



**IMPROVING LIVES. BUILDING COMMUNITY.** to be the best utility in the country

## JEA BOARD OF DIRECTORS MEETING

JEA Tower, T-19 | 21 West Church Street, Jacksonville, FL 32202

May 25, 2021 | 9:00 am – 12:00 pm

### WELCOME

Meeting Called to Order

Time of Reflection

Introductions

Adoption of Agenda (Action)

John Baker, Chair

Safety Moment & Briefing

Steve Selders, Dir, IT Strategic Planning & Solution Development

### COMMENTS / PRESENTATIONS

Council Liaison's Comments

Council Member Randy DeFoor

Comments from the Public

Public

Managing Director / CEO Report

Jay Stowe, Managing Director / CEO

### CONSENT AGENDA (Action)

Board Meeting Minutes – April 27, 2021

Budget Transfers

Annual Disclosure Reports

John Baker, Chair

### FOR BOARD CONSIDERATION

Monthly Performance Update

Bryan Wagoner, Dir, Water Operations & Treatment Support Services

#### UNBEATABLE TEAM

Diversity, Equity, & Inclusion (Action)

David Emanuel, Chief Human Resources Officer

COVID Transition

Pat Maillis, Director Employee Services

#### BUSINESS EXCELLENCE

FY2022 Draft Budget Summary

Juli Crawford, Dir, Financial Planning & Analysis

Hurricane Preparedness

Brandon Edwards, Director, Security & Emergency Preparedness and  
David Goldberg, Director, Customer & Community Engagement

### BOARD AND COMMITTEE REPORTS

Governance Committee

General Joseph DiSalvo, Chair

Finance & Audit Committee

Marty Lanahan, Chair

### OTHER BUSINESS AND CLOSING CONSIDERATION

Old and Other New Business/Open Discussion

Chair's Report

Announcements – Next Board Meeting June 22, 2021

John Baker, Chair

Adjournment



IMPROVING LIVES.BUILDING COMMUNITY. to be the best utility in the country

---

## **UPCOMING BOARD AGENDA ITEMS**

FY2022 Budget

Call for Rate Hearing

Delegation of Authority Review

Pricing Policy Review

## **INFORMATIONAL MATERIAL**

[Appendix A: FY20 Annual Disclosures Report](#)

[Appendix B: Corporate Headquarters Update](#)

[Appendix C: FY21 Corporate Communications and Community Outreach](#)

[Appendix D: Financial Statements](#)

## **BOARD CALENDAR**

Board Meetings

9:00 am – Fourth Tuesday of every month except November 16, 2021 and December 14, 2021

Committees

Finance & Audit Committee – July 16, 2021

Board Retreat – July 27, 2021

Other Committees - TBD



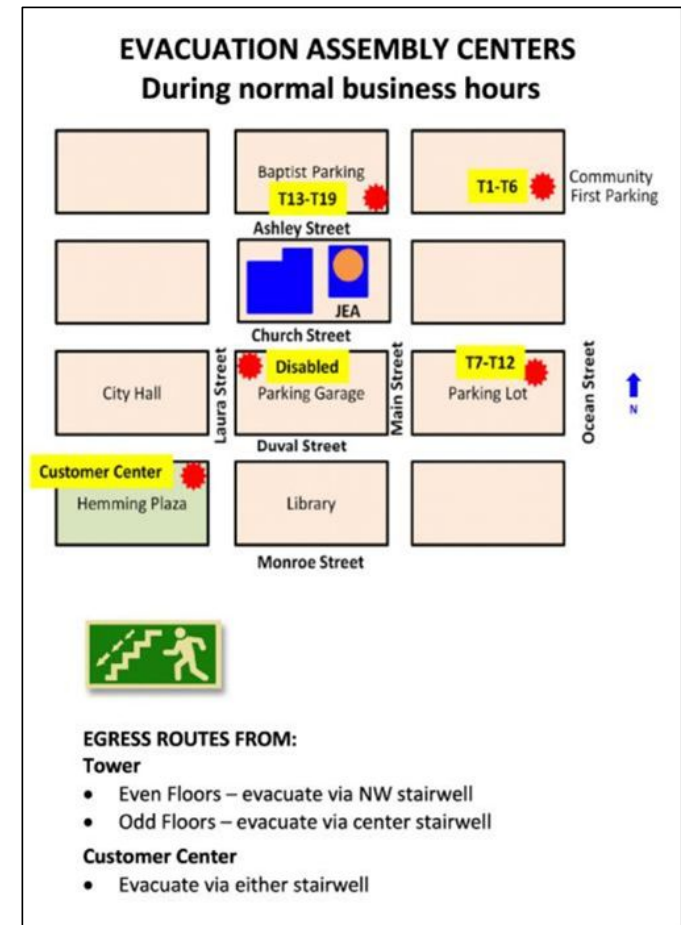
# Build an **UNBEATABLE TEAM** Safety Moment and Briefing

**Steve Selders**  
Director, IT Strategic Planning & Solution  
Development



## Safety Briefing

- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Baptist Parking Lot (corner of Ashley & Main St.)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone Etiquette



## Safety Moment

### Heat Illness Prevention

- Heat exposure can result in rashes, cramps, exhaustion or even heat stroke!
- Drink plenty of fluids. Drink often and before you are thirsty;
- Wear lightweight, light colored, loose-fitting clothes when possible;
- Block direct sun or rest frequently in shaded areas;
- Monitor children, elderly and pets outside to prevent overheating; and
- Next Month's Safety Moment: Hurricane Preparedness Tips



**JEA BOARD MINUTES****April 27, 2021**

**The JEA Board met in regular session on Tuesday, April 27, 2021, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Attendees were required to wear masks, CDC guidelines and social distancing were required at the physical location, and the meeting was also accessible via WebEx. In attendance physically were John Baker, General Joseph DiSalvo, Dr. Zachary Faison, Marty Lanahan, Bobby Stein, and Thomas VanOsdol. Dr. Leon Haley participated in the meeting via WebEx. Also in attendance was Jody Brooks, Chief Administrative Officer and Jay Stowe, Managing Director/CEO.**

**Welcome**

Chair John Baker **called the meeting to order** at 9:00 am.

**Time of Reflection** was observed by all.

**Introductions** – Chair Baker recognizing there were no introductions to be made proceeded with the business of the meeting.

**Adoption of Agenda** – On *motion* by Marty Lanahan and seconded by Thomas VanOsdol, the agenda was approved.

**Safety Briefing and Moment** – Steven Bossier, Director- Risk Management Services, provided a safety briefing and presented a safety moment on Fall Protection.

**Comments / Presentations**

**Council Liaison's Comments** – CM DeFoor stated the biggest issue before the Council is the gas tax. CM DeFoor provided details on how this is connected to JEA and its parallel legislation on the septic tank phase out project. CM DeFoor also stated that the City is dealing with Jacksonville Small and Emerging Business (JSEB) and JEA is a really good model for them to follow.

**Comments from the Public** – N/A

**Managing Director/CEO** –Mr. Stowe opened his report recalling his time in Huntsville, Alabama when there was 100% power loss due to tornadoes. Mr. Stowe provided an update on the focus on building an unbeatable team. Next, he stated there would be a presentation on Diversity, Equity, and Inclusion later in the meeting. He then provided an update on the leadership team vacancies and other key roles in the organization and the importance of building talent in-house. Next, Mr. Stowe provided an update on the current timeline for the early retirement opportunities. Next, he gave positive comments on JEA's commitment to safety ensuring JEA employees will continue to wear mask as they slowly return to work on July 1<sup>st</sup> in a hybrid environment. He stated, JEA provided onsite vaccinations to employees and contractors and is updating safety protocols as staff goes through the transition from working under a COVID strategy to a new normal. Next, Mr. Stowe provided an update on the company's United Way campaign and its first in person community project since the pandemic.

Next, Mr. Stowe continued with updates on the JD Power survey, reclaimed water bill,

JEA Board Minutes

April 27, 2021

Page 2

and the broadband infrastructure bill. He reported on conservation efforts which are highlighted on jea.com. He also included in his report an update on Plant Vogtle delays, JEA contributions to septic phase out, the grant for autonomous vehicles in downtown with Jacksonville Transportation Authority (JTA), St. Johns River Water Management District (SJRWMD) Minimum Flows and Water Levels (MFLs) impact to JEA and customers, and the closed session of the Board meeting. Lastly, Mr. Stowe closed his report by thanking the Board for being present and their service.

### **Consent Agenda**

**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.

On ***motion*** by Marty Lanahan and seconded by Dr. Zachary Faison, the following agenda item was approved unanimously.

Board Meeting Minutes of March 23, 2021 – approved

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, the following agenda item was approved unanimously.

Clarifying Assignment Rights – Real Property Sale of Cecil Commerce Center - approved

### **For Board Consideration**

#### **Unbeatable Team:**

**Safety Performance** – Tony Long, Director Health & Safety, referencing materials provided to the Board in advance of the meeting, provided an update on Safety Performance and recognized the JEA Facilities Teams on their exceptional safety records.

This presentation was received for information only.

**Jacksonville Small and Emerging Business (JSEB) Quarterly Report** – Rita Scott, Manager JSEB Program & Procurement Performance, referencing materials provided to the Board in advance of the meeting, presented an update on the JSEB Scorecard and provided a video to highlight three JSEB vendors. Ms. Scott concluded her presentation outlining JEA's efforts to expand supplier diversity.

This presentation was received for information only.

**Diversity, Equity, and Inclusion: More Than Just the Numbers** – David Emanuel, Chief Human Resources Officer, referencing material provided to the Board in advance of the meeting, stated JEA is excited about the work being done on this program. Mr. Emanuel stated diversity is important because it is the right thing to do, diversity is more inclusive, and reflective of a respectful community. Mr. Emanuel reviewed JEA's current diversity metrics compared to the City and stated Staff looks to improve the numbers. Mr. Emanuel stated JEA has hired a female owned contractor to determine what those in the community are doing [in diversity, equity, and inclusion] beyond our community in

JEA Board Minutes

April 27, 2021

Page 3

utilities and other businesses. Mr. Emanuel stated Staff wants to build a strategy that makes Jacksonville proud and looking to form a coalition of employees and community partners to gain an understanding of what they see as good diversity and good practices. Mr. Emanuel stated that he looks forward to ongoing conversations and will come back in July for a more in-depth review.

This presentation was received for information only.

***Dr. Leon Haley joined the meeting via WebEx at 9:30am***

### **Customer Loyalty:**

**JD Power Residential Customer Satisfaction Survey Results** – Sheila Pressley, Chief Customer Officer, presented the wave 2 JD Power customer satisfaction survey results. Ms. Pressley highlighted the scores noting the 72 point increase since December 2020 and the 766 score is the second highest score of any survey period in JEA's nine years of participating in the survey. Ms. Pressley reported although JEA's overall score is below the corporate goal, employees' steadfast focus on customers will continue to yield improved overall satisfaction. Lastly, Ms. Pressley presented the JDP score comparison breakdown, performance relative to peer utilities, positive impacts contributing to customer satisfaction improvement, and customer feedback. Board members offered positive comments and a fulsome discussion ensued.

This presentation was received for information only.

**St. Johns River Management District's Minimal Flows & Levels Strategy** – Wayne Young, VP Environmental Services, referencing materials provided to the Board in advance of the meeting, requested the Board approve Resolution 2021-08 granting the CEO authority to continue work with the St. John's River Water Management District to include, if necessary, the submission of an administrative petition. Mr. Young stated JEA understands the need for a strategy but needs more time for implementation.

On ***motion*** by Bobby Stein and seconded by General DiSalvo, Resolution 2021-08 was approved unanimously.

### **Business Excellence:**

**Monthly Financial and Operations Report** – Russell Caffey, Controller, presented on the monthly financial and operations report with highlights on electric and water/wastewater sales and system financial forecast, FY2021 pay for performance program corporate performance factors, and the electric and water/wastewater operations scorecard.

This information was received for information only.

**Revisions to Procurement Code Policy** – Jenny McCollum, Chief Procurement Officer & Director of Procurement and Inventory Planning presented an overview of the history of the Procurement Code. In the report, she highlighted the background of the Procurement Code Policy, history of revisions, summary of the Charter revisions included in the P-Code, and recommended revisions to the policy. Following a brief discussion, Management requested the Board's approval for its Resolution 2021-09, revisions to the Procurement Code.

On ***motion*** by Marty Lanahan and seconded by Dr. Zachary Faison, Resolution 2021-09 was approved unanimously.

**Board and Committee Reports**

N/A

**Closed Session**

The public session of the Board meeting was halted at 10:38am and Board members convened on the 8<sup>th</sup> floor for the Closed Session portion of the meeting to discuss Cybersecurity for JEA.

The Closed Session of the Board meeting was adjourned at 12:08 pm and the Board members reconvened on the 19<sup>th</sup> floor, at 12:09 pm, to continue its public session.

**Other Business and Closing Considerations**

**Old Business** – None

**Other New Business** – None

**Open Discussion** – None

**Chair's Report** – None

**Announcements** – Next Board Meeting, May 25, 2021

**Adjournment**

With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 12:10 pm.

**Upcoming Board Agenda Items** – Items listed for reference only.

**Informational Material** – Appendices A – D were received for information only.

APPROVED BY:

\_\_\_\_\_  
SECRETARY

DATE: \_\_\_\_\_

Board Meeting recorded by:

\_\_\_\_\_  
Madricka Jones, Executive to CEO

**BOARD RESOLUTION: 2021-10**

May 25, 2021

**FISCAL YEAR 2021 OPERATING BUDGET LINE ITEM TRANSFERS**

Whereas in October 2020, the Board of Directors approved the agenda item for FY21 Budgetary Transfers authorizing the Managing Director/CEO to make certain transfers within the budget. Resolution No. 2020-10 allows the Managing Director/CEO to make transfers up to \$5.0 million during a budget year. Transfers in excess of \$5.0 million during the fiscal year are brought to the Board of Directors for authorization after the fact. This agenda item requests authorization from the Board of Directors for transfers supporting JEA's financial objectives and to obtain a balanced budget.

Whereas JEA provides the Council Auditor a revised budget with supporting Funds Transfer Requests by the following month after the transfer.

Whereas opportunities existed to transfer funds to budget line items to support JEA's financial objectives. A transfer from prior period cash balances was completed to reduce debt outstanding in the Electric System.

BE IT RESOLVED by the JEA Board of Directors that:

The FY2021 budget line item transfer of \$107 million from Other Revenues - Electric to Early Debt Retirement will be made, increasing the Revenues and Appropriations for FY21 by \$107 million. This entry utilizes prior period cash reserves to reduce outstanding debt.

Dated this 25<sup>th</sup> day of May 2021.

\_\_\_\_\_  
JEA Board Chair

\_\_\_\_\_  
JEA Board Secretary

Form Approved by

\_\_\_\_\_  
Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

**BOARD RESOLUTION: 2021-12**

May 25, 2021

**JEA FY2020 ANNUAL DISCLOSURE REPORTS**

**WHEREAS** each year JEA files with the Municipal Securities Rulemaking Board (the “MSRB”), through the Electronic Municipal Market Access (“EMMA”) website, Annual Disclosure Reports in compliance with JEA’s continuing disclosure undertakings for certain of its bonds and various credit agreements.

**WHEREAS** the attached Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the “Systems”), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems’ bond offerings and reofferings.

**WHEREAS** each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA’s Systems and JEA’s most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA’s outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA’s audited financial statements for its fiscal year ended September 30, 2020, as Appendix A thereto.

**WHEREAS** in accordance with JEA Disclosure Policies and Procedures, the JEA Board is required to approve the Annual Disclosure Reports.

**BE IT RESOLVED** by the JEA Board of Directors that:

1. JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.
2. Drafts of the Annual Disclosure Reports were provided to the Board consistent with the JEA Disclosure Policies and Procedures.
3. The Board hereby approves and authorizes (i) the Annual Disclosure Reports in substantially the forms accompanying this Resolution - with appendices added, with such changes as are approved by the Managing Director/Chief Executive Officer of JEA and (ii) authorizes the filing and use of the Annual Disclosure Reports as described above.

Dated this 25<sup>th</sup> day of May 2021.

---

 JEA Board Chair

---

 JEA Board Secretary

Form Approved by

---

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



## Monthly Performance Update

**Bryan Wagoner**  
Director of Water Operations and  
Treatment Support Services



## **Safety Recognition**

### **System Operations & Control Center Customer Service Response Team**

**The first responders during an outage – troubleshooting and working to restore power in a safe and efficient manner**



**Three-years without a recordable injury - Congratulations!!!**



## JEA Performance Scorecard | Data through April 30, 2021

		FY19	FY20	FY21 Goal	FY21 YTD	FY21 Forecast
UNBEATABLE TEAM	• ▾ Safety - Recordable Incident Rate (RIR)	1.51	0.95	≤ 1.4	0.89	≤ 1.0
	▲ Diversity - Female Representation %	21%	22%	N/A	22%	N/A
	▲ Diversity - People of Color Representation %	24%	25%	N/A	25%	N/A
	▲ Diversity - Veteran Representation %	19%	19%	N/A	19%	N/A
CUSTOMER LOYALTY	• ▲ Customer Satisfaction - Residential (JD Powers)	1st Quartile	3rd Quartile	1st Quartile	4th Quartile	4th Quartile
	• ▲ Customer Satisfaction - Commercial (JD Powers)	2nd Quartile	2nd Quartile	Top 10	4th Quartile	4th Quartile
	▾ Nitrogen to the River (tons)	397	299	450	222	403
	▾ Sanitary Sewer Overflows (per 100 miles of pipe)	36	48	30	24	24
	▾ Environmental Compliance - Permit Exceedances	0	1	< 4	1	1
BUSINESS EXCELLENCE	▲ Sales - Electric System (MWh)	12,366	12,185	12,200	6,512	12,334
	▲ Sales - Water System (Million Gallons)	37,696	38,272	38,500	20,343	37,470
	▲ Sales - Wastewater System (Million Gallons)	27,726	28,160	28,500	15,706	28,163
	▲ Sales - Reclaim (Million Gallons)	3,884	4,427	4,500	2,357	4,532
	▲ Revenue - Total System (\$M)	\$1,957	\$1,741	\$1,769	\$1,041	\$1,829
	▾ Outstanding Debt (\$M)	\$3,621	\$3,257	\$2,948	\$3,050	\$2,948
	▾ Operations & Maintenance (O&M) Spend (\$M)	\$381	\$393	\$432	\$205	\$381
	▾ Capital Spend (\$M)	\$499	\$387	\$499	\$179	\$413
	▾ Fuel & Purchased Power Expense (\$/MWh)	\$34.48	\$28.07	\$29.21	\$32.24	\$32.90
	• ▾ Electric Cost (\$/MWh)	\$63.68	\$50.95	\$53.51	N/A	\$48.07
	• ▾ Water Cost (\$/Kgal)	\$4.95	\$4.50	\$5.31	N/A	\$5.06
	• ▾ Wastewater Cost (\$/Kgal)	\$9.50	\$8.08	\$10.24	N/A	\$8.75
	▾ Reliability - System Average Interruption Duration Index (SAIDI) (12-month Rolling outages per year per customer)	65	89	75	79	79
	▾ Reliability - System Average Interruption Frequency Index (SAIFI) (12-month Rolling minutes per year per customer)	1.3	1.4	1.4	1.5	1.5
	▾ Reliability - Effective Forced Outage Rate (EFOR)	4.9%	2.3%	2.5%	2.9%	2.5%
	▾ Reliability - Water Unplanned Outages (Number of Customers)	9,268	15,342	6,750	4,329	6,750
	▾ Water Pressure (average min < 30 psi)	8.8	4.0	3	2.1	3

• Pay-for-Performance Measure  
 ▲ Higher is good  
 ▾ Lower is good  
 On Plan or Better  
 At Risk  
 Unfavorable

**Pay for Performance currently forecasted at 3.3% of base salaries**



# Build an **UNBEATABLE TEAM**

**Diversity, Equity, &  
Inclusion**

David Emanuel  
Chief Human Resources Officer





**BOARD RESOLUTION: 2021-11**

May 25, 2021

**DIVERSE AND INCLUSIVE JEA BOARD OF DIRECTORS**

WHEREAS the JEA Board of Directors ("Board") recognizes the importance of having a diverse and inclusive membership reflective of our community and values; and

WHEREAS pursuant to Section 21.03 of the City of Jacksonville Charter four members of the Board are nominated by the City Council president and confirmed by Council and three members of the Board are appointed by the Mayor and confirmed by Council ("Member Selection Process"); and

WHEREAS the Board desires to make a recommendation to the City Council President and the Mayor that during the Member Selection Process that consideration of the compilation of the Board be made so as to create a diverse and inclusive membership.

BE IT RESOLVED by the JEA Board of Directors that:

1. Membership of the Board should be diverse, inclusive and a reflection of the community we serve.
2. This Resolution 2021-11 be presented to the City Council President and the Mayor requesting that during the Member Selection Process that consideration of the compilation of the Board be considered and propose and select candidates that would provide for a diverse and inclusive Board.

Dated this 25<sup>th</sup> day of May 2021.

\_\_\_\_\_  
JEA Board Chair

\_\_\_\_\_  
JEA Board Secretary

Form Approved by

\_\_\_\_\_  
Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



# Build an **UNBEATABLE TEAM** **COVID Transition**

Pat Maillis  
Director Employee Services



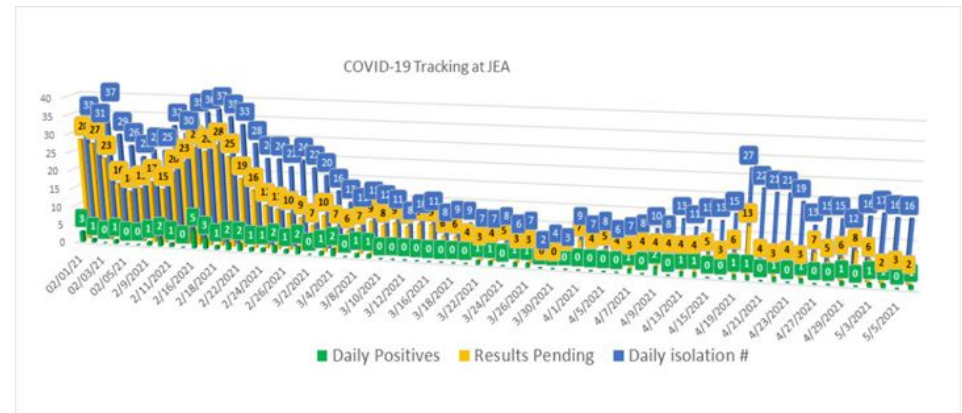
## COVID 19 Response Team

### JEA's COVID 19 Response Team

This task force gathers and disseminates current information and trends concerning COVID and its possible impact on JEA and closely monitors CDC and other leading Health and Infectious Disease experts as long as COVID-19 has the potential to impact JEA personnel and operations.

### Lifting COVID Restrictions

- JEA continues daily janitorial cleaning of high touch areas, masking, social distancing, hand washing signage and physical barriers for employees who deal with public
- 3/26/21 City of Jacksonville ends mask mandate
- 4/8/21 JEA hosts 1<sup>st</sup> on-site vaccination event at Pearl Street - 140 employees and contractors
- 5/13/21 JEA hosts 2<sup>nd</sup> on-site vaccination event at Westside Service Center
- 5/14/21 JEA discontinues temperature and health screening at all locations
- 5/17/21 JEA expands two passenger to four passenger elevator rules in Plaza
- COVID Team will continue to monitor and adjust protocol aligned with CDC guidelines



## Transition to New Normal



### JEA's New Normal

From a 'one size fits all' approach to work arrangements to 'work from wherever' with flexible options depending on your job

Thoughtful approach to lifting COVID restrictions – monitoring and adjusting to CDC guidelines

Preparing now for new headquarters with targeting move-in July 2022





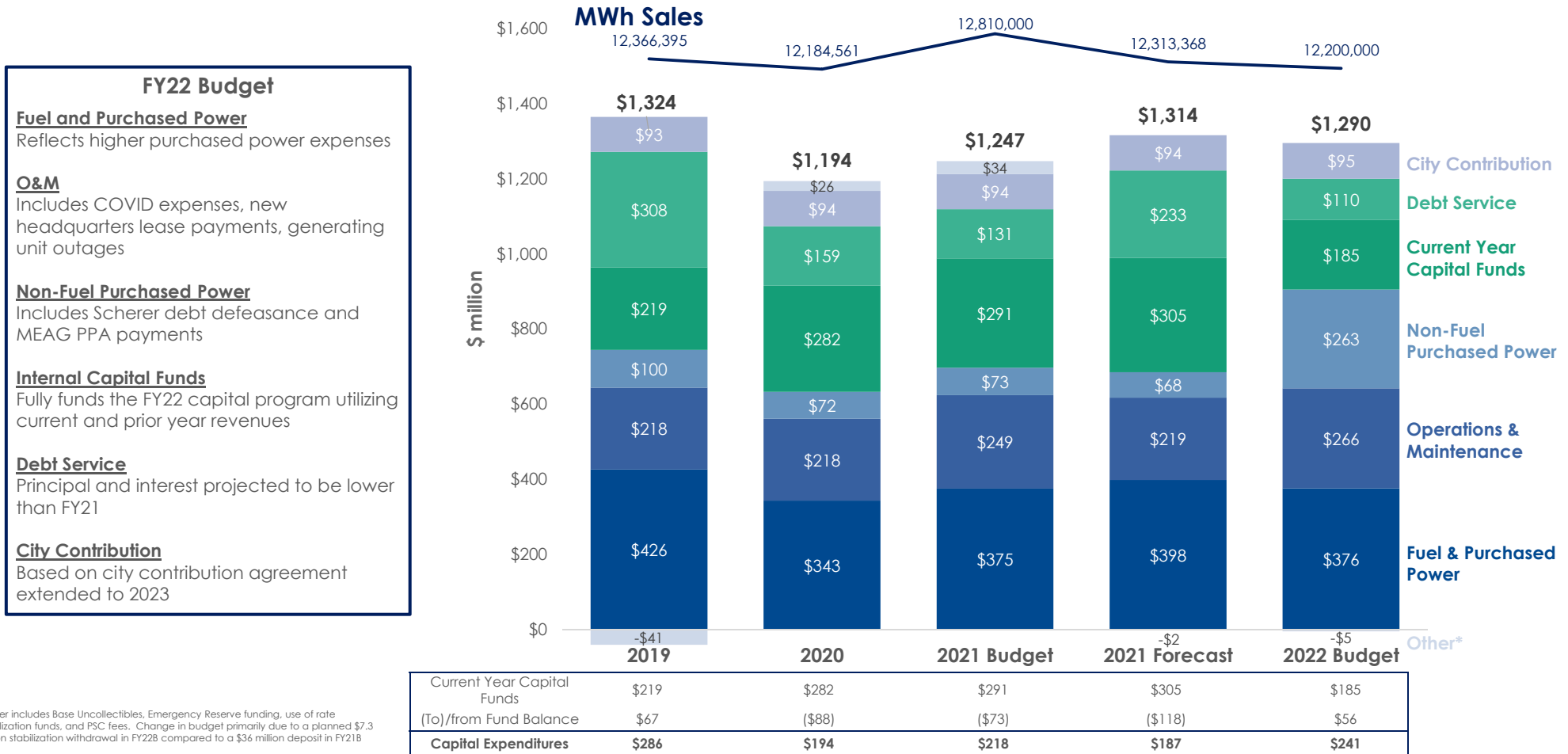
# **Deliver BUSINESS EXCELLENCE**

## **FY2022 Draft Budget Summary**

**Juli Crawford**  
Director, Financial Planning & Analysis



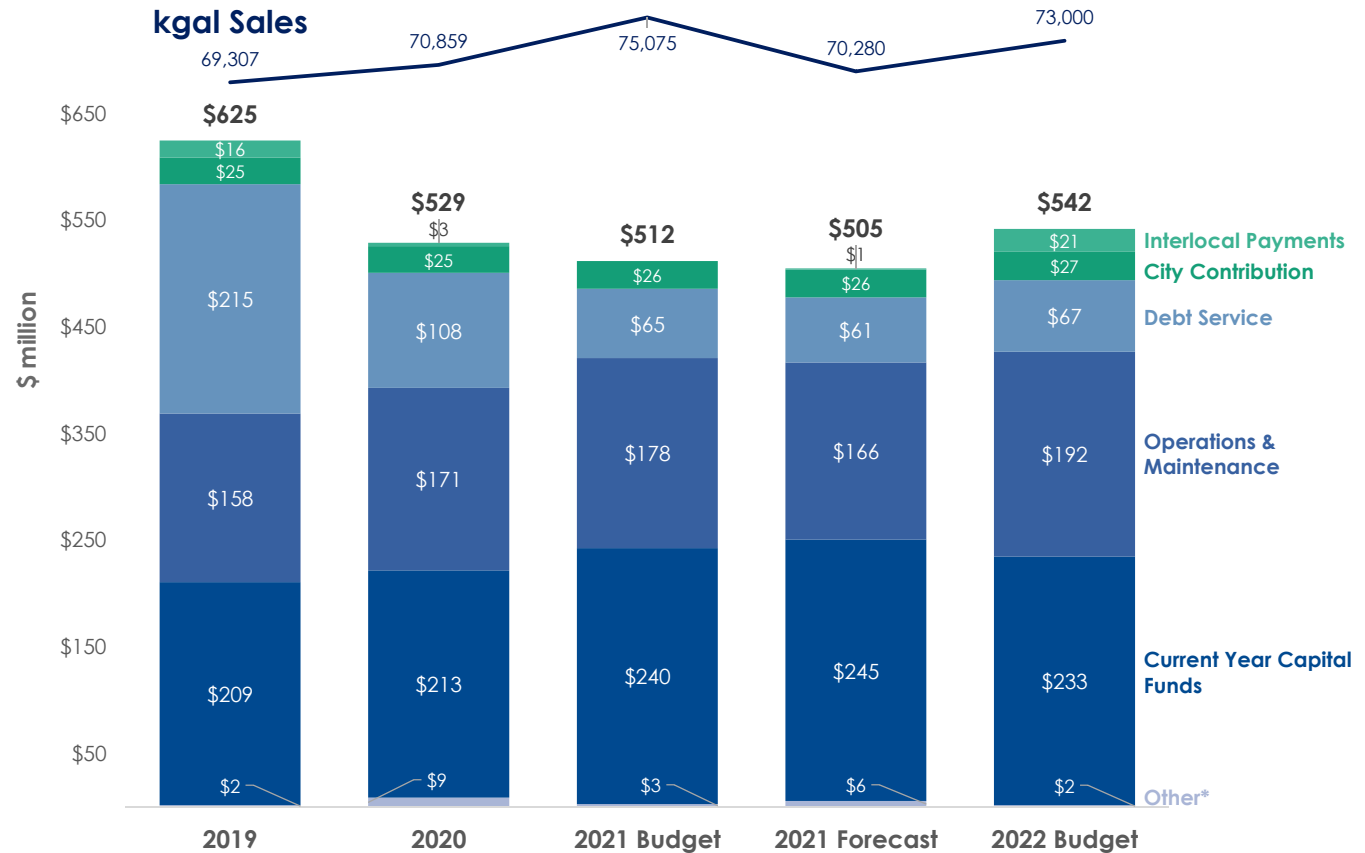
# Electric System Operating Budget Components



\*Other includes Base Uncollectibles, Emergency Reserve funding, use of rate stabilization funds, and PSC fees. Change in budget primarily due to a planned \$7.3 million stabilization withdrawal in FY22B compared to a \$36 million deposit in FY21B

# Water and Sewer System Operating Budget Components

FY22 Budget	
<b>Internal Capital Funds</b>	Funds two-thirds of the FY22 capital program
<b>O&amp;M</b>	Includes salaries, benefits, materials, supplies, and funding other services and charges such as professional and industrial services
<b>Debt Service</b>	Projected to be slightly higher than FY21
<b>City Contribution</b>	Based on city contribution agreement extended to 2023
<b>Interlocal Payments</b>	Includes a prepayment to Nassau County in addition to annual payments to Clay County and St. Johns County, and Septic Tank Phase Out funding



	2019	2020	2021 Budget	2021 Forecast	2022 Budget	
Current Year Capital Funds	\$209	\$213	\$240	\$245	\$233	
(To)/from Fund Balance	\$4	(\$23)	\$88	(\$10)	\$129	Debt Proceeds
<b>Capital Expenditures</b>	<b>\$213</b>	<b>\$190</b>	<b>\$328</b>	<b>\$235</b>	<b>\$362</b>	

\*Other includes Uncollectibles and Emergency Reserve funding

## FY2022 Total JEA Labor Costs

- Base payroll expense for FY2022 increases 6.0% vs FY2021 budget
- Benefits include \$6m in assumed incentive pay
- Payroll Expense includes Bargaining Unit step increases per contractual agreements and estimated general increases
- Bargaining union contracts have currently been negotiated through FY2022

(\$ in millions)	FY2020	Budget FY2021	Budget FY2022	Budget FY2022 vs FY2021
Payroll Expense <sup>1</sup>	\$201.2	\$209.2	\$221.8	6.0%
Benefits	45.6	48.2	48.6	0.8%
Subtotal	\$246.8	\$257.4	\$270.4	5.1%
Pension	41.6	40.4	43.8	8.4%
Subtotal	\$288.4	\$297.8	\$314.2	5.5%

Current JEA Salary Adjustment Summary <sup>2</sup>						
	General Increase – Prior Period			General Increase – Current Contract		
Unit	FY17	FY18	FY19	FY20	FY21	FY22
IBEW	4.5%	4.5%	4.5%	3.5%	3.5%	<b>3.5%</b>
JSA	3.0%	3.0%	3.0%	3.5%	3.5%	<b>3.5%</b>
LIUNA	4.5%	5.0%	4.5%	3.5%	3.5%	<b>3.5%</b>
AFSCME	2.5%	2.5%	3.0%	3.5%	3.5%	<b>3.5%</b>
M&C	3.0%	3.0%	2.5%	2.9%	3.0%	<b>3.0%</b>
PEA	5.0%	3.0%	3.0%	2.0%	2.0%	<b>2.0%</b>
Appointed	0.0%-5.0%, avg 3.0%	0.0%-4.3%, avg 3.0%	0.0%-5.5%, avg 2.7%	0.0%-5.0%, avg 3.35%	0%-5.0%, avg 3.16%	<b>3.0%</b>

### Notes

1) Payroll expense includes salary, wages, temporary and contract for the Energy, Water and DES systems. Does not include Succession Planning of \$3.6m in FY2017 through FY2022

2) Total JEA salary adjustments are for both Energy and Water/Wastewater Systems, appointed adjustments per market study. Percentage increases for M&C and Appointed are estimated for FY2022



## Government Transfers via the JEA Bill

### Paid to COJ:

- City Contribution
- Public Service Tax
- City Franchise Fee

### Paid to State of Florida:

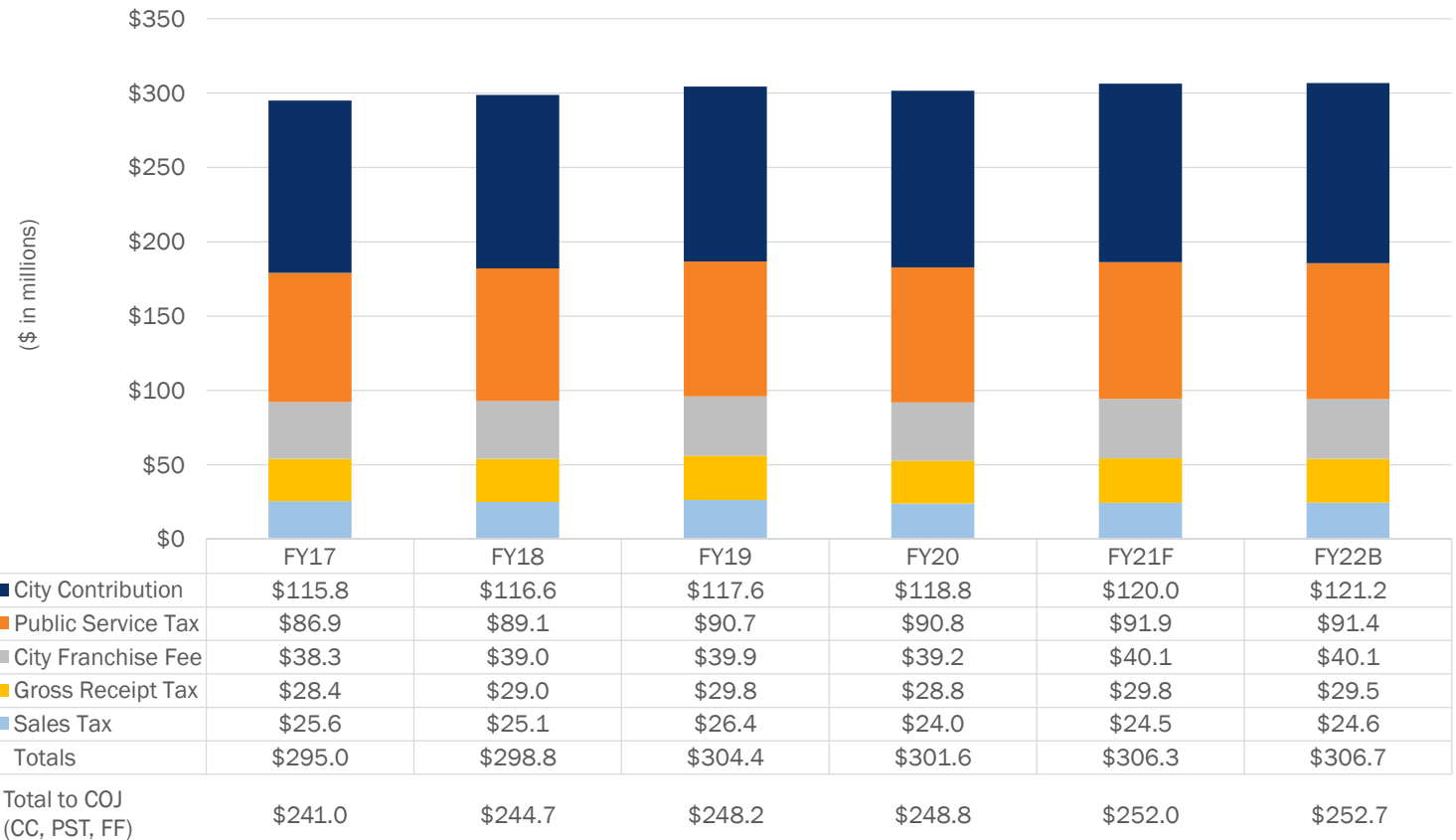
- Gross Receipt Tax

### Paid to COJ & State:

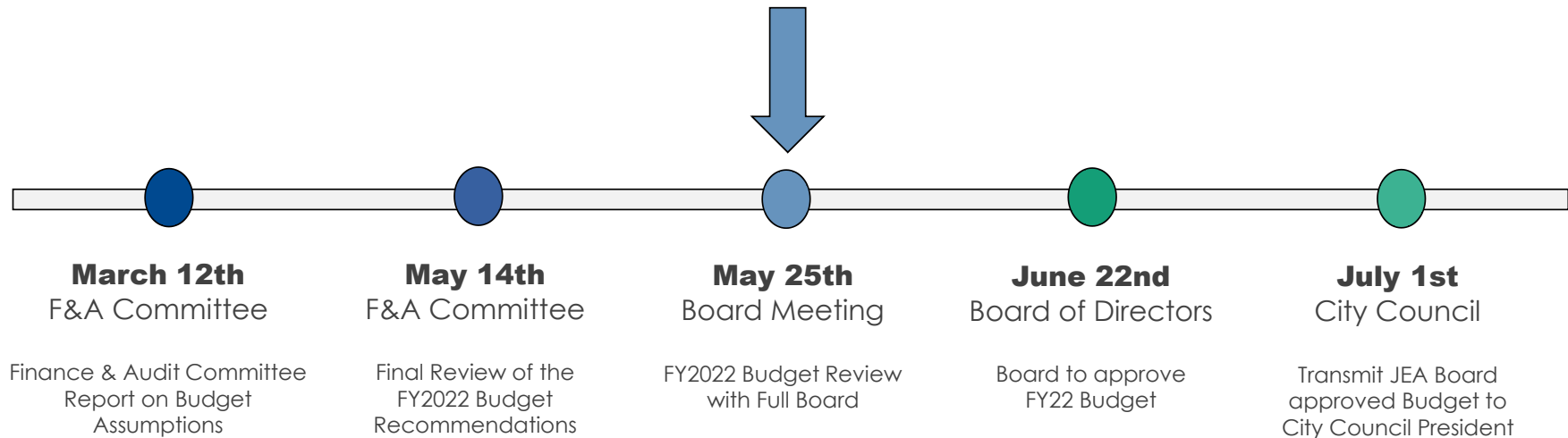
- Sales Tax

Continues to increase based upon the agreement to contribute the greater of 1% increase on the baseline or the millage calculation

The City Contribution Agreement has been extended through FY2023



## FY2022 Board Review and Approval Timeline



### In June, staff will request the Board:

- ▶ Approve the proposed operating and capital budgets for FY2022, authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action by July 1, 2021 and transmit the Five-Year Capital Improvement Program as required by the Jacksonville City Planning Department
- ▶ Approve JEA's share of the St. John's River Power Park (SJRPP) and Plant Scherer operating and capital budgets
- ▶ Authorize the Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system



# **Deliver BUSINESS EXCELLENCE**

## **Hurricane Preparedness**

**Brandon Edwards**  
Director, Security & Emergency  
Preparedness

**David Goldberg**  
Director, Customer & Community  
Engagement



## Storm Impacts



## Storm Outlook

	2020	2021 Forecast	1991-2020 Average
Total Storms	30	16-20	14
Hurricanes	13	7-10	7
Major Hurricanes	6	3-5	3

## 2021 Storm Season Preparation



### Focus for the Season

- Preparing the New Team
- Emphasis on Duties and Responsibilities
- Continuous Improvements from past storms
- All-employee Training on Restoration 1-2-3

### Annual Hurricane Exercise

- May 18<sup>th</sup>–20<sup>th</sup>
- Completed in Conjunction with City of Jacksonville Emergency Preparedness Division
- Exercise Concept
- Lessons Learned

## COVID Impact Strategic Plan

- Employees familiar with working remote from their primary facilities. Virtual work enables high mobility based upon supporting infrastructure
- Increased number of staging areas for Mutual Aid and JEA crews
- Drive-thru stations for crews to pickup materials
- Support vendors will be required to wear proper PPE and follow social distancing guidelines
- Increased janitorial support at all facilities and overall use of masks and sanitizer
- Damage assessors deploy from multiple locations
- Access to critical buildings and areas will be highly controlled to minimize risk of contamination



## Electric System Hardening Efforts



Continued deployment of distribution system devices that reduce the frequency and duration of extended outages as well as provide improved operational visibility into electric system outages enabling faster restoration times

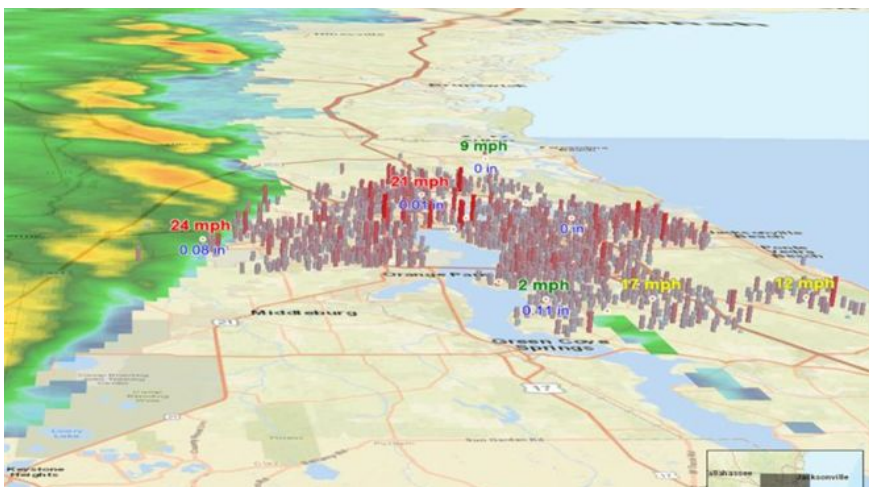
---

Proactive programs such as pole replacements, vegetation management and equipment infrared scans

---

Targeted program at reducing extended customer outages (CEMI-5) by implementing upgraded hardware such as fiberglass equipment, animal guarding and enhanced vegetation work where applicable

## Water/Wastewater System Hardening Efforts



- Continuing to improve a geospatial interactive 3D map that displays real time operational data of W/WW assets, including over 1,500 pump stations
- Continuing to add back-up generators and diesel pumps to keep the pump stations fully functional, even when the power is out
- Evaluated and upgraded, where needed, electric services at 181 water and wastewater facilities
- Converted electric service from overhead to underground at large, critical pump stations
- Completed Resiliency Framework

## Restoration 1-2-3

### Phase 1 – Public Safety & Infrastructure

- Customers are reminded that in Phase 1, JEA focuses on repairing infrastructure and life safety structures and to view our outage map on [jea.com](http://jea.com) for more information
- Outage Map on [jea.com](http://jea.com) and 665-6000 automation will reinforce that we are aware of outage areas
- Mass customer emails and social media updates sent out regularly to provide updates and encourage customers to visit the outage map
- Key commercial accounts are being contacted as well as reps being on standby to receive incoming calls
- Customers may still speak to a Customer Care Center rep 24/7 to ensure personal service and reassurance

#### POWER RESTORATION **1-2-3** | PHASE 1: PUBLIC SAFETY

##### ADVISORY

Should a last-minute advisory be issued for a specific neighborhood, JEA will always first inform you through local media and at [jea.com](http://jea.com). To monitor whether a last-minute advisory has been issued for your neighborhood, visit [jea.com](http://jea.com) 24/7.



### WHAT JEA WILL DO

As soon as weather conditions permit, JEA begins assessing our facilities, making critical repairs to our power plants, transmission lines, substations, and water and sewer facilities. We then restore power to our local hospitals, shelters, and police and fire stations, and make repairs to the “backbone” of our electric grid that will bring the majority of our customers back into power as quickly as possible.



### WHAT YOU CAN DO

#### SIT TIGHT AND STAY CALM:

Phase 1 is our public safety phase, and we appreciate your patience as we restore these critical services first. If possible, stay off the roads and avoid downed power lines.

#### BE PATIENT:

Just as you'd pull over on the highway to let an ambulance pass, you can help us save lives and restore power to everyone faster by waiting for the announcement that JEA is ready to accept outage reports from individual customers.

## Restoration 1-2-3

### Phase 2 – Individual Customers

- JEA moves into Phase 2 when the core infrastructure and public safety centers are up and running, focusing on circuits powering neighborhoods and businesses across the service territory
- Phase 2 is the time we encourage customers who are still without power to go to our outage map on [jea.com](http://jea.com) or call in to report their outage through the JEA automated system
- Customers will begin receiving personalized alerts as to when a crew is assigned, when the crew is on the way, and when repairs in the area have been made
- Customer emails continue to be sent out as well as social media posts to provide updates

### POWER RESTORATION 1-2-3 | PHASE 2: INDIVIDUAL CUSTOMERS

#### WHAT JEA WILL DO

With public safety repairs complete, JEA will announce that we are entering Phase 2 and are now ready to accept outage reports from individual customers. Utility crews now begin making repairs by electric "circuits" – repairing an entire circuit of approximately 2,500 homes before moving on to another circuit. Priority is given to making repairs that will restore power to the most customers at once.

#### WHAT YOU CAN DO

##### REPORT YOUR OUTAGE:

Call (904) 665-6000 or visit [jea.com/outage](http://jea.com/outage) to report your power outage. If you've already registered for JEA alerts, you can also text "OUT" to MyJEA (69532).

##### Important tip:

In order to receive customized alerts from JEA on the status of your power outage, you must call in and report your home's outage during Phase 2. If you assume your neighbors have already reported your neighborhood's outage, you'll miss the chance to have personalized progress updates sent to you.

Monitor the status of your outage on the JEA Outage Map ([jea.com/outage](http://jea.com/outage)), where you can see the location of outages across our community.



## Restoration 1-2-3

### Phase 3 – Final Repairs

- Phase 3 begins when JEA has completed repairs on main circuits across the service territory, focusing on customers remaining who have more unique outage circumstances that are affecting their household or business
- Customers will be alerted that the circuit in their area has been restored and if they are still without power to please contact us at [jea.com](http://jea.com) or call 665-6000 asked to report their outage

### POWER RESTORATION 1·2·3 | PHASE 3: FINAL REPAIRS

#### WHAT JEA WILL DO

When repairs to all major circuits are complete, JEA will enter Phase 3, targeting the few remaining isolated outages. We know this phase can be the most frustrating for those few customers who are still without power, and we appreciate your continued patience as we direct all our resources toward completing the restoration process. Rest assured, we won't stop until everyone has power.



## Customer Education

### Educate Customers and Community Early

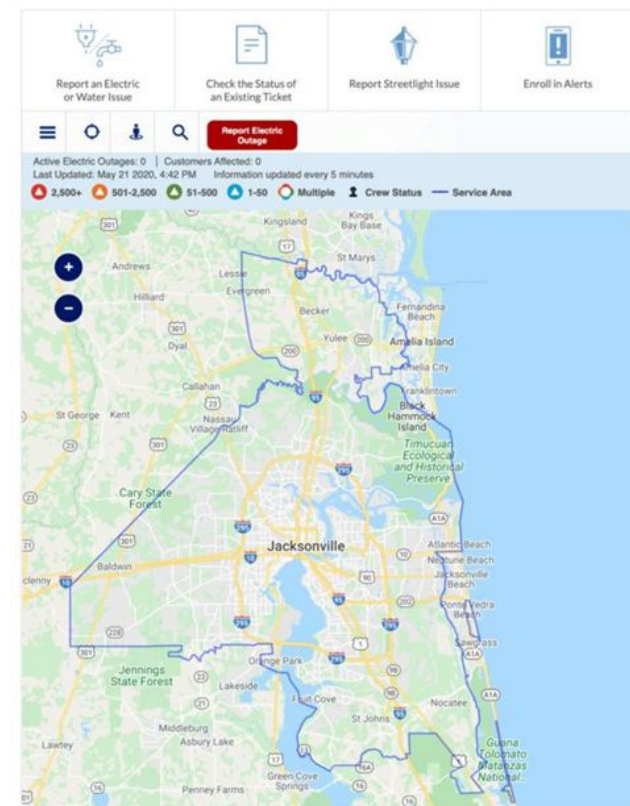
- Educate customers on restoration process and the importance of their partnership through a broad range of paid, earned, owned and shared media channels
- Set expectations for restoration and communication practices, incorporating COVID-19 protocols as well as possible delayed restoration times
- Calls to action:
  - Update account contact information
  - Download the JEA Storm Recovery Guide
  - Sign up for Outage Alerts
  - Once a storm subsides, visit [jea.com](http://jea.com) outage map for updates



Home > Outage Center > Electric Outage Map

#### Electric Outage Map

By clicking a pin on the map, you can monitor the status of the outage. To report an electric outage use the red button on the map. To report and monitor water issues, [please login](#).



## Customer Education

### Multimedia Campaign

- 15/30-second television and radio spots
- Digital outdoor boards
- Partnering with City of Jax on Storm Season Guide, sending out to 438,000 residences
- Digital media advertising
- Social media posts
- Bill inserts and customer emails
- Earned media/news
- Ambassador and volunteer events





IMPROVING LIVES.BUILDING COMMUNITY. to be the best utility in the country

## GOVERNANCE COMMITTEE

21 West Church Street, Jacksonville, FL 32202

May 6, 2021 | 8:00 am – 10:00 am

### WELCOME

Meeting Called to Order

Adoption of Agenda (Action)

Approval of Minutes – November 10, 2020 (Action)

General Joseph DiSalvo, Chair

### FOR COMMITTEE CONSIDERATION

Article 21 Compliance

Jody Brooks, Chief Administrative Officer

External Review of JEA Governance Practices

Jody Brooks, Chief Administrative Officer

Draft July Board Retreat Agenda

Jay Stowe, Managing Director / CEO  
General Joseph DiSalvo, Chair

### CLOSING CONSIDERATIONS

Announcements – Next Board Meeting May 25, 2021

General Joseph DiSalvo, Chair

Adjournment

### UPCOMING COMMITTEE AGENDA ITEMS

TBD

JEA GOVERNANCE COMMITTEE MINUTES  
November 10, 2020

The Governance Committee of the JEA Board met on Tuesday, November 10, 2020 on the 19<sup>th</sup> Floor, 21. W. Church Street, Jacksonville, Florida. Pursuant to the City of Jacksonville Emergency Proclamation, attendees at the physical location were required to wear masks and maintain social distancing, in accordance with CDC guidelines, and the meeting was also accessible via WebEx.

**Agenda Item I – Welcome**

- A. Call to Order – Committee Chair Joseph DiSalvo called the meeting to order at 11:00 am. Committee members present for the meeting were Tom VanOsdol and Dr. Zachary Faison. Others in attendance were: John Baker, Paul McElroy, Interim Managing Director/CEO; Jody Brooks, Chief Legal Counsel; and Steve Tuten, Interim Chief Compliance Officer. A quorum of board members was present onsite for the meeting.
- B. Adoption of Agenda – On ***motion*** by Tom VanOsdol and seconded by John Baker, the agenda was approved.
- C. Approval of Minutes – On ***motion*** by Tom VanOsdol and seconded by John Baker, the Committee's Minutes of its October 15, 2020 meeting were approved.

**Agenda Item II – Governance and Policy Foundational Documents**

- A. Draft Article 21 JEA Charter – A copy of the most recent draft Article 21 JEA Charter was included in the Committee meeting package for information purposes only. There was no discussion at this time.
- B. JEA By-Laws – A copy of the JEA By-Laws document was included in the Committee meeting package for informational purposes only. There was no discussion at this time.
- C. Governance Committee Charter – A copy of the Governance Committee Charter was included in the Committee meeting package for informational purposes only. There was no discussion at this time.
- D. Governing for Excellence: Raising the Bar on Public Power Governance – A reference to this American Public Power Association (APPA) publication was included in the Committee meeting package for informational purposes only. There was no discussion at this time.
- E. Board Policies and Ordinances – An updated draft table of information for each Board-approved policy and policy review date was included in the Committee meeting package for informational purposes only. There was no discussion at this time.
- F. Board Governance Manual Assessment (March 2015) – A copy of the Board Policy Manual compliance and update assessment, approved by the JEA Board on March 3, 2015, was included in the Committee meeting package for informational purposes only. There was no discussion at this time.
- G. JEA Board Policy Manual (Feb 2010) – A copy of the Board Policy Manual, approved by the JEA Board on February 16, 2010, was included in the Committee meeting package for informational purposes only. There was no discussion at this time.

- H. JEA Board Policy Manual (Clean) – An updated clean draft of the Board Policy Manual was provided in the Committee meeting package for information purposes only. A discussion of the manual policies was reserved for later in the meeting.
- I. JEA Board Policy Manual (Redlined) – An updated redlined draft of the Board Policy Manual was provided in the Committee meeting package for information purposes only. A discussion of the manual policies was reserved for later in the meeting.
- J. JEA Board Policy Manual (Summary of Committee and Staff Edits) – An updated copy of the Committee and Staff Edits Table was included in the Committee meeting package for information purposes only. A discussion of the edits was reserved for later in the meeting.

**Agenda Item III – For Committee Consideration**

A. JEA Board Policy Manual

- 1. Go Final on Policy Category I: Governance Process – Chair DiSalvo, citing Committee meeting materials, reviewed comments and edits to the Board Policy Manual – Policy Category I: Governance Process. Committee members provided additional feedback to which a fulsome discussion ensued on Policy Category 1.8 *Board Member's Code of Conduct*. Hearing no further comments on this matter, Mr. DiSalvo asked the Committee for a motion to present Board Policy Manual Category I for final review and approval to the full Board at its next meeting.

On ***motion*** made by Dr. Zachary Faison and seconded by Tom VanOsdol, the motion put forth before the Committee was approved.

- 2. Go Final on Policy Category IV: Measures of Effectiveness (MOEs) – Chair DiSalvo, citing Committee meeting materials, reviewed final edits to the Board Policy Manual – Policy IV: Measures of Effectiveness (MOEs). There were a few comments and a brief discussion ensued. Hearing no additional feedback on this matter, Mr. DiSalvo asked the Committee for a motion to present Board Policy Manual Category IV for final review and approval to the full Board at its next meeting.

On ***motion*** made by Thomas VanOsdol seconded by John Baker, the motion put forth before the Committee was approved.

B. Discussion: Board Policy Manual Action Items for November Board Meeting

Chair DiSalvo outlined the following Board Policy Manual action items to come before the full Board at its next meeting on November 17, 2020. Those items include: Board Policy Manual Categories I, II, IV and Appendix A3. Committee members were in agreement and had no additional feedback at this time.

**Agenda Item IV – Closing Considerations**

- A. Announcements – Next Board Meeting: November 17, 2020

JEA Governance Committee

November 10, 2020

Page - 3

With no further business coming before the Committee, Chair DiSalvo declared the meeting adjourned at 11:19 AM.

APPROVED BY:

\_\_\_\_\_  
Joseph DiSalvo, Committee Chair

Date: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
DeLisa A. Johnigarn  
Executive Assistant

***JEA Board Policy Manual***

JEA  
Board Policy  
Manual

Dated this \_\_\_\_\_ day of May 2021.

\_\_\_\_\_  
JEA Board Chair

\_\_\_\_\_  
JEA Board Secretary

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021.

***JEA Board Policy Manual*****TABLE OF CONTENTS**

---

**Policy Category I: Governance Process**

1.0	By-Laws of JEA	4
1.1	JEA Board Mission, Vision, Values, Goals & Objectives	8
1.2	Global Governance Process	9
1.3	Governing Style	10
1.4	Board Job Description	11
1.5	Agenda Planning	12
1.6	Board Officers	13
1.7	Rules of Order	14
1.8	Board Member's Code of Conduct	16
1.9	Board Member's Individual Responsibility	17
1.10	Board Committee Principles	18
1.11	Board Committee Structure	19
1.12	Cost of Governance	21

**Policy Category II: Board-Management Delegation**

2.0	Global Board-Management Delegation	22
2.1	Unity of Control	23
2.2	Accountability of the CEO	24
2.3	Delegation to the CEO	25
2.4	Monitoring CEO Performance	26
2.5	CEO Remuneration	27

**Policy Category III: Executive Mandates**

3.0	General Executive Oversight and Assurances	28
3.1	Treatment of Consumers	29
3.2	Treatment of Staff	30
3.3	Financial Planning/Budgeting	31
3.4	Financial Condition and Activities	32
3.5	Workforce Readiness and Succession Planning	33
3.6	Asset Protection	34
3.7	Compensation and Benefits	35
3.8	Communication and Support to the Board	36
3.9	Regulatory / Legislative Requirements	37
3.10	Enterprise Risk Management	38
3.11	Procurement Activities	39
3.12	Economic Development	40

**Policy Category IV: Measures of Effectiveness (MOEs)**

4.0	MOEs	41
4.1	Electric Service	42
4.2	Water Service	43
4.3	Sewer Service	44
4.4	Cost of Service	45
4.5	Environmentally Sound	46
		4.6

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

## ***JEA Board Policy Manual***

Informative Communication

47

### **TABLE OF CONTENTS (Cont'd)**

---

#### **Appendix**

A1	Executive Core Competencies	49
A2	JEA Charter (Article 21 of City of Jacksonville Ordinance Code)	54
A3	JEA Board Evaluation Criteria	77

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

3

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.0**

#### **POLICY TITLE: *BY-LAWS OF JEA***

---

### **ARTICLE I - OFFICES**

The principal office of JEA shall be located in Jacksonville, Florida. Branch offices of JEA may be established at such places as JEA may designate from time to time.

### **ARTICLE II - MEMBERS OF JEA GOVERNING BODY**

**Section 1. General Powers.** The affairs of JEA shall be managed by the JEA governing body ("Board") as provided in Article 21, Charter of the City of Jacksonville, as amended, and other applicable laws.

**Section 2. Appointment, Number, Tenure, and Expense Reimbursement.** The membership of the JEA Board shall be constituted in number, qualifications, manner of appointment and tenure as provided in Article 21, Charter of the City of Jacksonville, as amended. Members of the JEA Board shall receive reimbursement for all expenses incurred which are reimbursable by law.

### **ARTICLE III - OFFICERS**

**Section 1. Elections.** The Officers of the JEA Board shall be a Chair, Vice-Chair, and a Secretary who shall be elected by the members and who shall serve as such officers for one year or until a successor is chosen. The Chair may serve for two consecutive one-year terms, which shall not include any period served as replacement Chair during the unexpired portion of the predecessor's term. Elections of Officers shall be conducted at the first regular meeting in March which may be preceded by a meeting of the nominating committee composed of the JEA Board acting as a whole or such other membership as the Chair may designate.

**Section 2. Vacancies.** A vacancy in any office because of death, illness, removal or otherwise, may be filled by the remaining members for the unexpired term.

**Section 3. Chair.** The Chair shall preside at all meetings of the JEA Board unless the Chair delegates otherwise. The Chair shall designate from time to time such special committees as the Chair deems appropriate and shall designate the subject matter assigned to each committee for consideration. In the event of the Chair's prolonged absence or disability, the Vice-Chair shall exercise all functions of the Chair for a period of up to thirty (30) days, at the expiration of which a special election shall be conducted by the JEA Board and a permanent Chair elected.

**Section 4. Vice-Chair.** The Vice-Chair shall perform such duties as are assigned by the Chair in addition to the functions for which the Vice-Chair is responsible under Section 3 above.

**Section 5. Secretary.** The Secretary has oversight of the procedures used by the JEA Staff to accurately produce Minutes of all Board and Committee meetings and submission for public record. The Secretary shall perform such other duties as from time to time may be assigned by the Chair.

### **ARTICLE IV - COMMITTEES**

**Section 1. Ordinary Committees.**

(a) **Standing Committees.** The Chair may appoint standing committees from time to time which shall be composed of as many members of the JEA Board as determined by the Chair. The Chair

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.0**

#### **POLICY TITLE: BY-LAWS OF JEA**

---

shall name one of the committee members as committee chair and one as committee vice-chair. A standing committee shall continue until such time as it is terminated by the Chair.

(b) **Special Committees.** The Chair may appoint special committees from time to time, and the Chair may specify that one or more individuals who are not members of the JEA Board shall work with and assist the special committee. The Chair shall name one of the committee members as committee chair and one as committee vice-chair; both positions must be filled by current members of the JEA Board. When a special committee has fulfilled its function or when the best interests of JEA have been served, the committee shall be terminated without formal action.

**Section 2. Term of Committee Members.** Each member of a committee shall serve until the expiration of his/her term of office as a JEA Board member, until that member's successor is appointed and has accepted such appointment, or until the committee is terminated.

**Section 3. Powers of the Committee and the Committee Chair.** The committee chair, or vice-chair in the absence of the chair, shall have the power and authority to call meetings of the committee upon reasonable verbal or written notice to the members, and to set the date, time and place of such meetings. This function may also be performed by a majority of the remaining members of the committee upon inaction by the chair. A committee secretary may be designated by the committee chair. A committee may submit reports to the Chair and members of the JEA Board in writing as determined by the committee chair. Committee reports shall contain both majority and minority reports of committee members. A committee may by motion recommend to the JEA Board that action be taken on matters under consideration by the committee. Matters under consideration by the committee may include resolutions or other proposed actions presented to the committee by the JEA Managing Director.

**Section 4. Committee Vacancies.** The Chair shall fill vacancies in the membership of any committee. Should the Chair of the JEA Board fail to fill a vacancy within a reasonable length of time after such a vacancy occurs, then such vacancy may be filled by a majority of the members of the JEA Board acting in any regular or special meeting.

**Section 5. Conduct of Committee Business.** A majority of the entire membership of the committee shall constitute a quorum, and an act of the majority of the committee present at any meeting shall constitute the act of the committee. Should a quorum not be present at a scheduled meeting, the committee chair, or vice-chair in the absence of the chair, may appoint as many JEA Board members as necessary to constitute a quorum. Such appointment is for the purpose of that meeting only. All JEA Board members may attend and participate in any committee meeting, but only committee members have the right to make motions and to vote. Except as provided otherwise herein, Roberts Rules of Order shall govern the conduct of committee business, unless the majority of the committee present at such meeting shall elect to utilize other rules or procedures consistent with applicable law and these By-Laws.

### **ARTICLE V - CONDUCT OF AUTHORITY BUSINESS**

**Section 1. Regular Meetings.** Regular meetings shall be held at least monthly at the principal offices of JEA in the City of Jacksonville, or at such other public place within the City of Jacksonville as may be determined by the Chair, and at such times as the Chair or a majority of the members may designate. More frequent regular meetings may be held at the pleasure of a majority of the members.

**Section 2. Special Meetings.** Special meetings of the members may be called by the Chair or by any three (3) members and shall be held at the principal offices of JEA in the City of Jacksonville, or at such other public place within the City of Jacksonville as may be determined by the Chair.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

5

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.0**

#### **POLICY TITLE: *BY-LAWS OF JEA***

---

**Section 3. Notice of Special Meetings and Purpose.** Notice of each special meeting of the members shall be given by the Chair or by the three (3) members who may have called such special meeting. Such notice shall be in writing and shall be provided to every member not less than seven days before the meeting and shall state the purpose, time and place of the special meeting. Attendance by a member at a special meeting shall constitute waiver of notice. A member may, however, appear at a meeting for the sole purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called without losing the right to object to improper notice. No business shall be transacted at any special meeting other than the purpose specified in the notice unless a majority of the members in attendance at such special meeting agree to transact other business.

**Section 4. Teleconference or Videoconference Meetings.** The Chair may allow Board member(s) to attend a regular or special meeting by teleconference or videoconference, provided that all JEA Board members attending the meeting and all other persons participating in the meeting may hear each other. Whenever any Board member attends a meeting by teleconference or videoconference, the Chair shall conduct the meeting in a manner so as to allow, to the fullest extent possible, simultaneous communication. A Board member or other person wishing to speak must first identify himself/herself to the Chair and request recognition from the Chair before speaking. Visual presentations shall be described in detail for any Board member attending by teleconference who is unable to view the presentation. It is the Board's preference that meetings be held with a quorum physically present except, on occasion, when the Board needs to transact business for a special matter typically conducted at a special meeting.

**Section 5. Quorum and Votes Required for Action.** The majority of the Board members shall constitute a quorum for the purpose of meeting and transacting business. Four (4) affirmative votes shall be required to accomplish an act of business. Pursuant to Chapter 286, Florida Statutes, no member who is present at any Board meeting may abstain from voting except when there is, or appears to be, a possible conflict of interest. In such case, the abstaining Board member shall comply with the disclosure requirements of Chapter 112, Florida Statutes.

**Section 6. Vacancies.** Any vacancy occurring in the office of a member of the JEA Board shall be filled for the unexpired term in the manner provided in Article 21, Charter of the City of Jacksonville, as amended.

**Section 7. Rules and Procedures.** Except as provided otherwise herein, Robert's Rules of Order shall govern the conduct of the JEA Board business, unless the majority of members shall elect to utilize other rules or procedures consistent with applicable law and these By-Laws.

### **ARTICLE VI - AMENDMENTS TO BY-LAWS**

These By-Laws may be amended, repealed or altered, in whole or in part, by the affirmative votes of four (4) members at any regular or special meeting, provided such subject has been included in an agenda item.

## ***JEA Board Policy Manual***

**POLICY TYPE: GOVERNANCE PROCESS**

**POLICY 1.0**

**POLICY TITLE: *BY-LAWS OF JEA***

---

### **ARTICLE VII - EFFECT OF BY-LAWS**

Noncompliance with these By-Laws shall not operate to invalidate any JEA Board action otherwise valid under applicable law.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

7

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.1**

#### **POLICY TITLE: *JEA BOARD MISSION, VISION, VALUES, GOALS AND OBJECTIVES***

---

##### **Mission**

The JEA Board will exercise ownership, management and operate utilities systems for the City of Jacksonville and rate payers.

##### **Vision**

Make JEA the best in class for public utilities in the United States.

##### **Values**

- Leadership – Make the tough calls.
- Selfless Service – Do what is right for the community.
- Competency – Have a strategic understanding of the public utilities industry.
- Integrity – Adhere to a strict moral and ethical code and total transparency.

##### **Goals & Objectives**

- Be proactive in issuing important guidance and making timely decisions.
  - Objective: Maintain a planning horizon that is forward looking and anticipate key decisions to be made.
- Act in the best interest of the JEA workforce, rate payers and the citizens of Jacksonville.
  - Objective: Utilize the expertise of board members to enhance the ability of the board to act as a collective body.
- Exercise due diligence so well- informed decisions are made.
  - Objective: Use sound business judgement consistent with JEA's legislative charter.
- Secure the trust and confidence of the Jacksonville community and rate payers.
  - Objective: Strict adherence to Sunshine laws, JEA Charter, Florida & Jacksonville City Ethics Codes and JEA Code of Conduct.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

8

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.2**

#### **POLICY TITLE: GLOBAL GOVERNANCE PROCESS**

---

*The mission of the JEA Board is to exercise ownership, management and operate utilities systems for the City of Jacksonville and rate payers and make JEA the best in class for public utilities in the United States.*

- 1.2.1 **Governing Style:** The Board will govern in accordance with legal requirements, with an emphasis on (a) outward vision rather than internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future more so than past or present, and (g) proactivity rather than reactivity.
- 1.2.2 **Board Job Description:** Specific responsibilities of the Board are those that ensure appropriate organizational performance.
- 1.2.3 **Agenda Planning:** To accomplish its responsibilities with a governance style consistent with Board policies, the Board will follow an annual agenda that (a) reviews the MOEs (measures of effectiveness) and (b) continually improves Board performance through education and deliberation.
- 1.2.4 **Board Officers:** Board officers assure the integrity of the Board's process and record's. Board officers are: Chair, Vice-Chair and Secretary.
- 1.2.5 **Rules of Order:** Board meetings will be conducted in an orderly and fair process consistent with the requirements of Florida law, Ordinances of the City of Jacksonville, the JEA Charter and these governance policies. Meetings will be led by the Chair, or, in the absence of the Chair, the Vice-Chair, or, in the absence of both, by the Chair's designee.
- 1.2.6 **Board Member's Code of Conduct:** The Board commits itself to lawful, ethical and businesslike conduct, following all requirements of Florida Law, Ordinances of the City of Jacksonville, and the JEA Charter including proper use of its authority and appropriate decorum when acting as Board members.
- 1.2.7 **Board Member's Individual Responsibility:** The leadership success of the Board is a direct result of the individual and collegial participation of its members. Board members will commit to preparation for all JEA related meetings and activities.
- 1.2.8 **Board Committee Principles:** Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and not to interfere with delegation from the Board to the CEO.
- 1.2.9 **Board Committee Structure:** A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only Board committees are those which are set forth in in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The CEO will attend meetings of each committee, but shall not have a vote.
- 1.2.10 **New Board Members On-Boarding Requirements:** Coordinate with the JEA Executive Staff Assistant for exact requirements. Generally new board members will a) execute a facilities orientation; b) receive a JEA email account; c) file financial disclosure Form 1; d) get a JEA photograph and JEA employee access pass; e) execute Technology Services agreement, General Security Awareness Training; and f) ethics brief by the City's Office of Ethics, Compliance, and Oversight.
- 1.2.11 **JEA Board Evaluation:** Done annually as per App A3.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.3**

#### **POLICY TITLE: GOVERNING STYLE**

---

*The Board will govern in accordance with legal requirements, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future more so than past or present, and (g) proactivity rather than reactivity.*

Accordingly,

- 1.3.1 Unique Requirements of Florida Law for Public Boards: In conducting its duties as a Board in Florida, the Board is required to comply with the Florida Sunshine Law, which prohibits any two or more members of the Board from meeting unless the meeting has been properly noticed and conducted in accordance with the legal requirements. In addition, Florida Law contains requirements regarding Public Records, conflicts of interest and voting which must be followed in the conduct of the Board's business.
- 1.3.2 The Board will cultivate a sense of group responsibility and will be a proactive Board versus a reactive Board. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.
- 1.3.3 Although the Board can change its Governance Process policies at any time, it will diligently observe those currently in force.
- 1.3.4 Continual Board development will include orientation of new Board members in the Board's governance process and an annual Board discussion of governance process improvement.
- 1.3.5 The Board will allow no officer, individual, or committee of the Board to hinder or serve as an excuse for the Board not fulfilling its commitments.
- 1.3.6 Each member of the Board will respect the final determination of the Board concerning any particular matter, regardless of the member's personal position concerning such matter.

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.4**

#### **POLICY TITLE: *BOARD JOB DESCRIPTION***

---

*Specific responsibilities of the Board are those that ensure appropriate organizational performance.*

Accordingly,

- 1.4.1 The Board is the authoritative link between the organization and the ownership.
- 1.4.2 The Board will provide governing policies that realistically address the broadest levels of all organizational decisions and situations:
  - a. Governance Process: Specification of how the Board develops, carries out, and monitors its own responsibilities
  - b. Board-Management Delegation: Specification of how power is delegated and its proper use monitored; clarity on the CEO's role, authority, and accountability.
  - c. Executive Mandates: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - d. Measures of Effectiveness: The organizational outcomes to its recipients including the relative worth of such outcomes in cost or priority.
- 1.4.3 This CEO annual evaluation will be done formally in person with the CEO and full board. CEO evaluation criteria as per Appendix A1 (with CEO core competencies)
- 1.4.4 The Board will evaluate its own performance annually as per App A3.
- 1.4.5 Board members will respect their fiduciary responsibilities to protect and enhance the value of JEA as a citizen-owned enterprise with due diligence using sound business judgment consistent with JEA's legislative charter.

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.5**

#### **POLICY TITLE: AGENDA PLANNING**

---

*To accomplish its responsibilities with a governance style consistent with Board policies, the Board will follow an annual agenda that (a) completes a re-exploration of the Measures of Effectiveness (MOEs) policies at least annually and (b) continually improves Board performance through education and deliberation.*

Accordingly,

- 1.5.1 The Board will establish its annual agenda during an annual retreat to be scheduled around March of each year.
  - a. The Board will review the MOEs as often as necessary, but minimally once a year.
  - b. Consultations with selected groups in the ownership, or other methods of gaining ownership input, will be scheduled as part of the annual agenda.
  - c. Governance education and education related to the MOEs (presentations by futurist, demographers, advocacy groups, staff, etc.) will be scheduled as part of the annual agenda.
- 1.5.2 The agenda for the Board's monthly meeting will be established through consultation with the Chair and the CEO.
  - a. The agenda along with supporting item documentation will be made available to Board members and the city auditor (as per Art 21.03(e) minimally seven days prior to monthly Board meetings and committee meetings.
  - b. A Board member may bring up new business at the appropriate time on the agenda during any meeting, however, if a formal response or presentation is necessary, a request should be made to the CEO no later than two weeks before the Board meeting to allow others on the Board to receive information 7 days in advance.

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.6**

#### **POLICY TITLE: BOARD OFFICERS**

---

*Board officers assure the integrity of the Board's process and record's. Board officers are: Chair, Vice-Chair, and Secretary.*

Accordingly,

- 1.6.1 The Chair, a specially empowered member of the Board, ensures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.
  - a. The Chair's role is to see that the Board behaves consistently within its own rules and those rules and regulations imposed upon it from outside the organization.
    - (1) Meeting discussion content will consist of issues that clearly belong to the Board to decide or to monitor according to Board policy.
    - (2) Deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.
  - b. The authority of the Chair consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-Management Delegation, with the exception of (a) employment or termination of the CEO and (b) areas where the Board specifically delegates portions of this authority to others. The Chairman is authorized to use any reasonable interpretation of provisions in these policies.
    - (1) The Chair is empowered to chair Board meetings with all the commonly accepted powers of that position, such as ruling and recognizing.
    - (2) The Chair may represent the Board to outside parties in announcing Board-stated positions and in stating the Chair's decisions and interpretations within the area delegated to that role.
    - (3) The Chair may delegate this authority but remains accountable for its use.
    - (4) The Chair may appoint members and a Chair for each Board Committee, unless otherwise stipulated by Board policies.
- 1.6.2 The Vice-Chair, or in the absence of the Vice-Chair, the immediate Past Chair will serve as Chair in the absence of the current Chair.
- 1.6.3 The Board Secretary is an officer of the Board whose purpose is to exercise oversight of the procedures used by the JEA Staff to accurately produce Minutes of all Board and Committee meetings and submission for public record within. Minutes from board and committee meetings will be posted on the JEA website within a reasonable period of times after the meeting concludes (which entails board/committee actioning approval of the minutes before posting). The Secretary shall perform such other duties as from time to time may be assigned by the Chair Note, refer to other reporting requirements contained in Article 21.04 section.
- 1.6.4 All Board officers are accountable to the Chair unless otherwise determined by Board policy.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

13

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.7**

#### **POLICY TITLE: RULES OF ORDER**

---

*Board meetings will be conducted in an orderly and fair process consistent with the requirements of Florida Law, Ordinances of the City of Jacksonville, the JEA Charter, Bylaws and these governance policies. Meetings will be led by the Chair, or, in the absence of the Chair, the Vice-Chair, or, in the absence of both, by the Chair's designee.*

Accordingly,

- 1.7.1 Board meetings will be conducted with punctuality and order.
  - a. Board meetings shall be called to order at the time specified in the notice of meeting and upon satisfaction of a quorum.
  - b. Meeting order shall be maintained and all members treated with dignity, respect, courtesy, and fairness during discussion and debate and in all other respects.
  - c. Board members must keep their comments relevant to the issue under consideration.
  - d. In order to conduct business, a quorum of four (4) board members must be present. Four affirmative votes are required to decide all motions before the Board regardless of number in attendance.
- 1.7.2 Board meetings will be conducted at a level of informality considered appropriate by the Chair, yet with predictable discipline.
  - a. Discussion of a matter not on the previously distributed agenda may occur only after Board consent that the matter be heard.
  - b. Proposals that the Board take action, or decide a particular matter, shall (unless otherwise agreed to by unanimous consent) be made by main motion of a Board member, discussed, and then voted on. Motions require a second to proceed to discussion and subsequent vote.
  - c. The Chair may not make motions but can engage in debate and is required to vote.
  - d. A motion to amend a main motion may be amended but third level amendments are not to be heard.
  - e. A motion to refer to a committee, postpone, or table, may be made with respect to a pending main motion, shall take precedence over the pending motion and, if carried, shall set the main motion (the initial proposal) aside accordingly.
  - f. Board members may speak to a pending motion on as many occasions, and at such length, as the Chair may reasonably allow.
  - g. A vote on a motion shall be taken when discussion ends, but any Board member may, during the course of debate, move for an immediate vote (close debate or call the question) which, if carried, shall end discussion and the vote on the main motion shall then be taken. Votes may be made by voice vote or by roll call. All members of the Board are required to vote unless a conflict of interest is declared.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

14

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.7**

#### **POLICY TITLE: *RULES OF ORDER***

---

- h. A motion to adjourn a Board meeting may be offered by any Board member or, on the conclusion of all business, adjournment of the meeting may be declared by the Chair.
- 1.7.3 When further rules of order are to be developed by the Board, the Board will consider the Standard Code of Parliamentary Procedure (Robert's Rules of Order) as a resource guide. The representative from the Office of General Council may serve the Board as a resource on Parliamentary Procedure.

