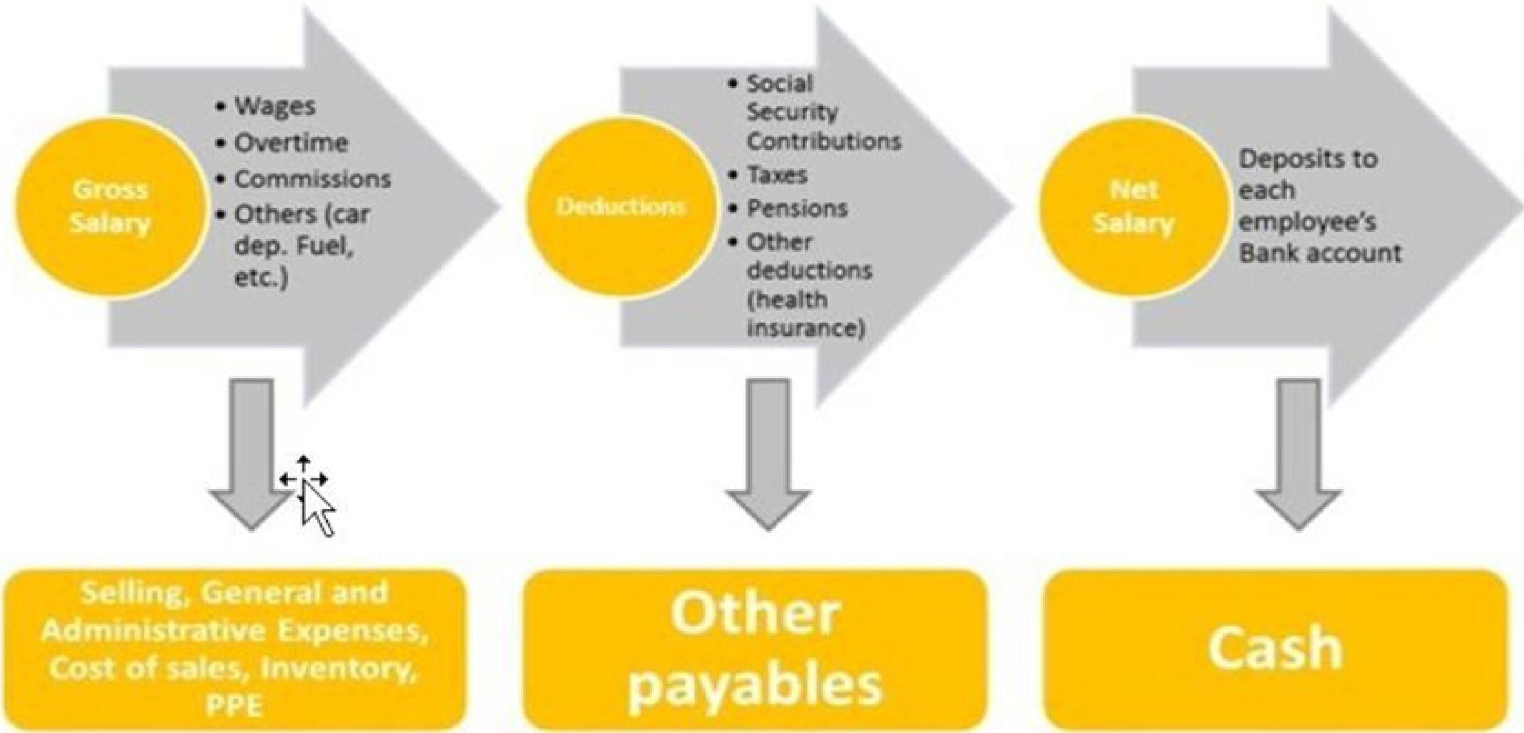
Amounts shown are in thousands.



Digital audit results

Payroll GL Analyzer

Amounts shown are in thousands.



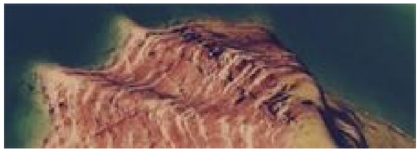
$ 188,507,121 $39,023,417 $ 149,483,704

Appendix C

Thought leadership

Executive Summary

Thought leadership

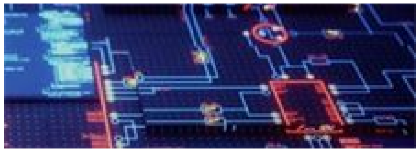


Crossing the digital divide: what boards need to know about proposed digital tax policies

Companies are increasingly incorporating digital activity into their business models. As one of the latest frontiers of competitive advantage, technology innovation is seen as a differentiator across all sectors of the economy.

Anticipating and planning for geopolitical and regulatory changes

EY Center for Board Matters highlighted the importance of anticipating and planning for geopolitical and regulatory changes in our report, Top priorities for US boards.



Understanding the cybersecurity threat

Highlights of discussions with board members about the current cyber landscape, lessons learned from breaches, regulatory expectations and more.

Audit Committee reporting to shareholders in 2018

EY reports on findings and trends per review of Fortune 100 voluntary proxy statement disclosures relating to audit committees and audit since 2012.

Additional thought leadership for those charged with governance available on ey.com/boardmatters

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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 a 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 audits 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 knowledge to address your specific issues. All teams use our Global Audit Methodology and latest audit tools to deliver consistent audits worldwide.

1811-2966212

INTER-OFFICE MEMORANDUM
November 19, 2019

SUBJECT:	**AUDIT SERVICES – QUARTERLY AUDIT SERVICES UPDATE**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Kelly Flanagan, Chair April Green Henry Brown

BACKGROUND:
The Quarterly Audit Services Update provides the JEA Board of Directors with information on the current activities of the three groups within Audit Services: (1) Enterprise Risk Management; (2) Internal Audit; and (3) Forensic Audit & Investigations. JEA's Enterprise Risk Management (ERM) Program identifies, assesses, measures, monitors and actively manages risk. The Internal Audit Group reviews internal control processes and ensures that departments maintain compliance with operating procedures and regulations. The Forensic Audit & Investigations Group conducts internal investigations of confidential reports into JEA's Ethics Hotline (EHL) and from other sources.

DISCUSSION:
This update will provide an assessment of how JEA is managing risk and monitoring controls to reduce and/or prevent adverse impact to its business operations.

RECOMMENDATION:
No action required, as this update is for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/THE/SVT

Ver 2.2 02/01/2014

Audit Services Quarterly Update

Audit Services Groups

December 2019

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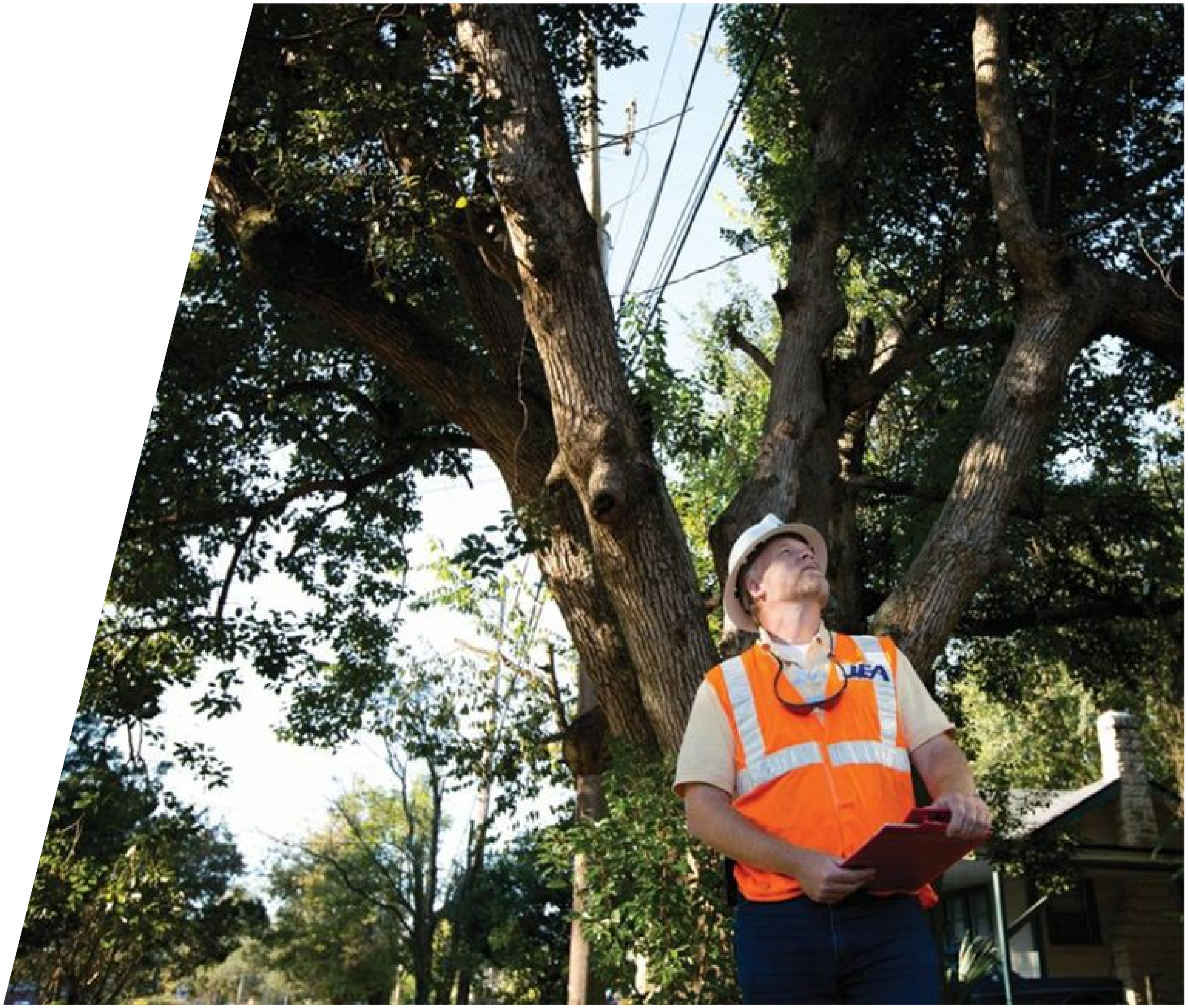


December 2019

Enterprise Risk Management (ERM)

Key Risks and Process Indicators (KRIs/KPIs)

Corporate Goal Objective:

De-risk the business by reducing the Top Corporate Risk (TCR) financial exposure by at least 10%

Current TCR Financial Exposure = $597.4 Million
10% Reduction = $ 59.7 Million
TCR Financial Exposure Goal = $537.6 Million

December 2019

Enterprise Risk Management (ERM)

How Will We Achieve this?

1. Establish a base line for which to measure success. The current financial exposure was frozen as of September 30, 2019.

2. The Risk Owners will review their respective risks and identify mitigations that have/will reduce the financial exposure and/or probability of the risk event.

3. All changes to the risk financial exposure and/or probability will need to be quantified through Key Risk/Process Indicators (KRIs, KPIs) and/or other supporting documentation.

4. All changes will be approved by the Enterprise Compliance & Risk Committee (ECRC).

5. ERM will meet with each VP Risk Owner and/or their team to discuss how to identify, measure, quantify, and document the factors/indicators that will allow us to meet, and hopefully exceed, the 10% reduction in financial exposure.

KRI/KPI Criteria

- ✓ The goal of establishing an effective set of KRIs/KPIs is to identify relevant metrics that provides useful insights about potential/actual risks that may impact achieving our organization's objectives.
- ✓ Mapping KRIs/KPIs to critical risks and core strategies reduces the likelihood that the risk event will occur and/or reduces the impact; by quantifying the effectiveness of mitigation strategies.
- ✓ An important element of any KRI/KPI is the quality of the available data used to monitor a specify risk.
- ✓ It is unlikely that a single KRI will adequately capture all facets of the risk trend. It is helpful to analyze a collection of KRIs simultaneously to help form a better understanding of the risk and the effectiveness of mitigation efforts.

December 2019

Internal Audit

Internal Audit Highlights

- ✓ Laurie Gaughan and Rashid Brittain, the JEA Auditors for the TEA engagement, have completed the FY20 testing portion of the audit, in collaboration from seven auditors assigned by other TEA member organizations. This is the second year of our three-year in-charge engagement.
- ✓ Initiated planning for the external quality assessment review of our Internal Audit activities, in conformance (*recommended every five years*) with the Institute of Internal Auditors' (IIA) Professional Standards. This review will be conducted in June.
- ✓ Completion of the FY19 Performance Pay review.

FY19 Audit Calendar

	1Q (Oct – Dec)		2Q (Jan – Mar)		3Q (Apr – Jun)		4Q (Jul – Sept)	
Internal Audits	*2018 Utility Locate/3rd Party Claims*	✓	*2018 Response and Environmental Programs*	✓	Corporate Records Compliance	✓	Payroll Services Follow-Up	✓
	2018 Tax Administration	✓	*2018 Information Security Follow-Up*	✓	Electric Systems Asset Management	✓		
	2018 Electric Production Engineering and Outages	✓	Branch Follow-Up	✓	Contract Administration	✓		
	2018 Technology Infrastructure	✓	Electric Systems Byproduct	✓	Procurement Inventory Control	●		
	2018 Disaster Recovery Follow-Up	✓	Customer Solutions and Market Development	✓				
	2018 W/WW Reuse and Treatment	✓	Talent Acquisition Services	✓				
			Project Management Office	✓				
			District Energy Services	✓				
			Meter Operations Follow-Up	✓				
Special Projects	JEA Performance Pay Audit	✓	TEA Audit	✓	2020 Annual Risk Assessments	✓	MEAG/Vogtle	●
					Green-e Agreed-Upon Procedures Engagement	✓	(3) Top Corporate Risk COSO	●

Postponed ● | In Progress ● | Report in Draft ✓ | Final Report Issued ✓

December 2019

Internal Audit

FY20 Audit Calendar

	1Q (Oct – Dec)		2Q (Jan – Mar)		3Q (Apr – Jun)		4Q (Jul – Sept)	
Internal Audits	JEA Academy	🔵	Procurement	🔴	POP Process Follow-Up	🔴	Meter Operations Follow-Up	🔴
	Business Development & Community Project Management	🔵	Software Licensing	🔴	NGS Generation	🔴	Bulk Power and Customer Service Response	🔴
	P-Cards	🔵	Black Belts	🔴	Cloud Computing	🔴	Fleet Services	🔴
					Risk Management	🔴	Air & Lab Permitting and Compliance	🔴
					W/WW Planning	🔴		
Special Projects	JEA Performance Pay Audit	✓			2021 Annual Risk Assessments	🔴		
	TEA Audit	🔵			Green-e Agreed-Upon Procedures Engagement	🔴		
	Cyber Program Assessment	🔵						

Not Started 🔴 | In Progress 🔵 | Report in Draft ✓ | Final Report Issued ✓

December 2019

Internal Audit

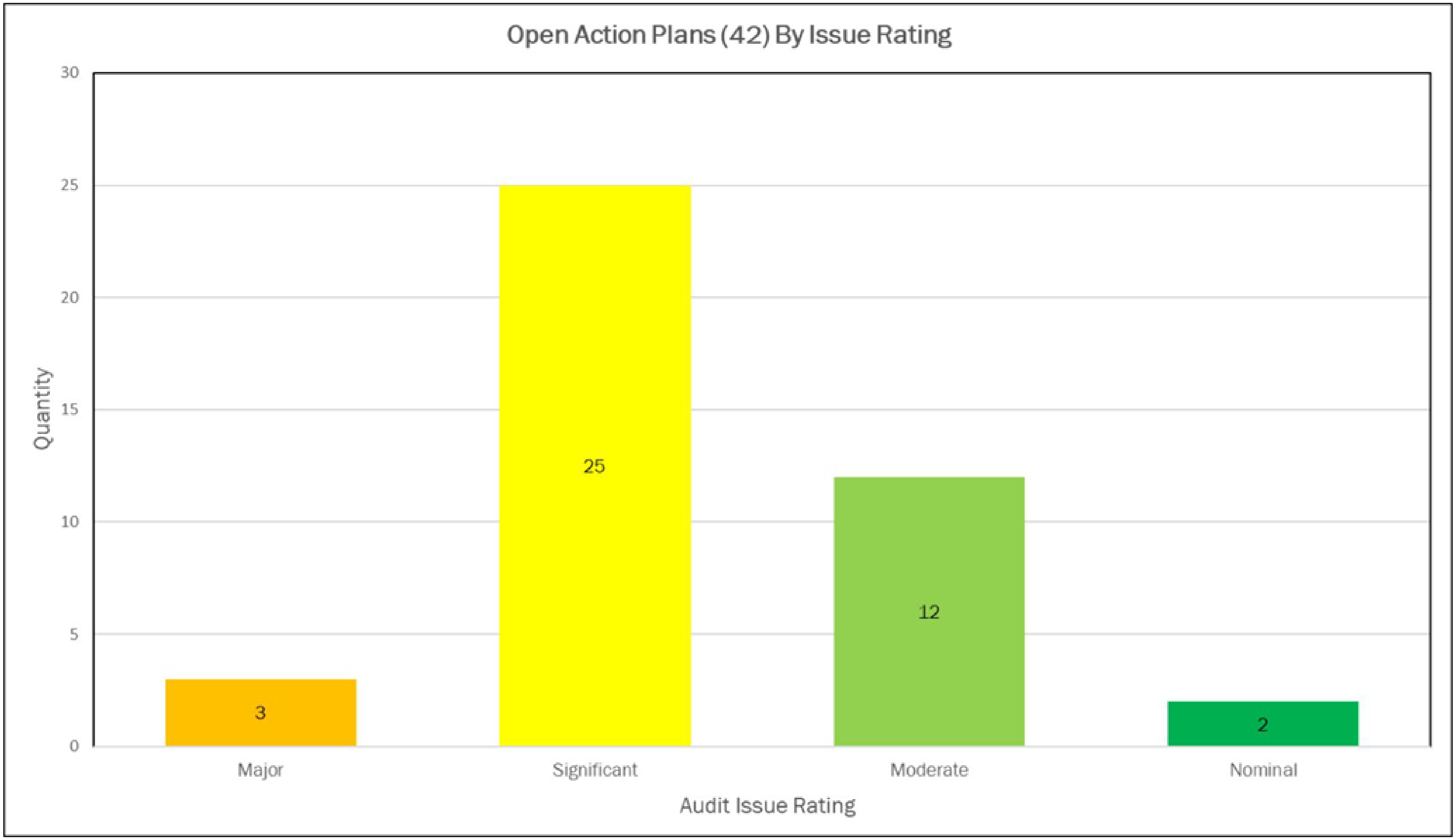
Summary of Completed Audits & Projects

	Audit Name	Report Rating	# of Issues	Description of Significant or Greater Issue(s)
Internal Audits	Project Management Office	SATISFACTORY	8	Significant opportunities for improvement include the following: • Change control related to the impact of scope changes; • Project selection, prioritization and impacts on resource loading; • Post project evaluation and metric tracking; and • Governance of cloud design documents within projects.
	Corporate Records Compliance	SATISFACTORY	7	Significant opportunities for improvement include the following: • Segregation of duties for records request fulfillment; • Management approval of Corporate Records procedure; • JEA Verify user access validation; and • Policy Tech implementation delays.
	Payroll Services Follow-Up	SATISFACTORY	5	Significant opportunities for improvement include the following: • Payroll reconciliation process; • Payroll user access; • Management review and approval of bi-weekly payroll runs; and • Payroll deduction documentation and peer review.
	Electric Systems Asset Management	NEEDS IMPROVEMENT	8	Major opportunities for improvement include the following: • Lack of asset data governance; • Identification and tracking of warranties; and • Lack of asset disposal process identified.
	Meter Operations Follow-Up	NEEDS IMPROVEMENT	6	A Major opportunity for improvement include the following: • Sewer flow operations, including setting standards, meter count accuracy, and accounting of revenue for this activity.
Special Project	JEA Performance Pay Audit	**No Rating**	0	No issues identified.

