

JEA SPECIAL BOARD MEETING AGENDA

April 3, 2020 • 3:00 p.m.

WebEx Video Meeting



I.	WELCOME	
	A.	Call to Order
	B.	Virtual Meeting Instructions – April Green, Chair
	C.	Time of Reflection
	D.	Adoption of the Agenda
	E.	Sunshine Law – Lawsikia Hodges, Office of General Counsel

II.	COMMENTS / PRESENTATIONS	
	Item(s)	Speaker/Title
	A.	Comments from the Public <i>(This public comment speaking period is limited to <u>action</u> items shown on the special meeting agenda.)</i>

III.	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.	Fuel Credit for Electric Systems Customers	Joe Orfano, Interim Chief Financial Officer Kerri Stewart, Chief Customer Officer
	B.	Update on JEA’s Response to COVID-19 Pandemic	Melissa Dykes, Interim Chief Executive Officer

IV.	CLOSING CONSIDERATIONS	
	Item(s)	
	A.	Adjournment

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.

**INTER-OFFICE MEMORANDUM**

April 1, 2020

SUBJECT: FUEL CREDIT RECOMMENDATION

FROM: Melissa H. Dykes, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

The COVID-19 pandemic is a devastating time for our entire community. Due to the challenges faced by our customers, staff is recommending that JEA fast track a bill credit to customers that will appear on the May 2020 bills. Lower fuel prices and greater efficiency of our operations mean JEA is spending less money on fuel, and this creates an opportunity to share these savings with our customers in their time of greatest need.

Our original plan for this overfunding was to recommend a future fuel rate decrease which would have spread out savings over time. However, given the strain our entire community is experiencing as a result of the pandemic we recommend we give customers relief when they need it most – during the month of May.

JEA's Pricing Policy – originally created in 2005 and last updated in 2019 – states the JEA Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs. The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost. Should the Fuel Stabilization Fund balance reach the 15% level, staff will evaluate the balance, future needs, and dynamics in the fuels markets, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge.

DISCUSSION:

As of February 28, 2020, the Fuel Stabilization Fund was projected to be 21% of the maximum fiscal year fuel cost in the preceding five fiscal years at the end of fiscal year 2020, given no change to the Fuel Charge. Since this exceeds the Policy target of 15%, staff recommends a Fuel Charge credit of \$27 million to provide bill relief to JEA electric customers in May 2020 and return the year-end Fuel Stabilization Fund balance projection to the 15% target. This credit would result in a bill reduction of approximately \$25 per average residential customer (1,000 kWh).

If the credit is approved by the Board, staff also recommends launching a communications campaign to remind customers that while all customers will receive this credit, some are far more in need of assistance than others. If any customer receives the credit and wishes to contribute it to those in need, we will provide suggestions to make it easy for them to share their credit with others impacted by the COVID-19 pandemic.

FINANCIAL IMPACT:

The approximate \$27 million May 2020 Fuel Charge credit would result in an estimated \$70 million Fuel Rate Stabilization Fund balance at FYE 2020, meeting the 15% JEA Pricing Policy target.

RECOMMENDATION:

Staff recommends that the Board approve a Fuel Charge credit of approximately \$27 million to customers in May 2020.

Melissa H. Dykes, Managing Director/CEO

MHD/JEO/JEC



FUEL CREDIT RECOMMENDATION

JEA Board of Directors Meeting
April 3, 2020



RECOMMENDATION: FAST-TRACK A BILL CREDIT TO ALL CUSTOMERS

- Act quickly to ease the impacts on customers during the COVID-19 pandemic
- Lower fuel prices and greater efficiency of our operations has created an opportunity to share these savings with our customers in their greatest time of need instead of a future fuel rate decrease which would have spread out savings over time.
- We are recommending a credit to all customers on May 2020 bills.



FUEL CREDIT WOULD AVERAGE \$25 PER RESIDENTIAL CUSTOMER

- As of February 28, 2020, the Fuel Stabilization Fund was projected to be 21% of the maximum fiscal year fuel cost in the preceding five fiscal years at the end of fiscal year 2020, given no change to the Fuel Charge
- Since this exceeds the Policy target of 15%, staff recommends a Fuel Charge credit of ~\$27 million to provide bill relief to JEA electric customers in May 2020 and return the year-end Fuel Stabilization Fund balance projection to the 15% target
- This credit would result in a bill reduction of approximately \$25 per average residential customer (using 1,000 kWh)

AVERAGE RESIDENTIAL CUSTOMER BILL	
Basic Monthly Charge	\$5.50
Energy Charge	\$69.88
Environmental Charge	\$0.62
Fuel Charge	\$32.50
Total before credit	108.50
Fuel Credit	– \$24.96
Total Bill before taxes and fees	\$83.54

JEA PRICING POLICY

JEA's Pricing Policy States that the JEA Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs.

The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost.

Should the Fuel Stabilization Fund balance reach the 15% level, staff will evaluate the balance, future needs, and dynamics in the fuels markets, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge.

METHODS OF IMPLEMENTATING THE REBATE

Bill Credit

PROS

- Every customer is guaranteed to receive the rebate
- The amount is shown clearly on the bill
- Customer does not need to take any action
- There is no additional logistical cost to JEA for issuing the rebate

CONS

- Customer does not receive a tangible “gift” in the mail
- Customer is unable to spend the rebate directly on other uses, instead indirectly save money due to the rebate

Debit Card

PROS

- Customer receives what they may perceive as more of a “gift” in the mail with this approach
- Third Party Vendor would handle customer questions and issues

CONS

- Debit Cards may be lost or stolen and not used by the intended recipient
- Debit cards are not ideal for business customers
- Vendor will charge a processing fee for their service (around \$1), restrict card values to \$15 or more and are unable to commit to delivery before mid-May

Check

PROS

- We can track that every customer is sent the rebate in the mail
- The amount is shown clearly on the check itself
- Only the customer may cash/deposit the check

CONS

- Checks may get lost in route or within the household; customers would have to call JEA for a replacement check
- A portion of customers do not have bank accounts so would have to pay a fee to cash the check
- The cost of distributing checks would be \$1.75 per check issued (\$844,000)

STAFF RECOMMENDATION TO ASSIST CUSTOMERS

Staff recommends that the Board approve a Fuel Charge credit of approximately \$27 million to customers in May 2020.