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.8**

#### **POLICY TITLE: BOARD MEMBER'S CODE OF CONDUCT**

---

*The Board commits itself to lawful, ethical and businesslike conduct, following all requirements of Florida Law, Ordinances of the City of Jacksonville, and the JEA Charter including proper use of its authority and appropriate decorum when acting as Board members.*

Accordingly,

- 1.8.1 Members are expected to represent the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's services.
- 1.8.2 Members must avoid conflict of interest with respect to their fiduciary responsibility. Such conflicts of interest include but are not limited to the following:
  - a. There will be no self-dealing or business by a board member with any entity that might be reasonably seen as representing a conflict of interest.
  - b. When the Board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall announce and declare publicly any conflict of interest and withdraw without comment not only from the vote but also from the deliberation.
  - c. No board member will have an individual contractual relationship with JEA (directly or indirectly) during their board tenure and for 2 years following member's date of termination from board membership.
- 1.8.3 Members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
  - a. Members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the Board.
  - b. Members' interaction with the public, the press, or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.
  - c. Except for participation in Board deliberation about whether the CEO has achieved any reasonable interpretation of Board policy, members will not express individual judgments of negative performance of employees or the CEO.
- 1.8.4 Members are expected to support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.
- 1.8.5 Members who have any question about the appropriateness of their conduct should consult with the Office of General counsel or appropriate Ethics offices for information.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

16

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.9**

#### **POLICY TITLE: *DIRECTORS' INDIVIDUAL RESPONSIBILITY***

---

*The leadership success of the Board is a direct result of the individual and collegial participation of its members.*

Accordingly, each Board member is expected to participate in the following ways:

- 1.9.1 Time Investment to Accomplish Board Responsibilities - As Board contemplation, deliberation and decision-making are processes which require wholeness, collaboration and participation, attendance at Board meetings is expected of Board members.
  - a. Expected Commitments:
    - (1) Monthly Board Meetings
    - (2) Annual Team Building (to include professional education)
    - (3) Annual CEO evaluation and Board Self-Assessment (4) Bond Rating Agency Trip, 3 days (Board Chair is expected to attend).
  - b. Optional Involvement:
    - (1) Internal educational meetings with staff upon request
    - (2) Industry related seminars and conferences
    - (3) Visit other utilities and related industries
- 1.9.2 Preparation and Participation - Board members will prepare for Board and committee meetings and will participate productively in discussions, always within the boundaries of discipline established by the Board. Each member will contribute his or her own knowledge, skills and expertise to the Board's efforts to fulfill its responsibilities.
- 1.9.3 Members as Individuals - The CEO is accountable only to the Board as an organization, and not to individual Board members. Accordingly, the relationship between the CEO and individual members of the Board, including the Chair, is collegial, not hierarchical.

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.10**

#### **POLICY TITLE: *BOARD COMMITTEE PRINCIPLES***

---

*Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and not to interfere with delegation from the Board to the CEO.*

Accordingly,

- 1.10.1 Board committees are to help the Board accomplish its responsibilities and are not assigned to perform staff functions. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations unless specifically outlined in committee objectives.
- 1.10.2 Board committees may not speak or act for the Board except when formally given such authority for specific purposes. Expectations and authority will be carefully stated in order to prevent conflict with authority delegated to the CEO.
- 1.10.3 Board committees cannot exercise authority over staff. The CEO works for the full Board, and will therefore not be required to obtain the approval of a Board committee before an executive action.
- 1.10.4 Committees will be formed for a specific purpose only. Its purpose and function will be documented in a written charge. All committees are accountable to the Board as a whole.
- 1.10.5 This policy applies to any group that is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members, it does not apply to committees formed under the authority of the CEO.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

18

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.11**

#### **POLICY TITLE: BOARD COMMITTEE STRUCTURE**

---

*A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only standing Board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The CEO will attend meetings of each committee, but shall not have a vote.*

Accordingly,

1.11.1 Nominating Committee: The purpose of the Nominating committee is to recommend Board officers for election by the Board as a whole.

- a. The Nominating Committee will be comprised of three members. The current Chair (who shall serve as Chair of the committee) and the two most immediate past Chairs still remaining on the Board will constitute the Committee. If one or more past Chairs is no longer serving on the Board, the Chair shall select Board members to fill out a committee of three.
- b. The Nominating Committee shall be formed no later than January of each year and will make its recommendation to the Board for action at its March meeting.

1.11.2 Finance and Audit Committee: The purpose of the Finance and Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing financial information, systems of internal controls, and audit process, including a high level review of the operating and capital budgets. The committee will provide an open avenue of communication between the Board, Management, Audit Services, and external auditors.

- a. The Finance and Audit Committee will be comprised of three members appointed annually by the Chair and confirmed by the Board. Two members will constitute a quorum.
- b. The Committee will meet at least four times per year. A schedule of regular meetings will be established by the committee annually. Special meetings may be called by any Committee member. Meeting dates, times and location will be announced to the entire Board.
- c. The Committee shall oversee:
  - (1) Internal controls and risk assessment
  - (2) Audit Services
  - (3) Compliance with laws, regulations and code of conduct
  - (4) Financial reporting
- d. The Committee will oversee the External Auditor.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

19

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.11**

#### **POLICY TITLE: *BOARD COMMITTEE STRUCTURE***

---

1.11.3 Governance Committee: The purpose of Governance Committee is to assist the Board in updating the JEA Board documents, primarily the Board Policy Manual (which includes the JEA By-Laws).

- a. The Governance Committee will be comprised of at least three members appointed annually by the Chair. The Board Chair shall appoint one of the Committee members as Chairperson.
- b. The Committee will meet at least once per year. Special meetings may be called by any Committee member. Meeting dates, times and location will be announced to the entire Board.
- c. The Committee will work with JEA Staff Compliance Officer to oversee compliance of all applicable provisions in City Council Article 21.

1.11.4 Other Committees may be established as designated by the Chair.

## ***JEA Board Policy Manual***

### **POLICY TYPE: GOVERNANCE PROCESS**

#### **POLICY 1.12**

#### **POLICY TITLE: *COST OF GOVERNANCE***

---

*The Board will invest in continuous improvement in its governance capacity.*

Accordingly,

- 1.12.1 The Board will use appropriate methods to improve its governing skills.
  - a. Training and retraining will be used liberally to orient new members as well as to maintain and increase existing members' skills and understandings.
  - b. Outside monitoring assistance can be arranged so that the Board can exercise confident control over organizational performance. This includes but is not limited to a financial audit.
  - c. Outreach mechanisms can be used as needed to ensure the Board's ability to listen to owner viewpoints and values.
  - d. Knowledgeable industry experts can be made available to the Board in various ways to continuously improve the Board's awareness of emerging utility industry issues.
- 1.12.2 Costs for appropriate Board governance will be included during annual budget preparations. Any expenditure required will be in accordance with JEA procurement policies. Items may include but not be limited to the following as annually decided by the Board:
  - a. Training
  - b. Attendance at conferences, industry site visits and Rating Agency presentations
  - c. Audit and other third-party monitoring of organizational performance
  - d. Surveys, focus groups, opinion analysis, and meeting costs

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021

21

---

**POLICY TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 2.0**

**POLICY TITLE: GLOBAL BOARD-MANAGEMENT  
DELEGATION**

---

*The Board's sole official connection to the operational organization, its achievements, and conduct will be through a chief executive officer titled Managing Director / CEO, referred to within this document simply as CEO.*

Accordingly,

- 2.0.1 **Unity of Control:** Only officially passed motions of the Board are binding on the CEO.
- 2.0.2 **Accountability of the CEO:** The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.
- 2.0.3 **Delegation to the CEO:** The Board will instruct the CEO through written policies that prescribe the organizational MOEs (measures of effectiveness) to be achieved and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.
- 2.0.4 **CEO Remuneration:** Salary and benefits and other terms of employment for the CEO will be determined by contract.
- 2.0.5 **Core Competencies:** Executive Core Competencies are included in the Appendix.

---

**TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 2.1**

**POLICY TITLE: *UNITY OF CONTROL***

---

*Only officially passed motions of the Board are binding on the CEO.*

Accordingly,

- 2.1.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO.
- 2.1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds, or are disruptive. The CEO shall promptly inform the Board if requests from Board members or committees are refused.

---

**POLICY TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 2.2**

**POLICY TITLE: ACCOUNTABILITY OF CEO**

---

*The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.*

Accordingly,

- 2.2.1 The Board as a body and individual board members will never give instructions to persons who report directly or indirectly to the CEO.
- 2.2.2 The Board will not evaluate, either formally or informally, any staff other than the CEO. However, the CEO will discuss his evaluation with the Board of the executives identified as potential interim CEO successors (refer to Policy 3.5.1).

---

**POLICY TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 2.3**

**POLICY TITLE: *DELEGATION TO THE CEO***

---

*The Board will instruct the CEO through written policies that prescribe the organizational (Measures of Effectiveness) MOEs to be achieved and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.*

Accordingly,

- 2.3.1 The Board will develop policies instructing the CEO to achieve specified results, for specified recipients, at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will be captured in the MOEs.
- 2.3.2 Should the CEO violate a Board policy, he or she shall promptly inform the Board. Informing is simply to guarantee no violation may be intentionally kept from the Board, not to request approval. Board response, either approving or disapproving, does not exempt the CEO from subsequent Board judgment of the action nor does it curtail any executive decision.

---

**POLICY TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 2.4**

**POLICY TITLE: *MONITORING CEO PERFORMANCE***

---

*Board evaluation of the CEO will be done annually and based on App A1, Executive Core competencies and CEO evaluation criteria.*

---

**POLICY TYPE: BOARD MANAGEMENT DELEGATION**

**POLICY 2.5**

**POLICY TITLE: CEO REMUNERATION**

---

*Salary and benefits and others terms of employment for the CEO will be determined by contract.*

- 2.5.1 The governing body of JEA shall employ and fix the compensation of the CEO, who shall serve at the pleasure of JEA.
- 2.5.2 The entire working time of the CEO shall be devoted to the performance of the duties and office and the CEO shall have no outside employment or business.
- 2.5.3 The CEO shall be a graduate of an accredited college or university, and have at least 5 years of executive experience within the utilities industry.
- 2.5.4 The CEO shall have a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interest of JEA and will act in a manner consistent with the responsibilities of City Council's Article 21 and other policies, rules, and regulations established by JEA regarding the conduct of JEA employees.
- 2.5.5 The CEO's contract term, including any renewal term, shall not exceed five (5) years.
- 2.5.6 The amount of severance pay, if any, shall not exceed the amounts allowed under Florida law and shall not be permitted if the CEO is terminated for cause.
- 2.5.7 The contract shall not contain a mandatory consulting, separation and transition, or similar agreement that is triggered due to the CEO's termination under the contract.
- 2.5.8 JEA shall not be required to release, indemnify or hold harmless the CEO against any claims except as otherwise required by law.
- 2.5.9 JEA shall not be required to pay for or provide legal counsel to the CEO beyond the legal counsel required of the Office of General Counsel pursuant to the City Charter of Florida law.
- 2.5.10 The contract shall contain a provision that the CEO serves at the pleasure of the JEA members and may be terminated with or without cause.
- 2.5.11 All compensation terms shall be reasonable and customary and similar to other public utilities comparable to JEA when taking into account the size of JEA's territory area, employee size, and utility systems.
- 2.5.12 The contract must be reviewed and approved as to form and substance by the Office of General Counsel.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.0**

**POLICY TITLE: GENERAL EXECUTIVE OVERSIGHT AND ASSURANCES**

---

*The CEO shall oversee and ensure that organizational practices, activities, decisions, and circumstances are lawful, prudent, and not in violation of commonly accepted business and professional ethics and practices.*

- 3.0.1 **Treatment of Consumers:** With respect to interactions with consumers or those applying to be consumers, the CEO shall oversee and ensure conditions, procedures, and decisions that are safe, timely, dignified, and not unnecessarily intrusive.
- 3.0.2 **Treatment of Staff:** With respect to the treatment of staff, the CEO shall oversee and ensure conditions that are fair, safe, dignified, organized, and clear.
- 3.0.3 **Financial Planning/Budgeting:** The CEO shall oversee and ensure financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's MOEs priorities, risk financial jeopardy, and will be derived from a multiyear plan.
- 3.0.4 **Financial Condition and Activities:** With respect to the actual, ongoing financial conditions and activities, the CEO shall oversee and ensure actual expenditures that will not result in financial jeopardy or materially deviate from Board priorities established in MOEs policies.
- 3.0.5 **Workforce Readiness and Succession Planning:** The CEO shall oversee and ensure a workforce that is prepared to meet current or future business demands.
- 3.0.6 **Asset Protection:** The CEO shall oversee and ensure corporate assets are protected, adequately maintained and not unnecessarily risked.
- 3.0.7 **Compensation and Benefits:** With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO shall oversee and ensure no impairments to financial integrity or to public image.
- 3.0.8 **Communication and Support to Board:** The CEO shall oversee and ensure that the Board is informed and supported in its work.
- 3.0.9 **Regulatory/Legislative Requirements:** The CEO shall oversee and ensure regulatory and legislative actions that are favorable to the organization.
- 3.0.10 **Enterprise Risk Management:** The CEO shall oversee and ensure conditions, procedures and decisions that will identify, measure, monitor and manage, within established risk tolerances, potential events that may affect achievement of the MOEs.
- 3.0.11 **Procurement Activities:** The CEO shall oversee and ensure the development of procurement policies and procedures that adhere to all applicable federal, state and local laws and ordinances and provide for increased public confidence in the procurement activities of JEA.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.1**

**POLICY TITLE: *TREATMENT OF CONSUMERS***

---

*With respect to interactions with consumers or those applying to be consumers, the CEO shall oversee and ensure conditions, procedures, or decisions that are safe, timely, dignified, and not unnecessarily intrusive.*

Accordingly, the CEO will:

- 3.1.1 Elicit information for which there is a clear necessity.
- 3.1.2 Use methods of collecting, reviewing, transmitting, or storing client information that will protect against improper access.
- 3.1.3 Operate facilities with appropriate accessibility and privacy.
- 3.1.4 Articulate to consumers a clear understanding of what they can expect from services offered.
- 3.1.5 Operate with clearly established and updated Customer Service procedures and published rules and regulations for service.
- 3.1.6 Operate with mechanisms for collecting consumer complaints that provide for resolution at the lowest staff level and also include prompt response when warranted.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.2**

**POLICY TITLE: *TREATMENT OF STAFF***

---

*With respect to the treatment of paid and volunteer staff, the CEO shall oversee and ensure conditions that are fair, safe, dignified, organized, and clear.*

Accordingly, the CEO will:

- 3.2.1 Operate with written personnel rules and regulations that:
  - a. clarify rules for staff
  - b. provide for effective handling of grievances
  - c. protect against wrongful conditions such as nepotism and grossly preferential treatment for personal reasons.
  - d. allow for volunteerism in the community
  - e. require high ethical standards
  - f. recognize the need for work/life balance
- 3.2.2 Operate with written job descriptions and performance requirements and reviews that
  - a. characterize the nature of work to be performed
  - b. identify technical, behavioral and physical skills required
  - c. identify clear standards of responsibilities, accountability and associated authorities.
- 3.2.3 Provide a safe work environment.
- 3.2.4 Identify and provide training necessary to accomplish the quality of work expected.
- 3.2.5 Not allow discrimination or retaliation against any staff member for non-disruptive expression of dissent.
- 3.2.6 Acquaint staff with the CEO's interpretation of their protections under this policy.
- 3.2.7 Allow staff to be prepared to deal with emergency situations.
- 3.2.8 Insure that the company's Core Values are routinely communicated and reinforced to all employees.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.3**

**POLICY TITLE: *FINANCIAL PLANNING/BUDGETING***

---

*The CEO shall oversee and ensure financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's MOEs priorities, risk financial jeopardy, and will be derived from a multiyear plan.*

Accordingly, the CEO will:

- 3.3.1 Prevent the risk of incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities (refer to Policy 3.4)."
- 3.3.2 Include credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning and budgeting assumptions.
- 3.3.3 Identify the source for capital expenditures (e.g. internally generated cash, new debt, carry over funds from previous fiscal year).
- 3.3.4 Adhere to approved tariff rates and fees.
- 3.3.5 Set and follow an annual budgeting process that results in a final budget submittal to City Council by July 1 proceeding the budgeted fiscal year.
- 3.3.6 Not provide less for Board prerogatives during the year than is set forth in the "Cost of Governance" policy (refer to Policy 1.12).

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.4**

**POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES***

---

*With respect to the actual, ongoing financial conditions and activities, the CEO shall oversee and ensure actual expenditures that will not result in financial jeopardy or materially deviate from Board priorities established in MOEs policies.*

Accordingly, the CEO will:

- 3.4.1 Operate within the budget established for the fiscal year.
- 3.4.2 Not make budget transfers in excess of \$5,000,000 without Board approval.
- 3.4.3 Inform the Board in monitoring reports when reserves are required to meet current expenditures.
- 3.4.4 Maintain financial and accounting separation between electric, water and wastewater, and District Energy funds as required by regulatory agencies and bond covenants.
- 3.4.5 Operate within established financial parameters and will engage the Board when established parameters are considered inadequate to affect a desired bond rating.

Current financial parameters:

- a. Debt Service Coverage
  - b. Fixed Charge coverage
  - c. Cash on Hand
  - d. Working Capital
  - e. Line of Credit
  - f. Fuel Rate Reserve
- 3.4.6 Not operate in violation of JEA's Debt Management Policies.
  - 3.4.7 Settle payroll and debts in a timely manner.
  - 3.4.8 Ensure tax payments or other government-ordered payments or filings are not overdue or inaccurately filed.
  - 3.4.9 Establish reasonable security measures to protect against loss of receivables.
  - 3.4.10 Aggressively pursue receivables after a reasonable grace period.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.5                      POLICY TITLE: *WORKFORCE READINESS AND SUCCESSION PLANNING***

---

*The CEO shall oversee and ensure a workforce that is prepared to meet current or future business demands.*

Accordingly, the CEO will:

- 3.5.1    Ensure that no fewer than two other executives are sufficiently familiar with Board and CEO issues and processes, which will enable either to take over with reasonable proficiency as an interim successor to protect the Board from sudden loss of CEO services.
- 3.5.2    Prepare for long-term CEO succession.
- 3.5.3    Prepare for Executive Team succession.
- 3.5.4    Operate with strategic and tactical plans to have and maintain the right people, in the right place, with the right talent, skills and knowledge.
- 3.5.5    Develop a workforce that recognizes the value of cultural diversity in internal operations and in serving customers.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.6**

**POLICY TITLE: ASSET PROTECTION**

---

*The CEO shall oversee and ensure that corporate assets are protected, adequately maintained, and not unnecessarily risked.*

Accordingly, the CEO will:

- 3.6.1 Insure adequately against theft and casualty and against liability and losses to Board members, staff, and the organization itself.
- 3.6.2 Not allow personnel who are not bonded to have access to material amounts of funds.
- 3.6.3 Not subject facilities and equipment to improper wear and tear or insufficient maintenance.
- 3.6.4 Not unnecessarily expose the organization, the Board, or its staff to claims of liability.
- 3.6.5 Operate with written claims policies that address fair treatment of claimants, legal liability, ratepayer costs and sound business practices.
- 3.6.6 Protect corporate assets including, but not limited to, property rights, corporate image, physical assets, intangible assets, intellectual property, information, and files from loss or significant damage.
- 3.6.7 Receive, process, or disburse funds with sufficient controls.
- 3.6.8 Invest funds that are not in violation of JEA's Investment Policies.
- 3.6.9 Ensure that all employees and outsourced contract service providers understand their responsibility to comply with all applicable laws and regulations and JEA's Code of Ethics.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.7**

**POLICY TITLE: *COMPENSATION AND BENEFITS***

---

*With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO shall oversee and ensure no impairments to financial integrity or to public image.*

Accordingly, the CEO will:

- 3.7.1 Not change the CEO's own compensation and benefits, except as those benefits are consistent with a package for other appointed employees.
- 3.7.2 Not promise or imply unconditional permanent or guaranteed employment.
- 3.7.3 Promote a compensation philosophy that is complementary to JEA's compensation philosophy of providing a total rewards package that encompasses salary/wages, retirement benefits, incentives, and health and welfare benefits. Salary/wages will meet the market (50th percentile), which is where the majority of companies in the geographic area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceed expectations which are typically rewarded at the 75th percentile. Internal equity will be achieved by evaluating differences in skill, effort, responsibility, and working conditions among jobs.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.8**

**POLICY TITLE: *COMMUNICATION AND SUPPORT TO BOARD***

---

*The CEO shall oversee and ensure that the Board is informed and supported in its work.*

Accordingly, the CEO will ensure:

- 3.8.1 Submission of monitoring data required by the Board in Board-Management Delegation policy "Monitoring CEO Performance" in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy "Delegation to the CEO," as well as relevant data (refer to Policy 2.4).
- 3.8.2 The Board is aware of any actual or anticipated noncompliance with any MOEs or Executive Mandates policy of the Board regardless of the Board's monitoring schedule.
- 3.8.3 The Board receives decision information required periodically by the Board and keeps the Board aware of relevant trends.
- 3.8.4 The Board is aware of any significant incidental information it requires, including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes.
- 3.8.5 The Board is aware that, in the CEO's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the CEO (refer to Policy 2.0).
- 3.8.6 Information is not in an unnecessarily complex or lengthy form, or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
- 3.8.7 The Board is provided a workable mechanism for official Board, officer, or committee communications.
- 3.8.8 Dealings with the Board do not favor or privilege certain Board members over others, except when (a) fulfilling individual requests for information; or (b) responding to officers or committees duly charged by the Board.
- 3.8.9 Submission to the Board of a consent agenda containing items delegated to the CEO yet required by law, regulation, or contract to be Board-approved, along with applicable monitoring information.
- 3.8.10 Providing a process to retain relevant background information on previous Board policy decisions.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.9**

**POLICY TITLE: *REGULATORY/LEGISLATIVE REQUIREMENTS***

---

*The CEO shall oversee and ensure regulatory and legislative actions that are favorable to the organization.*

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.10**

**POLICY TITLE: *ENTERPRISE RISK MANAGEMENT***

---

*The CEO shall oversee and ensure conditions, procedures and decisions that will identify, measure, monitor and manage within established risk tolerances, potential events that may affect achievement of the MOEs.*

Accordingly, the CEO will:

- 3.10.1 Establish and maintain a written Enterprise Risk Management (ERM) Plan and an ERM program that includes management-level policies, procedures and process controls to help ensure that the enterprise-wide business risk exposures are properly identified, managed and, when appropriate, reported to the Board.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.11**

**POLICY TITLE: *PROCUREMENT ACTIVITIES***

---

*The CEO shall oversee and ensure the development of procurement policies and procedures in accordance with applicable federal, state and local laws and ordinances, and that provide for increased public confidence in the procurement activities of JEA.*

Accordingly, the CEO will:

- 3.11.1 Develop and disseminate simple, clear and up-to-date rules for all procurement.
- 3.11.2 Ensure the fair and equitable treatment of all persons who deal with the JEA procurement system.
- 3.11.3 Provide increased economy in all procurement activities and to maximize to the fullest extent practicable the purchasing value of JEA funds.
- 3.11.4 Foster effective, broad-based competition within the free enterprise system.
- 3.11.5 Provide safeguards for the maintenance of the procurement system, quality and integrity.
- 3.11.6 Provide a clear and timely administrative remedy process to all those aggrieved during any phase of the procurement process.
- 3.11.7 Provide effective access for Small and Emerging Local Businesses.

---

**POLICY TYPE: EXECUTIVE MANDATES**

**POLICY 3.12**

**POLICY TITLE: ECONOMIC DEVELOPMENT**

---

*The CEO will develop and implement an Economic Development Policy intended to promote, encourage and facilitate the development of responsible and properly planned initiatives within our service area in order to help expand and strengthen the local economy.*

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.0**

**POLICY TITLE: *MOEs***

---

*JEA exists to provide clean, safe, reliable, and reasonably priced electric, water and sewer services to the citizens of Jacksonville and portions of surrounding counties while remaining environmentally sound and financially strong while providing revenue for the City of Jacksonville.*

- 4.0.1 **Quality of Electric Service:** Provide clean, safe and reliable electric service to all prescribed consumers.
- 4.0.2 **Quality of Water Service:** Provide clean, safe and reliable water service to all prescribed consumers.
- 4.0.3 **Quality of Sewer Services:** Provide clean, safe and reliable sewer services to all prescribed consumers.
- 4.0.4 **Cost of Service:** Provide all utility services at a reasonable and accurate cost.
- 4.0.5 **Environmentally Sound:** Provide all utility services in a manner that is environmentally sound and sustainable.
- 4.0.6 **Informative Communication:** Effectively communicate with consumers and other stakeholders.
- 4.0.7 **Safety Standards:** Compliance is measured using OSHA's Recordable Incident Rate (RIR) calculation. JEA aspires to zero incidents, but also establishes an annual RIR target below average industry rates. Related preventive controls are validated by timely safety checks and closing of work orders.
- 4.0.8 **Financial Integrity:** Sections V and VI of the JEA Pricing Policy require ensuring the financial integrity of the Electric and Water/Sewer Systems respectively by establishing minimum annual total debt service coverage ratios and days of liquidity, maximum debt to asset ratios, and the maintenance of stabilization funds. Achieving these fiscal targets will help attain AA-level credit ratings.

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.1**

**POLICY TITLE: *QUALITY OF ELECTRIC SERVICE***

---

*Provide clean, safe and reliable electric service to all prescribed consumers.*

Accordingly,

- 4.1.1 Annually update an Electric Integrated Resource Supply Plan (IRP) to ensure consumers' future electricity supply needs are met at the lowest evaluated total lifecycle cost while maintaining fuel diversity.
- 4.1.2 Minimize the frequency of electric distribution system outages and report status through the System Average Interruption Frequency Index (SAIFI).
- 4.1.3 Minimize the frequency of electric distribution system voltage sags and report status through the System Average Root Mean Square Frequency Index (SARFI-80).
- 4.1.4 Minimize the duration of electric distribution system outages and report status through the System Average Interruption Duration Index (SAIDI).
- 4.1.5 Focus on reducing individual customer outages and report status through the customers experiencing more than five interruptions (CEMI-5).

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.2**

**POLICY TITLE: QUALITY OF WATER SERVICE**

---

*Provide clean, safe and reliable water service to all prescribed consumers.*

Accordingly,

- 4.2.1 Annually update an Integrated Water Resource Plan (IWRP) to ensure consumers' future water supply needs are met at the lowest evaluated cost while also ensuring water resources are available for future generations. This includes a thorough evaluation of water supply alternatives.
- 4.2.2 Minimize the duration of water distribution system low pressure events and report status of the number of cumulative minutes water pressure drops below 30 pounds per square inch (psi) for all existing water distribution system pressure monitoring points.
- 4.2.3 Conduct water testing in accordance with the standards of the Florida Department of Environmental Protection (FDEP) and the Environmental Protection Agency (EPA) and report testing results to all water consumers and stakeholders.
- 4.2.4 Ensure compliance with JEA's Consumption Use Permit (CUP).

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.3**

**POLICY TITLE: QUALITY OF SEWER SERVICE**

---

*Provide clean, safe and reliable sewer service to all prescribed consumers.*

Accordingly,

- 4.3.1 Minimize the frequency of sewer back-ups and overflows and report status by:
  - a. the number of Sanitary Sewer Overflows (SSO's) per 100 miles of existing sewer pipe.
  - b. the total number of sewer system cave-ins.
- 4.3.2 Limit the total amount of nutrients discharged into the St. John's River from all wastewater treatment facilities.
  - a. Reduce the total nutrient discharge into the St. John's River to meet JEA's Florida Department of Environmental Protection (FDEP) Total Maximum Daily Load (TMDL) allocation.
  - b. Increase the production and distribution of reclaimed water.

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.4**

**POLICY TITLE: *COST OF SERVICE***

---

*Provide all utility services at a reasonable and accurate cost.*

Accordingly,

- 4.4.1 All utility services are to be reasonably priced.
  - a. Pricing for all utility services is to be frequently benchmarked against other state and regional utilities to demonstrate competitiveness.
  - b. Pricing for each utility service for all classes of consumers is to be based on the cost to serve each consumer class. Cost of service studies are to be conducted in no more than five year intervals.
- 4.4.2 Minimize the number of consumer bills that are inaccurate, are estimated due to the lack of a current meter reading, or are untimely. The expectation is 99.9% accurate and timely.

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.5**

**POLICY TITLE: ENVIRONMENTALLY SOUND**

---

*Provide all utility services in a manner that is environmentally sound and sustainable.*

Accordingly,

- 4.5.1 The CEO is expected to comply with all existing environmental regulations that apply.
- 4.5.2 Conservation: Pursue all options to communicate and incentivize customer conservation and efficiency while avoiding excessive customer cost.
  - a. Electric System: Maintain the electric conservation fund by collecting an additional one cent per kwh for every kwh over 2750 on monthly residential consumption and by allocating 50 cents per mwh of base rate revenues (a total of approximately 0.5% of electric gross revenues.) The funds are to be spent for customer conservation initiatives and incentives only.
- 4.5.3 Renewable Energy Supply: Explore all options for renewable electric energy supply while avoiding excessive customer cost since a state or federal Renewable Electricity Standard (RES) is yet to be established and the timing for setting a standard remains uncertain.
- 4.5.4 Incorporate in generation planning and other utility operations strategies and actions to reduce greenhouse gases.

---

**POLICY TYPE: MEASURES OF EFFECTIVENESS (MOEs)**

**POLICY 4.6**

**POLICY TITLE: INFORMATIVE COMMUNICATION**

---

*Effectively communicate with consumers and other stakeholders.*

Accordingly,

- 4.6.1 To enable and encourage public dialogue on electric, water, and sewer issues at the local, state and national levels.
- 4.6.2 To inform consumers of potential or pending charges being considered for utility services or charges.
- 4.6.3 To inform consumers of the potential financial and consumption impact of conservation incentives and other activities under consideration.
- 4.6.4 Maintain top quartile JD Power ratings for all customer and communication categories.

---

## APPENDIX

---

- A1 Executive Core Competencies
- A2 JEA Charter (Article 21 City of Jacksonville Ordinance Code)
- A3 JEA Board Evaluation Criteria

## **A1 - EXECUTIVE CORE COMPETENCIES**

### **Models Integrity**

- Demonstrates high ethical and moral standards and models important values for others to follow.
- Behaves and expresses oneself in an open and honest manner; is consistent in word and deed
- Represents information accurately and completely
- Assumes responsibility and accountability for own behavior; admits to mistakes

### **Makes Quality Decisions**

- Prioritizes decisions and initiatives in ways that ensures the highest value for the organization
- Makes high-quality strategic decisions for the organization even when the consequences may be controversial
- Seeks the input of others to ensure that decisions made will be best for the organization and will minimize conflict with other initiatives
- Takes appropriate risks that weighs the positive and negative impact of each decision on the organization

### **Takes Initiative**

- Reacts quickly to address problems that threaten organizational objectives
- Seeks out opportunities to extend or expand upon the organization's position in the market place
- Is passionate, highly engaged and highly energetic
- Forward looking; anticipates potential issues and mitigation measures.

### **Communicates Effectively**

- Listens actively to ensure understanding of each person's point of view
- Clearly articulates (through speech or in writing) own knowledge and ideas so they are easily understood and applied to others
- Addresses difficult problems and perceptions that, if left untreated, could undermine the success of the organization
- Ensures regular, consistent, and meaningful communication throughout the organization

### **Drives Results**

- Seeks to achieve improved or even unprecedented results and demonstrates personal accountability for outcomes
- Creates a positive environment in which results flow from a desire to achieve
- Sets strategic goals and measurable performance expectations for defining success
- Demonstrates ownership for performance of entire organization, and holds self and organization accountable for decisions and results
- Takes appropriate action when a mistake is made (analyze what went wrong and preventative measures to preclude repeated the same mistake.

## **A1- EXECUTIVE CORE COMPETENCIES**

### **Focuses on the Customer**

- Places high priority on identifying and meeting customer needs
- Ensures that customers understand and receive the fullest value possible from the products and services of the organization
- Utilizes follow-up procedures to ensure consistency and determine where improvements can be made to maintain high customer satisfaction

### **Fosters Teamwork**

- Shares relevant expertise and knowledge to ensure team members have adequate information to make decisions and achieve objectives
- Contributes to inclusive culture by valuing others' viewpoints, encouraging others to share ideas, and treating others in an accepting, respectful manner
- Recognizes and capitalizes on the strengths of others to accomplish organizational objectives
- Directly confronts behaviors that undermine team effectiveness
- Exemplifies selfless service.
- Ensures the entire JEA team knows "why" JEA exists, and not just "what" JEA does and how it executes its mission.

### **Manages and Supports Change**

- Effectively copes with changing environments, tasks and responsibilities
- Encourages others to embrace change and use it as an opportunity to be creative and improve performance
- Ensures that change initiatives are aligned with strategic initiatives, values, and mission of the organization
- Leverages resources to promote and sustain change efforts

### **Visionary Strategist**

- Develops the strategies and actions needed to make JEA the best in class for public utilities in the U.S.
- Communicates the organization's vision in a way that is meaningful and actionable for employees
- Collaborates with Executive Team and Board of Directors to determine vision and strategy, and ensures support throughout the organization
- Reviews the planning, organization, and direction of initiatives to ensure support of the mission statement and values
- Accurately anticipates the implications of events or decisions for various stakeholders in the organization and plans strategy accordingly

### **Manages Performance**

- Motivates others to achieve results by getting buy in on JEA's mission and establishing an environment where everyone can make a positive impact.

- 
- Provides the team with constructive feedback, guidance, and coaching for improving performance

## **A1- EXECUTIVE CORE COMPETENCIES**

- Sets clear performance expectations and standards, regularly monitors performance, and provides accurate and timely feedback

### **Delegates to Others**

- Does not micromanage the staff; allows those with responsibilities to do their job. Provides others with the resources, authority, and support to complete delegated tasks successfully
- Develops employees for assuming additional responsibilities; anticipates talent gaps and accelerates development plans to fill gaps

### **Maintains Positive Public Relations**

- Seeks and builds relationships with external constituencies (e.g., elected officials, government agencies, other utility leaders, trustees, investment bankers) to strengthen the organization's impact and reputation in the community
- Represents JEA with credibility and transparency to the media.
- Ensures all communications are honest and candid, and resolves discrepancies expeditiously.

### **Actively Supports Board of Directors**

- Keeps Board of Directors informed on progress towards implementing strategic initiatives and other important information
- Updates the Board on large-scale progress of the organization towards its objectives
- Shows an appreciation for the unique role of a Board member and treats all Board members equally.
- Educates the Board on the strategies and priorities that balance the needs of customers with operational needs
- Keeps Board members informed on important issues – “no surprises”
- Provide Board members preparatory materials at least seven (7) days prior to meetings so members can properly digest.

### **Leads Others Effectively**

- Is a servant-leader who puts the team's welfare above their own?
- Builds trusting, collaborative relationships across organizational boundaries to achieve goals
- Leads with integrity and values, and a focus at all times on the mission of the organization
- Challenges and motivates others in a way that is inclusive, tactful, empowering, and inspires superior performance
- Assumes full ownership and accountability for own performance
- Not afraid to make the tough calls.

### **Leverages Industry Acumen**

- Monitors and analyzes financial data and key cost drivers) to evaluate options and make decisions
- Understands overall financial and operational performance of JEA in order to effectively position it in the marketplace

## **A1- EXECUTIVE CORE COMPETENCIES**

- Follows appropriate legal and fiduciary requirements when reconciling and reporting financial transactions
- Grows continuously in business knowledge and experience
- Identifies metrics and other documentation to help board members responsibly monitor JEAs performance.

### **Plans for the Future**

- Develops a proposed long term strategic plan based on the interests of all stakeholders and priorities of the board.
- Identifies and balances risks and benefits when developing plans
- Identifies need for and ensures contingency plans are developed
- Aligns and allocates resources and time according to strategic priorities and company interests
- Develops a CEO succession plan that results in qualified personnel to step up and successfully perform the duties of the CEO on short notice.

### **Embraces Diversity**

- Promotes the active recruiting of diverse individuals
- Does not tolerate any form of discrimination (gender, ethnic, religious, sexual orientation, etc.).Demonstrates visible support for programs that remove barriers (e.g., stereotypes) between diverse individuals and affords all personnel consideration for upward mobility opportunities.
- Actively monitors organization to ensure equality and fairness for all members; objectively allocates compensation, rewards, and opportunities
- Promotes an inclusive culture where different viewpoints are valued and encouraged

### **Negotiates Collaboratively**

- Strives to understand each party's position by asking in-depth questions and probing for specific needs and issues
- Discloses appropriate and important information to establish openness and trust
- Keeps arguments or disputes issue-oriented rather than personal
- Maintains flexibility in negotiating style, adapting style to the specific needs of a given situation

---

## **A1 - Executive Core Competencies**

### **CEO Evaluation Criteria**

1. CEO maintains safety as a top priority and executes an effective risk mitigation plan.
2. KPAs and associated KPIs as per Policy Category IV MOEs.
3. CEO ensures read-ahead materials are distributed to board members in a timely manner before all meetings to facilitate board meeting preparedness (7 days).
4. CEO complies with all applicable legal & fiduciary responsibilities.
5. CEO establishes a positive environment where diversity is embraced, and the workforce is proud to be a member of JEA, knows their mission, and trusts the CEO and his senior leadership team.
6. CEO maintains a candid dialogue with the board and is completely transparent on all issues associated with JEA.
7. CEO has a viable succession plan.
8. CEO keeps JEA on the right strategic path based on the most current strategic plan.
9. CEO maintains 100% compliance with respect to Article 21 applicable provisions.
10. Complies with executive core competencies (as per app 1).

---

## A2 – JEA Charter (Article 21)

### ARTICLE 21. JEA

#### Section 21.01. JEA created and continued; audits.

- (a) *Creation.* There is hereby created and established a body politic and corporate to be known as JEA, which is authorized to own, manage and operate for the benefit of the City of Jacksonville the utilities systems within and without the City of Jacksonville. JEA is created for the express purpose of acquiring, constructing, operating, financing and otherwise having plenary authority with respect to electric, water, sewer, natural gas and such other utility system as may be under its control now or in the future. The utilities systems may be owned, operated or managed by JEA for the benefit of the City of Jacksonville separately or in such combined or consolidated manner as JEA may determine and JEA may use such name or names in the conduct of its business in connection therewith as it may determine. It is the specific purpose of this Article to repose in JEA all powers with respect to electric, water, sewer, natural gas and such other utility system which are now, in the future could be, or could have been but for this Article, exercised by the City of Jacksonville. JEA created and established by this Article is the same Jacksonville Electric Authority previously created and established by Chapter 67-1569, Laws of Florida, as amended, (including as added to Chapter 67-1320, Laws of Florida by Chapter 78-538, Laws of Florida and, as amended and readopted by Chapters 80-515, and 92-341, Laws of Florida) and, except as otherwise provided or authorized by this Article, JEA shall continue to function under this Article the same as it previously functioned under Chapter 67-1569, Laws of Florida, as amended (including as added to Chapter 67-1320, Laws of Florida by Chapter 78-538, Laws of Florida and, as amended and readopted by Chapters 80-515 and 92-341, Laws of Florida).

- (b) *Audits.* JEA shall be subject to the council auditor's authority set forth in Section 5.10 of the Charter.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2020-419-E, § 2)

#### Section 21.02. Definitions.

In the interpretation of this Article, unless the context otherwise requires:

- (a) The term "utilities systems" means the electric utility system and the water and sewer utility system now operated by JEA which shall include, except where inconsistent with Chapter 80-513, Laws of Florida, as amended, or where the context otherwise requires, any "system" or "project" authorized pursuant to the provisions of Chapter 80-513, Laws of Florida, as amended and any natural gas utility system to be operated in the future by JEA together with any other additional utility system as may be hereafter designated as a part of the utilities systems operated by JEA as provided in Section 21.04(v) herein.
- (b) The term "member" means an individual confirmed by the council to serve on the governing body of JEA pursuant to this Article.
- (c) The term "managing director" means the chief executive officer of JEA.
- (d) The term "utility system" shall mean any separate utility system operated by JEA such as its electric utility system, its water utility system, its wastewater utility system, its natural gas utility system or any other additional utility system as may be hereafter designated as a part of the utilities systems operated by JEA as provided in Section 21.04(v) herein.
- (e) The terms "sewer utility system" and "wastewater utility system" shall each have the same meaning as the other and these terms shall be interpreted as meaning the same.

(f) The term "district energy system" or "DES" shall mean a system of centrally located chillers designed to provide chilled or heated water via pipes for the purposes of providing heating and cooling within a designated area.

(g) The term "governing body of JEA" means the governing body of JEA consisting of seven members.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2015-764-E, § 2; Ord. 2020-419-E, § 2)

### **Section 21.03. Composition; compensation; officers; meetings.**

- (a) *Composition; qualifications; removal.* The governing body of JEA shall consist of seven members, each of whom shall serve for a term of four years or until such member's successor has been appointed and has qualified. Four members shall be nominated by the council president and confirmed by the council, and three members shall be appointed by the mayor and shall be confirmed by the council. With regard to one member appointed by council through open application, the council president shall nominate an applicant who has one of the following qualifications: was a former JEA employee, or person recommended by an employee, union or group of current or former JEA employees. To the extent feasible and regarding member appointments generally, individuals who have demonstrated corporate, executive or administrative experience working in public or private organizations, including, but not limited to, non-profit and government organizations, are preferred, but not required, to serve on the governing body of JEA. Each member shall have been a resident and elector of the city for at least six consecutive months prior to such member's appointment. No member shall hold any other public office or position. If at any time during a member's tenure on the governing body of JEA, such member shall cease to possess the qualifications required for membership on the governing body of JEA, such member shall cease to be a member and a vacancy shall exist on JEA. Any vacancy on the governing body of JEA, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and shall retain all the qualifications prescribed for membership on JEA. Any member appointed to the governing body of JEA for two consecutive full terms shall not be eligible for the succeeding term. The members appointed by the mayor may be removed by the mayor at any time with or without cause, but a removal must be approved by a two-thirds vote of the council. The members appointed by the council may be removed by the council at any time with or without cause, but a removal must be approved by a two-thirds vote of the council.
- (b) *Compensation; applicable laws.* Members shall not be entitled to pension or other retirement benefits on account of service on the governing body of JEA, but members shall be entitled to payment or reimbursement for reasonable expenses incurred (e.g., travel expenses) as prescribed by the council by ordinance. Members shall be subject to the provisions of F.S. § 286.012, as amended, relating to voting at meetings of JEA, and the provisions of F.S. §§ 112.311 through 112.3175, as amended, relating to financial disclosure and conflicts of interest. Additionally, Members shall be subject to all other relevant and applicable laws and ordinances, including but not limited to, F.S. Ch. 286 (Public Business: Miscellaneous Provisions), as amended; F.S. Ch. 112, Part III (Code of Ethics for Public Officers and Employees), as amended; and F.S. Ch. 119 (Public Records), as amended, and Chapter 602 (Jacksonville Code of Ethics), Ordinance Code of the City of Jacksonville, as amended.
- (c) *Officers; meetings; quorum; governing documents.* The governing body of JEA shall elect a chairperson, vice-chairperson and secretary of JEA and may elect one or more assistant secretaries of JEA, each of whom shall serve for one year or until such officer's successor is chosen. JEA may meet at such times and places designated by the governing body of JEA and shall hold regular meetings as necessary. Generally, JEA shall meet once a month, but in no event less than eight (8) times a year. Special meetings may be held upon the call of the chairperson or any three (3) members. JEA meetings shall be subject to F.S. § 286.011 (Florida Open Meetings Laws), as amended. A majority of the membership shall constitute a quorum for the purpose

- 
- of meeting and transacting business. Each member shall have one vote. The governing body of JEA shall adopt governing documents, including, but not limited to, bylaws, a board policy manual, and such other rules and regulations not inconsistent with this Article, the charter or general law. Unless otherwise provided herein, the governing body of JEA shall annually review and update its governing documents. JEA's bylaws, board policy manual, and other governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view.
- (d) *Office-holding; oath.* JEA membership shall be considered an office and limited by the office holding provisions as provided for under the Florida Constitution. No member shall be eligible to serve as a member while holding another office or being an employee of JEA. Members shall be required to take an oath of office consistent with the oath of office taken by other public officials serving on city boards and commissions.
- (e) *Transparency in meetings.* JEA should hold its meetings in the most open and transparent manner practicable for the benefit of the public and citizens of the City of Jacksonville. JEA shall adopt procedural rules regarding the publication of meeting agendas, meeting materials, meeting minutes, and public participation during all meetings, including regular, special and committee meetings, where action by the governing body of JEA or committee is contemplated. To the greatest extent feasible, JEA is encouraged to adhere to best practices and recommendations regarding openness and transparency contained in the latest published edition of Florida's Government-In-the Sunshine Law Manual prepared by the Office of the Attorney General. At a minimum, such procedural rules should require JEA to (i) publish an agenda and any meeting materials for its regular, special and committee meetings in a conspicuous manner on JEA's official website; (ii) promptly post meeting minutes generally within 72 hours after each meeting; and (iii) provide the timeframe for when an agenda and any meeting materials must be made available to the public in advance of such meetings. Such procedural rules should also require JEA to deliver copies of its meeting agendas, including regular, special and committee meeting agendas, and any meeting materials related thereto, to the council auditor in substantially the same timeframe and content as provided to members. Nothing in this subsection shall prohibit JEA from amending previously published meeting agendas and meeting materials in accordance with its bylaws, board policy manual, or other applicable governing documents.
- (Ord. No. 2020-100-E , § 2 (Referendum of November 3, 2020); Ord. 2020-419-E , §§ 1, 2)

Editor's note(s)—Ord. 2020-419-E Editor's note(s)—, §§ 1 and 2, amended the Charter by repealing former § 21.03Editor's note(s)— in its entirety and adding a new § 21.03Editor's note(s)—. Former § 21.03Editor's note(s)— pertained to similar subject matter, and derived from Laws of Fla., Ch. 75-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 83-693-582, § 1; Ord. 84-1307-754, § 25Editor's note(s)—; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 98-253-E, § 1; and Ord. 2016-764-E Editor's note(s)—, § 2. Amendments made by Ord. 2020-100-E Editor's note(s)—, § 2, were retained and incorporated into Ord. 2020-419-E Editor's note(s)—.

#### **Section 21.04. Powers.**

JEA shall have the following powers, in addition to powers otherwise conferred:

- (a) To construct, own, acquire, establish, improve, extend, enlarge, reconstruct, reequip, maintain, repair, finance, manage, operate, and promote the utilities systems.
- (b) To acquire for the use of the utilities systems by grant, purchase, gift, devise, condemnation by eminent domain proceedings, exchange, lease or in any other manner, all property, real or personal, or any estate or interest therein, including without limitation, property used:
  - (1) In connection with the generation, transmission and distribution of electric power and energy;

- 
- (2) In connection with the collection, storage, treatment, processing, disposal, transmission and distribution of water and wastewater including, but not limited to, raw water, potable water, non-potable water, chilled water and reused water; however, JEA shall have no power or authority for the function of stormwater runoff and drainage management;
  - (3) In connection with the production, procurement, extraction, manufacture, transmission, transportation, distribution, and storage of natural gas; and
  - (4) In connection with the production of steam, the mining, extraction, development, production, manufacture, procurement, transportation, handling, storage, processing or reprocessing of fuel of any kind, to likewise acquire any facility or rights with respect to the supply of water, any rights with respect to minerals, including but not limited to coal, petroleum coke, natural gas and oil and bio-mass facilities for the processing of by-products derived from the operation of the utilities systems, solid waste disposal and environmental protection facilities, communication and computer facilities, and any other property, equipment, facilities or property rights whatsoever determined by JEA to be necessary or convenient in connection with the operation, promotion, financing, construction, management, improvement, extension, enlargement, reconstruction, re-equipment, maintenance, repair, decommissioning or disposal of the utilities systems or any part thereof, and to sell, lease or otherwise transfer, with or without consideration, any such property when in JEA's discretion it is no longer needed or useful, or such sale, lease or transfer otherwise is in the best interest of JEA, all upon such terms and conditions as JEA shall by resolution fix and determine.

The right of eminent domain conferred herein shall be exercised by JEA in the manner provided by law. If JEA leases any real property to another agency, firm, corporation, entity, or individual, it shall cause a memorandum of said lease to be recorded in the official records with the clerk of the circuit court where the property is located. For any real property that exceeds either an assessed value or just market value of \$50,000 as determined by the property appraiser of the county where the real property is located, JEA shall not sell such real property for less than the appraised value as certified by an MAI certified appraiser, unless approved by the council.

Regarding any real property interests acquired or disposed of by JEA pursuant to this subsection, the governing body of JEA shall approve real estate rules and procedures and any amendments thereto governing the reporting, acquisition, sale, purchase, lease, license, transfer, and disposition of real property. Such real estate rules and procedures shall not be inconsistent with this Article, including, but not limited to, the express prohibitions set forth in Section 21.11 herein. The governing body of JEA shall review its real estate rules and procedures no less than biennially. The governing body of JEA shall not delegate its approval authority of such real estate rules and procedures, including any amendments thereto, to the managing director or any other officer, employee or agent of JEA. JEA shall post such real estate rules and procedures, including any amendments thereto, on JEA's website in a conspicuous manner for the public to view.

- (c) To furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized herein to any person or entity, public or private, within or without the city and for said purposes shall have the right to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities in and along all public highways and streets within or without the city.
- (d) To sell power and energy, water, sanitary sewer service, natural gas and other utility services as authorized herein at wholesale and retail and/or to provide transmission or other services of any kind to any person or entity, public or private, within or without the State of Florida, directly by JEA, indirectly through other entities and jointly through associations with other utilities or entities engaged in these activities.

- 
- (e) To enter into contracts with any person or entity, public or private, deemed necessary or desirable by JEA in connection with carrying out its powers and duties, except as otherwise prohibited in this Article or the charter.
  - (f) To fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend same from time to time, which rates, assessments, fees and charges shall result in JEA receiving or possessing an amount which, together with accumulated balances from prior years available therefore is not less than is required to operate and maintain a self-liquidating or self-sustaining utilities system. When establishing or altering rates, assessments, fees or charges for retail service, JEA shall first give notice of and hold a public hearing in the City of Jacksonville. The notice shall be published not less than one (1) week in advance in at least one (1) newspaper of general circulation in the city. Said notice shall be at least one-fourth page in size, inviting the public to be present and heard. JEA shall have the power to impose sanctions to enforce compliance with any rule or regulation which JEA may adopt in the management and operation of, or the sale or use of any utility service provided by JEA from the utilities system including, without limitation, electricity, water, sewer and natural gas services. The city and other public bodies shall be required to pay for any utility services provided by JEA upon the same basis as other users.
  - (g) To sue and be sued, implead and be impleaded, complain and defend in all courts, to adopt and use a corporate seal, to apply for, hold and own patents and copyrights, to sell or license patents, copyrights, patented or copyrighted materials to other public or private entities. Prices or fees for such sales or licensing may be based upon market considerations. JEA may designate how proceeds from such sales or licensing shall be used. Prices or fees for the sale of copyrighted data processing software, as defined in F.S. § 119.011, shall be established pursuant to § 119.084, as amended.
  - (h) To make or cause to be made such surveys, investigations, studies, borings, maps, drawings and estimates of cost and revenues as it may deem necessary, and to prepare and adopt a comprehensive plan or plans for the location, relocation, construction, improvement, revision and development of the utilities system.
  - (i) (1) To issue revenue bonds or revenue certificates of JEA for the purpose of financing or refinancing the utilities system, including without limitation the financing of any one or more enlargements, expansions, developments, replacements, acquisitions or modernization of the utilities system, any expenses of the utilities system, any reserves deemed necessary or desirable by JEA and any other purpose not otherwise prohibited by law, and retiring any bond, note or revenue certificate issued under this Article, or any bond, note or revenue certificate issued by or on behalf of the city to finance the water and sewer utilities previously owned or operated by the city, and for any combination of one or more such purposes in any single issue of revenue bonds or revenue certificates. At the discretion of JEA, such bonds or revenue certificates may be issued for any one or more of the several utility systems of JEA (or any combination thereof).
  - (2) The bonds or revenue certificates of each issue shall be authorized by resolution of JEA, which resolution shall contain such provisions relating to the protection and security of the holders of the bonds or revenue certificates, including their rights and remedies, and the rights, powers, privileges, duties and obligations of JEA with respect to the same. Such resolution may also contain provisions providing for the pledge of all or any part of the revenues of the utilities system, to which may, at JEA's discretion, be limited to the revenues of one or more of the several utility systems, to secure the payment of the bonds or revenue certificates of any issue and may provide for the pledge of other funds and accounts of JEA. Such resolution also shall determine the timing and manner of sale, which may be public or private; maturities; rate or rates of interest, which may be fixed or may vary at such time or times as provided or in accordance with a specified formula or method of determination (subject to any legal limitations on interest, as established by F.S. § 215.84, or according to said Section as it may from time to

time be amended); and other terms and conditions of the bonds or revenue certificates, provided that JEA may delegate to the chairperson, managing director or other officer or employee of JEA designated by JEA the power to determine any such terms or conditions. However, the amounts and maturities of such bonds or revenue certificates and the interest rate or rates of such bonds or revenue certificates shall be within the limits prescribed by JEA and its resolution delegating to the chairperson, managing director or such other officer or employee of JEA the power to authorize the issuance and sale of such bonds or revenue certificates, and, in the case of the total aggregate amount of bonds or revenue certificates issued by JEA, within the limits prescribed by ordinance of the council. In case any officer whose signature or facsimile of whose signature shall appear on any bonds or revenue certificates shall cease to be such officer before the delivery of such bonds or revenue certificates, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. All bonds and revenue certificates issued under the provisions of this Article shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state. The issuance of such bonds and revenue certificates shall not be subject to any limitations or conditions contained in any other law.

- (3) Bonds or revenue certificates and refunding bonds or refunding revenue certificates issued pursuant to this Article if sold by bid shall be sold to the bidder whose bid produces the lowest true interest cost to JEA. JEA may restrict the bidders in any sale by pre-qualification or otherwise and may reserve the right to reject any or all bids. Prior to any sale by bid of bonds or revenue certificates JEA shall cause notice to be given in such manner and at such time as JEA shall determine. Said notice shall specify such matters relating to the bonds or revenue certificates offered for sale as JEA shall determine and shall state the manner in which bids shall be given. JEA may reserve the right to waive any informalities or irregularities if JEA determines that such actions are in its best interest. In no event shall said bonds or revenue certificates be sold at a net interest cost to JEA in excess of the legal limit, as established by F.S. § 215.84, or according to said Section as it may from time to time be amended.
- (4) In no event shall general obligation bonds be issued hereunder.
- (5) Bonds or revenue certificates may be issued by resolution of JEA, subject only to the approval by ordinance of the council of the aggregate principal amount of such bonds or revenue certificates.
- (j) To borrow money and to issue notes for any purpose or purposes for which bonds or revenue certificates may be issued under the provisions of this Article, in accordance with the provisions of this Article relating to the issuance of bonds or revenue certificates, and to refund the same and to issue notes in anticipation of the receipt of the proceeds of the sale of any such bonds or revenue certificates.
- (k) To borrow money from the city, for any period not to exceed one year, to provide JEA with working capital to meet routine or emergency cash requirements and to maintain adequate inventories, at such interest rates and upon such conditions concerning the method of borrowing, the time and manner of payment and the maximum amount that may be on loan at any time, as are determined by ordinance of the council; to lend money from one of its utilities operations to another of its utilities operations for such period, at such interest rates and upon such other conditions concerning the method of borrowing, the time and manner of payment and the maximum amount that may be on loan at any time, all as determined by JEA; and to borrow money from lending institutions, including, without limitation, borrowing as part of a commercial paper or other short-term note financing program which may include provision for payment upon demand by the purchaser or purchasers, as authorized by resolution of JEA. When authorized by resolution of JEA, such notes, including renewals thereof, may be sold or placed by officers of JEA at public or private sale and delivered by such officers to the purchaser or purchasers thereof within the limitations and restrictions contained in such resolution.

Such loans between utility systems and such borrowings from lending institutions, or between one or more of the utility systems, including borrowing as part of a commercial paper or other short-term note financing program, will not require the approval of the council.

- (l) To enter into contracts determined by JEA to be necessary or desirable for the prudent management of JEA's funds, debt or fuels, and any and all other commodities used for the several utility systems including, without limitation, interest rate swaps, option contracts, futures contracts, contracts for the future delivery or price management of power, energy, natural gas or other related commodities, hedging contracts, other risk management techniques, securities lending agreements and forward purchase contracts.
- (m) To invest money of JEA not required for immediate use, including proceeds from the sale of any bonds, revenue certificates or notes, in such obligations, securities, and other investments as JEA shall deem prudent, subject to any agreement with bondholders, revenue certificate holders or note holders.
- (n) To enter into joint project agreements as provided by Part II of F.S. Ch. 361, as amended, for the purpose of implementing a project, as such term is defined in Part II of F.S. Ch. 361. A copy of all such joint project agreements shall be filed with the council, the council auditor, and the mayor at least thirty days prior to the effective date of the agreement. Anything in this provision to the contrary notwithstanding, (i) any joint project agreement that involves a transfer of the electric system, function or operation that is subject to the requirements and limitations of Section 21.11 herein or (ii) any joint project agreement that involves the issuance of debt not previously authorized by Section 21.04(i)(2) herein, shall require prior approval of the council.
- (o) To enter into agreements with one or more other electric utilities, public or private, and related contracts with respect to joint electric power projects as provided in Section 2 of Chapter 80-513, Laws of Florida, as amended. The provisions of said Chapter 80-513 shall govern and control JEA in all respects in the carrying out of a joint electric power project authorized thereunder notwithstanding any provision of the charter or of the Ordinance Code of the City of Jacksonville which may be in conflict therewith.
- (p) To provide, supply, transfer, sell, finance, or lease services, products, by-products, and activities developed or used by JEA incident to the exercise of the powers conferred by this Article in the delivery of the utilities systems in the following manner:
  - (1) *JEA governing body approval.* The governing body of JEA shall approve in advance all services, products, by-products or activities developed or used by JEA in accordance with this subsection (p) at a duly noticed meeting. The governing body of JEA shall not delegate its approval authority under this subsection to the managing director or any other officer, employee or agent of JEA.
  - (2) *Permitted services, products, by-products and activities.* The services, products, by-products and activities expressly permitted to be developed or used by JEA pursuant to this subsection (p) shall include providing, supplying, transferring, selling, financing or leasing the following: (i) energy performance contracting; (ii) water, sewer and natural gas (and any other utility service hereafter provided by JEA) contracting; (iii) power marketing services; (iv) testing and maintenance of customer-owned facilities such as transformers, capacitors, lighting, HVAC systems, water cooling and heating systems, energy management systems, etc.; (v) temporary leasing of JEA facilities such as oil storage tanks; (vi) steam or other thermal energy services and contracting; (vii) services regarding specially conditioned power on the premises of customers; (viii) services or products to build, transfer, lease, finance, operate or sell cogeneration facilities, small power production facilities, specially conditioned power, energy conservation, energy efficiency and dispersed generation to other electric utilities both within and without the state or to any wholesale or retail customers of JEA, upon such terms and conditions as JEA shall by resolution

## Governance Committee Meeting - May 6, 2021 - FOR COMMITTEE CONSIDERATION

fix and determine; and (ix) financing, testing, maintenance and operation of customer owned facilities used in water, wastewater and natural gas functions.

- (3) *Required notice of additional services or products not expressly listed in subsection (p)(2) above.* JEA may provide "additional services or products" not listed in subsection (p)(2) above. However, JEA shall not provide, supply, transfer, sell, finance or lease any additional service, product, by-product or activity not expressly listed in subsection (p)(2)(i)–(ix) above ("additional service or product") to any person or entity under this subsection without first providing written notice as provided herein of such additional service or product to the council auditor no less than 60 days prior to such date that the governing body of JEA is scheduled to approve such additional service or product in accordance with subsection (p)(1). JEA's required written notice to the council auditor shall include the following information regarding such additional service or product: (i) an express reference in the notice that the notice is being provided pursuant to this subsection; (ii) a detailed description of the additional service or product; (iii) a copy of any applicable business plans; (iv) a copy of any proposed contracts or contract forms; (v) a financial analysis, including projected revenues and expenses; and (vi) any other information developed by JEA or third parties regarding the additional service or product. Any action by JEA to provide, supply, transfer, sell, finance or lease an additional service or product pursuant to this subsection shall be void without the required prior approval of the governing body of JEA and prior notice to the council auditor as provided herein. JEA shall provide the mayor and council with a notice containing the information in items (i) and (ii) above regarding such additional service or product concurrent with the required council auditor notice provided herein.
- (4) *Annual report.* JEA shall provide a comprehensive annual written report to the mayor, council, and council auditor regarding all services, products, or by-products developed or used by JEA pursuant to this subsection (p). JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.
- (5) *Prohibition.* JEA shall not exercise any powers pursuant to this subsection (p) that are expressly prohibited in the charter or this Article, including, but not limited to, the express prohibitions set forth in Section 21.11 herein.
- (q) To implement giving programs in the following manner:
  - (1) Upon approval of the governing body of JEA, to collect from customers and ratepayers monthly or one-time voluntary contributions to be deposited into an elderly and/or handicapped or low-income customer emergency trust fund administered by JEA. The proceeds of such trust fund may be expended periodically by JEA for the purpose of providing financial assistance to elderly and/or handicapped or otherwise needy low-income residents living within the service area of JEA for the payment of their utilities needs. The method of administration of such trust fund, including the collection and distribution thereof, shall be as provided by ordinance of the council. The results of such giving program shall be reported annually each July 1st to the council.
  - (2) Upon approval of the governing body of JEA, to collect monthly or one-time voluntary contributions from customers and ratepayers, for a charitable, scholastic, or public service community giving program. Contributions from any such program shall be passed through to an appropriate non-profit entity for administration and distribution and shall not be administered by JEA. The results of such giving program shall be reported annually each July 1st to the council.
  - (3) Upon approval of the governing body of JEA, to collect monthly or one-time voluntary contributions from customers, ratepayers or other contributors for other customer assistance programs directly related to services or utilities provided by JEA. Contributions from any such program shall be passed through to an appropriate non-profit entity for administration and

Created: 2021-04-08 15:02:54 [EST]

(Supp. No. 54, Update 2)

Governance Committee Meeting - May 6, 2021 - FOR COMMITTEE CONSIDERATION

distribution and shall not be administered by JEA. The results of any such giving program shall be reported annually each July 1st to the council.

- (r) To jointly or separately plan, finance, operate, use, share costs of, sponsor, publicize or otherwise participate in projects, systems, programs or measures to promote or implement electric and natural gas energy, electrotechnologies, water, wastewater and natural gas conservation and efficiency, power conditioning and load management, including, but not limited to, energy, water and wastewater conservation, energy efficiency and conditioning or load reducing or load shaping modifications to the maintenance and operating procedures and facilities of a building or facility or in the installation therein; energy, water and wastewater conserving and energy efficiency modifications to windows and doors, pipes, pumps and motors; caulking and weatherstripping; insulation; automatic energy control systems; load management systems; hot water systems; replacements or modifications of lighting fixtures; and energy recovery and recycling systems; and research and development relating thereto within or without the state.
- (s) Except as otherwise prohibited herein, to delegate any act authorized pursuant to this Article to any officer, employee or agent of JEA as it may deem necessary or desirable for the prudent management of JEA.
- (t) To do all acts and deeds necessary, convenient or desirable, incidental to the exercise and performance of the powers and duties granted to JEA in this Article.
- (u) Express authority is given JEA to enter into any contracts, leases or other agreements with other governmental bodies (either local, state or federal) for the purpose of carrying out any of the provisions, powers or purposes of this Article. JEA is expressly prohibited from appropriating or expending any of its funds for payments, contributions or transfer to any non-profit organization or any other group, association or entity other than those whose primary purpose directly involves the electric, water, wastewater and natural gas utility, (or any other utility which may, in the future, be operated by JEA) industries, or electric energy, water, wastewater and natural gas (or any other utility which may, in the future, be operated by JEA) related matters.
- (v) If JEA determines that it is necessary or appropriate for it to provide, operate or maintain any other utility system or function other than electric, water wastewater and natural gas, JEA shall by resolution identify such additional utility system or systems or function or functions and indicate its desire to provide such utility service or services or function or functions to the council. Sixty days prior to JEA filing the JEA resolution via legislation with the council, JEA shall provide written notice to the council auditor regarding the additional utility system, function, or utility service that JEA desires to provide, operate and maintain. Such notice to the council auditor shall include the following information regarding such additional utility system, function, or utility service: (i) an express reference in the notice that the notice is being provided pursuant to this subsection; (ii) a detailed description of the additional utility system, function or utility service; (iii) a copy of any applicable business plans; (iv) a copy of any proposed contracts or contract forms; (v) a financial analysis, including projected revenues and expenses; and (vi) any other information developed by JEA or third parties regarding the additional utility system, function, or utility service. The JEA resolution to be provided to council via legislation for adoption and approval by the council shall address relative real property tax treatment of JEA providing, operating or maintaining the additional utility system and shall include the information listed in (i)-(vi) above. Upon the adoption and approval of this resolution by JEA and the council, voting as separate entities, JEA, with respect to the specified system or systems, shall be vested with all powers set forth herein or in general law that would, but for the provisions of this Article, apply to such specified utility system or systems.
- (w) To exercise all powers granted to the city with regard to sewage collection and disposal and to water supply pursuant to F.S. Chs. 170 and 180, including the issuance of bonds or notes in anticipation thereof payable from special assessments under said F.S. Ch. 170.

Created: 2021-04-08 15:02:54 [EST]

(Supp. No. 54, Update 2)

- 
- (x) To coordinate carefully with the Department of Public Works of the City of Jacksonville, the Jacksonville Transportation Authority, and other independent agencies, the planning and execution of engineering and construction projects involving underground work and streets and highways to seek to minimize the total cost of such projects and to reduce disruption to the citizens of the city to the maximum extent possible.
  - (y) To expend JEA funds up to one (1%) percent of the prior year's gross revenues to promote the efficient use of JEA's services through public education including exhibits, conferences, displays, tours and other events customary to the utilities industry and also to publicize, advertise and promote the objectives of this Article and to promote the objectives of JEA all in the manner set forth by resolution of JEA. Accordingly, JEA may expend its funds to make known to the users, potential users and public in general the advantages, facilities, resources, products, attractions and attributes of the services provided by JEA and to further create a favorable climate of opinion concerning the activities and projects authorized and indicated by this Article. JEA may also, to the extent permitted by the laws of the State of Florida, expend funds in cooperative efforts to and with other agencies, both public and private, in accomplishing the purposes enumerated and indicated by this Article; and in furtherance thereof. JEA may also authorize reasonable expenditures for any and all of the purposes herein enumerated, including but not limited to, reasonable food and beverage expenditures in the interest of promoting and engendering good will toward the activities and projects herein authorized. Whenever an expenditure of funds for any of the foregoing purposes is made by a member or employee of JEA, JEA may reimburse such member or employee therefor, but only after such expenditures have been duly authorized by JEA or its managing director if so delegated to do so. JEA will provide a list of proposed promotional expenditures for the current fiscal year to the council auditors on or before December 31<sup>st</sup> of each fiscal year. The spending limitation on promotional expenditures set forth in this subsection shall not apply to a newly approved utility system, function or utility service under subsection (v) herein and newly approved additional services or products under subsection (p) herein. For purposes of this subsection "newly approved" shall mean within seven years of the approval date by council for matters subject to the provisions of subsection (v) or by the governing body of JEA for matters subject to the provisions of subsection (p), as applicable. All funds expended by JEA as reimbursement for travel expenses shall be subject to Chapter 106, Part 7, of the Ordinance Code of the City of Jacksonville, as amended. JEA shall not exercise any powers pursuant to this subsection to promote the privatization, sale, transfer or reorganization of JEA as expressly prohibited in Section 21.11 herein or otherwise in this Article or the charter.
  - (z) To allocate costs between the electric, water, sewer, natural gas and any other utility system operated now or in the future by JEA on a cost accounted basis.
  - (aa) To assist the City of Jacksonville and any of its departments and independent agencies in the development of joint financing programs for the purpose of financing capital improvement programs for the City of Jacksonville and any of its departments and independent agencies.
  - (bb) To enter into such interlocal agreements authorized by, and to become a member of such separate legal entity or entities created pursuant to F.S. Ch. 163, as JEA shall determine by resolution are necessary or desirable to accomplish the purposes enumerated and indicated by this Article; and, to the extent permitted by the laws of the State of Florida, to enter into such joint ventures, partnerships, joint ownership arrangements, or other similar arrangements with other persons or entities, public or private, as JEA shall determine by resolution are necessary or desirable to accomplish the purposes enumerated and indicated by this Article.
  - (cc) To allocate and allot the sums appropriated by the council in JEA's annual budget for more specific purposes and to transfer from time to time during the fiscal year, without further council approval, appropriated funds including capital outlay funds from one of the purposes for which funds are appropriated to another of such purposes, if, in the discretion of JEA, such transfer is necessary to carry

out all of the purposes for which funds were appropriated, subject to applicable law; provided however, nothing in this Section shall authorize JEA to transfer appropriated funds from its operating budget to its capital outlay budget or vice versa, without prior approval of the council. This includes the financing of power conditioning and energy conservation equipment for both residential and nonresidential customers providing that the receivables at any point in time will not exceed ten (10) percent of the prior year's utilities system's revenues. A written summary of all budget transfers shall be provided to the council auditor at the end of each quarter.

- (dd) To the extent permitted by the laws of the State of Florida, to have ownership and membership in separate organization entities, including but not limited to corporations, to conduct utility related activities and functions. A copy of all such ownership agreements, and any amendments thereto, shall be filed with the council and the mayor at least thirty (30) days prior to the effective date of the agreement.
- (ee) (1) To shut off and discontinue the supplying of services of one utility system, to any and all users of the utilities system, for the nonpayment, when due, of the rates, assessments, fees or charges, for facilities or services of that particular utility system, or for facilities or services of any other utility system.
- (2) To deny any application for services of one utility system, to any and all users or potential users of the utilities system for the nonpayment, when due, of rates, assessments, fees or charges for facilities or services of that particular utility system, or for facilities or services of any other utility system.
- (ff) Subject to the prior approval of the governing body of JEA, to:
  - (1) Transfer to an entity by sale, lease, assignment or other disposition of up to, but not more than, the net capital assets calculation (as defined in Section 21.11) of an included system, or the management, function, or operation of any portion of an included system which comprises more than the net capital assets calculation of such included system;
  - (2) Explore, investigate or consummate a reorganization of JEA, or JEA's governance structure in a manner that would affect JEA's ownership or management control of up to, but not more than, the net capital assets calculation (as defined in Section 21.11) of an included system;
  - (3) Sell, lease, assign or otherwise transfer less than .01 or one percent (1%) of the service territory (as calculated in Section 21.11(d)) of a JEA included system to any entity; and
  - (4) Sell, lease, assign or otherwise transfer less than .01 or one percent (1%) of JEA's electric, water, or wastewater, customer accounts (as calculated in Section 21.11(d)) based on the latest available JEA monthly financial statements.

For purposes of this subsection and as applicable, terms and phrases used in this subsection shall have the meaning ascribed to them in Section 21.11 herein. This subsection (ff) is subject to the limitations and prohibitions on privatization, sale, reorganization, and service territory transfers set forth in Section 21.11

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Laws of Fla., Ch. 82-312, § 15; Ord. 84-1307-754, § 25; Ord. 86-164-454, § 1; Ord. 86-1458-879, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 94-1268-757, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2005-1032, § 1; Ord. 2015-764-E, § 2; Ord. 2018-142-E, § 1; Ord. 2020-419-E, § 2)

## **Section 21.05. Construction.**

In addition to the express powers granted in this Article, JEA shall have all implied powers necessary or incidental to carrying out the expressed powers and the expressed purposes for which JEA is created. The express

---

powers granted to JEA in this Article shall be strictly construed, and the implied powers granted to JEA in this Section shall be strictly construed in relation to the relevant and applicable express power granted to JEA in this Article. The fact that this Article specifically states that JEA possesses a certain power does not mean that JEA must exercise such power unless this Article specifically so requires. JEA's power to levy special assessments shall not be deemed to be the power to levy taxes.

(Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2020-419-E, § 2)

#### **Section 21.06. Bonds and revenue certificates eligible for legal investments.**

Notwithstanding any provisions of any other law or laws to the contrary, all revenue bonds and revenue certificates including refunding bonds and refunding revenue certificates, issued pursuant to this Article shall constitute legal investments for savings banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency or instrumentality of the State of Florida, or of any county, municipality, or other political subdivision of the State of Florida; and shall be eligible as security for deposits of state, county, municipal and other public funds.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Ord. 93-82-1385, § 1)

Editor's note(s)—Former § 21.06Editor's note(s)—, relative to transfer of property by the city, was deleted by § 1 of Ord. 93-82-1385, and former § 21.05Editor's note(s)— was subsequently renumbered as s. 21.06Editor's note(s)—. The provisions of former § 21.06Editor's note(s)— derived from Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25Editor's note(s)— and Laws of Fla., Ch. 92-341, § 1.

#### **Section 21.07. Fiscal and budgetary functions.**

JEA shall have fiscal and budgetary functions, subject to the limitations herein expressed:

- (a) The fiscal year of JEA shall commence on October 1 of each year and end on the following September 30.
- (b) JEA shall prepare and submit its budget for the ensuing year to the city on or before July 1 of each year, setting forth its estimated gross revenues and other available funds, and estimated requirements for operations and maintenance expenses, capital outlay, debt service, and depreciation and reserve account. The council and the mayor shall approve or disapprove such budget in the manner provided in Article 14 for budgets of independent agencies.
- (c) As consideration for the unique relationship between the City of Jacksonville and JEA, as a tax-exempt entity within the consolidated government, and in recognition of the shared attributes with the consolidated City of Jacksonville in connection with its electric, water, and sewer distribution systems, there shall be assessed upon JEA in each fiscal year, for the uses and purposes of the city, from the revenues of the electric system and the water and sewer system operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of such electric system and water and sewer system (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such electric system and water and sewer system and required reserves therefore and the annual deposit to the depreciation and reserve account required pursuant to Section 21.07(g)), an amount as provided herein. Effective October 1, 2016, consistent with the provisions of this Section 21.07(c), JEA shall pay the city combined assessment for the electric system and the water and sewer system. The combined assessment for the electric system and the water and sewer system shall equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt-hours delivered by JEA to retail users of electricity 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 Florida Power and Light Company from JEA's St. Johns River Power Park System, exception ending December 31, 2017) during the twelve-month period ending on April 30 of the fiscal year immediately preceding the fiscal year for which such assessment is applicable plus (ii) the amount calculated by multiplying 389.20 mills by the number of K-Gals (1=1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the twelve-month period ending on April 30 of the fiscal year immediately preceding the fiscal year for which such assessment is applicable, or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2022-2023 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496.