December 2019

Internal Audit

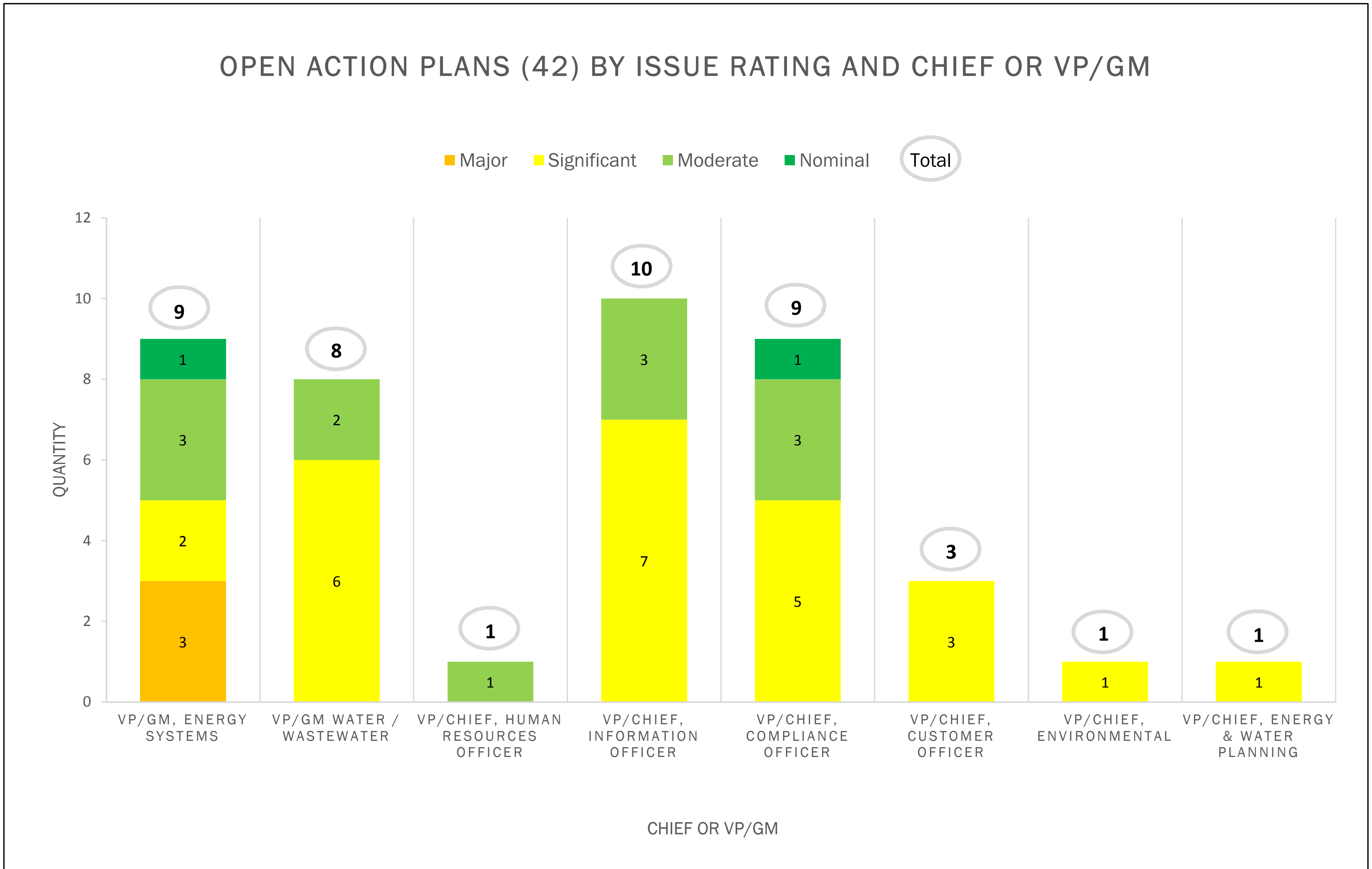
Open Audit Report Issues



December 2019

Internal Audit

Open Audit Report Issues

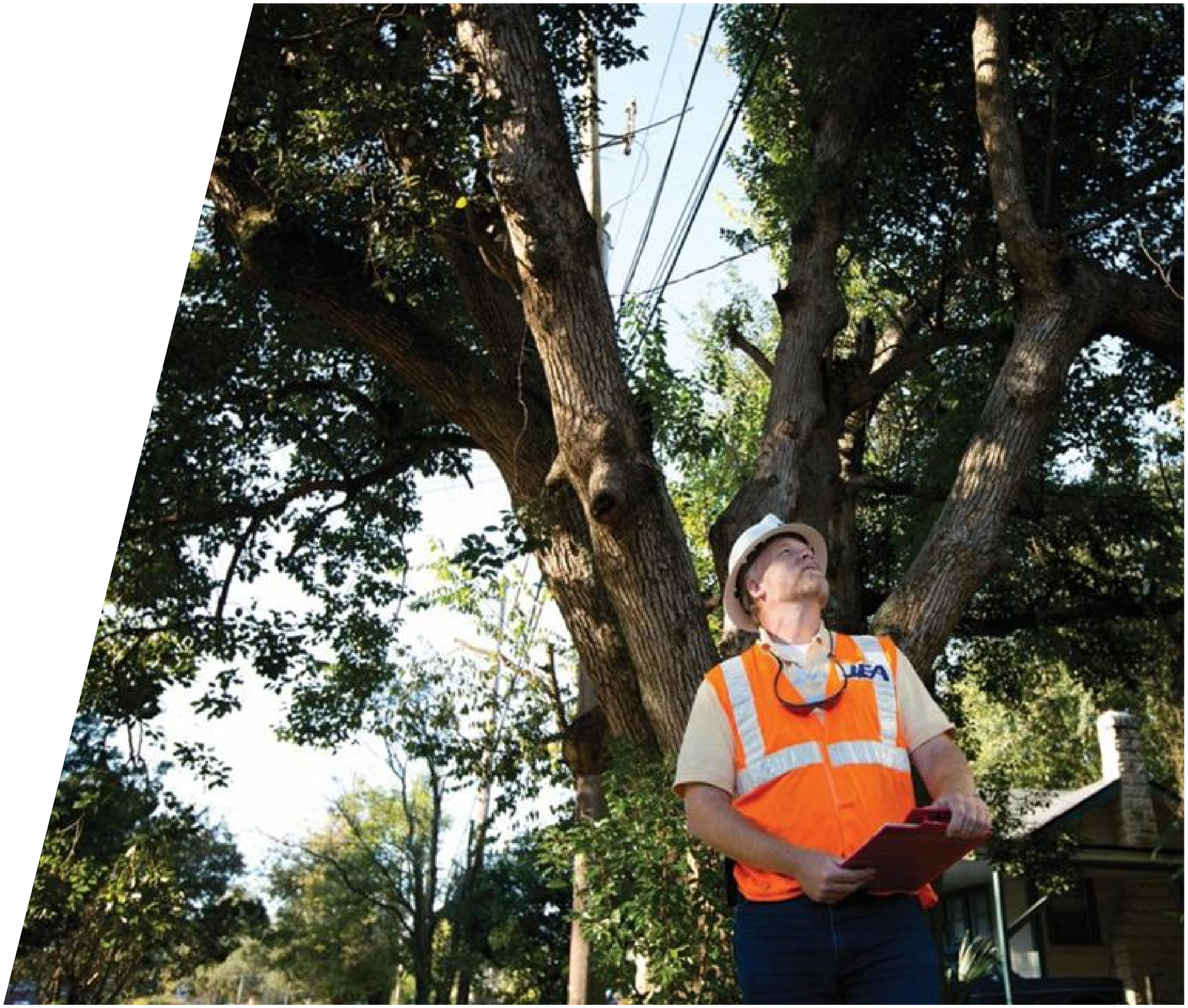


Open Audit Report Issues – Major Rating

VP/Chief	Director / (Audit Name)	Issue Observation	Action Plan	Current Due Date	Action Plan Status Comments
VP/GM, Energy	Director, Electric Systems Asset Management	Audit noted a lack of asset data governance.	Asset Management will develop Governance program, utilize Asset 360 barcoding project as part of the solution, review asset data completeness, assist in developing automated As-Built and complete the Asset Creation project.	9/30/20	
VP/GM, Energy	Director, Electric Systems Asset Management	Audit noted no process for identifying assets under warranty, including replacement while under warranty.	Asset Creation project currently under development within the scope of the TS EIM project will require the vendor/ manufacturer provide warranty data. This data will publish to the TS EIM foundational data base and will be identified on crew work orders.	12/31/20	
VP/GM, Energy	Director, Electric Systems Asset Management	Audit noted that there is no process for evaluation of an asset to determine if it should be replaced or refurbished.	Asset Lifecycle data will be published using Tableau visualizations. TS EIM Asset 360 project will publish asset lifecycle data to asset records including asset health and risk scoring. This view of the asset will assist Asset Management and O&M personnel in determining repair or replace decisions.	6/30/20	

December 2019

Internal Audit



December 2019

Forensic Audit & Investigations (FAI)

FAI Highlights

- ✓ After the recent retirement of Linda Williamson, Julie Moore was promoted to Manager, Forensic Audit & Investigations.

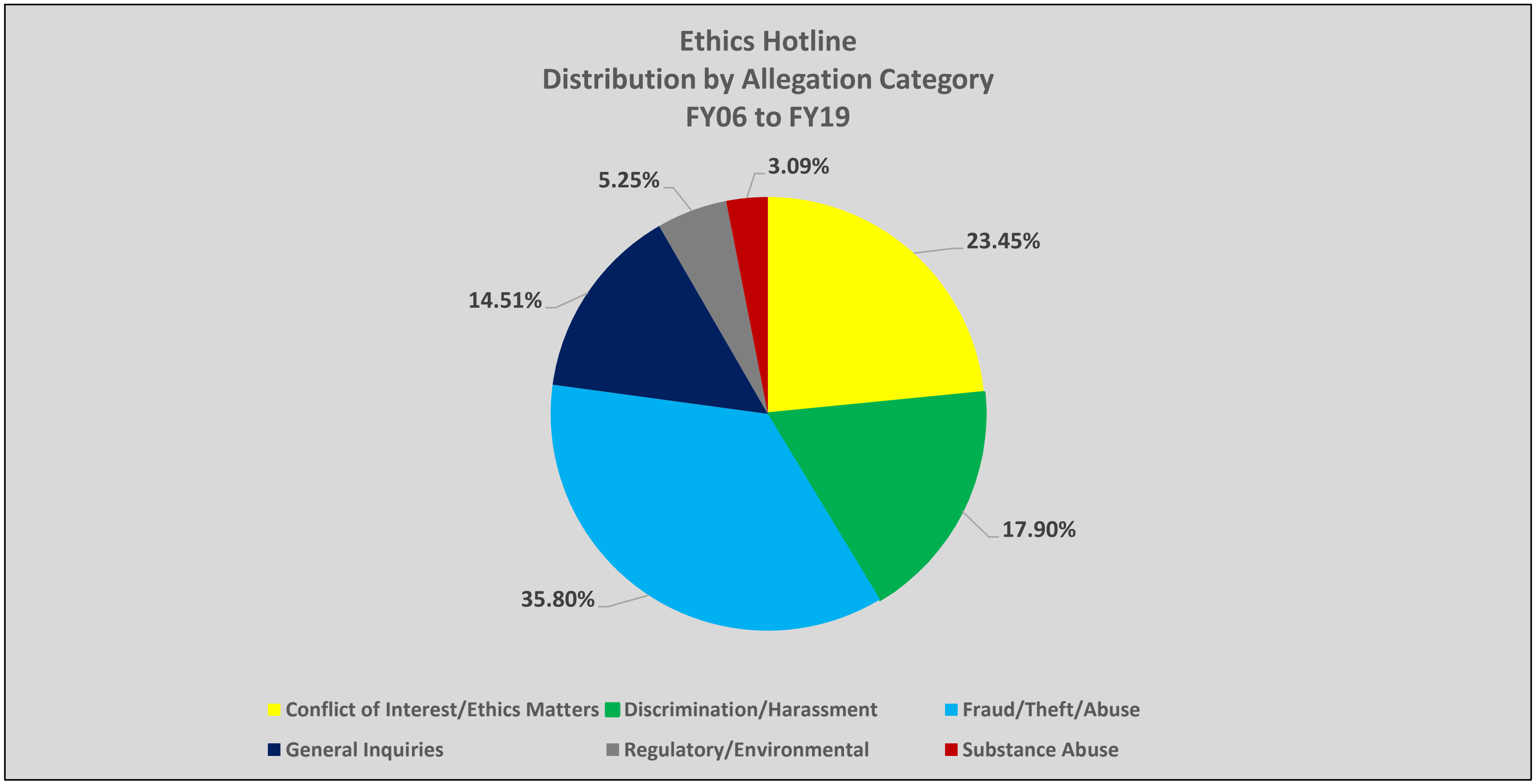
- ✓ For FY20, the FAI team has transitioned from paper-based to electronic case files. This enhancement reduces file storage space, strengthens business continuity, and streamlines our workpaper approval process.

- ✓ FAI is also updating its reporting process. In the past, case summaries were reported with a memo to file. Going forward, a formal report, similar in format to Internal Audit's, will be issued to the applicable business units. This will improve the communication of issues to not only the department affected by the allegation, but also our Senior Leadership Team.

- ✓ The FAI team has compiled historical case statistics for trend analysis. Pages 17-20 present Ethics Hotline allegation trends since system inception, for the latest three-year period, and for FY19.

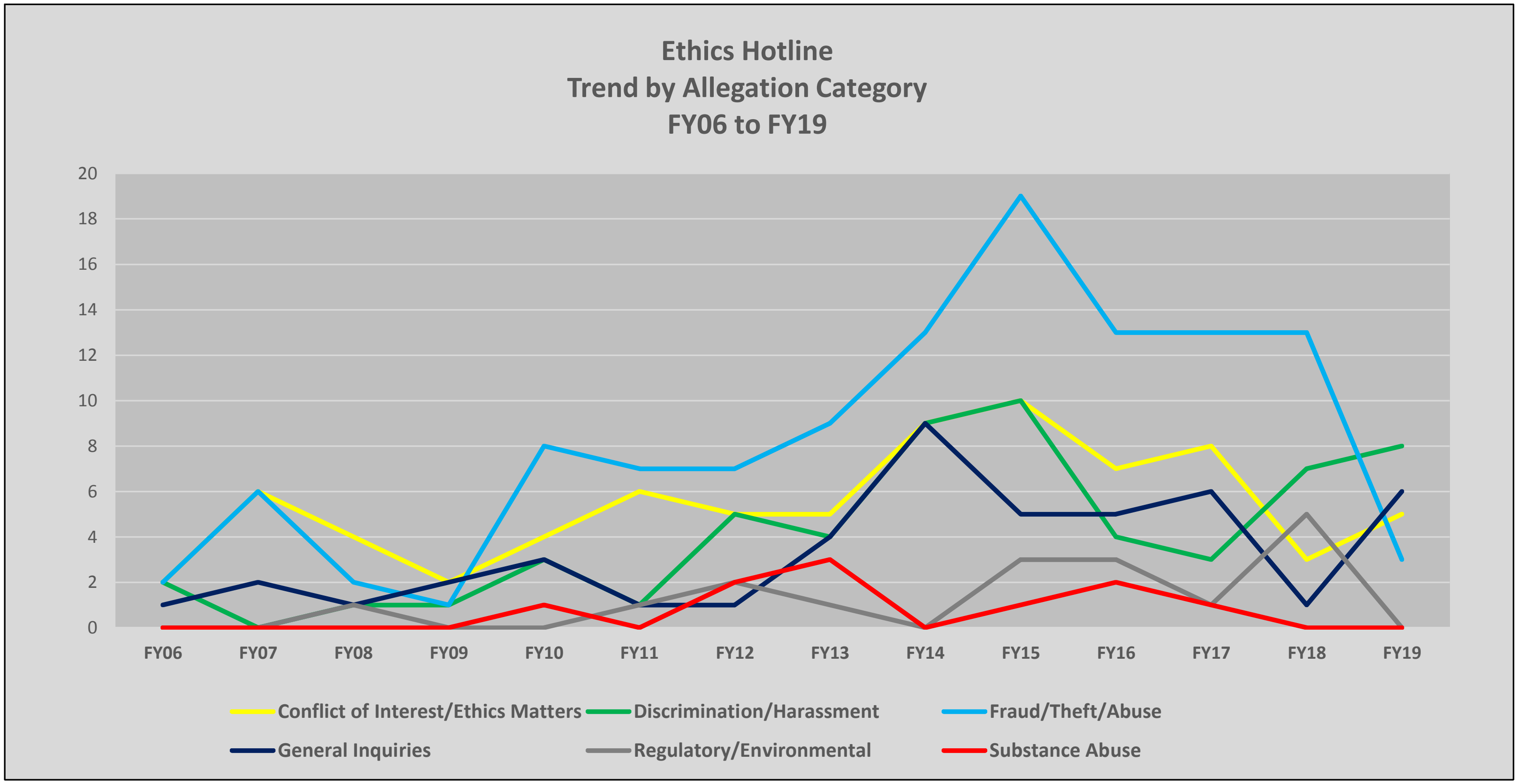
December 2019

Forensic Audit
& Investigations (FAI)



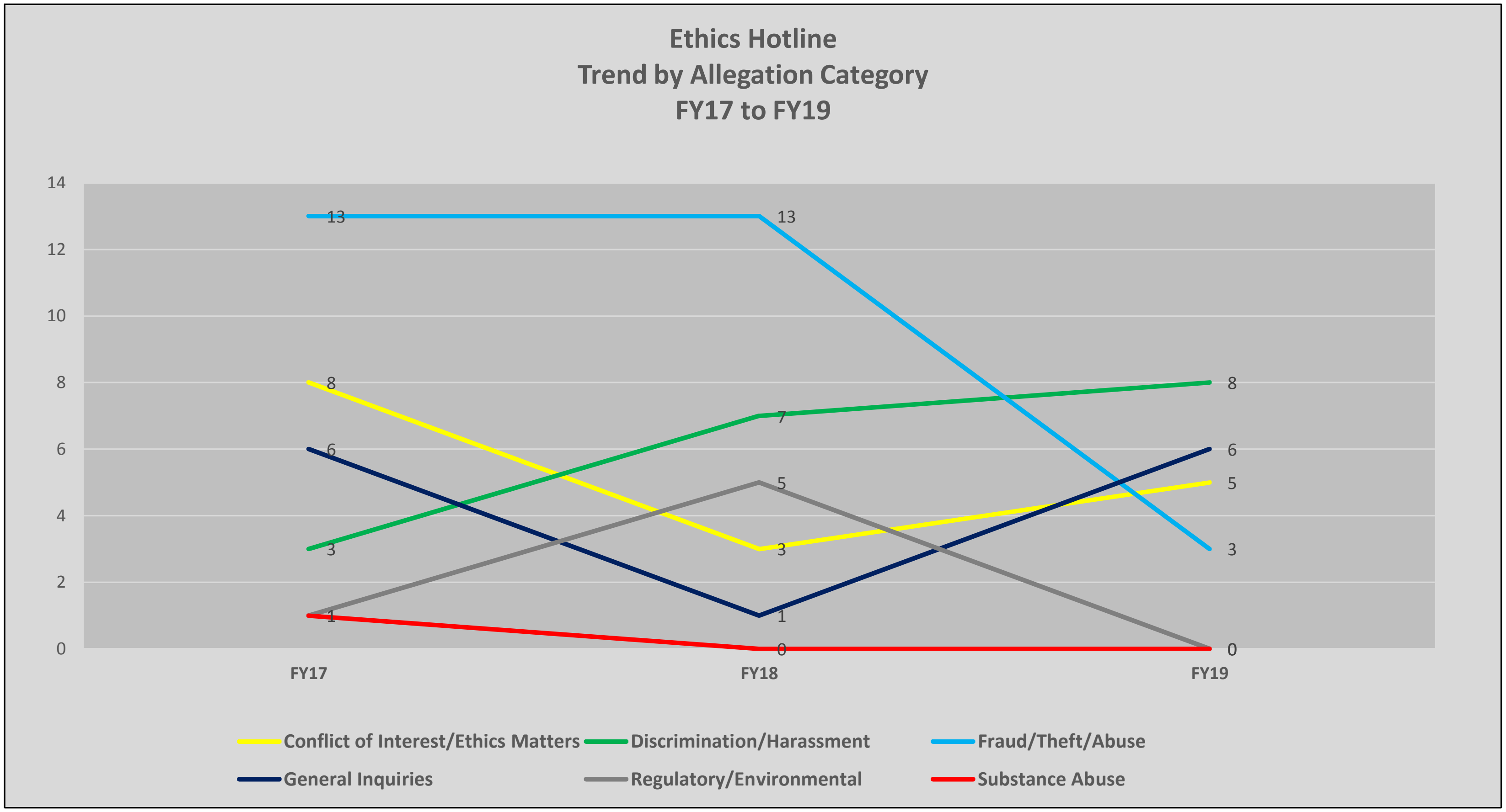
December 2019

Forensic Audit & Investigations (FAI)