- (d) The assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023. The council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. The council may change the assessment calculations by ordinance within the provisions of this Section 21.07. Should the council not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in Section 21.07(c), including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in Section 21.07(c). In addition to the annual assessment as calculated in Section 21.07(c), JEA pursuant to the terms of an Interagency Agreement (as amended) with the City, agreed to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal (BMAP Credit). If JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement dated March 22, 2016 (as amended), council and JEA shall work cooperatively to address the BMAP Credit shortfall or council may reconsider the assessment calculations.
- (e) The council shall have the power to appropriate annually a portion of the available revenues of each utility system (other than the electric, water and sewer systems) operated by JEA for the uses and purposes of the city. This appropriation shall be based on a formula to be agreed upon by JEA and the council. Any covenants or pledges to lenders associated with such proposed additional utility system which impair council's ability to appropriate revenues from that additional utility system, other than a pledge of gross revenues to bondholders, shall be included in the JEA resolution required in s. 21.04(v) or any future resolution allowing for financing of activities associated with that additional utility system.
- (f) JEA shall pay over to the city (i) the amounts assessed upon JEA pursuant to Section 21.07(c) and (ii) such portions of the funds actually appropriated by the council pursuant to Section 21.07(e) at such time as the council may request, but not in advance of collection. Although the calculation for (i) the amounts assessed upon JEA pursuant to Section 21.07(c) and (ii) the annual transfer of available revenue from JEA to the city pursuant to Section 21.07(e) is based upon formulas that are applied specifically to the respective utility systems operated by JEA, JEA, in its sole discretion, may utilize any of its revenues regardless of source to satisfy its total annual obligation to the city mandated by said Sections 21.07(c) and (e).
- (g) JEA shall be required to set aside each year in a depreciation and reserve account established for each utility system it operates, an amount equal to not less than 10 percent of its annual net revenues for the previous year attributable to each such system. For such purpose, "annual net revenue" shall mean annual gross revenues derived by JEA from the operation of such system reduced by expenses for operation and maintenance allocable to such system and debt service allocable to such system. Funds set aside in each such depreciation and reserve account shall be used exclusively for enlargements, extensions, improvements and replacements of capital assets of the utility system for which such account was established or to pay or provide for the payment of JEA's bonds, notes or revenue

Created: 2021-04-08 15:02:54 [EST]

(Supp. No. 54, Update 2)

---

certificates relating specifically to such system; provided, however, that if JEA by resolution determines that it is in the best interests of JEA to use all or any portion of the funds set aside in the depreciation and reserve account established with respect to a particular utility system for the purposes of another utility system, then such funds may be so applied.

- (h) JEA shall not be required to utilize the personnel, motor pool, purchasing, communication or information systems services of the city. By mutual agreement of JEA and the city such services may be provided from one party to the other but only on a cost-accounted basis. JEA shall be required to use the legal services of the city on a cost-accounted basis except in those cases when the chief legal officer of the city determines that the city legal staff cannot or should not provide legal services in the required legal area. JEA shall appropriate the funds necessary to meet the obligations for outside legal services as determined by the general counsel of the city. The general counsel shall consult with JEA before he or she selects outside counsel.
- (i) Unless otherwise determined by JEA, all revenues and service charges receivable by JEA as payment for the sale of utilities services shall be collected and received by the tax collector. The tax collector shall deposit to the account of or otherwise turn over to JEA such funds at such times and in such manner as JEA may from time to time designate by resolution. JEA may provide for the collection of such revenues and service charges directly by JEA, provided that the council auditor shall be notified in writing of any proposed change from the current collection process utilizing the Tax Collector and that such change shall not take place until the next fiscal year after such notice is given.
- (j) Reserved.
- (k) JEA is authorized to pay over to other local governmental units outside the city annually a portion of available revenues derived from operations in such local governmental units' territories, for the uses and purposes of such local governmental units, an amount not to exceed that which would be calculated using the procedures in Sections 21.07(c) and (e), but only to the extent that JEA is able to, and does, include in the rates imposed only upon the customers in such local governmental units' territories the total amounts in respect of such payments.
- (l) In addition to all other sums paid by JEA to the City of Jacksonville, JEA shall pay to the City of Jacksonville a franchise fee in an amount equal to three percent (3%) of the revenues of the electric system and the water and sewer system as set forth in Section 21.07(c) herein. The franchise fee will commence for revenues derived effective April 1, 2008 and shall be paid monthly with the first payment payable on June 1, 2008. The franchise fee shall be limited to (1) revenues derived within Duval County not including Urban Service Districts 2-5, and (2) per customer, total water and sewer rate revenues, and (3) up to a per customer maximum of \$2,400,000 per fiscal year of electric rate revenues. The franchise fee shall be calculated each month by multiplying three percent (3%) by the sum of JEA's base rate electric revenues, fuel rate revenues, water rate revenues and sewer rate revenues for that month excluding unbilled revenues and uncollectible accounts. The franchise fee shall be calculated on revenues derived from the sale of gross kilowatt-hours and number of cubic feet of potable water and cubic feet of sewer service as set forth in Section 21.07(c). Notwithstanding the foregoing, no franchise fee shall be paid on franchise fees, state utility taxes, fuel related interchange sales, sales for resale, City of Jacksonville accounts, JEA accounts, investment income and other revenues. JEA shall be authorized to pass-through the amount of the franchise fees set forth herein and associated charges resulting from the stated three percent (3%) franchise fee calculation on rate revenues notwithstanding the \$2,400,000 limit set forth herein to the customers of JEA, in accordance with the customers' proportionate share of rate revenues as calculated above. This franchise fee is in consideration of the administrative costs incurred by the City to coordinate functions and services with JEA, for the exclusive right to serve electric, water and sewer customers, for use by JEA of the public rights-of-way used by it in connection with its electric distribution system and its water and sewer distribution and collection system, and in further consideration of the unique relationship of JEA and

---

the City, in which JEA is a wholly owned public utility, and such other good and valuable consideration that has been agreed to between JEA and the City of Jacksonville. The gross franchise fee and the amount of the pass-through set forth herein may be increased by ordinance, initiated by the Mayor and approved by two-thirds supermajority of the City Council, but the franchise fee shall not exceed six percent (6%) of the gross utility revenues as calculated above. The JEA and the City shall enter into a Franchise Fee Agreement for the administration of the Franchise Fee.

- (m) When JEA is in receipt of a request for information from the council auditor pursuant to the authority of the council auditor under Section 5.10 of the charter, it shall, within two business days of receipt of the request, 1) acknowledge receipt of the request by electronic mail to the council auditor, and 2) submit to the council auditor an estimated timeframe for which the information requested will be available to the council auditor for review. If the information requested by the council auditor is not within the purview of JEA or JEA is unsure of the request or unfamiliar with the information that is requested, it should provide such explanation in its response to the council auditor.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 81-921-490, § 1; Ord. 84-1307-754, § 25; Ord. 89-1001-632, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2003-1320-E, § 1; Ord. 2007-838-E, § 1; Ord. 2007-1132-E, § 1; Ord. 2015-764-E, § 2; Ord. 2018-747-E, § 2; Ord. No. 2020-40-E, § 1; Ord. 2020-419-E, § 2)

#### **Sec. 21.08. Employees generally; managing director; employment contract restrictions.**

- (a) *Generally.* All employees of the utilities systems shall be employees of JEA and shall be subject to Articles 16 and 17 of the charter unless otherwise provided by the council, which shall be and continue to be the legislative body as provided in F.S. § 447.203(10), as amended. JEA shall be fully responsible for the administration and operation of all utility services as set out in this Article and in order to meet its administrative and operational responsibilities, JEA shall have full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees engaged to provide any and all of the utilities services for which it is responsible and accordingly, consistent with the provisions of Article 17 of the charter, JEA may establish employment policies relating to hiring, promotion, discipline and termination, and other terms and conditions of employment, and enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and take such other employment related action as needed to assure effective and efficient administration and operation of the utilities systems. In order to effectively implement the foregoing, JEA shall perform all functions with regard to its own employees that are performed by the City department or division which oversees city employees in regard to personnel matters. JEA, at its expense, shall provide accidental death benefits for all employees engaged in hazardous duty as determined by JEA, in the amount of \$50,000 payable to the beneficiary named by the employee, or as otherwise provided, in the event said employee dies as a result of an accident occurring to any employee in the course of his/her employment. Nothing contained in this Section shall be construed to supersede or repeal any provision of Section 12 of Chapter 80-513, Laws of Florida, as amended.
- (b) *Managing Director.* The governing body of JEA shall employ and fix the compensation of the managing director, who shall serve at the pleasure of the governing body of JEA. The managing director shall manage the affairs of the utilities systems under the supervision of the governing body of JEA. The entire working time of such managing director shall be devoted to the performance of the duties of such office and the managing director shall have no outside employment. Subject to the approval of the governing body of JEA, the managing director may engage in or have unrelated business interests so long as such business interests do not interfere with the managing director's duties as provided herein. The managing director shall be a graduate of an accredited college or university, and have at least five years executive experience within the utilities industry. The managing director shall have a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of JEA and will act in a manner consistent with the responsibilities of this Article

and other policies, rules and regulations governing the conduct of JEA employees. The managing director's employment agreement, if any, shall be subject to the provisions of subsection (d) below.

- (c) *Other Employees.* The governing body of JEA may appoint and fix the compensation of staff assistants to the managing director, to serve at the pleasure of the governing body of JEA. JEA shall employ and fix the compensation of the department heads, deputy directors of departments, division chiefs and assistant division chiefs of the utilities systems. JEA may adopt position titles different from those recited herein, consistent with utility industry practice. The managing director, department heads, deputy directors of departments, staff assistants, division chiefs and assistant division chiefs shall not be included within the civil service system of the city. The managing director may employ such certified public accountants, consultants and other employees for special purposes, not within the civil service system, as it may require, and fix and pay their compensation. Whenever used in this Section 21.08, "compensation" shall mean both salary and benefits, exclusive of any city retirement benefits pursuant to Article 16 of the charter.
- (d) *Employment contract restrictions.* JEA may have an employment contract with the managing director only. The managing director's employment contract shall be approved by the governing body of JEA. Nothing in this subsection, or in any employment agreement entered into pursuant to this subsection, may be construed as a guarantee of employment for the managing director at any time, or for any length of time. At a minimum, the managing director's employment contract shall satisfy the following requirements:
- (1) The contract term, including any renewal term, shall not exceed five (5) years;
  - (2) The amount of severance pay, if any, shall not exceed the amounts allowed under Florida law and shall not be permitted if the managing director is terminated for cause or terminated for misconduct, as defined in F.S. § 443.036(29), as amended;
  - (3) The contract shall not contain a mandatory consulting, separation and transition, or similar agreement that is operative due to the managing director's termination without cause under the contract;
  - (4) JEA shall not be required to release, indemnify or hold harmless the managing director against any claims except as otherwise permitted by law;
  - (5) JEA shall not be required to pay for or provide legal counsel to the managing director beyond the legal counsel required of the Office of General Counsel pursuant to the charter or general law;
  - (6) The contract shall contain a provision that the managing director serves at the pleasure of the governing body of JEA and may be terminated without cause at any time, and such provision may provide for not more than 30 days advance notice to the managing director of such termination without cause;
  - (7) The contract may contain a provision for termination of the managing director for cause, provided that "cause" shall be defined consistent with the definition of cause as contained in Rule 9.05(a) of the Civil Service and Personnel Rules and Regulations of the City of Jacksonville;
  - (8) All compensation terms shall be reasonable and customary and similar to other public utilities comparable to JEA when taking into account the size of JEA's territory area, employee workforce, and utility systems; and
  - (9) Any such other terms as may be in the best interest of JEA and not inconsistent with this section.

Any managing director employment contract entered into by JEA that does not satisfy the minimum requirements above shall be null and void.

- (e) *Pension Plan; Defined Contribution Plan; Deferred Compensation Plan.* All personnel appointed by JEA pursuant to this Section shall participate in one of the city's retirement plans, as governed by the rules and requirements of such retirement plans and in the same manner as other JEA employees who participate in such plan. JEA is authorized to maintain a separate single tax-qualified defined contribution program

pursuant to Section 401(a) of the Internal Revenue Code of 1986, as amended, for its employees that is supplemental to any city defined contribution program. Additionally, JEA is authorized to maintain a separate single eligible deferred compensation program pursuant to Section 457(b) of the Internal Revenue Code of 1986, as amended, for its employees that is supplemental to any city deferred compensation program. Such programs shall be approved by the governing body of JEA and shall be subject to and comply with all federal and state laws applicable to deferred compensation and defined contribution programs for public or government employees, including, but not limited to, the Internal Revenue Code of 1986, as amended, F.S. § 112.215, as amended, and Part VII of F.S. Ch. 112. JEA shall periodically provide the council auditor with a written report regarding such deferred compensation and defined contribution programs. JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.

- (f) *Employee Bonus Program.* JEA may implement or adopt an employee bonus plan or program ("bonus program") for JEA employees pursuant to F.S. § 215.425(3), as amended, subject to the prior approval of the governing body of JEA. The governing body of JEA shall approve such bonus program annually for each fiscal year, and if a bonus program is implemented in any fiscal year without first obtaining the approval of the governing body of JEA, such program shall be void. The governing body of JEA shall not delegate its approval authority regarding a bonus program under this subsection to the managing director or any other officer, employee or agent of JEA. Such bonus program must comply with F.S. § 215.425(3), as amended, the charter, and other applicable laws. The governing body of the JEA shall establish rules, procedures, and standards regarding such bonus program. Additionally, JEA shall include a budget line item and specific detailed plan regarding such bonus program as an exhibit to its annual budget submission to council. JEA shall also provide the council auditor with an annual end of fiscal year written report on or before December 31<sup>st</sup> of each fiscal year regarding the disbursements related to the bonus program. JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.

(Ord. 2020-419-E , §§ 1, 2)

Editor's note(s)—Ord. 2020-419-E Editor's note(s)—, §§ 1 and 2, amended the Charter by repealing former § 21.08 Editor's note(s)— and adding a new § 21.08 Editor's note(s)—. Former § 21.08 Editor's note(s)— pertained to employees, and derived from Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25 Editor's note(s)—; Ord. 87-203-345, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1; Ord. 2011-732-E; and Ord. 2015-764-E Editor's note(s)—, § 3. Additionally, Ordinance 2007-839-E, § 18, authorized updated department/division names pursuant to reorganization.

## **Sec. 21.09. Procurement generally; contracts generally.**

- (a) *Applicability.* Unless otherwise provided herein, this Section shall apply to contracts entered into by JEA pursuant to this Article.
- (b) *Procurement generally.*
- (1) *Open and Fair Competition.* To the greatest extent reasonably practicable, JEA shall use open, fair, competitive, and generally accepted government procurement methods that seek to encourage the most competition and best price for the purchase of supplies, construction, professional and other contractual services. JEA should adhere to all applicable state procurement laws, including, but not limited to, laws governing the purchase of construction services and professional design services.
  - (2) *Procedures; governing body approval.* JEA shall not be required to follow the City's procurement procedures. JEA may establish its own procurement procedures regarding the purchase of goods, supplies, equipment, and services, subject to applicable state law. JEA's procurement procedures, including any amendments thereto, shall be reviewed and approved by the governing body of JEA. The governing body of JEA may not delegate its approval of the procurement procedures, including any amendments thereto, to the managing director or any other officer, employee or agent of JEA. In the

---

absence of JEA established procurement procedures, JEA shall follow the city's procurement procedures. JEA shall adhere to its procurement procedures in entering into procurement contracts, including but not limited to, contracts relating to the construction, reconstruction, repair, operation or maintenance of the utilities systems or the purchase of supplies, equipment, machinery and materials for the utilities systems or the contracting or otherwise purchasing for any advisory, professional or other services necessary or incidental to the operation of the utilities systems.

- (3) *Jacksonville Small Emerging Business (JSEB) Program; Minority Business Enterprises.* JEA shall adhere to the city's Jacksonville Small Emerging Business (JSEB) Program, or successor city program, in its procurement procedures. Subject to applicable federal, state and local laws, JEA is authorized to implement and to take all actions necessary to administer a race-conscious purchasing and procurement program to remedy the present effects of past discrimination by JEA, if any, in the awarding of contracts. Any such race-conscious program implemented by JEA to remedy the present effects of past discrimination by JEA, if any, in the awarding of contracts must be supported by evidence and based on the required criteria and standards as set forth in applicable federal and state laws.
- (4) *Certain solicitation specifications and standards prohibited; rejection of bids, proposals, and replies.* JEA should not develop solicitation specifications that are so narrowly tailored to an entity or entities that other qualified entities (i.e., bidders, respondents and vendors) are precluded from participating in such solicitation. Additionally, JEA should not develop standards that limit open competition and preclude qualified entities (i.e., bidders, respondents and vendors) from participating in solicitations. JEA shall have the right to reject any and all bids, proposals, or replies, in whole or in part, in the best interests of JEA.
- (5) *Annual survey.* JEA shall annually conduct a survey of actual, interested and prospective bidders, respondents, and vendors to obtain feedback on JEA's procurement process. Such survey shall be on a form approved by JEA and participation in the survey shall be open to actual, interested and prospective bidders, respondents, and vendors. Survey topics may include, without limitation, various aspects of JEA's procurement process such as information transparency and accessibility, pre-conferences, bid submittal packages, evaluations, and awards. JEA shall consider such survey results during JEA's biennial review of its procurement code.
- (6) *Transparency in procurement governing documents.* The procurement code and any procurement policies, operating procedures, rules, directives, standards, and other procurement governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view.
- (7) *Biennial review; annual report.* JEA shall biennially review its procurement procedures. JEA shall also prepare and deliver a written report to the council and mayor on or before December 31st of each fiscal year summarizing the procurement contract awards for the immediately prior fiscal year. Such written report shall contain at a minimum the following information:
  - (i) The number of contract awards for the reporting fiscal year;
  - (ii) A detailed listing of all contract awards categorized by service type (e.g., construction, professional, supplies, professional design services), award type (e.g., single source, emergency, request for proposal, invitation to negotiate, piggyback, etc.) and a brief description of each contract award containing the contractor name, contract amount and procurement method used;
  - (iii) The number of JSEB contract awards categorized by service type (e.g., construction, engineering, supplies, professional), award type (e.g., single source, emergency, request for proposal, invitation to negotiate, piggyback, etc.), and a brief description of each contract award containing the JSEB contractor name, contract amount and procurement method used;

---

Created: 2021-04-08 15:02:54 [EST]

(Supp. No. 54, Update 2)

- 
- (iv) The number of bid protests for the reporting fiscal year and the outcome of each protest (i.e., whether JEA prevailed); and
  - (v) The annual survey results pursuant to the survey requirement in subsection (b) above.
- JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.
- (8) *Prohibition.* JEA shall not exercise any powers pursuant to this Section to explore, investigate or consummate a privatization, sale, transfer or reorganization of JEA as expressly prohibited in Section 21.11 herein or this Article.
- (c) *Contracts Generally.*
- (1) *Maximum indebtedness.* Unless otherwise provided herein or by law, all contracts of any kind entered into by JEA pursuant to this Article, including, but not limited to, procurement contracts, joint project contracts, and interlocal agreements shall contain a provision clearly specifying a fixed, maximum monetary indebtedness of JEA thereunder. Such contracts may, however, provide for a lesser variable indebtedness of JEA upon a reasonable basis, subject to such fixed, maximum monetary indebtedness.
  - (2) *Public records; ethics training.* All contracts and related documents entered into by JEA shall contain a provision clearly stating that such vendor or contractor shall comply with the provisions of F.S. Ch. 119 (Public Records Law), as amended. All senior-level employees, including the managing director and senior-level officers, directors and managers of JEA, shall be trained by the Office of General Counsel, in consultation with the Ethics Office, at least annually on Florida's open meetings laws, public records and ethics laws in accordance with policies and procedures established by JEA.
  - (3) *Audit.* JEA shall require a person or entity providing contractual services (e.g., construction services, professional design services, or other contractual services) purchased by JEA to agree and be deemed to have agreed by virtue of doing business under contract with JEA to be subject to audit by the council auditor's office pursuant to Article 5 of the charter, as applicable. Additionally, JEA shall include a provision in any contract entered into pursuant to this Article that such vendor or contractor shall comply with all applicable federal, state and local laws, rules and regulations as the same exist or as may be amended from time to time.
  - (4) *Confidentiality agreements.* The use of confidentiality, nondisclosure or similar agreements by government agencies are contrary to open and transparent government. Except regarding information or records deemed by JEA to be confidential or exempt information or records by law, JEA should not enter into confidentiality or nondisclosure agreements with third parties and should use confidentiality, nondisclosure or similar agreements sparingly in the conduct and operation of the utilities systems. Additionally, JEA should not require a member, officer or employee of JEA to execute any type of confidentiality or nondisclosure agreement that would require such member, officer or employee to maintain the confidentiality of information or records that is not confidential or exempt by law.
  - (5) *No financial interest.* Except for an employment contract or agreement executed pursuant to Section 21.08, no member, officer or employee of JEA shall either directly or indirectly be a party to, or be in any manner interested in, any contract or agreement with JEA for any matter, cause or thing whatsoever in which such member shall have a financial interest or by reason whereof any liability or indebtedness shall in any way be created against JEA. If any contract or agreement shall be made in violation of the provisions of this Section the same shall be null and void and no action shall be maintained thereon against JEA.
- (d) *No limitation.* Unless otherwise provided herein, nothing in this Section shall be construed to limit the power of JEA to construct, repair, or improve the utilities systems or any part thereof, or any addition, betterment or extension thereto.

---

(Ord. 2020-419-E , §§ 1, 2)

Editor's note(s)—Ord. 2020-419-E Editor's note(s)—, §§ 1 and 2, amended the Charter by repealing former § 21.09 Editor's note(s)— and adding a new § 21.09 Editor's note(s)—. Former § 21.09 Editor's note(s)— pertained to awards of contracts, and derived from Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 80-113-169, § 1; Ord. 81-921-490, § 2; Ord. 84-1307-754, § 25 Editor's note(s)—; Ord. 84-229-307, § 1; Ord. 86-1475-875, § 1; Ord. 88-989-705, § 1; Ord. 91-678-447, § 1; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; and Ord. 98-253-E, § 1.

### **Section 21.10. Execution of instruments; examination of claims; funding through revenue bonds or revenue certificates.**

All instruments in writing necessary to be signed by JEA shall be executed by the chairperson and secretary or assistant secretary, or by such officer, agent or employee of JEA as it may by resolution designate. JEA shall provide for the examination of all payrolls, bills, and other claims and demands against JEA to determine before the same are paid that they are duly authorized, in proper form, correctly computed, legally due and payable, and that JEA has funds on hand to make payment. Funds on hand to make payment shall be deemed to have been provided when revenue bonds or revenue certificates of JEA (or notes issued in anticipation thereof) to finance the acquisition and construction of plants and facilities for the production and/or transmission of electricity, the production and transmission of water, the transmission and treatment of wastewater and the transmission of natural gas, costing in excess of \$10,000,000.00 have been duly authorized as provided in this Article whereupon JEA may enter into instruments in writing for the acquisition and construction of such plants and facilities and may sell such revenue bonds or revenue certificates (or notes issued in anticipation thereof) in the manner provided in this Article in installments to provide funds as obligations of JEA under such instruments in writing become due.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 93-82-1385, § 1; Ord. 97-12-E, § 2; Ord. 98-253-E, § 1)

### **Sec. 21.11. Privatization, sale, reorganization, service territory transfers prohibited.**

(a) *Definitions.* For purposes of this section, the following definitions shall apply:

"entity" shall mean any person or entity, public or private.

"net capital assets" shall mean the net capital assets based on the Combining Statement of Net Position in latest available JEA annual financial statements for the appropriate Enterprise Fund for each included system.

"net capital assets calculation" shall mean the net capital assets for each included system multiplied by .10 or 10%. For purposes of this section, the initial net capital asset calculation for each included system shall be established based on the September 30, 2020, audited financial statements. The net capital assets calculation shall reset every five years thereafter.

"calculation period" shall mean the five year period after the net capital assets calculation is established during which the cumulative impact on the net capital assets of the sale, lease, assignment, other disposition, or the assignment of the management function or operation of such portion of an included system, shall be recorded.

"service territory" shall mean the geographically defined areas in which JEA is the utility provider.

"included system" shall mean the electric system and bulk power supply system, and the water and sewer utility system reported on the financial statements as the water and sewer Enterprise Fund, owned, operated and managed by JEA.

"excluded system" shall mean JEA's district energy system, and the St. Johns River Power Park system.

- (b) *Prohibition on privatization, sale, reorganization and transfer of management.* JEA shall not directly, or indirectly through a consultant or advisor, explore, investigate or consummate a privatization or transfer to an entity by sale, lease, assignment or other disposition of the net capital assets of an included system, or the management, function, or operation of any portion of an included system which cumulatively comprises more than the net capital assets calculation during the calculation period, without obtaining approval of the council in advance by amending this Section to permit such action by JEA; provided, however, that no final approval of such disposition by the council shall become effective without subsequent referendum approval of the terms and conditions of the disposition, lease, or other assignment of the management, function or operation of such portion of a included system. Additionally, JEA shall not directly or indirectly through a consultant or advisor, explore, investigate or consummate a reorganization of JEA, or JEA's governance structure in a manner that would affect JEA's ownership or management control of the net capital assets of an included system which cumulatively comprises more than the net capital assets calculation during the calculation period, without obtaining approval of the council in advance by amending this Section to permit such action by JEA. Upon approval by the council for JEA to explore or investigate a privatization, transfer, or reorganization of JEA, council may in its discretion prescribe by ordinance budget restrictions related to professional consultants, legal engagements, promotional expenses, and other expenses anticipated by JEA during such exploration or investigation. The terms "explore" and "investigate" as used in this subsection shall include, but not be limited to, exploring or investigating in connection with any strategic planning process undertaken by JEA or any of its consultants or advisors.
- (c) *Reports.* JEA shall report to the council auditor within 30 days of the issuance of the annual audited financial statements the change in net capital assets for each included system for the period covered by the financial statements. JEA shall also report the cumulative impact of the change in net capital assets for each included system during the calculation period. Both reports will include supporting documentation as requested by the council auditor.
- (d) *Prohibited service territory transfers.* Any sale, lease, assignment or other transfer of the service territory of a JEA included system to any entity that will result in a total net loss of .01 or 1% or more of the service territory or any sale, lease, assignment, or transfer to any entity that will result in a total net loss of .01 or 1% or more of JEA's electric, water, or wastewater, customer accounts based on the latest available JEA monthly financial statements shall require council approval in advance. JEA shall not enter into any agreement, contract, memorandum of understanding, letter of intent or other arrangement that would exceed the .01 or 1% or more threshold without obtaining council approval in advance.
- (e) *Interlocal Agreements with St. Johns and Nassau Counties.* Nothing in this Section shall prevent JEA from complying with the terms and conditions of the interlocal agreements with St. Johns County and Nassau County executed by the parties prior to January 1, 2020, which include, but are not limited to, an option to purchase the assets and service territory of JEA within the respective counties without council or referendum approval.

(Ord. 2020-419-E , § 2)

Editor's note(s)—Ord. 2020-419-E Editor's note(s)—, § 2, amended the Charter by renumbering former §§ 21.11Editor's note(s)— and 21.12Editor's note(s)— as new 21.13Editor's note(s)— and 21.14Editor's note(s)—, and adding a new §§ 21.11Editor's note(s)— and 21.12Editor's note(s)—.

## **Sec. 21.12. Public engagement.**

JEA should seek to fully engage and inform its ratepayers, the public, interested stakeholders, and other interested parties in any future planning discussions, including, but not limited to short-term and long-term plans, objectives and goals, regarding the future of JEA to enable its ratepayers, the public, interested stakeholders and

---

other interested parties to fully participate in such planning discussions to the greatest extent reasonably practicable. Examples of ways for JEA to fully engage and inform its ratepayers, the public, interested stakeholders, and other interested parties pursuant to this Section may include, but not be limited to, hosting town hall meetings and JEA workshops and proactively making information regarding such discussions available to its ratepayers, the public, and other interested parties.

(Ord. 2020-419-E , § 2)

Note(s)—See editor's note, § 21.11Note(s)—.

### **Section 21.13. Legislative authority of council.**

Notwithstanding any provision of this charter to the contrary, the council may repeal or amend any portion of this Article, by two-thirds vote of the membership of the council. A public hearing on the adoption of the ordinance shall be advertised in substantially the same manner as the council is required to advertise its intention pursuant to F.S. § 200.065, and held not earlier than 30 days after the introduction of the ordinance into the council. The council shall take final action on the ordinance only after the expiration of 60 days after the advertised public hearing, and no ordinance shall be enacted except by a two-thirds vote of the entire council. If the mayor disapproves the ordinance, the council may enact it notwithstanding such disapproval only by a four-fifths vote of the entire council.

(Laws of Fla., Ch. 78-538, § 1; Laws of Fla., Ch. 80-515, § 1; Ord. 84-1307-754, § 25; Laws of Fla., Ch. 92-341, § 1; Ord. 2020-419-E , § 2)

Note(s)—Former § 21.11Note(s)—. See editor's note, § 21.11Note(s)—.

## ***JEA Board Policy Manual***

### **Section 21.14. Severability.**

If any provisions of this Article or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article which can be given effect without the invalid provision or application, and to this end the provisions of this Article are declared to be severable.

(Ord. 93-82-1385, § 1; Ord. 2020-419-E , § 2; Ord. 2020-419-E , § 2)

Note(s)—Former § 21.12Note(s)—. See editor's note, § 21.11Note(s)—.

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021.

### A3 - JEA BOARD EVALUATION CRITERIA

The JEA Board self- assess annually as per the Self-Assessment Form below. JEA's Compliance Office will be the third party facilitator to assist board members in discussing survey results and deciding what is actionable.

No.	Statements (Please rate the following statements based on your perception of the Board's Performance)	<u>Ratings</u>	Comments
		1 (Strongly Disagree) 2 (Disagree) 3 (Undecided) 4 (Agree) 5 (Strongly Agree)	
	Board Members...		
1	Receive a comprehensive orientation to prepare them to perform their roles and responsibilities.		
2	Are prepared for and participate in monthly Board meetings.		
3	Understand and fulfill the Board's roles and responsibilities.		
4	Understand and support JEA's mission and strategic objectives.		
5	Understand and adhere to the JEA Charter, Bylaws, Board Policies, and applicable Florida Statutes and City Ordinances.		
6	Understand JEA's MOEs so accurate assessments can be made.		
7	Understand and discuss JEA's financial reports and annual budget.		
8	Work together to make good decisions.		
9	Have a strong working relationship with the CEO.		
10	Understand CEO evaluation criteria.		
11	Respect the confidentiality of Board matters in accordance with public records laws.		
12	Reflect behavior consistent with JEA's Code of Conduct and Code of Ethics.		
13	Are knowledgeable about JEA's programs and services.		
14	Follow industry trends and important developments related to JEA, and understand key corporate risks.		
15	Actively self-educate and stay current with industry trends.		
16	Work in coordination with the CEO on succession plan.		
17	Actively look to improve processes.		
18	Act as goodwill ambassadors for JEA in the community.		

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021.

77

## Governance Committee Meeting - May 6, 2021 - FOR COMMITTEE CONSIDERATION

	Board Meetings...		
19	Are generally well-run, make good use of members' time, and are of an optimal length.		
20	Board briefing packets are complete and issued at least 7 days in advance of meetings.		
	The Board...		
21	Is represented with the necessary skills, stakeholders, and diversity.		
22	Demonstrates the principle of transparency in its governance activities.		
23	Delegates sufficient authority to the CEO to lead the organization.		
24	Reviews CEO performance and compensation annually.		
	Total Score	0	
	Average Score	0.00	

General Comments (if any):

Adopted in its entirety by the JEA Board on February 16, 2010  
and as Amended and Adopted by the JEA Board on May 25, 2021.

78



IMPROVING LIVES.BUILDING COMMUNITY. to be the best utility in the country

## BOARD MEETING & STRATEGY RETREAT

Westside Facility | 6727 Broadway Avenue, Jacksonville, FL 32254

July 27, 2021 | 9:00 am – 4:00 pm

### WELCOME

Meeting Called to Order

Time of Reflection

Introductions

Adoption of Agenda ([Action](#))

John Baker, Chair

Safety Moment & Briefing

### COMMENTS / PRESENTATIONS

Council Liaison's Comments

Council Member Randy DeFoor

Comments from the Public

Public

Managing Director / CEO Report

Jay Stowe, Managing Director / CEO

### CONSENT AGENDA

Board Meeting Minutes – May 25, 2021

Investment & Debt Policy Review ([Action](#))

### BOARD AND COMMITTEE REPORTS

Governance Committee

General Joe DiSalvo, Chair

Finance & Audit

Marty Lanahan, Chair

### OTHER BUSINESS & CLOSING CONSIDERATION

Old & Other New Business / Open Discussion

John Baker, Chair

Chair's Report

Announcements – Next Board Meeting August 24, 2021

### BREAK



**IMPROVING LIVES.BUILDING COMMUNITY.** to be the best utility in the country

## **JEA STRATEGY**

Overview & Opening Comments

Jay Stowe, Managing Director / CEO

### **UNBEATABLE TEAM**

JEA Culture

- Employee Engagement
- Diversity, Equity, & Inclusion
- Labor Relations
- Hybrid Work Approach
- Workforce Planning

### **CUSTOMER LOYALTY**

JEA Brand

Environmental Stewardship

Stakeholder Relationships

Economic Development

### **BUSINESS EXCELLENCE**

Financial Plan

- Rates
- Debt
- Spend (Operations & Maintenance and Capital)

Operational Plan

- Integrated Resource Plan
- Infrastructure
- Technology & Data Projects
- New Business Opportunities
- Real Estate Portfolio Plan

Closing Comments

Adjournment

---

## **UPCOMING BOARD AGENDA ITEMS**

Board Education & Development Policy Review ([Action](#))

Debt Management Policy Review ([Action](#))

## **BOARD CALENDAR**

Board Meetings

9:00 am – Fourth Tuesday of every month except November 16, 2021 and December 14, 2021

Committees

TBD



IMPROVING LIVES.BUILDING COMMUNITY. to be the best utility in the country

## FINANCE & AUDIT COMMITTEE

8<sup>th</sup> Floor, 21 West Church Street, Jacksonville, FL 32202

May 14, 2021 | 9:00 am – 11:00 am

### WELCOME

Meeting Called to Order

Adoption of Agenda (Action)

Approval of Minutes – March 12, 2021 (Action)

Marty Lanahan, Chair

Safety Moment & Briefing

David Goldberg, Director, Customer & Community Engagement

Anthony Long, Director, Safety & Health Services

### FOR COMMITTEE CONSIDERATION

FY2022 Budget Presentation

FY2022 Proposed Rate and Fee Adjustments

Juli Crawford, Director Financial Planning &

Analysis

Audit Services Update

Steve Tuten, Director, Audit Services

### ADDITIONAL INFORMATION

Ethics Officer's Report

Electric System and Water & Sewer System Reserve Fund Report

JEA Energy Risk Management Policy Report

### CLOSING CONSIDERATIONS

Announcements – Next Meeting July 16, 2021

Marty Lanahan, Chair

Committee Discussion

- Ernst & Young
- Director, Audit Services

John DiSanto, Ernst & Young

Steve Tuten, Audit Services

Adjournment

### UPCOMING COMMITTEE AGENDA ITEMS

FY2021 Annual Audit Plan

JEA FINANCE & AUDIT COMMITTEE MINUTES  
March 12, 2021

The Finance & Audit Committee of JEA met on Friday, March 12, 2021 on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Pursuant to City of Jacksonville Emergency Proclamation, attendees were required to wear masks, CDC guidelines and social distancing were required at the physical location, and the meeting was also accessible via WebEx. In attendance physically were John Baker and Bobby Stein. Marty Lanahan participated in the meeting via WebEx. Also in attendance physically were Jody Brooks, Chief Administrative Officer and Jay Stowe, Managing Director/CEO.

**Agenda Item I – Opening Considerations**

- A. **Call to Order** – Chair Marty Lanahan called the meeting to order at 9:00 a.m. Committee members John Baker and Bobby Stein being present for the meeting constituted a quorum.
- B. **Safety Briefing and Moment** – Anthony Long, Director, Safety & Health Services, provided a safety briefing for those in attendance at the meeting. Steve Tuten, Director, Audit Services, referencing materials provided to the Committee in advance of the meeting, presented the safety moment, Hierarchy of Controls.
- C. **Adoption of Agenda** – On *motion* by John Baker and seconded by Bobby Stein the agenda was adopted.
- D. **Approval of Minutes** – On *motion* by Bobby Stein and seconded by John Baker, the Minutes of the December 11, 2020 Committee meeting were unanimously approved.

**Agenda Item II – New Business**

- A. **Rates and Fees Update** – Juli Crawford, Director, Financial Planning & Analysis, referencing materials provided to the Committee in advance of the meeting, provided an update on the 12 month plan for rates and fees. Ms. Crawford presented a detailed tentative rate action timeline, fuel charges, and electric base rates. Ms. Crawford provided an example of the impact of the proposed FY22 electric base rates on a residential customer bill. Lastly, Ms. Crawford presented details on the water/wastewater capacity fees.  
  
This presentation was received for information only.
- B. **FY2022 Budget Assumptions** – Juli Crawford, Director, Financial Planning & Analysis, began by stating this will be the first of several presentations on the proposed FY22 budget. Referencing materials provided to the Committee in advance of the meeting, Ms. Crawford provided details on strategic items, key assumptions, the electric budget assumptions, water/wastewater budget assumptions, government transfers, and the budget timeline.  
  
This presentation was received for information only.
- C. **Quarterly Audit Services Update** – Steve Tuten, Director, Audit Services, referencing materials provided to the Committee in advance of the meeting, presented updates on Enterprise Risk Management, Forensic Audit Investigations, and Internal Audits.  
  
This presentation was provided for information only.
- D. **Ethics Officer Quarterly Report** – Walette Stanford, Ethics Officer, referencing materials provided to the Committee in advance of the meeting, provided details on the Due Diligence Best Practice Checklist, ethical culture tools, elevating JEA's ethical culture, implementation of the new

Ethics Pride Badge, ethics inquiries by year and categories, and what's next for the Ethics department.

This presentation was provided for information only.

**E. Treasury**

**1. Electric System and Water and Sewer System Reserve Fund Quarterly Report** – Joe Orfano, Interim VP, Financial Services, referencing materials provided to the Committee in advance of the meeting, provided a high level overview of the JEA's Electric System and Water and Sewer reserve fund balances. Mr. Orfano explained the fuel rate stabilization fund, projected days of liquidity, and unrestricted funds in the electric system. Mr. Orfano further outlined the projected days of liquidity and projected R&R fund balance in the water/wastewater system. Lastly, Mr. Orfano stated that he has indicated at prior committee meetings the upcoming need of the issuance of new debt, and the timing has been discussed, to partially fund capital projects.

This presentation was provided for information only.

**2. JEA Variable-Rate Debt Analysis** – Mr. Orfano introduced Michael Mace, PFM Financial Advisors LLC providing a short bio on Mr. Mace's professional and educational background. Mr. Mace, referencing materials provided to the Committee in advance of the meeting, presented the history of long and short term municipal rates, variable-rate debt in the municipal market, variable-rate debt risks and considerations, interest rate risk, interest rate risk as a percentage of revenue, structure risk, fixed-rate market opportunities, and municipal utility industry peer comparisons. Mr. Mace concluded the presentation by explaining JEA's history of savings with the use of variable-rate debt, JEA and customers limited exposure to changes in short-term interest rates, JEA structure risk, and low long-term rates.

This presentation was provided for information only.

**F. JEA Energy Market Risk Management Policy –**

**1. Quarterly Report** – Ricky Erixton, VP Electric Systems, referencing materials provided to the Committee in advance of the meeting, provided an update on the Energy Market Risk Management report. Mr. Erixton stated the fuel fund is in good shape and all other metrics are in the green.

This presentation was received for information only.

**2. Approval of Revision Policy** – Ricky Erixton, VP Electric Systems, referencing materials provided to the Committee in advance of the meeting, presented the administrative changes to the JEA Energy Market Risk Management Policy and requested the Committees approval of the changes.

On *motion* by John Baker and seconded by Bobby Stein the changes to the policy were unanimously approved.

**G. Announcements** – Next meeting, July 16, 2021 9:00am – 11:00am

Finance & Audit Committee

March 12, 2021

Page 3

**J. Committee Discussions Sessions**

At 10:46 A.M., Ms. Lanahan asked the Committee to enter into Executive Session. All meeting participants were excused excluding JEA Board Members, John DiSanto, Steve Tuten, Jody Brooks and Madricka Jones.

1. Ernst & Young: At 10:47 A.M., Mr. DiSanto engaged the Committee.
2. Director, Audit Services: At 10:54 A.M., Mr. Tuten engaged the Committee.
3. Council Auditor's Office: No Council Auditor representative was in attendance.

**Adjournment**

With no further business requiring the attention of the Committee, the meeting was declared adjourned at 10:59 A.M.

APPROVED BY:

\_\_\_\_\_  
Marty Lanahan, Committee Chair  
Date: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
Madricka Jones  
Executive Assistant to CEO



## **Safety Moment and Briefing**

**David Goldberg**  
Director, Customer & Community  
Engagement

**Tony Long**  
Director, Safety and Health Services

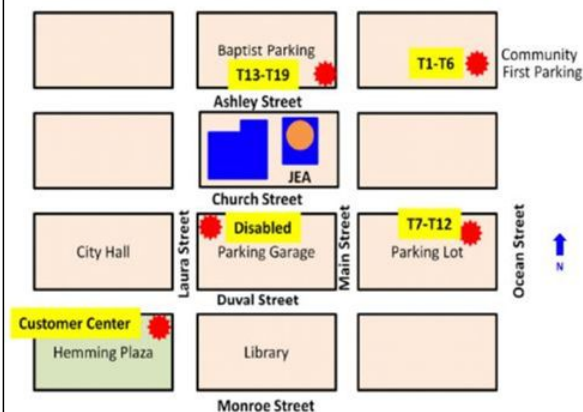


May 14, 2021

## Safety Briefing

- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Baptist Parking Lot (corner of Ashley & Main St.)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone Etiquette

### EVACUATION ASSEMBLY CENTERS During normal business hours



#### EGRESS ROUTES FROM:

##### Tower

- Even Floors – evacuate via NW stairwell
- Odd Floors – evacuate via center stairwell

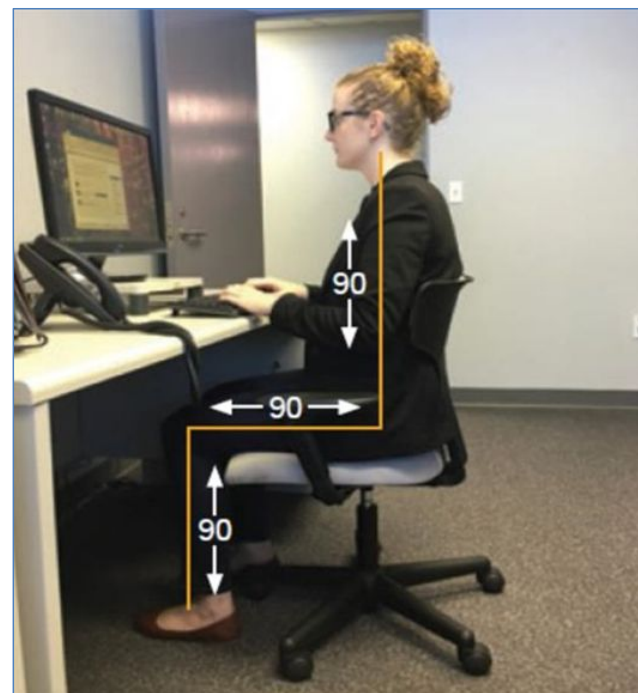
##### Customer Center

- Evacuate via either stairwell

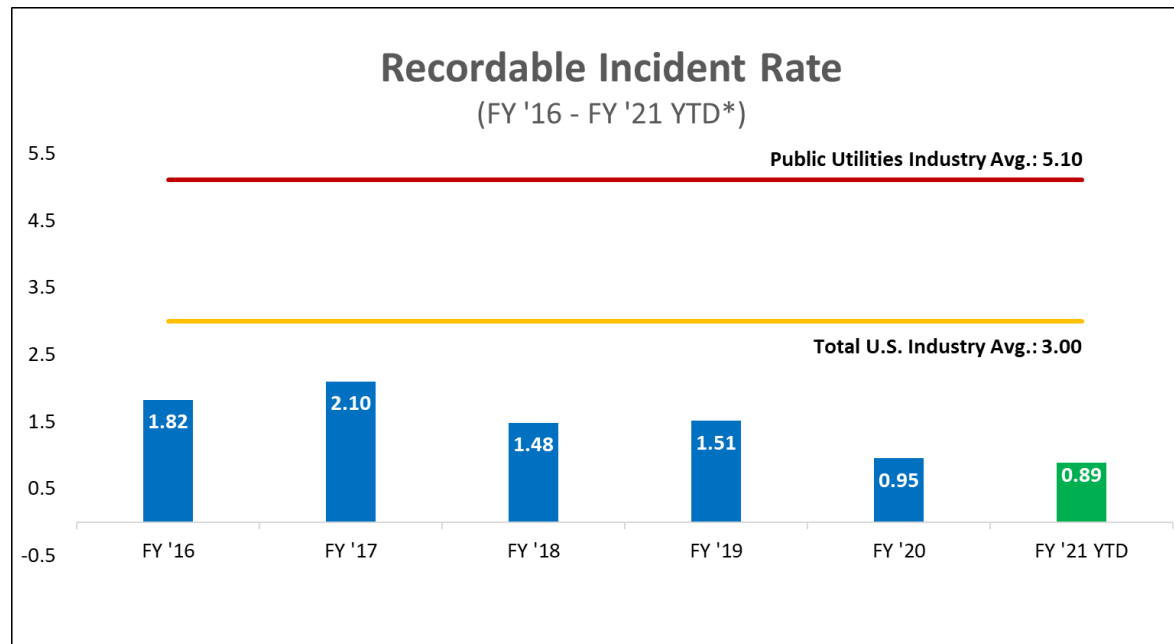
## Safety Moment – Office Ergonomics

### KEY Points before you KEY:

- Place monitor 18-24 inches in front of you;
- Target 16-20 inches for seat height & 25-30 inches for desk height;
- Monitor height at eye level (or slightly below);
- Place keyboard directly in front and promote floating wrist;
- Shoulders down & relaxed, elbows close to body;
- Mouse close to keyboard – avoid full forward reach;
- Hip, knee, and ankle at 90°/90°/90° position;
- Feet flat on the floor or use footrest; and
- Arm rest should be soft.



## Safety Performance Update



Recordable Incident Rate = [No. of OSHA Recordable Injuries ÷ Hours Worked] x 200,000



\* Incident rates estimated as of April 30, 2021



## **FY2022 Budget**

### Finance & Audit Committee

Juli Crawford  
Director, Financial Planning & Analysis



May 14, 2021

## FY2022 Budget Agenda



- 1 Budget Process Summary
- 2 Budget Summary & Consolidated Schedules
- 3 Electric System Budget Assumptions
- 4 Water/Wastewater Budget Assumptions
- 5 District Energy Budget Assumptions
- 6 Rate Stabilization Funds
- 7 Budget Timeline & Action Items
- 8 Supplemental Schedules





## **Budget Process Summary**



## BUDGET PROCESS SUMMARY



- ▶ JEA budget development is a continuous process where the annual budget is constructed for the following fiscal year beginning each fall, a full year prior to the budget being in effect
- ▶ The annual budget process follows the timeline to the left, with many ongoing activities occurring intermittently throughout the process
- ▶ JEA's leadership meets individually with the Council Finance Committee members to review JEA's Financial Plan and proposed JEA Board approved budget
- ▶ Ongoing activities include monthly purchased power meetings, monthly forecast meetings, quarterly debt and investment meetings, enterprise risk management, annual risk assessments, integrated resource plan, cost of service studies



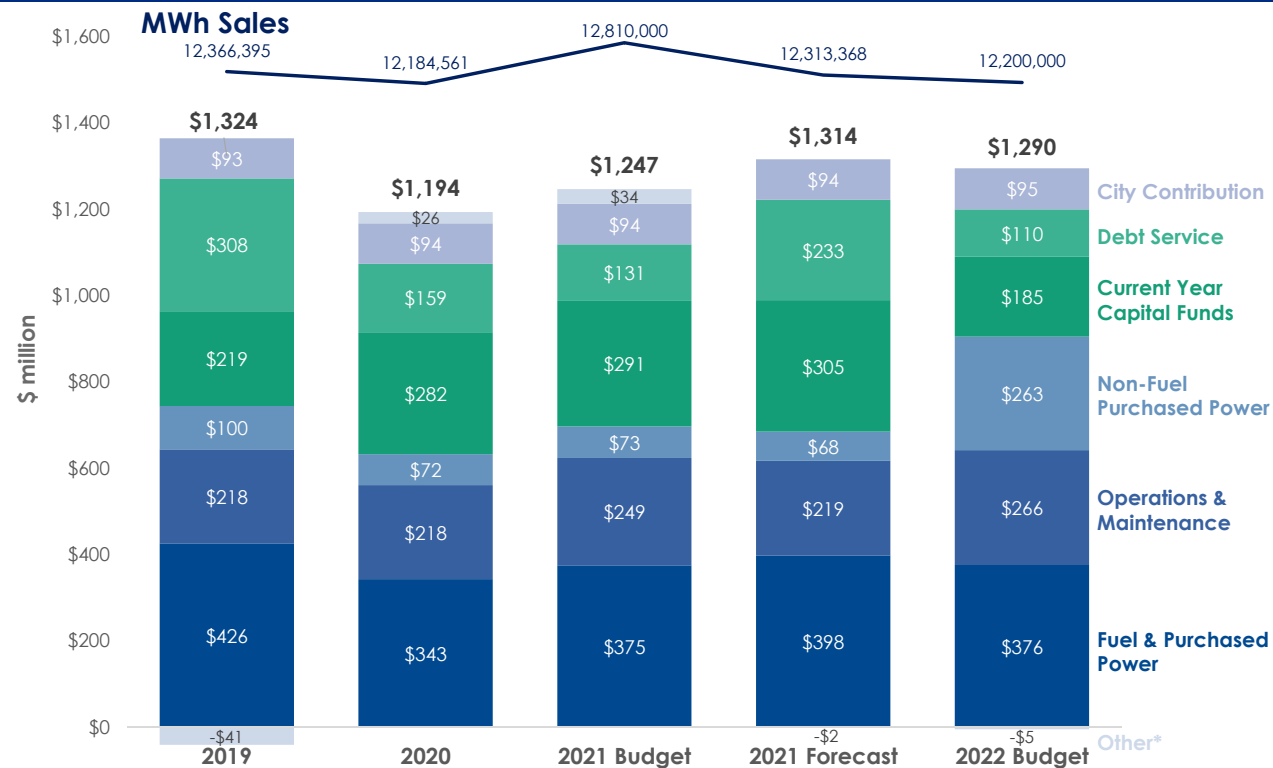


## **Budget Summaries & Consolidated Schedules**



## Electric System Operating Budget Components

<b>FY22 Budget</b>
<b>Fuel and Purchased Power</b>
Reflects higher purchased power expenses
<b>O&amp;M</b>
Includes COVID expenses, new headquarters lease payments, generating unit outages
<b>Non-Fuel Purchased Power</b>
Includes Scherer debt defeasance and MEAG PPA payments
<b>Internal Capital Funds</b>
Fully funds the FY22 capital program utilizing current and prior year revenues
<b>Debt Service</b>
Principal and interest projected to be lower than FY21
<b>City Contribution</b>
Based on city contribution agreement extended to 2023

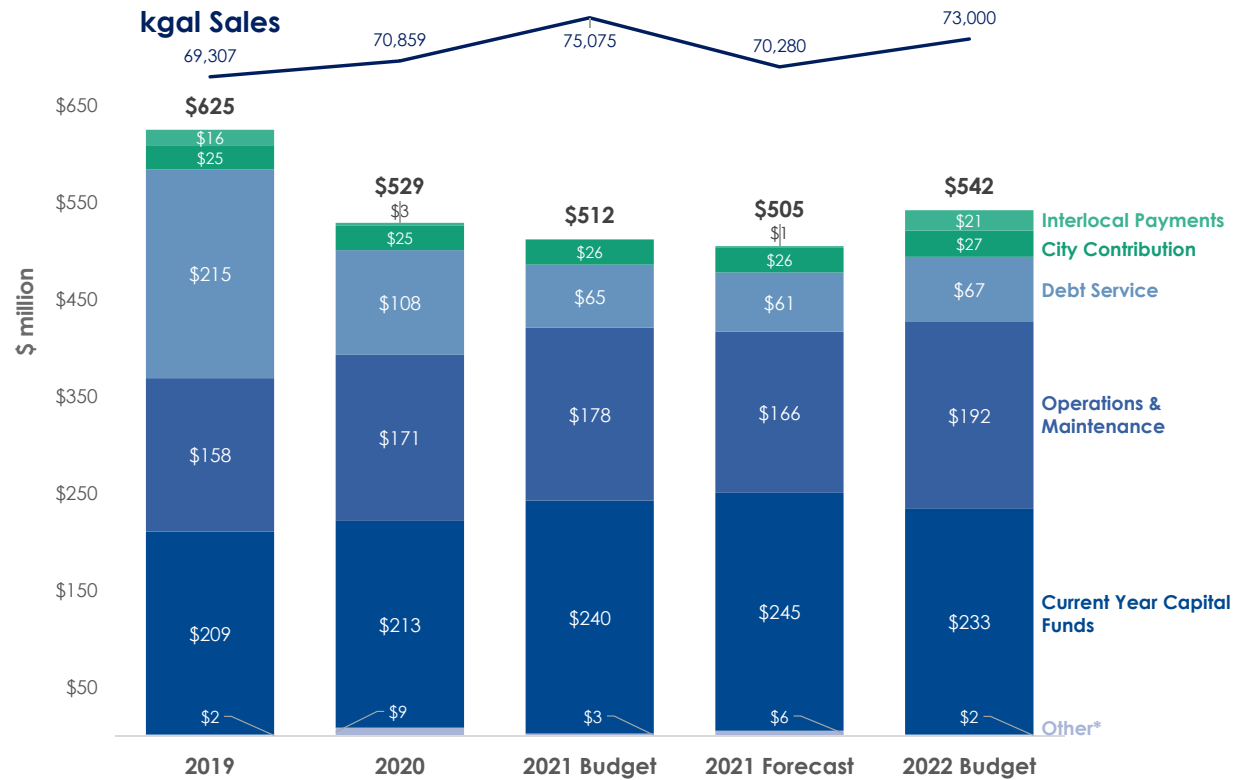


\*Other includes Base Uncollectibles, Emergency Reserve funding, use of rate stabilization funds, and PSC fees. Change in budget primarily due to a planned \$7.3 million stabilization withdrawal in FY22B compared to a \$36 million deposit in FY21B

Current Year Capital Funds	\$219	\$282	\$291	\$305	\$185
(To)/from Fund Balance	\$67	(\$88)	(\$73)	(\$118)	\$56
<b>Capital Expenditures</b>	<b>\$286</b>	<b>\$194</b>	<b>\$218</b>	<b>\$187</b>	<b>\$241</b>

## Water and Sewer System Operating Budget Components

FY22 Budget	
<b>Internal Capital Funds</b>	Funds two-thirds of the FY22 capital program
<b>O&amp;M</b>	Includes salaries, benefits, materials, supplies, and funding other services and charges such as professional and industrial services
<b>Debt Service</b>	Projected to be slightly higher than FY21
<b>City Contribution</b>	Based on city contribution agreement extended to 2023
<b>Interlocal Payments</b>	Includes a prepayment to Nassau County in addition to annual payments to Clay County and St. Johns County, and Septic Tank Phase Out funding



\*Other includes Uncollectibles and Emergency Reserve funding

	2019	2020	2021 Budget	2021 Forecast	2022 Budget	
Current Year Capital Funds	\$209	\$213	\$240	\$245	\$233	
(To)/from Fund Balance	\$4	(\$23)	\$88	(\$10)	\$129	→ Debt Proceeds
<b>Capital Expenditures</b>	<b>\$213</b>	<b>\$190</b>	<b>\$328</b>	<b>\$235</b>	<b>\$362</b>	

## FY2022 Total JEA Labor Costs

- Base payroll expense for FY2022 increases 6.0% vs FY2021 budget
- Benefits include \$6m in assumed incentive pay
- Payroll Expense includes Bargaining Unit step increases per contractual agreements and estimated general increases
- Bargaining union contracts have currently been negotiated through FY2022

(\$ in millions)	FY2020	Budget FY2021	Budget FY2022	Budget FY2022 vs FY2021
Payroll Expense <sup>1</sup>	\$201.2	\$209.2	\$221.8	6.0%
Benefits	45.6	48.2	48.6	0.8%
Subtotal	\$246.8	\$257.4	\$270.4	5.1%
Pension	41.6	40.4	43.8	8.4%
Subtotal	\$288.4	\$297.8	\$314.2	5.5%

Current JEA Salary Adjustment Summary <sup>2</sup>						
	General Increase – Prior Period			General Increase – Current Contract		
Unit	FY17	FY18	FY19	FY20	FY21	FY22
IBEW	4.5%	4.5%	4.5%	3.5%	3.5%	<b>3.5%</b>
JSA	3.0%	3.0%	3.0%	3.5%	3.5%	<b>3.5%</b>
LIUNA	4.5%	5.0%	4.5%	3.5%	3.5%	<b>3.5%</b>
AFSCME	2.5%	2.5%	3.0%	3.5%	3.5%	<b>3.5%</b>
M&C	3.0%	3.0%	2.5%	2.9%	3.0%	<b>3.0%</b>
PEA	5.0%	3.0%	3.0%	2.0%	2.0%	<b>2.0%</b>
Appointed	0.0%-5.0%, avg 3.0%	0.0%-4.3%, avg 3.0%	0.0%-5.5%, avg 2.7%	0.0%-5.0%, avg 3.35%	0%-5.0%, avg 3.16%	<b>3.0%</b>

### Notes

1) Payroll expense includes salary, wages, temporary and contract for the Energy, Water and DES systems. Does not include Succession Planning of \$3.6m in FY2017 through FY2022.

2) Total JEA salary adjustments are for both Energy and Water/Wastewater Systems, appointed adjustments per market study. Percentage increases for M&C and Appointed are estimated for FY2022.



## Government Transfers via the JEA Bill

### Paid to COJ:

- City Contribution
- Public Service Tax
- City Franchise Fee

### Paid to State of Florida:

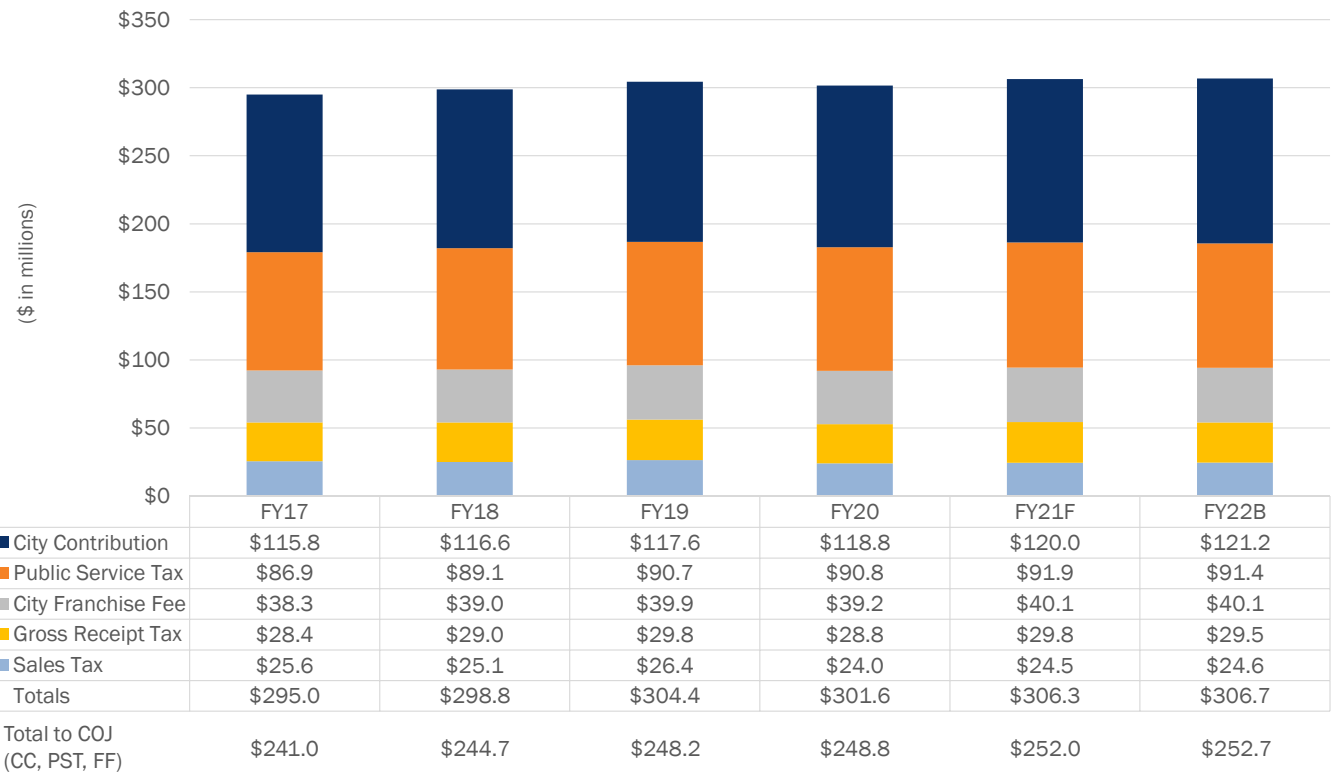
- Gross Receipt Tax

### Paid to COJ & State:

- Sales Tax

Continues to increase based upon the agreement to contribute the greater of 1% increase on the baseline or the millage calculation

The City Contribution Agreement has been extended through FY2023





## **Electric System Budget Assumptions**



## Electric System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
<b>FUEL REVENUES:</b>				
Fuel Revenues	\$ 368,899,940	\$ 410,912,775	\$ -42,012,835	\$ 395,885,585
<b>FUEL EXPENSES:</b>				
Fuel & Purchased Power	\$ 368,899,940	\$ 410,912,775	\$ -42,012,835	\$ 395,885,585
<b>FUEL SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -	\$ -
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 785,192,000	\$ 793,579,500	\$ -8,387,500	\$ 770,712,009
Environmental Charge Revenue	7,442,000	7,814,100	-372,100	7,532,299
Conservation Charge & Demand Side Revenue	732,000	768,600	-36,600	699,541
Other Revenues	123,615,440	25,141,212	98,474,228	132,440,661
Natural Gas Pass Through Revenue	823,420	967,784	-144,364	876,728
Total Base Related Revenues	\$ 917,804,860	\$ 828,271,196	\$ 89,533,664	\$ 912,261,238
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 255,776,299	\$ 239,699,869	\$ 16,076,430	\$ 211,609,532
Environmental	2,263,500	1,891,598	371,902	1,134,250
Conservation & Demand-side Management	7,227,800	6,422,909	804,891	5,364,921
Natural Gas Pass Through Expense	918,473	915,183	3,290	956,074
Non-Fuel Purchased Power	263,361,133	72,642,571	190,718,562	67,757,264
Non-Fuel Uncollectibles & PSC Tax	1,391,596	2,606,030	-1,214,434	2,218,988
Emergency Contingency	5,000,000	5,000,000	-	5,000,000
Total Base Related Expenses	\$ 535,938,801	\$ 329,178,160	\$ 206,760,641	\$ 294,041,029
<b>BASE OPERATING INCOME:</b>	\$ 381,866,059	\$ 499,093,036	\$ -117,226,977	\$ 618,220,209

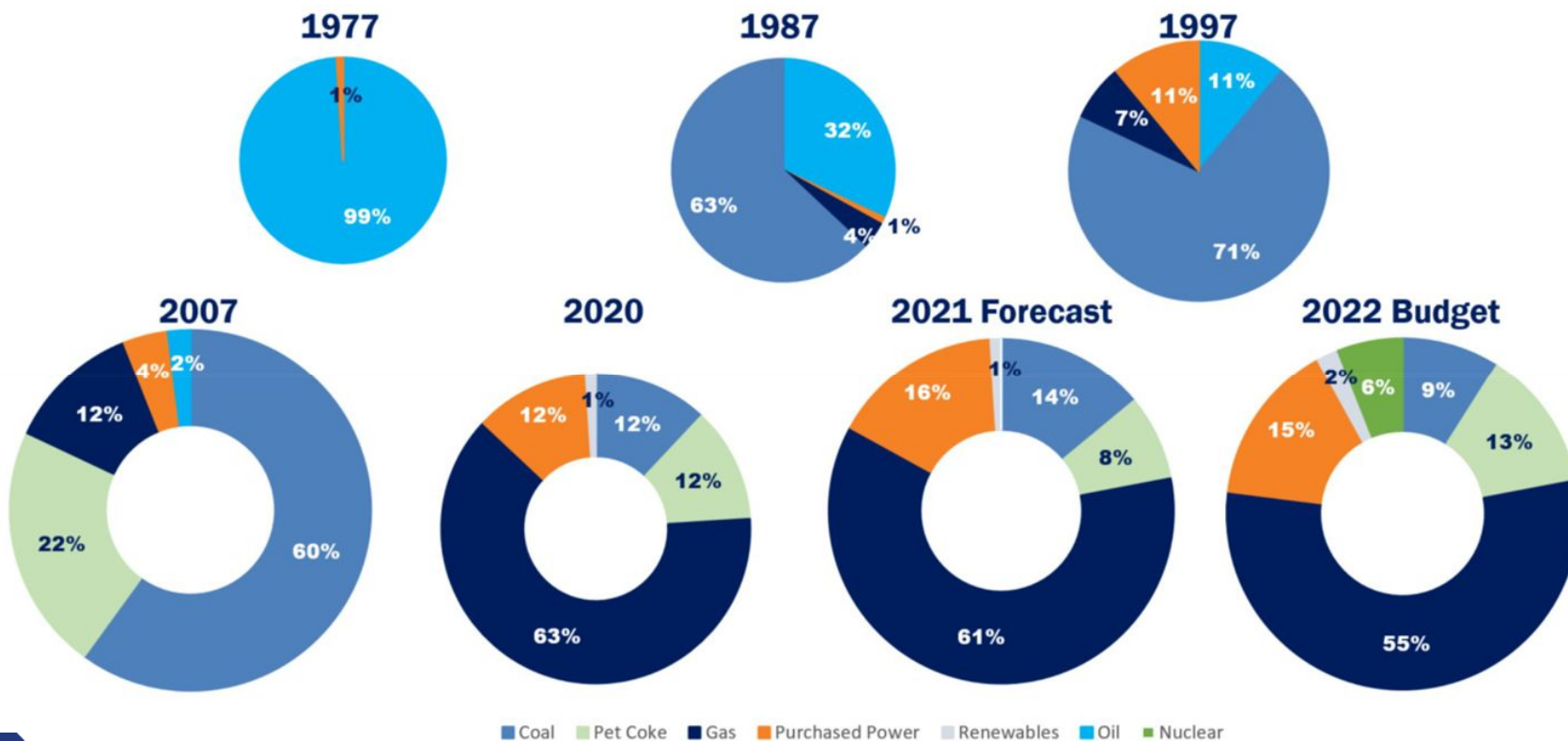
## Electric System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>NON-OPERATING REVENUE:</b>				
Investment Income	\$ 3,194,911	\$ 7,962,574	\$ -4,767,663	\$ 5,957,665
Total Non Operating Revenues	\$ 3,194,911	\$ 7,962,574	\$ -4,767,663	\$ 5,957,665
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	\$ 109,816,948	\$ 131,173,417	\$ -21,356,469	232,722,926
Demand-side Management - Rate Stabilization	-395,800	750,691	-1,146,491	1,545,670
Environmental - Rate Stabilization	-3,821,756	-9,423,646	5,601,890	-8,579,870
Total Non Operating Expenses	\$ 105,599,392	\$ 122,500,462	\$ -16,901,070	\$ 225,688,726
<b>BASE INCOME BEFORE TRANSFERS</b>	\$ 279,461,578	\$ 384,555,148	\$ -105,093,570	\$ 398,489,148
City Contribution Expense	94,545,651	93,609,555	936,096	93,609,555
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	65,000,000	64,012,472	987,528	62,540,250
Operating Capital Outlay	116,621,139	217,292,441	-100,671,302	227,361,425
Environmental Capital Outlay	3,294,788	9,640,680	-6,345,892	14,977,918
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	\$ 279,461,578	\$ 384,555,148	\$ -105,093,570	\$ 398,489,148
<b>SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ 1,289,899,711	\$ 1,247,146,545	\$ 42,753,166	\$ 1,314,104,488
<b>TOTAL APPROPRIATIONS</b>	\$ 1,289,899,711	\$ 1,247,146,545	\$ 42,753,166	\$ 1,314,104,488
<b>BUDGETED EMPLOYEE POSITIONS</b>	1,527	1,527	-	1,527
<b>BUDGETED TEMPORARY HOURS</b>	104,000	104,000	-	104,000

## Electric System Capital Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 65,000,000	\$ 64,012,472	\$ 987,528	\$ 62,540,250
Operating Capital Outlay	116,621,139	217,292,441	-100,671,302	227,361,425
Environmental Capital Outlay	3,294,788	9,640,680	-6,345,892	14,977,918
Debt Proceeds	-	-	-	-
Other Proceeds	55,886,073	-	55,886,073	-
Total Capital Funds	\$ 240,802,000	\$ 290,945,593	\$ -50,143,593	\$ 304,879,593
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 40,010,000	\$ 30,462,000	\$ 9,548,000	\$ 26,480,000
Transmission and Distribution Projects	119,503,000	129,577,000	-10,074,000	108,626,000
Other Projects	81,289,000	57,503,000	23,786,000	51,473,000
Total Capital Projects Subtotal	\$ 240,802,000	\$ 217,542,000	\$ 23,260,000	\$ 186,579,000
Capital Reserve	-	73,403,593	-73,403,593	118,300,593
Total	\$ 240,802,000	\$ 290,945,593	\$ -50,143,593	\$ 304,879,593

## Electric Fuel Mix



## Fuel Rate per MWh



- ▶ FY22 projected fuel expenses include the new FPL Power Purchase Agreement that replaces the generation from Scherer 4's retirement, Vogtle Unit 3, and commencement of the 250 MW solar project.
- ▶ Pricing Policy annually sets Fuel Stabilization Fund balance target at 15% of the highest fuel expense over the past five fiscal years of \$455 million, currently \$68 million
- ▶ FY2022 year-end Fuel Stabilization Fund balance projected to be 16% of target expense utilizing the current \$32.50 fuel rate, exceeding the target range
- ▶ This leads to a recommendation of lowering the Fuel Charge to customers from \$32.50/MWh to \$30.50/MWh for FY 2022

	FY2019A	FY2020A	FY2021F	FY2022B
Fuel Charge Budgeted per \$/MWh	\$32.50	\$32.50	\$32.50	\$30.50
Fund as a % of Target Expense	9%	16%	16%	14%
Annual Fuel Cost (millions)	\$426	\$343	\$398	\$376

## FY2022 Electric System Non-Fuel Purchased Power

<b>SJRPP</b> (Shut down 1/5/18)	<b>FY2021</b>	<b>FY2022</b>	<b>Variance</b>	<b>Explanation</b>
Debt Service	\$23,780,931	\$20,062,324	-\$3,718,607	Lower D/S interest due to planned SJRPP early debt retirement
R&R	2,972,616	2,507,791	-464,825	
<i>Subtotal SJRPP</i>	<i>\$26,753,547</i>	<i>\$22,570,115</i>	<i>-\$4,183,432</i>	
<b>Scherer</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Variance</b>	<b>Explanation</b>
O&M	\$7,509,000	\$7,336,381	-\$172,619	
Debt Service	10,029,775	77,635,936	67,606,161	Planned Scherer early debt retirement
R&R	9,450,249	2,040,869	-7,409,380	1 <sup>st</sup> quarter 2022 only
Transmission	6,100,000	1,640,810	-4,459,190	1 <sup>st</sup> quarter 2022 only
<i>Subtotal Scherer</i>	<i>\$33,089,024</i>	<i>\$88,653,996</i>	<i>\$55,564,972</i>	
<b>Other</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Variance</b>	<b>Explanation</b>
Other Capacity	\$7,800,000	\$8,200,000	400,000	
FPL Capacity	0	17,010,000	17,010,000	Per Scherer shutdown agreement with FPL, fixed cost per MW of capacity
Vogtle Administration	5,000,000	0	-5,000,000	No additional Vogtle legal costs
Vogtle Capacity	0	21,404,171	21,404,171	Planned Vogtle capacity costs, including O&M
Vogtle Debt Service	36,501,372	80,522,851	44,021,479	Planned D/S payment for Vogtle
Rate Stabilization	-36,501,372	25,000,000	61,501,372	Planned contribution to non-fuel purchased power rate stabilization fund
<i>Subtotal Other</i>	<i>\$12,800,000</i>	<i>\$152,137,022</i>	<i>139,337,022</i>	
<b>Total</b>	<b>\$72,642,571</b>	<b>\$263,361,133</b>	<b>\$190,718,562</b>	



## Electric System Operating Budget

### Strategic Issues Included in Budget:

FOR FY2022 (\$ in millions)	
Generating Unit Outages	7.4
New Headquarters	6.6
Succession Planning Staffing Risks	2.6
COVID related expenses	2.0
<b>Total</b>	<b>\$18.6</b>

FOR FY2021 (\$ in millions)	
Generating Unit Outages	4.7
Succession Planning Staffing Risks	2.6
COVID related expenses	2.8
<b>Total</b>	<b>\$10.1</b>

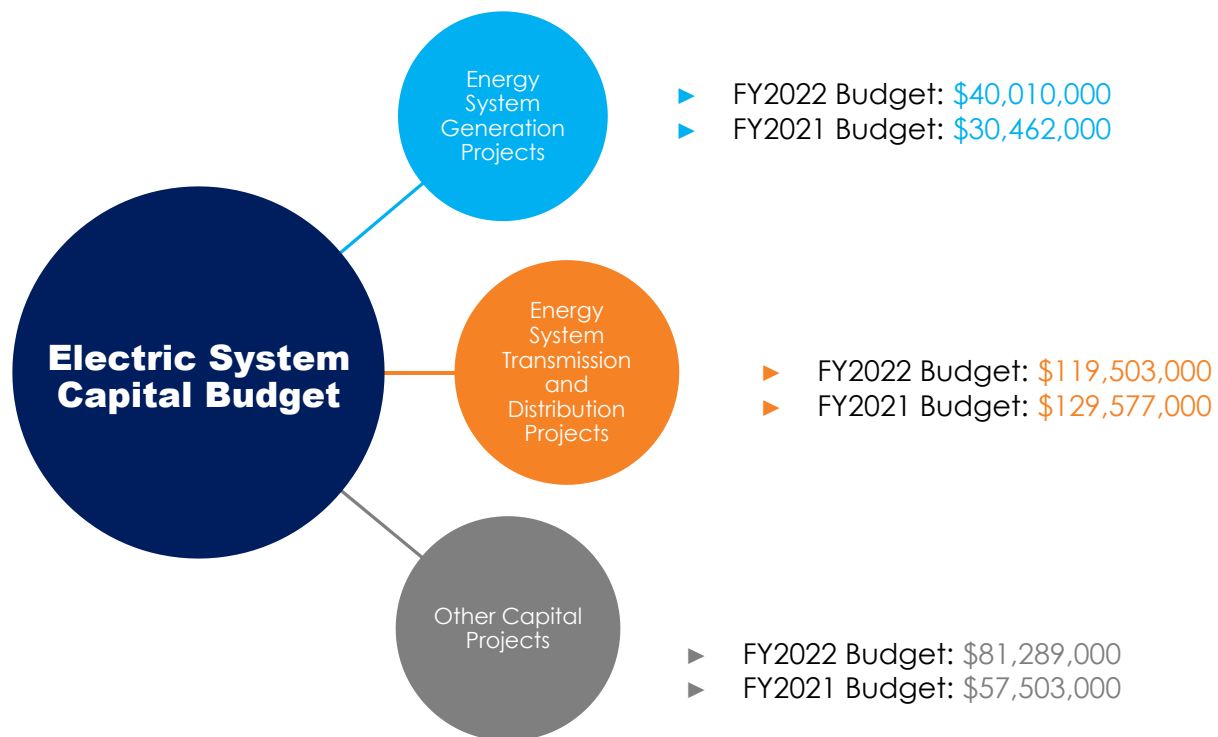
(\$ in millions)	FY2021 Budget <sup>1</sup>	FY2022 Budget <sup>1</sup>	Variance	Explanation
Salaries	\$141.5	\$146.9	\$5.4	Includes bargaining unit step increases per contractual agreements and estimated general increases.
Benefits	63.3	65.4	2.1	Increases in benefits due to salary increases
Other Services	116.0	128.2	12.2	Increases to rental and professional services for new headquarters lease and associated costs such as scanning, increase in outage costs, increase in industrial services, increase in building and structures maintenance
Materials & Supplies	19.2	20.8	1.6	Increases to outage supplies and materials, inventory issues, and miscellaneous supplies and tools
Other	19.5	18.2	-1.3	Decrease to inventory carrying costs and decrease to interest on customer deposits
Credits – Shared Services	-63.9	-66.4	-2.5	Increase in shared cost allocation
Credits – Capitalization	-43.8	-44.1	-0.3	Higher overall capitalized labor credits
Credits – Other	-12.1	-13.2	-1.1	Increase in Fuel Procurement and Handling credit
Conservation/DSM	6.4	7.2	0.8	Stable
Environmental	1.9	2.3	0.4	Stable
Ref. Natural Gas	0.9	0.9	0	No change
<b>Total</b>	<b>\$248.9</b>	<b>\$266.2</b>	<b>\$17.3</b>	



## Electric System FY2022 Capital Budget

# Total FY2022 Budget: \$241 Million

- ▶ FY2021 capital plan budget was \$217.5 million, current forecast is \$187 million
- ▶ FY2022 capital funding plan utilizes existing capital cash balances to fund qualifying projects, resulting in no new debt issuance for FY2022



## Electric System FY2022 Capital Budget

### Sources of Funds

**\$241  
Million**

▶ <b>\$ 117</b> MILLION	OPERATING CAPITAL OUTLAY
▶ <b>\$ 65</b> MILLION	RENEWAL & REPLACEMENT
▶ <b>\$ 3</b> MILLION	ENVIRONMENTAL RATE STABILIZATION
▶ <b>\$ 56</b> MILLION	OTHER PROCEEDS

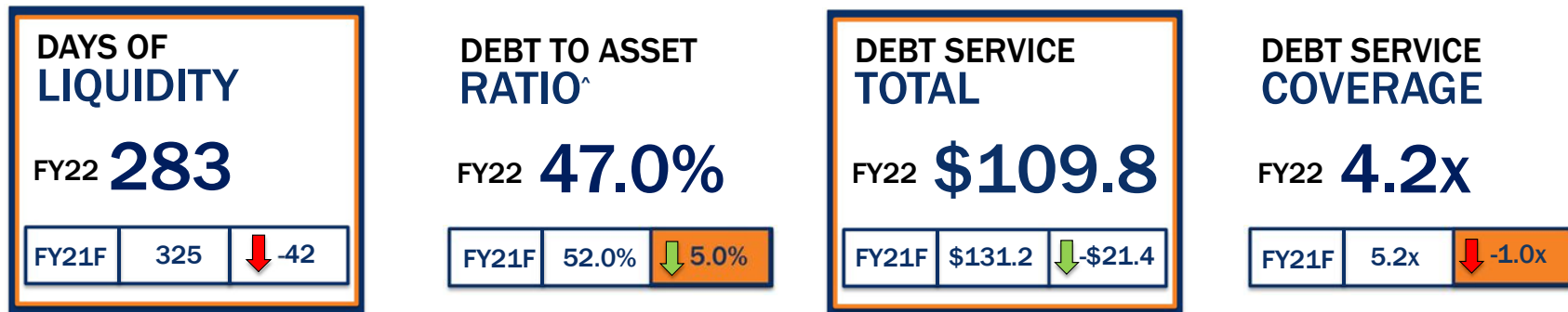
### Uses of Funds

▶ <b>\$ 220</b> MILLION	SYSTEM MAINTENANCE <ul style="list-style-type: none"> <li>• Renewal &amp; Replacement</li> <li>• Distribution</li> <li>• Facilities, Fleet, &amp; Technology</li> </ul>
▶ <b>\$ 18</b> MILLION	SYSTEM EXPANSION <ul style="list-style-type: none"> <li>• New or Expanded Generation</li> <li>• New Transmission Lines</li> <li>• New or Expanded Substations</li> </ul>
▶ <b>\$ 3</b> MILLION	ENVIRONMENTAL <ul style="list-style-type: none"> <li>• Solar Projects</li> <li>• Nox Emissions Reductions</li> </ul>

FY2022 key projects include \$30 million for General Administration Building and EOC, \$9.9 million for 69kV rebuild, and \$9.4 million for Kennedy Generation Station CT7 Rotor Replacement

Note: Detailed FY2022 project list is included in the Supplemental Schedules section

## Electric System FY2022 Operating Metrics



**Electric System Bond Rating: A2/A+/AA**



## **Water & Wastewater System Budget Assumptions**



## Water Wastewater System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 439,929,234	\$ 437,545,588	\$ 2,383,646	\$ 426,974,149
Environmental Charge Revenue	27,010,000	27,777,750	-767,750	25,684,865
Other Revenues	25,494,531	14,600,000	10,894,531	11,003,104
Total Base Related Revenues	<u>\$ 492,433,765</u>	<u>\$ 479,923,338</u>	<u>\$ 12,510,427</u>	<u>\$ 463,662,118</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 184,882,130	\$ 175,430,345	\$ 9,451,785	\$ 164,985,986
Environmental CUP - DSM	\$ 7,608,200	\$ 2,394,238	5,213,962	864,713
Non-Fuel Uncollectibles & PSC Tax	\$ 700,409	\$ 1,395,970	-695,561	1,315,963
Emergency Contingency	\$ 1,000,000	\$ 1,000,000	-	1,000,000
Total Base Related Expenses	<u>\$ 194,190,739</u>	<u>\$ 180,220,553</u>	<u>\$ 13,970,186</u>	<u>\$ 168,166,662</u>
<b>BASE OPERATING INCOME:</b>	<b>\$ 298,243,026</b>	<b>\$ 299,702,785</b>	<b>\$ -1,459,759</b>	<b>\$ 295,495,456</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	2,075,631	2,975,171	-899,540	2,765,074
Capacity Fees	47,000,000	29,388,151	17,611,849	38,442,107
Total Non Operating Revenues	<u>\$ 49,075,631</u>	<u>\$ 32,363,322</u>	<u>\$ 16,712,309</u>	<u>\$ 41,207,181</u>

## Water Wastewater System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	67,135,355	65,436,531	1,698,824	61,123,521
Demand-side Management - Rate Stabilization	-	-	-	-
Environmental - Rate Stabilization	-	-	-	-
Total Non Operating Expenses	<u>\$ 67,135,355</u>	<u>\$ 65,436,531</u>	<u>\$ 1,698,824</u>	<u>\$ 61,123,521</u>
<b>BASE INCOME BEFORE TRANSFERS</b>	<b>\$ 280,183,302</b>	<b>\$ 266,629,576</b>	<b>\$ 13,553,726</b>	<b>\$ 275,579,116</b>
City Contribution Expense	26,666,722	26,402,695	264,027	26,402,695
Interlocal Payments	21,000,000	0	21,000,000	942,201
Renewal and Replacement Fund	25,243,465	26,606,100	-1,362,635	26,606,100
Operating Capital Outlay	149,471,315	167,449,118	-17,977,803	166,917,081
Operating Capital Outlay - Environmental	10,801,800	16,783,512	-5,981,712	16,268,932
Capacity Fees	47,000,000	29,388,151	17,611,849	38,442,107
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 280,183,302</u>	<u>\$ 266,629,576</u>	<u>\$ 13,553,726</u>	<u>\$ 275,579,116</u>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b><u>\$ 541,509,396</u></b>	<b><u>\$ 512,286,660</u></b>	<b><u>\$ 29,222,736</u></b>	<b><u>\$ 504,869,299</u></b>
<b>TOTAL APPROPRIATIONS</b>	<b><u>\$ 541,509,396</u></b>	<b><u>\$ 512,286,660</u></b>	<b><u>\$ 29,222,736</u></b>	<b><u>\$ 504,869,299</u></b>
BUDGETED EMPLOYEE POSITIONS	625	625	0	625
BUDGETED TEMPORARY HOURS	20,800	20,800	0	20,800

## Water Wastewater System Capital Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 25,243,465	\$ 26,606,100	\$ -1,362,635	\$ 26,606,100
Operating Capital Outlay	149,471,315	167,449,118	-17,977,803	166,917,081
Environmental Capital Outlay	10,801,800	16,783,512	-5,981,712	13,067,684
Capacity Fees	47,000,000	29,388,151	17,611,849	38,442,107
Debt Proceeds	129,885,420	87,635,119	42,250,301	-
Other Proceeds			-	-
Total Capital Funds	<u>\$ 362,402,000</u>	<u>\$ 327,862,000</u>	<u>\$ 34,540,000</u>	<u>\$ 235,000,000</u>
<b>CAPITAL PROJECTS:</b>				
Water Projects	96,792,000	99,342,000	-2,550,000	82,000,000
Sewer Projects	231,120,000	200,440,000	30,680,000	127,000,000
Other Projects	34,490,000	28,080,000	6,410,000	26,000,000
Total Capital Projects	<u>362,402,000</u>	<u>327,862,000</u>	<u>34,540,000</u>	<u>235,000,000</u>
Capital Reserves	-	-	-	10,032,972
Total	<u>\$ 362,402,000</u>	<u>\$ 327,862,000</u>	<u>\$ 34,540,000</u>	<u>\$ 245,032,972</u>

## Water Wastewater System Operating Budget

Strategic Issues Included in Budget:

FOR FY2022 (\$ in millions)	
Wastewater Treatment Program	\$3.1
New Headquarters	2.5
Preventative Maintenance	1.8
Succession Planning Staffing Risks	1.0
Storm Generators and Pumps	0.7
Well Rehab Program	0.5
<b>Total</b>	<b>\$9.6</b>

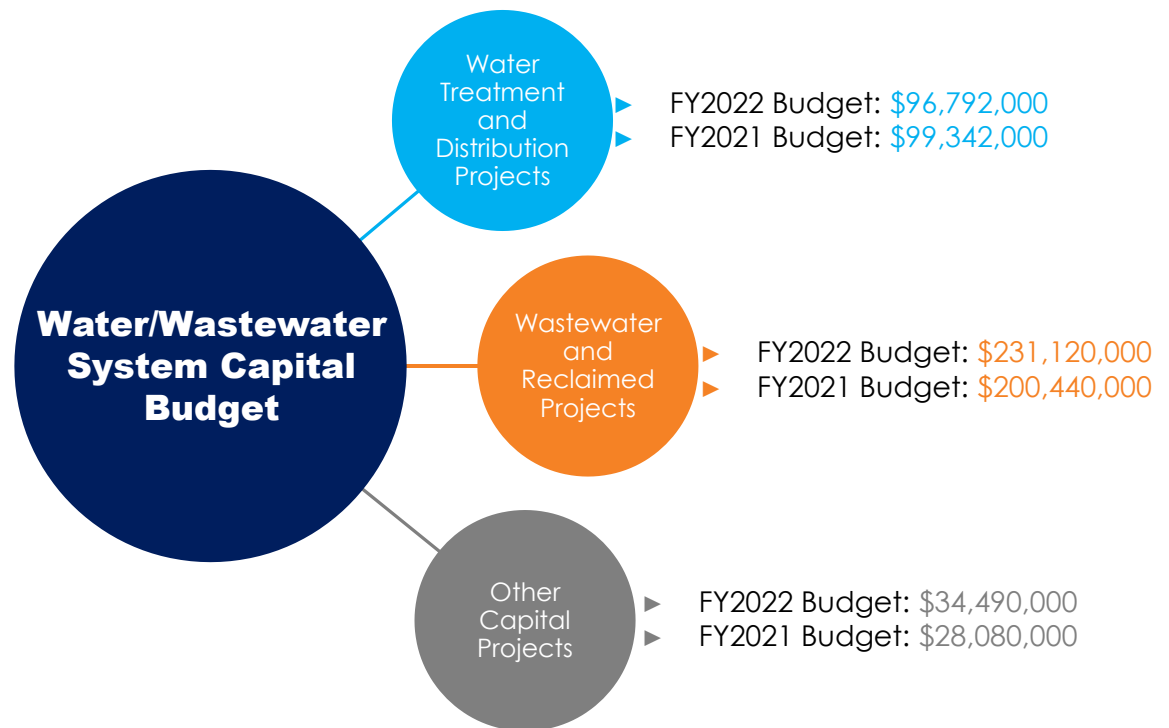
FOR FY2021 (\$ in millions)	
Storm Generators and Pumps	\$1.3
Succession Planning Staffing Risks	1.0
Innovative Wastewater Treatment Program	0.6
Sewer Preventive Maintenance Cleaning	0.3
Septic Tank Phase Out Engineering	0.8
<b>Total</b>	<b>\$4.0</b>

(\$ in millions)	FY2022 Budget <sup>1</sup>	FY2021 Budget <sup>1</sup>	Variance	Explanation
Salaries	\$62.2	\$56.6	\$5.6	Includes bargaining unit step increases per contractual agreements and estimated general increases.
Benefits	26.3	24.7	1.6	Primarily due to increases in salaries
Other Services	30.4	30.2	0.2	In line with FY2021 budget
Materials & Supplies	15.1	14.1	1.0	Increased cost of supplies and materials
Shared Services	66.3	63.8	2.5	Increase to Water Billing Credit Expense
Other	6.3	4.6	1.7	Insurance premium increase
Credits – Capitalization	-21.7	-18.6	-3.1	Greater capitalization
Env. CUP - DSM	7.6	2.4	-5.2	Water DSM Program
<b>Total</b>	<b>\$192.5</b>	<b>\$177.8</b>	<b>\$4.3</b>	

## Water Wastewater System FY2022 Capital Budget

# Total FY2022 Budget: \$362 Million

- ▶ FY2021 capital plan budget was \$327.9 million, current forecast is \$235 million
- ▶ FY2022 capital funding plan utilizes existing capital cash balances to fund qualifying projects, but may also require up to \$130 million in new debt issuance for FY2022



## Water Wastewater System FY2022 Capital Budget

### Sources of Funds

**\$362  
Million**

▶ <b>\$ 130</b> MILLION	DEBT PROCEEDS
▶ <b>\$ 196</b> MILLION	OPERATING CAPITAL OUTLAY
▶ <b>\$ 25</b> MILLION	RENEWAL & REPLACEMENT
▶ <b>\$ 11</b> MILLION	ENVIRONMENTAL

### Uses of Funds

▶ <b>\$ 209</b> MILLION	<b>SYSTEM MAINTENANCE</b> <ul style="list-style-type: none"> <li>• Renewal &amp; Replacement</li> <li>• Distribution</li> <li>• Facilities, Fleet, &amp; Technology</li> </ul>
▶ <b>\$ 127</b> MILLION	<b>SYSTEM EXPANSION</b> <ul style="list-style-type: none"> <li>• New or Expanded Generation</li> <li>• New Transmission Lines</li> <li>• New or Expanded Master Pumps</li> </ul>
▶ <b>\$ 26</b> MILLION	<b>ENVIRONMENTAL</b> <ul style="list-style-type: none"> <li>• BMAP*/TMDL**/Reclaim</li> <li>• Total Water Management Plan</li> <li>• Major Environmental Initiatives</li> </ul> <p><small>*Basin Management Action Plan **Total Maximum Daily Limit of Nitrogen</small></p>

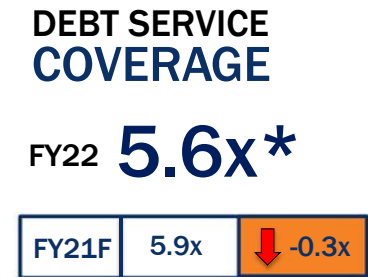
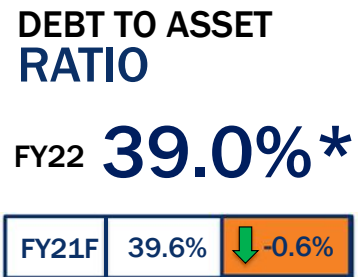
FY2022 includes \$29 million in funding for the Southwest WRF Expansion to 16MGD and \$26 million for Greenland WRF 4MGD

Note: Detailed FY2022 project list is included in the Supplemental Schedules section

## Water Wastewater System FY2022 Operating Metrics



<sup>^</sup>Days of liquidity is being positively impacted by revolver



**W/WW System Bond Rating: Aa3/AA+/AA**



## **District Energy System Budget Assumptions**



## District Energy System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 8,839,543	\$ 9,328,327	\$ -488,784	\$ 8,536,564
Total Base Related Revenues	\$ 8,839,543	\$ 9,328,327	\$ -488,784	\$ 8,536,564
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 5,127,990	\$ 5,193,927	\$ -65,937	\$ 4,369,884
Total Base Related Expenses	\$ 5,127,990	\$ 5,193,927	\$ -65,937	\$ 4,369,884
<b>BASE OPERATING INCOME:</b>	<b>\$ 3,711,553</b>	<b>\$ 4,134,400</b>	<b>\$ -422,847</b>	<b>\$ 4,166,680</b>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	3,171,208	3,023,891	147,317	3,023,891
Demand-side Management - Rate Stabilization	-	-	-	-
Environmental - Rate Stabilization	-	-	-	-
Total Non Operating Expenses	\$ 3,171,208	\$ 3,023,891	\$ 147,317	\$ 3,023,891
<b>BASE INCOME BEFORE TRANSFERS</b>	<b>\$ 540,345</b>	<b>\$ 1,110,509</b>	<b>\$ -570,164</b>	<b>\$ 1,142,788</b>
City Contribution Expense	-	-	-	-
Renewal and Replacement Fund	426,828	437,313	-10,485	435,131
Operating Capital Outlay	113,517	673,196	-559,679	707,657
Total Non-Fuel Expenses	\$ 540,345	\$ 1,110,509	\$ -570,164	\$ 1,142,788
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b>\$ 8,839,543</b>	<b>\$ 9,328,327</b>	<b>\$ -488,784</b>	<b>\$ 8,536,564</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 8,839,543</b>	<b>\$ 9,328,327</b>	<b>\$ -488,784</b>	<b>\$ 8,536,564</b>
BUDGETED EMPLOYEE POSITIONS	6	6	0	6
BUDGETED TEMPORARY HOURS	0	0	0	0

## District Energy System Capital Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 426,828	\$ 437,313	\$ -10,485	\$ 435,131
Operating Capital Outlay	113,517	673,196	-559,679	707,657
Debt Proceeds	-	566,491	566,491	-
Other Proceeds	5,009,944	1,359,000	3,650,944	134,568
Total Capital Funds	\$ 5,550,289	\$ 3,036,000	\$ 2,514,289	\$ 1,277,356
<b>CAPITAL PROJECTS:</b>				
District Energy Projects	5,550,289	3,036,000	2,514,289	1,277,356
Total Capital Projects	\$ 5,550,289	\$ 3,036,000	\$ 2,514,289	\$ 1,277,356



## **Rate Stabilization Funds**



## Rate Stabilization Funds

	FY2020	Forecast FY2021			Budget FY2022		
(\$ in thousands)	Ending Balance	Deposits	Withdrawals	Ending Balance	Deposits	Withdrawals	Ending Balance
<b>Electric System</b>							
DSM/Conservation	\$5,423	\$6,886	-\$5,341	\$6,968	\$6,832	-\$7,228	\$6,572
Debt Management	-	-	-	-	-	-	-
Environmental <sup>1</sup>	21,818	7,532	-16,112	13,238	7,442	-11,264	9,416
Fuel	73,347	10,524	-12,561	71,310	-	-7,285	64,025
Non-Fuel Purchased Power	36,326	-	-31,627	4,699	25,000	-	29,699
<b>Water Wastewater System</b>							
Environmental <sup>2</sup>	23,372	25,684	-\$22,436	\$26,620	27,010	-27,010	\$26,620
Debt Management	-	-	-	-	-	-	-

<sup>1</sup>Includes \$2.3m million in Environmental O&M costs, \$3.3m in Environmental capital project costs, and \$5.7m in Environmental payback

<sup>2</sup>Includes \$19.8 million in Environmental O&M and capital projects and \$7.2 million in funds repaid to the Water/Wastewater System R&R fund



## **FY2022 Budget Timeline & Action Items**



## FY2022 Board Review and Approval Timeline





## Supplemental Schedules



## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>GENERATION</b>						
Kennedy Generating - CT7 - Rotor Replacement	9,445	3,429	0	0	0	12,874
Northside Generating - Generation Support Capital Improvements	4,000	4,000	4,000	4,000	4,000	20,000
Northside Generating - N03 Turbine & Generator Inspection	3,090	0	0	0	0	3,090
Northside Generating - Energy Project Management Capital Improvement Projects	3,000	6,000	6,000	6,000	6,000	27,000
Northside Generating - CT3 Major Inspection	2,790	0	0	0	0	2,790
Brandy Branch Generating - General Capital Improvements	2,000	2,000	2,000	2,000	2,000	10,000
Kennedy Generating - MarkVIe and EX2100e Upgrade	1,693	441	0	0	0	2,134
Northside Generating - N03 Turbine Valve Inspection	1,246	0	0	0	0	1,246
Northside Generating - N01 Impulse Cleaning System Installation	1,100	0	0	0	0	1,100
Brandy Branch Generating and Kennedy Generating - Fire Protection Updates	966	0	0	0	0	966
Northside Generating - N03 Turbine Inspection	850	0	0	0	0	850
Northside Generating - N03 Condenser Tube Replacement	842	0	0	0	0	842
Brandy Branch Generating - B50 Turbine Parts Warehouse	839	0	0	0	0	839
Northside Generating - N03 Air Preheater Overhaul	742	0	0	0	0	742
Northside Substation Improvements - Phase 2	700	0	0	0	0	700
Northside Generating - N01-N02 Fan Silencer replacement	670	0	0	0	0	670
Northside Generating - N03 Secondary Superheater Tube Replacement	618	0	0	0	0	618
Northside Generating - N02 Boiler Elevator Overhaul	528	0	0	0	0	528
Northside Generating - N01, N02 Expansion Joint Fab & Install	502	0	0	0	0	502
Northside Generating - N33, N34, N35, N36 Control System Upgrade	398	392	455	0	0	1,245
Northside Generating - N00 Fire Main Valve Replacement	280	0	0	0	0	280
Brandy Branch Generating - CT2 - Hot Gas Path Inspection #6	250	5,745	0	0	0	5,995
Brandy Branch Generating - CT3 - Hot Gas Path Inspection #6	250	5,745	0	0	0	5,995
Kennedy Generating - CT7 - Hot Gas Path Inspection #3	250	5,318	0	0	0	5,568
Northside Generating - N33 Electrical Equipment Upgrades	234	0	0	0	0	234
Northside Generating - N02 A Cyclone Crossover EJ Repair	213	0	0	0	0	213
Northside Generating - N03 Breaker Upgrade	194	0	0	0	0	194
Brandy Branch Generating - B52, B53 Transition Duct Liner	175	1,234	0	0	0	1,409
Northside Generating - N01 N02 UPS Replacement	158	0	0	0	0	158

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>GENERATION</b>						
Northside Generating - N34 Electrical Equipment Upgrades	80	239	0	0	0	320
Brandy Branch Generating - CT1 - Rotor Replacement	0	3,600	14,202	0	0	17,802
Northside Generating - CT4 Major Inspection	0	2,800	0	0	0	2,800
Northside Generating - N01 Boiler Elevator Overhaul	0	528	0	0	0	528
Brandy Branch Generating - B52, B53 Catalyst Replacement	0	500	439	0	0	939
Brandy Branch Generating - CT1 - Hot Gas Path Inspection #3	0	250	6,550	0	0	6,800
Greenland Energy – 1X1 Combined Cycle Addition	0	0	4,981	10,000	150,000	164,981
Northside Generating - Byproduct Storage Area II	0	0	1,800	11,855	5,626	19,281
Northside Generating - Intake and Discharge Flume Concrete Repair	0	0	1,678	0	0	1,678
Brandy Branch Generating - CT2 - Hot Gas Path Inspection #7	0	0	300	6,156	0	6,456
Brandy Branch Generating - CT3 - Hot Gas Path Inspection #7	0	0	300	6,156	0	6,456
Northside Generating - CT5 Major Inspection	0	0	0	2,800	0	2,800
Compression Upgrade to Greenland Pipeline – New Generating Capacity at Greenland Energy	0	0	0	1,000	6,000	7,000
Northside Generating - N35 Electrical Equipment Upgrades	0	0	0	333	0	333
Northside Generating - N36 Electrical Equipment Upgrades	0	0	0	0	271	271
Kennedy Generating - CT8 - Hot Gas Path Inspection #2	0	0	0	0	250	250
<b>Budget Reserve</b>	<b>1,905</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,905</b>
<b>GENERATION SUBTOTAL</b>	<b>40,010</b>	<b>42,222</b>	<b>42,704</b>	<b>50,300</b>	<b>174,147</b>	<b>349,383</b>
<b>TRANSMISSION AND DISTRIBUTION</b>						
Electric Distribution Maintenance Capital Upgrades	12,500	12,500	13,100	13,100	13,100	64,300
Customer Order Management - New Electric Service Additions	11,500	12,000	12,500	13,000	13,500	62,500
69kv - 663 line rebuild	9,931	8	0	0	0	9,939
Customer Order Management - Development Driven Projects	9,250	9,750	10,250	10,750	11,250	51,250
SAIDI Improvement Plan	5,842	0	0	0	0	5,842
Real Estate - Greenland to Mayo Substation - Transmission Corridor Purchase	4,410	0	0	0	0	4,410
Pole Replacement Program	4,200	4,200	4,400	4,400	4,400	21,600
Eagle LNG 138-13.8 kV Substation	3,000	6,867	1,000	0	0	10,867
General Underground Network and Commercial Repair & Replace	3,000	3,000	3,100	3,100	3,100	15,300

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>TRANSMISSION AND DISTRIBUTION</b>						
CEMI-5 Electric Distribution Betterment	3,000	3,000	3,000	3,000	3,000	15,000
Mayo 230-138-26kV Substation	2,816	6,803	2,612	0	0	12,232
Substation Repair & Replace Projects - Transformer Replacements	2,610	2,690	1,550	1,400	1,400	9,650
Joint Participation Electric Relocation Projects	2,000	2,000	2,000	2,000	2,000	10,000
Underground Network Improvement Plan	1,988	1,988	1,988	1,988	0	7,952
Park and King 4kV Substation Rebuild	1,866	250	0	0	0	2,116
Electric Meters - Growth	1,760	1,760	1,760	1,760	1,760	8,800
853 Pole Replacement	1,686	0	0	0	0	1,686
Electric Distribution System Improvements	1,664	1,690	1,720	1,750	1,780	8,604
230kV Circuit 915 Partial Rebuild	1,611	0	0	0	0	1,611
Real Estate - North Jacksonville Transmission Corridor Acquisition	1,600	3,625	0	0	0	5,225
230kV Breaker Replacement	1,600	938	0	0	0	2,538
26kV Feeder Circuit Breaker Replacement	1,536	1,393	1,607	1,536	1,536	7,608
Circuit 649 UG 69kV Reconductor Project	1,294	0	0	0	0	1,294
St Johns 4kV Substation Rebuild	1,000	1,500	500	0	0	3,000
Distribution System - Pole Removal	1,000	1,000	1,000	1,000	1,000	5,000
Brandy Branch Solar Feeders 356, 357	906	0	0	0	0	906
Forest Sub 217 Feeder - Electric Distribution	893	0	0	0	0	893
Underground Cable Replacement Program - Existing Developments	750	500	500	500	500	2,750
Transmission and Substation Class Circuit Breaker Replacement Program	750	948	1,132	750	750	4,330
General Distribution Improvements	750	750	750	750	750	3,750
Electric Meters - Replacement	740	740	740	740	740	3,700
Cecil Commerce Center North Solar T2 Addition - Substation Project	709	0	0	0	0	709
General Substation Improvements	700	700	700	700	700	3,500
Transmission Line Relay Replacement Project	689	899	899	865	300	3,651
Transmission Insulator Replacement	650	500	500	500	500	2,650
Transmission Outdoor Potential Device Replacement	610	607	665	539	637	3,058
230 KV_ 138KV_69 kV Pole Refurbishment	600	300	300	300	300	1,800
Normandy Substation Protection Improvement	576	0	0	0	0	576

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>TRANSMISSION AND DISTRIBUTION</b>						
4kV Rehab – Distribution Projects	500	500	500	500	500	2,500
Beeghly 393 Overhead Feeder Extension–Arnold Rd	500	0	0	0	0	500
Hamilton 312 Reconductor	421	169	0	0	0	590
Real Estate - Imeson Substation - Property Acquisition	415	10	0	0	0	425
Georgia Street Pipe Type Cable Pump Plant Replacement	400	1,400	0	0	0	1,800
Cecil Commerce Center North Solar Feeders 371, 372	400	0	0	0	0	400
230kV Breaker Replacement - Protection & Controls	370	225	0	0	0	594
Bartram 298: Feeder Extension in Transmission ROW from Sub to Bartram Park Bv	312	0	0	0	0	312
Greenland Energy to Mayo 230kV Circuit 950 Addition	300	6,500	8,500	900	0	16,200
Kennedy Substation Control Cable and Protection System Replacement	300	2,193	0	0	0	2,493
General Transmission Improvements	300	300	300	300	300	1,500
Real Estate - Study and Investigate - Durbin 230-26kV Substation Property	292	0	0	0	0	292
Park and King 4kV Substation Rebuild - Protection & Controls	247	0	0	0	0	247
Energy Management System - Base Upgrade Project	240	200	130	200	130	900
Automatic Recloser Deployment	235	235	235	235	235	1,175
URD-2026 Reliability Improvement	225	645	0	0	0	870
Park and King 4kV Distribution Feeder Getaway Rebuild	224	0	0	0	0	224
Capital Tools and Equipment - Underground Network and Service Centers	220	220	231	231	231	1,133
McDuff Substation 4kV Circuits 4, 6, and 9 Relocation	200	80	0	0	0	280
Ribault 138-26 kV T2 and Circuit Breaker 452 Addition	188	2,495	27	0	0	2,710
Steelbald Solar Center - Protection & Controls	187	0	0	0	0	187
Cecil Commerce Center North Solar - Protection & Controls	185	0	0	0	0	185
Circuit 650 UG 69kV Reconductor Project	180	1,540	0	0	0	1,720
Eagle LNG 138-13.8 kV Substation - Protection & Controls	157	700	200	0	0	1,057
Imeson 26kV Circuit 493 New Feeder Addition	150	1,100	0	0	0	1,250
Mayo 230-138-26kV Substation - Protection & Controls	150	1,000	280	0	0	1,430
Ribault 138-26 kV T2 and Circuit 452 Addition - Protection & Controls	150	475	105	0	0	730
General Protection System Improvements Transmission	150	150	150	150	150	750
Greenland Energy to Bartram 230 kV Circuit 909 Addition	150	0	0	0	0	150

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>TRANSMISSION AND DISTRIBUTION</b>						
Southside GIS 69kV Controller Replacement	138	0	0	0	0	138
Circuit 830 Static Wire Replacement	120	493	0	0	0	613
Circuit 825 Static Wire Replacement	120	395	0	0	0	515
Transmission Capacitor Bank Controls Replacement	120	197	0	0	0	317
Westlake Solar Center - Protection & Controls	120	0	0	0	0	120
Eagle LNG 138kV Circuit 847 Interconnect	118	250	100	0	0	468
Distribution Breaker Telemetry Enhancements	110	160	160	110	0	540
Imeson 26kv Circuit 493 Substation Breaker and Cap Bank Addition	101	655	0	0	0	756
Greenland Energy 230kV Bay & Breaker Addition for Circuit 950	100	300	700	100	0	1,200
St Johns 4kV Substation Rebuild - Protection & Controls	100	200	100	0	0	400
OM - General Transmission Improvements	100	100	100	100	100	500
Ritter Park Circuit 428 Extension	90	1,120	0	0	0	1,210
Ribault 26 kV Circuit 452 Addition	90	470	190	0	0	750
Capital Tools and Equipment - T&S Maintenance	80	80	80	80	80	400
Mayo Substation - 138kV Transmission Interconnects	75	586	0	0	0	661
Mayo Substation Distribution Feeders	72	1,128	100	0	0	1,300
Transmission Circuit 692 Underground Cable Replacement- Part B - Protection & Controls	70	0	0	0	0	70
Circuit 645 UG 69kV Cable Replacement Project- PART B	60	182	0	0	0	242
Circuit 645 UG 69kV Cable Replacement Project- PART A	60	165	0	0	0	225
Overhead-Underground Conversion in Neighborhoods	60	60	60	60	60	300
Energy Management System - RTU Upgrade Project	60	50	50	50	50	260
Electric Customer Service Response Tools and Equipment	55	55	55	55	55	275
St Johns 4kV Distribution Feeder Getaway Rebuild	50	100	50	0	0	200
Circuit 684S Pipe-Type Cable Replacement	40	35	825	0	0	900
69kv - 663 line rebuild - Protection & Controls	25	0	0	0	0	25
College St Substation 13kV Protection and Arc Flash Upgrade	20	410	0	0	0	430
West Jax Substation Protection Improvement	20	280	0	0	0	300
Greenland Energy 230kV Bay & Breaker Addition for Circuit 950 - Protection & Controls	10	180	300	10	0	500
Imeson 26kv Circuit 493 Substation Breaker and Cap Bank Addition - Protection & Controls	4	81	0	0	0	85

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>TRANSMISSION AND DISTRIBUTION</b>						
Substation Repair & Replace Projects	0	3,000	3,000	3,000	3,000	12,000
Transmission Repair & Replace Projects	0	2,500	2,500	2,500	2,500	10,000
Energy Management System - Outage Management System Integration	0	1,300	200	0	0	1,500
S OCC - Console Upgrade	0	240	0	0	0	240
SouthWest Substation-Transmission	0	0	5,000	5,000	5,000	15,000
SouthWest Substation - Substation	0	0	2,000	7,000	5,000	14,000
SJRPP 230 - 26kV Substation	0	0	1,500	3,500	0	5,000
New Nocatee T-2 TX	0	0	1,500	1,000	0	2,500
69kv - 665 line rebuild	0	0	1,000	2,000	3,000	6,000
SJRPP Substation Distribution Feeders	0	0	600	1,400	0	2,000
SouthWest Substation - Distribution	0	0	300	400	300	1,000
Pecan Park Area Transmission	0	0	0	5,000	5,000	10,000
Pecan Park Area Substation	0	0	0	1,000	6,000	7,000
Pecan Park Area Distribution	0	0	0	500	2,000	2,500
West Jax T3 200 MVA Autotransformer Addition	0	0	0	0	2,000	2,000
<b>Budget Reserve</b>	<b>7,579</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,579</b>
<b>TRANSMISSION AND DISTRIBUTION SUBTOTAL</b>	<b>119,503</b>	<b>117,813</b>	<b>99,401</b>	<b>99,809</b>	<b>98,694</b>	<b>535,220</b>
<b>ELECTRIC OTHER</b>						
Facilities - JEA Headquarters	20,131	1,177	0	0	0	21,308
Technology Services Projects	13,956	18,525	16,800	16,175	13,825	79,281
Capital Administrative Overhead	10,500	10,500	10,500	10,500	10,500	52,500
Facilities - Emergency Ops Center Hardened Facility	10,000	8,000	0	0	0	18,000
Fleet - Replacement	8,250	8,390	8,063	8,090	8,485	41,278
Facilities - Commonwealth - Admin Upgrades	4,500	144	0	0	0	4,644
Facilities - Southside Renovations - Phase 2	2,961	0	0	0	0	2,961
Facilities - Industrial Training Center	1,876	0	0	0	0	1,876
Facilities - Brandy Branch Operations and DC Power Systems Generator Backup Units	850	0	0	0	0	850
Facilities - Westside Building 5 Glove Lab Upgrades	753	0	0	0	0	753

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Electric Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>ELECTRIC OTHER</b>						
Security Improvements	650	650	650	650	650	3,250
Fleet - Expansion	634	600	600	600	500	2,934
Facilities - PV Array Upgrades	631	0	0	0	0	631
Facilities - Roof Replacements	450	450	450	450	450	2,250
Facilities - Heating, Ventilation, and Air	430	430	430	430	430	2,150
Laboratory Equipment Upgrades	349	75	75	75	75	649
Security - Video Server Upgrade	275	0	0	0	0	275
Security - Fencing	260	260	260	260	260	1,300
Security - Commonwealth Security Enhancements	256	0	0	0	0	256
Facilities - Paving and Site Improvements	250	250	250	250	250	1,250
Facilities - Kennedy Generating - Pump Shop Demolition	250	0	0	0	0	250
Security - Normandy Substation Fence Replacement	225	0	0	0	0	225
Facilities - Building Upgrades	200	200	200	200	200	1,000
Facilities - Generators	200	150	250	1	1	602
Facilities - Southside Asphalt Pavement Upgrade	200	0	0	0	0	200
Facilities - Plumbing Upgrades	100	100	100	100	100	500
Facilities - Electrical and Lighting	100	100	100	100	100	500
Utility Locate Group - Capital Equipment	50	50	50	50	50	250
Security - Fire System Sprinklers	20	20	20	20	20	100
Facilities - Elevators	1	1	1	1	1	5
<b>Budget Reserve</b>	<b>1,982</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,982</b>
<b>ELECTRIC OTHER SUBTOTAL</b>	<b>81,289</b>	<b>50,072</b>	<b>38,799</b>	<b>37,952</b>	<b>35,897</b>	<b>244,009</b>
<b>ELECTRIC GRAND TOTAL</b>	<b>240,802</b>	<b>210,107</b>	<b>180,904</b>	<b>188,061</b>	<b>308,738</b>	<b>1,128,612</b>

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>WATER</b>						
RiverTown Water Plant - New 4.7 MGD Water Plant	11,920	3,707	0	0	0	15,627
Water Meters - Replacement	6,500	6,500	6,500	6,500	6,500	32,500
US1 Booster Station - Old St Augustine Rd to US1 Booster Station - New	5,921	6,697	0	0	0	12,617
Galvanized Pipe Replacement - Program	5,234	8,054	8,000	8,000	8,000	37,287
Water Delivery System - Repair & Replace	5,000	5,000	5,000	5,500	5,500	26,000
SIPS - Main St Water Plant - 1st St to Franklin St - Transmission - New	4,980	991	0	0	0	5,971
Well Rehabilitation and Replacement Program	4,600	4,600	4,600	4,600	4,600	23,000
Greenland - Southside Blvd - Deerwood 3 to Greenland	4,458	2,394	20,000	21,000	525	48,377
JP - Nassau - William Burgess Blvd - US 17 to Miner Rd - New	3,568	0	0	0	0	3,568
Lofton Oaks Water Plant - Improvements	3,007	903	0	0	0	3,910
Development Driven Projects	2,780	200	200	200	200	3,580
E 1st St Main St to E 4th St - Raw Water - New	2,476	254	0	0	0	2,730
Beverly Hills Water Main Replacement	2,411	1,775	0	0	0	4,186
Water Meters - Growth	2,350	2,450	2,030	2,030	2,030	10,890
McDuff Water Plant - Refurbishment Project	2,229	2,217	0	0	0	4,446
New World Av - Waterworks Ave to Chaffee Rd - Transmission - New	2,221	2,204	0	0	0	4,425
Norwood Water Plant - Rehabilitation	2,094	1,352	0	0	0	3,445
Water Meters - Large Water Meter Replacement	2,030	2,030	500	500	500	5,560
Bessie Circle - Water Main Installation	1,178	135	0	0	0	1,313
Water Transmission Replacement	1,066	3,800	2,000	2,000	2,000	10,866
Water Purification Demonstration Facility	1,000	2,500	2,500	2,500	19,561	28,061
Real Estate - North Grid - Downtown Water Plant - Property Acquisition	1,000	0	0	0	0	1,000
Main Extensions and Taps	950	950	950	950	950	4,750
Deerwood - Southside Blvd Intertie to Deerwood III Water Plant - New	927	21,097	8,967	3	0	30,994
St Johns Forest Water Plant - Well No 5 - New	874	0	0	0	0	874
JP - FDOT/COJ - Chaffee Rd - Westmeadows Dr S to Samaritan Wy - Transmission - New	830	2,004	0	0	0	2,834
JP - FDOT - I95 and MLK Interchange - Water Main Replacement	830	50	20	20	0	920
Martin Luther King - Fairfax to Brentwood Water Main Replacement	799	3,067	5,205	22	0	9,093

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>WATER</b>						
Water Plant Capital Renewal & Replacement	750	750	750	750	750	3,750
Water Treatment Plant Large Capital Improvements	700	3,610	14,350	5,050	4,750	28,460
JP - Joint Participation Projects	700	700	700	700	700	3,500
Well Field Repair & Replace	700	700	700	700	700	3,500
Palm Avenue Water Main Replacement	671	0	0	0	0	671
Ponte Vedra Blvd 6" Cast Iron Replacement	573	0	0	0	0	573
Hampton Falls Dr Electrical Ease. - San Pablo to Suni Pines Connection - 12 inch Water Main Replacement	500	0	0	0	0	500
Lakeshore Water Plant - Reservoir Rehabilitation - Phase 2	460	2,027	150	0	0	2,637
JP - COJ - McCoy's Creek - Cherokee St. to St. Johns River	355	0	100	0	0	455
Greenland Well No. 2 Well Rehabilitation Project	326	0	0	0	0	326
Harbor Island Drive Water Main Replacement	320	0	0	0	0	320
JP - Pages Dairy Rd - Felmor Rd to Chester Ave - Transmission	318	8	0	0	0	325
Jammes Rd - Wilson Blvd to Harlow Blvd	310	0	0	0	0	310
JP- FDOT - North Grid - Lem Turner - Capper Rd to Leonid	306	0	0	0	0	306
Water Treatment Plants - Sodium Hypochlorite Storage Tank Upgrades	250	200	200	200	200	1,050
Pritchard Rd - Old Plank Rd to Cisco Dr W - Transmission - New	216	760	1,690	0	0	2,666
Oakridge Water Plant - High Service Pump Replacement	162	811	2,294	3,395	9	6,671
103rd St (Cecil Field) Water Main Replacement - Cecil Commerce Ctr Pkwy to Aviation Ave	108	0	0	0	0	108
Grid - Cost Participation - New	100	100	100	100	100	500
Water Treatment Plant Reservoir Repair & Replace	100	100	100	100	100	500
JP - FDOT - Lane Ave S - Water Main Replacement - Distribution	89	29	0	0	0	118
Hendricks Well No. 5 Well Rehabilitation Project	87	0	0	0	0	87
Main Street Well No. 12 Well Rehabilitation Project	86	0	0	0	0	86
Hendricks Well No. 8 Well Rehabilitation Project	80	0	0	0	0	80
Royal Lakes Water Plant High Service Pump Expansion	78	1,926	9,480	3,407	0	14,892
Arlington Water Plant Well No 4 Rehabilitation	77	0	0	0	0	77
Forest Blvd - Stone Rd to T-Line - Raw Water Main - New	74	1,692	702	3	0	2,472
Hendricks Well No. 7 Well Rehabilitation Project	72	0	0	0	0	72

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>WATER</b>						
Mandarin Road Loop Connection - Transmission - New	57	0	0	0	0	57
Greenland Water Plant - Expansion from 6.0 to 9.0 MGD	50	0	0	0	0	50
JP - FDOT - Beaver St Water Main Replacement - Edgewood Ave N to McDuff Ave N	50	0	0	0	0	50
Lovegrove Water Plant - Electric System Upgrade	40	400	1,300	2,500	101	4,341
JP - FDOT - 103rd St. (SR134) - Firestone to Wesconnett - Water Main Improvements	36	0	0	0	0	36
JP - FDOT - I10 Widening - I295 to I95 - Water Main Replacement	30	12	12	0	0	54
JP - JTA - San Pablo Rd - Beach Blvd to Atlantic Blvd	25	0	0	0	0	25
Greenland Well No. 1 Well Rehabilitation Project	23	0	0	0	0	23
JP - FDOT Edgewood Ave. South Resurfacing from US 17 to Cassat Ave.	22	12	11	0	0	45
JP - FDOT - SR212 (US90/Beach Blvd.) Southside Blvd. to Eve Dr - Water Main Replacement	12	36	0	0	0	48
Margaret St. Area Water Main Installation	11	50	0	0	0	61
Southeast Water Plant - Ground Storage Tank	10	321	3,309	0	0	3,640
JP - JTA - Collins Rd	10	0	0	0	0	10
JP - FDOT - SR202 - JTB at San Pablo Rd	4	0	0	0	0	4
Water Pipeline Crossings Resiliency	1	1	1	1	1	5
JP - JTA - 5th St - Huron Ave to Melson Ave	0	0	0	0	0	0
Cisco Dr - Westlake Water Plant to Garden St - Transmission - New	0	666	1,598	5,654	0	7,918
Beacon Hills Water Plant - Rehabilitation	0	62	995	1,756	4,169	6,982
Main St Water Plant - Ozone Generator - Addition	0	0	600	3,000	2,000	5,600
Westlake Water Plant - Well No 4 and Raw Water Main	0	0	276	2,003	641	2,920
North Grid - Arnold Rd - Pecan Park Rd to Northwest Water Reclamation Facility	0	0	250	250	250	750
Brienwood Water Plant - Rehabilitation	0	0	68	740	3,357	4,165
Westlake Water Plant - Expansion from 3.0 to 7.0 MGD	0	0	19	1,960	1,361	3,339
Blount Island Fire Protection System - Repair & Replace	0	0	0	4,300	0	4,300
Ft. Caroline Rd - McCormick Rd to Fulton Rd - Distribution - New	0	0	0	210	805	1,015
<b>Budget Reserve</b>	<b>4,609</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,609</b>
<b>WATER SUBTOTAL</b>	<b>96,792</b>	<b>99,902</b>	<b>106,228</b>	<b>90,603</b>	<b>70,359</b>	<b>463,884</b>

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>SEWER</b>						
Southwest Reclamation Facility - Expansion to 16 MGD	29,105	32,395	12,013	877	0	74,390
Greenland Reclamation Facility - 4.0 MGD	25,984	45,955	23,040	400	0	95,379
Buckman Reclamation Facility - Disinfection System Replacement	11,858	5,355	0	0	0	17,213
US 1 - Greenland Reclamation Facility to CR 210 - Transmission - New - Reclaim	9,267	16,131	0	0	0	25,398
Buckman Reclamation Facility - Biosolids Conversion - Process Facility	8,895	49,897	53,799	46,886	13,439	172,915
5th St W - Imeson Rd to Melson Ave - Transmission - New - Force Main	8,749	324	0	0	0	9,073
Buckman Reclamation Facility - Blower System Improvements	6,634	139	0	0	0	6,773
Nassau - Radio Av - Reclaim Water Storage Tank and Booster Pump Station - Reclaim	6,559	1,241	0	0	0	7,800
Buckman Reclamation Facility - Biosolids Dryer Rehabilitation - Andritz OEM	6,333	0	0	0	0	6,333
Nassau Regional Reclamation Facility - Expansion to 3 MGD	6,290	19,366	26,633	1,070	0	53,359
Real Estate - Northwest Reclamation Facility - Property Acquisition	6,000	0	0	0	0	6,000
Pumping Stations - Capital Equipment Replacement	4,500	4,500	4,500	4,500	4,500	22,500
Sewer Collection System Repair & Replace	4,000	4,000	4,000	4,500	4,500	21,000
Sewer Collection System Trenchless Repair & Replace	3,822	3,822	3,822	3,822	3,822	19,112
Manhole Inspection, Prioritization, and Rehabilitation or Replacement	3,578	3,578	3,578	3,578	3,578	17,888
Twin Creeks Reclaim Storage Tank and Booster PS - Reclaim- (Reimb-20)	3,328	5	0	0	0	3,333
Mandarin-Greenland Interconnect - Reclaim	3,300	2,400	0	0	0	5,700
JP - SJC - CR210 - South Hampton to Ashford Mills - Transmission - Reclaim	3,113	0	0	0	0	3,113
Cedar Bay Backup Power System	3,060	0	0	0	0	3,060
Arlington East Reclamation Facility Upgrades - Odor Control	2,642	0	0	0	0	2,642
Mandarin Reclamation Facility - Sludge Holding Tanks Rehabilitation	2,547	1,161	0	0	0	3,708
Water Reclamation Facilities - Capital Equipment Replacement	2,500	2,500	2,500	2,500	2,500	12,500
District II - Robena Rd Booster Pump Station	2,429	0	0	0	0	2,429
Resiliency - Pump Stations, Plants, Electrical Reliability	2,370	3,000	3,900	4,800	5,700	19,770
Real Estate - Nassau Regional Reclamation Facility - Storage Tank and Boosters - Property Acquisition	1,950	0	0	0	0	1,950
Arlington East Reclamation Facility - Secondary MCC Replacement	1,878	551	0	0	0	2,429
Monterey - 3254 Townsend Rd - Class III/IV - Pump Upgrade	1,811	1,165	0	0	0	2,976
4511 Spring Park Rd Lift Station	1,780	0	0	0	0	1,780

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>SEWER</b>						
District II - 11308 Harts Rd - Class III/IV	1,757	0	0	0	0	1,757
Buckman Reclamation Facility - Fine Screen Replacement	1,639	0	0	0	0	1,639
Arlington East Reclamation Facility - Parallel Sludge Line	1,618	2,781	7,210	7,524	3,278	22,411
SCADA RTU and Control Panel Upgrades	1,500	1,500	1,500	1,500	1,500	7,500
Large Diameter Cured In Place Piping	1,500	1,500	1,490	1,166	1,499	7,155
Monterey Reclamation Facility Improvements - Phase 1	1,492	0	0	0	0	1,492
Development Driven Projects - Reclaim	1,460	200	200	200	200	2,260
SR200 - William Burgess Blvd to Police Lodge Rd - Transmission - Reclaim	1,335	2,098	0	0	0	3,433
Greenland - Burnt Mill Pump Station to Greenland Energy - Transmission - Force Main	1,305	1,605	0	0	0	2,910
Southwest - 5104 118th St - Class III/IV	1,293	4,891	500	0	0	6,683
Development Driven Projects - Pump Stations	1,275	200	200	200	200	2,075
Veterans Pkwy - Stillwater Subdivision to CR210 - Transmission - Reclaim	1,231	0	0	0	0	1,231
Mandarin - 106 Twin Creeks - Class III/IV - Booster Pump Station	1,228	999	0	0	0	2,227
Arlington East Reclamation Facility Upgrades - Aeration Basin and Blowers	1,213	5,243	24,254	6,796	24	37,530
Southwest - 6217 Wilson Bv - Class III/IV	1,179	2,784	353	0	0	4,316
Wastewater Large Capital Improvements	1,175	9,520	13,360	29,840	14,250	68,145
Arlington East Reclamation Facility Upgrades - Influent Structure	1,096	7,583	9,298	12	0	17,989
Herschel St. 12in Force Main Replacement	1,045	1,659	0	0	0	2,705
Nassau Regional Reclamation Facility - Effluent Management	1,000	5,000	6,000	0	0	12,000
Southwest - 4881 Timuquana Rd - Class III/IV	979	16	0	0	0	995
Nassau - Radio Ave - Class III/IV - New Pump Station	949	1,866	0	0	0	2,815
Ductile Iron Force Main Replacement	943	683	3,000	2,098	3,000	9,724
Holiday Road Master Pump Station Rehabilitation - Phases 1 and 2	898	0	0	0	0	898
Main Extensions and Taps - Sewer	850	850	850	850	850	4,250
JP - COJ - McCoys Creek - Cherokee St. to St. Johns River - Sewer	845	255	847	534	0	2,481
Development Driven Projects - Sewer	840	200	200	200	200	1,640
Monterey Reclamation Facility Improvements- Phase 2	810	0	2,824	7,281	3,384	14,298
Buckman Reclamation Facility - Biosolids Process Renewal and Replacement	740	740	740	740	740	3,700

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>SEWER</b>						
9247 Baymeadows Rd - Class III/IV - Pump Upgrade	704	674	150	0	0	1,528
Real Estate - RiverTown - New Storage and Pumping System	703	0	0	0	0	703
CR210 - Longleaf Pine Pkwy to Shearwater Rd - Trans – Reclaim	645	4,091	25	0	0	4,761
JP - FDOT - Copper Circle Lift Station Replacement - (Reimb-100)	631	0	0	0	0	631
ARV Inspection, Prioritization, and Rehabilitation or Replacement	570	570	570	570	570	2,850
Davis - Gate Pkwy to RG Skinner - Transmission - Reclaim	542	250	4,230	4,220	69	9,311
Southwest Service Area Infiltration and Inflow Analysis and Remediation	500	500	500	500	0	2,000
Ponte Vedra Reclamation Facility - UV Disinfection System Improvements	500	0	0	0	0	500
District II - Arnold Road Master Pump Station	500	0	0	0	0	500
RiverTown Booster Pump Station - Reclaim	450	765	2,257	0	0	3,472
Pirates Cove Rd 8" Force Main Replacement	444	379	0	0	0	823
District II - 10800 Key Haven Bv - Class III/IV	422	1,902	0	0	0	2,324
District II Reclamation Facility - South Headwork Rehabilitation	414	0	0	0	0	414
JP - Joint Participation Projects - Sewer	400	400	400	400	400	2,000
Lorain St 8" Force Main Replacement	373	0	0	0	0	373
Buckman Reclamation Facility - Biosolids RAW Sludge Holding Tank Restoration	358	4,701	200	0	0	5,259
Arlington East - 8751 Bayleaf Dr - Class III/IV - Pump Upgrade	350	64	2,000	1,224	0	3,638
Melson Ave. Trunk Main Manhole Replacements	327	2,341	0	0	0	2,668
Veterans Pkwy - Stillwater Subdivision to CR210 - Transmission - Force Main	319	0	0	0	0	319
SCADA Renewal & Replacement	268	268	268	268	268	1,340
Wastewater Odor Control - All Plants and Pump Stations	250	250	250	250	250	1,250
Eastport Rd - Emuness Rd to Sara Dr - Distribution - New - Force Main	246	0	0	0	0	246
Margaret St. Area Sewer Main Installation	239	951	0	0	0	1,189
Yacht Club Rd 8" Subaqueous Force Main Replacement	213	0	0	0	0	213
JP- District II - Lem Turner - Capper Rd to Leonid - Force Main	187	0	0	0	0	187
Buckman Reclamation Facility - Biosolids Conversion - Operations/Maintenance Bldgs	184	0	0	0	0	184
Arlington East Reclamation Facility - Reclaim Filter - Increase Capacity from 8 to 10 MGD	169	800	1,000	0	0	1,969
Old Kings Rd. at Little Six Mile Creek 8" Force Main	156	0	0	0	0	156

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>SEWER</b>						
Nocatee South Storage Tank and Booster Pump Station - Reclaim	126	0	0	0	0	126
Harbor Island Drive Pipe Force Main Replacement	120	0	0	0	0	120
District II - Reclaimanch Rd - Tradeport Dr to DUV-14491 Master Pump Station - Force Main	110	390	0	0	0	500
Grid - Cost Participation - New - Reclaim	100	100	100	100	100	500
Grid - Cost Participation - New - Force Main	100	100	100	100	100	500
Diesel-driven Backup Pump Repair & Replace	100	100	100	100	100	500
Waste Water Pumping Station Safety Improvements - Guard Rail Installation	100	100	100	100	100	500
Buckman Reclamation Facility - Primary Clarifier Rehabilitation	99	0	0	0	0	99
Walnut St Trunkline Replacement: 32nd St Pump Station to 16th St E	96	0	0	0	0	96
Southwest - 5825 Robitzsch Lane - Class III/IV	71	0	2,150	20	0	2,241
South Shores Sub-Aqueous Force Main Rehabilitation	66	813	0	0	0	879
JP - COJ - Old Middleburg Rd - Argyle Forest Blvd to Maynard Place - Transmission - New - Force Main	63	2,112	0	0	0	2,175
JP - JTA - 5th St - Huron Ave to Melson Ave - S	55	0	0	0	0	55
Reuse Delivery Repair & Replace	55	55	55	55	55	275
Manhole SCADA Repair & Replace	50	50	50	50	50	250
Reuse Facility - Capital Equipment Replacement	50	50	50	50	50	250
JP - FDOT - 103rd St. (SR134) - Firestone to Wesconnett - Sewer Main Improvements	36	0	0	0	0	36
JP - FDOT - I10 Widening - I295 to I95 - Force Main Replacement	30	12	12	0	0	54
Southwest - 7703 Blanding Bv - Class III/IV	26	0	338	0	0	364
Bradley Road Pump Station Improvements	25	0	0	0	0	25
Nocatee South Reclaim Improvements	20	350	1,610	0	0	1,980
Ridenour WTP - Storage and Repump - Reclaim	19	1,468	1,225	6,330	2,092	11,134
Monterey - 5838 Pompano - Class III/IV - Pump Upgrade	15	1,501	490	0	0	2,005
Monterey - 7732 Merrill Rd - Class III/IV - Pump Station Upgrade & 2530 Mayapple Pump Station Upgrade	12	68	2,661	1,118	0	3,860
JP - JTA - Collins Rd - Sewer	4	0	0	0	0	4
Sewer Pipeline Crossings Resiliency	1	1	1	1	1	5
SEQ to Gate Parkway - Transmission - New - Reclaim	0	1,000	2,000	1,050	0	4,050
Buckman Reclamation Facility Outfall Improvements- Phase 1	0	925	8,250	0	0	9,175

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>SEWER</b>						
Arlington East - 8331 Princeton Sq - Class III/IV - Pump Upgrade	0	498	2,490	1,146	398	4,533
Buckman Reclamation Facility -1636 Talleyrand Av - Class III/IV	0	469	855	3,156	4,185	8,665
Norwood Ave. Sewer Main Installation	0	211	411	0	0	621
Monterey - 8043 Carlotta Rd - Class III/IV - Pump Upgrade	0	177	560	1,306	0	2,042
Buckman Reclamation Facility - Aeration Basin Air Header and Diffuser Replacement	0	107	464	1,371	1,371	3,312
Southwest - POW MIA Memorial Pkwy - Normandy Blvd to Parkland Master Pump Station - Force Main	0	50	240	600	710	1,600
Southwest - 103rd Street at Piper Glen Blvd - Force Main	0	50	200	400	300	950
Nassau Regional Reclamation Facility - SR200 West of I-95 RW Storage Tank and Booster Pump Station - Reclaim	0	9	1,354	1,570	8,087	11,020
T-Line - Park Ave to Pulaski Rd Master Pump Station - Easement Acquisitions	0	0	500	0	0	500
Monument Rd - Arlington Reclamation Facility to St Johns Bluff Rd - Transmission - New - Reclaim	0	0	477	739	6,415	7,632
Nocatee North Reclaim Storage Tank	0	0	300	2,000	700	3,000
Northwest - Arnold Rd - Pecan Park Rd to Northwest Reclamation Facility - Force Main	0	0	250	250	250	750
Northwest - Arnold Rd - Pecan Park Rd to Northwest Reclamation Facility - Reclaim	0	0	250	250	250	750
Southwest - Morse Ave - Reclaimicker Rd to Firestone Rd - Force Main	0	0	150	500	350	1,000
Lenox Ave - Fouraker Rd to Palisades Dr - Distribution - New - Force Main	0	0	115	461	0	576
District II - Capper Rd - Meadowlea Dr to Lem Turner - Force Main	0	0	90	230	230	550
Veterans Pkwy - Longleaf Pine Pkwy to CR210 - Transmission - Reclaim	0	0	70	607	1,936	2,614
Southwest - Chaffee Rd S - Crystal Springs Rd - Force Main	0	0	50	525	1,500	2,075
Blacks Ford Reclamation Facility - Expansion from 6 to 9 MGD	0	0	0	1,000	7,500	8,500
118th St - Kinkaid Rd to Ricker Rd - Transmission - New - Force Main	0	0	0	961	3,000	3,961
District II Reclamation Facility - Hypochlorite Feed System Replacement	0	0	0	751	0	751
Northwest Reclamation Facility - 1.5 MGD	0	0	0	500	3,750	4,250
Southwest-PAR-13437-Class III/IV Pump Upgrade	0	0	0	500	0	500
Busch Dr - Balmoral Dr to Harts Rd - Transmission - Force Main	0	0	0	30	600	630
Arlington East Reclamation Facility - Reclaimed Water System Expansion	0	0	0	0	560	560
St Johns Bluff Rd - UNF to Bradley Master Pump Station - Transmission - Rehab Parallel Force Main	0	0	0	0	400	400
Arlington East - Deerwood Pk - Burnt Mill to JTB - Force Main	0	0	0	0	400	400
CR210 - Twin Creeks to Russell Sampson Rd - Transmission - Reclaim	0	0	0	0	300	300

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>SEWER</b>						
Russell Sampson Rd - St. Johns Pkwy to CR210 - Transmission - Reclaim	0	0	0	0	150	150
District II - Pulaski Rd Booster Pump Station	0	0	0	0	87	87
District II - Yellow Bluff Rd - New Berlin Rd to Victoria Lakes - Transmission - New - Force Main	0	0	0	0	10	10
District II - New Berlin Rd - Yellow Bluff Rd to Eastport Rd - New - Force Main	0	0	0	0	10	10
<b>Budget Reserve</b>	<b>11,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,030</b>
<b>SEWER SUBTOTAL</b>	<b>231,120</b>	<b>279,329</b>	<b>250,575</b>	<b>167,231</b>	<b>114,817</b>	<b>1,043,072</b>
<b>WATER OTHER</b>						
Technology Services Projects	8,544	8,275	8,250	8,900	8,900	42,869
Capital Administrative Overhead	7,800	7,800	7,800	7,800	7,800	39,000
Facilities - Generators	3,725	2,253	10,977	4,535	5,000	26,490
Fleet - Replacement	3,100	4,410	4,200	4,436	4,517	20,663
Fleet - Expansion	2,072	800	800	800	800	5,272
Facilities - District II Reclamation Facility New Plant Entrance	1,390	0	0	0	0	1,390
Facilities - Fleet Service Operations Building Renovations	994	0	0	0	0	994
Security Improvements	650	650	650	650	650	3,250
Facilities - Mandarin Reclamation Facility - Facility Parking and Storm Water Upgrades - Phase 2	643	0	0	0	0	643
Facilities - Arlington East Reclamation Facility Storage Building	600	0	0	0	0	600
Facilities - Heating, Ventilation, and Air	520	520	520	520	520	2,600
Facilities - Roof Replacements	435	435	435	435	435	2,175
Facilities - Building Upgrades	400	400	400	400	400	2,000
Facilities - Electric and Lighting Systems	400	400	400	400	400	2,000
Facilities - Paving and Site Improvements	338	250	250	250	250	1,338
Security - Fencing	260	260	260	260	260	1,300
Facilities - Plumbing Upgrades	250	250	250	250	250	1,250
Laboratory Equipment Upgrades	249	100	100	100	100	649

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

Water/Wastewater Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
<b>WATER OTHER</b>						
Facilities - District II Reclamation Facility - New Storage Building and Site Upgrades	150	1,415	0	0	0	1,565
Real Estate - Easement Location and Acquisitions	150	150	150	150	150	750
Facilities - Elevators	100	250	250	1	1	602
Utility Locate Group - Capital Equipment	50	50	50	50	50	250
Security - Fire Alarm and Sprinkler Systems	20	20	20	20	20	100
Facilities - Blacks Ford Reclamation Facility New Parking and Storage Building	7	1,486	0	0	0	1,493
Facilities - Main St Lab Emergency Generator Project	0	1,093	0	0	0	1,093
Facilities - Buckman Reclamation Facility - Street Lighting and Paving Upgrades	0	0	1,000	783	0	1,783
<b>Budget Reserve</b>	<b>1,643</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,643</b>
<b>WATER OTHER SUBTOTAL</b>	<b>34,490</b>	<b>31,267</b>	<b>36,762</b>	<b>30,740</b>	<b>30,503</b>	<b>163,762</b>
<b>WATER/WASTEWATER GRAND TOTAL</b>	<b>362,402</b>	<b>410,498</b>	<b>393,565</b>	<b>288,574</b>	<b>215,679</b>	<b>1,670,718</b>

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

DES Project Title	FY22 Proposed ('000)	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY22-FY26 Total ('000)
Downtown - Chilled Water Extension - New JEA Office & Ed Ball Building	3,501	16	0	0	0	3,517
Downtown Plant Expansion - New Chiller & Cooling Tower	610	2,209	3,019	0	0	5,838
District Energy System - Repair & Replace	565	450	765	980	1,000	3,760
Security Improvements	150	50	50	50	50	350
Springfield - Replace Chiller - 1	0	0	920	0	0	920
Springfield - Replace Chiller - 4	0	0	920	0	0	920
Springfield - Replace Chiller - 3	0	0	0	950	0	950
Springfield - Replace Chiller - 5	0	0	0	950	0	950
Downtown Development	0	0	0	1	0	1
Hogans Creek - Replace Chiller - 3	0	0	0	0	1,500	1,500
<b>Budget Reserve</b>	<b>724</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>724</b>
<b>DES GRAND TOTAL</b>	<b>5,550</b>	<b>2,724</b>	<b>5,674</b>	<b>2,931</b>	<b>2,550</b>	<b>19,429</b>

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

<b>ELECTRIC</b>	<b>Description</b>	<b>Explanation</b>
B50, B51, etc	specific steam turbine units at Brandy Branch Generating	
CEMI-5	Customers Experiencing More than 5 Interruptions	CEMI-5 is a software report and metric that stands for Customers Experiencing More Than Five Outages of one minute or more in the past year. The new report has helped us improve on our already unbeatable performance of low extended outage frequency and duration rates. CEMI-5 directs JEA's engineers and field personnel to the specific addresses of customers who've experienced six or more extended outages (of one minute or more) over the last 12 months
CT1, CT2, etc	specific gas turbine units	
DCPS	Duval County Public Schools	
N00, N01, N02, etc	specific steam turbine units	
RTU	Remote Terminal Unit	A remote terminal unit (RTU) is a microprocessor-controlled electronic device that interfaces objects in the physical world to a distributed control system or SCADA (supervisory control and data acquisition) system by transmitting telemetry data to a master system, and by using messages from the master supervisory system to control connected objects
SAIDI	System Average Interruption Duration Index	Indicates the total duration of interruptions for the average customer across the electric system during a predefined period of time such as a month or a year. It is commonly measured in minutes or hours of interruption.
SOCC	system ops and control center	central command/control of the electric system
UPS	Universal Power Supply	
<b>WATER</b>	<b>Description</b>	<b>Explanation</b>
Class III/IV	the size/processing capability of a sewage pump station	Class III - 1,000 Gallons per Minute (GPM) to 2,000 GPM / Class IV - Over 2,000 GPM
JP	Joint Project	Projects that involve agreements and collaboration with other local and State entities.
MCC	Motor control center	
MGD	Million Gallons per Day	the max amount of volume a water or wastewater plant can process
RTU	Remote Terminal Unit	A RTU is a microprocessor based device that monitors and controls field devices, that then connects to plant control or SCADA (supervisory control and data acquisition) systems.
SCADA	supervisory control and data acquisition	supervisory control and data acquisition
SIPS	Southside Integrated Piping System	SIPS projects are part of the Total Water Management Plan and done to improve reliability and optimize Water Mains in the South Grid.
SJC	St Johns County	

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

**JEA  
CONSOLIDATED OPERATING BUDGET  
FISCAL YEAR 2022**

	<b>Electric System</b>	<b>Water &amp; Wastewater System</b>	<b>District Energy System</b>	<b>Total</b>
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
<b>FUEL REVENUES:</b>	\$ 368,899,940	\$ -	\$ -	\$ 368,899,940
Total Net Revenues	<u>\$ 368,899,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,899,940</u>
<b>FUEL EXPENSES:</b>				
Fuel & Purchased Power	<u>\$ 368,899,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,899,940</u>
<b>FUEL SURPLUS/(DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 785,192,000	\$ 439,929,234	\$ 8,839,543	\$ 1,233,960,777
Environmental Charge Revenue	7,442,000	27,010,000	-	34,452,000
Conservation Charge & Demand Side Revenue	732,000	-	-	732,000
Other Revenues	123,615,440	25,494,531	-	149,109,971
Natural Gas Pass Through Revenue	823,420	-	-	823,420
Total Base Related Revenues	<u>\$ 917,804,860</u>	<u>\$ 492,433,765</u>	<u>\$ 8,839,543</u>	<u>\$ 1,419,078,168</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 255,776,299	\$ 184,882,130	\$ 5,127,990	\$ 445,786,419
Environmental	2,263,500	7,608,200	-	9,871,700
Conservation & Demand-side Management	7,227,800	-	-	7,227,800
Natural Gas Pass Through Expense	918,473	-	-	918,473
Non-Fuel Purchased Power	263,361,133	-	-	263,361,133
Non-Fuel Uncollectibles & PSC Tax	1,391,596	700,409	-	2,092,005
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 535,938,801</u>	<u>\$ 194,190,739</u>	<u>\$ 5,127,990</u>	<u>\$ 735,257,530</u>
<b>BASE OPERATING INCOME:</b>	<u>\$ 381,866,059</u>	<u>\$ 298,243,026</u>	<u>\$ 3,711,553</u>	<u>\$ 683,820,638</u>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	3,194,911	2,075,631	-	5,270,542
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	47,000,000	-	47,000,000
Total Non Operating Revenues	<u>\$ 3,194,911</u>	<u>\$ 49,075,631</u>	<u>\$ -</u>	<u>\$ 52,270,542</u>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	109,816,948	67,135,355	3,171,208	180,123,511
Demand-side Management - Rate Stabilization	-395,800	-	-	-395,800
Environmental - Rate Stabilization	-3,821,756	-	-	-3,821,756
Total Non Operating Expenses	<u>\$ 105,599,392</u>	<u>\$ 67,135,355</u>	<u>\$ 3,171,208</u>	<u>\$ 175,905,955</u>
<b>BASE INCOME BEFORE TRANSFERS</b>	<u>\$ 279,461,578</u>	<u>\$ 280,183,302</u>	<u>\$ 540,345</u>	<u>\$ 560,185,225</u>
City Contribution Expense	94,545,651	26,666,722	-	121,212,373
Interlocal Payments	-	21,000,000	-	21,000,000
Renewal and Replacement Fund	65,000,000	25,243,465	426,828	90,670,293
Operating Capital Outlay	116,621,139	149,471,315	113,517	266,205,971
Environmental Capital Outlay	3,294,788	10,801,800	-	14,096,588
Capacity Fees	-	47,000,000	-	47,000,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 279,461,578</u>	<u>\$ 280,183,302</u>	<u>\$ 540,345</u>	<u>\$ 560,185,225</u>
<b>SURPLUS/(DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,289,899,711</u>	<u>\$ 541,509,396</u>	<u>\$ 8,839,543</u>	<u>\$ 1,840,248,650</u>
<b>TOTAL APPROPRIATIONS</b>	<u>\$ 1,289,899,711</u>	<u>\$ 541,509,396</u>	<u>\$ 8,839,543</u>	<u>\$ 1,840,248,650</u>
BUDGETED EMPLOYEE POSITIONS	1,527	625	6	2,158
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

**JEA  
CONSOLIDATED CAPITAL BUDGET  
FISCAL YEAR 2022**

	<b>Electric System</b>	<b>Water &amp; Wastewater System</b>	<b>District Energy System</b>	<b>Total</b>
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 65,000,000	\$ 25,243,465	\$ 426,828	\$ 90,670,293
Operating Capital Outlay	116,621,139	149,471,315	113,517	266,205,971
Environmental Capital Outlay	3,294,788	10,801,800	-	14,096,588
Capacity Fees	-	47,000,000	-	47,000,000
Debt Proceeds	-	129,885,420	-	129,885,420
Other Proceeds	55,886,073	-	5,009,944	60,896,017
Total Capital Funds	<u>\$ 240,802,000</u>	<u>\$ 362,402,000</u>	<u>\$ 5,550,289</u>	<u>\$ 608,754,289</u>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 40,010,000	\$ -	\$ -	\$ 40,010,000
Transmission & Distribution Projects	119,503,000	-	-	119,503,000
District Energy Projects	-	-	5,550,289	5,550,289
Water Projects	-	96,792,000	-	96,792,000
Sewer Projects	-	231,120,000	-	231,120,000
Other Projects	81,289,000	34,490,000	-	115,779,000
Total Capital Projects Subtotal	<u>\$ 240,802,000</u>	<u>\$ 362,402,000</u>	<u>\$ 5,550,289</u>	<u>\$ 608,754,289</u>
Capital Reserve	-	-	-	-
Total Capital Projects	<u>\$ 240,802,000</u>	<u>\$ 362,402,000</u>	<u>\$ 5,550,289</u>	<u>\$ 608,754,289</u>

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

**JEA**  
**Five Year Capital Improvement Program**  
**Fiscal Years 2022-2026**  
(\$000'S Omitted)

<b>Project Title</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>Project Total</b>
Electric System Generation	40,010	42,222	42,704	50,300	174,147	349,383
Electric System Transmission and Distribution	119,503	117,813	99,401	99,809	98,694	535,220
Electric System Other	81,289	50,072	38,799	37,952	35,897	244,009
<b>Total</b>	<b>\$240,802</b>	<b>\$210,107</b>	<b>\$180,904</b>	<b>\$188,061</b>	<b>\$308,738</b>	<b>\$1,128,612</b>
Water Treatment and Distribution	96,792	99,902	106,228	90,603	70,359	463,884
Sewer, Wastewater, and Reclaimed	231,120	279,329	250,575	167,231	114,817	1,043,072
Water Other Capital	34,490	31,267	36,762	30,740	30,503	163,762
<b>Total</b>	<b>\$362,402</b>	<b>\$410,498</b>	<b>\$393,565</b>	<b>\$288,574</b>	<b>\$215,679</b>	<b>\$1,670,718</b>
District Energy System	<b>\$5,550</b>	<b>\$2,724</b>	<b>\$5,674</b>	<b>\$2,931</b>	<b>\$2,550</b>	<b>\$19,429</b>

## Finance &amp; Audit Committee Meeting - FOR COMMITTEE CONSIDERATION

**JEA  
ST. JOHNS RIVER POWER PARK (SJRPP)  
AND PLANT SCHERER (SCHERER)  
OPERATING AND CAPITAL BUDGET  
FISCAL YEAR 2022**

	<b>SJRPP</b>	<b>SCHERER</b>
<b>OPERATING BUDGET:</b>		
<b>Revenue:</b>		
Operating Revenue from JEA	\$ 22,570,115	\$ 97,365,343
<b>Expenses:</b>		
Fuel and O & M	\$ -	\$ 16,047,727
Transmission	-	1,640,811
Debt Service	20,062,324	77,635,936
Renewal & Replacement	2,507,791	2,040,869
Total Expenses	\$ 22,570,115	\$ 97,365,343
<b>CAPITAL BUDGET :</b>		
	\$ -	\$ 2,040,869

MWHs Purchased by JEA Electric System 308,616

Notes: all Plant Scherer employees are Georgia Power Co. employees.  
SJRPP was decommissioned as of January 5, 2018.



# **FY2022 Proposed Rate & Fee Adjustments**

**Water, Sewer, & Electric**

**Juli Crawford**  
Director, Financial Planning &  
Analysis



# FY2022 PROPOSED RATE & FEE ADJUSTMENTS

## AGENDA



### **Part One: Water & Sewer Rate Adjustments**

Capacity Fees

Tap & Meter Fees

Large Commercial  
Water Rates



### **Part Two: Electric Rate Adjustments**

Base Rate

Bill Impacts



### **Part Three: Timeline**

Recommendations

Public Hearing

Communications



### **Part Four: Next Steps**

Staff recommendations  
presented to the Finance &  
Audit Committee for  
feedback and direction

# RATES & FEES

## Overview

Water & Sewer	Electric
Rate Adjustment Recommendations	Rate Adjustment Recommendations
<div> <div>?</div> <div>Plant Capacity Fees</div> </div> <div> <div>?</div> <div>Tap &amp; Meter Fees</div> </div> <div> <div>?</div> <div>Large Commercial Water Rate</div> </div>	<div> <div>?</div> <div>Energy Rate</div> </div>
Other Tariff Administrative Items	Other Tariff Administrative Items
<ul style="list-style-type: none"> <li>Backflow Prevention Devices</li> <li>Use of funds – Line Extension Growth Capacity Charges</li> <li>Tariff Reformat</li> </ul>	<ul style="list-style-type: none"> <li>Economic Development Programs</li> </ul>



# **WATER & SEWER RATE ADJUSTMENTS**





# CAPACITY FEES

## WATER & SEWER COST RECOVERY STRUCTURE

### Water & Sewer Capacity Project Costs

Capacity fees and charges are one-time fees paid by builders or customers connecting to the system to recover the cost of capacity expansion. A large portion of our Capital Improvement Plan (CIP) is driven by growth and providing additional water, sewer, and/or reclaimed capacity. These projects are a direct indication of the cost to connect new customers.

JEA's rate consultant, Stantec, has reviewed calculations and fees and will provide a supporting memo prior to the June Board meeting.