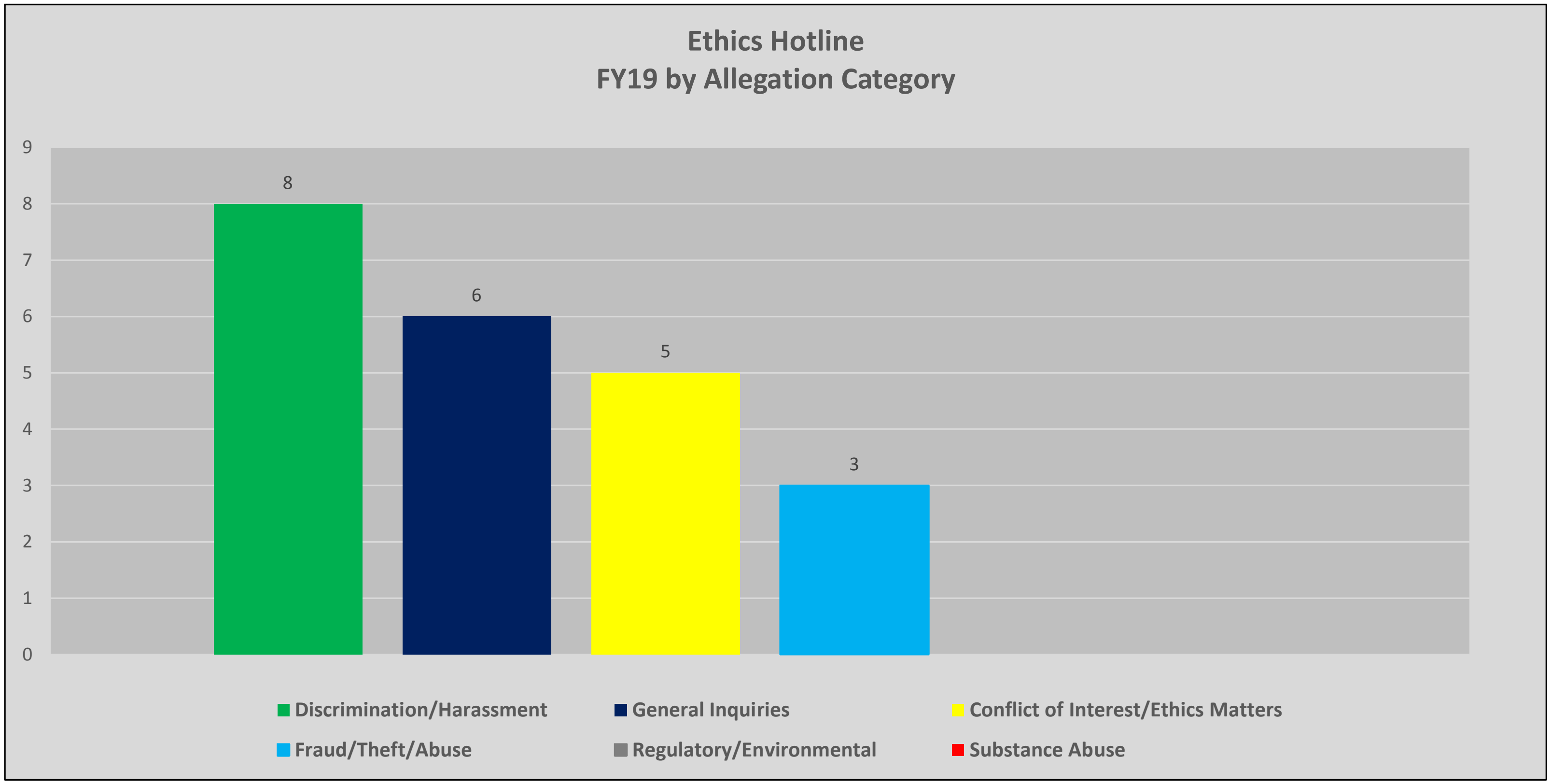
December 2019

Forensic Audit & Investigations



December 2019

Forensic Audit
& Investigations



December 2019

Forensic Audit & Investigations

Investigative Case Statistics – 4Q19

Open Cases 7/1/2019	Cases Opened Q4 FY19	Cases Closed Q4 FY19	Open Cases 9/30/2019
8	5	4	9

Categories For Cases Opened During Q4 FY19	
General Inquiries	3
Discrimination/Harassment	2
Total	5

December 2019

Forensic Audit & Investigations

Summary of Closed Cases – 4Q19

Reporting Source	Allegation	Investigation Results
External	JEA-18-09-0001 – An anonymous individual alleged that JEA light poles and lights were stolen by a JEA lineman. Additionally, the employee may have falsified time and attendance records.	No evidence was found to conclude light poles or lights were stolen from JEA by an employee. The allegation of falsified time and attendance records was also unsubstantiated.
Internal	JEA-18-10-0001 – When preparing evaluations, a Manager noticed unusual badging patterns by an employee. Upon further review, inconsistencies concerning work hours and time reports were noted.	An investigation revealed numerous instances where the employee was not working the hours claimed on the employee's timesheet. Subsequently, the employee retired and repaid the monies due for restitution.
EHL	JEA-19-07-0001 and JEA-19-07-0002 – A JEA customer called the Hotline regarding a connection fee, an increase in their deposit, and poor customer service.	The Call Center reached out to the customer and offered an adjustment on the connection fee and a payment plan for the additional required deposit. The customer service issue was relayed to the Director for handling.

INTER-OFFICE MEMORANDUM
November 01, 2019

SUBJECT:	**IDENTITY THEFT PROTECTION PROGRAM (FACTA) ANNUAL RISK ASSESSMENT**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Finance and Audit Committee

Kelly Flanagan, Chair
April Green
Henry Brown

BACKGROUND:
JEA's Identity Theft Protection Program is a critical program designed to protect customer's Personally Identifiable Information (PII). Various regulations listed below mandate JEA to maintain an effective identity theft protection program.

DISCUSSION:
JEA's Identity Theft Protection Program as per the regulations requires an assessment of JEA's Identity Theft Risk and present it to an appointed committee of the JEA Board. The current report covers the JEA performance for the period of January thru December, 2018.

RECOMMENDATION:
JEA's Compliance Oversight Committee requests the Finance and Audit Committee review the assessment data and provide any feedback to improve the program.

Aaron F. Zahn, Managing Director/CEO

AFZ/THE/DDM

Ver 2.2 02/01/2014

2018 Risk Assessment

JEA Identity Theft Protection Program
Annual Risk Assessment

Dan Mishra – Director, CIP Compliance

Overview

- JEA has a program to comply with Federal and State regulations concerning identity theft (FCRA, FACTA and FIPA).
  - *FCRA – Fair Credit Reporting Act, 15 U.S.C. § 1681*
  - *FACTA – Fair and Accurate Credit Transactions Act of 2003*
  - *FIPA – Florida Information Protection Act, (501.171)*

- These three acts address protection of Personally Identifiable Information (PII) of customers, employees, agents and contractors in JEA's possession.

Compliance Oversight Committee

- Compliance Oversight Committee (COC) oversees compliance with Identity Theft Standards.

- Committee consists of Chief Compliance Officer, Chief Customer Officer, Chief Information Officer, and Chief Human Resources Officer.

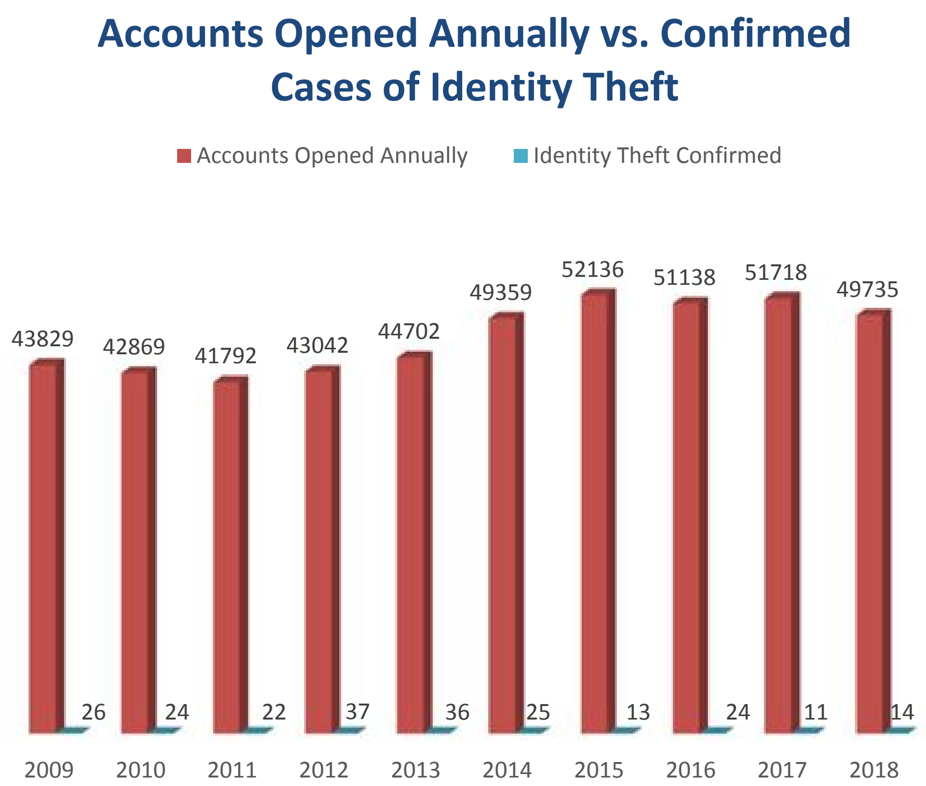
- Objective of Risk Assessment – Review performance and identify major weaknesses or improvement opportunities.

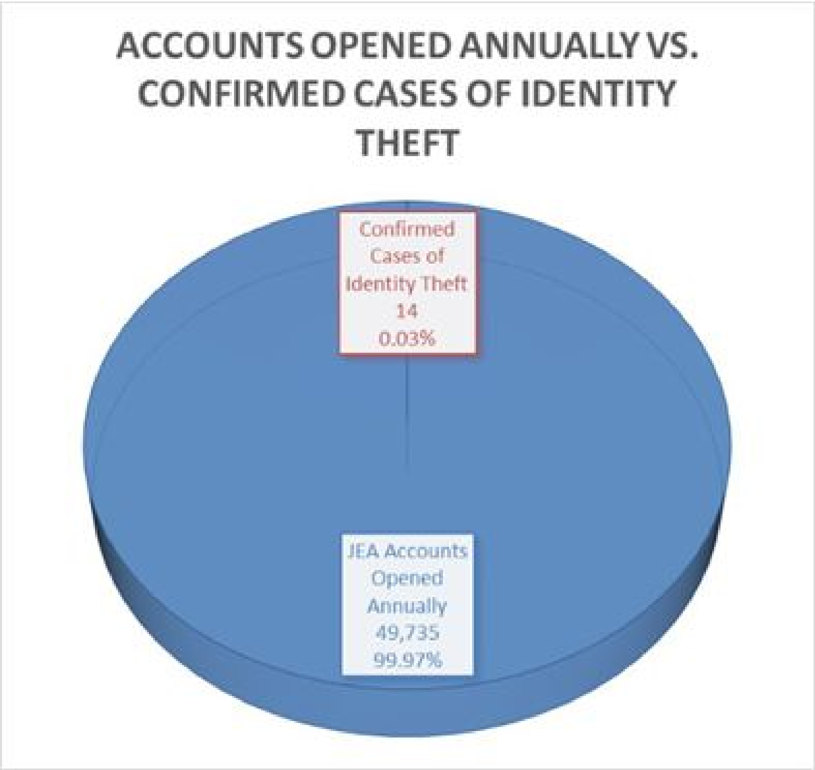
- Summary of Risk Assessment provided to Finance & Audit Committee to fulfill FACTA Annual Reporting requirement.

Risk Assessment Approach

- 2 Part Review
  - Review of controls applied to JEA data and information acquired by JEA using customer service channels.
  - Review of controls applied to JEA data and information stored within JEA and shared with business partners and JEA personnel.

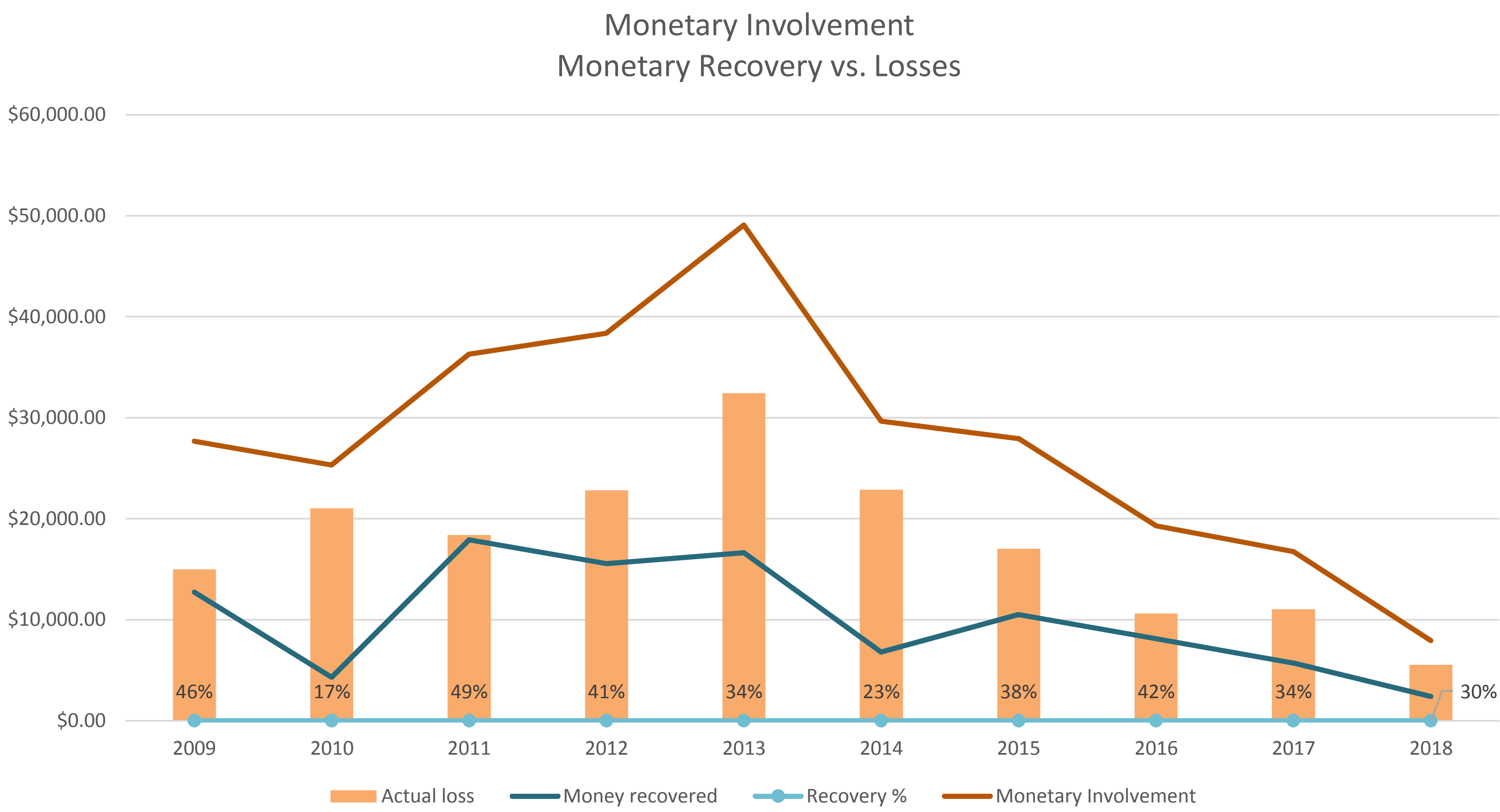
Program Metrics



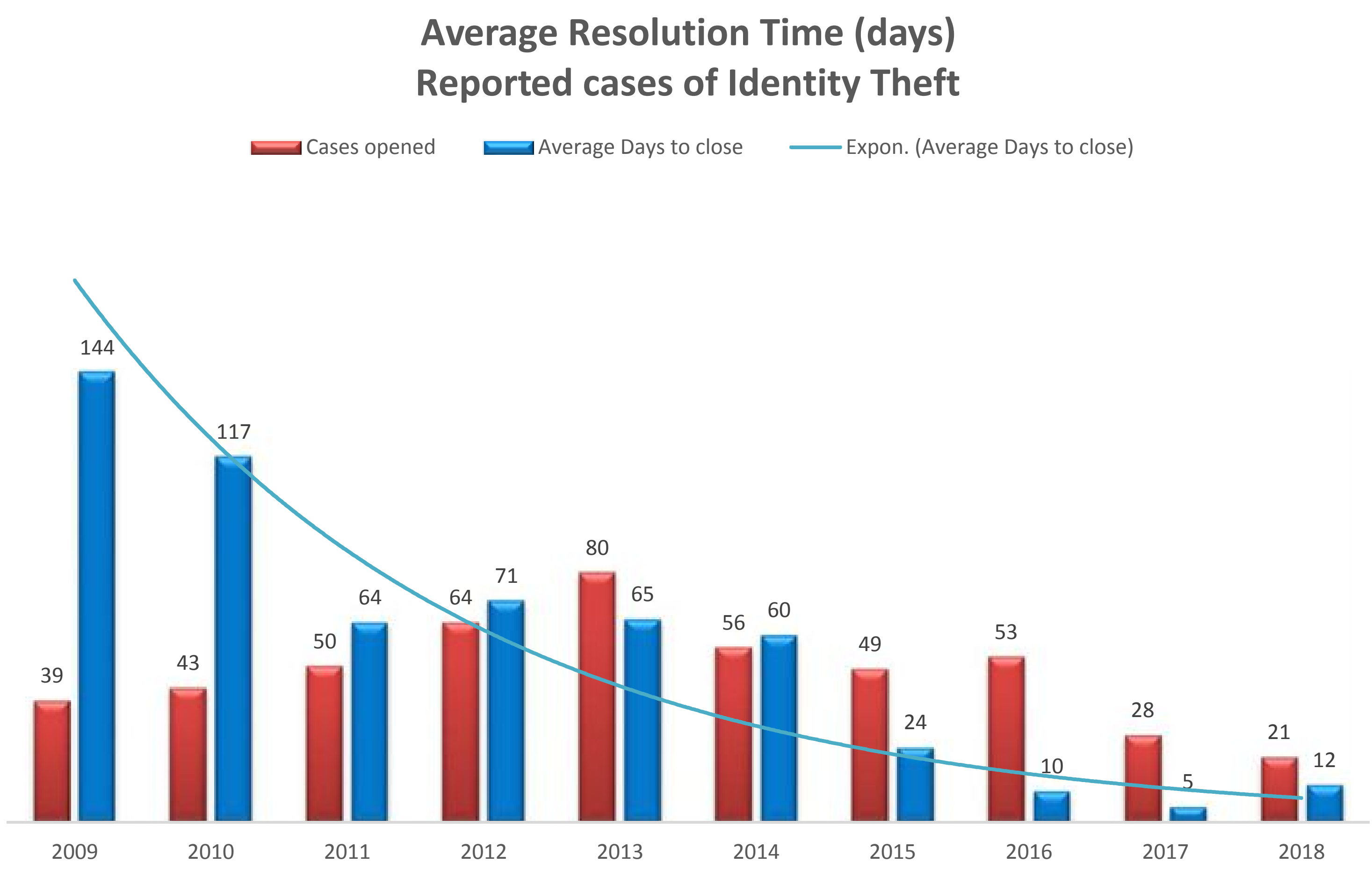


In 2018 – 21 Cases Opened

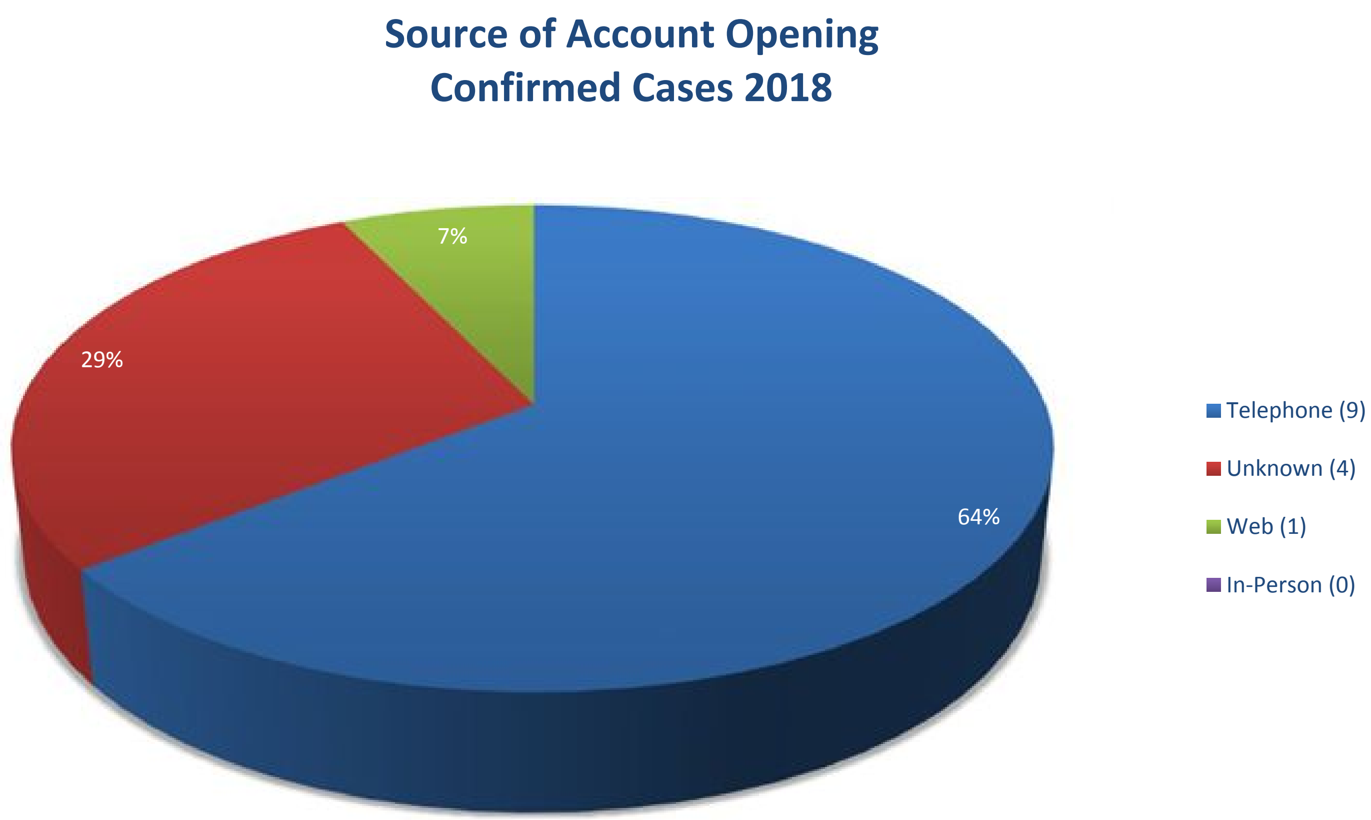
Program Metrics



Operational Metrics



Sources


Source of Account Opening
Confirmed Cases 2018
7%
29%
64%
Telephone (9)
Unknown (4)
Web (1)
In-Person (0)