				
	Cost Allocated To Expansion (Five Year CIP)	Expansion Capacity	Total Cost Per Gallon <sup>^^</sup>	Calculated <sup>3</sup> / <sub>4</sub> " Capacity Fee
Water	\$59 million	12.57 MGD	\$4.68 (Current Fee Basis \$0.97)	<b>\$1,989*</b> (Current Fee \$680)
Sewer	\$268 million	10.5 MGD	\$25.57 (Current Fee Basis \$3.64)	<b>\$5,114</b> (Current Fee \$1,274)

**Current project costs indicate a higher cost for connection than current fees collect**



\*Includes fees for Water & Irrigation

MGD = million gallons per day

Sewer projects have a Reclaim component built into total project cost

Costs per gallon do not calculate due to rounding – calculated by dividing total MGD by gallons per day for a <sup>3</sup>/<sub>4</sub>" connection, then dividing that into total project cost for cost per gallon

# CAPACITY FEES

## WATER & SEWER RATE ADJUSTMENTS

Current water and sewer capacity fees have been in place, unchanged, for the past 15+ years

Based on feedback from stakeholders and conversations with the Northeast Florida Builders Association, JEA is focused on providing a transition into recommended fees over time to assist in absorbing the costs gradually

**Water**

**Irrigation**

**Sewer**

Recommended 3/4" Capacity Fee				
Current	Oct '21	Apr '22	Oct '22	Apr '23
\$339.50	\$380.00	\$566.00	\$752.00	\$936.00
\$339.50	\$427.50	\$636.75	\$846.00	\$1,053.00
\$1,274.00	\$1,824.00	\$2,920.00	\$4,016.00	\$5,114.00

### Estimated Additional Annual Revenue<sup>1</sup>

FY22	FY23
\$3M	\$5M
\$1M	\$2M
\$17M	\$29M

Staff recommends phasing in proposed capacity fees over a 2 year period effective October 1, 2021

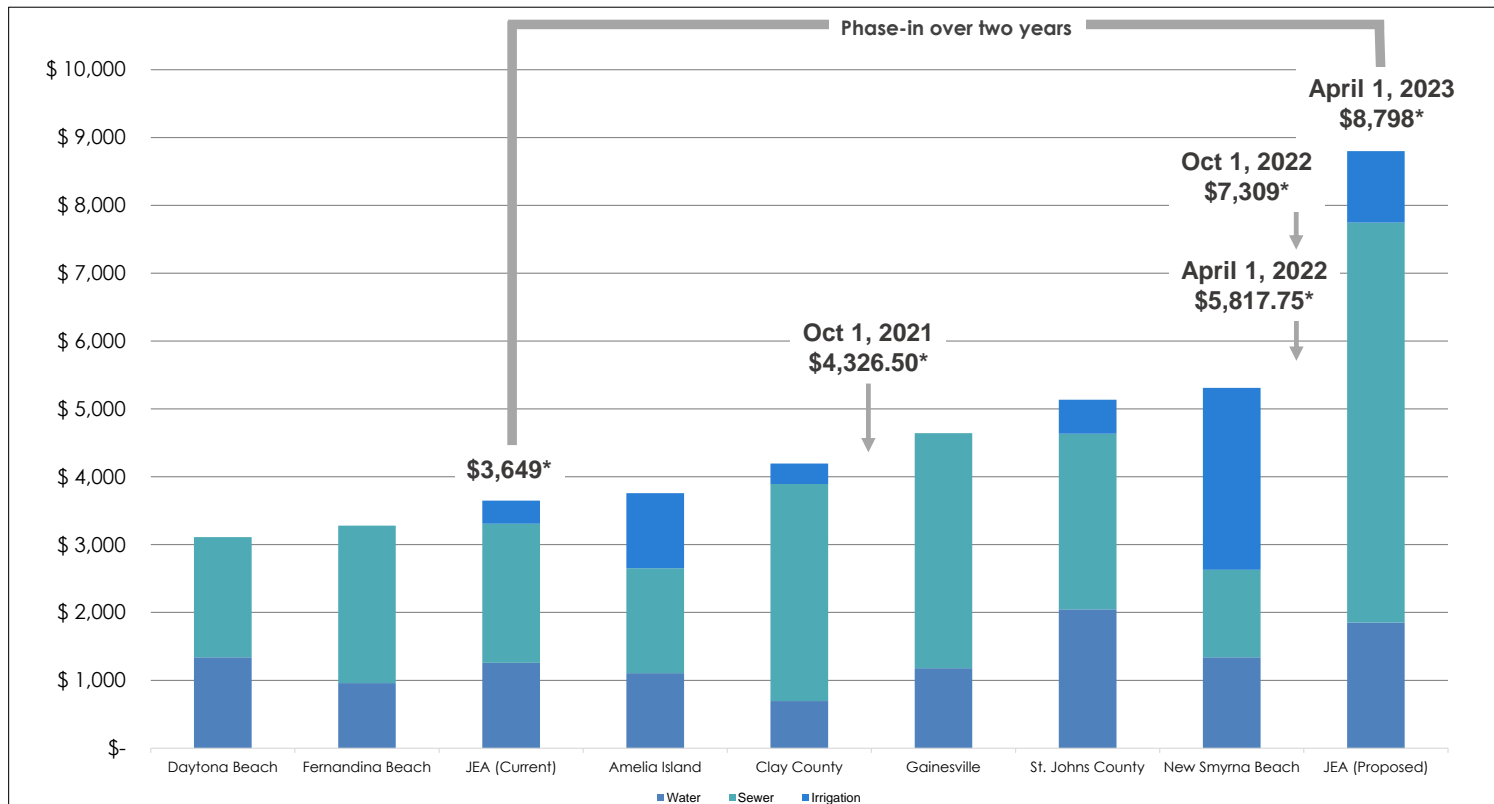


<sup>1</sup>Based on FY20 New Connections

See supplemental information for recommended capacity fees for all meter sizes

## SUPPLEMENTAL INFORMATION

### BENCHMARKS: LOCAL PEERS COMBINED CAPACITY FEES



\*Note: Includes Line Extension Growth Capacity Charges of \$1,695; No adjustments recommended at this time. Staff will evaluate pricing and make recommendations in the future.



# TAP AND METER FEES

## WATER & SEWER RATE ADJUSTMENTS

### Tap & Meter Costs and Customer Fees

Meter and Tap Fees are paid by customers connecting to the system to recover the cost of the meter and tap materials and labor to sufficiently serve the maximum quantities of water and sewer permitted by the customers. The associated costs include, but are not limited to, meters, modules, cable, piping and outdoor casing.

**JEA is under-collecting approximately \$1.6 million annually on ¾" meter sets and taps alone**



	Current Fee	Recommended Fee <i>(equal to cost)</i>
¾" Meter Set	\$202.30	\$300
1" Tap	\$610	\$1,360

**Staff recommends setting tap & meter fees equal to cost**



See supplemental information for recommended tap & meter fees for all sizes

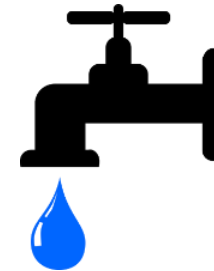
# LARGE COMMERCIAL WATER

## WATER & SEWER RATE ADJUSTMENTS

### Large Commercial: Water rates for 10" meters and larger

JEA currently allows commercial water users with a 10" meter or larger access to a discounted water usage rate. Based on the current rate structure, this large meter rate of \$1.24 represents a \$.25 discount below the standard Commercial rate of \$1.49 per thousand gallons used.

This pricing structure is not supported by the cost of service, as these larger meters demonstrate greater peaking activity than those smaller than 10".



*There are currently 53 customers that have a 10" water meter and 3 Customers with a 12" meter. Over \$400,000 impact without the discount*

**Staff recommends setting all commercial volume charges equal, as is supported by the cost of service study**







# **ELECTRIC RATE ADJUSTMENTS**

# BASE RATE

## ELECTRIC RATE ADJUSTMENTS

### Per Pricing Policy

"The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System."

Annual Cost (Revenue Requirements)	5 Year Forecast
Operation & Maintenance	
<b>Purchase Power Obligations</b>	
Depreciation	
City Contribution	

**Increasing costs mainly due to Vogtle Power Purchase Agreement from MEAG are driving the need for additional revenues to recover the cost and maintain financial integrity**



## BASE RATE

Plant Vogtle / Municipal Electric Authority of Georgia (MEAG) Power Purchase Agreement (PPA)

Impact of initial operation date of 2016 delayed to 2021:

- Total JEA cost has increased over \$900 million
- Fuel expenses were roughly \$90 million more 2016-2021
- JEA generation expenditure plans were altered to accommodate the unfulfilled 200MW of nuclear power since 2016

### Total Non-Fuel Vogtle Payments (\$ in millions)

FY22	FY23	FY24	FY25
<b>\$102</b>	<b>\$159</b>	<b>\$167</b>	<b>\$168</b>

JEA has mitigated a portion of the Vogtle MEAG Power Purchase Agreement (PPA) expense with the following actions:

- St. John's River Power Park (SJRPP) closure
- Agreement to replace Scherer Unit 4 with corresponding FPL PPA
- Utility scale solar PPA
- A significant amount of debt reduction

**Despite these efforts, base rate increases are necessary to recover expenses associated with the Vogtle / MEAG PPA**



# ENERGY RATE

## ELECTRIC RATE ADJUSTMENTS

### Recommended

Raise Energy Rate by  
**\$0.00183/kWh**

### Estimated Additional Revenue

**\$22M**

### RESIDENTIAL BILL IMPACT

Average residential bill based on 1,000 kWh per month




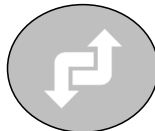
Current		FY22 Proposed	
Basic Monthly Charge	\$5.50	Basic Monthly Charge	\$5.50
Energy Charge	69.88	Energy Charge	71.71
Environmental Charge	0.62	Environmental Charge	0.62
Fuel Charge	32.50	Fuel Charge	30.50
Total <i>before taxes and fees</i>	\$108.50	Total <i>before taxes and fees</i>	\$108.33
Taxes and Fees	14.84	Taxes and Fees	15.01
Total <i>after taxes and fees</i>	\$123.34	Total <i>after taxes and fees</i>	\$123.34



Note: ISXLD energy rate change \$0.00182/kWh

# RATE CLASS IMPACTS

## ELECTRIC RATE ADJUSTMENTS

				
	Number of Customers	Total Current Typical Bill Amount (includes taxes)	Total New Typical Bill Amount (includes taxes)	% Change in Typical Bill Amount
Residential	430,000	\$123.34	\$123.34	\$0.00
General Service	50,000	\$310.02	\$309.99	(\$0.03)
General Service Demand	4,000	\$7,462.88	\$7,462.20	(\$0.68)
General Service Large Demand	135	\$75,390.00	\$75,382.00	(\$8.00)
Interruptible	45	\$290,151.00	\$290,111.00	(\$40.00)

With the fuel charge decrease, **all customer class energy rate increases will result in an essentially bill neutral impact**

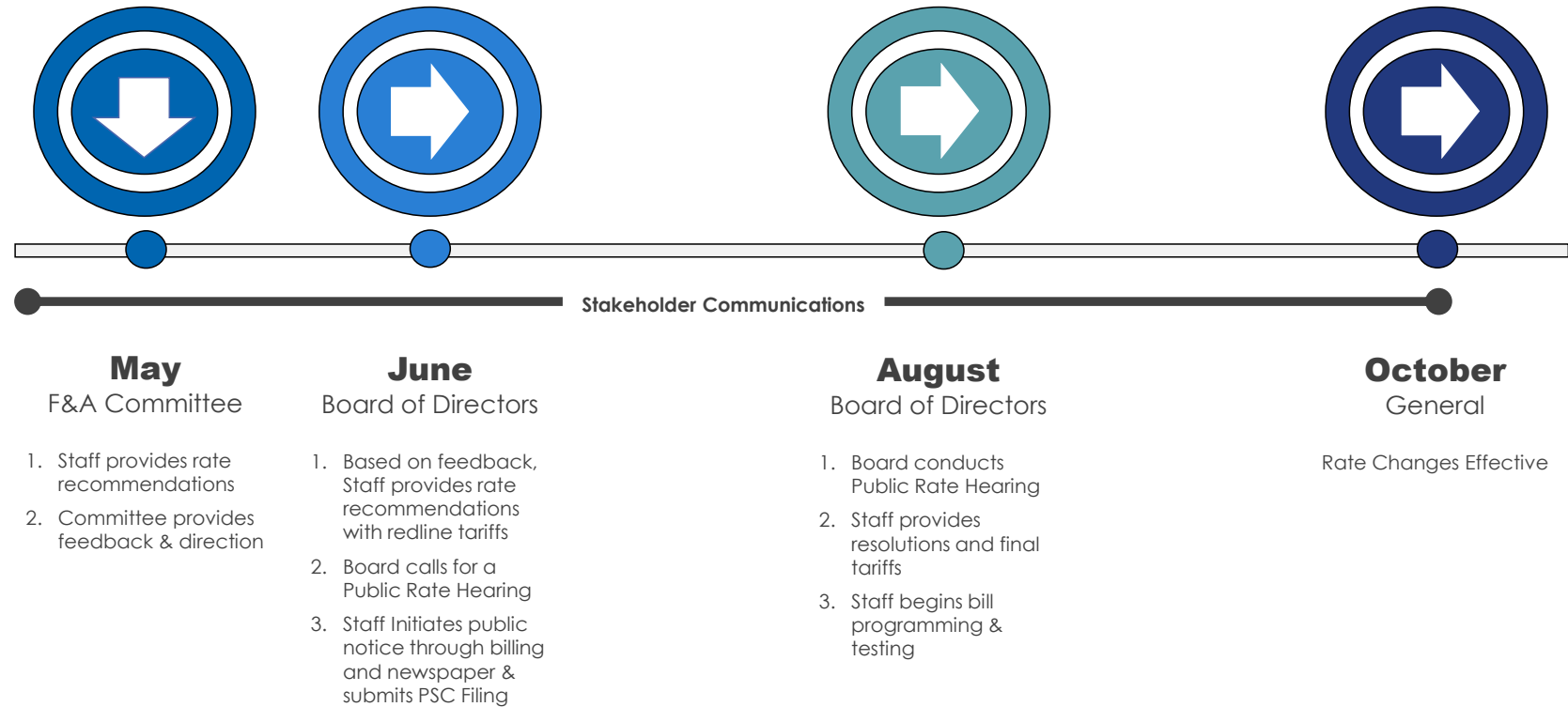


Note: Rate changes subject to Board approval and PSC submission

## **TIMELINE & NEXT STEPS**

# RATES & FEES

## TIMELINE



# RATES & FEES

## Next Steps

Staff recommends the Finance & Audit Committee **consider presenting this information to the Board:**

Water & Sewer	
Rate Adjustment Recommendations	
?	Plant Capacity Fees
?	Tap & Meter Fees
?	Large Commercial Water Rate
Other Tariff Administrative Items	
<ul style="list-style-type: none"> <li>Backflow Prevention Devices</li> <li>Use of funds – Line Extension Growth Capacity Charges</li> <li>Tariff Reformat</li> </ul>	

Electric	
Rate Adjustment Recommendations	
?	Energy Rate
Other Tariff Administrative Items	
<ul style="list-style-type: none"> <li>Economic Development Programs</li> </ul>	



## **SUPPLEMENTAL INFORMATION & SUPPORTING DATA**

# SUPPLEMENTAL INFORMATION

## WATER & SEWER- CAPITAL PROJECT COSTS DRIVE CAPACITY COSTS

### Select Water Plant Capacity Expansion Projects

Project	Project Status	Total Cost DEC F&A	Total Cost 4/23/2021	Delta	Costs Allocated to Expansion 4/23/2021	Capacity 4/23/2021	Unit Cost 4/23/2021
Northwest Regional WTP	Complete	\$10,130,622	\$10,134,069	\$3,447	\$10,134,069	2.40 MGD	\$4,222,529
Westlake WTP	Planned	\$9,549,729	\$14,858,862	\$5,309,133	\$14,858,862	4.00 MGD	\$3,714,716
River Town WTP	Post Bid/ Pre Award	\$16,826,093	\$18,613,099	\$1,787,006	\$18,613,099	1.88 MGD	\$9,900,585
West Nassau Regional WTP	Complete	\$8,553,245	\$8,553,245	\$0	\$8,553,245	1.40 MGD	\$6,109,461
Greenland WTP	Construction	\$6,656,136	\$6,656,187	\$51	\$6,656,187	2.89 MGD	\$2,303,179
<b>Total</b>		<b>\$51,715,825</b>	<b>\$58,815,462</b>	<b>\$7,099,637</b>	<b>\$58,815,462</b>	<b>12.57 MGD</b>	<b>\$4,679,034</b>
						<b>Cost Per Gallon</b>	<b>\$4.68</b>

### Select Wastewater Plant Capacity Expansion Projects

Project	Project Status	Total Cost DEC F&A	Total Cost 4/23/2021	Delta	Costs Allocated to Expansion 4/23/2021	Capacity 4/23/2021	Unit Cost 4/23/2021
Blacks Ford WRF	Complete	\$67,208,993	\$67,208,993	\$0	\$67,208,993	3.00 MGD	\$22,402,998
Southwest WRF	Final Design	\$42,210,119	\$42,210,119	\$0	\$42,210,119	2.00 MGD	\$21,105,060
Nassau Regional WRF	Schematic Design	\$28,548,000	\$53,818,181	\$25,270,181	\$53,818,181	1.50 MGD	\$35,878,787
Greenland WRF	Final Design	\$105,187,135	\$105,187,135	\$0	\$105,187,135	4.00 MGD	\$26,296,784
<b>Total</b>		<b>\$243,154,247</b>	<b>\$268,424,428</b>	<b>\$25,270,181</b>	<b>\$268,424,428</b>	<b>10.50 MGD</b>	<b>\$25,564,231</b>
						<b>Cost Per Gallon</b>	<b>\$25.57</b>



# SUPPLEMENTAL INFORMATION

## COST OF SERVICE INCREMENTAL METHODOLOGY

The cost to build new capacity and install new connections are significantly greater than previous investments which warrants the selection of the incremental methodology.

Stantec's updated cost of service analysis and calculated current estimated cost of capacity fees was based on revised 2021 Water and Sewer Expansion Capital Improvement Projects Infrastructure Plan

		CURRENT PLANT CAPACITY FEES			PLANT CAPACITY COST			
	Water (w/o Reclaimed)	Water	Irrigation	Sewer	Water	Irrigation	Sewer	Water (w/o Reclaimed)
Residential								
Gallons per day ¾" meter	350	350	350	350	200	225	200	250 GPD
	x							x
Dollars per gallon	\$0.97	\$0.97	\$0.97	\$3.64	\$4.68	\$4.68	\$25.57	\$4.68 \$/gal
	=							=
Subtotals	\$340	\$340	\$340	\$1,274	\$936	\$1,053	\$5,114	\$1,170 \$ total
Water & Sewer Total	\$1,614	\$1,954			\$7,103			\$6,284

Proposed bi-annual phase-in of the \$5,149 variance over two years



# SUPPLEMENTAL INFORMATION

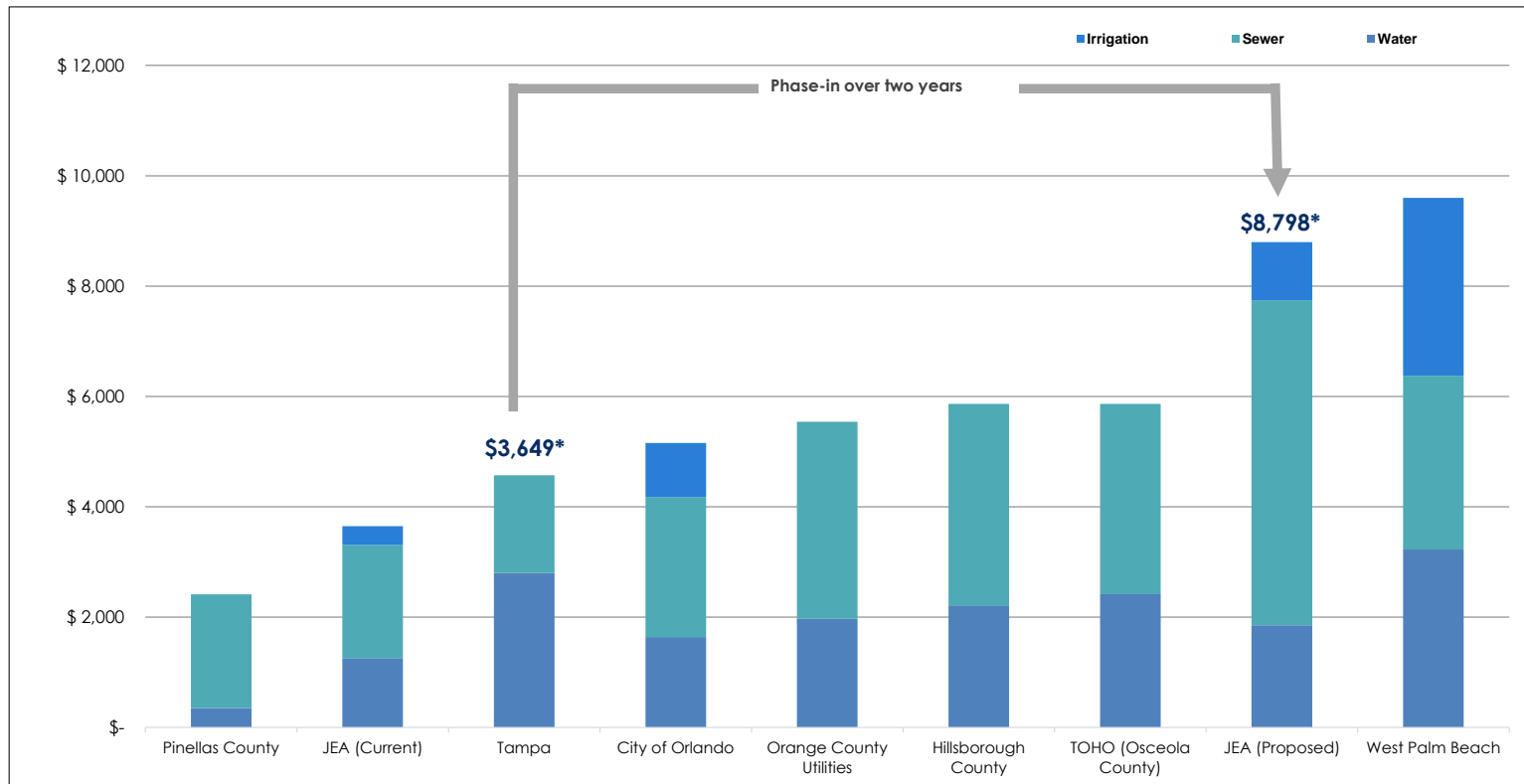
## CAPACITY FEES

Meter Size	Updated Level of Service	Basis	Cost per Gallon	Cost of Service Plant Capacity Fee
<b>Water (w/o Irrigation)</b>				
¾"	250	Average Day	\$4.68	\$1,170
1"	300	Average Day	\$4.68	\$1,404
1 ½"	450	Average Day	\$4.68	\$2,106
2" & greater	Based on estimated AADF	Fee based on the estimated average daily flow	\$4.68	TBD
<b>Water (w/ Irrigation)</b>				
¾"	200	Average Day	\$4.68	\$936
1"	250	Average Day	\$4.68	\$1,170
1 ½"	300	Average Day	\$4.68	\$1,404
2" & greater	Based on estimated AADF	Fee based on the estimated average daily flow	\$4.68	TBD
<b>Irrigation</b>				
¾"	225	Average Day	\$4.68	\$1,053
1"	325	Average Day	\$4.68	\$1,521
1 ½"	700	Average Day	\$4.68	\$3,276
2" & greater	Based on estimated AADF	Fee based on the estimated average daily flow	\$4.68	TBD
<b>Sewer</b>				
¾"	200	Average Day	\$25.57	\$5,114
1"	250	Average Day	\$25.57	\$6,393
1 ½"	300	Average Day	\$25.57	\$7,671
2" & greater	Based on estimated AADF	Fee based on the estimated average daily flow	\$25.57	TBD



# SUPPLEMENTAL INFORMATION

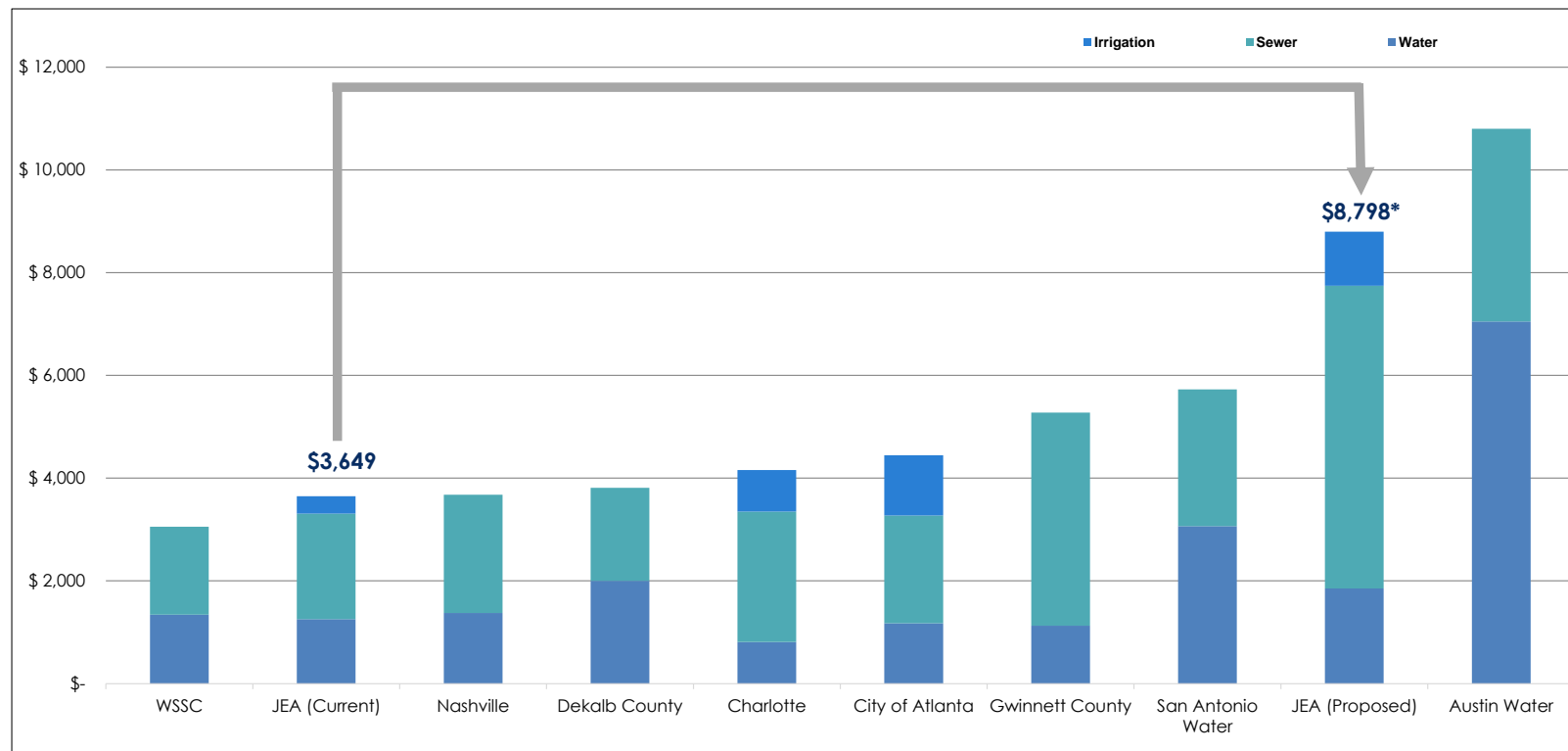
## BENCHMARKS: FLORIDA PEERS COMBINED CAPACITY FEES



\*Note: Includes Line Extension Growth Capacity Charges of \$1,695; No adjustments recommended at this time. Staff will evaluate pricing and make recommendations in the future.

# SUPPLEMENTAL INFORMATION

## BENCHMARKS: NATIONAL PEERS COMBINED CAPACITY FEES



\*Note: Includes Line Extension Growth Capacity Charges of \$1,695; No adjustments recommended at this time. Staff will evaluate pricing and make recommendations in the future.

# SUPPLEMENTAL INFORMATION

## TAP & METER FEES

### Today's Fees

Meter Size	¾"	1"	1 ½"	2"	3"	4"	6"	8"	10"
Meter Fee	\$202.33	\$223.71	\$527.26	\$588.96	\$8,767.80	\$9,934.35	\$13,555.21	\$20,850.65	\$26,300.83
Tap Size	1"	1"	2"	2"	3"	4"	6"	8"	10"
Water Tap Fee	\$610	\$610	\$700	\$700	Average cost of the installation to JEA				
Sewer Tap Fee	\$1,853	\$1,853	\$1,853	\$1,853					

### Proposed Fees

Meter Size	¾"	1"	1 ½"	2"	3"	4"	6"	8"	10"
Meter Fee	\$300.00	\$320.00	\$1,010.00	\$1,150.00	\$7,340.00	\$7,530.00	\$11,490.00	\$17,210.00	\$24,160.00
Tap Size	1"	1"	2"	2"	3"	4"	6"	8"	10"
Water Tap Fee	\$1,360	\$1,360	\$1,770	\$1,770	Average cost of the installation to JEA				
Sewer Tap Fee	\$8,330	\$8,330	\$8,330	\$8,330					





## Audit Services Update

**Steve Tuten**  
Director of Audit Services



May 14, 2021



## Enterprise Risk Management (ERM)

## ERM Initiatives

Re-assess risk management principles and roles and responsibilities in the policy and Charters.

Incorporate risk management principles into business processes.

Incorporate risk management principles in corporate strategies, decisions and planning.

Initiate the Risk Working Committee (RWC), utilizing the three (3) lines of Defense criteria - Management, ERM, Audit.

Assess and affirm the current Risk Tolerances categories and scoring criteria.

Reassess the current Top Enterprise Risks to verify impact and likelihood prioritization.

Develop Key Risk/Process Indicators (KRIs/KPIs).

Complete a Risk & Control Assurance map.

Establish Risk Management Annual Corporate Goals.

Modify job descriptions to include effective risk management.

Include effective risk management in the Risk owners' annual performance goals.

Restart the Business Function Risk Assessment process.

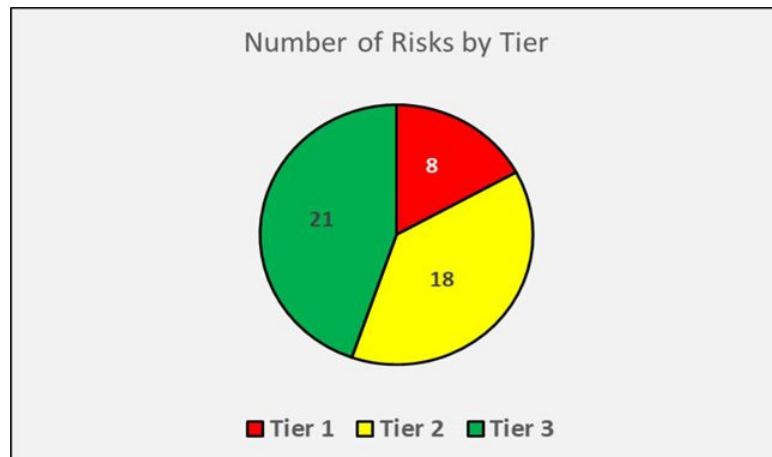
Enhance and expand Risk Awareness training for all JEA employees.

Use a Governance, Risk and Compliance application (GRC).



## Top Enterprise-Wide Risks (TER)

### 47 Risks



### 8 Categories



There are currently 47 TERs in our Risk Inventory.  
 Tier 1 risks are the most critical based on the relative impact and likelihood of occurring.  
 The risks are categorized based on business processes.

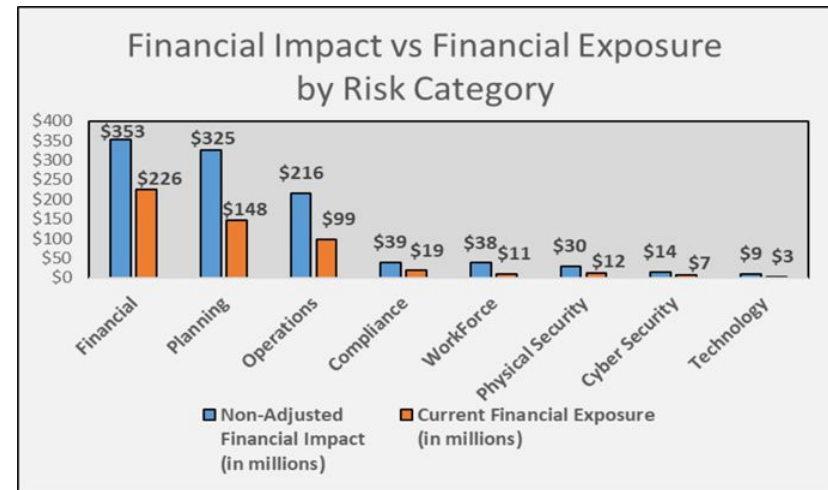
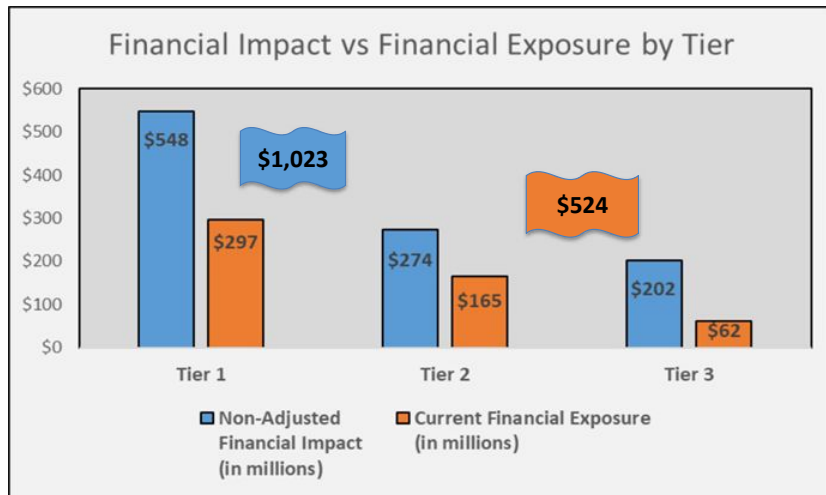
## Tier 1 and Tier 2 Risks

Risk #	Risk Title	Tier	Total Risk Score
E01	Carbon Emission Mitigation/ Renewable Energy Standards	1	15.3
C19	Surface Water Discharge Risk	1	12.8
C08	Black Swan (High Impact - Low probability event)	1	11.2
C18	Supply Chain Management	1	10.5
E10	Nuclear Power Portfolio	1	10.4
C16	Weather & Climate Change Impact Resiliency Efforts	1	10.4
W01	Water Supply Management / Long Term Planning	1	9.9
C03	Disruptive Technologies / Long-term Planning	1	9.9
E09	FERC / NERC (Section 693) O&P Reliability & Compliance	2	9.1
E05	Cooling Water Intake Structures 316(b)	2	9.0
E07	Critical Infrastructure Protection (CIP) Compliance	2	9.0
E13	Emergency Preparedness / Business Continuity	2	9.0
C21	Physical Security - Vandalism and Property Destruction	2	7.8

Risk #	Risk Title	Tier	Total Risk Score
E03	Coal Combustion Residual Rule (CCR)	2	7.5
T02	Cyber Security Information Protection	2	7.4
T03	Cyber Security Business Disruption	2	7.4
E04	Adverse Electric Commodity Supply and Pricing	2	7.2
W04	Infrastructure Maintenance - Water/Waste Water Systems	2	7.2
W06	Drinking Water Quality Management	2	7.2
C04	External Influence on Policy	2	7.2
F03	Credit Availability/Cost	2	7.0
W02	Operations Technology Management - Water/Wastewater Systems	2	6.9
E20	Operations Technology Management - Electric	2	6.9
C17	Physical Security / Terrorism	2	6.6
C02	Physical Security - Criminal Activity	2	6.6
C01	Customer Relationship Management	2	6.6



## Financial Elements of Top Enterprise-Wide Risks



The current Non-Adjusted Financial Impact of \$1,023 Million represents the mid point of the Total Financial impact before probability adjustment.

The current Most Likely Financial Impact of \$524 Million represents the financial exposure based is the factor of the midpoint of the Total Non-Adjusted Financial Impact, and the midpoint of the total Probability Average.



## Internal Audit

## Audit Plan Status for Q2

Completed Audits and Engagements w/Rating		In-Process Audits and Engagements w/Status	
TEA Member Review	No Rating	W/WW Project Engineering & Construction	Reporting
Customer & Community Engagement (new)	Satisfactory	Cyber Program Assessment	Ongoing
Investment Recovery Operations (new)	Satisfactory	Fuels Management Services	Testing
JEA Culture Consulting Engagement (new)	No Rating	IT Staffing	Testing
		Safety & Health Services	Testing
		Procurement & Contracts	Planning
		Treasury Cash & Investments	Planning
		FY2022 Annual Risk Assessments	Planning
Upcoming Audits and Engagements		Cancelled or Postponed Audits and Engagements	
Identity & Access Management		JEA Performance Pay Audit	
W/WW Asset Management & Performance		Green-e Agreed-Upon Procedures Engagement	
Vogtle Follow-Up		Receivables & Collections (new)	
Cloud Computing			
Fleet Services			
eAM Asset Management Follow-Up			



The Internal Audit staff is **ON TRACK** to complete the FY2021 Audit Plan.

## Completed, Postponed or Canceled Audits and/or Engagements for Q2

Audit or Engagement	Report Rating	Issues and Risk(s)
Customer & Community Engagement Audit	Satisfactory	Significant risks related to: <ul style="list-style-type: none"> <li>- Lack of procedures for customer communications and social media policy which could negatively impact customer perception and satisfaction; and,</li> <li>- Lack of a file plan for public records which could impact customer perception if records are not produced timely.</li> </ul>
Investment Recovery Operations Audit	Satisfactory	Significant risk related to the Obsolete Asset Liquidation Processes which could lead to mismanagement and potential loss of assets.
JEA Culture Consulting Engagement	No Rating	Observations include: <ul style="list-style-type: none"> <li>- Establishment of "Culture" as a Top Enterprise Risk;</li> <li>- Establishment of a Culture committee;</li> <li>- Periodic cultural surveys and the follow-up of identified issues; and</li> <li>- Programs for managerial leadership training and retention.</li> </ul>



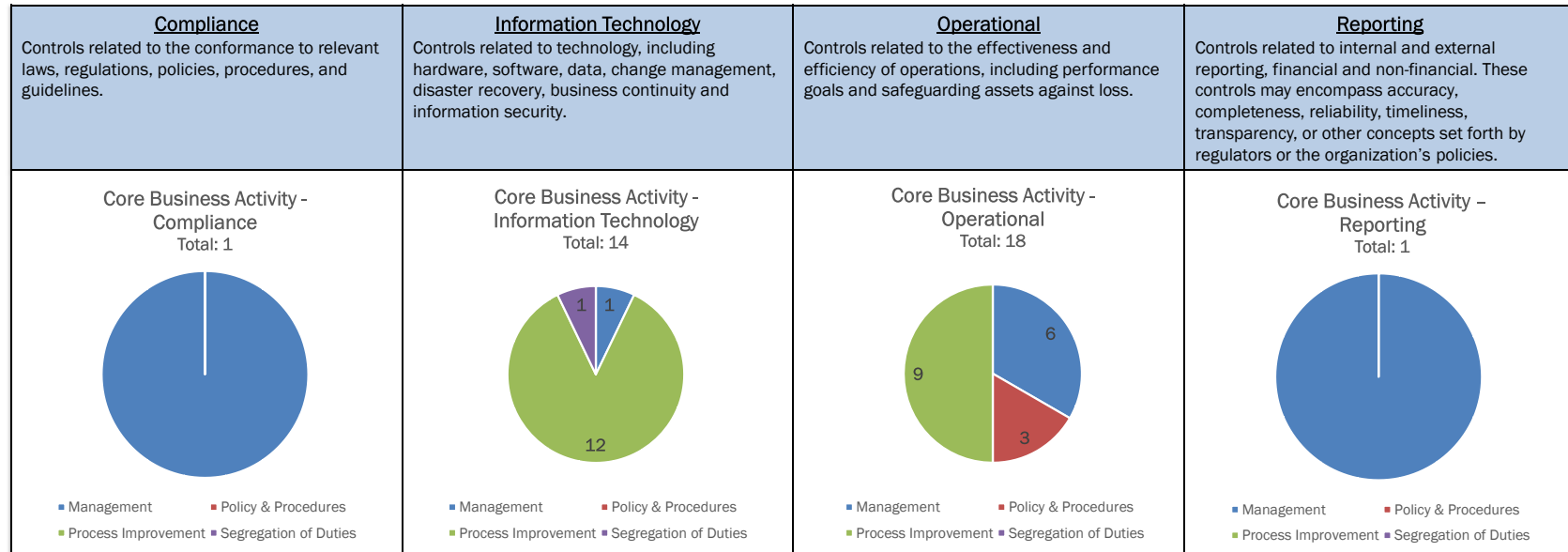
Audit or Engagement	Reason for Cancelling or Postponing
Receivables and Collections	Management requested the postponement of this audit to FY2022 due to the: <ul style="list-style-type: none"> <li>• Ongoing upgrade of the CIS/Billing system from CC&amp;B to C2M.</li> <li>• Release of a large RFP for Bill Presentation and Online Payments.</li> </ul>

## Open Audit and Investigations Report Issues - Categories

The following charts show Open Audit and Investigation Issues broken down by:

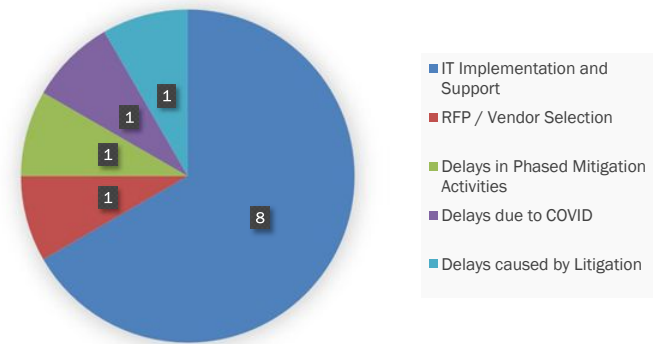
**Control Type** – Compliance, Information Technology, Operational and Reporting.

**Core Business Activity** – Management, Policy & Procedure, Process Improvement and Segregation of Duties



## Open Audit and Investigations Report Issues – Past Due & Issue Watch

Root Cause for Action Plan Delays



Issue Risk	Audit Name	Action Plan	Past Due Date	Action Plan Status Comments
Significant	Municipal Electric Authority of Georgia (MEAG) – Purchase Power Agreement	The Principal Financial Analyst, with assistance from management, will complete the review already in progress, of prior expenditures, including "Owners Costs" and Nuclear Fuel charges, to ascertain that the expenditure is appropriate, approved and allocated in accordance with the PPA and the existing procedures for Vogtle Units 3 & 4 Pre-Commercial Operations. All new charges will be subjected to the same level of review.	12/21/2017	2/24/2021: IA Audit Plan was approved and <u>follow-up audit is planned for FY21</u> .

## Open Audit and Investigations Report Issues – Issue Watch



**Issue Watch Status:** Action Plans are being addressed by Management, but internal or external factors may delay its completion. This could be an early indicator of a “Past Due” issue.

Issue Risk	Audit Name	Action Plan	Current Due Date	Action Plan Status Comments
Major	Meter Services	Phase 1 - Audit existing sewer-flow meters to determine process gaps and potential billing errors. Make corrections. Phase 2 - Update JEA Sewer Meter Requirements / Standards Phase 3 completion date - a) Simplify – This document is overly complicated and not customer friendly b) Limit customer meter options to JEA approved meters that are compatible with current AMI system. c) Determine test requirements / Develop testing program to ensure customer compliance Phase 4 - Review/Update existing Sewer Flow Meter request process.	2/1/2022	4/13/21 - Per previous comments by the Meter Specialist Foreman on 10/26/20, Phase 1 of the sewer flow improvement plan is complete. The 2nd phase (Update Sewer-Flow Meter Requirements / Standards) is on hold (as well as phases 3 & 4) as phase 2 is highly dependent on which <u>2-way AMI system JEA choses to adopt going forward.</u>
Significant	Payroll Services	HR will address this recommendation with one of two solutions: <ul style="list-style-type: none"> <li>• HR management will continue to control and monitor the list of authorized HR Super-Users through the IDM electronic approval system including regular attestations. Additionally, HR will again request of TS that the HR Super-User profiles be rebuilt to restrict access to only the data elements for which they are responsible.</li> <li>• HR management will request TS to construct an Oracle based exception report that identifies any high risk payroll impacting employee data element (as agreed between HR &amp; Audit) that has been modified by an employee not included in one of the HR controlled Super-User access profiles.</li> </ul>	4/30/2021	4/9/2021 - Per Payroll, a hold up in TS has prevented this issue from being closed out. Payroll stated, " <u>TS is not actively working on the access item.</u> " It may take some time before this gets addressed."

## Open Audit and Investigations Report Issues – Issue Watch

Issue Risk	Audit Name	Action Plan	Current Due Date	Action Plan Status Comments
Significant	Director, Fleet Operations Support Services (Tire Contract)	Management will require the new vendor provide monthly tire inspections.	5/17/2021	4/12/21 - The last yard checks performed by the vendor was in February 2020. No alternatives have yet been identified as the crews are parking their vehicles in various substations and not in the crew yards due to COVID-19 concerns. <u>The department is still evaluating an alternate plan.</u>
Significant	Director, Security & Emergency Preparedness (Security)	The Firebug software application will be implemented under the upcoming new Fire Extinguisher Inspection and Maintenance contract. This contract is scheduled to be in place by end of this fiscal year with the deployment of the Firebug inspection barcodes deployed during the first year of extinguisher inspections.	6/30/2021	4/13/21 - Per the Director Security & Emergency Preparedness, <u>the IDM upgrade is scheduled to go into production on 7/31/21.</u>
Significant	Director, Security (Information Security Follow-Up)	Management will complete a "health check" on the current IDM to determine if an upgrade or replacement is required. If a replacement is required, a FY20 capital project will be initiated to replace end of life hardware and upgrade the software platform.	7/31/2021	On 4/8/21, the Director Security & Emergency Preparedness, noted there are minor project delays that may impact the current due date of 7/31/21. These are related to <u>access requirements for JEA contractors working on implementation.</u>
Significant	Director, Procurement Services (Procurement Inventory Control)	Phase 1: Meet with planners to determine if Oracle lead times are showing in their forecasting systems (EAM/FMS/DDS) Phase 2: If lead time information is not showing in forecasting system, meet with TS to determine possible solutions to have access to this information without having planners run reports from BI or reach out to PIC.	9/30/2021	4/9/21 - According to the Manager ERP Systems, on 4/9/21, his staff reached out to Oracle on 11/13/2020 to enlist their assistance with getting the lead times to show in Oracle. They reached out to Oracle after in-house efforts to add the lead times to Oracle after their attempts were unsuccessful. Also, this item was placed on issue watch due to <u>difficulties with obtaining expertise from Oracle regarding the JDeveloper portion of Oracle.</u>



## Open Audit and Investigations Report Issues – Issue Watch

Issue Risk	Audit Name	Action Plan	Current Due Date	Action Plan Status Comments
Significant	Capital Purchases vs. Operations & Maintenance (O&M) Purchases	<ul style="list-style-type: none"> <li>Review material transactions from FY17, FY18, and FY19 to identify items purchased with capital funds versus Operating &amp; Maintenance. (12/31/20)</li> <li>Capital funded material would be considered project work. Compare items purchased to see if a list of project material can be developed.</li> <li>Requested a Black belt to assist with this project due to its size and complexity.</li> <li>Phase 1 - Approval by management to start the requested Black Belt project.</li> <li>Phase 2 - If approved, Black Belt project is completed.</li> <li>Meeting with TS to discuss if current system can separate project material from maintenance. Implement using end users funding to purchase materials with assigned item ids. (TS is looking at opportunities in FY20. TS Roadmap provided.)</li> </ul>	9/30/2021	4/09/21 - Per the Manager Procurement Inventory Control, this issue is in Phase 2, where the Black Belt project has been approved by Management. Also, auditor was informed by the manager <u>that the current target completion date did not include the Black Belt timeline.</u>
Significant	Personnel Out Process Follow-Up	<p>Phase I: The three responsible area directors will chair a task force with the purpose of defining the best potential solution including:</p> <ol style="list-style-type: none"> <li>1) Technology solution (how)</li> <li>2) Human solution (who)</li> <li>3) Control solution (sustain)</li> <li>4) Develop estimated cost, resources and timing to implement</li> </ol> <p>Phase II: Task force present recommended solution to SLT seeking funding and resources to complete the project</p>	9/30/2021	4/12/21 - This item was moved to issue watch due to <u>the upgrade to IDM</u> needs to occur before discussions can occur in regards to moving contractors from the Oracle system.



## Open Audit and Investigations Report Issues – Issue Watch

Issue Risk	Director / (Audit Name)	Action Plan	Current Due Date	Action Plan Status Comments
Significant	C2M Project	Management to touch base with CRM group on the implementation of C2M. C2M will offer the possibility to gather the testing information, warranty info, and life expectancy metrics of meter assets. Expected go live date is July 2020.	12/31/2021	4/9/21 - This item is on issue watch due to a <u>lack of a definitive timeline line for the C2M integration</u> .
Significant	Water / Wastewater Reuse & Treatment	<ol style="list-style-type: none"> <li>1. Develop Exception Reports tracking if employees are inspecting JEA assets under their responsibility.</li> <li>2. Develop process for documenting preventative maintenance work.</li> <li>3. Develop a process for identifying and reviewing assets that do not have preventative maintenance schedules.</li> <li>4. Develop goals for completing preventative maintenance inspection of assets.</li> </ol>	9/30/2022	4/8/21 - Per the Technology Project Leader and Project Manager for the Asset360 Mobile app, <u>the goal of MVP is targeted to go live before 9/2022</u> . They are also in initial discussion on a long term plan and he should have more information after some meetings next week that will include transitioning of roles for the project. This item will be placed on issue watch until a long term plan is put in place.
Moderate	Warehouse Management System - Barcoding	<p>Item 1: We are currently working with multiple vendors in our search for a viable warehouse management system as well as a barcoding solution that will improve the overall effectiveness and efficiency of the storeroom. A contract will be executed with the chosen vendor that allows the storeroom the ability to scan inventory into the system upon receipt or upon pickup.</p> <p>Item 2: With the implementation of the barcoding solution, all orders will be scanned out of the warehouse by a storeroom employee and signed for by the requestor thus eliminating the grabbing of others' inventory. Once the barcoding solution is in place, a procedure will be created for this process and documented in Policy Tech.</p>	3/31/2022	3/25/21 - Per the Special Project -SCM: He doesn't believe the entire project team has been identified, the RFP has a mid-May date for submissions. An estimate for completion would be end of March, 2022. <u>This is only an estimate until a vendor/provider has been selected a more detailed timeline can be established.</u>

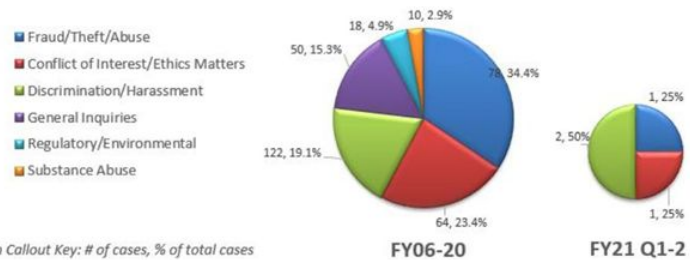


## **Forensic Audit & Investigations (FAI)**

## Investigation Case Statistics – Q2 FY21

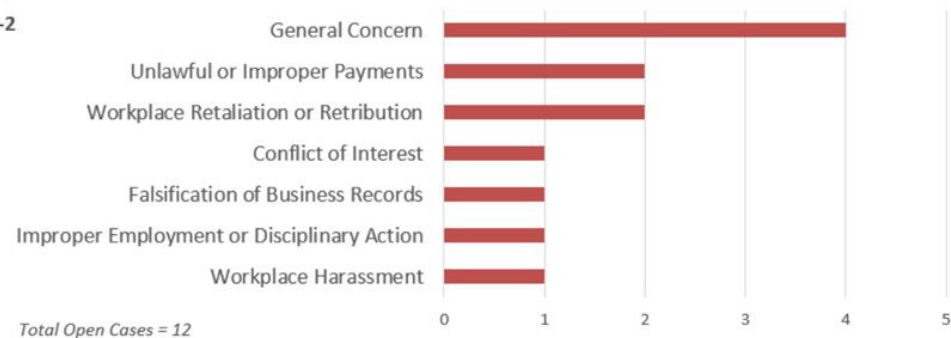
### Ethics Hotline Case Allegations

- Top Three FY06-20: Fraud/Theft/Abuse, Conflict of Interest/Ethics Matters, Discrimination/Harassment
- Current trend (FY21) is consistent with past case history (FY06-20)



Graph Callout Key: # of cases, % of total cases

### Open Cases by Allegation Type



## Investigation Open Action Plans – Q2 FY21

### Deficiencies Reported by OIG Contract Oversight Review re: JEA Invitation to Negotiate (ITN) #127-19 Supply Chain Services Action Plans

#### Update Operational Procedures and/or Creation of Forms:

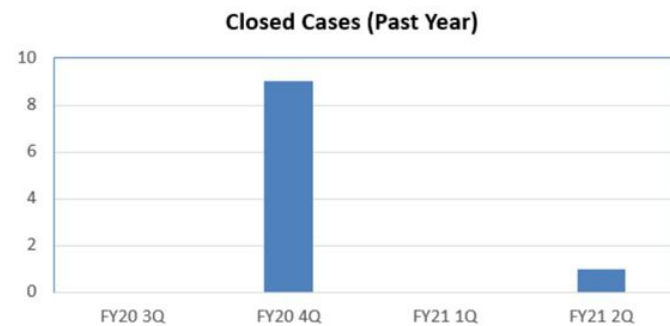
- Evaluation and Negotiation Committee member(s) checklist
  - ◊ Conflict of Interest review
  - ◊ Ex parte communication acknowledgement
  - ◊ Confidentiality of submittals and evaluation training
    - Where to review submittals
    - SME discussions, if needed
    - Discussions on the record
  - ◊ Communication logs for DPRs and Respondents/SME communication with Evaluation and Negotiation Committee Members
- Create a checklist for Procurement Team review for each solicitation process; including review of Convicted Vendors List

#### Create a Process:

- Formally approve policy and procedure documentation
  - ◊ P-Code – Board Approval
  - ◊ Operational Procedure – CPO Approval
- Requirement for dedicated format for bid submittal and correspondence
  - ◊ Zycus Sourcing Software



## Summary of Closed Cases – Q2 FY21



### FY21 2Q Closed Case Allegation and Results

Employee falsified timecards, viewed illicit material via mobile phone

- Allegation was unsubstantiated
- Employee provided false statements during a fact finding meeting
- Resulted in a Written Reprimand, 5% pay reduction



## Ethics Officer Report

Walette Stanford  
Director, Ethics



May 14, 2021

## JEA Speak Up Channels – The 4 P's



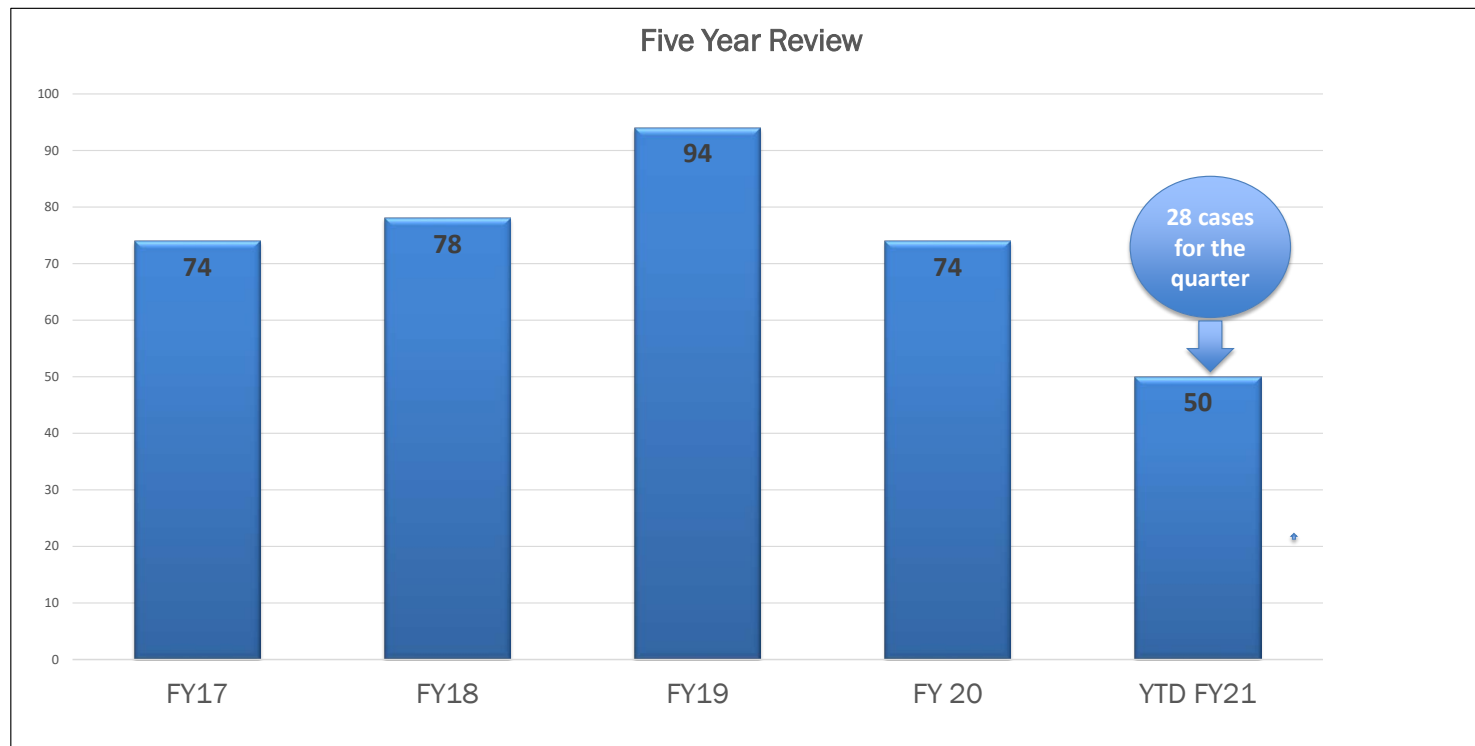
**Promote**  
thoughtful and civil discussion

**Put Forward**  
multiple ways to raise more severe concerns

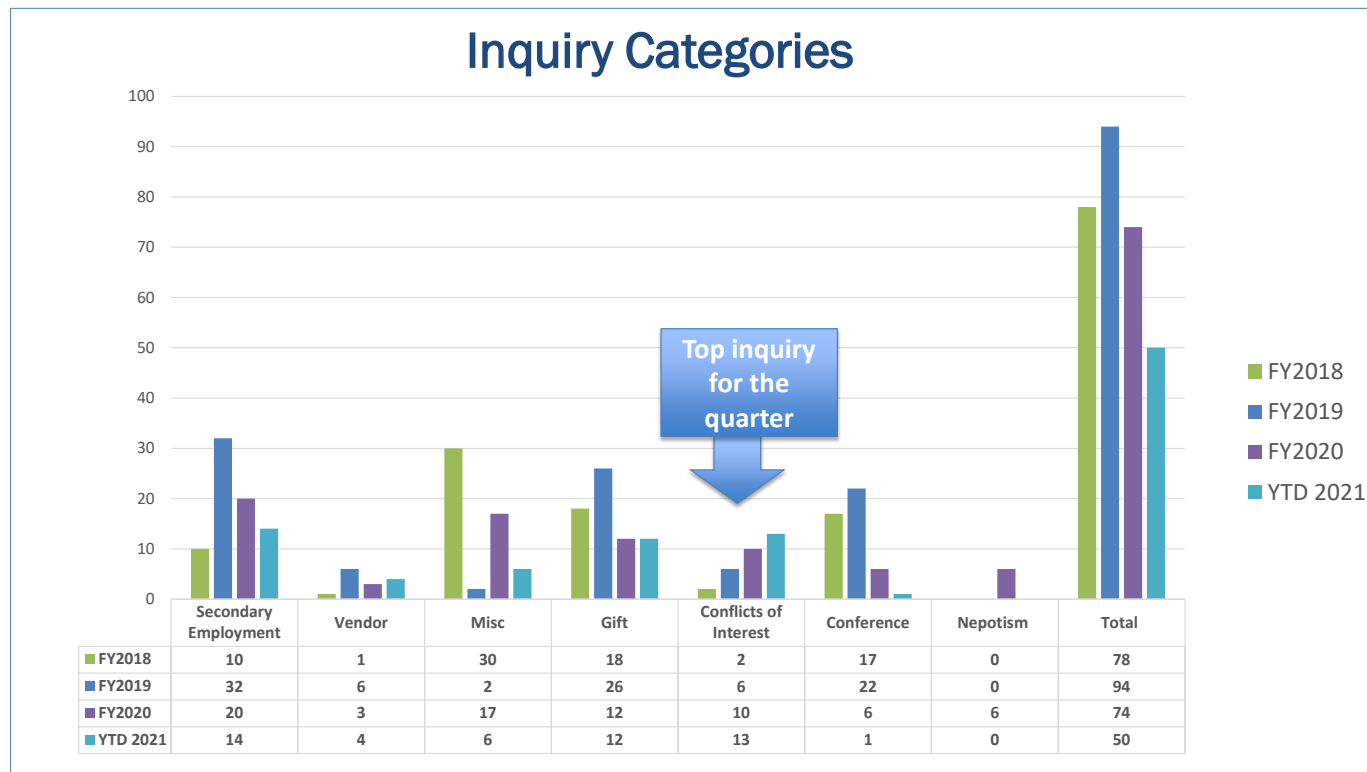
**Promise**  
that reports are treated seriously

**Provide**  
employees with reporting channels

## Ethics Inquiries by Year



## Ethics Inquiries by Year



## Conflicts of Interest – Key Takeaways

- **An employee that has a personal, financial, social or political interest that impairs (or appears to impair) his or her fairness and impartiality.**
- **Conflicts of Interest must be disclosed.**
- **The Ethics Officer will review disclosure and may require elimination of conflict or recusal.**
- **Employees must review our policy and comply. All are encouraged to ask the Ethics Officer for assistance.**



## What's Next

- **Communicate to the organization the upgraded Ethics Hotline platform called EthicsPoint.**
- **Audit the FY21 Business Ethics Refresher attendees list and review training comments. The goal is 100% compliance by April 30<sup>th</sup>.**
- **Finalize 3<sup>rd</sup> Quarter Action Plan topic from Ethics Workshop for Managers.**
- **Update Code of Conduct and create a video of the document for October 2021 roll out.**
- **Conduct a secondary employment renewal audit for 2021.**
- **Update Gift Policy based on payroll recommendations regarding de minimis fringe benefits.**



- › [Business Ethics Refresher](#)
- › [General Security Awareness Training](#)

### Business Ethics Refresher Due April 30

This required annual **Business Ethics** training is available in ORACLE and must be completed by April 30. The training is a requirement for all JEA employees, but not contractors and can be completed by the average learner in about 30 minutes. If you work in the Residential, Commercial, SOCC contact center, or the CBO, please wait until the Workforce Management team notifies you it is time to complete the training.

Don't Miss the  
**DEADLINE!**

If you have any questions or concerns about the Business Ethics Training requirements, please contact Ethics Officer/Director Walette Stanford via [email](#) or at 665-4282.





# **Reserve Report**

**For the Second Quarter Ending  
March 2021**



## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

**Electric System and Water & Sewer System Reserve and Fund Balances (1)**

For the Years Ending September 30  
(In Thousands of Dollars)

**Electric System**

	<u>Actual</u> <u>Fiscal Year</u> <u>2018</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2019</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2020</u>	<u>Projected</u> <u>Fiscal Year</u> <u>2021</u>	<u>Detail</u> <u>Page #</u>
<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 85,459	\$ 34,587	\$ 47,449	42,231	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	8,139	11,210	10,890	10,766	4
Rate Stabilization					
• Fuel	74,376	47,152	73,347	71,310	5
• DSM/conservation	3,470	4,363	5,423	6,968	6
• Environmental	42,163	25,632	21,818	13,238	7
• Debt Management	29,884	29,884	-	-	8
• Non-Fuel Purchased Power	53,493	56,870	36,326	4,699	9
Environmental	16,818	16,568	16,568	16,568	10
Customer Deposits	44,242	44,242	43,641	44,136	11
<b>Total Unrestricted</b>	<b>368,044</b>	<b>280,508</b>	<b>265,462</b>	<b>219,916</b>	
<b>Days of Cash on Hand (2)</b>	<b>218</b>	<b>146</b>	<b>183</b>	<b>158</b>	
<b>Days of Liquidity (3)</b>	<b>316</b>	<b>308</b>	<b>359</b>	<b>325</b>	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	159,656	145,520	82,525	78,861	12
Debt Service Reserve Funds	60,582	60,582	50,993	50,993	13
Renewal and Replacement Funds/OCO	189,922	81,964	137,643	159,611	14
Environmental Fund [Capital Projects]	-	-	301	920	15
Construction Funds	203	-	311	-	16
<b>Total Restricted</b>	<b>410,363</b>	<b>288,066</b>	<b>271,773</b>	<b>290,385</b>	
<b>Total Electric System</b>	<b>\$ 778,407</b>	<b>\$ 568,574</b>	<b>\$ 537,235</b>	<b>\$ 510,301</b>	

**Water and Wastewater System**

<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 43,461	\$ 17,934	\$ 26,719	\$ 33,594	
Rate Stabilization					
• Debt Management	14,209	14,209	-	-	17
• Environmental	12,914	15,687	23,372	26,620	18
Customer Deposit	15,616	16,289	16,926	17,180	19
<b>Total Unrestricted</b>	<b>86,200</b>	<b>64,119</b>	<b>67,018</b>	<b>77,394</b>	
<b>Days of Cash on Hand (2)</b>	<b>434</b>	<b>186</b>	<b>176</b>	<b>241</b>	
<b>Days of Liquidity (3)</b>	<b>527</b>	<b>334</b>	<b>353</b>	<b>405</b>	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	81,242	80,775	41,660	32,592	20
Debt Service Reserve Funds	102,850	63,441	58,228	58,664	21
Renewal and Replacement Funds	141,415	48,796	38,131	56,861	22
Environmental Fund [Capital Projects]	1,159	1,891	649	3,781	23
Construction Funds	284	28,968	25,541	20,439	24
<b>Total Restricted</b>	<b>326,950</b>	<b>223,871</b>	<b>164,209</b>	<b>172,337</b>	
<b>Total Water &amp; Sewer System</b>	<b>\$ 413,150</b>	<b>\$ 287,990</b>	<b>\$ 231,227</b>	<b>\$ 249,731</b>	

(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) Days of Liquidity 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. Revolving credit facility is allocated between Electric and Water & Sewer Systems based on their portion of the Operating Expenses, net of Depreciation.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

**Funds Established Per the Bond Resolutions**

<b>Fund/Account Description</b>	<b>Electric System</b>	<b>Water and Sewer System</b>
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.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Self Insurance - Property

For the Second Quarter Ending March 31, 2021

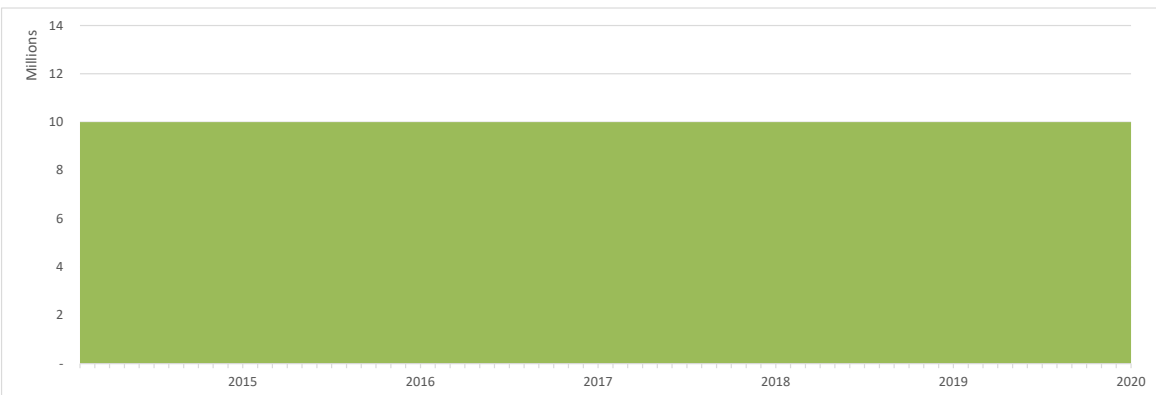
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
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

	2016	2017	2018	2019	2020
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.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Self Insurance - Employee Health Insurance

For the Second Quarter Ending March 31, 2021

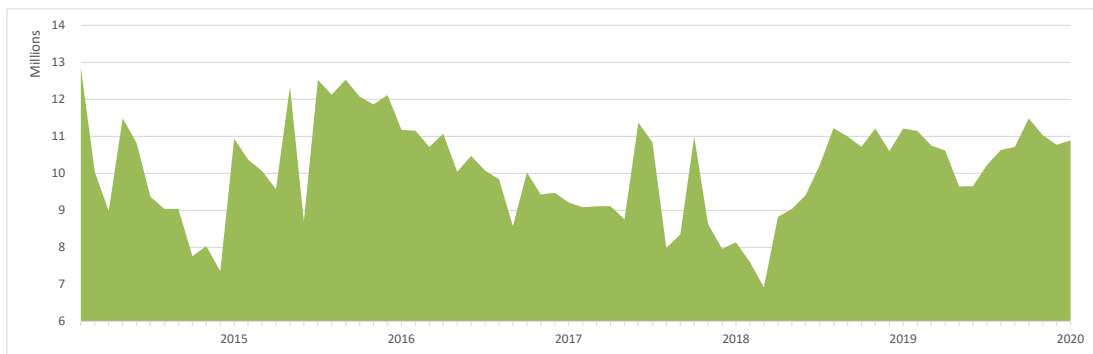
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 11,662	\$ 10,890	\$ 10,890	\$ 10,766	\$ 8,812
Additions:					
Employee Contributions	1,676	3,306	6,544	6,578	6,578
Retiree & Other Contributions	1,533	4,771	6,895	6,931	6,931
Employer Contributions	4,991	9,677	19,822	20,071	20,071
Sub-total	\$ 8,200	\$ 17,754	\$ 33,261	\$ 33,580	\$ 33,580
Withdrawals:					
Payments for Claims	6,914	14,673	30,704	32,853	35,153
Actuary & Other Payments	423	1,446	2,681	2,681	2,681
Sub-total	\$ 7,337	\$ 16,119	\$ 33,385	\$ 35,534	\$ 37,834
Ending Balance	\$ 12,525	\$ 12,525	\$ 10,766	\$ 8,812	\$ 4,558

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 10,937	\$ 11,179	\$ 9,214	\$ 8,138	\$ 11,210
Additions:					
Employee Contributions	5,460	5,862	6,158	6,423	6,534
Retiree & Other Contributions	5,694	6,443	7,273	8,270	6,914
Employer Contributions	24,231	19,004	18,378	20,662	18,900
Sub-total	\$ 35,385	\$ 31,309	\$ 31,809	\$ 35,355	\$ 32,348
Withdrawals:					
Payments for Claims	32,946	30,994	30,933	29,860	30,387
Actuary & Other Payments	2,197	2,280	1,952	2,423	2,281
Sub-total	\$ 35,143	\$ 33,274	\$ 32,885	\$ 32,283	\$ 32,668
Ending balance	\$ 11,179	\$ 9,214	\$ 8,138	\$ 11,210	\$ 10,890



Maximum Balance: 12,860  
Minimum Balance: 6,922

Average Balance: 10,101

## Observations

- Self Insurance for Employee Health Insurance began in July 2009.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Rate Stabilization - Fuel Management

For the Second Quarter Ending March 31, 2021

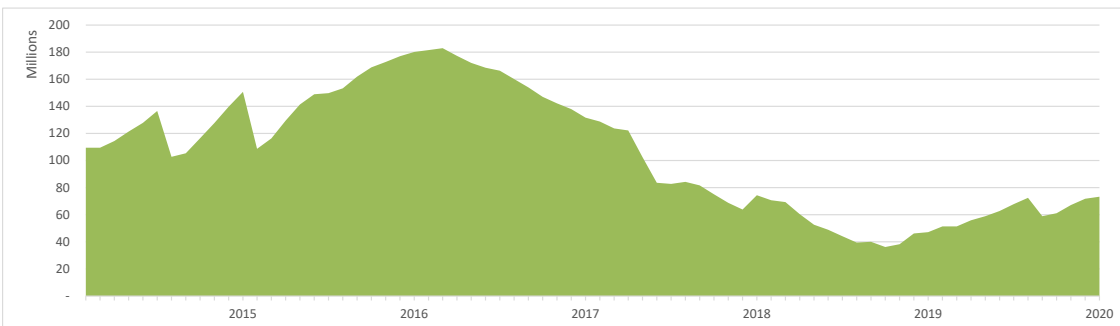
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 75,821	\$ 73,347	\$ 73,347	\$ 71,310	\$ 62,634
Additions:					
Contributions	6,573	9,945	10,524	-	-
Sub-total	\$ 6,573	\$ 9,945	\$ 10,524	\$ -	\$ -
Withdrawals:					
Withdrawals	6,034	6,932	12,561	8,676	1,981
Sub-total	\$ 6,034	\$ 6,932	\$ 12,561	\$ 8,676	\$ 1,981
Ending Balance	\$ 76,360	\$ 76,360	\$ 71,310	\$ 62,634	\$ 60,653

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 150,742	\$ 180,115	\$ 131,716	\$ 74,376	\$ 47,152
Additions:					
Contributions	85,979	2,845	-	11,597	44,553
Sub-total	\$ 85,979	\$ 2,845	\$ -	\$ 11,597	\$ 44,553
Withdrawals:					
Withdrawals		51,244	57,340	38,821	18,358
Fuel Rebate Credit	56,606				
Sub-total	\$ 56,606	\$ 51,244	\$ 57,340	\$ 38,821	\$ 18,358
Ending balance	\$ 180,115	\$ 131,716	\$ 74,376	\$ 47,152	\$ 73,347



Maximum Balance: 182,960      Average Balance: 106,001  
 Minimum Balance: 36,191

## Observations

- Actual and historical numbers reflect fuel recovery contributions and withdrawals on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Rate Stabilization - Demand Side Management (DSM)

For the Second Quarter Ending March 31, 2021

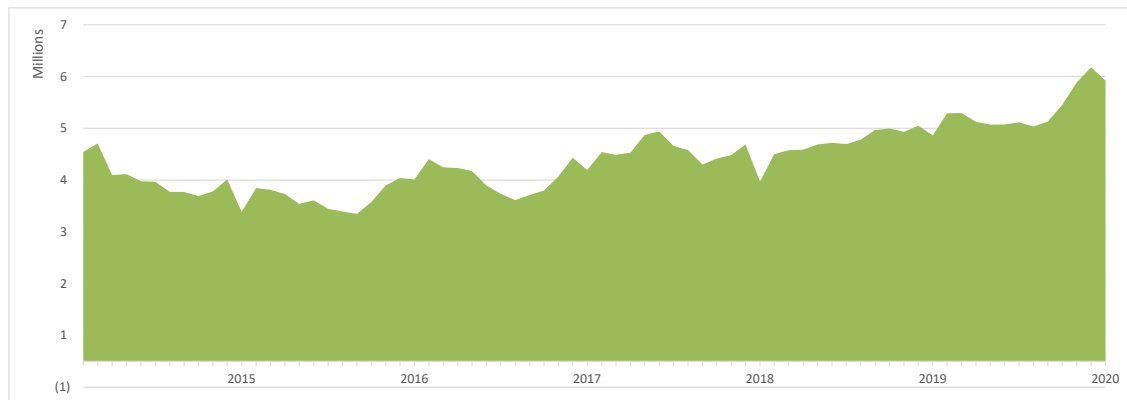
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 6,139	\$ 5,423	\$ 5,423	\$ 6,968	\$ 6,914
Additions:					
Contributions	1,560	3,169	6,900	7,174	699
Sub-total	\$ 1,560	\$ 3,169	\$ 6,900	\$ 7,174	\$ 699
Withdrawals:					
Withdrawals	1,261	2,154	5,355	7,228	5,692
Sub-total	\$ 1,261	\$ 2,154	\$ 5,355	\$ 7,228	\$ 5,692
Ending Balance	\$ 6,438	\$ 6,438	\$ 6,968	\$ 6,914	\$ 1,921

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 2,886	\$ 3,515	\$ 3,695	\$ 3,470	\$ 4,363
Additions:					
Contributions	7,232	6,685	7,088	7,042	6,969
Sub-total	\$ 7,232	\$ 6,685	\$ 7,088	\$ 7,042	\$ 6,969
Withdrawals:					
Withdrawals	6,603	6,505	7,313	6,149	5,909
Sub-total	\$ 6,603	\$ 6,505	\$ 7,313	\$ 6,149	\$ 5,909
Ending balance	\$ 3,515	\$ 3,695	\$ 3,470	\$ 4,363	\$ 5,423



Maximum Balance: 5,678  
Minimum Balance: 2,848

Average Balance: 3,903

## Observations

- Rate Stabilization Fund for Demand Side Management began in April 2009.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Rate Stabilization - Environmental