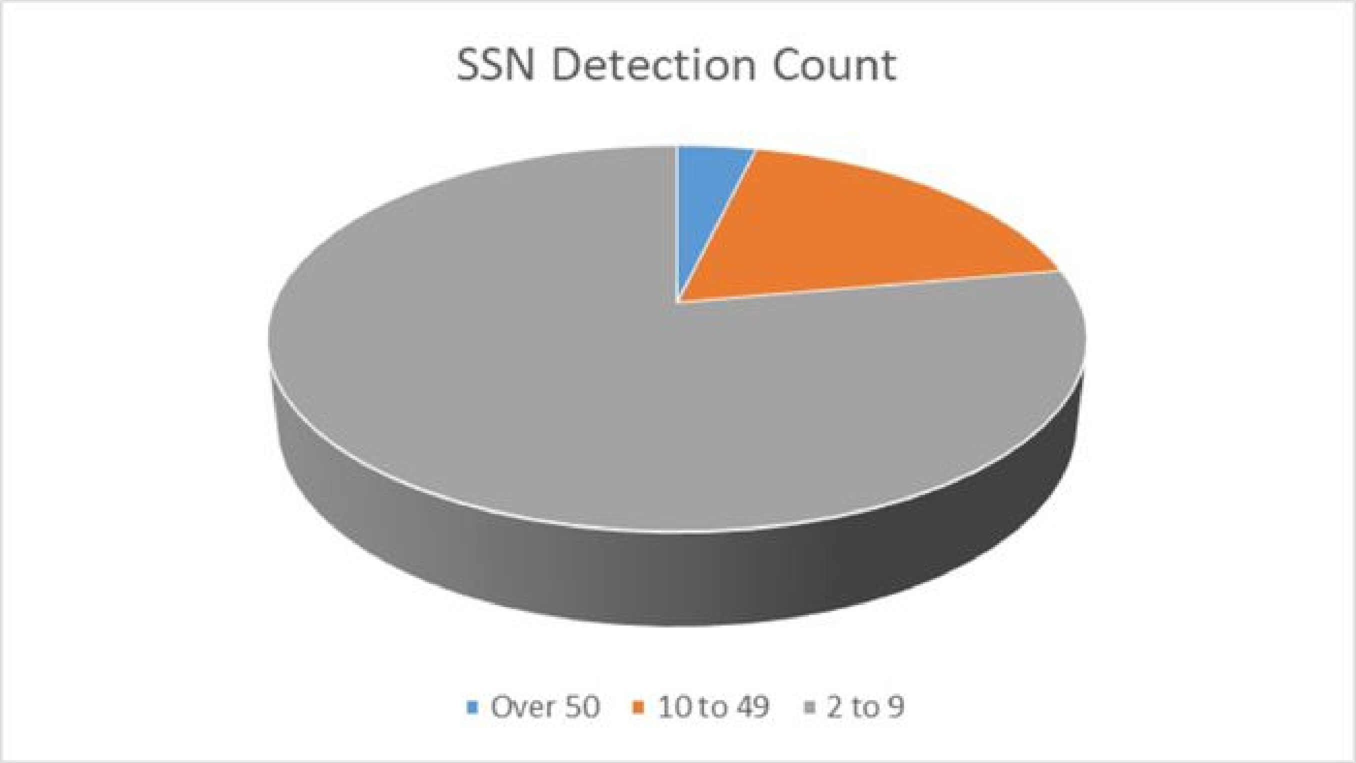
2018 Identity Theft Summary of Results

Of the 14 confirmed cases in 2018:

- 7 cases account opened prior to the 2012 implementation of a more robust identity verification process using Experian
- 5 cases the account opener provided verifiable PII
- 3 cases (.007% of accounts opened in 2018) resulted from human error, additional training was designed and provided

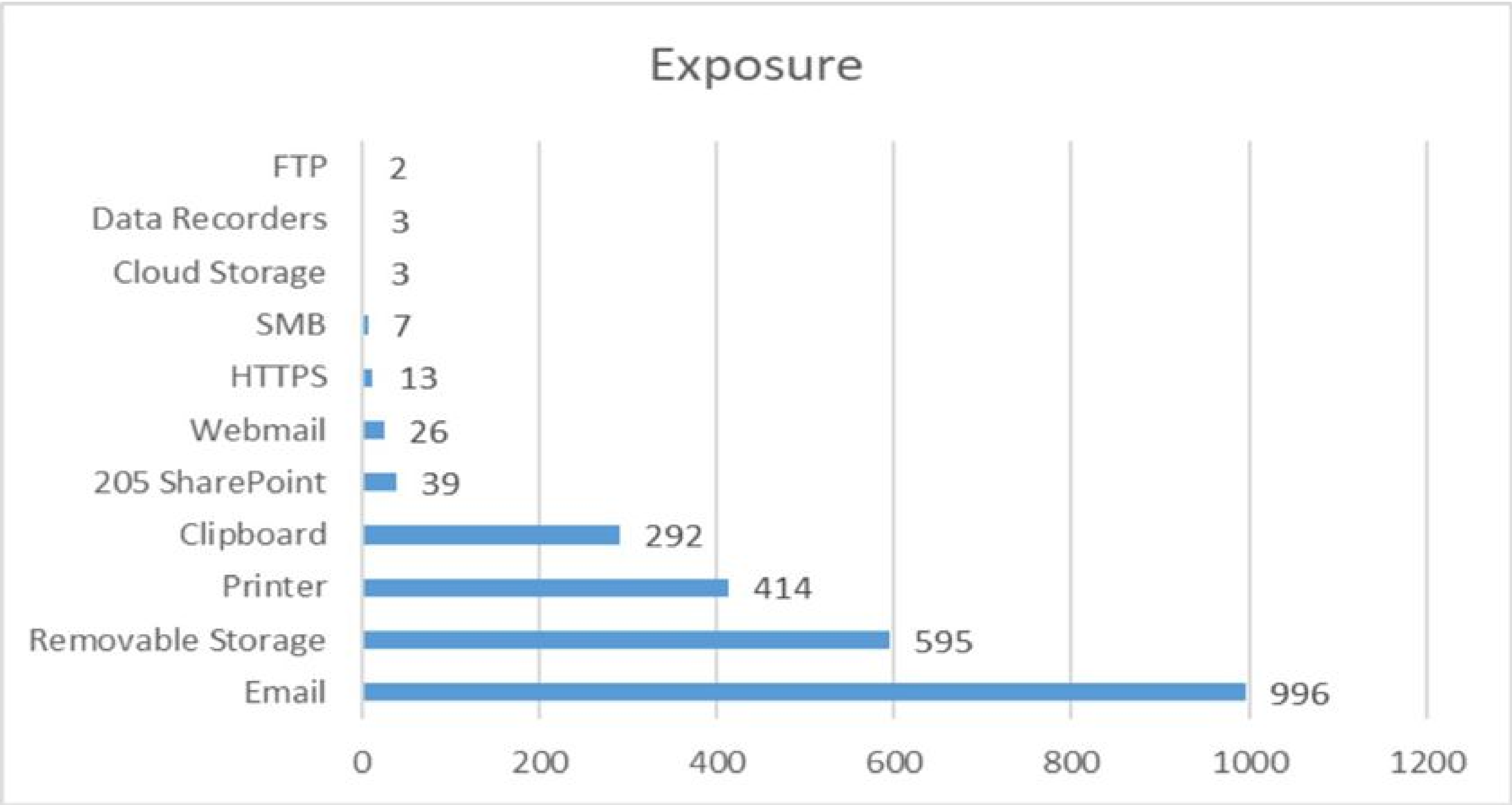
Data Loss Prevention Metrics

SSN Detection Count		
Over 50	89	Blocked
10 to 49	441	Blocked
2 to 9	1860	Alerted
Total Detections*	2390	



*Significant number of detected cases may include false positives

Data Loss Prevention - Exposure



The above graph identifies the Channel used which SSN transmission was detected.

Issues & Concerns

- Data Loss Prevention Process
- Documented Security Controls for DLP
- Authorization and PII Asset Inventory
- Post Alert Investigation for confirmation of Data Loss or PII Exfiltration.
- Accountability Awareness Training
- Ad-hoc interpretation applied by Technology Services

JEA®

2018 Summary of Results

- No reportable data breach has been recorded for the calendar year 2018.
- Three cases of failed security controls impacting PII data were recorded and corrected.

Process Improvements in effect

- Data Registry for authorized users who transmit sensitive data on behalf of JEA.
- IAM based Access Control for PII data (in planning)
- Post-account opening audits implemented.
  - Verify account SSN has corresponding Experian query.
  - Verify segregation of duties principles are followed for SSN changes.
- Enhanced script to identify duplicate SSN usage.
- Enhanced script for online account openings.
- Mobile Identity Verification tool.

Long-Term Improvement Proposals

- Secure FTP or Drobox Site for enterprise
- Update DLP Alert Response/Investigation Process
- DLP Metrics monthly report for Compliance Oversight Committee review
- IAM based Access Control for PII data (in planning)

Conclusion

- JEA is compliant with FACTA, FCRA, and FIPA.
- Appropriate controls are in place to prevent, detect, and mitigate identity theft.
- Improved cyber security controls, metrics and response testing recommended.
- In the rare event identity theft occurs, steps are taken to identify the root cause, and corrective actions are taken.

INTER-OFFICE MEMORANDUM
November 14, 2019

SUBJECT:	**ETHICS OFFICER REPORT**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Finance and Audit Committee

Kelly Flanagan, Chair
April Green
Henry Brown

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

DISCUSSION:
JEA Ethics Officer ensures information is shared and advice given regarding issues and questions. This role manages ethical concerns for the organization and ensure compliance with business and governmental regulations.

RECOMMENDATION:
This item is for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/THE/WMS

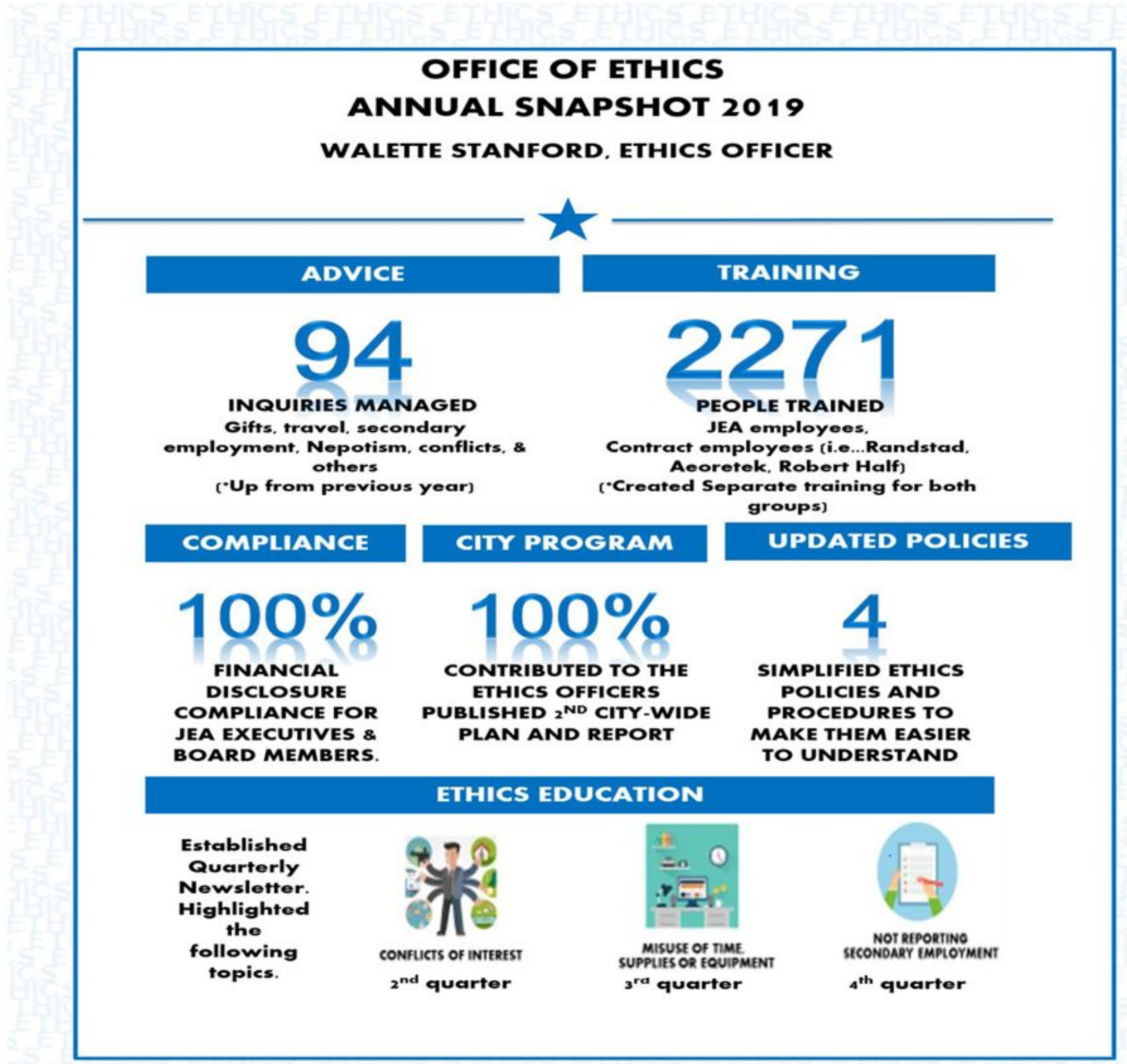
Ethics Officer Report
Walette Stanford
December 2019

Year in Review

2019

December 2019

Ethics Office



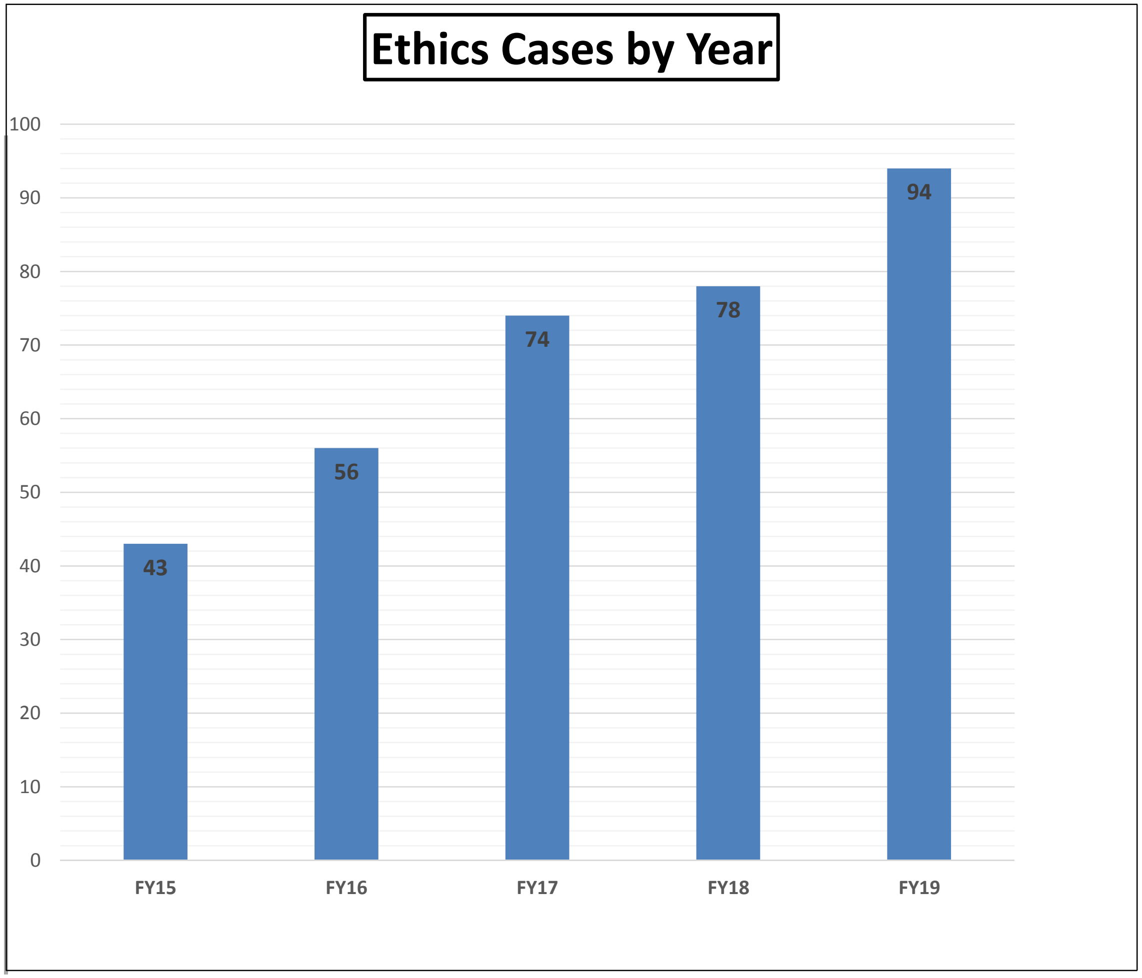
2

Why have Ethics inquiries doubled from 2015-2019?