For the Second Quarter Ending March 31, 2021

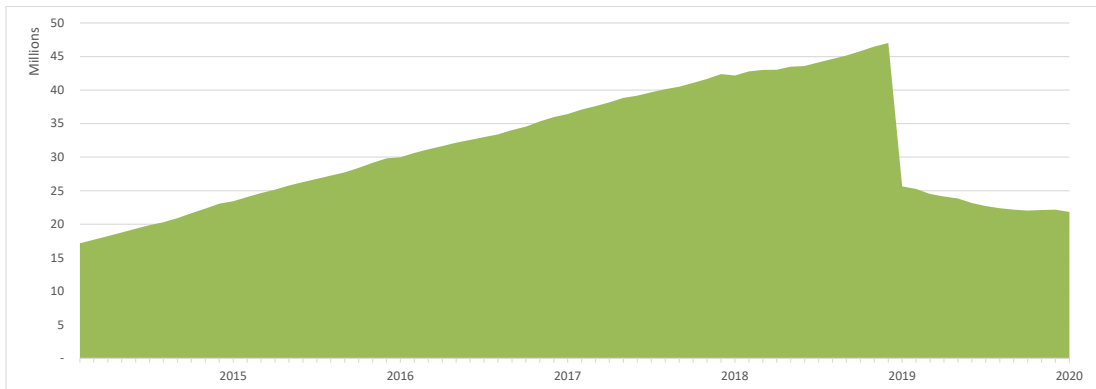
Definitions  
and Goals

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 are limited to potential environmental expenditures approved by the Board, and may include initiatives such as the cost of acquisition of renewable energy capacity. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 21,548	\$ 21,818	\$ 21,818	\$ 13,238	\$ 9,631
Additions:					
Contributions	1,659	3,468	7,532	7,814	7,320
Sub-total	\$ 1,659	\$ 3,468	\$ 7,532	\$ 7,814	\$ 7,320
Withdrawals:					
Withdrawals	1,877	3,958	16,112	11,421	6,909
Ending Balance	\$ 21,329	\$ 21,328	\$ 13,238	\$ 9,631	\$ 10,042

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 23,430	\$ 29,975	\$ 36,417	\$ 42,163	\$ 25,632
Additions:					
Contributions	7,700	7,384	7,572	7,578	7,469
Sub-total	\$ 7,700	\$ 7,384	\$ 7,572	\$ 7,578	\$ 7,469
Withdrawals:					
Withdrawals	1,155	942	1,827	24,109	11,283
Sub-total	\$ 1,155	\$ 942	\$ 1,827	\$ 24,109	\$ 11,283
Ending balance	\$ 29,975	\$ 36,417	\$ 42,163	\$ 25,632	\$ 21,818



Maximum Balance: 47,018  
Minimum Balance: 17,155

Average Balance: 31,083

## Observations

- Rate Stabilization Fund for Environmental began in June 2010.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Rate Stabilization - Debt Management

For the Second Quarter Ending March 31, 2021

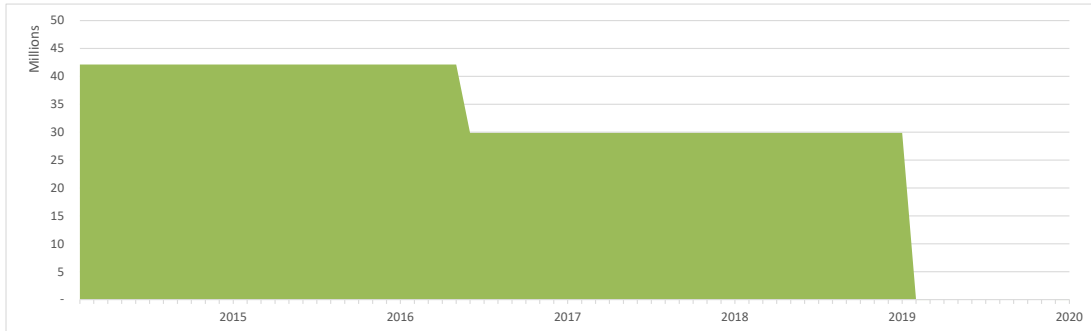
Definitions  
and Goals

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. Funds used in October 2019 for defeasance of debt.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 42,126	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	12,242	-	-	29,884
Sub-total	\$ -	\$ 12,242	\$ -	\$ -	\$ 29,884
Ending balance	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884	\$ -



Maximum Balance: 42,126  
Minimum Balance: -

Average Balance: 29,664

## Observations

- Rate Stabilization Fund for Debt Management began in May 2009. Funds used for defeasances in October 2019.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Second Quarter Ending March 31, 2021

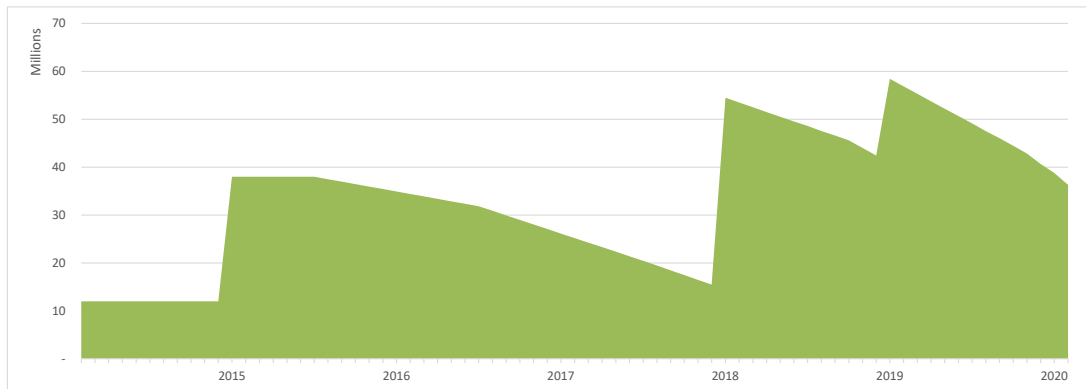
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 29,125	\$ 36,326	\$ 36,326	\$ 4,699	\$ 29,699
Additions:					
Contributions	-	-		25,000	10,000
Sub-total	\$ -	\$ -	\$ -	\$ 25,000	\$ 10,000
Withdrawals:					
Withdrawals	6,175	13,376	31,627	-	
Ending Balance	\$ 22,950	\$ 22,950	\$ 4,699	\$ 29,699	\$ 39,699

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 38,000	\$ 34,400	\$ 25,189	\$ 53,493	\$ 56,870
Additions:					
Contributions			40,000	17,566	-
Sub-total	\$ -	\$ -	\$ 40,000	\$ 17,566	\$ -
Withdrawals:					
Withdrawals	3,600	9,211	11,696	14,189	20,544
Sub-total	\$ 3,600	\$ 9,211	\$ 11,696	\$ 14,189	\$ 20,544
Ending balance	\$ 34,400	\$ 25,189	\$ 53,493	\$ 56,870	\$ 36,326



Maximum Balance: 58,436  
Minimum Balance: 12,000

Average Balance: 34,126

## Observations

- The Non-Fuel Purchased Power Rate Stabilization Fund began in FY 2014.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Environmental Reserve

For the Second Quarter Ending March 31, 2021

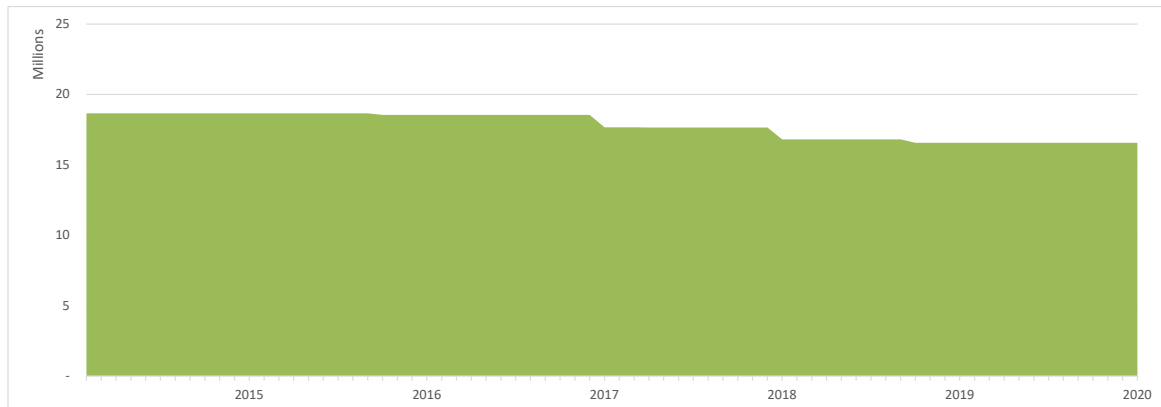
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,068
Additions:					
Contributions		-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals		-	-	500	5,000
Ending Balance	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,068	\$ 11,068

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 18,662	\$ 18,556	\$ 17,672	\$ 16,818	\$ 16,568
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	106	884	854	250	
Sub-total	\$ 106	\$ 884	\$ 854	\$ 250	\$ -
Ending balance	\$ 18,556	\$ 17,672	\$ 16,818	\$ 16,568	\$ 16,568



Maximum Balance: 18,662  
Minimum Balance: 16,568

Average Balance: 17,775

## Observations

- The Environmental Reserve began in FY 2008.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Customer Deposits

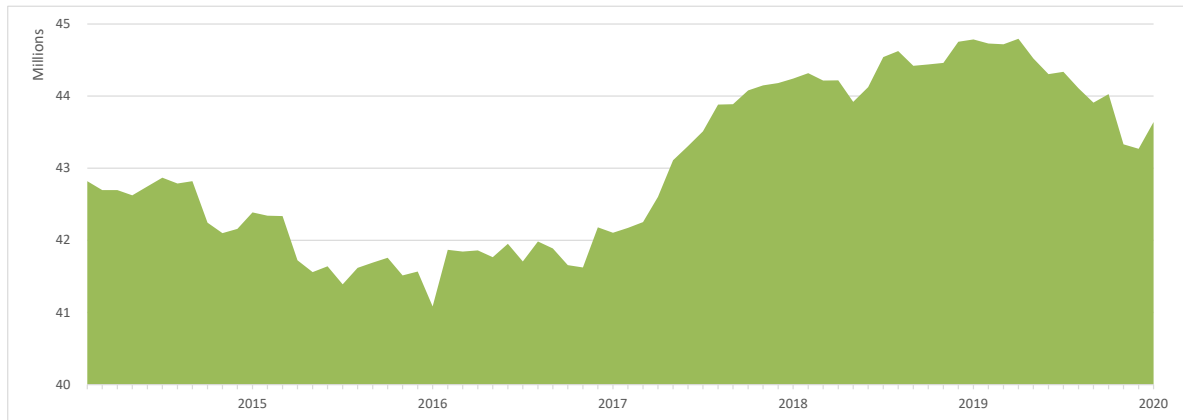
For the Second Quarter Ending March 31, 2021

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 43,422	\$ 43,641	\$ 43,641	\$ 44,136	\$ 44,364
Additions:					
Net Customer Activity	299	308	1,074	932	1,003
Sub-total	\$ 299	\$ 308	\$ 1,074	\$ 932	\$ 1,003
Withdrawals:					
Net Customer Activity	-	228	579	704	704
Ending Balance	\$ 43,721	\$ 43,721	\$ 44,136	\$ 44,364	\$ 44,663

Historical Activity					
	2016	2017	2018	2019	2020
Opening Balance	\$ 42,389	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785
Additions:					
Net Customer Activity		1,021	2,137	543	596
Sub-total	\$ -	\$ 1,021	\$ 2,137	\$ 543	\$ 596
Withdrawals:					
Net Customer Activity	1,305				1,740
Sub-total	\$ 1,305	\$ -	\$ -	\$ -	\$ 1,740
Ending balance	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785	\$ 43,641



Maximum Balance: 44,795  
Minimum Balance: 41,084

Average Balance: 43,022

## Observations

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Debt Service Sinking Fund

For the Second Quarter Ending March 31, 2021

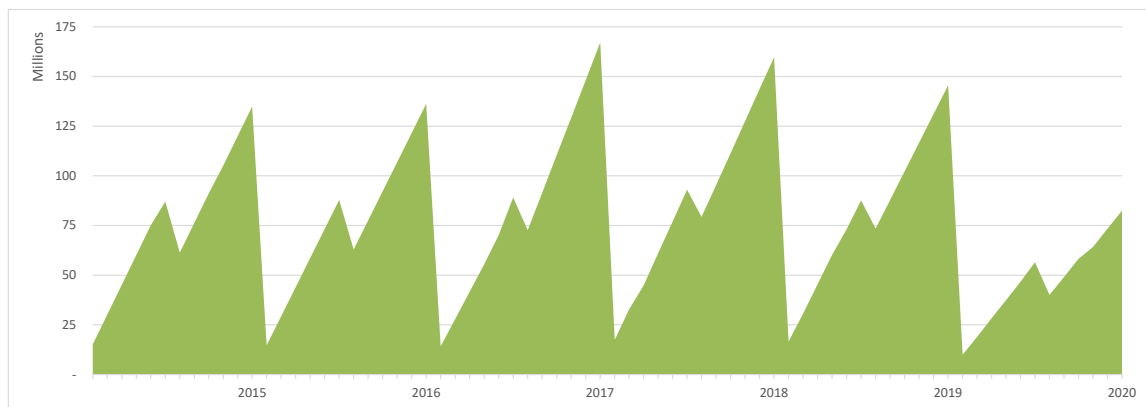
Definitions  
and Goals

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		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 26,558	\$ 82,525	\$ 82,525	\$ 78,861	\$ 64,189
Additions:					
Revenue Fund Deposits	26,644	53,516	106,414	104,554	74,632
Sub-total	\$ 26,644	\$ 53,516	\$ 106,414	\$ 104,554	\$ 74,632
Withdrawals:					
Principal and Int Payments	961	83,800	110,078	119,226	103,412
Sub-total	\$ 961	\$ 83,800	\$ 110,078	\$ 119,226	\$ 103,412
Ending Balance	\$ 52,241	\$ 52,241	\$ 78,861	\$ 64,189	\$ 35,409

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 134,927	\$ 136,232	\$ 167,087	\$ 159,656	\$ 145,520
Additions:					
Revenue Fund Deposits	177,847	209,450	201,359	186,135	116,826
Sub-total	\$ 177,847	\$ 209,450	\$ 201,359	\$ 186,135	\$ 116,826
Withdrawals:					
Principal and Int Payments	176,542	178,595	208,790	200,271	179,821
Sub-total	\$ 176,542	\$ 178,595	\$ 208,790	\$ 200,271	\$ 179,821
Ending balance	\$ 136,232	\$ 167,087	\$ 159,656	\$ 145,520	\$ 82,525



Maximum Balance: 167,087  
Minimum Balance: 9,945

Average Balance: 75,042

## 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 September 30, 2020.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Debt Service Reserve Account

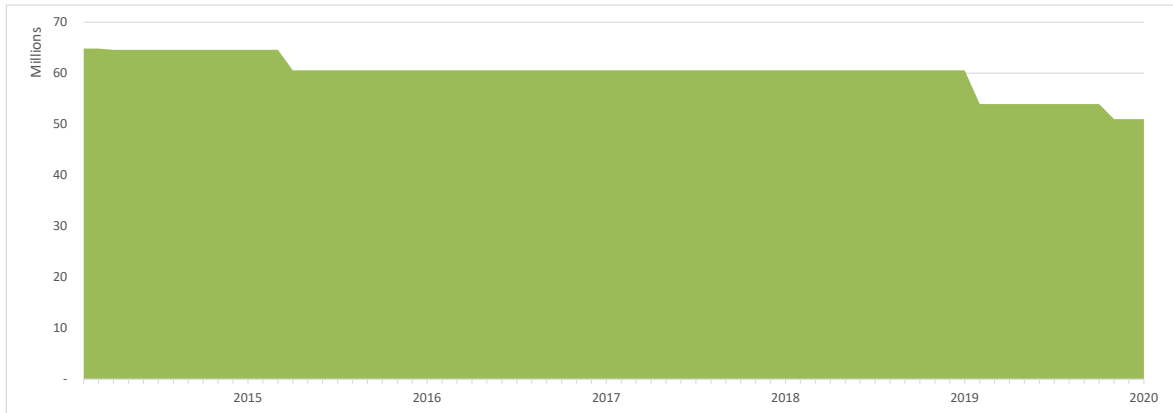
For the Second Quarter Ending March 31, 2021

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	2021	2022	2023
Opening Balance	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Ending Balance	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993

Historical Activity					
	2016	2017	2018	2019	2020
Opening Balance	\$ 64,595	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Release to Revenue Fund	4,013				2,956
Release for STAR Plan Defeasance					6,633
Sub-total	\$ 4,013	\$ -	\$ -	\$ -	\$ 9,589
Ending balance	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582	\$ 50,993



Maximum Balance: 64,841  
Minimum Balance: 50,993

Average Balance: 60,140

## Observations

- This report does not include any Scherer debt service reserves.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Renewal and Replacement (R&amp;R) / Operating Capital Outlay (OCO)

For the Second Quarter Ending March 31, 2021

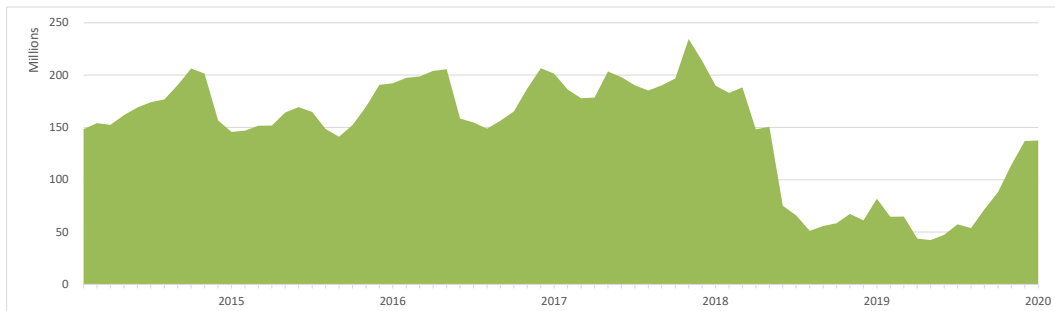
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 165,706	\$ 137,643	\$ 137,643	\$ 159,611	\$ 169,252
Additions:					
R&R/OCO Contribution	55,633	129,269	295,607	225,694	148,536
Transfers betw Capital Fds					
Other	3,761	6,975	7,407	1,000	2,000
Sub-total	\$ 59,394	\$ 136,244	\$ 303,014	\$ 226,694	\$ 150,536
Withdrawals:					
Capital Expenditures	40,336	89,123	174,197	217,053	210,106
Transfers betw Capital Fds					
Debt Reduction	106,849	106,849	106,849		41,455
Other					
Sub-total	\$ 147,185	\$ 195,972	\$ 281,046	\$ 217,053	\$ 251,561
Ending Balance	\$ 77,915	\$ 77,915	\$ 159,611	\$ 169,252	\$ 68,227

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 145,711	\$ 192,179	\$ 201,368	\$ 189,922	\$ 81,964
Additions:					
R&R/OCO Contribution	200,692	196,589	148,105	197,623	272,342
Loans betw Capital Fds					
Other	3,744	5,074	35,675	39,521	8,389
Sub-total	\$ 204,436	\$ 201,663	\$ 183,780	\$ 237,144	\$ 280,731
Withdrawals:					
Capital Expenditures	157,201	113,987	181,263	275,042	206,415
Transfers/loans b/w Capital Fds	765	37,200			
Debt Defeasance				70,000	18,637
Other	2	41,287	13,963	60	-
Sub-total	\$ 157,968	\$ 192,474	\$ 195,226	\$ 345,102	\$ 225,052
Ending balance	\$ 192,179	\$ 201,368	\$ 189,922	\$ 81,964	\$ 137,643



Maximum Balance: 234,504  
Minimum Balance: 42,396

Average Balance: 147,542

## Observations

- Other includes Sale of Property and miscellaneous billings.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Environmental Fund - Capital Projects

For the Second Quarter Ending March 31, 2021

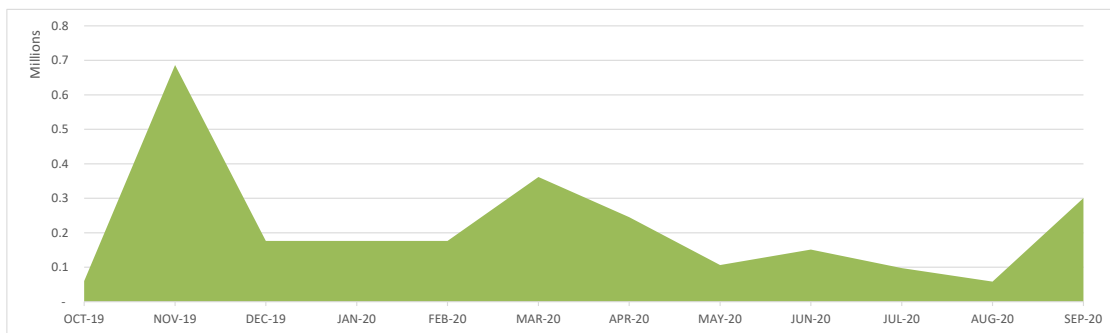
Definitions  
and Goals

The Environmental Charge will be applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs. The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve, as specified in the Pricing Policy for specific environmental and regulatory programs. This fund represents the amounts collected from the Electric System Environmental Charge and used on expenditures for capital projects.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 19	\$ 301	\$ 301	\$ 920	\$ -
Additions:					
Environmental Contributions	345	753	9,272	3,138	
Transfers betw Capital Fds					
Other					
Sub-total	\$ 345	\$ 753	\$ 9,272	\$ 3,138	\$ -
Withdrawals:					
Capital Expenditures	333	1,023	8,653	4,058	
Transfers betw Capital Fds					
Other					
Sub-total	\$ 333	\$ 1,023	\$ 8,653	\$ 4,058	\$ -
Ending Balance	\$ 31	\$ 31	\$ 920	\$ -	\$ -

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Environmental Contributions					4,389
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 4,389
Withdrawals:					
Capital Expenditures					4,088
Transfers/loans b/w Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 4,088
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ 301



Maximum Balance:  
Minimum Balance:

686  
60

Average Balance:

308

## Observations

- The Environmental Construction Fund began in October 2019.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Electric System Construction / Bond Fund

For the Second Quarter Ending March 31, 2021

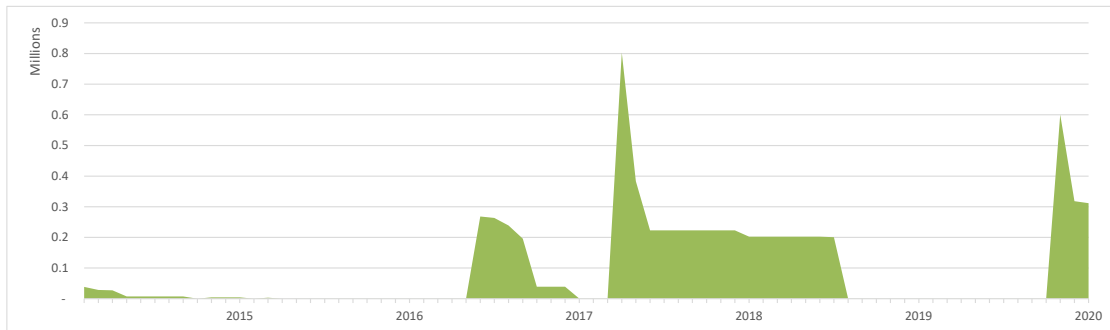
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year-to-Date	2021	2022	2023
Opening Balance	\$ 67	\$ 312	\$ 312	\$ -	\$ -
Additions:					
Bond Proceeds	-	-	-		
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Capital Expenditures	-	245	312		
Transfers betw Capital Fds					
Other					
Sub-total	\$ -	\$ 245	\$ 312	\$ -	\$ -
Ending Balance	\$ 67	\$ 67	\$ -	\$ -	\$ -

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 4	\$ -	\$ -	\$ 203	\$ -
Additions:					
Bond Proceeds		429	805		601
Loans betw Capital Fds					
Other	2				
Sub-total	\$ 2	\$ 429	\$ 805	\$ -	\$ 601
Withdrawals:					
Capital Expenditures	6				289
Transfers/loans b/w Capital Fds				201	
Other		429	602	2	
Sub-total	\$ 6	\$ 429	\$ 602	\$ 203	\$ 289
Ending balance	\$ -	\$ -	\$ 203	\$ -	\$ 312



Maximum Balance: 803  
Minimum Balance: -

Average Balance: 92

## Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System Rate Stabilization - Debt Management

For the Second Quarter Ending March 31, 2021

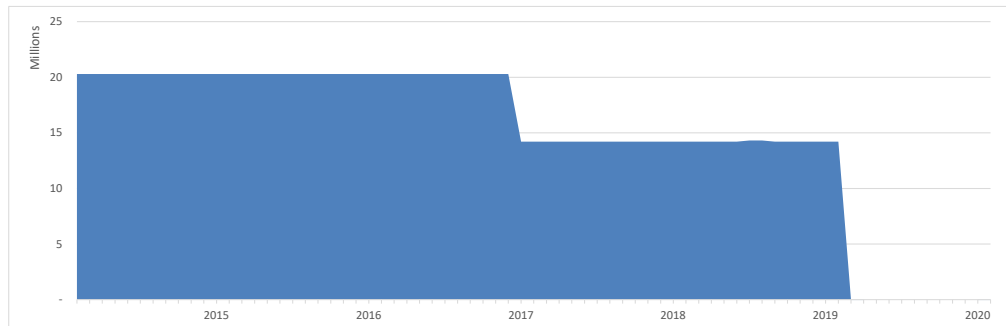
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 20,290	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals		6,081			14,209
Sub-total	\$ -	\$ 6,081	\$ -	\$ -	\$ 14,209
Ending balance	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209	\$ -



Maximum Balance: 20,290  
Minimum Balance: -

Average Balance: 14,716

## Observations

- Contributions began in June 2009. Funds used for defeasances in October 2019.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water &amp; Sewer System Rate Stabilization - Environmental

For the Second Quarter Ending March 31, 2021

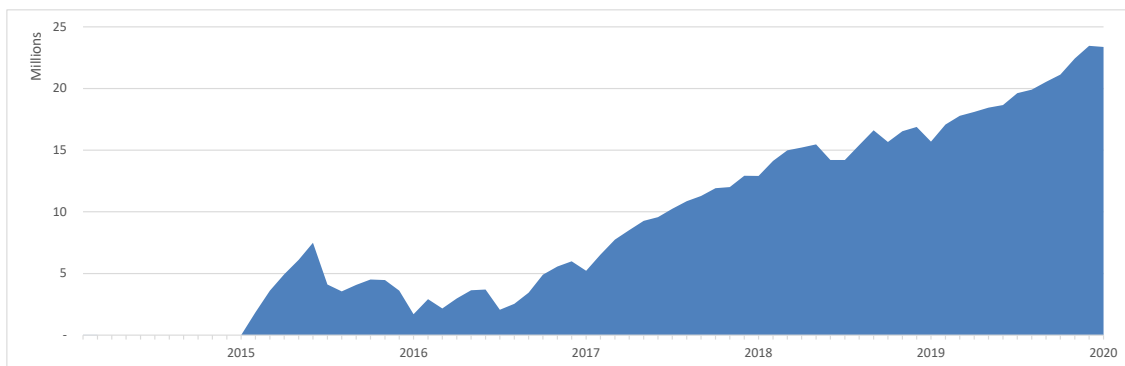
Definitions  
and Goals

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.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 27,038	\$ 23,372	\$ 23,372	\$ 26,620	\$ 26,620
Additions:					
Contributions	5,816	11,739	25,685	28,997	20,262
Sub-total	\$ 5,816	\$ 11,739	\$ 25,685	\$ 28,997	\$ 20,262
Withdrawals:					
Withdrawals	4,080	6,337	22,437	28,997	20,262
COJ Septic Tank Agreement			-		
Sub-total	\$ 4,080	\$ 6,337	\$ 22,437	\$ 28,997	\$ 20,262
Ending Balance	\$ 28,774	\$ 28,774	\$ 26,620	\$ 26,620	\$ 26,620

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ -	\$ 1,699	\$ 5,214	\$ 12,914	\$ 15,687
Additions:					
Contributions	23,635	24,362	23,829	25,099	25,677
Sub-total	\$ 23,635	\$ 24,362	\$ 23,829	\$ 25,099	\$ 25,677
Withdrawals:					
Withdrawals	21,936	20,847	16,129	22,326	17,992
Sub-total	\$ 21,936	\$ 20,847	\$ 16,129	\$ 22,326	\$ 17,992
Ending balance	\$ 1,699	\$ 5,214	\$ 12,914	\$ 15,687	\$ 23,372



Maximum Balance: 23,461  
Minimum Balance: 1,699

Average Balance: 10,740

## Observations

- Rate Stabilization Fund for Environmental began in June 2010.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System Customer Deposits

For the Second Quarter Ending March 31, 2021

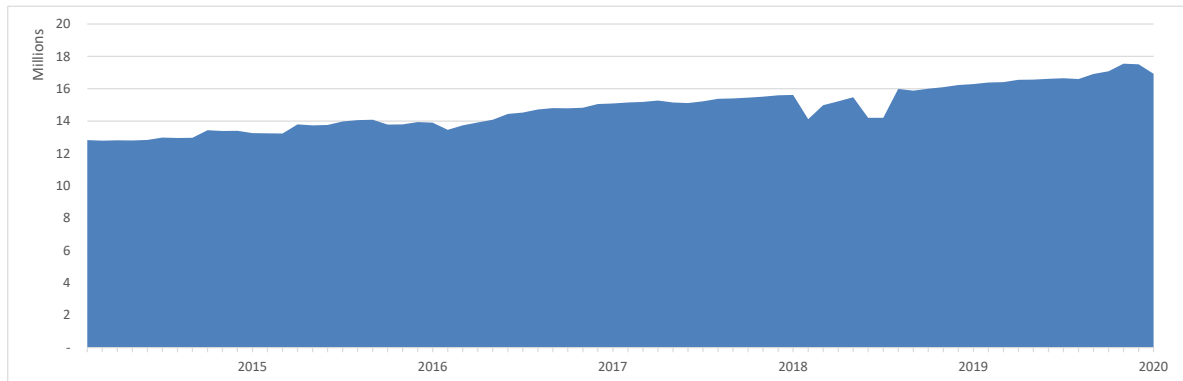
Definitions  
and Goals

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	2021	2022	2023
Opening Balance	\$ 16,708	\$ 16,926	\$ 16,926	\$ 17,180	\$ 17,837
Additions:					
Allocated from Electric	20	20	1,807	1,045	1,275
Sub-total	\$ 20	\$ 20	\$ 1,807	\$ 1,045	\$ 1,275
Withdrawals:					
Allocated from Electric	130	348	1,553	388	621
Sub-total	\$ 130	\$ 348	\$ 1,553	\$ 388	\$ 621
Ending Balance	\$ 16,598	\$ 16,598	\$ 17,180	\$ 17,837	\$ 18,491

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 13,255	\$ 13,910	\$ 15,086	\$ 15,616	\$ 16,289
Additions:					
Allocated from Electric	655	1,633	730	888	1,318
Sub-total	\$ 655	\$ 1,633	\$ 730	\$ 888	\$ 1,318
Withdrawals:					
Allocated from Electric		457	200	215	681
Sub-total	\$ -	\$ 457	\$ 200	\$ 215	\$ 681
Ending balance	\$ 13,910	\$ 15,086	\$ 15,616	\$ 16,289	\$ 16,926



Maximum Balance: 17,549  
Minimum Balance: 12,619

Average Balance: 14,540

## Observations

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System Debt Service Sinking Fund

For the Second Quarter Ending March 31, 2021

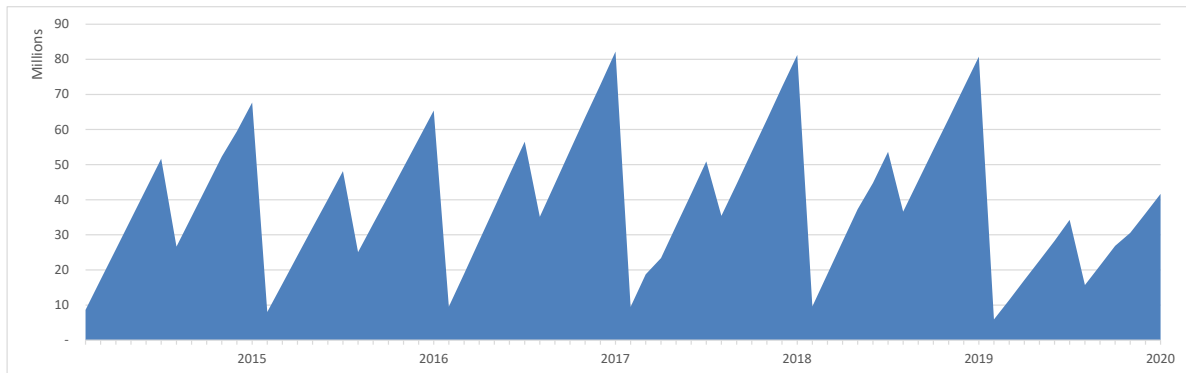
Definitions  
and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 13,917	\$ 41,660	\$ 41,660	\$ 32,592	\$ 33,111
Additions:					
Revenue fund deposits	13,942	27,924	56,017	64,960	109,345
Sub-total	\$ 13,942	\$ 27,924	\$ 56,017	\$ 64,960	\$ 109,345
Withdrawals:					
Principal and interest payments	55	41,780	65,085	64,441	64,684
Sub-total	\$ 55	\$ 41,780	\$ 65,085	\$ 64,441	\$ 64,684
Ending Balance	\$ 27,804	\$ 27,804	\$ 32,592	\$ 33,111	\$ 77,772

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 67,720	\$ 65,410	\$ 82,208	\$ 81,241	\$ 80,775
Additions:					
Revenue fund deposits	97,077	114,873	113,636	112,251	69,515
Sub-total	\$ 97,077	\$ 114,873	\$ 113,636	\$ 112,251	\$ 69,515
Withdrawals:					
Principal and interest payments	99,387	98,075	114,603	112,717	108,630
Sub-total	\$ 99,387	\$ 98,075	\$ 114,603	\$ 112,717	\$ 108,630
Ending balance	\$ 65,410	\$ 82,208	\$ 81,241	\$ 80,775	\$ 41,660



Maximum Balance: 82,208  
Minimum Balance: 5,890

Average Balance: 39,146

## 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 September 30, 2020.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System Debt Service Reserve Account

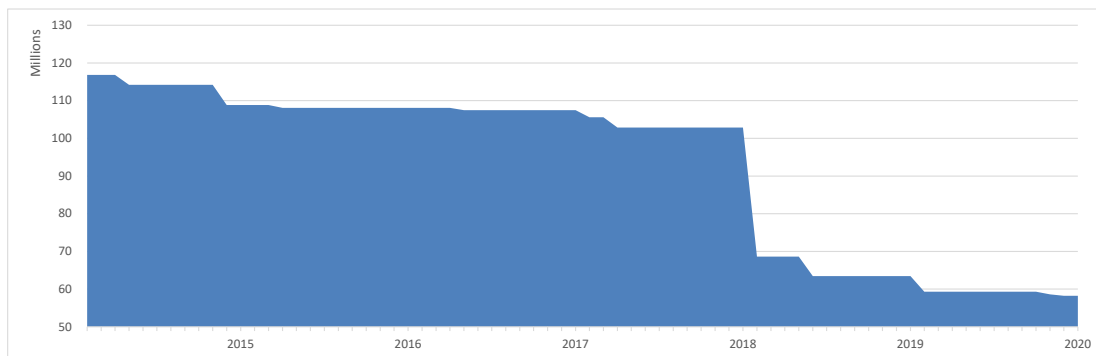
For the Second Quarter Ending March 31, 2021

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 58,228	\$ 58,228	\$ 58,228	\$ 58,664	\$ 59,600
Additions:					
Bond Issue - Deposit	363	363	363		
Revenue Fund	73	73	73	936	1,021
Sub-total	\$ 436	\$ 436	\$ 436	\$ 936	\$ 1,021
Withdrawals:					
Revenue Fund					
Release for STAR Plan Defeasance					
Release to Refunding Defeasance					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 58,664	\$ 58,664	\$ 58,664	\$ 59,600	\$ 60,621

	2016	2017	2018	2019	2020
Opening Balance	\$ 108,849	\$ 108,086	\$ 107,488	\$ 102,850	\$ 63,441
Additions:					
Construction reserves/bond issues					737
Revenue fund					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 737
Withdrawals:					
Revenue fund	763	598	4,638	5,525	1,689
Release for STAR Plan Defeasance				33,884	2,791
Release to Refunding Defeasance					1,470
Sub-total	\$ 763	\$ 598	\$ 4,638	\$ 39,409	\$ 5,950
Ending balance	\$ 108,086	\$ 107,488	\$ 102,850	\$ 63,441	\$ 58,228



Maximum Balance: 116,829  
Minimum Balance: 58,228

Average Balance: 92,895

## 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 Assurance surety policy to be included in Debt Service Reserve Fund funding calculation which allowed the release of \$33.8 million to the Construction Fund.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System Renewal and Replacement (R&amp;R) / Operating Capital Outlay (OCO)

For the Second Quarter Ending March 31, 2021

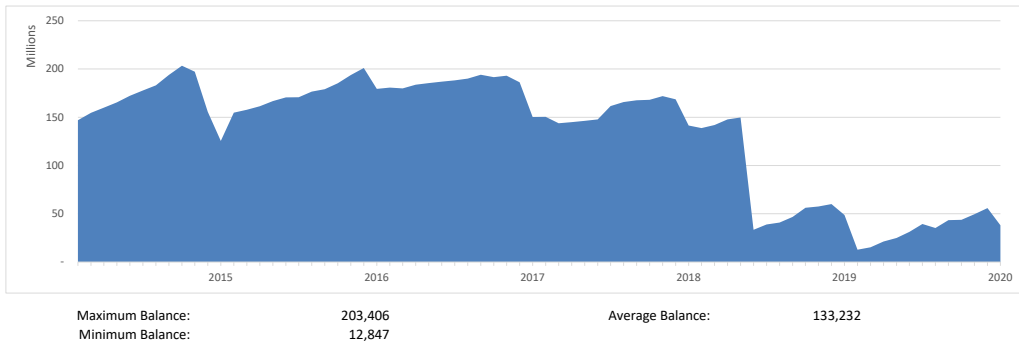
## Definitions and Goals

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		Projected Activity		
	Quarter-End	Year-to-Date	2021	2022	2023
Opening Balance	\$ 48,453	\$ 38,131	\$ 38,131	\$ 56,861	\$ 52,875
Additions:					
R&R/OCO Contribution	46,351	92,701	193,523	199,754	148,851
Capacity Fees	10,458	19,190	35,929	47,000	47,000
Transfer from Capital Fds			-	-	-
Other	1,890	5,598	1,936	772	650
Sub-total	\$ 58,699	\$ 117,489	\$ 231,388	\$ 247,526	\$ 196,501
Withdrawals:					
Capital Expenditures	36,156	84,624	212,658	251,512	228,671
Debt Defeasance			-		
Other					-
Sub-total	\$ 36,156	\$ 84,624	\$ 212,658	\$ 251,512	\$ 228,671
Ending Balance	\$ 70,996	\$ 70,996	\$ 56,861	\$ 52,875	\$ 20,705

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 128,249	\$ 179,431	\$ 150,319	\$ 141,415	\$ 48,796
Additions:					
R&R/OCO Contribution	124,574	108,119	153,372	150,171	166,107
Capacity Fees	21,995	24,777	28,002	29,389	32,857
Loans betw Capital Fds		137		268	
Other (incl septic tank)	31,041	8,050	6,383	16,390	12,654
Sub-total	\$ 177,610	\$ 141,083	\$ 187,757	\$ 196,218	\$ 211,618
Withdrawals:					
Capital Expenditures	126,322	165,242	196,637	189,626	191,087
Loan Repayment				99,189	31,196
Transfer to Constr. Fund	106				
Other (incl septic tank)	-	4,953	24	22	
Sub-total	\$ 126,428	\$ 170,195	\$ 196,661	\$ 288,837	\$ 222,283
Ending balance	\$ 179,431	\$ 150,319	\$ 141,415	\$ 48,796	\$ 38,131



## Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2025.

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System - Environmental Fund [Capital Projects]

For the Second Quarter Ending March 31, 2021

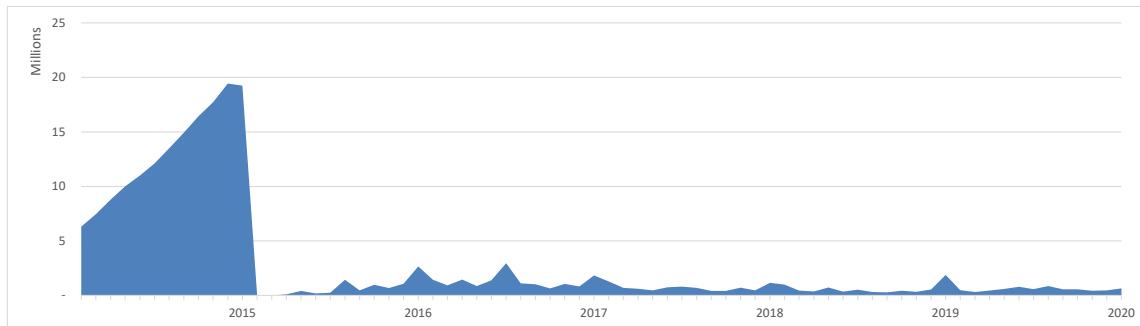
## Definitions and Goals

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	2021	2022	2023
Opening Balance	\$ 244	\$ 649	\$ 649	\$ 3,781	\$ 8,486
Additions:					
Environmental Contributions	1,871	2,394	13,022	28,528	21,713
Loans betw Capital Fds					
Other					
Sub-total	\$ 1,871	\$ 2,394	\$ 13,022	\$ 28,528	\$ 21,713
Withdrawals:					
Capital Expenditures	1,425	2,353	9,890	23,823	13,878
Other					
Sub-total	\$ 1,425	\$ 2,353	\$ 9,890	\$ 23,823	\$ 13,878
Ending Balance	\$ 690	\$ 690	\$ 3,781	\$ 8,486	\$ 16,321

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ -	\$ 2,659	\$ 1,839	\$ 1,159	\$ 1,891
Additions:					
Environmental Contributions	15,539	12,394	6,691	10,656	6,649
Loans betw Capital Fds					
Other					
Sub-total	\$ 15,539	\$ 12,394	\$ 6,691	\$ 10,656	\$ 6,649
Withdrawals:					
Capital Expenditures	12,880	13,214	7,370	9,924	7,892
Septic Tank Phase Out					
Other			1		
Sub-total	\$ 12,880	\$ 13,214	\$ 7,371	\$ 9,924	\$ 7,892
Ending balance	\$ 2,659	\$ 1,839	\$ 1,159	\$ 1,891	\$ 648



Maximum Balance: 19,439  
Minimum Balance: -

Average Balance: 2,821

## Observations

## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Water and Sewer System - Construction / Bond Fund

For the Second Quarter Ending March 31, 2021

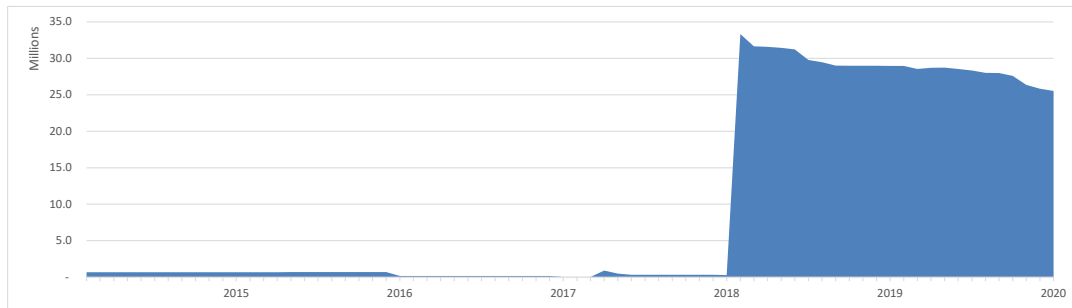
## Definitions and Goals

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		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 24,192	\$ 25,541	\$ 25,541	\$ 20,439	\$ 83,767
Additions:					
Bond Proceeds	-	-	-	133,000	90,000
Revolving credit facility					
Other	11	23	41		
Sub-total	\$ 11	\$ 23	\$ 41	\$ 133,000	\$ 90,000
Withdrawals:					
Capital Expenditures / Bond Issue Costs	1,070	2,431	5,143	69,672	167,500
Other					
Sub-total	\$ 1,070	\$ 2,431	\$ 5,143	\$ 69,672	\$ 167,500
Ending Balance	\$ 23,133	\$ 23,133	\$ 20,439	\$ 83,767	\$ 6,267

## Historical Activity

	2016	2017	2018	2019	2020
Opening Balance	\$ 664	\$ 152	\$ 15	\$ 284	\$ 28,968
Additions:					
Bond Proceeds			894	33,884	506
Revolving credit facility					
Loans/transfers b/w Capital Fds					
Other	17				837
Sub-total	\$ 17	\$ -	\$ 894	\$ 33,884	\$ 1,343
Withdrawals:					
Capital Expenditures			623	4,930	4,770
Bond Proceeds					
Loans/trnsf btw CapFds					
Other	529	137	2	270	-
Sub-total	\$ 529	\$ 137	\$ 625	\$ 5,200	\$ 4,770
Ending balance	\$ 152	\$ 15	\$ 284	\$ 28,968	\$ 25,541



Maximum Balance: 33,333  
Minimum Balance: 15

Average Balance: 9,969

## Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs. Release of Debt Service Reserve Funds in Oct 2018.

**Energy Market Risk Management: Physical and Financial Positions**

Summary as of 4/1/2021		
Projected FY21 Fuel Expense (Budget = \$357M)	\$398M	☹
Projected FY21 Fuel Fund Ending Balance (Target = \$68M)	\$71M	☹
EMRM Compliance	Yes	☹
Counterparty Credit Limit Exceptions	No	☹
Any Issues of Concern	No	☹

**Table 1: Physical Counterparties (Contracts One Year or Greater) as of 4/1/2021**

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
Scherer 4	Coal	CY20 Blackjewel - Eagle Butte - 001	Fixed Price	\$347,286	2 months
Scherer 4	Coal	CY20 Buckskin - 006	Fixed Price	\$70,607	1 month
Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 016	Fixed Price	\$1,963,317	8 months
Scherer 4	Coal	CY21 Peabody Caballo - 017	Fixed Price	\$2,075,790	8 months
NS CFB	Limestone	CY17-CY21 Vulcan	Fixed Price	\$3,065,861	9 months
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$575,376,378	10.17 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$116,340,658	28.00 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$108,380,196	28.16 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$67,547,403	18.00 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$106,043,810	28.25 years

**Table 2: Financial Positions as of 4/1/2021**

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY21	Natural Gas	24,519,675	10,100,000	41.2%	\$ 2.70	Swap	\$ 2.50	\$ (1,355,950)	Wells Fargo & RBC
FY22	Natural Gas	52,815,845	23,720,000	44.9%	\$ 2.69	Swap	\$ 2.58	\$ (2,802,600)	Wells Fargo & RBC
FY23	Natural Gas	45,397,671	18,260,000	40.2%	\$ 2.55	Swap	\$ 2.47	\$ (1,797,380)	Wells Fargo & RBC
FY24	Natural Gas	47,415,822	3,680,000	7.8%	\$ 2.56	Swap	\$ 2.41	\$ (649,380)	Wells Fargo & RBC
CY22-31	Nat.Gas-PPA	122,602,857	85,822,000	70.0%	\$ 2.70	Swap	\$ 2.59	\$ (9,601,701)	Nextera

**Table 3: Fuel & Purchase Power Procurement as of 4/1/2021**

Fuel Type	Natural Gas	Coal	Petcoke	Limestone	Purchased Power		Oil/Diesel	Renewables	Vogtle
FY21 Remaining / Energy Mix	<div><div>57%</div></div>	<div><div>14%</div></div>	<div><div>7%</div></div>	N/A	<div><div>20%</div></div>		0%	1%	-
Expected Spend (\$)	87.7M	28.0M	15.6M	2.2M	46.7M		1.9M	7.9M	-
% Procured	42%	59%	28%	100%	46%		100%	100%	-
% Hedged	35%	59%	0%	100%	46%		100%	100%	-
	Natural Gas	Coal	Petcoke	Limestone	FPL PPA	PurchPwr	Oil/Diesel	Renewables	Vogtle
FY22 Budget / Energy Mix	<div><div>55%</div></div>	<div><div>9%</div></div>	<div><div>20%</div></div>	N/A	<div><div>8%</div></div>	<div><div>6%</div></div>	0%	2%	6%
Expected Spend (\$)	146.0M	36.1M	40.3M	6.8M	25.5M	31.7M	2.7M	17.4M	13.9M
% Procured	52%	21%	0%	13%	100%	0%	100%	100%	100%
% Hedged	42%	21%	0%	13%	70%	0%	100%	100%	100%
FY23 Projection / Energy Mix	<div><div>48%</div></div>	<div><div>7%</div></div>	<div><div>14%</div></div>	N/A	<div><div>7%</div></div>	<div><div>4%</div></div>	0%	5%	13%
Expected Spend (\$)	118.5M	28.1M	42.0M	7.1M	28.7M	15.7M	1.6M	27.4M	25.2M
% Procured	62%	0%	0%	0%	100%	0%	100%	100%	100%
% Hedged	38%	0%	0%	0%	70%	0%	100%	100%	100%

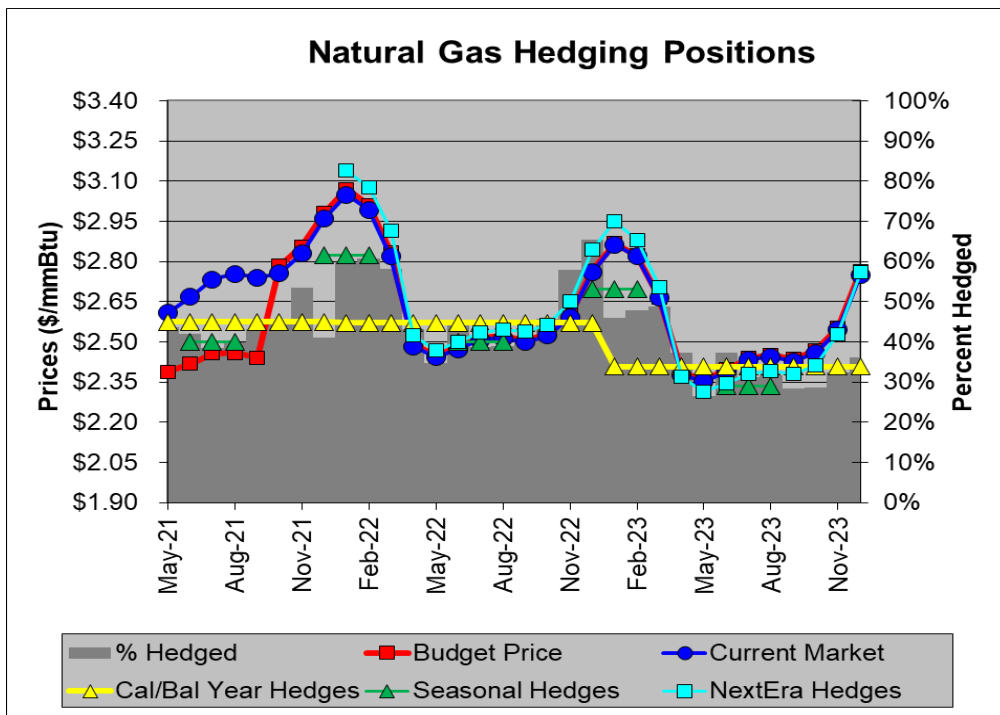
## Finance &amp; Audit Committee Meeting - ADDITIONAL INFORMATION

## Finance and Audit Committee Report

4/20/2021

**Supporting Notes:**

- Renewable purchase power agreements are not included in Table 1
- Solid fuel procurement - annually at Scherer CY2020 -2021 and quarterly at Northside; JEA is transferring CY22 Scherer coal tons to co-owners in exchange for them transferring CY21 coal volumes to JEA
- Scherer 4 Blackjewel Eagle Butte Contracts 21002, 21005, 22001, 22005 have been combined to 21016 and Peabody Caballo Contracts 21003, 21004, 22002, 22004, 22007 have been combined to 21017
- Scherer 4 retires on 1/1/22
- 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 3: FY22 Projections include assumed Scherer 4 retirement as of 1/1/2022 with an FPL PPA agreement as replacement
- 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
- Table 2 shows negative Mark-to-Market values, this indicates a projected payment to JEA for realized hedges



as of 4/1/2021



## Safety Moment and Briefing

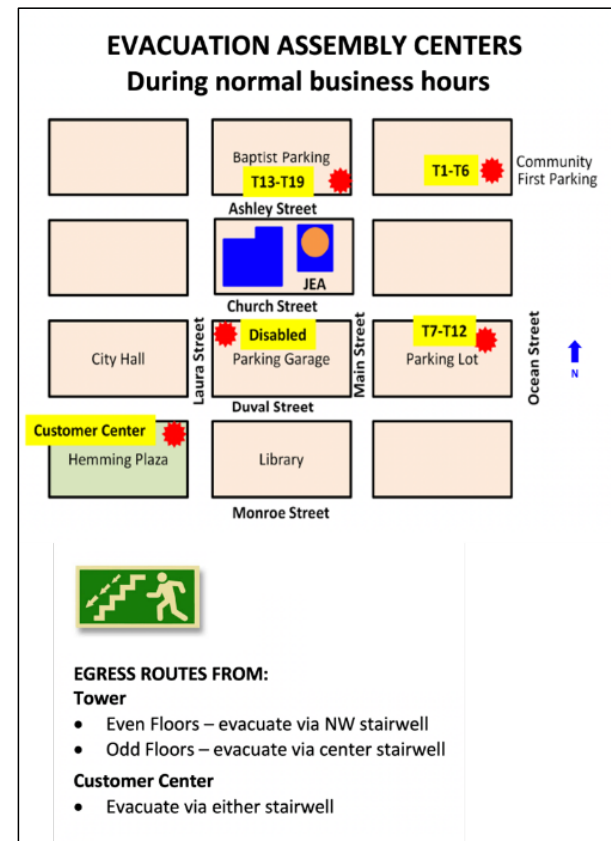
**David Goldberg**  
Director, Customer & Community  
Engagement

**Tony Long**  
Director, Safety and Health Services



## Safety Briefing

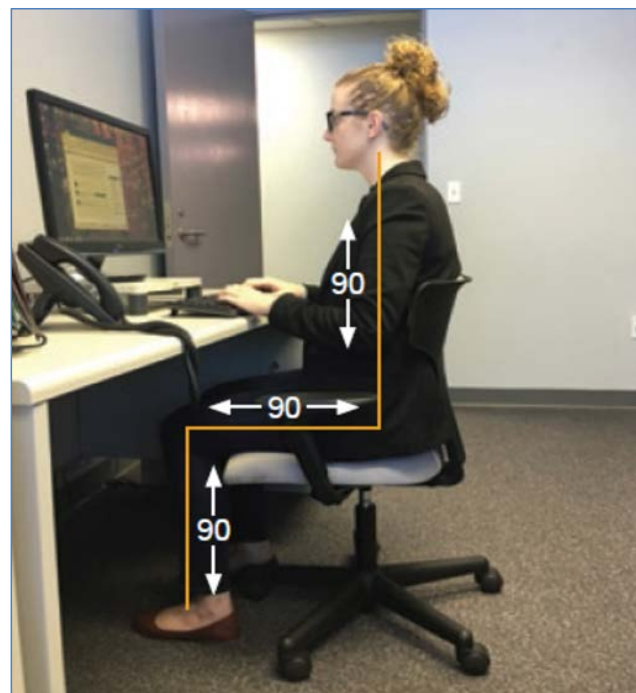
- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Baptist Parking Lot (corner of Ashley & Main St.)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone Etiquette



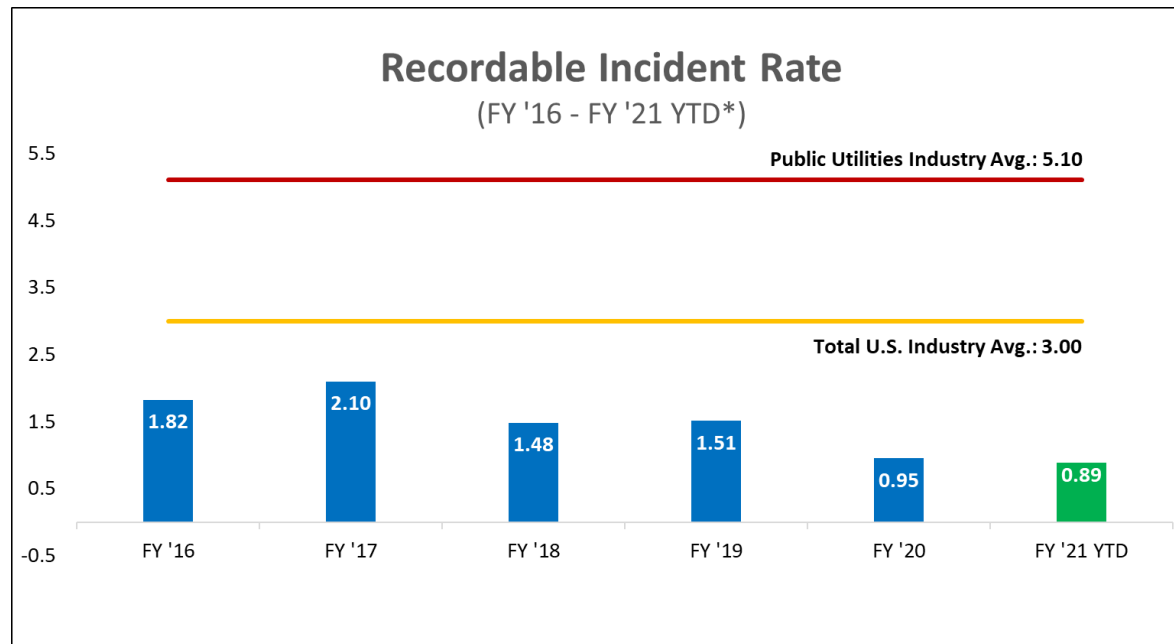
## Safety Moment – Office Ergonomics

### KEY Points before you KEY:

- Place monitor 18-24 inches in front of you;
- Target 16-20 inches for seat height & 25-30 inches for desk height;
- Monitor height at eye level (or slightly below);
- Place keyboard directly in front and promote floating wrist;
- Shoulders down & relaxed, elbows close to body;
- Mouse close to keyboard – avoid full forward reach;
- Hip, knee, and ankle at 90°/90°/90° position;
- Feet flat on the floor or use footrest; and
- Arm rest should be soft.



## Safety Performance Update



Recordable Incident Rate = [No. of OSHA Recordable Injuries ÷ Hours Worked] x 200,000



\* Incident rates estimated as of April 30, 2021



## **FY2022 Budget**

### **Finance & Audit Committee**

**Juli Crawford**  
Director, Financial Planning & Analysis



**May 14, 2021**

## FY2022 Budget Agenda



- 1 Budget Process Summary
- 2 Budget Summary & Consolidated Schedules
- 3 Electric System Budget Assumptions
- 4 Water/Wastewater Budget Assumptions
- 5 District Energy Budget Assumptions
- 6 Rate Stabilization Funds
- 7 Budget Timeline & Action Items
- 8 Supplemental Schedules





## Budget Process Summary



## BUDGET PROCESS SUMMARY



- ▶ JEA budget development is a continuous process where the annual budget is constructed for the following fiscal year beginning each fall, a full year prior to the budget being in effect
- ▶ The annual budget process follows the timeline to the left, with many ongoing activities occurring intermittently throughout the process
- ▶ JEA's leadership meets individually with the Council Finance Committee members to review JEA's Financial Plan and proposed JEA Board approved budget
- ▶ Ongoing activities include monthly purchased power meetings, monthly forecast meetings, quarterly debt and investment meetings, enterprise risk management, annual risk assessments, integrated resource plan, cost of service studies



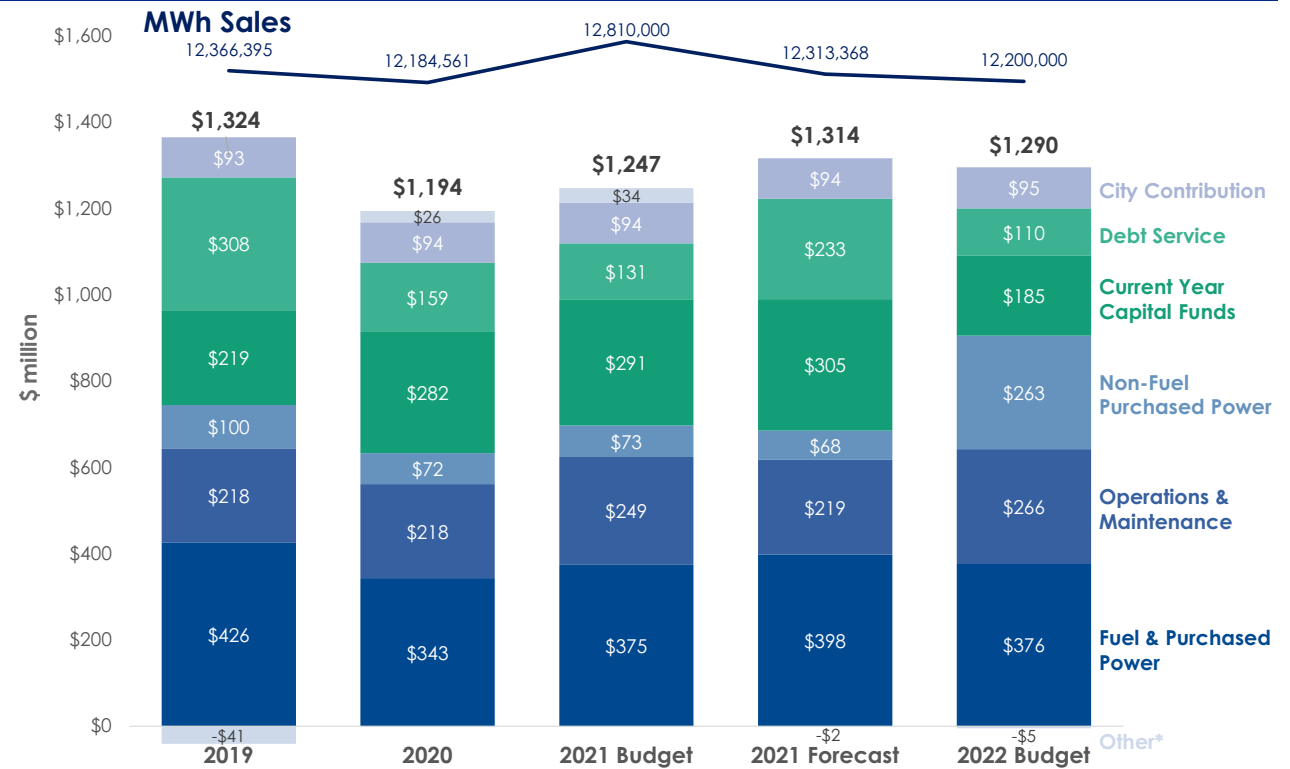


## **Budget Summaries & Consolidated Schedules**



## Electric System Operating Budget Components

FY22 Budget	
<b>Fuel and Purchased Power</b>	Reflects higher purchased power expenses
<b>O&amp;M</b>	Includes COVID expenses, new headquarters lease payments, generating unit outages
<b>Non-Fuel Purchased Power</b>	Includes Scherer debt defeasance and MEAG PPA payments
<b>Internal Capital Funds</b>	Fully funds the FY22 capital program utilizing current and prior year revenues
<b>Debt Service</b>	Principal and interest projected to be lower than FY21
<b>City Contribution</b>	Based on city contribution agreement extended to 2023

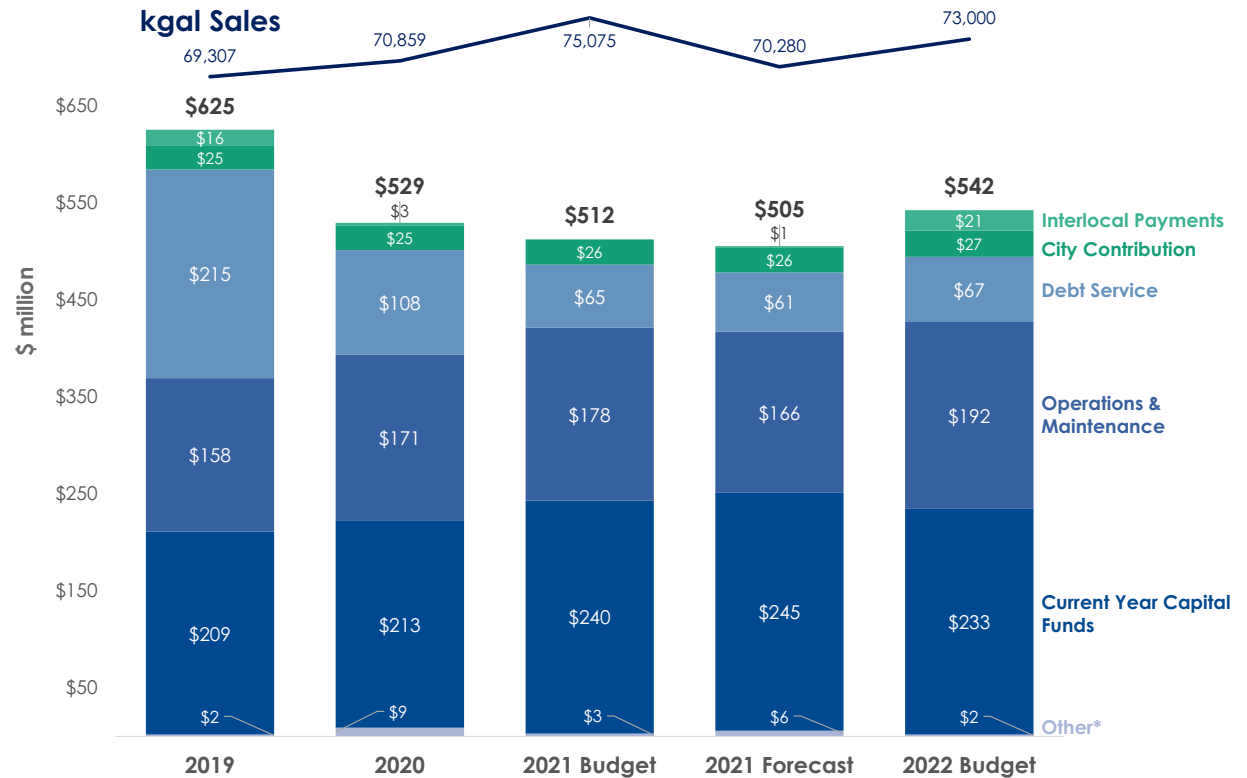


\*Other includes Base Uncollectibles, Emergency Reserve funding, use of rate stabilization funds, and PSC fees. Change in budget primarily due to a planned \$7.3 million stabilization withdrawal in FY22B compared to a \$36 million deposit in FY21B

Current Year Capital Funds	\$219	\$282	\$291	\$305	\$185
(To)/from Fund Balance	\$67	(\$88)	(\$73)	(\$118)	\$56
<b>Capital Expenditures</b>	<b>\$286</b>	<b>\$194</b>	<b>\$218</b>	<b>\$187</b>	<b>\$241</b>

## Water and Sewer System Operating Budget Components

FY22 Budget	
<b>Internal Capital Funds</b>	Funds two-thirds of the FY22 capital program
<b>O&amp;M</b>	Includes salaries, benefits, materials, supplies, and funding other services and charges such as professional and industrial services
<b>Debt Service</b>	Projected to be slightly higher than FY21
<b>City Contribution</b>	Based on city contribution agreement extended to 2023
<b>Interlocal Payments</b>	Includes a prepayment to Nassau County in addition to annual payments to Clay County and St. Johns County, and Septic Tank Phase Out funding



\*Other includes Uncollectibles and Emergency Reserve funding

	2019	2020	2021 Budget	2021 Forecast	2022 Budget
Current Year Capital Funds	\$209	\$213	\$240	\$245	\$233
(To)/from Fund Balance	\$4	(\$23)	\$88	(\$10)	\$129
<b>Capital Expenditures</b>	<b>\$213</b>	<b>\$190</b>	<b>\$328</b>	<b>\$235</b>	<b>\$362</b>

Debt Proceeds

## FY2022 Total JEA Labor Costs

- Base payroll expense for FY2022 increases 6.0% vs FY2021 budget
- Benefits include \$6m in assumed incentive pay
- Payroll Expense includes Bargaining Unit step increases per contractual agreements and estimated general increases
- Bargaining union contracts have currently been negotiated through FY2022

(\$ in millions)	FY2020	Budget FY2021	Budget FY2022	Budget FY2022 vs FY2021
Payroll Expense <sup>1</sup>	\$201.2	\$209.2	\$221.8	6.0%
Benefits	45.6	48.2	48.6	0.8%
Subtotal	\$246.8	\$257.4	\$270.4	5.1%
Pension	41.6	40.4	43.8	8.4%
Subtotal	\$288.4	\$297.8	\$314.2	5.5%

Current JEA Salary Adjustment Summary <sup>2</sup>						
	General Increase – Prior Period			General Increase – Current Contract		
Unit	FY17	FY18	FY19	FY20	FY21	FY22
IBEW	4.5%	4.5%	4.5%	3.5%	3.5%	<b>3.5%</b>
JSA	3.0%	3.0%	3.0%	3.5%	3.5%	<b>3.5%</b>
LIUNA	4.5%	5.0%	4.5%	3.5%	3.5%	<b>3.5%</b>
AFSCME	2.5%	2.5%	3.0%	3.5%	3.5%	<b>3.5%</b>
M&C	3.0%	3.0%	2.5%	2.9%	3.0%	<b>3.0%</b>
PEA	5.0%	3.0%	3.0%	2.0%	2.0%	<b>2.0%</b>
Appointed	0.0%-5.0%, avg 3.0%	0.0%-4.3%, avg 3.0%	0.0%-5.5%, avg 2.7%	0.0%-5.0%, avg 3.35%	0%-5.0%, avg 3.16%	<b>3.0%</b>

**Notes**

1) Payroll expense includes salary, wages, temporary and contract for the Energy, Water and DES systems. Does not include Succession Planning of \$3.6m in FY2017 through FY2022.

2) Total JEA salary adjustments are for both Energy and Water/Wastewater Systems, appointed adjustments per market study. Percentage increases for M&C and Appointed are estimated for FY2022.