- The Required Business Ethics Refresher Computer Based Training rolled out in 2016 for all employees
- Real examples were included in the training, which included common workplace dilemmas:
  - conducting personal business on company time
  - stealing on the job
  - Inappropriate/harassing behavior
- Ethics Officer became a full time position

December 2019

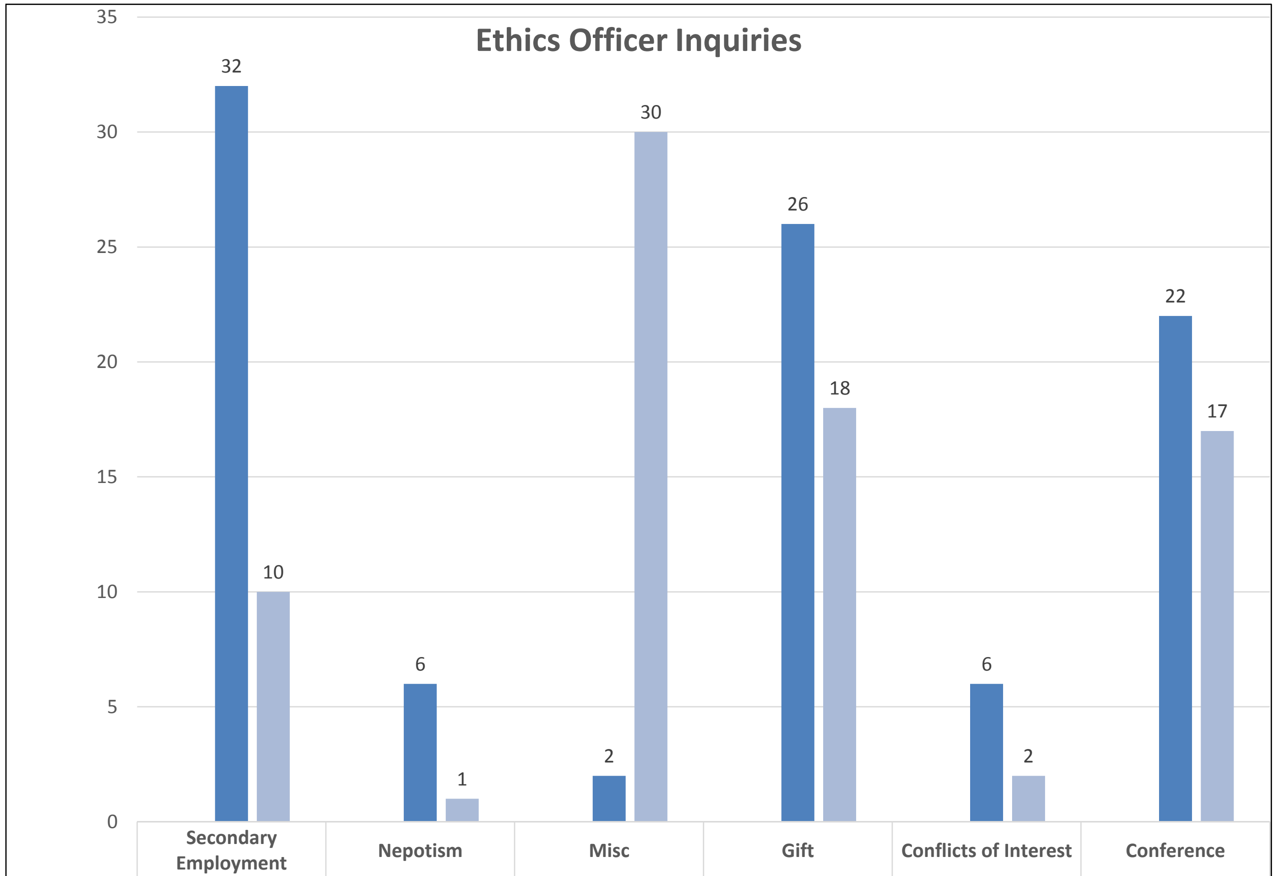
Ethics Officer Cases



Inquiry Categories

December 2019

Ethics Officer Cases



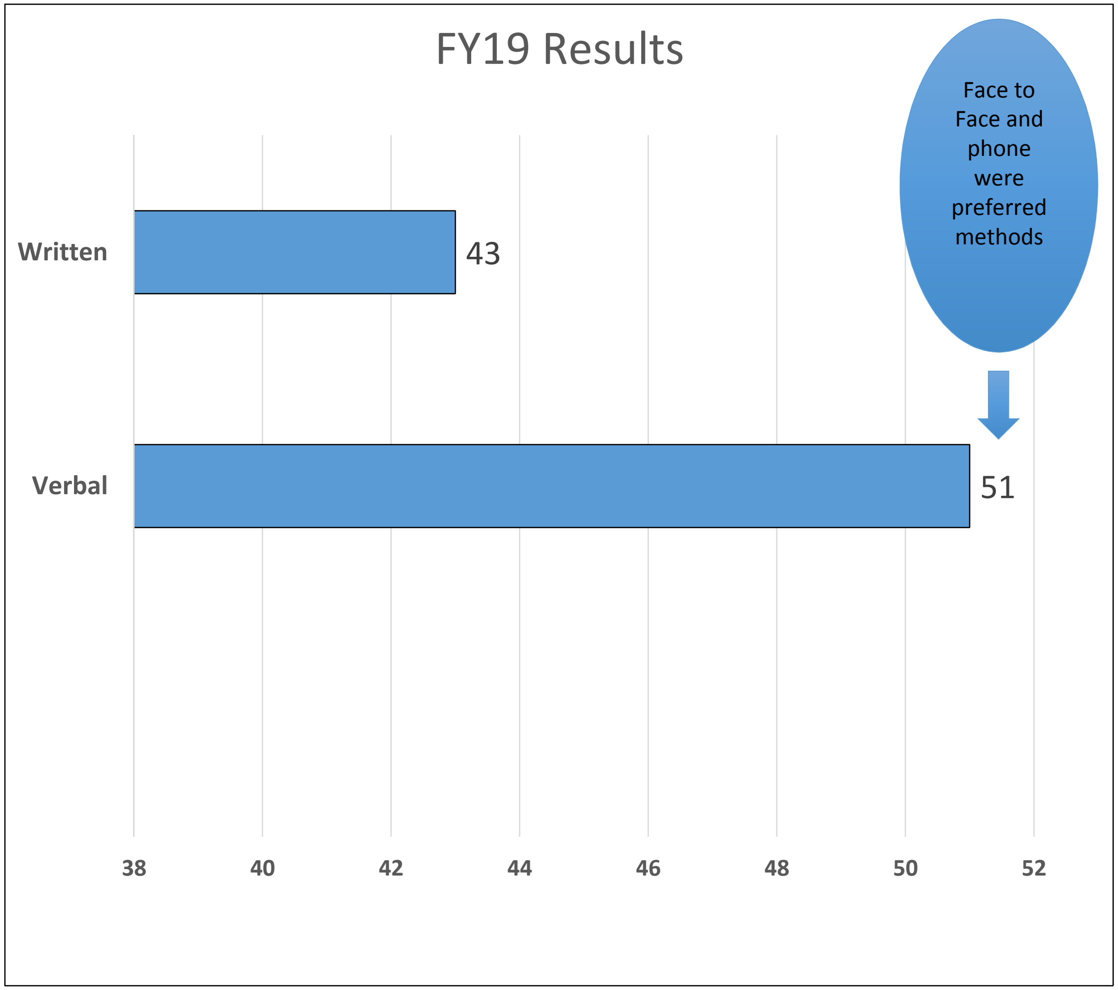
	Secondary Employment	Nepotism	Misc	Gift	Conflicts of Interest	Conference
YTD 2019	32	6	2	26	6	22
YTD 2018	10	1	30	18	2	17

4

Report on Ethics Advice

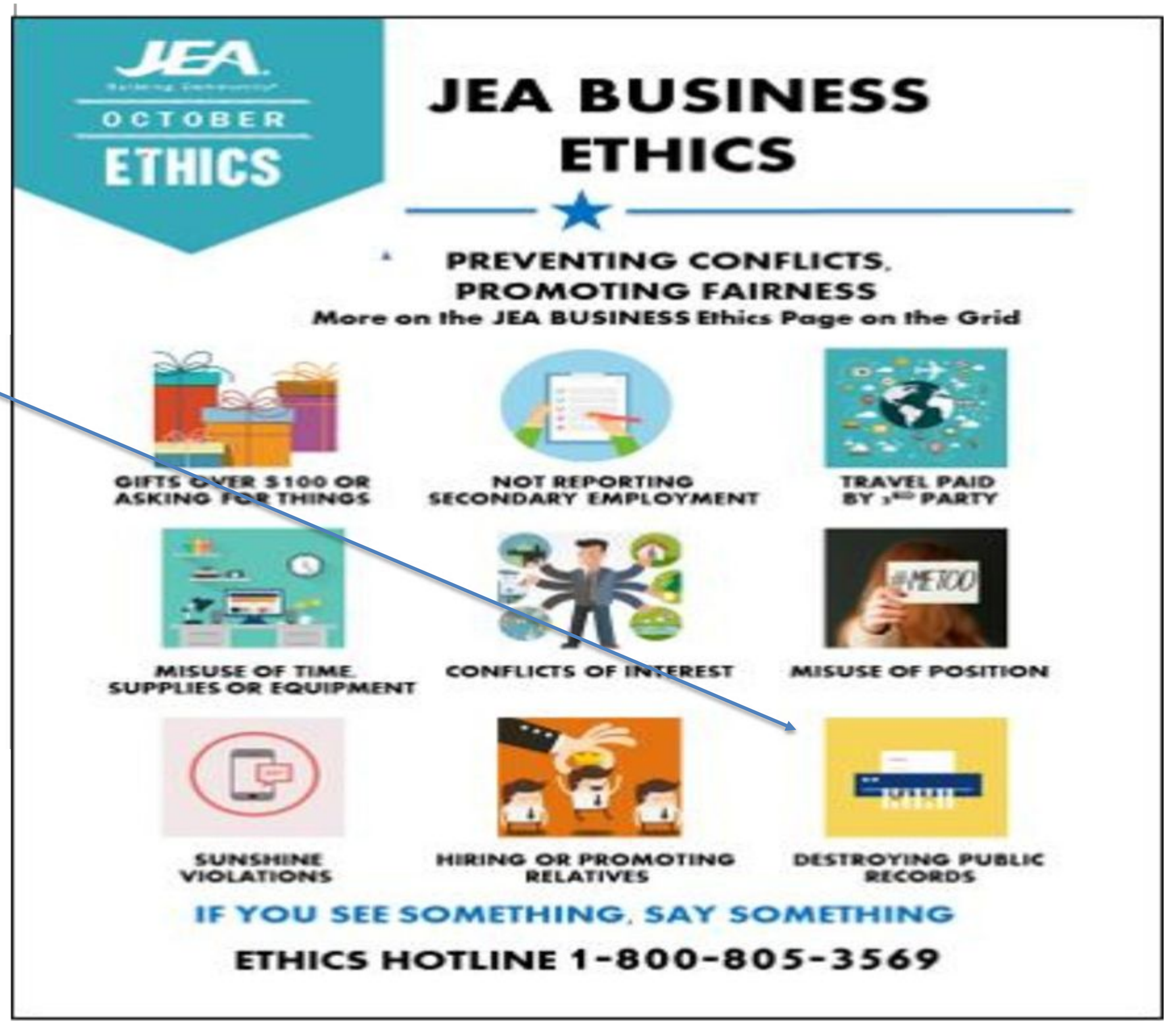
December 2019

Ethics Officer Cases



Quarterly Newsletter

1st Quarter – FY20
Focusing on
Destroying Public Records



December 2019

FY20 update

6

Business Ethics Update and What's Next

December 2019

FY 20 update

- Preparing Companywide Annual Business Ethics training with Learning and Development for all employees in March 2020.
- Updated the JEA Gifts and Secondary Employment policies based on city ordinance updates. The updated procedures rolled out on September 25th. The policies are housed in Policy Tech for employee review and approval.
- Revamped the Business Ethics Guidelines to the Business Code of Conduct. Rollout planned for November.
- 1st Quarter FY20 Ethics Newsletter topic is Destroying Public Records.

INTER-OFFICE MEMORANDUM
November 17, 2019

SUBJECT:	**ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Kelly Flanagan, Chair April Green Henry Brown

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 resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning August 2012.

DISCUSSION:
Attached are the reserve fund schedules referenced above for the period ending September 30, 2019.

RECOMMENDATION:
No action required; provided for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/JEO/BHG

Ver 2.2 02/01/2014

Quarterly Reserve Report

For the Fourth Quarter Ending September 2019

Electric System and Water & Sewer System Reserve and Fund Balances (1)

For the Years Ending September 30
(In Thousands of Dollars)

Electric System

	Actual Fiscal Year 2017	Actual Fiscal Year 2018	Actual Fiscal Year 2019	Projected Fiscal Year 2020	Detail Page #
Unrestricted					
Operations/Revenue Fund	$ 54,800	$ 85,482	$ 34,611	$ 14,020	
Debt Management Strategy Reserve	-	-	-	-	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	9,214	8,138	11,210	11,210	4
Rate Stabilization					
• Fuel	131,716	74,376	47,152	86,763	5
• DSM/conservation	3,695	3,470	4,363	3,832	6
• Environmental	36,417	42,163	25,632	25,008	7
• Debt Management	29,884	29,884	29,884	-	8
• Non-Fuel Purchased Power	25,189	53,493	56,870	35,500	9
Environmental	17,672	16,818	16,568	16,568	10
Customer Deposits	42,105	44,242	44,785	44,785	11
Total Unrestricted	360,692	368,066	281,075	247,686	
Days of Cash on Hand (2)	234	219	146	134	
Restricted					
Debt Service Funds (Sinking Funds)	167,087	159,656	145,520	86,445	12
Debt Service Reserve Funds	60,582	60,582	60,582	53,949	13
Renewal and Replacement Funds/OCO (3)	201,368	189,922	81,964	120,382	14
Construction Funds	-	203	-	-	15
Total Restricted	429,037	410,363	288,066	260,776	
Total Electric System	$ 789,729	$ 778,429	$ 569,141	$ 508,462	

Water and Wastewater System

	Actual Fiscal Year 2017	Actual Fiscal Year 2018	Actual Fiscal Year 2019	Projected Fiscal Year 2020	Detail Page #
Unrestricted					
Operations/Revenue Fund	$ 69,232	$ 43,461	$ 17,935	$ 20,451	
Rate Stabilization					
• Debt Management	20,290	14,209	14,209	-	16
• Environmental	1,699	5,214	15,687	15,687	17
Customer Deposit	13,910	15,086	16,289	16,289	18
Total Unrestricted	105,131	77,970	64,120	52,427	
Days of Cash on Hand (2)	496	454	186	100	
Restricted					
Debt Service Funds (Sinking Funds)	65,410	82,208	80,775	44,022	19
Debt Service Reserve Funds	108,086	107,488	63,441	59,323	20
Renewal and Replacement Funds	179,431	150,319	48,796	13,687	21
Environmental Fund [Capital Projects]	2,659	1,839	1,891	1,000	22
Construction Funds	152	15	28,968	13,968	23
Total Restricted	355,738	341,869	223,871	132,000	
Total Water & Sewer System	$ 460,869	$ 419,839	$ 287,991	$ 184,427	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.
(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.
(3) Balance includes $47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.
(4) 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 Self Insurance - Employee Health Insurance

For the Fourth Quarter Ending September 30, 2019

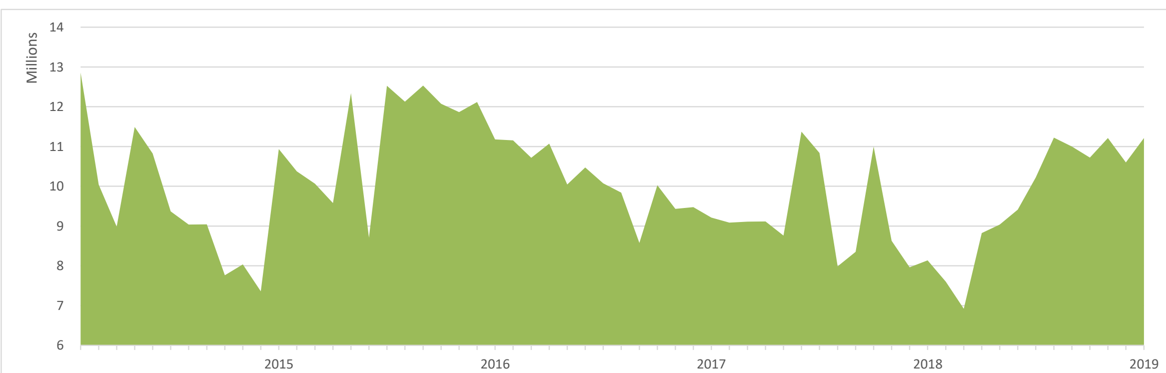
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 10,720	$ 8,138	$ 11,210	$ 11,210	$ 11,210
Additions:					
Employee Contributions	1,636	6,423	6,744	7,081	7,435
Retiree & Other Contributions	3,330	8,270	8,684	9,205	9,757
Employer Contributions	4,734	20,662	19,438	21,214	23,108
Sub-total	$ 9,700	$ 35,355	$ 34,866	$ 37,500	$ 40,300
Withdrawals:					
Payments for Claims	8,456	29,860	32,249	34,805	37,524
Actuary & Other Payments	754	2,423	2,617	2,695	2,776
Sub-total	$ 9,210	$ 32,283	$ 34,866	$ 37,500	$ 40,300
Ending Balance	$ 11,210	$ 11,210	$ 11,210	$ 11,210	$ 11,210

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 10,749	$ 10,937	$ 11,179	$ 9,214	$ 8,138
Additions:					
Employee Contributions	5,447	5,460	5,862	6,158	6,423
Retiree & Other Contributions	5,141	5,694	6,443	7,273	8,270
Employer Contributions	22,220	24,231	19,004	18,378	20,662
Sub-total	$ 32,808	$ 35,385	$ 31,309	$ 31,809	$ 35,355
Withdrawals:					
Payments for Claims	30,408	32,946	30,994	30,933	29,860
Actuary & Other Payments	2,212	2,197	2,280	1,952	2,423
Sub-total	$ 32,620	$ 35,143	$ 33,274	$ 32,885	$ 32,283
Ending balance	$ 10,937	$ 11,179	$ 9,214	$ 8,138	$ 11,210



Maximum Balance:	12,860	Average Balance:	9,994
Minimum Balance:	6,922		

Observations

- Self Insurance for Employee Health Insurance began in July 2009.

Electric System Rate Stabilization - Fuel Management

For the Fourth Quarter Ending September 30, 2019

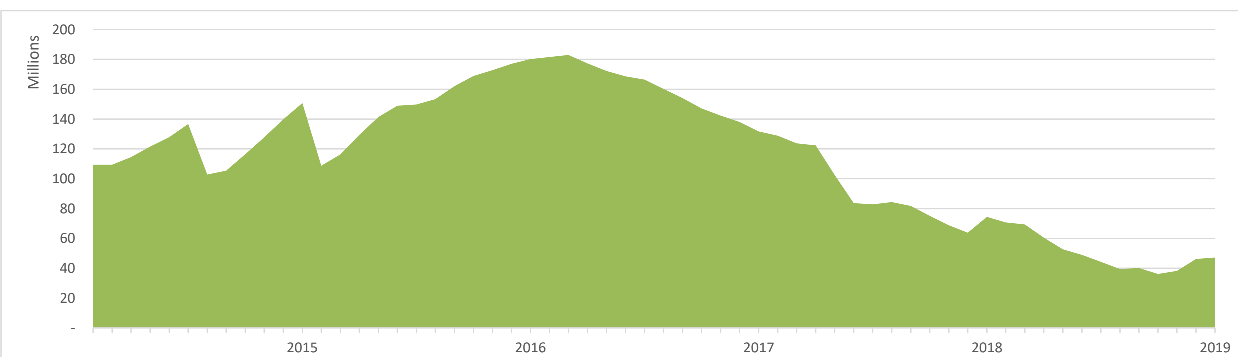
Definitions and Goals

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 (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year 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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 36,191	$ 74,376	$ 47,152	$ 86,763	$ 81,688
Additions:					
Contributions	10,961	11,597	39,611		
Sub-total	$ 10,961	$ 11,597	$ 39,611	$ -	$ -
Withdrawals:					
Withdrawals		38,821		5,075	1,962
Sub-total	$ -	$ 38,821	$ -	$ 5,075	$ 1,962
Ending Balance	$ 47,152	$ 47,152	$ 86,763	$ 81,688	$ 79,727

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 105,457	$ 150,742	$ 180,115	$ 131,716	$ 74,376
Additions:					
Contributions	95,224	85,979	2,845		11,597
Sub-total	$ 95,224	$ 85,979	$ 2,845	$ -	$ 11,597
Withdrawals:					
Withdrawals			51,244	57,340	38,821
Fuel Rebate Credit	49,939	56,606			
Sub-total	$ 49,939	$ 56,606	$ 51,244	$ 57,340	$ 38,821
Ending balance	$ 150,742	$ 180,115	$ 131,716	$ 74,376	$ 47,152



Maximum Balance:	182,960	Average Balance:	114,644
Minimum Balance:	36,191		

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 Self Insurance - Property

For the Fourth Quarter Ending September 30, 2019

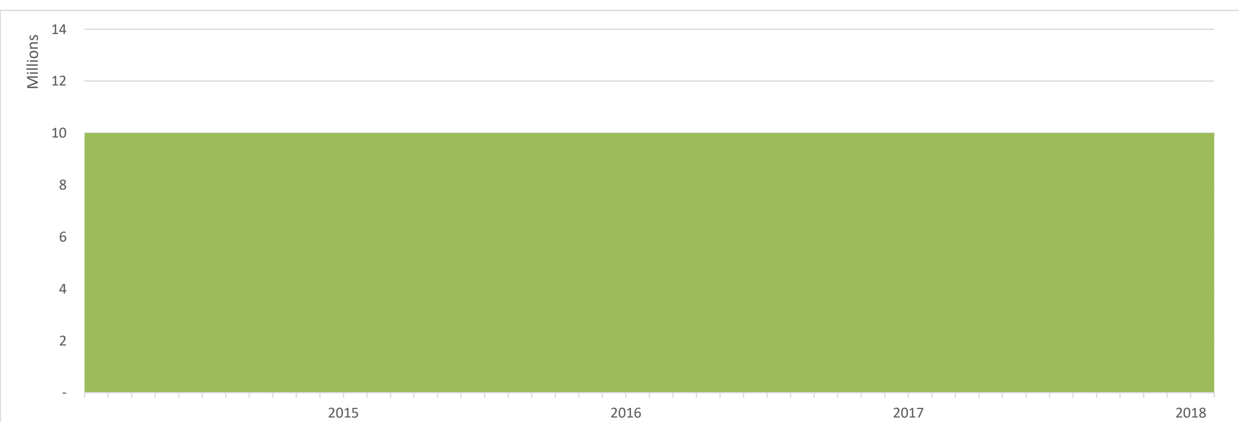
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals					
Ending Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Additions:					
Contributions	-	-	-	-	
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals					
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000



Observations

- Reserve/Fund Authorization: Budget Appropriation.