## Government Transfers via the JEA Bill

### Paid to COJ:

- City Contribution
- Public Service Tax
- City Franchise Fee

### Paid to State of Florida:

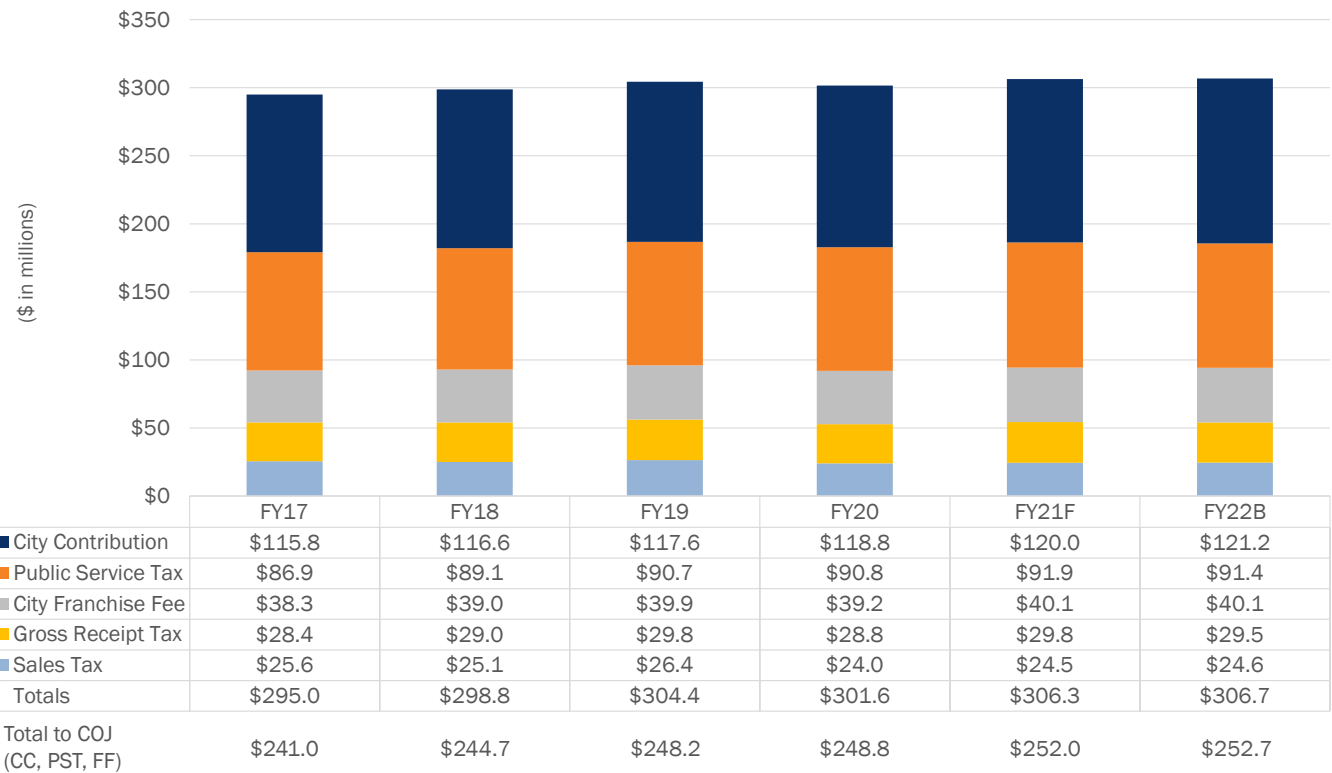
- Gross Receipt Tax

### Paid to COJ & State:

- Sales Tax

Continues to increase based upon the agreement to contribute the greater of 1% increase on the baseline or the millage calculation

The City Contribution Agreement has been extended through FY2023





## Electric System Budget Assumptions



## Electric System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
<b>FUEL REVENUES:</b>				
Fuel Revenues	\$ 368,899,940	\$ 410,912,775	\$ -42,012,835	\$ 395,885,585
<b>FUEL EXPENSES:</b>				
Fuel & Purchased Power	\$ 368,899,940	\$ 410,912,775	\$ -42,012,835	\$ 395,885,585
<b>FUEL SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -	\$ -
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 785,192,000	\$ 793,579,500	\$ -8,387,500	\$ 770,712,009
Environmental Charge Revenue	7,442,000	7,814,100	-372,100	7,532,299
Conservation Charge & Demand Side Revenue	732,000	768,600	-36,600	699,541
Other Revenues	123,615,440	25,141,212	98,474,228	132,440,661
Natural Gas Pass Through Revenue	823,420	967,784	-144,364	876,728
Total Base Related Revenues	\$ 917,804,860	\$ 828,271,196	\$ 89,533,664	\$ 912,261,238
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 255,776,299	\$ 239,699,869	\$ 16,076,430	\$ 211,609,532
Environmental	2,263,500	1,891,598	371,902	1,134,250
Conservation & Demand-side Management	7,227,800	6,422,909	804,891	5,364,921
Natural Gas Pass Through Expense	918,473	915,183	3,290	956,074
Non-Fuel Purchased Power	263,361,133	72,642,571	190,718,562	67,757,264
Non-Fuel Uncollectibles & PSC Tax	1,391,596	2,606,030	-1,214,434	2,218,988
Emergency Contingency	5,000,000	5,000,000	-	5,000,000
Total Base Related Expenses	\$ 535,938,801	\$ 329,178,160	\$ 206,760,641	\$ 294,041,029
<b>BASE OPERATING INCOME:</b>	\$ 381,866,059	\$ 499,093,036	\$ -117,226,977	\$ 618,220,209

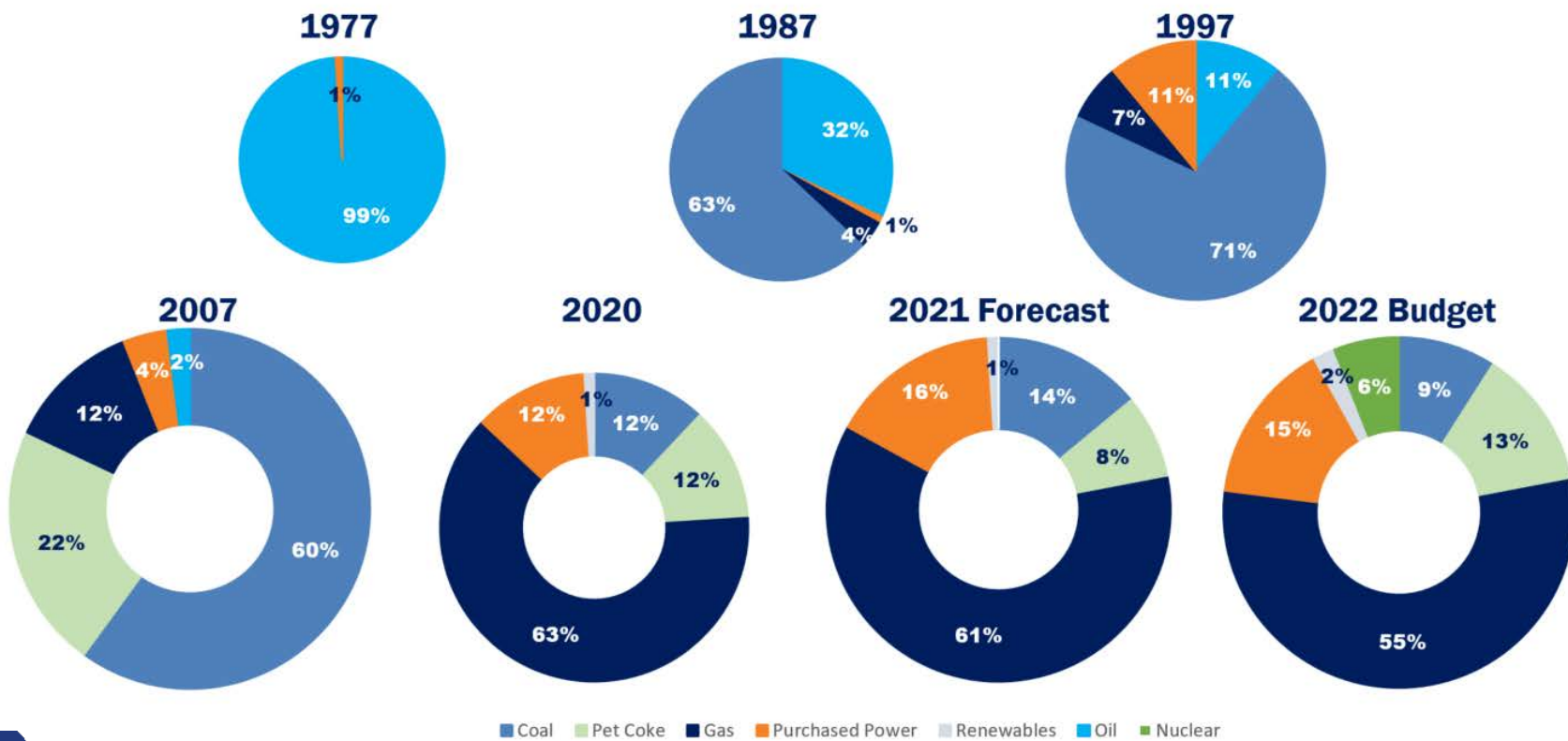
## Electric System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>NON-OPERATING REVENUE:</b>				
Investment Income	\$ 3,194,911	\$ 7,962,574	\$ -4,767,663	\$ 5,957,665
Total Non Operating Revenues	\$ 3,194,911	\$ 7,962,574	\$ -4,767,663	\$ 5,957,665
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	\$ 109,816,948	\$ 131,173,417	\$ -21,356,469	232,722,926
Demand-side Management - Rate Stabilization	-395,800	750,691	-1,146,491	1,545,670
Environmental - Rate Stabilization	-3,821,756	-9,423,646	5,601,890	-8,579,870
Total Non Operating Expenses	\$ 105,599,392	\$ 122,500,462	\$ -16,901,070	\$ 225,688,726
<b>BASE INCOME BEFORE TRANSFERS</b>	\$ 279,461,578	\$ 384,555,148	\$ -105,093,570	\$ 398,489,148
City Contribution Expense	94,545,651	93,609,555	936,096	93,609,555
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	65,000,000	64,012,472	987,528	62,540,250
Operating Capital Outlay	116,621,139	217,292,441	-100,671,302	227,361,425
Environmental Capital Outlay	3,294,788	9,640,680	-6,345,892	14,977,918
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	\$ 279,461,578	\$ 384,555,148	\$ -105,093,570	\$ 398,489,148
<b>SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ 1,289,899,711	\$ 1,247,146,545	\$ 42,753,166	\$ 1,314,104,488
<b>TOTAL APPROPRIATIONS</b>	\$ 1,289,899,711	\$ 1,247,146,545	\$ 42,753,166	\$ 1,314,104,488
<b>BUDGETED EMPLOYEE POSITIONS</b>	1,527	1,527	-	1,527
<b>BUDGETED TEMPORARY HOURS</b>	104,000	104,000	-	104,000

## Electric System Capital Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 65,000,000	\$ 64,012,472	\$ 987,528	\$ 62,540,250
Operating Capital Outlay	116,621,139	217,292,441	-100,671,302	227,361,425
Environmental Capital Outlay	3,294,788	9,640,680	-6,345,892	14,977,918
Debt Proceeds	-	-	-	-
Other Proceeds	55,886,073	-	55,886,073	-
Total Capital Funds	\$ 240,802,000	\$ 290,945,593	\$ -50,143,593	\$ 304,879,593
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 40,010,000	\$ 30,462,000	\$ 9,548,000	\$ 26,480,000
Transmission and Distribution Projects	119,503,000	129,577,000	-10,074,000	108,626,000
Other Projects	81,289,000	57,503,000	23,786,000	51,473,000
Total Capital Projects Subtotal	\$ 240,802,000	\$ 217,542,000	\$ 23,260,000	\$ 186,579,000
Capital Reserve	-	73,403,593	-73,403,593	118,300,593
Total	\$ 240,802,000	\$ 290,945,593	\$ -50,143,593	\$ 304,879,593

## Electric Fuel Mix



## Fuel Rate per MWh



- ▶ FY22 projected fuel expenses include the new FPL Power Purchase Agreement that replaces the generation from Scherer 4's retirement, Vogtle Unit 3, and commencement of the 250 MW solar project.
- ▶ Pricing Policy annually sets Fuel Stabilization Fund balance target at 15% of the highest fuel expense over the past five fiscal years of \$455 million, currently \$68 million
- ▶ FY2022 year-end Fuel Stabilization Fund balance projected to be 16% of target expense utilizing the current \$32.50 fuel rate, exceeding the target range
- ▶ This leads to a recommendation of lowering the Fuel Charge to customers from \$32.50/MWh to \$30.50/MWh for FY 2022

	FY2019A	FY2020A	FY2021F	FY2022B
Fuel Charge Budgeted per \$/MWh	\$32.50	\$32.50	\$32.50	\$30.50
Fund as a % of Target Expense	9%	16%	16%	14%
Annual Fuel Cost (millions)	\$426	\$343	\$398	\$376

## FY2022 Electric System Non-Fuel Purchased Power

<b>SJRPP</b> <small>(Shut down 1/5/18)</small>	<b>FY2021</b>	<b>FY2022</b>	<b>Variance</b>	<b>Explanation</b>
Debt Service	\$23,780,931	\$20,062,324	-\$3,718,607	Lower D/S interest due to planned SJRPP early debt retirement
R&R	2,972,616	2,507,791	-464,825	
<i>Subtotal SJRPP</i>	<i>\$26,753,547</i>	<i>\$22,570,115</i>	<i>-\$4,183,432</i>	
<b>Scherer</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Variance</b>	<b>Explanation</b>
O&M	\$7,509,000	\$7,336,381	-\$172,619	
Debt Service	10,029,775	77,635,936	67,606,161	Planned Scherer early debt retirement
R&R	9,450,249	2,040,869	-7,409,380	1 <sup>st</sup> quarter 2022 only
Transmission	6,100,000	1,640,810	-4,459,190	1 <sup>st</sup> quarter 2022 only
<i>Subtotal Scherer</i>	<i>\$33,089,024</i>	<i>\$88,653,996</i>	<i>\$55,564,972</i>	
<b>Other</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Variance</b>	<b>Explanation</b>
Other Capacity	\$7,800,000	\$8,200,000	400,000	
FPL Capacity	0	17,010,000	17,010,000	Per Scherer shutdown agreement with FPL, fixed cost per MW of capacity
Vogtle Administration	5,000,000	0	-5,000,000	No additional Vogtle legal costs
Vogtle Capacity	0	21,404,171	21,404,171	Planned Vogtle capacity costs, including O&M
Vogtle Debt Service	36,501,372	80,522,851	44,021,479	Planned D/S payment for Vogtle
Rate Stabilization	-36,501,372	25,000,000	61,501,372	Planned contribution to non-fuel purchased power rate stabilization fund
<i>Subtotal Other</i>	<i>\$12,800,000</i>	<i>\$152,137,022</i>	<i>139,337,022</i>	
<b>Total</b>	<b>\$72,642,571</b>	<b>\$263,361,133</b>	<b>\$190,718,562</b>	



## Electric System Operating Budget

### Strategic Issues Included in Budget:

FOR FY2022 (\$ in millions)	
Generating Unit Outages	7.4
New Headquarters	6.6
Succession Planning Staffing Risks	2.6
COVID related expenses	2.0
<b>Total</b>	<b>\$18.6</b>

FOR FY2021 (\$ in millions)	
Generating Unit Outages	4.7
Succession Planning Staffing Risks	2.6
COVID related expenses	2.8
<b>Total</b>	<b>\$10.1</b>

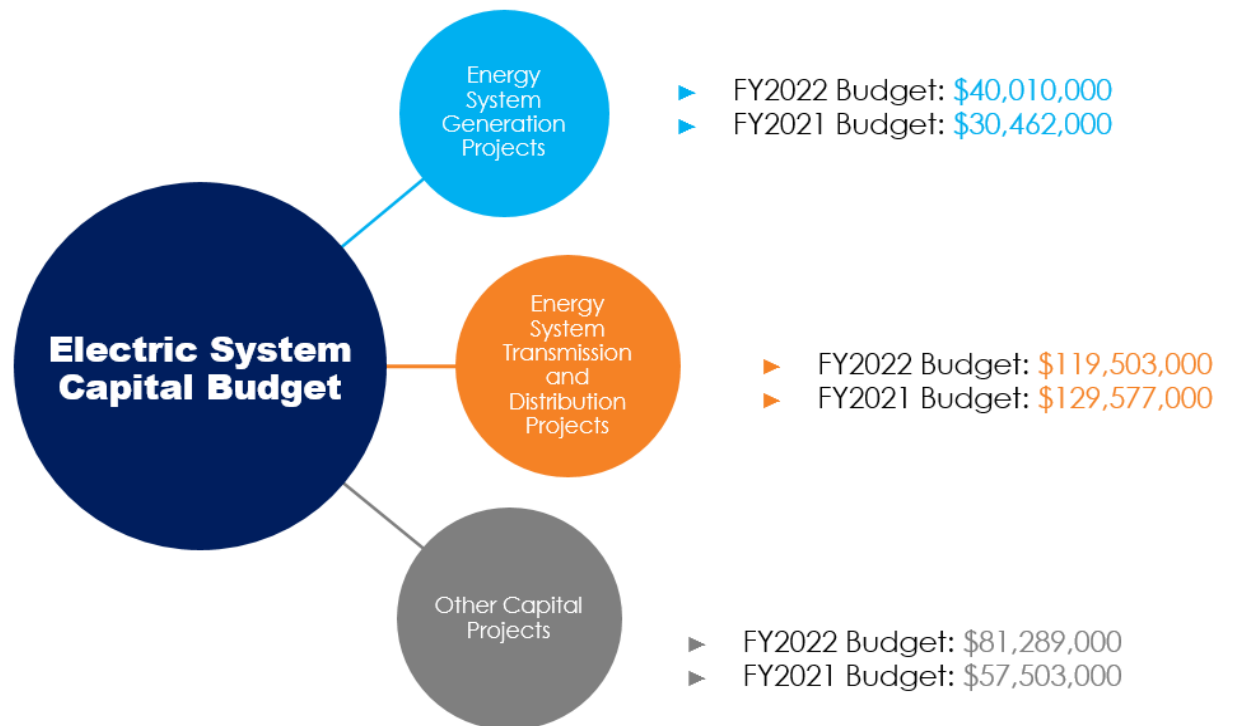
(\$ in millions)	FY2021 Budget <sup>1</sup>	FY2022 Budget <sup>1</sup>	Variance	Explanation
Salaries	\$141.5	\$146.9	\$5.4	Includes bargaining unit step increases per contractual agreements and estimated general increases.
Benefits	63.3	65.4	2.1	Increases in benefits due to salary increases
Other Services	116.0	128.2	12.2	Increases to rental and professional services for new headquarters lease and associated costs such as scanning, increase in outage costs, increase in industrial services, increase in building and structures maintenance
Materials & Supplies	19.2	20.8	1.6	Increases to outage supplies and materials, inventory issues, and miscellaneous supplies and tools
Other	19.5	18.2	-1.3	Decrease to inventory carrying costs and decrease to interest on customer deposits
Credits – Shared Services	-63.9	-66.4	-2.5	Increase in shared cost allocation
Credits – Capitalization	-43.8	-44.1	-0.3	Higher overall capitalized labor credits
Credits – Other	-12.1	-13.2	-1.1	Increase in Fuel Procurement and Handling credit
Conservation/DSM	6.4	7.2	0.8	Stable
Environmental	1.9	2.3	0.4	Stable
Ref. Natural Gas	0.9	0.9	0	No change
<b>Total</b>	<b>\$248.9</b>	<b>\$266.2</b>	<b>\$17.3</b>	



## Electric System FY2022 Capital Budget

# Total FY2022 Budget: \$241 Million

- ▶ FY2021 capital plan budget was \$217.5 million, current forecast is \$187 million
- ▶ FY2022 capital funding plan utilizes existing capital cash balances to fund qualifying projects, resulting in no new debt issuance for FY2022



## Electric System FY2022 Capital Budget

### Sources of Funds

**\$241  
Million**

▶ <b>\$ 117</b> MILLION	OPERATING CAPITAL OUTLAY
▶ <b>\$ 65</b> MILLION	RENEWAL & REPLACEMENT
▶ <b>\$ 3</b> MILLION	ENVIRONMENTAL RATE STABILIZATION
▶ <b>\$ 56</b> MILLION	OTHER PROCEEDS

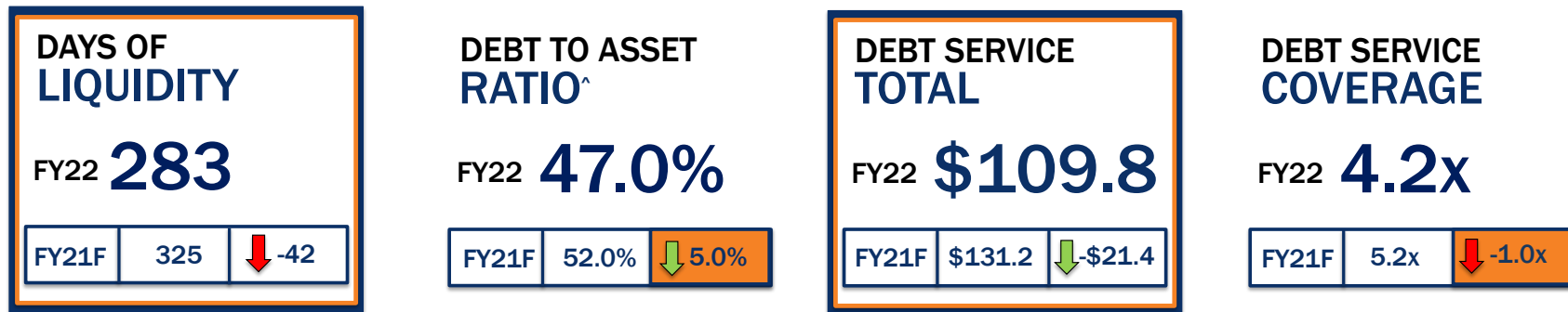
### Uses of Funds

▶ <b>\$ 220</b> MILLION	SYSTEM MAINTENANCE <ul style="list-style-type: none"> <li>• Renewal &amp; Replacement</li> <li>• Distribution</li> <li>• Facilities, Fleet, &amp; Technology</li> </ul>
▶ <b>\$ 18</b> MILLION	SYSTEM EXPANSION <ul style="list-style-type: none"> <li>• New or Expanded Generation</li> <li>• New Transmission Lines</li> <li>• New or Expanded Substations</li> </ul>
▶ <b>\$ 3</b> MILLION	ENVIRONMENTAL <ul style="list-style-type: none"> <li>• Solar Projects</li> <li>• Nox Emissions Reductions</li> </ul>

FY2022 key projects include \$30 million for General Administration Building and EOC, \$9.9 million for 69kV rebuild, and \$9.4 million for Kennedy Generation Station CT7 Rotor Replacement

Note: Detailed FY2022 project list is included in the Supplemental Schedules section

## Electric System FY2022 Operating Metrics



**Electric System Bond Rating: A2/A+/AA**



## Water & Wastewater System Budget Assumptions



## Water Wastewater System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 439,929,234	\$ 437,545,588	\$ 2,383,646	\$ 426,974,149
Environmental Charge Revenue	27,010,000	27,777,750	-767,750	25,684,865
Other Revenues	25,494,531	14,600,000	10,894,531	11,003,104
Total Base Related Revenues	<u>\$ 492,433,765</u>	<u>\$ 479,923,338</u>	<u>\$ 12,510,427</u>	<u>\$ 463,662,118</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 184,882,130	\$ 175,430,345	\$ 9,451,785	\$ 164,985,986
Environmental CUP - DSM	\$ 7,608,200	\$ 2,394,238	5,213,962	864,713
Non-Fuel Uncollectibles & PSC Tax	\$ 700,409	\$ 1,395,970	-695,561	1,315,963
Emergency Contingency	\$ 1,000,000	\$ 1,000,000	-	1,000,000
Total Base Related Expenses	<u>\$ 194,190,739</u>	<u>\$ 180,220,553</u>	<u>\$ 13,970,186</u>	<u>\$ 168,166,662</u>
<b>BASE OPERATING INCOME:</b>	<b>\$ 298,243,026</b>	<b>\$ 299,702,785</b>	<b>\$ -1,459,759</b>	<b>\$ 295,495,456</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	2,075,631	2,975,171	-899,540	2,765,074
Capacity Fees	47,000,000	29,388,151	17,611,849	38,442,107
Total Non Operating Revenues	<u>\$ 49,075,631</u>	<u>\$ 32,363,322</u>	<u>\$ 16,712,309</u>	<u>\$ 41,207,181</u>

## Water Wastewater System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	67,135,355	65,436,531	1,698,824	61,123,521
Demand-side Management - Rate Stabilization	-	-	-	-
Environmental - Rate Stabilization	-	-	-	-
Total Non Operating Expenses	<u>\$ 67,135,355</u>	<u>\$ 65,436,531</u>	<u>\$ 1,698,824</u>	<u>\$ 61,123,521</u>
<b>BASE INCOME BEFORE TRANSFERS</b>	<b>\$ 280,183,302</b>	<b>\$ 266,629,576</b>	<b>\$ 13,553,726</b>	<b>\$ 275,579,116</b>
City Contribution Expense	26,666,722	26,402,695	264,027	26,402,695
Interlocal Payments	21,000,000	0	21,000,000	942,201
Renewal and Replacement Fund	25,243,465	26,606,100	-1,362,635	26,606,100
Operating Capital Outlay	149,471,315	167,449,118	-17,977,803	166,917,081
Operating Capital Outlay - Environmental	10,801,800	16,783,512	-5,981,712	16,268,932
Capacity Fees	47,000,000	29,388,151	17,611,849	38,442,107
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 280,183,302</u>	<u>\$ 266,629,576</u>	<u>\$ 13,553,726</u>	<u>\$ 275,579,116</u>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b>\$ 541,509,396</b>	<b>\$ 512,286,660</b>	<b>\$ 29,222,736</b>	<b>\$ 504,869,299</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 541,509,396</b>	<b>\$ 512,286,660</b>	<b>\$ 29,222,736</b>	<b>\$ 504,869,299</b>
BUDGETED EMPLOYEE POSITIONS	625	625	0	625
BUDGETED TEMPORARY HOURS	20,800	20,800	0	20,800

## Water Wastewater System Capital Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 25,243,465	\$ 26,606,100	\$ -1,362,635	\$ 26,606,100
Operating Capital Outlay	149,471,315	167,449,118	-17,977,803	166,917,081
Environmental Capital Outlay	10,801,800	16,783,512	-5,981,712	13,067,684
Capacity Fees	47,000,000	29,388,151	17,611,849	38,442,107
Debt Proceeds	129,885,420	87,635,119	42,250,301	-
Other Proceeds			-	-
Total Capital Funds	<u>\$ 362,402,000</u>	<u>\$ 327,862,000</u>	<u>\$ 34,540,000</u>	<u>\$ 235,000,000</u>
<b>CAPITAL PROJECTS:</b>				
Water Projects	96,792,000	99,342,000	-2,550,000	82,000,000
Sewer Projects	231,120,000	200,440,000	30,680,000	127,000,000
Other Projects	34,490,000	28,080,000	6,410,000	26,000,000
Total Capital Projects	<u>362,402,000</u>	<u>327,862,000</u>	<u>34,540,000</u>	<u>235,000,000</u>
Capital Reserves	-	-	-	10,032,972
Total	<u>\$ 362,402,000</u>	<u>\$ 327,862,000</u>	<u>\$ 34,540,000</u>	<u>\$ 245,032,972</u>

## Water Wastewater System Operating Budget

Strategic Issues Included in Budget:

FOR FY2022 (\$ in millions)	
Wastewater Treatment Program	\$3.1
New Headquarters	2.5
Preventative Maintenance	1.8
Succession Planning Staffing Risks	1.0
Storm Generators and Pumps	0.7
Well Rehab Program	0.5
<b>Total</b>	<b>\$9.6</b>

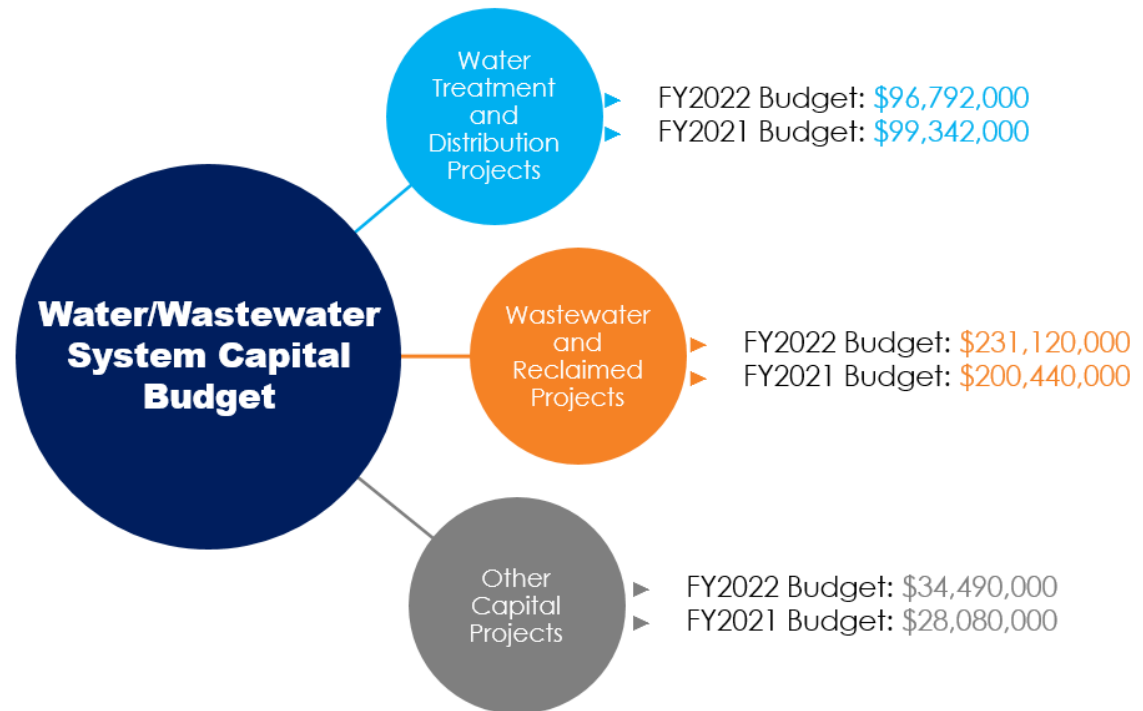
FOR FY2021 (\$ in millions)	
Storm Generators and Pumps	\$1.3
Succession Planning Staffing Risks	1.0
Innovative Wastewater Treatment Program	0.6
Sewer Preventive Maintenance Cleaning	0.3
Septic Tank Phase Out Engineering	0.8
<b>Total</b>	<b>\$4.0</b>

(\$ in millions)	FY2022 Budget <sup>1</sup>	FY2021 Budget <sup>1</sup>	Variance	Explanation
Salaries	\$62.2	\$56.6	\$5.6	Includes bargaining unit step increases per contractual agreements and estimated general increases.
Benefits	26.3	24.7	1.6	Primarily due to increases in salaries
Other Services	30.4	30.2	0.2	In line with FY2021 budget
Materials & Supplies	15.1	14.1	1.0	Increased cost of supplies and materials
Shared Services	66.3	63.8	2.5	Increase to Water Billing Credit Expense
Other	6.3	4.6	1.7	Insurance premium increase
Credits – Capitalization	-21.7	-18.6	-3.1	Greater capitalization
Env. CUP - DSM	7.6	2.4	-5.2	Water DSM Program
<b>Total</b>	<b>\$192.5</b>	<b>\$177.8</b>	<b>\$4.3</b>	

## Water Wastewater System FY2022 Capital Budget

# Total FY2022 Budget: \$362 Million

- ▶ FY2021 capital plan budget was \$327.9 million, current forecast is \$235 million
- ▶ FY2022 capital funding plan utilizes existing capital cash balances to fund qualifying projects, but may also require up to \$130 million in new debt issuance for FY2022



## Water Wastewater System FY2022 Capital Budget

### Sources of Funds

**\$362  
Million**

▶ <b>\$ 130</b> MILLION	DEBT PROCEEDS
▶ <b>\$ 196</b> MILLION	OPERATING CAPITAL OUTLAY
▶ <b>\$ 25</b> MILLION	RENEWAL & REPLACEMENT
▶ <b>\$ 11</b> MILLION	ENVIRONMENTAL

### Uses of Funds

▶ <b>\$ 209</b> MILLION	<b>SYSTEM MAINTENANCE</b> <ul style="list-style-type: none"> <li>• Renewal &amp; Replacement</li> <li>• Distribution</li> <li>• Facilities, Fleet, &amp; Technology</li> </ul>
▶ <b>\$ 127</b> MILLION	<b>SYSTEM EXPANSION</b> <ul style="list-style-type: none"> <li>• New or Expanded Generation</li> <li>• New Transmission Lines</li> <li>• New or Expanded Master Pumps</li> </ul>
▶ <b>\$ 26</b> MILLION	<b>ENVIRONMENTAL</b> <ul style="list-style-type: none"> <li>• BMAP*/TMDL**/Reclaim</li> <li>• Total Water Management Plan</li> <li>• Major Environmental Initiatives</li> </ul> <p><small>*Basin Management Action Plan **Total Maximum Daily Limit of Nitrogen</small></p>

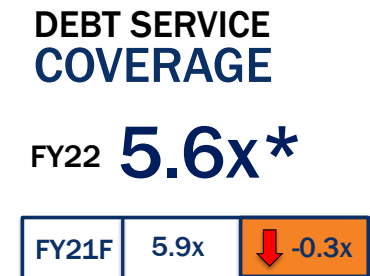
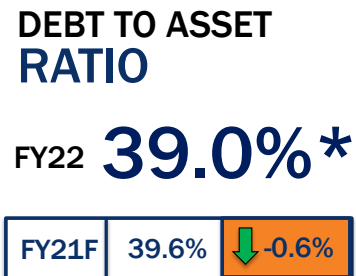
FY2022 includes \$29 million in funding for the Southwest WRF Expansion to 16MGD and \$26 million for Greenland WRF 4MGD

Note: Detailed FY2022 project list is included in the Supplemental Schedules section

## Water Wastewater System FY2022 Operating Metrics



<sup>^</sup>Days of liquidity is being positively impacted by revolver



**W/WW System Bond Rating: Aa3/AA+/AA**



## **District Energy System Budget Assumptions**



## District Energy System Operating Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 8,839,543	\$ 9,328,327	\$ -488,784	\$ 8,536,564
Total Base Related Revenues	\$ 8,839,543	\$ 9,328,327	\$ -488,784	\$ 8,536,564
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 5,127,990	\$ 5,193,927	\$ -65,937	\$ 4,369,884
Total Base Related Expenses	\$ 5,127,990	\$ 5,193,927	\$ -65,937	\$ 4,369,884
<b>BASE OPERATING INCOME:</b>	<b>\$ 3,711,553</b>	<b>\$ 4,134,400</b>	<b>\$ -422,847</b>	<b>\$ 4,166,680</b>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	3,171,208	3,023,891	147,317	3,023,891
Demand-side Management - Rate Stabilization	-	-	-	-
Environmental - Rate Stabilization	-	-	-	-
Total Non Operating Expenses	\$ 3,171,208	\$ 3,023,891	\$ 147,317	\$ 3,023,891
<b>BASE INCOME BEFORE TRANSFERS</b>	<b>\$ 540,345</b>	<b>\$ 1,110,509</b>	<b>\$ -570,164</b>	<b>\$ 1,142,788</b>
City Contribution Expense	-	-	-	-
Renewal and Replacement Fund	426,828	437,313	-10,485	435,131
Operating Capital Outlay	113,517	673,196	-559,679	707,657
Total Non-Fuel Expenses	\$ 540,345	\$ 1,110,509	\$ -570,164	\$ 1,142,788
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b>\$ 8,839,543</b>	<b>\$ 9,328,327</b>	<b>\$ -488,784</b>	<b>\$ 8,536,564</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 8,839,543</b>	<b>\$ 9,328,327</b>	<b>\$ -488,784</b>	<b>\$ 8,536,564</b>
BUDGETED EMPLOYEE POSITIONS	6	6	0	6
BUDGETED TEMPORARY HOURS	0	0	0	0

## District Energy System Capital Budget

	FY2022 Budget	FY2021 Budget	Change	FY2021 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 426,828	\$ 437,313	\$ -10,485	\$ 435,131
Operating Capital Outlay	113,517	673,196	-559,679	707,657
Debt Proceeds	-	566,491	566,491	-
Other Proceeds	5,009,944	1,359,000	3,650,944	134,568
Total Capital Funds	\$ 5,550,289	\$ 3,036,000	\$ 2,514,289	\$ 1,277,356
<b>CAPITAL PROJECTS:</b>				
District Energy Projects	5,550,289	3,036,000	2,514,289	1,277,356
Total Capital Projects	\$ 5,550,289	\$ 3,036,000	\$ 2,514,289	\$ 1,277,356



## Rate Stabilization Funds



## Rate Stabilization Funds

	FY2020	Forecast FY2021			Budget FY2022		
(\$ in thousands)	Ending Balance	Deposits	Withdrawals	Ending Balance	Deposits	Withdrawals	Ending Balance
<b>Electric System</b>							
DSM/Conservation	\$5,423	\$6,886	-\$5,341	\$6,968	\$6,832	-\$7,228	\$6,572
Debt Management	-	-	-	-	-	-	-
Environmental <sup>1</sup>	21,818	7,532	-16,112	13,238	7,442	-11,264	9,416
Fuel	73,347	10,524	-12,561	71,310	-	-7,285	64,025
Non-Fuel Purchased Power	36,326	-	-31,627	4,699	25,000	-	29,699
<b>Water Wastewater System</b>							
Environmental <sup>2</sup>	23,372	25,684	-\$22,436	\$26,620	27,010	-27,010	\$26,620
Debt Management	-	-	-	-	-	-	-

<sup>1</sup>Includes \$2.3m million in Environmental O&M costs, \$3.3m in Environmental capital project costs, and \$5.7m in Environmental payback

<sup>2</sup>Includes \$19.8 million in Environmental O&M and capital projects and \$7.2 million in funds repaid to the Water/Wastewater System R&R fund



## **FY2022 Budget Timeline & Action Items**



## FY2022 Board Review and Approval Timeline





# **FY2022 Proposed Rate & Fee Adjustments**

**Water, Sewer, & Electric**

**Juli Crawford**  
Director, Financial Planning &  
Analysis



# FY2022 PROPOSED RATE & FEE ADJUSTMENTS

## AGENDA



### **Part One: Water & Sewer Rate Adjustments**

Capacity Fees

Tap & Meter Fees

Large Commercial  
Water Rates



### **Part Two: Electric Rate Adjustments**

Base Rate

Bill Impacts



### **Part Three: Timeline**

Recommendations

Public Hearing

Communications



### **Part Four: Next Steps**

Staff recommendations  
presented to the Finance &  
Audit Committee for  
feedback and direction

# RATES & FEES

## Overview

Water & Sewer	Electric
Rate Adjustment Recommendations	Rate Adjustment Recommendations
<div> <div>?</div> <div>Plant Capacity Fees</div> </div> <div> <div>?</div> <div>Tap &amp; Meter Fees</div> </div> <div> <div>?</div> <div>Large Commercial Water Rate</div> </div>	<div> <div>?</div> <div>Energy Rate</div> </div>
Other Tariff Administrative Items	Other Tariff Administrative Items
<ul style="list-style-type: none"> <li>Backflow Prevention Devices</li> <li>Use of funds – Line Extension Growth Capacity Charges</li> <li>Tariff Reformat</li> </ul>	<ul style="list-style-type: none"> <li>Economic Development Programs</li> </ul>



# **WATER & SEWER RATE ADJUSTMENTS**





# CAPACITY FEES

## WATER & SEWER COST RECOVERY STRUCTURE

### Water & Sewer Capacity Project Costs

Capacity fees and charges are one-time fees paid by builders or customers connecting to the system to recover the cost of capacity expansion. A large portion of our Capital Improvement Plan (CIP) is driven by growth and providing additional water, sewer, and/or reclaimed capacity. These projects are a direct indication of the cost to connect new customers.

JEA's rate consultant, Stantec, has reviewed calculations and fees and will provide a supporting memo prior to the June Board meeting.

				
	Cost Allocated To Expansion (Five Year CIP)	Expansion Capacity	Total Cost Per Gallon <sup>^^</sup>	Calculated <sup>3/4</sup> " Capacity Fee
Water	\$59 million	12.57 MGD	\$4.68 (Current Fee Basis \$0.97)	<b>\$1,989*</b> (Current Fee \$680)
Sewer	\$268 million	10.5 MGD	\$25.57 (Current Fee Basis \$3.64)	<b>\$5,114</b> (Current Fee \$1,274)

**Current project costs indicate a higher cost for connection than current fees collect**



\*Includes fees for Water & Irrigation

MGD = million gallons per day

Sewer projects have a Reclaim component built into total project cost

Costs per gallon do not calculate due to rounding – calculated by dividing total MGD by gallons per day for a <sup>3/4</sup>" connection, then dividing that into total project cost for cost per gallon

# CAPACITY FEES

## WATER & SEWER RATE ADJUSTMENTS

Current water and sewer capacity fees have been in place, unchanged, for the past 15+ years

Based on feedback from stakeholders and conversations with the Northeast Florida Builders Association, JEA is focused on providing a transition into recommended fees over time to assist in absorbing the costs gradually

**Water**

**Irrigation**

**Sewer**

Recommended 3/4" Capacity Fee				
Current	Oct '21	Apr '22	Oct '22	Apr '23
\$339.50	\$380.00	\$566.00	\$752.00	\$936.00
\$339.50	\$427.50	\$636.75	\$846.00	\$1,053.00
\$1,274.00	\$1,824.00	\$2,920.00	\$4,016.00	\$5,114.00

Estimated Additional Annual Revenue <sup>1</sup>	
FY22	FY23
\$3M	\$5M
\$1M	\$2M
\$17M	\$29M

Staff recommends phasing in proposed capacity fees over a 2 year period effective October 1, 2021

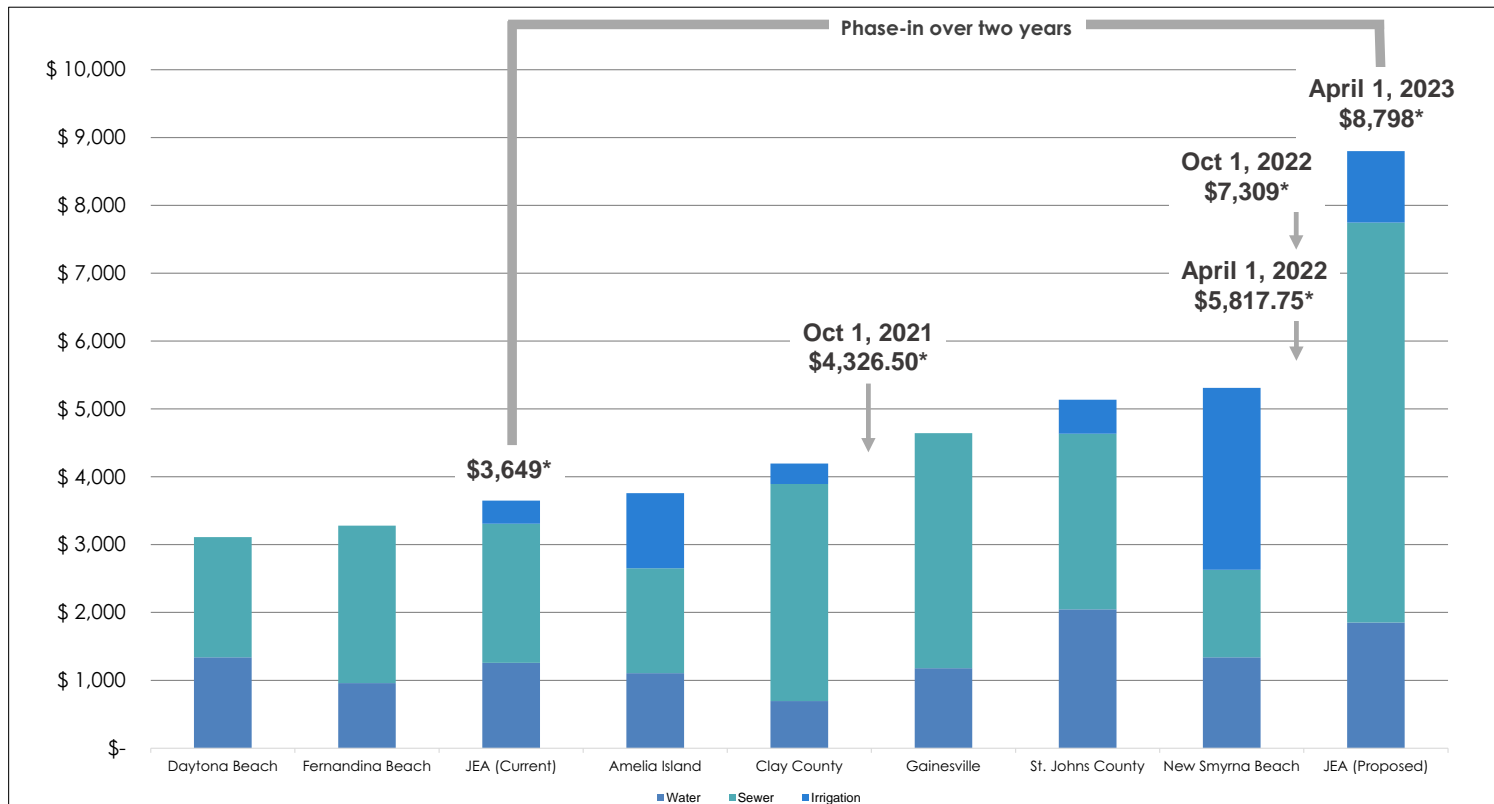


<sup>1</sup>Based on FY20 New Connections

See supplemental information for recommended capacity fees for all meter sizes

## SUPPLEMENTAL INFORMATION

### BENCHMARKS: LOCAL PEERS COMBINED CAPACITY FEES



\*Note: Includes Line Extension Growth Capacity Charges of \$1,695; No adjustments recommended at this time. Staff will evaluate pricing and make recommendations in the future.



# TAP AND METER FEES

## WATER & SEWER RATE ADJUSTMENTS

### Tap & Meter Costs and Customer Fees

Meter and Tap Fees are paid by customers connecting to the system to recover the cost of the meter and tap materials and labor to sufficiently serve the maximum quantities of water and sewer permitted by the customers. The associated costs include, but are not limited to, meters, modules, cable, piping and outdoor casing.

**JEA is under-collecting approximately \$1.6 million annually on ¾" meter sets and taps alone**



	Current Fee	Recommended Fee <i>(equal to cost)</i>
¾" Meter Set	\$202.30	\$300
1" Tap	\$610	\$1,360

**Staff recommends setting tap & meter fees equal to cost**



See supplemental information for recommended tap & meter fees for all sizes

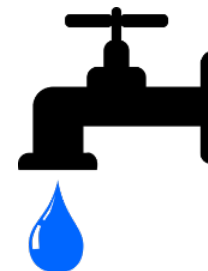
# LARGE COMMERCIAL WATER

## WATER & SEWER RATE ADJUSTMENTS

### Large Commercial: Water rates for 10" meters and larger

JEA currently allows commercial water users with a 10" meter or larger access to a discounted water usage rate. Based on the current rate structure, this large meter rate of \$1.24 represents a \$.25 discount below the standard Commercial rate of \$1.49 per thousand gallons used.

This pricing structure is not supported by the cost of service, as these larger meters demonstrate greater peaking activity than those smaller than 10".



*There are currently 53 customers that have a 10" water meter and 3 Customers with a 12" meter. Over \$400,000 impact without the discount*

**Staff recommends setting all commercial volume charges equal, as is supported by the cost of service study**







# **ELECTRIC RATE ADJUSTMENTS**

# BASE RATE

## ELECTRIC RATE ADJUSTMENTS

### Per Pricing Policy

"The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System."

Annual Cost (Revenue Requirements)	5 Year Forecast
Operation & Maintenance	
<b>Purchase Power Obligations</b>	
Depreciation	
City Contribution	

**Increasing costs mainly due to Vogtle Power Purchase Agreement from MEAG are driving the need for additional revenues to recover the cost and maintain financial integrity**



## BASE RATE

Plant Vogtle / Municipal Electric Authority of Georgia (MEAG) Power Purchase Agreement (PPA)

Impact of initial operation date of 2016 delayed to 2021:

- Total JEA cost has increased over \$900 million
- Fuel expenses were roughly \$90 million more 2016-2021
- JEA generation expenditure plans were altered to accommodate the unfulfilled 200MW of nuclear power since 2016

### Total Non-Fuel Vogtle Payments (\$ in millions)

FY22	FY23	FY24	FY25
<b>\$102</b>	<b>\$159</b>	<b>\$167</b>	<b>\$168</b>

JEA has mitigated a portion of the Vogtle MEAG Power Purchase Agreement (PPA) expense with the following actions:

- St. John's River Power Park (SJRPP) closure
- Agreement to replace Scherer Unit 4 with corresponding FPL PPA
- Utility scale solar PPA
- A significant amount of debt reduction

**Despite these efforts, base rate increases are necessary to recover expenses associated with the Vogtle / MEAG PPA**

# ENERGY RATE

## ELECTRIC RATE ADJUSTMENTS

### Recommended

Raise Energy Rate by  
**\$0.00183/kWh**

### Estimated Additional Revenue

**\$22M**

### RESIDENTIAL BILL IMPACT

Average residential bill based on 1,000 kWh per month

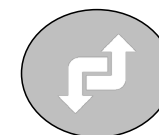
Current		FY22 Proposed	
Basic Monthly Charge	\$5.50	Basic Monthly Charge	\$5.50
Energy Charge	69.88	Energy Charge	71.71
Environmental Charge	0.62	Environmental Charge	0.62
Fuel Charge	32.50	Fuel Charge	30.50
Total <i>before taxes and fees</i>	\$108.50	Total <i>before taxes and fees</i>	\$108.33
Taxes and Fees	14.84	Taxes and Fees	15.01
Total <i>after taxes and fees</i>	\$123.34	Total <i>after taxes and fees</i>	\$123.34



Note: ISXLD energy rate change \$0.00182/kWh

# RATE CLASS IMPACTS

## ELECTRIC RATE ADJUSTMENTS



	Number of Customers	Total Current Typical Bill Amount (includes taxes)	Total New Typical Bill Amount (includes taxes)	% Change in Typical Bill Amount
Residential	430,000	\$123.34	\$123.34	\$0.00
General Service	50,000	\$310.02	\$309.99	(\$0.03)
General Service Demand	4,000	\$7,462.88	\$7,462.20	(\$0.68)
General Service Large Demand	135	\$75,390.00	\$75,382.00	(\$8.00)
Interruptible	45	\$290,151.00	\$290,111.00	(\$40.00)

With the fuel charge decrease, **all customer class energy rate increases will result in an essentially bill neutral impact**

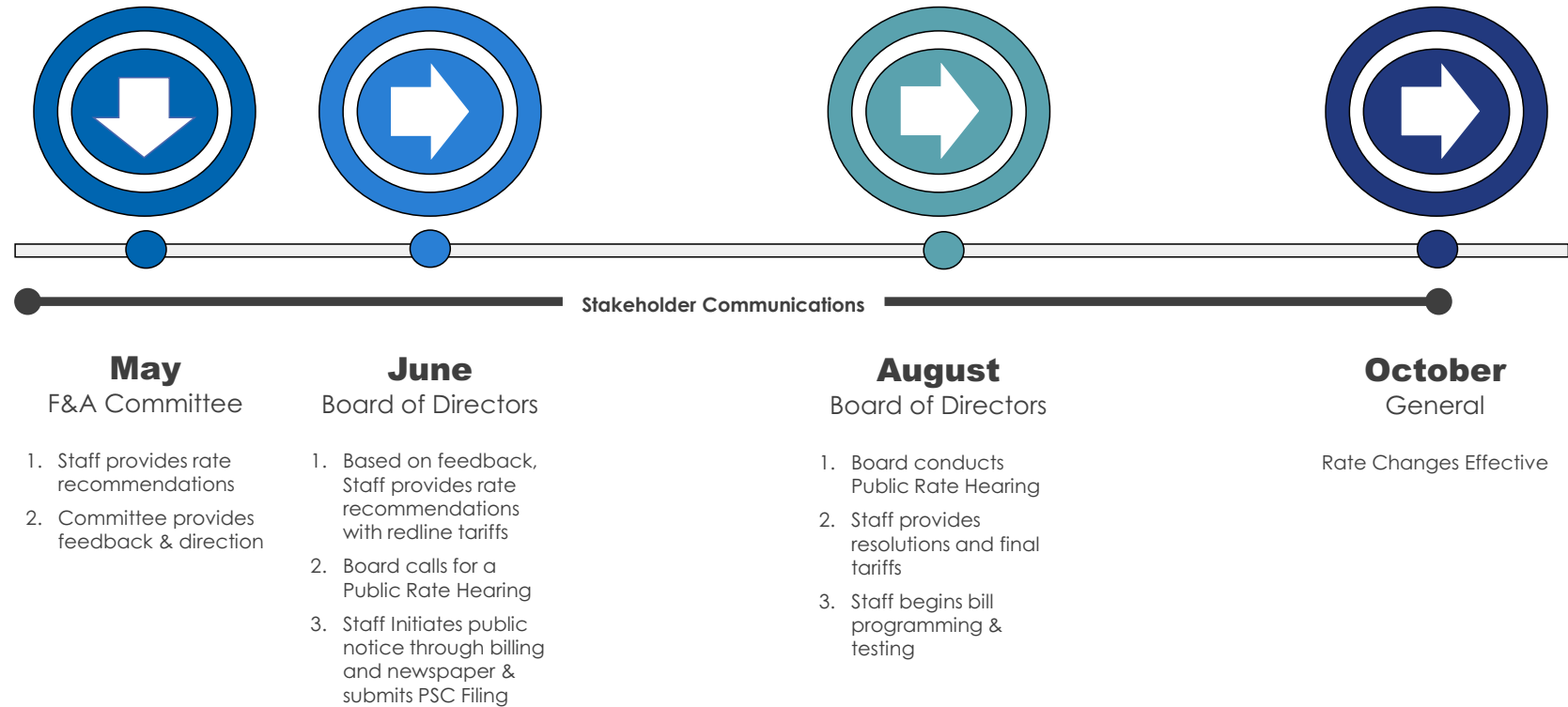


Note: Rate changes subject to Board approval and PSC submission

## **TIMELINE & NEXT STEPS**

# RATES & FEES

## TIMELINE



# RATES & FEES

## Next Steps

Staff recommends the Finance & Audit Committee **consider presenting this information to the Board:**

Water & Sewer	
Rate Adjustment Recommendations	
?	Plant Capacity Fees
?	Tap & Meter Fees
?	Large Commercial Water Rate
Other Tariff Administrative Items	
<ul style="list-style-type: none"> <li>Backflow Prevention Devices</li> <li>Use of funds – Line Extension Growth Capacity Charges</li> <li>Tariff Reformat</li> </ul>	

Electric	
Rate Adjustment Recommendations	
?	Energy Rate
Other Tariff Administrative Items	
<ul style="list-style-type: none"> <li>Economic Development Programs</li> </ul>	





## Audit Services Update

**Steve Tuten**  
Director of Audit Services



May 14, 2021



## Enterprise Risk Management (ERM)

## ERM Initiatives

Re-assess risk management principles and roles and responsibilities in the policy and Charters.

Incorporate risk management principles into business processes.

Incorporate risk management principles in corporate strategies, decisions and planning.

Initiate the Risk Working Committee (RWC), utilizing the three (3) lines of Defense criteria - Management, ERM, Audit.

Assess and affirm the current Risk Tolerances categories and scoring criteria.

Reassess the current Top Enterprise Risks to verify impact and likelihood prioritization.

Develop Key Risk/Process Indicators (KRIs/KPIs).

Complete a Risk & Control Assurance map.

Establish Risk Management Annual Corporate Goals.

Modify job descriptions to include effective risk management.

Include effective risk management in the Risk owners' annual performance goals.

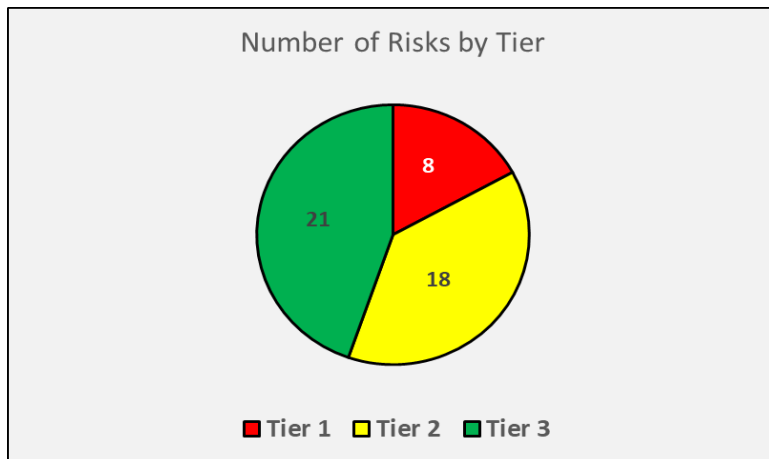
Restart the Business Function Risk Assessment process.

Enhance and expand Risk Awareness training for all JEA employees.

Use a Governance, Risk and Compliance application (GRC).

## Top Enterprise-Wide Risks (TER)

### 47 Risks



### 8 Categories



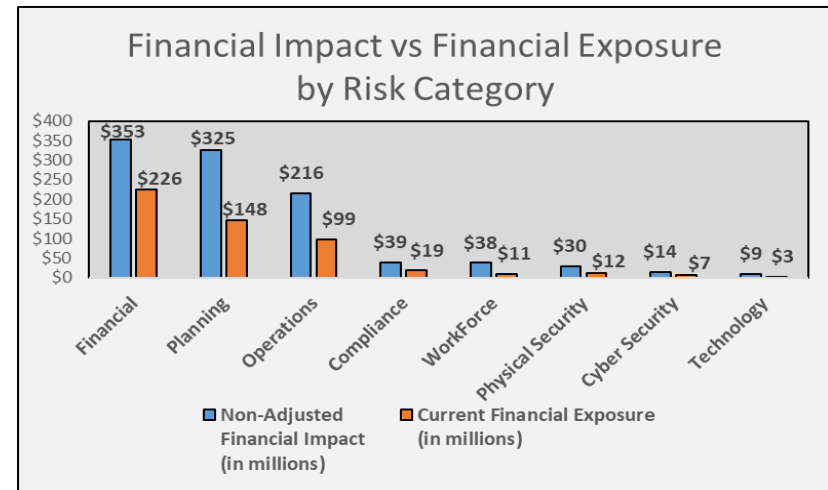
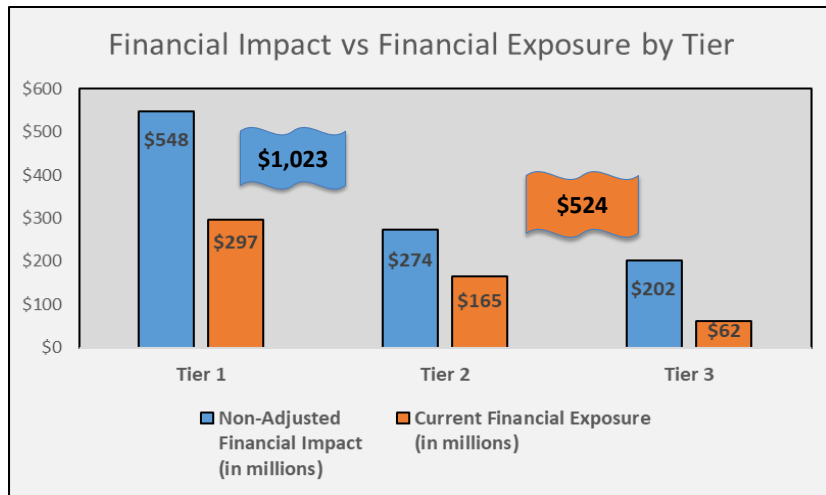
There are currently 47 TERs in our Risk Inventory.  
 Tier 1 risks are the most critical based on the relative impact and likelihood of occurring.  
 The risks are categorized based on business processes.

## Tier 1 and Tier 2 Risks

Risk #	Risk Title	Tier	Total Risk Score
E01	Carbon Emission Mitigation/ Renewable Energy Standards	1	15.3
C19	Surface Water Discharge Risk	1	12.8
C08	Black Swan (High Impact - Low probability event)	1	11.2
C18	Supply Chain Management	1	10.5
E10	Nuclear Power Portfolio	1	10.4
C16	Weather & Climate Change Impact Resiliency Efforts	1	10.4
W01	Water Supply Management / Long Term Planning	1	9.9
C03	Disruptive Technologies / Long-term Planning	1	9.9
E09	FERC / NERC (Section 693) O&P Reliability & Compliance	2	9.1
E05	Cooling Water Intake Structures 316(b)	2	9.0
E07	Critical Infrastructure Protection (CIP) Compliance	2	9.0
E13	Emergency Preparedness / Business Continuity	2	9.0
C21	Physical Security - Vandalism and Property Destruction	2	7.8

Risk #	Risk Title	Tier	Total Risk Score
E03	Coal Combustion Residual Rule (CCR)	2	7.5
T02	Cyber Security Information Protection	2	7.4
T03	Cyber Security Business Disruption	2	7.4
E04	Adverse Electric Commodity Supply and Pricing	2	7.2
W04	Infrastructure Maintenance - Water/Waste Water Systems	2	7.2
W06	Drinking Water Quality Management	2	7.2
C04	External Influence on Policy	2	7.2
F03	Credit Availability/Cost	2	7.0
W02	Operations Technology Management - Water/Wastewater Systems	2	6.9
E20	Operations Technology Management - Electric	2	6.9
C17	Physical Security / Terrorism	2	6.6
C02	Physical Security - Criminal Activity	2	6.6
C01	Customer Relationship Management	2	6.6

## Financial Elements of Top Enterprise-Wide Risks



The current Non-Adjusted Financial Impact of \$1,023 Million represents the mid point of the Total Financial impact before probability adjustment.

The current Most Likely Financial Impact of \$524 Million represents the financial exposure based is the factor of the midpoint of the Total Non-Adjusted Financial Impact, and the midpoint of the total Probability Average.



## Internal Audit

## Audit Plan Status for Q2

Completed Audits and Engagements w/Rating		In-Process Audits and Engagements w/Status	
TEA Member Review	No Rating	W/WW Project Engineering & Construction	Reporting
Customer & Community Engagement (new)	Satisfactory	Cyber Program Assessment	Ongoing
Investment Recovery Operations (new)	Satisfactory	Fuels Management Services	Testing
JEA Culture Consulting Engagement (new)	No Rating	IT Staffing	Testing
		Safety & Health Services	Testing
		Procurement & Contracts	Planning
		Treasury Cash & Investments	Planning
		FY2022 Annual Risk Assessments	Planning
Upcoming Audits and Engagements		Cancelled or Postponed Audits and Engagements	
Identity & Access Management		JEA Performance Pay Audit	
W/WW Asset Management & Performance		Green-e Agreed-Upon Procedures Engagement	
Vogtle Follow-Up		<b>Receivables &amp; Collections (new)</b>	
Cloud Computing			
Fleet Services			
eAM Asset Management Follow-Up			



The Internal Audit staff is **ON TRACK** to complete the FY2021 Audit Plan.

## Completed, Postponed or Canceled Audits and/or Engagements for Q2

Audit or Engagement	Report Rating	Issues and Risk(s)
Customer & Community Engagement Audit	<b>Satisfactory</b>	Significant risks related to: <ul style="list-style-type: none"> <li>- Lack of procedures for customer communications and social media policy which could negatively impact customer perception and satisfaction; and,</li> <li>- Lack of a file plan for public records which could impact customer perception if records are not produced timely.</li> </ul>
Investment Recovery Operations Audit	<b>Satisfactory</b>	Significant risk related to the Obsolete Asset Liquidation Processes which could lead to mismanagement and potential loss of assets.
JEA Culture Consulting Engagement	<b>No Rating</b>	Observations include: <ul style="list-style-type: none"> <li>- Establishment of "Culture" as a Top Enterprise Risk;</li> <li>- Establishment of a Culture committee;</li> <li>- Periodic cultural surveys and the follow-up of identified issues; and</li> <li>- Programs for managerial leadership training and retention.</li> </ul>



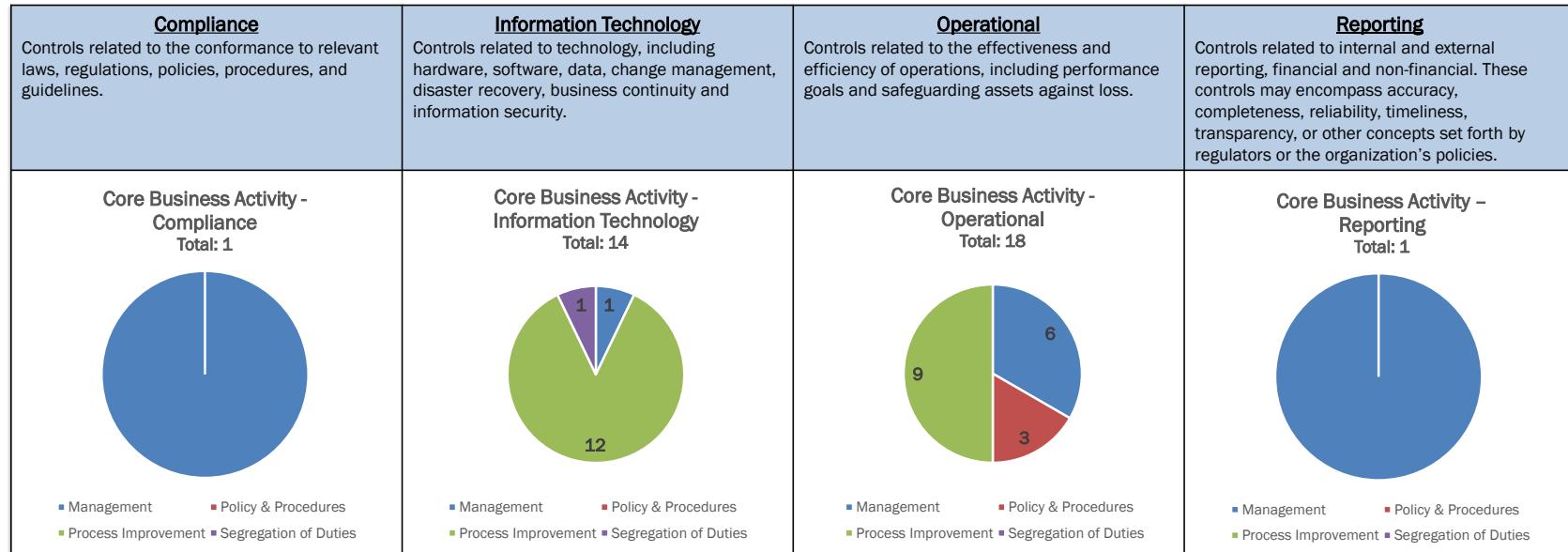
Audit or Engagement	Reason for Cancelling or Postponing
Receivables and Collections	Management requested the postponement of this audit to FY2022 due to the: <ul style="list-style-type: none"> <li>• Ongoing upgrade of the CIS/Billing system from CC&amp;B to C2M.</li> <li>• Release of a large RFP for Bill Presentation and Online Payments.</li> </ul>

## Open Audit and Investigations Report Issues - Categories

The following charts show Open Audit and Investigation Issues broken down by:

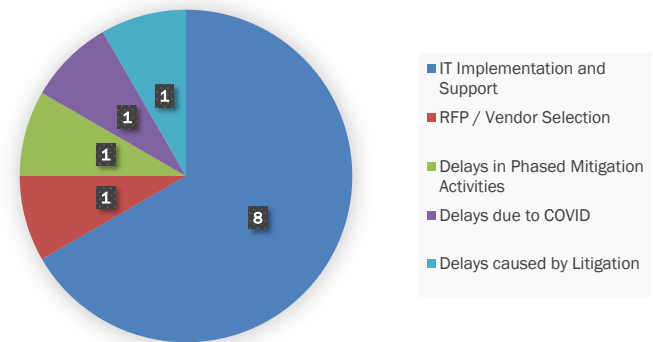
**Control Type** – Compliance, Information Technology, Operational and Reporting.

**Core Business Activity** – Management, Policy & Procedure, Process Improvement and Segregation of Duties



## Open Audit and Investigations Report Issues – Past Due & Issue Watch

Root Cause for Action Plan Delays



Issue Risk	Audit Name	Action Plan	Past Due Date	Action Plan Status Comments
Significant	Municipal Electric Authority of Georgia (MEAG) – Purchase Power Agreement	The Principal Financial Analyst, with assistance from management, will complete the review already in progress, of prior expenditures, including "Owners Costs" and Nuclear Fuel charges, to ascertain that the expenditure is appropriate, approved and allocated in accordance with the PPA and the existing procedures for Vogtle Units 3 & 4 Pre-Commercial Operations. All new charges will be subjected to the same level of review.	12/21/2017	2/24/2021: IA Audit Plan was approved and <u>follow-up audit is planned for FY21.</u>

## Open Audit and Investigations Report Issues – Issue Watch



**Issue Watch Status:** Action Plans are being addressed by Management, but internal or external factors may delay its completion. This could be an early indicator of a “Past Due” issue.

Issue Risk	Audit Name	Action Plan	Current Due Date	Action Plan Status Comments
Major	Meter Services	Phase 1 - Audit existing sewer-flow meters to determine process gaps and potential billing errors. Make corrections. Phase 2 - Update JEA Sewer Meter Requirements / Standards Phase 3 completion date - a) Simplify – This document is overly complicated and not customer friendly b) Limit customer meter options to JEA approved meters that are compatible with current AMI system. c) Determine test requirements / Develop testing program to ensure customer compliance Phase 4 - Review/Update existing Sewer Flow Meter request process.	2/1/2022	4/13/21 - Per previous comments by the Meter Specialist Foreman on 10/26/20, Phase 1 of the sewer flow improvement plan is complete. The 2nd phase (Update Sewer-Flow Meter Requirements / Standards) is on hold (as well as phases 3 & 4) as phase 2 is highly dependent on which <u>2-way AMI system JEA choses to adopt going forward.</u>
Significant	Payroll Services	HR will address this recommendation with one of two solutions: • HR management will continue to control and monitor the list of authorized HR Super-Users through the IDM electronic approval system including regular attestations. Additionally, HR will again request of TS that the HR Super-User profiles be rebuilt to restrict access to only the data elements for which they are responsible. • HR management will request TS to construct an Oracle based exception report that identifies any high risk payroll impacting employee data element (as agreed between HR & Audit) that has been modified by an employee not included in one of the HR controlled Super-User access profiles.	4/30/2021	4/9/2021 - Per Payroll, a hold up in TS has prevented this issue from being closed out. Payroll stated, "TS is not actively working on <u>the access item</u> . It may take some time before this gets addressed."

## Open Audit and Investigations Report Issues – Issue Watch

Issue Risk	Audit Name	Action Plan	Current Due Date	Action Plan Status Comments
Significant	Director, Fleet Operations Support Services (Tire Contract)	Management will require the new vendor provide monthly tire inspections.	5/17/2021	4/12/21 - The last yard checks performed by the vendor was in February 2020. No alternatives have yet been identified as the crews are parking their vehicles in various substations and not in the crew yards due to COVID-19 concerns. <u>The department is still evaluating an alternate plan.</u>
Significant	Director, Security & Emergency Preparedness (Security)	The Firebug software application will be implemented under the upcoming new Fire Extinguisher Inspection and Maintenance contract. This contract is scheduled to be in place by end of this fiscal year with the deployment of the Firebug inspection barcodes deployed during the first year of extinguisher inspections.	6/30/2021	4/13/21 - Per the Director Security & Emergency Preparedness, <u>the IDM upgrade is scheduled to go into production on 7/31/21.</u>
Significant	Director, Security (Information Security Follow-Up)	Management will complete a “health check” on the current IDM to determine if an upgrade or replacement is required. If a replacement is required, a FY20 capital project will be initiated to replace end of life hardware and upgrade the software platform.	7/31/2021	On 4/8/21, the Director Security & Emergency Preparedness, noted there are minor project delays that may impact the current due date of 7/31/21. These are related to <u>access requirements for JEA contractors working on implementation.</u>
Significant	Director, Procurement Services (Procurement Inventory Control)	Phase 1: Meet with planners to determine if Oracle lead times are showing in their forecasting systems (EAM/FMS/DDS) Phase 2: If lead time information is not showing in forecasting system, meet with TS to determine possible solutions to have access to this information without having planners run reports from BI or reach out to PIC.	9/30/2021	4/9/21 - According to the Manager ERP Systems, on 4/9/21, his staff reached out to Oracle on 11/13/2020 to enlist their assistance with getting the lead times to show in Oracle. They reached out to Oracle after in-house efforts to add the lead times to Oracle after their attempts were unsuccessful. Also, this item was placed on issue watch due to <u>difficulties with obtaining expertise from Oracle regarding the JDeveloper portion of Oracle.</u>



## Open Audit and Investigations Report Issues – Issue Watch

Issue Risk	Audit Name	Action Plan	Current Due Date	Action Plan Status Comments
Significant	Capital Purchases vs. Operations & Maintenance (O&M) Purchases	<ul style="list-style-type: none"> <li>Review material transactions from FY17, FY18, and FY19 to identify items purchased with capital funds versus Operating &amp; Maintenance. (12/31/20)</li> <li>Capital funded material would be considered project work. Compare items purchased to see if a list of project material can be developed.</li> <li>Requested a Black belt to assist with this project due to its size and complexity.</li> <li>Phase 1 - Approval by management to start the requested Black Belt project.</li> <li>Phase 2 - If approved, Black Belt project is completed.</li> <li>Meeting with TS to discuss if current system can separate project material from maintenance. Implement using end users funding to purchase materials with assigned item ids. (TS is looking at opportunities in FY20. TS Roadmap provided.)</li> </ul>	9/30/2021	4/09/21 - Per the Manager Procurement Inventory Control, this issue is in Phase 2, where the Black Belt project has been approved by Management. Also, auditor was informed by the manager <u>that the current target completion date did not include the Black Belt timeline.</u>
Significant	Personnel Out Process Follow-Up	<p>Phase I: The three responsible area directors will chair a task force with the purpose of defining the best potential solution including:</p> <ol style="list-style-type: none"> <li>1) Technology solution (how)</li> <li>2) Human solution (who)</li> <li>3) Control solution (sustain)</li> <li>4) Develop estimated cost, resources and timing to implement</li> </ol> <p>Phase II: Task force present recommended solution to SLT seeking funding and resources to complete the project</p>	9/30/2021	4/12/21 - This item was moved to issue watch due to <u>the upgrade to IDM</u> needs to occur before discussions can occur in regards to moving contractors from the Oracle system.

## Open Audit and Investigations Report Issues – Issue Watch

Issue Risk	Director / (Audit Name)	Action Plan	Current Due Date	Action Plan Status Comments
Significant	C2M Project	Management to touch base with CRM group on the implementation of C2M. C2M will offer the possibility to gather the testing information, warranty info, and life expectancy metrics of meter assets. Expected go live date is July 2020.	12/31/2021	4/9/21 - This item is on issue watch due to a <u>lack of a definitive timeline line for the C2M integration</u> .
Significant	Water / Wastewater Reuse & Treatment	<ol style="list-style-type: none"> <li>1. Develop Exception Reports tracking if employees are inspecting JEA assets under their responsibility.</li> <li>2. Develop process for documenting preventative maintenance work.</li> <li>3. Develop a process for identifying and reviewing assets that do not have preventative maintenance schedules.</li> <li>4. Develop goals for completing preventative maintenance inspection of assets.</li> </ol>	9/30/2022	4/8/21 - Per the Technology Project Leader and Project Manager for the Asset360 Mobile app, <u>the goal of MVP is targeted to go live before 9/2022</u> . They are also in initial discussion on a long term plan and he should have more information after some meetings next week that will include transitioning of roles for the project. This item will be placed on issue watch until a long term plan is put in place.
Moderate	Warehouse Management System - Barcoding	<p>Item 1: We are currently working with multiple vendors in our search for a viable warehouse management system as well as a barcoding solution that will improve the overall effectiveness and efficiency of the storeroom. A contract will be executed with the chosen vendor that allows the storeroom the ability to scan inventory into the system upon receipt or upon pickup.</p> <p>Item 2: With the implementation of the barcoding solution, all orders will be scanned out of the warehouse by a storeroom employee and signed for by the requestor thus eliminating the grabbing of others' inventory. Once the barcoding solution is in place, a procedure will be created for this process and documented in Policy Tech.</p>	3/31/2022	3/25/21 - Per the Special Project -SCM: He doesn't believe the entire project team has been identified, the RFP has a mid-May date for submissions. An estimate for completion would be end of March, 2022. <u>This is only an estimate until a vendor/provider has been selected a more detailed timeline can be established.</u>

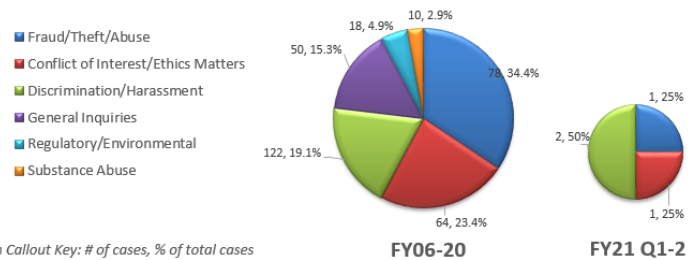


## **Forensic Audit & Investigations (FAI)**

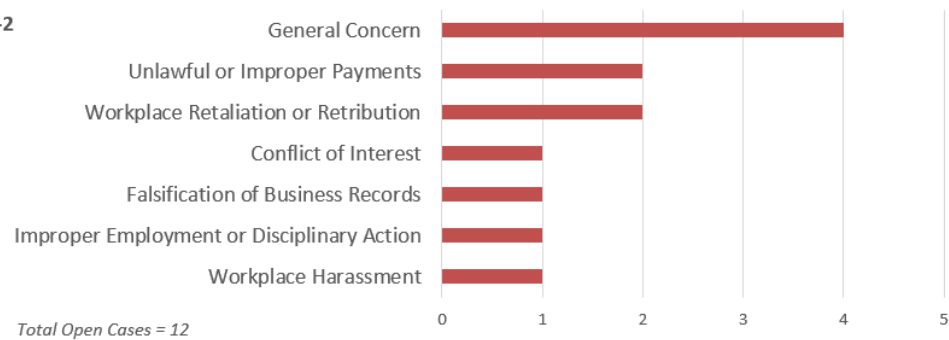
## Investigation Case Statistics – Q2 FY21

### Ethics Hotline Case Allegations

- Top Three FY06-20: Fraud/Theft/Abuse, Conflict of Interest/Ethics Matters, Discrimination/Harassment
- Current trend (FY21) is consistent with past case history (FY06-20)



### Open Cases by Allegation Type



## Investigation Open Action Plans – Q2 FY21

### Deficiencies Reported by OIG Contract Oversight Review re: JEA Invitation to Negotiate (ITN) #127-19 Supply Chain Services Action Plans

#### Update Operational Procedures and/or Creation of Forms:

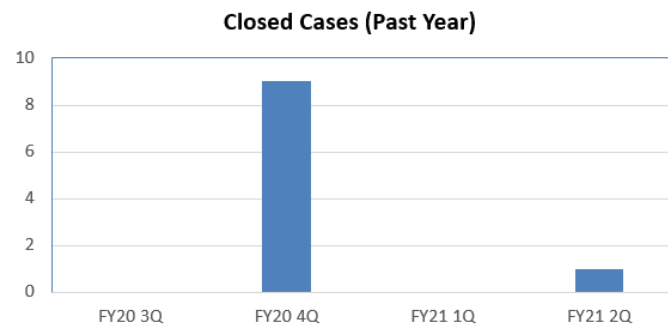
- Evaluation and Negotiation Committee member(s) checklist
  - ◊ Conflict of Interest review
  - ◊ Ex parte communication acknowledgement
  - ◊ Confidentiality of submittals and evaluation training
    - Where to review submittals
    - SME discussions, if needed
    - Discussions on the record
  - ◊ Communication logs for DPRs and Respondents/SME communication with Evaluation and Negotiation Committee Members
- Create a checklist for Procurement Team review for each solicitation process; including review of Convicted Vendors List

#### Create a Process:

- Formally approve policy and procedure documentation
  - ◊ P-Code – Board Approval
  - ◊ Operational Procedure – CPO Approval
- Requirement for dedicated format for bid submittal and correspondence
  - ◊ Zycus Sourcing Software



## Summary of Closed Cases – Q2 FY21



### FY21 2Q Closed Case Allegation and Results

Employee falsified timecards, viewed illicit material via mobile phone

- Allegation was unsubstantiated
- Employee provided false statements during a fact finding meeting
- Resulted in a Written Reprimand, 5% pay reduction

**JEA  
CONSOLIDATED OPERATING BUDGET  
FISCAL YEAR 2022**

	<b>Electric System</b>	<b>Water &amp; Wastewater System</b>	<b>District Energy System</b>	<b>Total</b>
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
<b>FUEL REVENUES:</b>	\$ 368,899,940	\$ -	\$ -	\$ 368,899,940
Total Net Revenues	\$ 368,899,940	\$ -	\$ -	\$ 368,899,940
<b>FUEL EXPENSES:</b>				
Fuel & Purchased Power	\$ 368,899,940	\$ -	\$ -	\$ 368,899,940
<b>FUEL SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -	\$ -
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 785,192,000	\$ 439,929,234	\$ 8,839,543	\$ 1,233,960,777
Environmental Charge Revenue	7,442,000	27,010,000	-	34,452,000
Conservation Charge & Demand Side Revenue	732,000	-	-	732,000
Other Revenues	123,615,440	25,494,531	-	149,109,971
Natural Gas Pass Through Revenue	823,420	-	-	823,420
Total Base Related Revenues	\$ 917,804,860	\$ 492,433,765	\$ 8,839,543	\$ 1,419,078,168
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 255,776,299	\$ 184,882,130	\$ 5,127,990	\$ 445,786,419
Environmental	2,263,500	7,608,200	-	9,871,700
Conservation & Demand-side Management	7,227,800	-	-	7,227,800
Natural Gas Pass Through Expense	918,473	-	-	918,473
Non-Fuel Purchased Power	263,361,133	-	-	263,361,133
Non-Fuel Uncollectibles & PSC Tax	1,391,596	700,409	-	2,092,005
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	\$ 535,938,801	\$ 194,190,739	\$ 5,127,990	\$ 735,257,530
<b>BASE OPERATING INCOME:</b>	\$ 381,866,059	\$ 298,243,026	\$ 3,711,553	\$ 683,820,638
<b>NON-OPERATING REVENUE:</b>				
Investment Income	3,194,911	2,075,631	-	5,270,542
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	47,000,000	-	47,000,000
Total Non Operating Revenues	\$ 3,194,911	\$ 49,075,631	\$ -	\$ 52,270,542
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	109,816,948	67,135,355	3,171,208	180,123,511
Demand-side Management - Rate Stabilization	-395,800	-	-	-395,800
Environmental - Rate Stabilization	-3,821,756	-	-	-3,821,756
Total Non Operating Expenses	\$ 105,599,392	\$ 67,135,355	\$ 3,171,208	\$ 175,905,955
<b>BASE INCOME BEFORE TRANSFERS</b>	\$ 279,461,578	\$ 280,183,302	\$ 540,345	\$ 560,185,225
City Contribution Expense	94,545,651	26,666,722	-	121,212,373
Interlocal Payments	-	21,000,000	-	21,000,000
Renewal and Replacement Fund	65,000,000	25,243,465	426,828	90,670,293
Operating Capital Outlay	116,621,139	149,471,315	113,517	266,205,971
Environmental Capital Outlay	3,294,788	10,801,800	-	14,096,588
Capacity Fees	-	47,000,000	-	47,000,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	\$ 279,461,578	\$ 280,183,302	\$ 540,345	\$ 560,185,225
<b>SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ 1,289,899,711	\$ 541,509,396	\$ 8,839,543	\$ 1,840,248,650
<b>TOTAL APPROPRIATIONS</b>	\$ 1,289,899,711	\$ 541,509,396	\$ 8,839,543	\$ 1,840,248,650
BUDGETED EMPLOYEE POSITIONS	1,527	650	6	2,183
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

**JEA  
CONSOLIDATED CAPITAL BUDGET  
FISCAL YEAR 2022**

	<b>Electric System</b>	<b>Water &amp; Wastewater System</b>	<b>District Energy System</b>	<b>Total</b>
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 65,000,000	\$ 25,243,465	\$ 426,828	\$ 90,670,293
Operating Capital Outlay	116,621,139	149,471,315	113,517	266,205,971
Environmental Capital Outlay	3,294,788	10,801,800	-	14,096,588
Capacity Fees	-	47,000,000	-	47,000,000
Debt Proceeds	-	129,885,420	-	129,885,420
Other Proceeds	55,886,073	-	5,009,944	60,896,017
Total Capital Funds	<u>\$ 240,802,000</u>	<u>\$ 362,402,000</u>	<u>\$ 5,550,289</u>	<u>\$ 608,754,289</u>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 40,010,000	\$ -	\$ -	\$ 40,010,000
Transmission & Distribution Projects	119,503,000	-	-	119,503,000
District Energy Projects	-	-	5,550,289	5,550,289
Water Projects	-	96,792,000	-	96,792,000
Sewer Projects	-	231,120,000	-	231,120,000
Other Projects	81,289,000	34,490,000	-	115,779,000
Total Capital Projects Subtotal	<u>\$ 240,802,000</u>	<u>\$ 362,402,000</u>	<u>\$ 5,550,289</u>	<u>\$ 608,754,289</u>
Capital Reserve	-	-	-	-
Total Capital Projects	<u>\$ 240,802,000</u>	<u>\$ 362,402,000</u>	<u>\$ 5,550,289</u>	<u>\$ 608,754,289</u>

**JEA**  
**Five Year Capital Improvement Program**  
**Fiscal Years 2022-2026**  
(\$000'S Omitted)

<b>Project Title</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>Project Total</b>
Electric System Generation	40,010	42,222	42,704	50,300	174,147	349,383
Electric System Transmission and Distribution	119,503	117,813	99,401	99,809	98,694	535,220
Electric System Other	81,289	50,072	38,799	37,952	35,897	244,009
<b>Total</b>	<b>\$240,802</b>	<b>\$210,107</b>	<b>\$180,904</b>	<b>\$188,061</b>	<b>\$308,738</b>	<b>\$1,128,612</b>
Water Treatment and Distribution	96,792	99,902	106,228	90,603	70,359	463,884
Sewer, Wastewater, and Reclaimed	231,120	279,329	250,575	167,231	114,817	1,043,072
Water Other Capital	34,490	31,267	36,762	30,740	30,503	163,762
<b>Total</b>	<b>\$362,402</b>	<b>\$410,498</b>	<b>\$393,565</b>	<b>\$288,574</b>	<b>\$215,679</b>	<b>\$1,670,718</b>
District Energy System	<b>\$5,550</b>	<b>\$2,724</b>	<b>\$5,674</b>	<b>\$2,931</b>	<b>\$2,550</b>	<b>\$19,429</b>

**JEA  
ST. JOHNS RIVER POWER PARK (SJRPP)  
AND PLANT SCHERER (SCHERER)  
OPERATING AND CAPITAL BUDGET  
FISCAL YEAR 2022**

	<b>SJRPP</b>	<b>SCHERER</b>
<b>OPERATING BUDGET:</b>		
<b>Revenue:</b>		
Operating Revenue from JEA	\$ 22,570,115	\$ 97,365,343
<b>Expenses:</b>		
Fuel and O & M	\$ -	\$ 16,047,727
Transmission	-	1,640,811
Debt Service	20,062,324	77,635,936
Renewal & Replacement	2,507,791	2,040,869
Total Expenses	\$ 22,570,115	\$ 97,365,343
<b>CAPITAL BUDGET :</b>	\$ -	\$ 2,040,869

MWHs Purchased by JEA Electric System

308,616

Notes: all Plant Scherer employees are Georgia Power Co. employees.  
SJRPP was decommissioned as of January 5, 2018.