Electric System Rate Stabilization - Demand Side Management (DSM)

For the Fourth Quarter Ending September 30, 2019

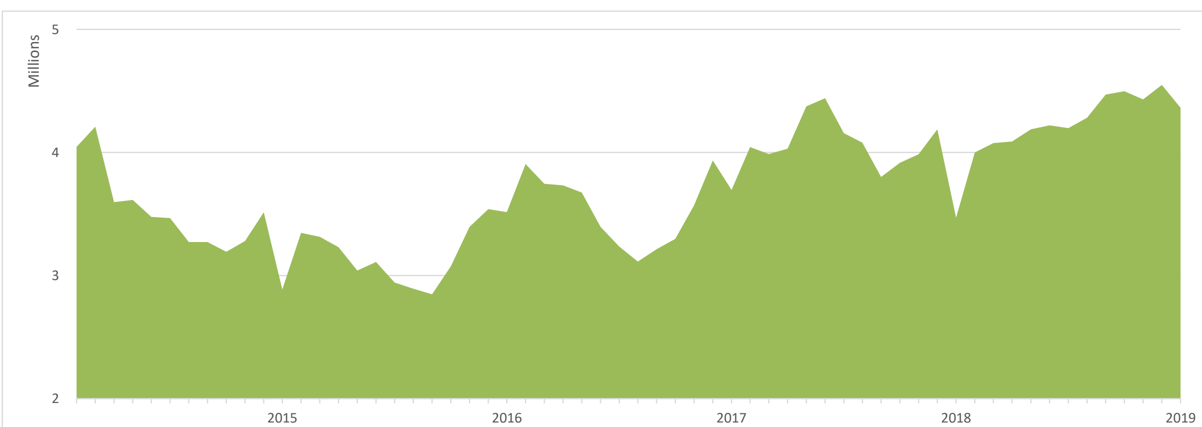
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 4,498	$ 3,470	$ 4,363	$ 3,832	$ 3,114
Additions:					
Contributions	2,238	7,042	6,902	6,682	6,807
Sub-total	$ 2,238	$ 7,042	$ 6,902	$ 6,682	$ 6,807
Withdrawals:					
Withdrawals	2,373	6,149	7,433	7,400	7,400
Sub-total	$ 2,373	$ 6,149	$ 7,433	$ 7,400	$ 7,400
Ending Balance	$ 4,363	$ 4,363	$ 3,832	$ 3,114	$ 2,521

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 3,570	$ 2,886	$ 3,515	$ 3,695	$ 3,470
Additions:					
Contributions	7,059	7,232	6,685	7,088	7,042
Sub-total	$ 7,059	$ 7,232	$ 6,685	$ 7,088	$ 7,042
Withdrawals:					
Withdrawals	7,743	6,603	6,505	7,313	6,149
Sub-total	$ 7,743	$ 6,603	$ 6,505	$ 7,313	$ 6,149
Ending balance	$ 2,886	$ 3,515	$ 3,695	$ 3,470	$ 4,363



Maximum Balance:	4,549	Average Balance:	3,708
Minimum Balance:	2,848		

Observations

- Rate Stabilization Fund for Demand Side Management began in April 2009.

Electric System Rate Stabilization - Environmental

For the Fourth Quarter Ending September 30, 2019

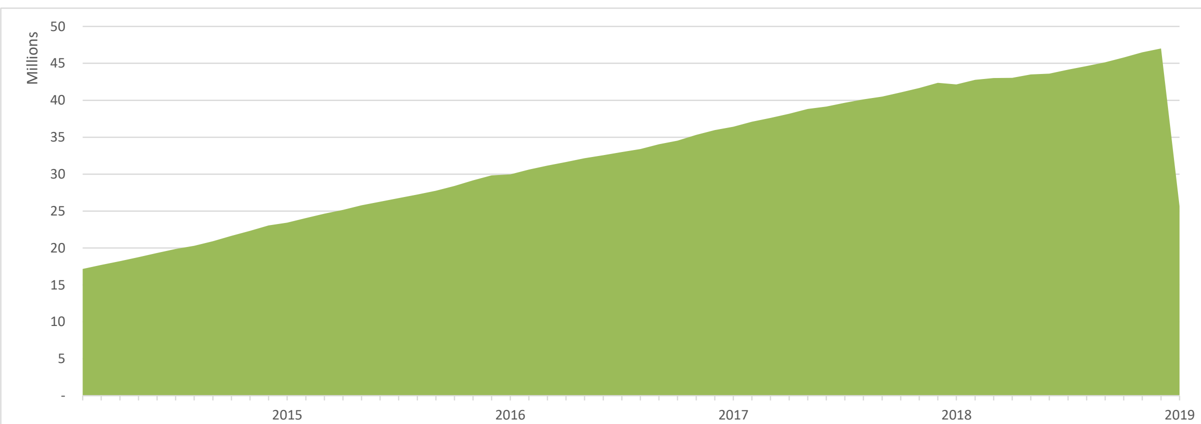
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 45,790	$ 42,163	$ 25,632	$ 25,008	$ 22,354
Additions:					
Contributions	2,221	7,578	7,488	7,320	7,320
Sub-total	$ 2,221	$ 7,578	$ 7,488	$ 7,320	$ 7,320
Withdrawals:					
Withdrawals	22,379	24,109	8,112	9,974	8,042
Ending Balance	$ 25,632	$ 25,632	$ 25,008	$ 22,354	$ 21,632

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 16,639	$ 23,430	$ 29,975	$ 36,417	$ 42,163
Additions:					
Contributions	7,586	7,700	7,384	7,572	7,578
Sub-total	$ 7,586	$ 7,700	$ 7,384	$ 7,572	$ 7,578
Withdrawals:					
Withdrawals	795	1,155	942	1,827	24,109
Sub-total	$ 795	$ 1,155	$ 942	$ 1,827	$ 24,109
Ending balance	$ 23,430	$ 29,975	$ 36,417	$ 42,163	$ 25,632



Maximum Balance:	47,018	Average Balance:	32,694
Minimum Balance:	17,155		

Observations

● Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Debt Management

For the Fourth Quarter Ending September 30, 2019

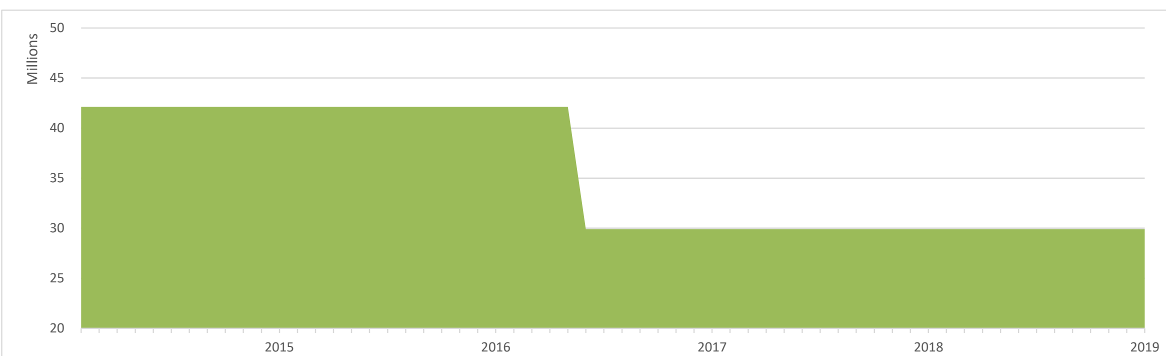
Definitions and Goals

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. 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 credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 29,884	$ 29,884	$ 29,884	$ -	$ -
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals			29,884		
Sub-total	$ -	$ -	$ 29,884	$ -	$ -
Ending Balance	$ 29,884	$ 29,884	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 42,126	$ 42,126	$ 42,126	$ 29,884	$ 29,884
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals			12,242		
Sub-total	$ -	$ -	$ 12,242	$ -	$ -
Ending balance	$ 42,126	$ 42,126	$ 29,884	$ 29,884	$ 29,884



Maximum Balance:	42,126	Average Balance:	35,597
Minimum Balance:	29,884		

Observations

● Rate Stabilization Fund for Debt Management began in May 2009.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Fourth Quarter Ending September 30, 2019

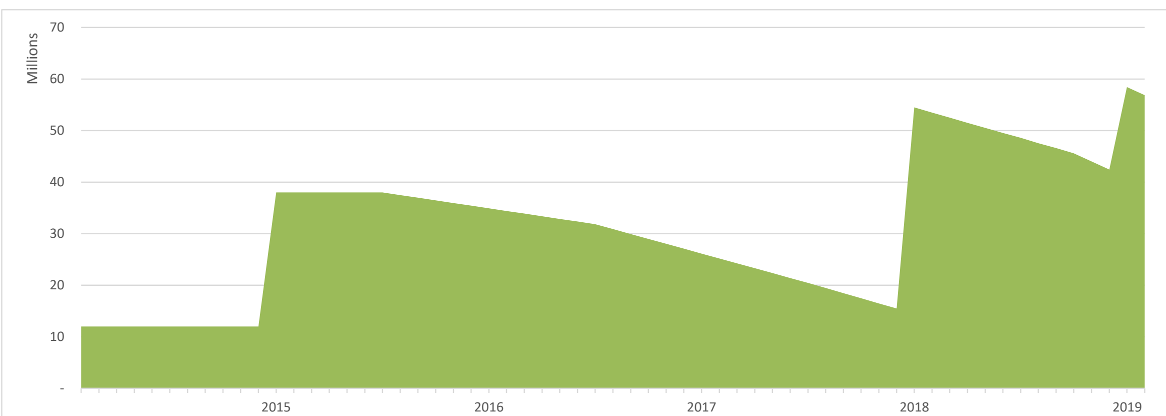
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 44,003	$ 53,493	$ 56,870	$ 35,500	$ 1,175
Additions:					
Contributions	17,566	17,566			
Sub-total	$ 17,566	$ 17,566	$ -	$ -	$ -
Withdrawals:					
Withdrawals	4,699	14,189	21,370	34,325	1,175
Ending Balance	$ 56,870	$ 56,870	$ 35,500	$ 1,175	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 12,000	$ 38,000	$ 34,400	$ 25,189	$ 53,493
Additions:					
Contributions	26,000			40,000	17,566
Sub-total	$ 26,000	$ -	$ -	$ 40,000	$ 17,566
Withdrawals:					
Withdrawals		3,600	9,211	11,696	14,189
Sub-total	$ -	$ 3,600	$ 9,211	$ 11,696	$ 14,189
Ending balance	$ 38,000	$ 34,400	$ 25,189	$ 53,493	$ 56,870



Maximum Balance:	58,436	Average Balance:	31,657
Minimum Balance:	12,000		

Observations

- The Non-Fuel Purchased Power Rate Stabiliation Fund began in FY 2014.

Electric System Environmental Reserve

For the Fourth Quarter Ending September 30, 2019

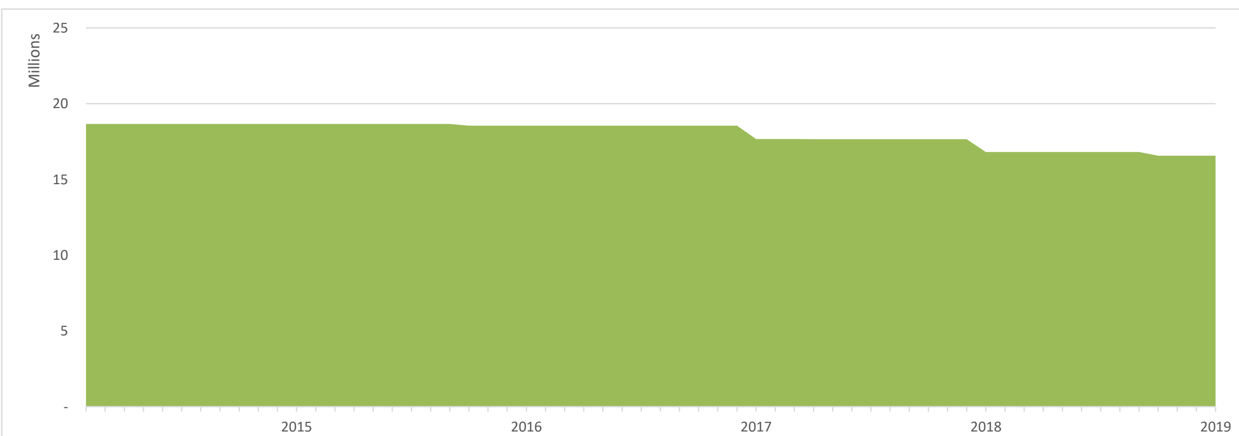
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 16,568	$ 16,818	$ 16,568	$ 16,568	$ 16,068
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals		250		500	5,000
Ending Balance	$ 16,568	$ 16,568	$ 16,568	$ 16,068	$ 11,068

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 18,662	$ 18,662	$ 18,556	$ 17,672	$ 16,818
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals		106	884	854	250
Sub-total	$ -	$ 106	$ 884	$ 854	$ 250
Ending balance	$ 18,662	$ 18,556	$ 17,672	$ 16,818	$ 16,568



Maximum Balance:	18,662	Average Balance:	18,017
Minimum Balance:	16,568		

Observations

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the Fourth Quarter Ending September 30, 2019

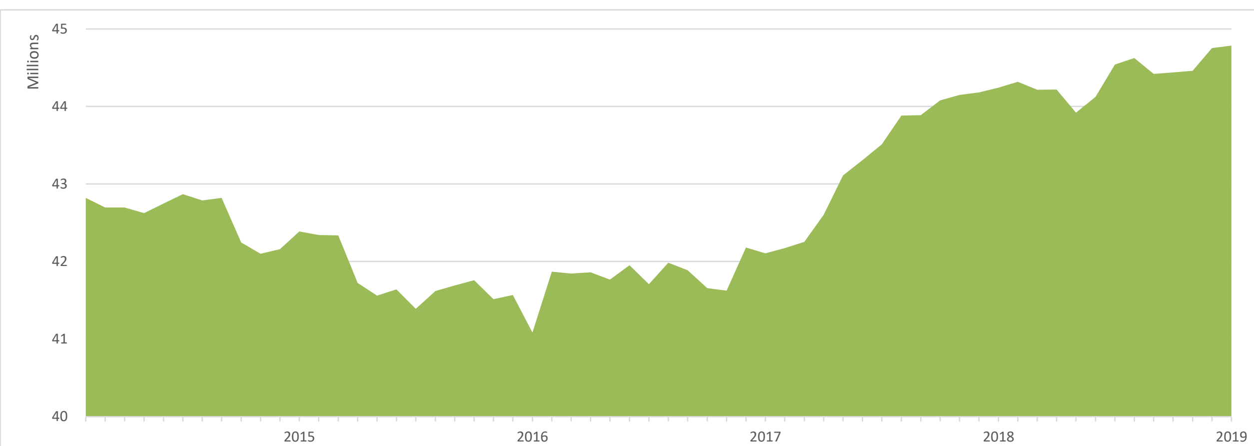
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 44,439	$ 44,242	$ 44,785	$ 44,785	$ 44,785
Additions:					
Net Customer Activity	346	543			
Sub-total	$ 346	$ 543	$ -	$ -	$ -
Withdrawals:					
Net Customer Activity					
Ending Balance	$ 44,785	$ 44,785	$ 44,785	$ 44,785	$ 44,785

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 42,688	$ 42,389	$ 41,084	$ 42,105	$ 44,242
Additions:					
Net Customer Activity			1,021	2,137	543
Sub-total	$ -	$ -	$ 1,021	$ 2,137	$ 543
Withdrawals:					
Net Customer Activity	299	1,305			
Sub-total	$ 299	$ 1,305	$ -	$ -	$ -
Ending balance	$ 42,389	$ 41,084	$ 42,105	$ 44,242	$ 44,785



Maximum Balance:	44,785	Average Balance:	42,798
Minimum Balance:	41,084		

Observations

Electric System Debt Service Sinking Fund

For the Fourth Quarter Ending September 30, 2019

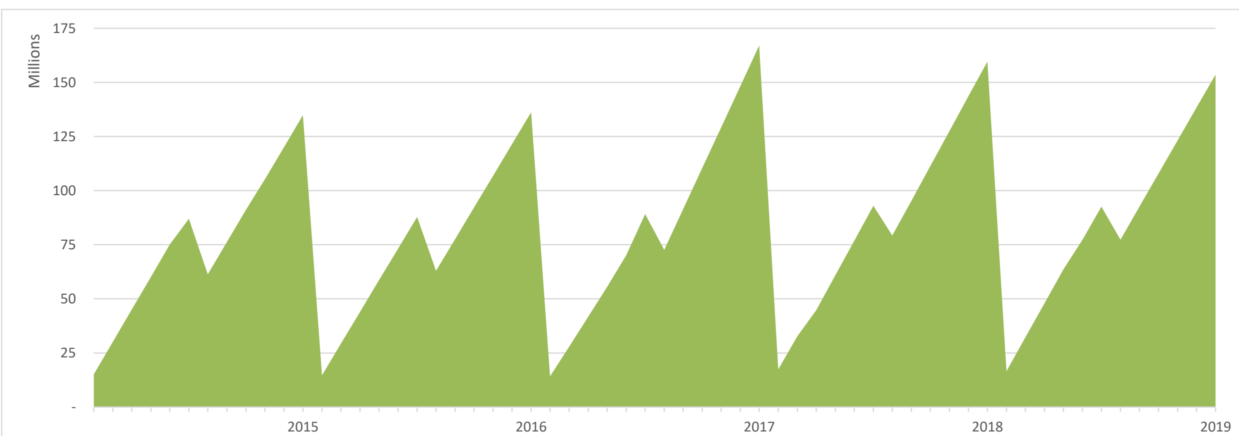
Definitions and Goals

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.

(In Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2020	Projected Activity: 2021	Projected Activity: 2022
Opening Balance	$ 102,281	$ 159,656	$ 145,520	$ 86,445	$ 83,914
Additions:					
Revenue Fund Deposits	45,783	186,135	119,995	123,603	112,157
Sub-total	$ 45,783	$ 186,135	$ 119,995	$ 123,603	$ 112,157
Withdrawals:					
Principal and Int Payments	2,544	200,271	179,070	126,134	127,323
Ending Balance	$ 145,520	$ 145,520	$ 86,445	$ 83,914	$ 68,748

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 120,458	$ 134,927	$ 136,232	$ 167,087	$ 159,656
Additions:					
Revenue Fund Deposits	181,006	177,847	209,450	201,359	186,135
Sub-total	$ 181,006	$ 177,847	$ 209,450	$ 201,359	$ 186,135
Withdrawals:					
Principal and Int Payments	166,537	176,542	178,595	208,790	200,271
Sub-total	$ 166,537	$ 176,542	$ 178,595	$ 208,790	$ 200,271
Ending balance	$ 134,927	$ 136,232	$ 167,087	$ 159,656	$ 145,520



Maximum Balance:	167,087	Average Balance:	81,512
Minimum Balance:	14,241		

Observations

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- 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).
- Projections are based on the debt outstanding as of December 31, 2018.

Electric System Debt Service Reserve Account

For the Fourth Quarter Ending September 30, 2019

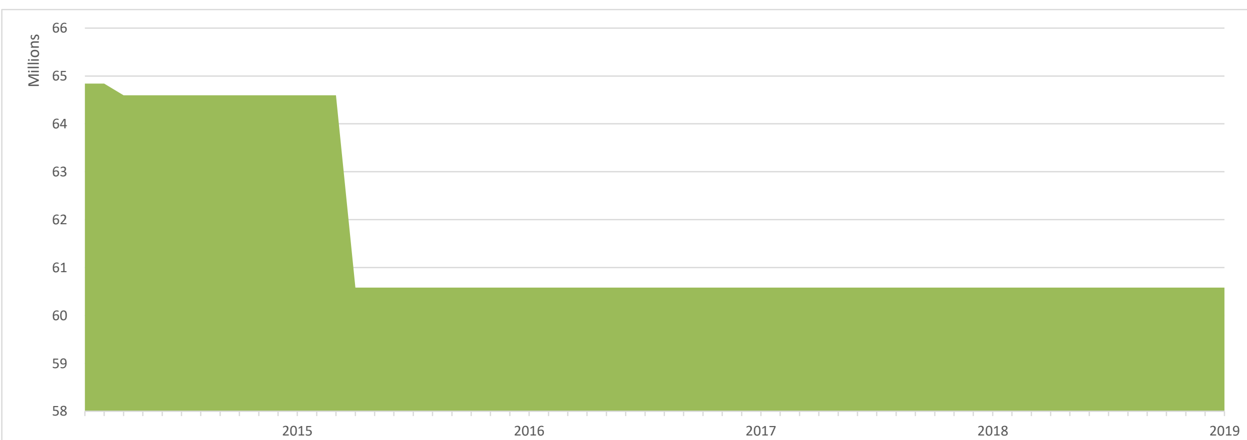
Definitions and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 60,582	$ 60,582	$ 60,582	$ 53,949	$ 53,949
Additions:					
Proceeds from Bonds					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Release to Revenue Fund					
Release for STAR Plan Defeasance			6,633		
Ending Balance	$ 60,582	$ 60,582	$ 53,949	$ 53,949	$ 53,949

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 64,841	$ 64,595	$ 60,582	$ 60,582	$ 60,582
Additions:					
Proceeds from Bonds					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Release to Revenue Fund	246	4,013			
Sub-total	$ 246	$ 4,013	$ -	$ -	$ -
Ending balance	$ 64,595	$ 60,582	$ 60,582	$ 60,582	$ 60,582



Maximum Balance:	64,841	Average Balance:	61,527
Minimum Balance:	60,582		

Observations

- This report does not include any Scherer debt service reserves.

Electric System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fourth Quarter Ending September 30, 2019

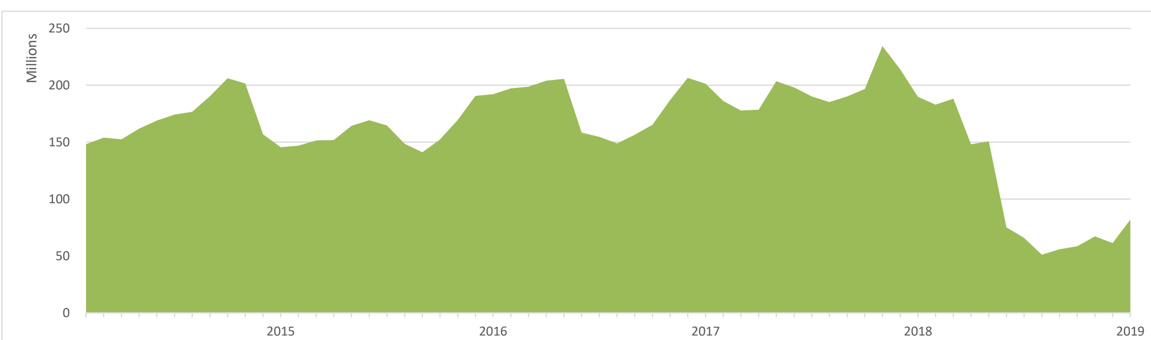
Definitions and Goals

Pursuant to the 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. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures known 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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 58,496	$ 189,922	$ 81,964	$ 120,382	$ 124,801
Additions:					
R&R/OCO Contribution	69,286	197,623	250,259	199,553	125,016
Transfers Loans betw Capital Fds					
Other	21,287	39,521	14,025	7,705	7,705
Sub-total	$ 90,573	$ 237,144	$ 264,284	$ 207,258	$ 132,721
Withdrawals:					
Capital Expenditures	67,045	275,042	207,229	202,839	178,403
Transfers betw Capital Fds					
Debt Defeasance		70,000	18,637		
Other	60	60			
Sub-total	$ 67,105	$ 345,102	$ 225,866	$ 202,839	$ 178,403
Ending Balance	$ 81,964	$ 81,964	$ 120,382	$ 124,801	$ 79,119

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 146,910	$ 145,711	$ 192,179	$ 201,368	$ 189,922
Additions:					
R&R/OCO Contribution	110,351	200,692	196,589	148,105	197,623
Loans betw Capital Fds					
Other	970	3,744	5,074	35,675	39,521
Sub-total	$ 111,321	$ 204,436	$ 201,663	$ 183,780	$ 237,144
Withdrawals:					
Capital Expenditures	112,483	157,201	113,987	181,263	275,042
Transfers/loans b/w Capital Fds	37	765	37,200		
Debt Defeasance					70,000
Other		2	41,287	13,963	60
Sub-total	$ 112,520	$ 157,968	$ 192,474	$ 195,226	$ 345,102
Ending balance	$ 145,711	$ 192,179	$ 201,368	$ 189,922	$ 81,964



Maximum Balance:	234,504	Average Balance:	161,656
Minimum Balance:	51,172		

Observations

- Other includes Sale of Property.
- Includes $47 million for Maximum Annual Debt Service calculation.

Electric System Construction / Bond Fund

For the Fourth Quarter Ending September 30, 2019

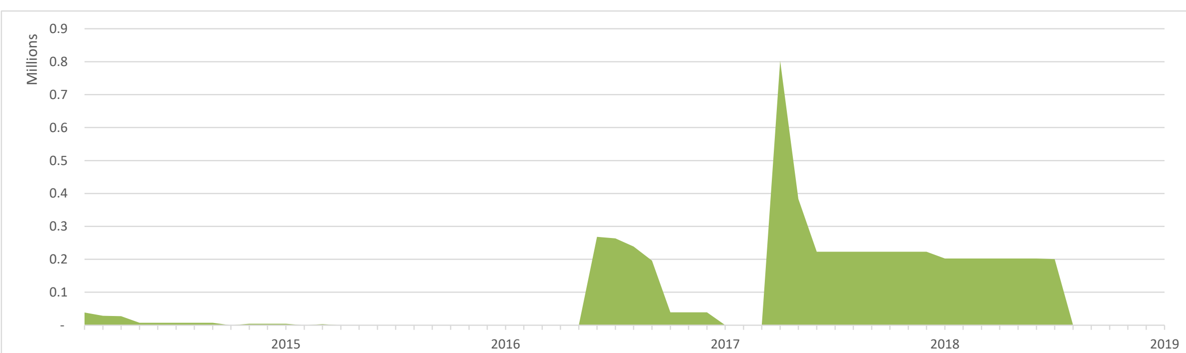
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ -	$ 203	$ -	$ -	$ -
Additions:					
Bond Proceeds					
Loans betw Capital Fds					
Other					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Transfers betw Capital Fds		201			
Other		2			
Sub-total	$ -	$ 203	$ -	$ -	$ -
Ending Balance	$ -	$ -	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 42	$ 4	$ -	$ -	$ 203
Additions:					
Bond Proceeds			429	805	
Loans betw Capital Fds					
Other	37	2			
Sub-total	$ 37	$ 2	$ 429	$ 805	$ -
Withdrawals:					
Capital Expenditures	75	6			
Transfers/loans b/w Capital Fds					201
Other			429	602	2
Sub-total	$ 75	$ 6	$ 429	$ 602	$ 203
Ending balance	$ 4	$ -	$ -	$ 203	$ -



Maximum Balance:	803	Average Balance:	90
Minimum Balance:	-		

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.

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Water and Sewer System Rate Stabilization - Debt Management

For the Fourth Quarter Ending September 30, 2019

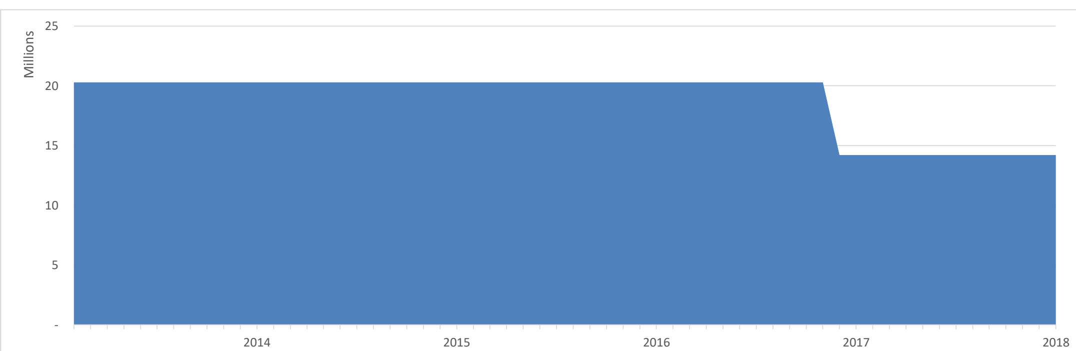
Definitions and Goals

The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund ("RSF") 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 RSF 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 credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 14,209	$ 14,209	$ 14,209	$ -	$ -
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals			14,209		
Sub-total	$ -	$ -	$ 14,209	$ -	$ -
Ending Balance	$ 14,209	$ 14,209	$ -	$ -	$ -

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ 20,290	$ 20,290	$ 20,290	$ 20,290	$ 14,209
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals				6,081	
Sub-total	$ -	$ -	$ -	$ 6,081	$ -
Ending balance	$ 20,290	$ 20,290	$ 20,290	$ 14,209	$ 14,209



Maximum Balance:	20,290	Average Balance:	18,871
Minimum Balance:	14,209		

Observations

● Contributions began in June 2009.

Water & Sewer System Rate Stabilization - Environmental

For the Fourth Quarter Ending September 30, 2019

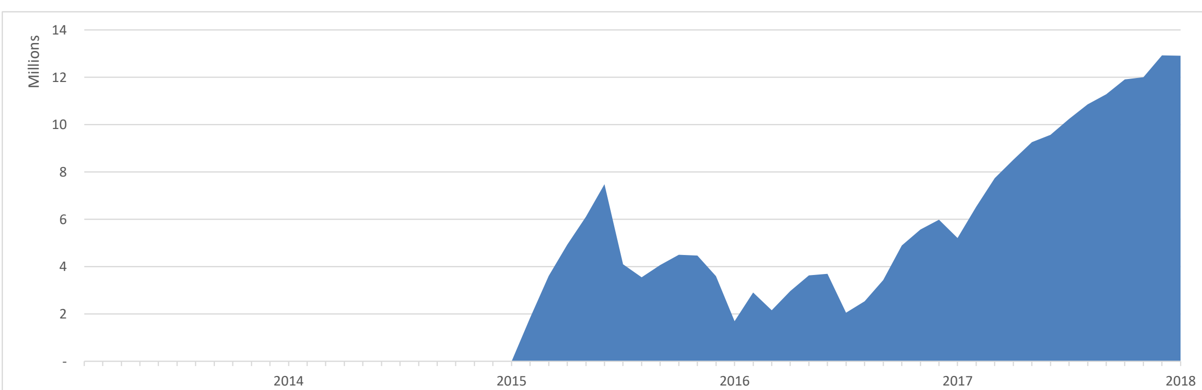
Definitions and Goals

The Water & Sewer 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 debt management and regulatory requirements or initiatives.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 15,662	$ 12,914	$ 15,687	$ 15,687	$ 0
Additions:					
Contributions	6,789	25,099	27,040	27,737	44,626
Sub-total	$ 6,789	$ 25,099	$ 27,040	$ 27,737	$ 44,626
Withdrawals:					
Withdrawals	6,764	22,326	27,040	43,424	44,626
COJ Septic Tank Agreement		-	-		
Sub-total	$ 6,764	$ 22,326	$ 27,040	$ 43,424	$ 44,626
Ending Balance	$ 15,687	$ 15,687	$ 15,687	$ 0	$ 0

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ -	$ -	$ -	$ 1,699	$ 5,214
Additions:					
Contributions			23,635	24,362	23,829
Sub-total	$ -	$ -	$ 23,635	$ 24,362	$ 23,829
Withdrawals:					
Withdrawals			21,936	20,847	16,129
Sub-total	$ -	$ -	$ 21,936	$ 20,847	$ 16,129
Ending balance	$ -	$ -	$ 1,699	$ 5,214	$ 12,914



Maximum Balance:	12,930	Average Balance:	6,079
Minimum Balance:	1,699		

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Water and Sewer System Customer Deposits

For the Fourth Quarter Ending September 30, 2019

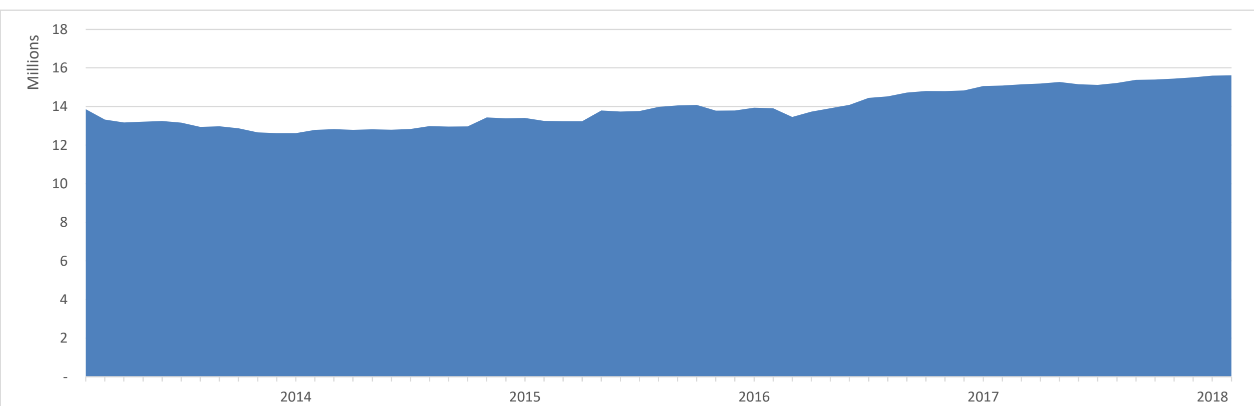
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 16,006	$ 15,616	$ 16,289	$ 16,289	$ 16,289
Additions:					
Allocated from Electric	283	673			
Sub-total	$ 283	$ 673	$ -	$ -	$ -
Withdrawals:					
Allocated from Electric					
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending Balance	$ 16,289	$ 16,289	$ 16,289	$ 16,289	$ 16,289

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ 13,860	$ 12,787	$ 13,255	$ 13,910	$ 15,086
Additions:					
Allocated from Electric		468	655	1,176	530
Sub-total	$ -	$ 468	$ 655	$ 1,176	$ 530
Withdrawals:					
Allocated from Electric	1,073				
Sub-total	$ 1,073	$ -	$ -	$ -	$ -
Ending balance	$ 12,787	$ 13,255	$ 13,910	$ 15,086	$ 15,616



Maximum Balance:	15,616	Average Balance:	13,915
Minimum Balance:	12,619		

Observations

Water and Sewer System Debt Service Sinking Fund

For the Fourth Quarter Ending September 30, 2019

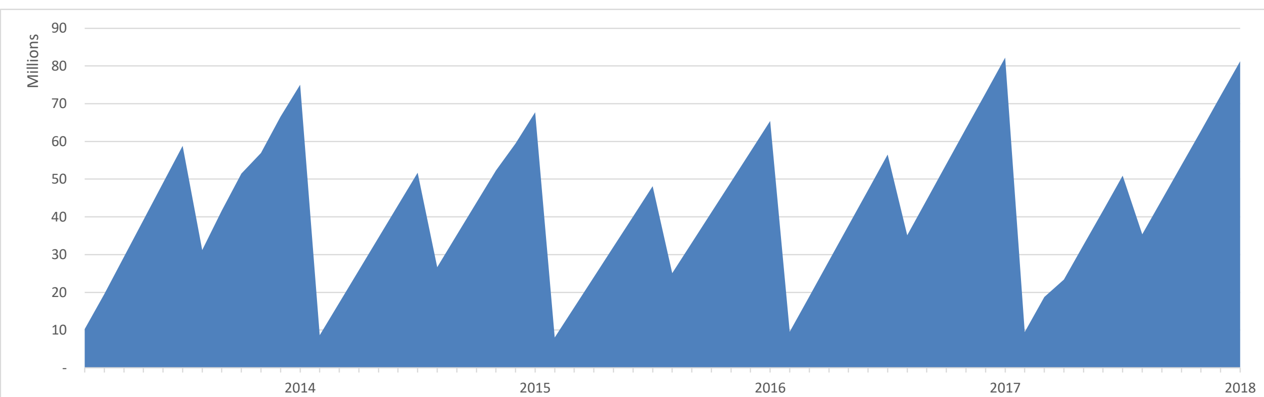
Definitions and Goals

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.

(In Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2020	Projected Activity: 2021	Projected Activity: 2022
Opening Balance	$ 54,255	$ 81,241	$ 80,775	$ 44,022	$ 33,409
Additions:					
Revenue fund deposits	27,476	112,251	71,135	63,837	66,137
Sub-total	$ 27,476	$ 112,251	$ 71,135	$ 63,837	$ 66,137
Withdrawals:					
Principal and interest payments	956	112,717	107,888	74,450	65,619
Sub-total	$ 956	$ 112,717	$ 107,888	$ 74,450	$ 65,619
Ending Balance	$ 80,775	$ 80,775	$ 44,022	$ 33,409	$ 33,927

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ 80,317	$ 75,019	$ 67,720	$ 65,410	$ 82,208
Additions:					
Revenue fund deposits	117,444	102,789	97,077	114,873	113,636
Sub-total	$ 117,444	$ 102,789	$ 97,077	$ 114,873	$ 113,636
Withdrawals:					
Principal and interest payments	122,742	110,088	99,387	98,075	114,603
Sub-total	$ 122,742	$ 110,088	$ 99,387	$ 98,075	$ 114,603
Ending balance	$ 75,019	$ 67,720	$ 65,410	$ 82,208	$ 81,241



Maximum Balance:	82,208	Average Balance:	41,856
Minimum Balance:	8,019		

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).
- Projections are based on the debt outstanding as of December 31, 2018.

Water and Sewer System Debt Service Reserve Account

For the Fourth Quarter Ending September 30, 2019

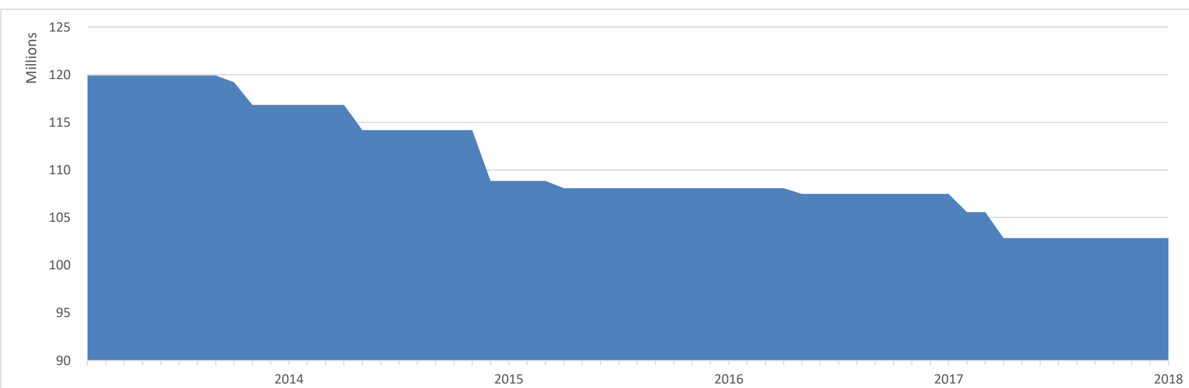
Definitions and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 63,442	$ 102,850	$ 63,441	$ 59,323	$ 59,323
Additions:					
Construction reserves/bond issues					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Revenue fund		5,525	1,327		
Release for STAR Plan Defeasance			2,791		
Construction fund		33,884			
Sub-total	$ -	$ 39,409	$ 4,118	$ -	$ -
Ending Balance	$ 63,442	$ 63,441	$ 59,323	$ 59,323	$ 59,323

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ 119,915	$ 116,829	$ 108,849	$ 108,086	$ 107,488
Additions:					
Construction reserves/bond issues					
Revenue fund					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Revenue fund	3,086	7,980	763	598	4,638
Sub-total	$ 3,086	$ 7,980	$ 763	$ 598	$ 4,638
Ending balance	$ 116,829	$ 108,849	$ 108,086	$ 107,488	$ 102,850



Maximum Balance:	119,915	Average Balance:	110,439
Minimum Balance:	102,850		

Observations

- 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.
- 2018 Bond Resolution amendment will allow the use of $33 million AA+ rated Berkshire Hathaway Assuarance surety policy to be included in Debt Service Reserve Fund funding calculation which allowed the release of $33.8 million to the Construction Fund.

Water and Sewer System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fourth Quarter Ending September 30, 2019

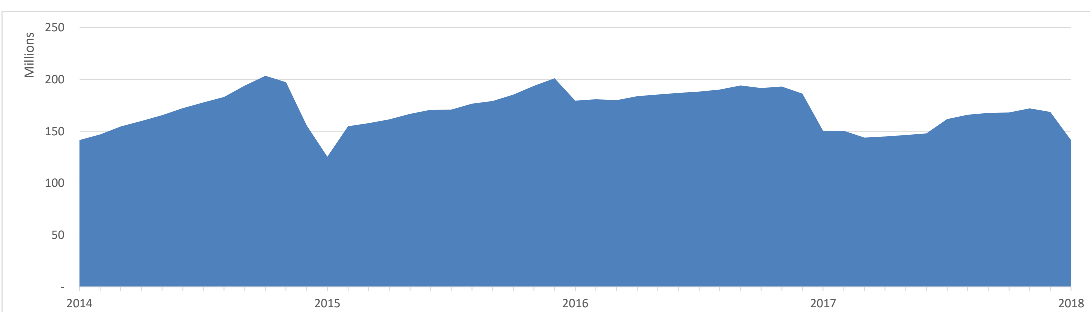
Definitions and Goals

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. 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 Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2020	Projected Activity: 2021	Projected Activity: 2022
Opening Balance	$ 56,284	$ 141,415	$ 48,796	$ 13,687	$ 1,885
Additions:					
R&R/OCO Contribution	41,971	150,171	165,643	165,074	164,279
Capacity Fees	8,305	29,389	27,602	27,048	26,507
Transfer from Capital Fds		268	-		
Other	11,199	16,390	10,725	9,051	9,051
Sub-total	$ 61,475	$ 196,218	$ 203,970	$ 201,173	$ 199,837
Withdrawals:					
Capital Expenditures	68,963	189,626	208,768	212,975	199,837
Debt Defeasance		99,189	30,311		
Other		22	-	-	-
Sub-total	$ 68,963	$ 288,837	$ 239,079	$ 212,975	$ 199,837
Ending Balance	$ 48,796	$ 48,796	$ 13,687	$ 1,885	$ 1,885

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ 139,049	$ 136,182	$ 128,249	$ 179,431	$ 150,319
Additions:					
R&R/OCO Contribution	48,373	62,793	124,574	108,119	153,372
Capacity Fees	18,298	19,579	21,995	24,777	28,002
Loans betw Capital Fds		22		137	
Other (incl septic tank)	1,614	904	31,041	8,050	6,383
Sub-total	$ 68,285	$ 83,298	$ 177,610	$ 141,083	$ 187,757
Withdrawals:					
Capital Expenditures	69,246	91,231	126,322	165,242	196,637
Loan Repayment	-				
Transfer to Constr. Fund	1,893		106		
Other (incl septic tank)	13	-	-	4,953	24
Sub-total	$ 71,152	$ 91,231	$ 126,428	$ 170,195	$ 196,661
Ending balance	$ 136,182	$ 128,249	$ 179,431	$ 150,319	$ 141,415



Maximum Balance:	203,406	Average Balance:	167,667
Minimum Balance:	125,438		

Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019.

Water and Sewer System - Environmental Fund [Capital Projects]

For the Fourth Quarter Ending September 30, 2019

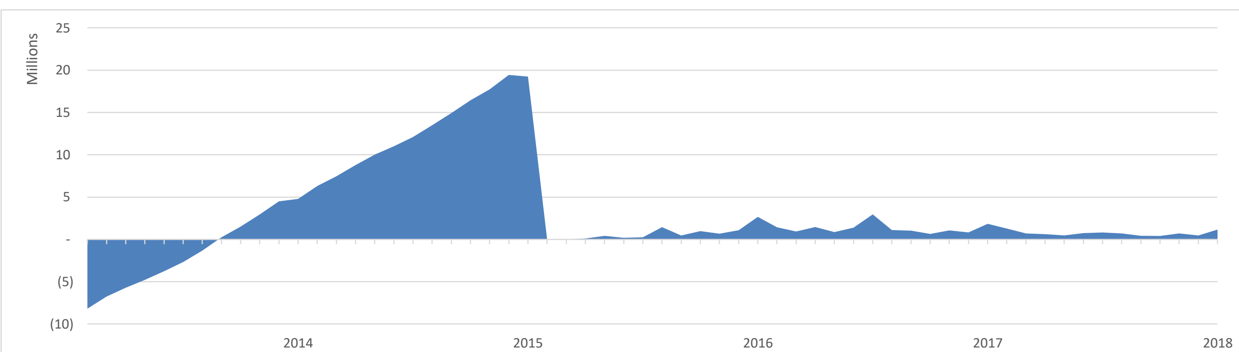
Definitions and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2020	2021	2022
Opening Balance	$ 426	$ 1,159	$ 1,891	$ 1,000	$ 1,000
Additions:					
Environmental Contributions	3,304	10,656	13,670	26,242	26,868
Loans betw Capital Fds					
Other					
Sub-total	$ 3,304	$ 10,656	$ 13,670	$ 26,242	$ 26,868
Withdrawals:					
Capital Expenditures	1,839	9,924	14,561	26,242	26,868
Other					
Sub-total	$ 1,839	$ 9,924	$ 14,561	$ 26,242	$ 26,868
Ending Balance	$ 1,891	$ 1,891	$ 1,000	$ 1,000	$ 1,000

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ (9,857)	$ 5,299	$ -	$ 2,659	$ 1,839
Additions:					
Environmental Contributions	21,018	22,056	15,539	12,394	6,691
Loans betw Capital Fds					
Other					
Sub-total	$ 21,018	$ 22,056	$ 15,539	$ 12,394	$ 6,691
Withdrawals:					
Capital Expenditures	5,862	7,318	12,880	13,214	7,370
Septic Tank Phase Out		203			
Other		19,834			1
Sub-total	$ 5,862	$ 27,355	$ 12,880	$ 13,214	$ 7,371
Ending balance	$ 5,299	$ -	$ 2,659	$ 1,839	$ 1,159



Maximum Balance:	19,439	Average Balance:	2,832
Minimum Balance:	(8,192)		

Observations

Water and Sewer System - Construction / Bond Fund

For the Fourth Quarter Ending September 30, 2019

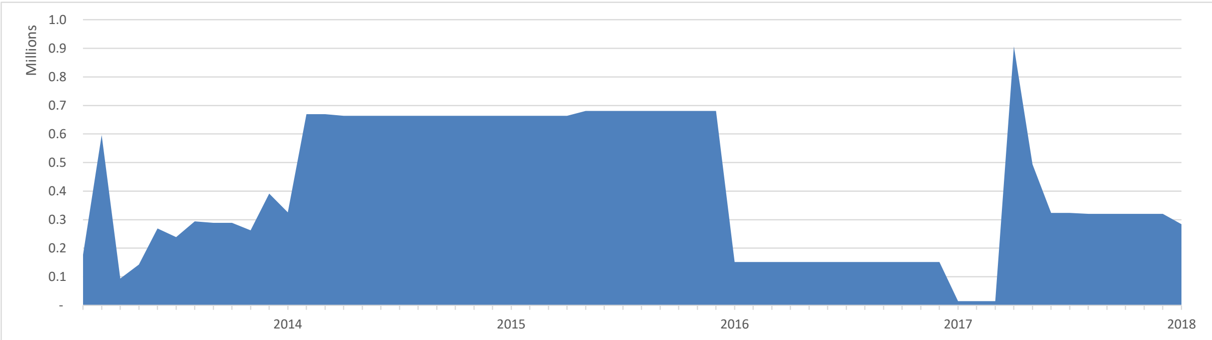
Definitions and Goals

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.

(In Thousands)	Current Activity: Quarter-End	Current Activity: Year -to-Date	Projected Activity: 2020	Projected Activity: 2021	Projected Activity: 2022
Opening Balance	$ 28,983	$ 284	$ 28,968	$ 13,968	$ -
Additions:					
Bond Proceeds		33,884	-	23,679	25,197
Line of Credit					
Other					
Sub-total	$ -	$ 33,884	$ -	$ 23,679	$ 25,197
Withdrawals:					
Capital Expenditures / Bond Issue Costs	15	4,930	15,000	37,647	25,197
Other		270			
Ending Balance	$ 28,968	$ 28,968	$ 13,968	$ -	$ -

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	$ 2,305	$ 326	$ 664	$ 152	$ 15
Additions:					
Bond Proceeds	-				894
Line of Credit	-				
Loans/transfers b/w Capital Fds	1,893				
Other	476	344	17		
Sub-total	$ 2,369	$ 344	$ 17	$ -	$ 894
Withdrawals:					
Capital Expenditures	3,784	6			623
Bond Proceeds	48				
Loans/trnsf btw CapFds	516				
Other			529	137	2
Sub-total	$ 4,348	$ 6	$ 529	$ 137	$ 625
Ending balance	$ 326	$ 664	$ 152	$ 15	$ 284



Maximum Balance:	907	Average Balance:	410
Minimum Balance:	15		

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.

INTER-OFFICE MEMORANDUM
November 18, 2019

SUBJECT:	**STAR PLAN EARLY DEBT RETIREMENT PHASE 2 UPDATE**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Kelly Flanagan, Chair April Green Henry Brown

BACKGROUND:
As part of JEA's ongoing debt management program, when desiring to retire debt early, JEA has historically utilized various sources of funds for defeasing debt, calling bonds for early redemption or purchasing bonds on the secondary market. Typically, an escrow is used when calling bonds or defeasing debt prior to maturity.

On June 15, 2004, the Board approved a defeasance agenda item that delegated to the Managing Director & CEO, the Vice President & COO and the Vice President Financial Services the authority, in regard to a specific defeasance transaction in 2004 and future defeasance transactions for the Water and Sewer System and the Electric System. At its May 21, 2013 meeting, the Board broadened the 2004 authorization to i) expand the Systems to include St. Johns River Power Park System ("SJRPP System"), the Bulk Power Supply System and District Energy System, ii) clarify that early debt retirement is defined as defeasing debt, calling bonds for early redemption and purchasing bonds on the secondary market and iii) delegate to the Managing Director & CEO and the Chief Financial Officer the authority to approve and execute all related actions necessary for the early retirement of debt for the Electric System, SJRPP System, Bulk Power Supply System, Water and Sewer System and District Energy System, subject to the Annual Budget and related Budget Ordinance.

At that meeting, staff indicated it would provide the Board, at least annually, an Early Debt Retirement Schedule showing completed transactions for the fiscal year beginning with fiscal year 2013. The Schedule will not be provided in any year where no transactions occurred. Consistent with the May 21, 2013 agenda item, this agenda item and attached Schedule provide a summary of early debt retirements completed consistent with the Strategic & Timely Asset Realignment ("STAR") Plan Early Debt Retirement Phase 2, approved by the Board on December 11, 2018.

DISCUSSION:
On October 11, 2019, staff utilized Electric System Debt Management Rate Stabilization Funds, Renewal and Replacement Funds and Debt Service Reserve Funds to defease $48,070,000 in Subordinated Electric System bonds and Water and Sewer System Debt Management Rate Stabilization Funds, Renewal and Replacement Funds and Debt Service Reserve Funds to

defease $28,785,000 in Water and Sewer System bonds and $16,640,000 in Subordinated Water and Sewer System bonds for combined early debt retirements totaling $93,495,000.

RECOMMENDATION:
No action by the Board is required: This item is submitted for information only as part of staff's responsibility to periodically report early debt retirement activities to the Board.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/JEO/CTC

STAR Plan Early Debt Retirement Phase 2

System	Lien	Par	Primary Purpose	Impacts	Source of Funds
Electric	Sub	$48,070,000	Debt Reduction	Lower future debt service, lower unrestricted & restricted cash	Debt Mgmt Rate Stabilization Funds, Renewal & Replacement Funds and Debt Service Reserve Funds
W&S	Senior/Sub	$45,425,000	Debt Reduction	Lower future debt service & lower restricted cash	Debt Mgmt Rate Stabilization Funds, Renewal & Replacement Funds and Debt Service Reserve Funds
	Total	$93,495,000			

JEA Building Community

INTER-OFFICE MEMORANDUM
November 6, 2019

SUBJECT:	**JEA INVESTMENT POLICY REVISION**
FROM:	Aaron F. Zahn, Managing Director and CEO
TO:	JEA Finance and Audit Committee
	Kelly Flanagan, Chair Henry Brown April Green

BACKGROUND:
Section 218.415 of the Florida Statutes requires that investment activity by a unit of local government be consistent with a written policy adopted by the governing body of such unit of local government. In September 1995, the JEA Board approved an Investment Policy that satisfied this statutory requirement. Since that time, on several occasions the JEA Board has amended the JEA Investment Policy to take into account revisions to the statute, changes to JEA system bond resolutions, and to incorporate current industry practices. The most recent revisions to the Policy were approved by the JEA Board at the October 2019 Board meeting.

DISCUSSION:
Section 5.0 of the JEA Investment Policy, Authorized Investments, refers to Exhibits I through V for a complete listing of Authorized Investments. Further, Table 1 lists the percentage limitations for the various investment types held in the investment portfolio. The eligible investments are based primarily on the investments allowed per each system's bond resolution.

Staff is proposing to modify the list of Authorized Investments to eliminate the percentage limitation for cash held in the bank on 3/31 and 9/30 of each fiscal year. Cash balances are unusually high on those dates in order to have funds readily available to meet the 4/1 and 10/1 debt service payments.

RECOMMENDATION:
Staff recommends that the Finance and Audit Committee and the Board approve the attached revision to Table 1 of the Investment Policy.

Aaron F. Zahn, Managing Director and CEO

AFZ/RFW/JEO/TPD

Table 1 – JEA Investment Limitations

Option	Allowable Range (% of total investments and/or $ amount)	Comments
Bank NOW Account	Up to 25%, except for 3/31 and 9/30 ~~at which time the limit is 30%~~	Federal or state insured financial institutions designated as Qualified Public Depositories by the State of Florida
Triparty Repo	Up to 15% with any one dealer; up to 25% in aggregate	102% collateral. Collateral can include Treasuries and/or Agencies and is held by a 3rd party custodian. Dealers rated AA by two rating agencies.
U.S. Treasuries or Treasury-only Money Market Funds	Up to 100%	Fund must be rated AAA or Aaa and registered with SEC.
U.S. Agencies (Fannie Mae, Federal Home Loan Bank, Freddie Mac, etc.)	Less than 35% in any one issuer and up to 75% in aggregate, including repo collateral	Electric/Water/DES: No ratings requirement Other Systems: AAA rated All Systems: Not backed by mortgage loans.
Commercial Paper	Up to 25% of portfolio; maximum of $12.5 million in any one issuer	Must be in Fortune 500/Global 500, or governments of Canada or Canadian provinces (U.S. dollar-denominated); rated at least A-1/P-1 with stable or positive outlook
Municipal Bonds	Up to 30% Non-JEA Debt; 50% including JEA Debt	Non-JEA Debt must be rated AA by two rating agencies
Government Agency Money Market Mutual Funds	Up to 10% in any one fund; up to 25% in aggregate	AAA or Aaa rating required. Registered with SEC.
Intergovernmental Investment Pool	Up to 20%	Authorized by Florida statutes. Includes Florida Prime Fund and PFM's Florida Education Income Trust Fund.

INTER-OFFICE MEMORANDUM
November 12, 2019

SUBJECT:	**JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Kelly Flanagan, Chair April Green Henry Brown

BACKGROUND:
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 a quarterly report on JEA's financial and physical fuel and power transactions. This report includes physical transactions one year or greater and all financial transactions.

DISCUSSION:
The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy. The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

RECOMMENDATION:
None required. The report is required by the EMRM Policy and is provided as information.

Aaron F. Zahn, Managing Director/CEO

AFZ/CBA/WGB

Ver 2.2 02/01/2014

Finance and Audit Committee Report 12/09/2019

Energy Market Risk Management: Physical and Financial Positions

Summary as of 11/1/2019		
Projected FY20 Fuel Expense (Budget = $373M)	$354M	☺
Projected FY20 Fuel Fund Ending Balance (Target = $68M)	$87M	☺
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 11/1/2019

	Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
	Scherer 4	Coal	CY19 Peabody Caballo -005	Fixed Price	$617,976	2 months
	Scherer 4	Coal	CY20 Blackjewel - Eagle Butte - 001	Fixed Price	$3,018,716	12 months
	Scherer 4	Coal	CY20 Peabody Caballo - 003	Fixed Price	$750,800	12 months
	Scherer 4	Coal	CY20 Buckskin - 006	Fixed Price	$290,600	12 months
	Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 002	Fixed Price	$691,264	12 months
	Scherer 4	Coal	CY21 Peabody Caballo - 003	Fixed Price	$770,250	12 months
	Scherer 4	Coal	CY21 Peabody Caballo - 004	Fixed Price	$459,734	12 months
	Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 005	Fixed Price	$276,597	12 months
	Scherer 4	Coal	CY22 Blackjewel - Eagle Butte - 001	Fixed Price	$426,657	12 months
	Scherer 4	Coal	CY22 Peabody Caballo - 002	Fixed Price	$315,968	12 months
	Scherer 4	Coal	CY22 Peabody Caballo - 004	Fixed Price	$471,630	12 months
	Scherer 4	Coal	CY22 Blackjewel - Eagle Butte - 005	Fixed Price	$568,800	12 months
	NS CFB	Limestone	CY17-CY21 Vulcan	Fixed Price	$18,511,303	2.17 years
*	NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	$690,678,613	11.58 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$130,604,319	29.41 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$122,935,784	29.58 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$77,309,925	19.41 years
	NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	$118,771,211	29.66 years

* New this report

Table 2: Financial Positions as of 11/1/2019

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY20	Natural Gas	45,339,129	20,130,000	44.4%	$ 2.49	Swap	$ 2.65	$ 3,274,060	Wells Fargo & RBC
FY21	Natural Gas	50,965,929	23,720,000	46.5%	$ 2.48	Swap	$ 2.60	$ 2,719,190	Wells Fargo & RBC
FY22	Natural Gas	45,463,533	23,720,000	52.2%	$ 2.50	Swap	$ 2.58	$ 1,774,530	Wells Fargo & RBC
FY23	Natural Gas	43,641,115	5,520,000	12.6%	$ 2.56	Swap	$ 2.57	$ 58,380	Wells Fargo & RBC

Table 3: Fuel & Purchase Power Procurement as of 11/1/2019

Fuel Type	Natural Gas	Coal	Petcoke	Limestone	Purchased Power	Oil/Diesel	Renewables	Vogtle
FY20 Remaining / Energy Mix	54%	15%	23%	N/A	7%	0%	1%	-
Expected Spend ($)	131.2M	49.1M	41.6M	9.1M	23.4M	3.4M	14.2M	-
% Procured	51%	46%	17%	100%	25%	100%	100%	-
% Hedged	44%	46%	5%	100%	3%	100%	100%	-
FY21 Budget / Energy Mix	53%	14%	21%	N/A	9%	0%	2%	-
Expected Spend ($)	133.2M	51.2M	50.0M	9.0M	36.9M	2.1M	18.9M	-
% Procured	54%	41%	0%	100%	27%	100%	100%	-
% Hedged	46%	41%	0%	100%	3%	100%	100%	-
FY22 Projection / Energy Mix	48%	12%	20%	N/A	9%	0%	5%	5%
Expected Spend ($)	118.5M	46.0M	47.7M	8.4M	37.2M	1.1M	28.1M	11.9M
% Procured	61%	38%	0%	18%	0%	100%	100%	100%
% Hedged	52%	38%	0%	18%	0%	100%	100%	100%

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Supporting Notes:

- Renewable purchase power agreements are not included in Table 1
- Solid fuel procurement - annually at Scherer CY2019-2022 and quarterly at Northside
- Table 3: FY Energy Mix based on MWH; the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- Renewables in Table 3 represent signed agreements and an estimated cost for pending contracts
- Table 1: Natural Gas discount; Municipal Gas Authority of Georgia (MGAG) issues municipal bonds to prepay for gas, allowing them to offer discounts to JEA for qualified use
- Scherer 4 coal supplier, Blackjewel - Eagle Butte, filed for chapter 11 bankruptcy, on Monday July 1. Contura Energy bought Blackjewel assets and plans to resume shipments under existing contracts in January.
- Shell Energy contract extension for 10 years approved by JEA Board on October 22, 2019 and executed on November 7, 2019.