DRAFT #4 - APRIL 1, 2021



---

**ANNUAL DISCLOSURE REPORT  
FOR  
ELECTRIC UTILITY SYSTEM  
FOR  
FISCAL YEAR  
ENDED  
SEPTEMBER 30, 2020**

---

**(Prepared pursuant to certain  
continuing disclosure undertakings  
relating to the Bonds listed  
in APPENDIX H hereto)**

---

**Filed on EMMA**

---

**Dated as of**

**[\_\_\_\_\_, 2021]**

DRAFT #4 - APRIL 1, 2021

(THIS PAGE INTENTIONALLY LEFT BLANK)

DRAFT #4 - APRIL 1, 2021

**JEA**  
**21 W. CHURCH STREET**  
**JACKSONVILLE, FLORIDA 32202**  
**(904) 665-7410**  
**(<http://www.jea.com>)**

**JEA OFFICIALS**

**BOARD OF DIRECTORS**

Chair  
Vice Chair  
Secretary

John D. Baker II  
Robert L. Stein  
Martha T. Lanahan  
Joseph P. DiSalvo  
Dr. A. Zachary Faison, Jr.  
Dr. Leon L. Haley, Jr.  
Thomas VanOsdol

**LEADERSHIP TEAM<sup>1</sup>**

Managing Director and Chief Executive Officer  
Chief Operating Officer  
Chief Customer Officer  
Chief Human Resources Officer  
Chief Financial Officer  
Chief Administrative Officer  
Chief External Affairs Officer  
Chief Strategy Officer

Joseph C. Stowe III  
*Vacant<sup>2</sup>*  
Sheila E. Pressley  
L. David Emanuel  
*Vacant<sup>2</sup>*  
Jody L. Brooks  
*Vacant<sup>2</sup>*  
Laura M. Dutton

**EXTENDED LEADERSHIP TEAM<sup>1</sup>**

Vice President, Electric Systems  
Vice President, Water/Wastewater Systems  
Interim Vice President, Financial Services and Treasurer  
Vice President, Supply Chain/Operations Support  
Interim Vice President, Chief Information Officer  
Chief Legal Counsel  
Vice President, Government Relations  
Vice President, Environmental Services  
Vice President, Economic Development

Ricky D. Erixton  
Hai X. Vu  
Joseph E. Orfano  
Alan D. McElroy  
Stephen H. Datz  
*Vacant<sup>2</sup>*  
Kurtis R. Wilson  
O. Wayne Young  
*Vacant<sup>2</sup>*

**GENERAL COUNSEL**

Jason R. Gabriel, Esq.  
General Counsel of the City of Jacksonville  
Jacksonville, Florida

---

<sup>1</sup> Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

<sup>2</sup> JEA currently plans to complete its vacant position searches by July 30, 2021.

DRAFT #4 - APRIL 1, 2021

(THIS PAGE INTENTIONALLY LEFT BLANK)

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
General .....	1
Miscellaneous; Forward-Looking Statements .....	2
JEA Establishment and Organization .....	3
Management and Employees .....	5
Management .....	5
Employees .....	10
Pension .....	10
Certain Demographic Information .....	13
Indebtedness of JEA .....	15
Strategic Planning .....	16
Previously Proposed Privatization of JEA .....	16
ELECTRIC UTILITY SYSTEM .....	17
ELECTRIC UTILITY FUNCTIONS .....	17
General .....	17
Electric System .....	18
Power and Energy Resources .....	18
Electric System Generating Facilities .....	19
Fuel Mix .....	20
Fuel Contracts .....	21
Natural Gas Sales .....	23
Power Purchase Contracts .....	23
Overview .....	23
Financing and In-Service Costs .....	24
Construction Arrangements for the Additional Vogtle Units .....	26
Litigation and Regulatory Proceedings .....	27
Other Renewable Sources .....	29
Participation in The Energy Authority .....	31
Mutual Aid Alliance .....	32
Interconnections .....	32
Power Sales and Transmission Contracts .....	33
Transmission and Distribution System .....	33
Area Served .....	35
Customers and Sales .....	35
Largest Customers .....	36
Customer Billing Procedures .....	36
Rates .....	36
Regulation .....	39
Capital Program .....	40
St. Johns River Power Park .....	40
General Description .....	40
Ownership .....	41
Early Termination of Power Park Joint Ownership Agreement .....	41
Management .....	42
Operation .....	42
Transmission Arrangements .....	42

## TABLE OF CONTENTS

Fuel Supply and Transportation.....	43
Capital Program .....	43
Scherer 4.....	43
General Description .....	43
Ownership .....	43
Retirement of Scherer Unit 4 .....	44
Operation .....	44
Transmission Arrangements .....	44
Fuel Supply .....	45
Capital Program .....	45
Resource Requirements .....	46
Capacity .....	46
Option to Purchase Interest in Lee Nuclear Station .....	47
System Load .....	48
Environmental Matters .....	49
Global Climate Change.....	50
National Ambient Air Quality Standards.....	53
MATS .....	54
National Emissions Standard for Hazardous Air Pollutants ("NESHAP") for Combustion	
Turbines .....	55
CCRs.....	55
Cross-State Air Pollution Rule and Clean Air Interstate Rule .....	56
Regional Haze.....	56
Water.....	57
Effluent Limitation Guidelines .....	57
Other Environmental.....	58
Certain Factors Affecting the Electric Utility Industry .....	58
General.....	58
COVID-19 Pandemic.....	59
Future Legislation .....	60
Retail Competition.....	60
FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS .....	61
Debt Relating to Electric Utility Functions.....	61
Electric System Bonds .....	61
Proposed Amendments to the Electric System Resolution.....	63
Subordinated Electric System Bonds.....	63
Power Park Issue Three Bonds .....	64
Bulk Power Supply System Bonds .....	65
Electric System Contract Debts .....	66
Schedules of Debt Service Coverage .....	67
Management's Discussion of Electric System Operations - JEA Electric System Schedules of Debt	
Service Coverage.....	69
Liquidity Resources.....	71
APPLICATION OF ELECTRIC SYSTEM REVENUES .....	71
OTHER FINANCIAL INFORMATION.....	73
General .....	73
Transfers to the City .....	74
Effect of JEA Credit Rating Changes.....	76
General.....	76

## TABLE OF CONTENTS

Liquidity Support for JEA's Variable Rate Bonds .....	76
Interest Rate Swap Transactions .....	76
Debt Management Policy .....	78
Investment Policies .....	80
Revolving Credit Facility .....	81
Loans Among Utility Systems .....	82
No Default Certificates.....	82
 LITIGATION.....	 82
LITIGATION AND OTHER MATTERS.....	<b>Error! Bookmark not defined.</b>
General .....	82
Other Matters.....	83
 AUTHORIZATION.....	 83
 SCHEDULE 1 - Operating Highlights	S-1
APPENDIX A - JEA Financial Information	A-1
APPENDIX B - Summary of Certain Provisions of the Electric System Resolution	B-1
APPENDIX C - Summary of Certain Provisions of the Subordinated Electric System Resolution	C-1
APPENDIX D - Summary of Certain Provisions of the Second Power Park Resolution	D-1
APPENDIX E - Summary of Certain Provisions of the Restated and Amended Bulk Power Supply System Resolution	E-1
APPENDIX F - Summary of Certain Provisions of the Power Park Joint Ownership Agreement	F-1
APPENDIX G - Summary of Certain Provisions of Agreements Relating to Scherer Unit 4	G-1
APPENDIX H - Electric System Bonds Subject to JEA's Continuing Disclosure Undertakings	H-1

DRAFT #4 - APRIL 1, 2021

(THIS PAGE INTENTIONALLY LEFT BLANK)

DRAFT #4 - APRIL 1, 2021



**ANNUAL DISCLOSURE REPORT  
FOR  
ELECTRIC UTILITY SYSTEM  
FOR  
FISCAL YEAR  
ENDED  
SEPTEMBER 30, 2020**

**INTRODUCTION**

**General**

This Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2020 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX H attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2020, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System, and District Energy System is owned and operated by JEA separately. For information relating to JEA's Water and Sewer System and District Energy System, see the Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2020 (the "Water and Sewer/DES ADR"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and revenues of the Electric System are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

For purposes of this Annual Disclosure Report, the Electric System, JEA's interest in the St. Johns River Power Park Units 1 and 2 (such generating station, the "Power Park" or "SJRPP") and the Scherer 4 Project (hereinafter defined) are referred to collectively as JEA's "Electric Utility Functions." SJRPP ceased commercial operation on January 5, 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein. This Annual Disclosure Report contains information regarding JEA's Electric Utility Functions. For financing purposes, the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by JEA from the sale of electricity and related services (including, in

## DRAFT #4 - APRIL 1, 2021

the case of certain debt of JEA relating to the Power Park referred to herein as the Power Park Issue Two Bonds, revenues received by JEA from the sale of a portion of JEA's capacity (and associated energy) of the Power Park to Florida Power & Light Company ("FPL"). **Accordingly, the information contained herein relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, and certain proposed amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of such resolutions are available on the JEA website at [https://www.jea.com/About/Investor\\_Relations/Bonds.aspx](https://www.jea.com/About/Investor_Relations/Bonds.aspx) and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

#### **Miscellaneous; Forward-Looking Statements**

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are

**DRAFT #4 - APRIL 1, 2021**

preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise.

**JEA Establishment and Organization**

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. The Charter assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**DRAFT #4 - APRIL 1, 2021**

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<b><u>MEMBER</u></b>	<b><u>OCCUPATION</u></b>	<b><u>TERM<sup>(1)</sup></u></b>
John D. Baker II, Chair	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, Vice Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Secretary	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Joseph P. DiSalvo	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022
Dr. Leon L. Haley, Jr.	CEO, UF Health Jacksonville	April 16, 2020 – February 28, 2024
Thomas VanOsdol	President and CEO, Ascension Florida	April 16, 2020 – February 28, 2023

<sup>(1)</sup> At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the current members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act.

**DRAFT #4 - APRIL 1, 2021**

JEA may develop other separate bulk power supply systems in connection with future generation and/or transmission projects. JEA has launched several initiatives to provide revenue diversity. Included in these initiatives are natural gas sales to commercial and industrial customers (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Natural Gas Sales*" herein), forestry management of JEA owned conservation lands, leasing of dark fiber and space on communication towers, transmission and distribution poles and partnering with the North Florida Transportation Planning Organization to encourage electrification.

**Management and Employees**

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, directors, managers, executive assistants and other appointed staff, numbering approximately 396 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

***Management***

JEA's senior level management has experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Vice President, Chief Information Officer; Chief Legal Counsel; Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development. The Vice President, Financial Services and Vice President, Chief Information Officer positions are currently filled on an interim basis.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems will report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Vice President, Chief Information Officer will report to the Chief Financial Officer. The Chief Legal Counsel will report to the Chief Administrative Officer; and the Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development will report to the Chief External Affairs Officer. The Vice President, Electric Systems; Vice President, Water/Wastewater Systems; the Interim Vice President, Financial Services; Vice President, Supply Chain and Operations Support; and Interim Chief Information Officer will report to the Managing Director and Chief Executive Officer until the vacant positions of Chief Operating Officer and Chief Financial Officer are filled.

The Leadership Team positions of Chief Operating Officer, Chief Financial Officer, and Chief External Affairs Officer are currently vacant. In addition, the Extended Leadership positions of Chief Legal Counsel and Vice President, Economic Development are currently vacant. JEA currently plans to complete its vacant position searches by July 30, 2021.

DRAFT #4 - APRIL 1, 2021

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

***Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer.*** Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

***Sheila E. Pressley, Chief Customer Officer.*** Ms. Pressley was named JEA's Interim Chief Customer Officer in November 2020. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

DRAFT #4 - APRIL 1, 2021

***L. David Emanuel, Chief Human Resources Officer.*** Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce, and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

***Jody L. Brooks, Chief Administrative Officer.*** Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.  
**[BIOGRAPHICAL SKETCH TO BE REVIEWED]**

***Laura M. Dutton, Chief Strategy Officer.*** Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for more than 17 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and

DRAFT #4 - APRIL 1, 2021

Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee

The following is information regarding the Extended Leadership Team.

***Ricky D. Erixton, Vice President, Electric Systems.*** Mr. Erixton began his career as a co-op student at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30-year career at JEA, Mr. Erixton has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director of Transmission and Distribution where he was responsible for the maintenance of the entire Electric System from the generation resources to the customer.

Mr. Erixton holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

***Hai X. Vu, Vice President, Water/Wastewater Systems.*** Mr. Vu has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Mr. Vu worked as a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Mr. Vu has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

***Joseph E. Orfano, Interim Vice President, Financial Services and Treasurer.*** Mr. Orfano has served as Interim Vice President, Financial Services, of JEA since February 2021 and as Treasurer beginning in December 2013. He also served as Interim Chief Financial Officer from December 2019 through June 2020. He is responsible for overseeing all financial affairs for the utility including financial reporting, treasury, rates, financial planning, budgeting and insurance. Mr. Orfano currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to joining JEA, Mr. Orfano was Director of Treasury at a mining company located in Scottsdale, Arizona. Before that, he held a variety of treasury management positions over the course of more than 20 years in a number of large diversified electric utility companies including NV Energy, Inc., SCANA Corporation and Florida Progress Corporation. Early in his career, Mr. Orfano gained experience in corporate banking in Florida and Pennsylvania. He holds a B.B.A. in Finance from the University of Notre Dame.

***Alan D. McElroy, Vice President, Supply Chain/Operations Support.*** Mr. McElroy joined JEA in 2014 as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Mr. McElroy joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Mr. McElroy led the combined Fleet Services and Meter Operations team.

DRAFT #4 - APRIL 1, 2021

Mr. McElroy earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

***Stephen H. Datz, Interim Vice President, Chief Information Officer.*** Mr. Datz has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the St. Johns River Power Park, included responsibilities for supporting a global network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Mr. Datz received his Bachelor of Science in Information Systems from the University of North Florida.

***Kurtis R. Wilson, Vice President, Government Relations.*** Mr. Wilson joined JEA in March 2020 on an interim basis to lead its Office of Government Affairs, which is responsible for fostering relationships with federal, state and local partners and legislative bodies that impact JEA.

Prior to joining JEA, Mr. Wilson served 25 years with the Jacksonville Fire & Rescue Department, moving through the ranks from firefighter to Director/Fire Chief. It is there that his government affairs responsibilities began in 2011, when he was appointed to Division Chief of Administrative Services. Following that, he was appointed to Division Chief of Fire Prevention in 2012, Division Chief of Operations in 2013, and ultimately Chief of the Department in 2015. In that role he worked with most city agencies, department heads and local elected officials to help solve problems they faced in the realm of public safety. His responsibilities included managing 1,600 personnel, all budget and legislative affairs, delivering state-of-the-art fire-rescue services to Duval County residents, and managing responses to large-scale events such as hurricanes Matthew and Irma, industrial accidents and multi-alarm structure fires.

Mr. Wilson earned a Bachelor of Science in Public Administration from Flagler College and holds numerous certifications in Incident Command System, Hazardous Materials, and Urban Search and Rescue.

***O. Wayne Young, Vice President Environmental Services.*** Mr. Young is a Jacksonville native. His 15 years at JEA were preceded by a highly decorated military career. During his career at JEA, Mr. Young has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He currently serves in the position of Vice President Environmental Services.

Mr. Young's military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships - AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy's Surface Warfare Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

Mr. Young holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

## DRAFT #4 - APRIL 1, 2021

*Employees*

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2020, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,527 were budgeted to the Electric System, 625 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,530 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022.

*Pension*

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2019 for the City's GEPP (the "2019 Actuarial Valuation Report") are available for viewing and downloading from the City's website link: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2018 Valuation or the October 1, 2019 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed \$40,179,000, \$43,156,000, \$48,942,000, \$35,459,523 and \$33,855,607 to the GEPP. JEA's minimum required contribution to the GEPP for the Fiscal Year ending September 30, 2020 was \$37,592,034.

**[Preparation of the Actuarial Valuation and Review as of October 1, 2020 for the City's GEPP has not been completed as of the date of this Annual Disclosure Report. The following discussion is based on the 2019 Actuarial Valuation Report and the 2018 Actuarial Valuation Report, the latest two reports available.]**

## DRAFT #4 - APRIL 1, 2021

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2017 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,175,135,210, which represented an increase of \$93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of \$1,081,313,441. JEA was informed by the City that the actuary for the GEPP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for Fiscal Year 2018) of the aggregate amount of \$1,278,140,150 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of \$565,792,869 (an increase of \$42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of \$1,175,135,210. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits 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 SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2020, and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRPP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated 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. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRPP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of years of service. Members with at least 10 years of service on the plant

## DRAFT #4 - APRIL 1, 2021

closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

The number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRPP. One consequence to JEA of the closure of the Power Park plant is that the annual required contribution to the SJRPP Plan is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRPP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return is 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017. **[The SJRPP Plan Actuarial Valuation as of October 1, 2020 has been completed as of the date of this Annual Disclosure Report, but will not be deemed final until approved by the SJRPP Pension Committee. The actuarial information in the following discussion is based on the Actuarial Valuations as of October 1, 2019, 2018 and 2017, respectively.]**

As of October 1, 2019, the SJRPP Plan's actuarial value of assets was \$149,807,117, the actuarial accrued liability entry-age normal was \$169,806,566, the unfunded actuarial accrued liability was \$887,024, the funded ratio was 88.2 percent, the covered payroll was \$452,525 and the unfunded actuarial accrued liability as a percentage of covered payroll was 196.0 percent. As of October 1, 2018, the SJRPP Plan's actuarial value of assets was \$150,969,730, the actuarial accrued liability entry-age normal was \$174,666,326, the unfunded actuarial accrued liability was \$4,001,546, the funded ratio was 86.4 percent, the covered payroll was \$443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent. As of October 1, 2017, the SJRPP Plan's actuarial value of assets was \$152,797,764, the actuarial accrued liability entry-age normal was \$169,320,985, the unfunded actuarial accrued liability was \$16,523,221, the funded ratio was 90.2 percent, the covered payroll was \$11,988,122 and the unfunded actuarial accrued liability as a percentage of covered payroll was 137.8 percent.

In the current fiscal year, JEA intends to manage the SJRPP plan to maintain a funded ratio consistent with fiscal years 2016-2019. JEA made \$26,408,861 in contributions during the Fiscal Year ended September 30, 2018, satisfying its required employer contribution of \$8,422,270 for the Fiscal Year ended September 30, 2019. Excess contributions were set aside to create a reserve credit balance that can be used to pay future contributions. JEA made no additional contributions during the Fiscal Year ended September 30, 2019, and \$12,205,496 of excess contributions remained as of September 30, 2019. That amount, adjusted for projected interest earnings, will offset \$12,585,746 of the required employer contribution of \$17,167,965 for the Fiscal Year ended September 30, 2020, leaving JEA's required employer contribution for the Fiscal Year Ended September 30, 2020 of \$4,582,219. JEA's required employer contribution for the Fiscal Year ended September 30, 2021 is \$3,901,061 and will need to be made in full from JEA's resources. The decrease in the required total employer contribution to \$3,901,061 for the Fiscal Year Ended September 30, 2021 resulted from a combination of the Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and a statutorily-required change in the plan's mortality assumption to be the same as that used by the Florida Retirement System as updated in its July 1, 2019 valuation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

## DRAFT #4 - APRIL 1, 2021

Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

See Note 12, Note 13 and pages 106-113 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

### Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,559,514 as of July 1, 2019. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

<u>Population</u>	
<u>Year</u>	<u>Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 <sup>(1)</sup>	1,122,750
2010	1,345,596
2019	1,559,514

Source: United States Census Bureau

<sup>(1)</sup> Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years 2010 through 2019.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	704,090	646,370	8.2	8.5	8.1
2013	709,351	659,773	7.0	7.2	7.4
2014	715,253	670,631	6.2	6.3	6.2
2015	718,820	680,220	5.4	5.5	5.3
2016	735,105	701,068	4.6	4.8	4.9
2017	759,045	728,247	4.1	4.2	4.4
2018	770,771	743,987	3.5	3.6	3.9
2019	785,189	760,810	3.1	3.1	3.7

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the 12 months ended December 2020.

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Trade, Transportation and Utilities	150,300	21.4
Education and Health Services	111,200	15.8
Professional and Business Services	109,300	15.5
Government	77,700	11.0
Leisure and Hospitality	75,000	10.7
Finance	67,500	9.6
Construction	45,700	6.5
Other Services <sup>(1)</sup>	34,700	4.9
Manufacturing	<u>32,300</u>	<u>4.6</u>
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	<u>703,700</u>	<u>100.0</u>

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

<sup>(1)</sup> Consists of other services, information and natural resources and mining.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,650
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,380
Amazon	E-commerce Fulfillment	4,300
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900

Source: Jacksonville Regional Chamber of Commerce Research Department.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 <sup>(1)</sup>
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,639 <sup>(2)</sup>
St. Johns County School District	Public Education	5,298 <sup>(3)</sup>
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	4,200
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

<sup>(1)</sup> Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

<sup>(2)</sup> City of Jacksonville Annual Budget 2020-21

(<https://www.coj.net/departments/finance/docs/budget/fy20-21-annual-budget-approved.aspx>).

<sup>(3)</sup> St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

## Indebtedness of JEA

The indebtedness of JEA relating to its Electric Utility Functions as of the date of this Annual Disclosure Report consists of Electric System Bonds, Subordinated Electric System Bonds, Power Park Issue Three Bonds, Bulk Power Supply System Bonds and borrowings outstanding under the Revolving Credit Facility (as defined herein) for the account of the Electric System. All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*." See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, the information contained in this Annual Disclosure Report relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer

## DRAFT #4 - APRIL 1, 2021

System Bonds (as described in the Water and Sewer System/DES ADR), the Subordinated Water and Sewer System Bonds (as described in the Water and Sewer/DES ADR) or the District Energy System Bonds (as described in the Water and Sewer/DES ADR) and should not be taken into account in evaluating such debt.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2020, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

### **Strategic Planning**

JEA has been actively engaged in strategic planning. As part of its planning process, JEA considered various options with respect to its business which included potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA previously increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. In February 2019, JEA retired \$100,090,000 of Electric System debt, in October 2019, JEA retired an additional \$48,070,000 of Electric System debt, and in March 2021, JEA retired an additional \$104,390,000 of Electric System debt as part of this effort. Future redemptions or defeasance of Electric System debt are subject to availability of funds and JEA Board approval. In addition to the STAR Plan, JEA is also evaluating changes to its cost and rate structures.

### **Previously Proposed Privatization of JEA**

In 2018 and 2019, the Council and the JEA Board took several actions to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related to a potential sale of JEA. In December 2019, after significant community opposition to the sale of JEA continued to surface, the JEA Board voted unanimously to discontinue all previously approved actions relating to the potential privatization of JEA. It later became publicly known that a federal grand jury had begun investigating certain aspects of the proposed privatization of JEA. That investigation is ongoing. See "LITIGATION - *LITIGATION AND OTHER MATTERS* - Other Matters" herein.

On February 4, 2020, the president of the Council convened the Special Investigatory Committee on JEA Matters comprised of five members of the Council (the "Investigatory Committee") to investigate the pursuit to potentially privatize JEA and determine what problems could be prevented in the future through legislative action. The Investigatory Committee met regularly and held its final meeting December 7, 2020. It released its final report on January 4, 2021 in which it made recommendations for future Council consideration in the areas of procurement, Council investigatory authority, compensation programs and ethics and transparency.

Other legislation concerning JEA may be proposed by the Council from time to time. JEA cannot predict whether such legislative proposals will be approved by Council or the outcome of such legislation proposals. Although it has not adopted a resolution to that effect, the current JEA Board has publicly stated that JEA is not for sale and that it is JEA's intent to remain a municipally-owned, independent authority of the City.

DRAFT #4 - APRIL 1, 2021

## ELECTRIC UTILITY SYSTEM

### ***ELECTRIC UTILITY FUNCTIONS***

#### **General**

In 2019, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year Ended September 30, 2020, the Electric System served an average of 485,000 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein, prior to the cessation of operations of the Power Park on January 5, 2018, JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA's total energy sales in the Fiscal Year ended September 30, 2020, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.2 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2020, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage" herein)), were approximately \$1,250,805,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, five dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two gas-fired CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed net capacity of the Electric System's generating units is 2,771 megawatts ("MW"), net, summer and 2,936 MW, net, winter. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*" herein.

Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State. The Power Park and the Scherer 4 Project each have been developed as a separate bulk power supply system under the Bulk Power Act and, as such, are not included in the Electric System.

The Power Park was a coal- and petcoke-fired steam electric generating station formerly rated at 1,276 MW, net, located in the northeast section of the City. The Power Park assets are jointly owned by JEA and FPL; JEA's ownership interest in the Power Park assets is 80 percent. In May 2017, JEA entered into an agreement with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the plant to occur thereafter. The termination agreement ends the obligation of the 37.5 percent sales of JEA's 80 percent to FPL. The

## DRAFT #4 - APRIL 1, 2021

costs of decommissioning will be split between JEA 80 percent and FPL 20 percent. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant ("Scherer Unit 4"), a coal-fired steam electric generating unit currently rated at 846 MW, net, located near Forsyth, Georgia and a proportionate ownership interest in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). The Scherer 4 Project entitles JEA to 200 MW, net, of the capacity of Scherer Unit 4. The Electric System is entitled to the capacity of the Scherer 4 Project and is required to pay for such capacity on a "take-or-pay" basis by making deposits into certain funds and accounts established pursuant to the Restated and Amended Bulk Power Supply System Resolution. JEA and FPL have entered into a cooperation agreement for the closure of Scherer Unit 4 on or before January 1, 2022. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

JEA is permitted under the resolution of JEA adopted on March 30, 1982, authorizing JEA's Electric System Revenue Bonds (as heretofore amended, restated and supplemented, the "Electric System Resolution") to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the cost of separate electric generating utilities as separate systems. The Power Park and the Scherer 4 Project constitute the only two such separate systems undertaken by JEA as of the date of this Annual Disclosure Report.

Pursuant to the Electric System Resolution, JEA's obligation to make payments from the Electric System with respect to the Power Park is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Additionally, all costs of operating and maintaining the Scherer 4 Project are Contract Debts of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Electric System Contract Debts*" herein.

JEA currently has no ownership interest in any nuclear power plant; however, it does have a purchase power agreement with Municipal Electric Authority of Georgia ("MEAG Power") for electric energy to be produced from two under construction nuclear generating units. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein. JEA also has an option to purchase an ownership interest in a to-be-constructed nuclear power plant (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Option to Purchase Interest in Lee Nuclear Station*" herein) although plans to build such plant have been suspended.

## **Electric System**

### ***Power and Energy Resources***

Electric power and energy sold by JEA to its customers is provided from the following sources: JEA's interest in Scherer Unit 4 (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4" herein); the generating facilities owned by JEA as part of the Electric System (see subsection "*Electric System Generating Facilities*" below in this section); and various power purchase arrangements (see subsection "*Power Purchase Contracts*" below in this section). JEA's interests in the Scherer Unit 4, the generating facilities of the Electric System and JEA's various firm purchase power arrangements are committed and dispatched on an economic basis as necessary to serve JEA's load. In

DRAFT #4 - APRIL 1, 2021

addition, economy energy is purchased for JEA, by the joint power marketing alliance described below, from time to time when such energy is available at a lower cost than energy produced from JEA's generating facilities. See subsection "*Participation in The Energy Authority*" below in this section.

***Electric System Generating Facilities***

The generating facilities of the Electric System are located at four plant sites - the J. Dillon Kennedy Generating Station ("Kennedy"), the Northside Generating Station ("Northside"), the Brandy Branch Generating Station ("Brandy Branch") and the Greenland Energy Center ("GEC"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Capacity*" herein.

JEA's Northside Unit 3, a steam unit, presently burns residual fuel oil and natural gas, while four CTs at Northside burn diesel. The Kennedy CTs 7 and 8, Brandy Branch CTs 1, 2 and 3 and GEC CTs 1 and 2 burn natural gas as the primary fuel. The Kennedy CTs 7 and 8, Brandy Branch CT 1 and GEC CTs 1 and 2 are dual-fueled with diesel as backup and the GEC CT units are also capable of having diesel as backup. Brandy Branch STM 4 is a steam turbine generator that is part of a combined cycle unit that uses waste heat from Brandy Branch CTs 2 and 3. In addition, natural gas is used at times to supplement the solid fuel in Northside Units 1 and 2. Northside Units 1 and 2 burn petcoke, coal and natural gas. Northside Unit 3 was originally scheduled to be placed into reserve storage on April 1, 2016, approximately three years ahead of the unit's scheduled retirement. Due to the early retirement of Power Park, Northside Unit 3 is expected to continue in operation at least through the current planning period which ends with the Fiscal Year ending September 30, 2025.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

The pertinent statistics concerning the generating facilities of the Electric System as of the date of this Annual Disclosure Report are as follows:

<u>Station</u>	<u>Unit</u>	<u>Type<sup>(1)</sup></u>	<u>First Placed in Service</u>	<u>Fuel<sup>(2)</sup></u>	<u>Installed Net Capacity (MW)<sup>(5)</sup></u>	
					<u>Summer</u>	<u>Winter</u>
Kennedy	7 <sup>(3)</sup>	CT	6/00	G/LO	179	191
	8 <sup>(3)</sup>	CT	6/09	G/LO	<u>179</u>	<u>191</u>
					<u>357</u>	<u>382</u>
Northside	1	ST	5/03 <sup>(4)</sup>	Petcoke/Coal/G	293	293
	2	ST	4/03 <sup>(4)</sup>	Petcoke/Coal/G	293	293
	3	ST	7/77	G/HO	524	524
	3	CT	2/75	LO	50	62
	4	CT	1/75	LO	50	62
	5	CT	12/74	LO	50	62
	6	CT	12/74	LO	<u>50</u>	<u>62</u>
					<u>1,310</u>	<u>1,356</u>
Brandy Branch	1 <sup>(3)</sup>	CT	5/01	G/LO	179	191
	2	CT	5/01	G	190	212
	3	CT	10/01	G	190	212
	STM 4	ST	1/05	WH	<u>188</u>	<u>200</u>
					<u>746</u>	<u>814</u>
GEC	1 <sup>(3)</sup>	CT	6/11	G/LO	179	191
	2 <sup>(3)</sup>	CT	6/11	G/LO	<u>179</u>	<u>191</u>
					<u>357</u>	<u>382</u>
System Total					<u>2,771</u>	<u>2,936</u>

(1) CT - Combustion Turbine

ST - Steam Turbine

IC - Internal Combustion Engine

(2) G - Natural Gas

LO - Light Oil (diesel)

HO - Heavy Oil (residual fuel oil)

WH - Waste Heat

(3) Net capacity is based on diesel.

(4) Northside Unit 1 was originally placed in service in November 1966, and Northside Unit 2 was originally placed in service in March 1972. Both units have been re-powered with CFB boilers, and their turbine generators and other ancillary equipment have been refurbished. The dates indicated in the table are the respective dates on which each was released for normal dispatch operation. Northside Units 1 and 2 each have gross capacities of 310 MW.

(5) Numbers may not add due to rounding.

### ***Fuel Mix***

JEA believes in a fuel diversification strategy with a growing emphasis on renewable energy that improves its competitive position in the electric services industry. JEA has the ability to use natural gas as the primary fuel source with diesel as backup for generation in GEC CT1 and CT2, Kennedy CT7 and CT8, and Brandy Branch Unit 1. The exhaust heat from Brandy Branch Units 2 and 3 is utilized in Brandy Branch STM 4. This combined cycle configuration provides additional energy without additional fuel consumption. Northside Unit 3 uses natural gas as a fuel source for generation with residual fuel oil as backup. JEA's 1970's vintage CTs provide less than one percent of JEA's total energy requirements and are powered by diesel.

## DRAFT #4 - APRIL 1, 2021

JEA uses circulating fluidized bed technology in Northside Units 1 and 2. This technology allows JEA to use a blend of bituminous coal, petroleum coke and natural gas in these units. Until retirement at the end of calendar year 2021, solid fuel-based capacity and energy is provided by Scherer Unit 4 of which JEA owns 23.64 percent or 200MW net. Scherer Unit 4 burns sub-bituminous coal from the Powder River Basin. Scherer Unit 4 will be replaced by a Purchase Power Agreement with FPL that will provide 200MW of natural gas combined cycle power. Prior to its retirement in January 5, 2018, JEA also utilized the Power Park to produce electricity from solid fuel. JEA adjusts its use of solid fuel-based generation depending on its cost relative to competing resources, such as natural gas.

The following table sets forth JEA's fuel mix for the Fiscal Years ended September 30, 2016 through 2020 and JEA's projected fuel mix for the Fiscal Years ending September 30, 2021 through 2025. The information in the following table does not take into account the energy sold to FPL pursuant to the FPL-Power Park Sale. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein.

PERCENT FUEL MIX<sup>(1)</sup>

<b>Fiscal Year Ending September 30,</b>	<b>Oil</b>	<b>Gas</b>	<b>Power Park (Coal)<sup>(2)</sup></b>	<b>Northside (Coal/ Petcoke)<sup>(3)</sup></b>	<b>Scherer Unit 4 (Coal)</b>	<b>MEAG Vogtle 3 &amp; 4 Nuclear Purchase</b>	<b>Economy Purchases From Other Sources</b>	<b>Scherer Purchase Power Agreement<sup>(4)</sup></b>	<b>Total MWh Sales<sup>(5)</sup></b>
<b>Actual</b>									
2016	0.1	36.4	16.2	26.8	8.1	0.0	12.2	0.0	12,730,288
2017	0.0	44.0	20.2	11.6	11.0	0.0	13.2	0.0	12,200,770
2018	0.3	48.9	4.2	19.3	8.7	0.0	18.5	0.0	12,399,769
2019	0.0	48.7	0.0	14.9	10.7	0.0	25.7	0.0	12,465,958
2020	0.0	62.8	0.0	18.4	5.3	0.0	13.4	0.0	12,202,973
<b>Projected<sup>(6)</sup></b>									
2021	0.1	58.1	0.0	20.0	9.4	0.0	12.3	0.0	12,431,220
2022	0.1	50.2	0.0	26.5	2.0	6.2	7.7	7.3	12,111,330
2023	0.0	47.0	0.0	22.7	0.0	12.7	9.0	8.6	12,066,153
2024	0.0	47.7	0.0	22.5	0.0	12.8	8.9	8.0	12,065,024
2025	0.0	47.4	0.0	22.4	0.0	13.3	8.9	8.1	12,065,024

<sup>(1)</sup> Percentages may not add to 100 percent due to rounding.

<sup>(2)</sup> Commercial operations at the Power Park ceased in January 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein.

<sup>(3)</sup> The projected fuel mix for Northside Units 1 and 2 is a range of 46 to 54 percent petcoke, 36 to 44 percent coal and 10 percent natural gas.

<sup>(4)</sup> The Scherer Purchase Power Agreement replaces Scherer Unit 4 with 200MW of natural gas combined cycle power on January 1, 2022.

<sup>(5)</sup> Actual megawatt-hour ("MWh") sales include non-firm off-system sales, which totaled 169,037 MWh in the Fiscal Year ended September 30, 2016, 150,635 MWh in the Fiscal Year ended September 30, 2017, 35,429 MWh in the Fiscal Year ended September 30, 2018, 99,563 MWh in the Fiscal Year ended September 30, 2019, and 18,412 MWh in the Fiscal Year ended September 30, 2020. Projections include aggregate non-firm off-system sales of 365,391 MWh during the Fiscal Years ending September 30, 2021 through 2025.

<sup>(6)</sup> The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

**Fuel Contracts**

JEA has solid fuel storage at Northside for a maximum of approximately 25 days of operating inventory. JEA purchases spot volumes to supply the fuel needs of Northside Units 1 and 2, which operate

## DRAFT #4 - APRIL 1, 2021

on a blend of petcoke, coal, and natural gas. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2020, JEA purchased approximately 93 percent of its petcoke requirements from TCP Petcoke Corporation and approximately 7 percent from Tricon International LDC. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2020, JEA purchased approximately 65 percent of its coal requirements from Interocean Coal Sales, approximately 18 percent from SUEK AG and approximately 17 percent from Coal Market Company. JEA has purchase commitments for all of the expected coal requirements for JEA's ownership share of Scherer Unit 4 in 2021. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights for the majority of its solid fuel supply.

JEA maintains diesel inventory at Brandy Branch, Kennedy, Greenland, and Northside. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that ends in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. The agreement with Shell Energy supplied 36 percent of JEA's natural gas needs for Fiscal Year 2020 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

As of September 30, 2020, JEA had 13 commodity swap transactions with an aggregate notional quantity of 52,960,000 MMBtu in place with two counterparties to hedge JEA's exposure to natural gas prices. Based on information provided by the counterparties, those swaps had a total mark-to market cost of approximately \$9.9 million at that date.

**DRAFT #4 - APRIL 1, 2021**

JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations that JEA has access to with firm natural gas transportation or natural gas supply agreements. Those prepayments expire at various dates in 2039, 2048 and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

***Natural Gas Sales***

In March 2015, JEA made the decision to market natural gas to commercial and industrial customers within its service area as allowed under Article 21 of the Charter and JEA's Fuel Management Services Procurement Directive. JEA supplies natural gas under TECO Peoples Gas Natural Choice Program, which gives commercial and industrial customers the option to choose their gas supplier. JEA receives a number of benefits from its participation in the Natural Choice program. Natural gas sales generate marginal net revenues, reported as "other revenues" under the Electric Enterprise Fund. JEA will become a complete energy provider within its service territory for businesses that select JEA to be their natural gas supplier. Through Fiscal Year 2019, this program has signed approximately 200 customers, including Boeing, The Hyatt, Jacksonville Zoo, YMCA, Jacksonville Housing Authority, First Baptist Church of Jacksonville, Dresser Equipment, a division of GE, several restaurants, and manufacturers.

***Power Purchase Contracts*****[TO BE UPDATED IF NECESSARY]****Overview**

As a result of an earlier 2008 JEA Board policy establishing a 10 percent 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 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" or "GPC"), Oglethorpe Power Corporation ("Oglethorpe"), 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 percent of JEA's total energy requirements in the year 2023.

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, and 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.

## DRAFT #4 - APRIL 1, 2021

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 percent 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 \$6.344 billion, 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 \$6.820 billion. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$2.893 billion.

**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 billion 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 billion 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 percent 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 5.7 percent became effective on October 1, 2020. MEAG issued \$185.2 million of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued \$570.9 million 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 percent 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 \$687.3 million, 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 \$414.7 million. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414.7 million. The Project J Entity's portion of the \$414.7 million in additional loan guarantees is approximately \$111.5 million and this amount was fully drawn on October 2, 2020. MEAG

## DRAFT #4 - APRIL 1, 2021

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.

Summary of financing associated with Project J:

**Project J Capital Requirements**  
(000's omitted)

**Long-term Bonds Issued**

Series 2010A – Build America Bonds	\$1,224,265
Series 2010B – Tax Exempt Bonds	24,170
Series 2015A – Tax Exempt Bonds	185,180
Series 2019A – Tax Exempt Bonds	570,925
Remaining Financing Requirement	<u>59,490</u>

**Total Long-term Bonds Issued** **\$2,064,030**

**DOE Advances<sup>(1)</sup>**

2015 DOE Advances	\$ 345,990
2019 DOE Advances	229,748
2020 DOE Advances	<u>111,511</u>

**Total DOE Advances** **\$ 687,279**

Estimated Interest Earnings and Bond Premiums \$ 141,686

**Total Capital Requirements<sup>(2)</sup>** **\$2,892,995**

<sup>(1)</sup> Includes Advances and related capitalized interest accretion.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2020 is summarized as follows (000s omitted):

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>	<b>Build America Bonds Subsidy</b>	<b>Capitalized Interest</b>	<b>Net Debt Service</b>
2021	\$ 26,297	\$ 127,636	\$ 153,933	(\$ 27,100)	(\$100,536)	\$ 26,297
2022	27,330	126,809	154,139	(26,790)	(51,168)	76,181
2023	30,202	126,259	156,461	(26,466)	(6,919)	123,076
2024	31,574	124,907	156,481	(26,129)	—	130,352
2025	32,762	123,364	156,126	(25,776)	—	130,350
2026	33,975	121,796	155,771	(25,409)	—	130,362
2027	35,207	120,230	155,437	(25,026)	—	130,411
2028	36,568	118,429	154,997	(24,626)	—	130,371
2029	37,936	116,689	154,625	(24,209)	—	130,416
2030	39,362	114,843	154,205	(23,774)	—	130,431
2031	40,847	112,919	153,766	(23,320)	—	130,446
2032	42,345	111,003	153,348	(22,847)	—	130,501
2033	44,014	108,802	152,816	(22,353)	—	130,463
2034	45,709	106,629	152,338	(21,838)	—	130,500
2035	47,445	104,389	151,834	(21,301)	—	130,533
2036	41,971	102,053	144,024	(20,740)	—	123,284
2037	30,478	99,568	130,046	(20,155)	—	109,891
2038	25,725	97,050	122,775	(19,545)	—	103,230
2039	23,565	94,311	117,876	(18,909)	—	98,967
2040	13,677	91,517	105,194	(18,246)	—	86,948
2041	9,912	88,578	98,490	(17,553)	—	80,937
2042	5,515	44,719	50,234	(9,217)	—	41,017
2043	770	5,950	6,720	(1,249)	—	5,471
<b>Total</b>	<b>\$703,186</b>	<b>\$2,388,450</b>	<b>\$3,091,636</b>	<b>(\$492,578)</b>	<b>(\$158,623)</b>	<b>\$2,440,435</b>

*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 percent 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 \$1.4 billion to the current estimate

## DRAFT #4 - APRIL 1, 2021

of approximately \$2.9 billion. 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.

On March 19, 2021, Georgia Power announced that Southern Nuclear Operating Company, Inc. ("Southern Nuclear") has identified, and is in the process of completing, additional construction remediation work, primarily related to electrical commodity installations, necessary to ensure quality and design standards are met as system turnovers are completed prior to starting hot functional testing and fuel load for Vogtle Unit 3. As a result, Georgia Power now expects the start of hot functional testing for Vogtle Unit 3 will be delayed into April 2021.

While Southern Nuclear continues to target a November 2021 in-service date for Vogtle Unit 3, the schedule is challenged and, after considering the factors above, a delay is likely and could add one month or more to the Vogtle Unit 3 in-service date. Any schedule extension beyond November 2021 for Vogtle Unit 3 is currently estimated to result in additional base capital costs for Georgia Power of approximately \$25 million per month, resulting in an estimated \$5 million per month for Project J. The ultimate outcome of these matters cannot be determined at this time.

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 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.

#### *Litigation and Regulatory Proceedings*

**Litigation** – 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,

**DRAFT #4 - APRIL 1, 2021**

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. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues. On June 17, 2020, the district court issued an order granting MEAG's motion for summary judgment on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

**Settlement of Litigation** – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of \$0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

## DRAFT #4 - APRIL 1, 2021

**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 (the "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.

*Other Renewable Sources*

In 2004, JEA entered into a 20-year agreement (the "Wind Generation Agreement") with Nebraska Public Power District ("NPPD") to participate in a wind generation project located in Ainsworth, Nebraska. JEA's participation in NPPD's wind generation project allowed JEA to receive environmental credits (Green Tags) associated with this Green Power alternative. Under the Wind Generation Agreement, JEA agreed to purchase over a 20-year period 10 MW of capacity from NPPD's wind generation facility for an estimated net cost of \$2,280,958. In turn, NPPD buys back the energy at specified on/off peak charges. JEA made all environmental attributes from this facility available to sell in order to lower rates for its customers. JEA has sold environmental credits for specified periods from this project thereby reducing but not eliminating JEA's net cost for this resource for that period.

With the expansion of JEA's renewable portfolio within the State, additional landfill gas generation and new solar facilities, JEA exercised its right to terminate the Wind Generation Agreement. JEA and NPPD terminated the agreement effective December 31, 2019.

In 2006, JEA signed a Power Purchase Agreement with Trail Ridge Energy, LLC ("TRE") to purchase energy and environmental attributes from a 9.6 MW landfill gas-to-energy facility at the City's Trail Ridge Landfill (the "Phase One Purchase"). The facility is one of the largest landfill gas-to-energy facilities in the Southeast. It achieved commercial operation in December 2008 for the Phase One Purchase. In 2011, JEA and TRE executed an amendment to the Power Purchase Agreement to purchase up to an additional 9.6 MW through TRE. Six MW of this additional 9.6 MW is being supplied to JEA from a landfill gas-to-energy facility in Sarasota, Florida. Cost to JEA is the same as negotiated for Trail Ridge. JEA makes all environmental attributes from this facility available to sell in order to lower rates for its customers.

In 2009, JEA signed a power purchase contract with Jacksonville Solar LLC for the purchase of all of the electricity and renewable energy credits generated by a 12.6 MW solar power facility for 30 years, which became fully operational on September 28, 2010. JEA makes all environmental attributes from this facility available to sell in order to lower rates for its customers.

In December 2014, the JEA Board approved a Solar Policy setting forth the goal of adding 38 MW of solar photovoltaic ("PV") power (via power purchase contracts) by the end of 2016. In 2015, JEA awarded a total of 31.5 MW of solar PV power purchase contracts with terms of 20 to 25 years to various vendors. Power purchase agreements ("PPAs") have been finalized for a total of 27 MW, as follows: 7 MW with Northwest Jacksonville Solar Partners, LLC (groSolar); 4 MW with Hecate Energy, LLC; 5 MW and 2 MW with Inman Solar Incorporated; 3 MW with Old Plank Road Solar Farm LLC (Cox Communications/VeloSolar); Imeson Solar Farm, LLC (National Solar) for 5 MW; and Mirasol Fafco Solar, Inc. for 1 MW solar PV.

In 2015, JEA entered into a 25-year PPA with Northwest Jacksonville Solar Partners, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, which has been constructed in JEA's service territory. The 7 MW facility, which consists of 28,000 single-axis tracking

DRAFT #4 - APRIL 1, 2021

photovoltaic panels on a vendor-leased site, is owned by American Electric Power (AEP). JEA pays only for the energy produced. The facility became operational on May 30, 2017.

In 2015, JEA entered into a 20-year PPA with Old Plank Road Solar Farm, LLC for the produced energy, as well as the associated environmental attributes from a 3 MW solar farm, Old Plank Road Solar, which has been constructed in JEA's service territory. The facility, which consists of 12,800 single-axis tracking photovoltaic panels on a vendor-leased 40-acre site, is owned by Southeast Solar Farm Fund, a partnership between PEC Velo & Cox Communications. JEA pays only for the energy produced. The site attained commercial operation on October 13, 2017.

In 2015, JEA entered into a 20-year PPA with C2 Starrat Solar, LLC for the produced energy, as well as the associated environmental attributes from a 5 MW solar farm, Starrat Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by C2 Starrat Solar, LLC, and was constructed by Inman Solar, Incorporated. JEA pays only for the energy produced. The site attained commercial operation on December 20, 2017.

In 2015, JEA entered into a 20-year PPA with Inman Solar Holdings 2, LLC for the produced energy, as well as the associated environmental attributes from a 2-MW solar farm, Simmons Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Inman Solar Holdings 2, LLC, and was constructed by Inman Solar, Incorporated. JEA pays only for the energy produced. The site attained commercial operation on January 17, 2018.

In 2015, JEA entered into a 20-year PPA with Hecate Energy Blair Road, LLC for the produced energy, as well as the associated environmental attributes from a 4 MW solar farm, Blair Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Hecate Energy Blair Road, LLC, and was constructed by Hecate Energy, LLC. JEA pays only for the energy produced. The site attained commercial operation on January 23, 2018.

In 2015, JEA entered into a 20-year PPA with Jax Solar, LLC for the produced energy, as well as the associated environmental attributes from a 1 MW solar farm, Old Kings Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Jax Solar, LLC and was constructed by Mirasol Fafco Inc. JEA pays only for the energy produced. The site attained commercial operation on October 15, 2018.

In 2016, JEA entered into a 20-year PPA, with five-year renewal option, with Imeson Solar, LLC for the produced energy and all associated environmental attributes from Imeson Solar facility (dba SunPort Solar). The facility is comprised of a 5 MW AC/9 MW DC solar photovoltaic array, paired with a 2 MW/4 MWh battery energy storage system. The primary application of the battery system is to smooth the daily solar generation. SunPort Solar is constructed and owned by 174 Power Global, a company wholly owned by the Hanwha Group. JEA pays only for the energy produced by the site. The site attained commercial operation on December 4, 2019.

In October 2017, the JEA Board approved a further solar expansion consisting of five 50 MW solar facilities to be constructed on JEA-owned property. These projects, totaling 250 MW, are structured as PPAs. JEA awarded the contracts to EDF - Distributed Solutions ("EDF-DS") on April 26, 2018, and the five PPAs were executed on February 8, 2019. EDF-DS will lease the land from JEA, and JEA will pay only for the energy produced. It is expected the first 50 MW facility will be completed in 2021. The remaining facilities will be completed by 2022.

Unless otherwise noted, solar/photovoltaic MW capacities in the preceding discussion are megawatts alternating current.

## DRAFT #4 - APRIL 1, 2021

In 2009, JEA implemented a net metering program, which provided for full retail rate offset for customer-owned and generated solar power. At that time, the cost of utility-scale solar power was higher than the retail rate. In 2016, JEA began to re-evaluate the fairness, reasonableness, and sustainability of JEA's then-current rate structure that offset excess solar power at the full retail rate. After carefully considering and studying all the factors, engaging in stakeholder meetings and workshops, and holding public meetings, JEA amended its net metering program in October 2017, with an effective date of April 1, 2018. JEA's amended net metering program is now contained within the JEA Distributed Generation Policy. Under the amended net metering program, a solar customer's excess solar power offsets energy consumption at JEA's fuel rate (*i.e.*, the cost of electric generation saved by the solar customer's excess power generation). This offset more accurately and fairly compensates the solar customer for his or her solar power generation without discriminating against non-solar power customers. In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors or "SUN") and the League of Women Voters of Florida, Inc. ("League"), filed an action for declaratory judgment and injunctive relief challenging the legality of JEA's amended net metering policy.

On March 15, 2019, the League voluntarily dismissed its claims against JEA. SUN and JEA filed cross motions for summary judgment, each asking the Court to make a ruling as a matter of law in its favor. SUN sought an injunction from the Court mandating JEA to adopt a one-for-one net metering policy (*i.e.*, full retail rate offset). JEA requested dismissal of the lawsuit with prejudice. On November 22, 2019, the Court issued an Order granting summary judgment in favor of JEA and denying any relief to SUN. SUN has appealed the ruling to the Florida's First District Court of Appeals.**[TO BE UPDATED]**

#### ***Participation in The Energy Authority***

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is TEA, a Georgia nonprofit corporation. Subsequently, five additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU"), City Utilities of the City of Springfield, Missouri, Public Utility District No. 1 of Cowlitz County, Washington ("Cowlitz") and American Municipal Power, Inc. became members of TEA. Effective December 31, 2018, Cowlitz transitioned from ownership status (member) to contract services status (partner). The main office of TEA is in the City. TEA's board of directors consists of nine directors. The TEA Board, all of whom are elected by the members, is composed of one director from each member and two non-voting directors who serve as the respective chairs of two standing committees.

TEA commenced operations in August 1997 and is engaged in buying and selling wholesale power and natural gas and promoting the efficient use of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA transacts energy transactions among the members and external markets including arranging for any transmission services required to accommodate such transactions. TEA is the exclusive purchaser of short-term surplus energy from its members. Each member is responsible for having adequate firm generating capacity to serve its native load requirement plus operating reserve requirements. TEA has not engaged in the construction or ownership of generation or transmission assets. Additionally, the members have not engaged in other activities that are found in some power pools such as reserve sharing or dedication of all resources to serve the combined load.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Fuel Contracts*" above.

**DRAFT #4 - APRIL 1, 2021**

Pursuant to an Electric Advance Agreement and a Natural Gas Advance Agreement among TEA and its members and a Member Advance Agreement between JEA and TEA, JEA supports TEA's trading activities by the issuance of JEA guaranties and/or provision of cash advances as determined by TEA within the limits contained in such advance agreements. As of January 1, 2021, JEA is obligated to guaranty, directly or indirectly, certain of TEA's electric trading activities in an amount up to \$28,929,000 and certain of TEA's natural gas procurement and trading activities up to \$33,800,000, in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. The JEA Board has approved guaranties of up to \$34,286,000 for TEA's electric trading activities, up to \$60,000,000 (plus attorney's fees) for TEA's natural gas procurement and trading activities and up to \$50,000,000 for TEA's electric and natural gas activities solely for JEA's benefit (since 2014 none of this latter type of trading activity is being engaged in by TEA). The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA. For a discussion of JEA's investment in TEA and its commitments to TEA as of September 30, 2020, see Note 7 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Order No. 889 of the Federal Energy Regulatory Commission ("FERC") established certain standards of conduct for utilities that offer open access transmission services. The effect of these standards would have been to require JEA to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. JEA believes that the establishment of TEA satisfied that requirement at a cost to JEA that is substantially less than the cost that JEA would have incurred if it acted alone in establishing a wholesale marketing organization.

#### ***Mutual Aid Alliance***

JEA has entered into an agreement with seven other electric utilities located in Florida and Georgia (the "Participating Utilities") to provide mutual aid in the form of energy and price commitments in the event of an extended outage of certain designated baseload generating units of the Participating Utilities. Under this agreement, each Participating Utility agrees to make available, from its own capacity and only to the extent it has capacity available in excess of its native load and firm sales commitments, energy to replace energy unavailable due to unplanned outages of the designated units in excess of 60 days ("Replacement Power"). Each Participating Utility is obligated to provide such Replacement Power for up to 365 days from the outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

#### ***Interconnections***

JEA's Electric System is interconnected with other utilities located in the State through five interconnections with FPL, four at 230 kV and one at 138 kV; one 230 kV interconnection with Seminole Electric Cooperative ("Seminole"); one 138 kV interconnection with Florida Public Utilities; and; one interconnection each at 230 kV and 138 kV with Beaches Energy Services ("BES"). Of these, one interconnection at 230 kV is located in the southwestern portion of the Electric System service territory; four 230 kV interconnections in the western section; two at 138 kV in the northern section; one at 138 kV in the eastern section; and one interconnection at 230 kV is located in the southeastern section.

JEA also has joint ownership with FPL on the two 500 kV lines that connect Florida's grid with Georgia Integrated Transmission System. These lines are located in the western section of the Electric System service territory and extend from FPL's Duval substation to the north to interconnect with Georgia Integrated Transmission System at the Florida-Georgia state line.

**DRAFT #4 - APRIL 1, 2021**

JEA is a member of the SERC Reliability Corporation ("SERC"). Under a delegation agreement with NERC, SERC acts as JEA's Compliance Enforcement Authority for FERC approved Electric Reliability Standards. JEA is also a member of the Florida Reliability Coordinating Council ("FRCC"). The FRCC is a member owned organization whose objective is to provide certain reliability and planning functions in a coordinated manner among the utilities in the FRCC subregion. FRCC is the NERC approved and registered Reliability Coordinator for the utilities in the FRCC subregion. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services to share operating reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency load shedding relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

***Power Sales and Transmission Contracts***

JEA had a contract to supply the BES with non-firm generation and transmission backup service. In accordance with a 36-month contract notice provision, the contract expired without renewal on November 30, 2019. JEA did not receive any significant amount of revenue from this contract in the Fiscal Years ended September 30, 2019 or 2020.

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. ("Cedar Bay"), the owner of a cogeneration facility within JEA's service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA's transmission system. Cedar Bay began using JEA's transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

***Transmission and Distribution System***

JEA's transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation's termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

JEA owns a total of 744 Circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table shows the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total (Miles)</u>
69	113	46	159
138	204	3	207
230	299	4	303
500	<u>75</u>	<u>0</u>	<u>75</u>
Total	<u>691</u>	<u>53</u>	<u>744</u>

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System's service area, in the vicinity of the urban core. The 207 miles of 138 kV lines interconnect substations in most of JEA's high load and growth areas. The 303 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 83 substations in the JEA service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between FPL's Duval Substation and Georgia Integrated Transmission System at the Florida-Georgia state line.

In the southeast portion of JEA's service territory, new load growth is occurring as a result of new large residential and commercial developments. JEA is currently constructing the new 26.4 kV Nocatee load-serving substation. The new substation will be electrically connected to the adjacent GEC and Bartram substations by two separate four mile long overhead 230 kV transmission lines. The current projected in-service date for the two transmission lines and the substation is in the spring of 2021.

JEA's tie line interconnections with neighboring utilities within FRCC are:

<u>JEA Station</u>	<u>Neighboring Utility Station</u>	<u>Voltage (kV)</u>
Steelbald	Duval (FPL) Circuit 3	230
Brandy Branch	Duval (FPL) Circuit 1	230
Brandy Branch	Duval (FPL) Circuit 2	230
Jax Heights	Duval (FPL) Circuit 4	230
Neptune	JB Penman (BES)	138
Switzerland	Sampson (BES)	230
Jax Heights	Black Creek (Seminole)	230
Nassau	Step Down (FPU)	138
Nassau	O'Neil (FPL)	138

The distribution system covers approximately 7,140 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 26.4 kV, with some 4.16 kV and 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

The transmission and distribution system is under the control of system operators through a supervisory control and data acquisition system. The control of the generation facilities and the balance of power flow over interconnection transmission facilities is managed by an automatic generation control application with system operator oversight and input as needed.

## DRAFT #4 - APRIL 1, 2021

*Area Served*

The Electric System serves approximately 900 square miles, which includes virtually the entire City (Duval County), with the exception of Jacksonville Beach and Neptune Beach. The Electric System also provides retail service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively. The Electric System also furnished power for resale to Florida Public Utilities Company ("FPU") for use in the City of Fernandina Beach in Nassau County, north of the City. JEA's contract with FPU expired without renewal on December 31, 2017.

*Customers and Sales*

In the Fiscal Year ended September 30, 2020, the Electric System served an average of 485,000 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2016 through 2020.

		<b><u>Fiscal Year Ended September 30,</u></b>			
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Electric Revenues:</b>					
Residential	\$ 624,078	\$ 629,355	\$ 618,171	\$ 584,663	\$ 599,009
Commercial and industrial	556,722	590,473	594,395	587,972	597,796
Public street lighting	13,410	13,176	12,873	13,069	13,488
Sales for resale	2,128	3,914	5,474	21,813	31,210
FPL saleback	<u>(1)</u>	<u>1,664</u>	<u>30,767</u>	<u>128,737</u>	<u>130,053</u>
TOTAL	<u>\$1,196,337</u>	<u>\$1,238,582</u>	<u>\$1,261,680</u>	<u>\$1,336,254</u>	<u>\$1,371,556</u>
<b>Sales (MWh):</b>					
Residential	5,566,222	5,515,428	5,414,721	5,108,945	5,328,245
Commercial and industrial	6,562,365	6,793,557	6,851,803	6,725,201	6,847,583
Public street lighting	55,974	57,410	59,176	65,721	80,108
Sales for resale:					
Off-system	18,412	99,563	74,069	300,903	474,352
FPL saleback	<u>0</u>	<u>0</u>	<u>332,467</u>	<u>1,693,082</u>	<u>1,856,198</u>
TOTAL	<u>12,202,973</u>	<u>12,465,958</u>	<u>12,732,236</u>	<u>13,893,852</u>	<u>14,586,486</u>
<b>Average Number of Accounts:</b>					
Residential	427,321	418,728	410,060	403,164	396,664
Commercial and industrial	53,750	53,204	52,573	52,060	51,472
Public street lighting	<u>3,929</u>	<u>3,854</u>	<u>3,776</u>	<u>3,727</u>	<u>3,649</u>
TOTAL	<u>485,000</u>	<u>475,786</u>	<u>466,409</u>	<u>458,951</u>	<u>451,785</u>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

***Largest Customers***

The 10 largest customer accounts served by the Electric System composed 13.8 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2020. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2020.

<b><u>Customer Accounts</u></b>	<b><u>MWh Purchases</u></b>	<b><u>Percentage of Total</u></b>
United States Navy	357,657	2.9
CMC Steel	321,521	2.6
WestRock	186,561	1.5
City of Jacksonville	185,205	1.5
Duval County Public Schools	133,903	1.1
Southern Baptist Hospital	109,484	0.9
Anheuser Busch	105,817	0.9
Johnson & Johnson Vision Care	103,405	0.8
Publix Supermarkets	99,545	0.8
Mayo Clinic Jacksonville	<u>92,735</u>	<u>0.8</u>
TOTAL	<u>1,695,833</u>	<u>13.8</u>

***Customer Billing Procedures***

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.3 percent of estimated gross Electric System revenues for the Fiscal Year ending September 30, 2021. Actual uncollectible accounts were 0.11 percent of gross Electric System revenues for the Fiscal Year ended September 30, 2020.

***Rates***

JEA has sole discretion to set rate levels and revenue requirements for the Electric System, including its interest in Scherer Unit 4. JEA sets its retail rates after a public hearing. The JEA Board has the authority to change wholesale rates without a public hearing. The Florida Public Service Commission (the "PSC" or "Florida PSC") has the authority to review rate structures for municipal utilities in Florida, including JEA (see subsection "*Regulation*" of this section, below).

Each of JEA's various rates for electric service consists of "base rate" components and a "fuel and purchased power rate" component. The base rate is evaluated and adjusted as required to fund projected revenue requirements for each Fiscal Year. A comprehensive class cost of service study will be performed at a minimum of every five years to support the rates charged are based on cost. The rate for the fuel and purchased power component can adjust upward or downward as of October 1 of each year to reflect the cost of fuel and purchased power. If during the course of a Fiscal Year, such costs vary by more than 10 percent from JEA's budget, an adjustment in the fuel and purchased power component of the rate may be made, subject to the approval of the JEA Board.

In June 2011, the JEA Board approved the conversion of the \$2.90 per 1,000 kWh fuel recovery charge to base energy charges. The conversion became effective January 1, 2012.

## DRAFT #4 - APRIL 1, 2021

On June 19, 2012, the JEA Board approved a decrease of the fuel and purchased power rate by \$4.14 per 1,000 kWh that became effective on July 1, 2012.

On January 19, 2016, the JEA Board approved a decrease of the fuel and purchased power rate by \$6.85 per 1,000 kWh that became effective on February 1, 2016.

On November 15, 2016, the JEA Board approved an increase to base rates of 4.4 percent on average across multiple rate classes and a decrease of the fuel and purchased power rate by \$4.25 per 1,000 kWh effective on December 1, 2016. This rate restructuring was designed to lower overall bills for residential and commercial customers, improve the alignment of rates with the cost of service and enable additional early pay down of currently outstanding debt.

Given JEA's current five-year projection of flat electric sales and increasing obligations under the Additional Vogtle Units PPA, JEA expects to recommend net rate adjustments anticipated to result in modest residential bill increases averaging approximately one percent per year for each of Fiscal Years 2023, 2024, and 2025.

Since environmental regulatory constraints and the cost of environmental compliance are anticipated to increase in the future, the JEA Board enacted an Environmental Charge of \$0.62 per 1,000 kWh, which was applied to all rate classes as of October 1, 2007. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry - *Future Legislation*" herein.

In order to fund JEA's comprehensive conservation and demand reduction programs (which are designed to reduce electric consumption and, at the same time, reduce the need for acquiring or constructing additional generating capacity), the JEA Board enacted a Conservation Charge, which was applied to residential electric accounts effective as of October 1, 2007, in the amount of \$0.01 per kWh for usage above 2,750 kWh in a single month.

A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of January 2021, is shown in the following table, arranged by price of 1,000 kWh:

<u>City (Utility)</u>	<u>500 kWh</u>	<u>1,000 kWh</u>	<u>1,250 kWh</u>	<u>2,000 kWh</u>
Pensacola (Gulf Power Company)	\$73.61	\$128.00	\$155.20	\$236.80
Gainesville (GRU)	67.25	123.13	155.31	251.83
St. Petersburg (Duke Energy Florida)	64.81	120.78	154.84	257.01
Ocala (Electric Dept.)	68.82	120.64	146.55	224.28
<b>JACKSONVILLE (JEA)</b>	<b>58.72</b>	<b>111.76</b>	<b>138.29</b>	<b>217.85</b>
Tallahassee (Electric Dept.)	59.27	110.50	136.12	212.96
Orlando (Orlando Utilities Commission)	61.00	109.50	138.75	226.50
Tampa (Tampa Electric)	62.36	108.78	137.28	222.80
Lakeland (Utilities Dept.)	55.42	101.35	120.84	201.62
Miami (FPL)	54.19	99.74	127.85	212.16
Atlanta (GPC)	55.86	95.84	114.93	172.22
Key West (Keys Energy Services)	55.35	88.74	112.28	221.62

Source: JEA's "Quarterly Residential Rate Comparison (January 2021)."

## DRAFT #4 - APRIL 1, 2021

A comparison of non-residential rates in selected major regional cities for certain classifications of service for December 2020 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

<u>City (Utility)</u>	<u>Non-Demand 1,500 kWh</u>	<u>Demand 150 kW 60,000 kWh</u>	<u>Demand 500 kW 200,000 kWh</u>
Gainesville (GRU)	\$223.60	\$7,340.50	\$23,798.80
Key West (Keys Energy Services)	211.80	7,505.18	25,012.60
Pensacola (Gulf Power Company)	206.72	5,788.62	19,662.80
Atlanta (GPC)	200.34	5,516.29	20,577.76
St. Petersburg (Duke Energy Florida)	198.54	5,702.67	18,360.64
Ocala (Electric Dept.)	177.16	5,517.20	18,554.00
Orlando (Orlando Utilities Commission)	168.02	4,992.80	16,554.00
<b>JACKSONVILLE (JEA)</b>	<b>155.64</b>	<b>5,345.20</b>	<b>17,619.00</b>
Tampa (Tampa Electric)	147.49	4,486.60	14,885.10
Miami (FPL)	141.78	4,452.70	15,078.45
Tallahassee (Electric Dept.)	141.31	5,275.17	17,284.27
Lakeland (Utilities Dept.)	137.54	4,434.35	14,957.16

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (December 2020); for Atlanta, GPC (January 2021).

In June 2011, the JEA Board approved a 10-year Incremental Economic Development Program ("IEDP") designed to provide an incentive for large industrial customers to increase electric consumption. IEDP discounts on incremental consumption in excess of a predetermined consumption baseline are described in the following table:

<u>Fiscal Year Ending September 30,</u>	<u>Base Charges Discount</u>	<u>Fuel Charges Discount</u>	<u>Baseline Load</u>
2012	100%	10%	
2013	100	10	lesser of
2014	75	7.5	<b>Fiscal Year 2008</b>
2015	50	5	through
2016	25	2.5	<b><u>Fiscal Year 2010</u></b>
2017	100	0	
2018	100	0	greater of
2019	75	0	<b>Fiscal Year 2008</b>
2020	50	0	through
<u>2021</u>	<u>25</u>	<u>0</u>	<b><u>Fiscal Year 2016</u></b>
2022			
<u>and thereafter</u>	<u>0%</u>	<u>0%</u>	

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**DRAFT #4 - APRIL 1, 2021**

In August 2013, the JEA Board approved an Economic Development Program (the "EDP") designed to provide a financial incentive for new and existing commercial or industrial customers who, upon meeting certain eligibility criteria, expand their business and add jobs within the JEA service area. In January 2015, the JEA Board amended the EDP to create an increased level of incentive for customers expanding their business and adding jobs within designated areas where JEA has underutilized existing transmission and distribution capacity (Load Density Improvement areas). In August 2018, the JEA Board approved an extension of the EDP program application date to September 30, 2021. The EDP discount schedule is described in the following table:

<u>Year</u>	<u>Base Charges Discount</u>	<u>Discount in Load Density Improvement Areas</u>
Year 1	30%	35%
Year 2	25	30
Year 3	20	25
Year 4	15	20
Year 5	10	15
Year 6	5	10
Year 7	0	0

On November 15, 2016, the JEA Board approved an Economic Stimulus Rider designed to provide a financial incentive for new commercial or industrial customers to locate within the JEA service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

- (a) Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of the rider, the new load would not be served by JEA; and
- (b) Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative to the customers taking electric service from JEA.

### ***Regulation***

Municipal electric utilities in the State, including JEA, are not subject to state regulation except for certain environmental matters, power plant and large transmission line siting, rate structures, certain conservation activities, certain safety standards and certain provisions of the Grid Power Bill. Section 366.04(5), Florida Statutes, a part of the Grid Power Bill, states that the PSC "shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities." In 1974, the Florida legislature enacted a statute which confers jurisdiction on the PSC to regulate "rate structures" of all utilities, including municipal utilities. In 1975, the PSC ruled that the statute does not confer ratemaking jurisdiction over municipal electric systems by distinguishing between "rates," as relating to determination of the revenues required by the utility, and "rate structures," as relating to the method by which revenues are generated.

The Florida legislature, in 1986, amended Section 366.04, Florida Statutes, which authorizes the PSC to prescribe and enforce safety standards for transmission and distribution facilities owned and operated by investor-owned electric utilities ("IOU's") and municipal- and cooperatively-owned electric utilities within the State. The PSC has adopted the National Electric Safety Code as its standard in this regard, and JEA believes it is currently in full compliance.

**DRAFT #4 - APRIL 1, 2021**

The Florida Electric Power Plant Siting Act, administered by the Florida Department of Environmental Protection (the "FDEP"), gives the PSC exclusive authority to determine the need for electric power plants. The Florida Transmission Line Siting Act, also administered by the FDEP, gives the PSC exclusive authority to determine the need for all transmission lines with voltages of 230 kV or greater which cross county lines. The Florida Department of Transportation ("FDOT") regulates the construction of new transmission and distribution lines that cross FDOT rights-of-way. The FDEP must approve the construction of transmission and distribution lines across FDEP-protected lands. Transmission and distribution lines that cross navigable waters are regulated by the Army Corps of Engineers, the FDEP and the St. Johns River Water Management District.

Existing and proposed interconnection agreements with IOU's are subject to review and approval by FERC. The Energy Policy Act of 1992 conferred on FERC the power to order any "transmitting utility" to perform wheeling services. The term "transmitting utility" is defined to include municipal utilities, such as JEA. In addition, "transmitting utilities" are subject to FERC reporting requirements.

***Capital Program***

The Electric System's capital program consists of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process and (b) JEA's remaining capital requirements for transmission and distribution facilities and other capital items. The projected total amount of the capital program for the five-year period ending September 30, 2025 is shown in the following table.

**Electric System Capital Program  
(000's omitted)**

<b>Fiscal Year Ending September 30,</b>	<b><u>Amount</u></b>
2021	\$197,000
2022	214,000
2023	185,000
2024	192,000
2025	<u>194,000</u>
Total	<u>\$982,000</u>

The total amount of the capital program for the five-year period ending September 30, 2025 is estimated to be approximately \$982 million. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the Electric System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry" herein.

**St. Johns River Power Park*****General Description***

The St. Johns River Power Park, formerly a coal- and petcoke-fired steam electric generating station, is located on an approximately 1,900-acre site in the northeast section of the City. It consisted of two units, each having an average net capability of 638 MW. The two units were essentially identical in design and shared certain common facilities, including fuel handling and storage facilities, four on-site

**DRAFT #4 - APRIL 1, 2021**

water wells, a demineralized water treatment system, a wastewater treatment facility, switchyards and miscellaneous buildings.

The term "Power Park" is used in this Annual Disclosure Report to mean the Joint Facilities, as that term is defined in the "Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2" dated as of April 2, 1982, as amended (the "Power Park Joint Ownership Agreement"), between JEA and FPL. The Joint Facilities are defined in the Power Park Joint Ownership Agreement to mean a coal-fired, steam electric generating facility consisting of two units, together with their associated improvements.

***Ownership***

The Power Park is owned and operated by JEA and FPL pursuant to the provisions of the Power Park Joint Ownership Agreement. A summary of certain provisions of the Power Park Joint Ownership Agreement is attached hereto as APPENDIX F. JEA owns an undivided 80 percent interest in the Power Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

***Early Termination of Power Park Joint Ownership Agreement***

On March 21, 2017, staff informed the JEA Board of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement dated as of May 17, 2017. FPL obtained PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

JEA completed Regulated Material Study and Environmental Site Assessments on August 25, 2017. The JEA Procurement Awards Committee approved a Demolition and Soil Remediation contract on November 16, 2017.

Upon the ceasing of commercial operation of the Power Park (the "Power Park Closing"), FPL made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On January 5, 2018, FPL and JEA deposited amounts, which together with funds on deposit in the debt service reserve fund, were sufficient to defease all outstanding debt issued under a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution." As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution currently remains outstanding and was not defeased in connection with the Power Park Closing.

JEA's obligation to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the

**DRAFT #4 - APRIL 1, 2021**

Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

The November 21, 2017 estimate for decommissioning St. Johns River Power Park was \$68 million and remains unchanged as of the date of this Annual Disclosure Report. JEA will pay 80 percent of the decommissioning cost for a total of \$54.4 million. The Demolition and Soil Remediation contractor retains the salvage value for process equipment, which is estimated to be approximately \$18.0 million. Demolition costs incurred through December 31, 2020 were approximately \$45.6 million.

The total demolition is scheduled to be completed by **[March 31, 2021]**. On-site soil and groundwater remediation will continue until decommissioning is completed. At that time, final closing will occur and all land and real property assets will be transferred to JEA. The active landfill closure commenced on December 9, 2020 and is projected to be completed by the end of June 2021. JEA is evaluating opportunities for the future use, redevelopment or divestiture of the site.

***Management***

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In all cases, the JEA member of each committee is the lead manager in executing the functions of that committee. JEA provides all management and staffing below the committee level, unless otherwise agreed to by JEA and FPL. Since the date that JEA and FPL entered into the Power Park Joint Ownership Agreement, there has been only one case of disagreement, which subsequently was resolved. JEA is lead on the decommissioning of the Power Park. FPL and JEA executed a Service Management Agreement for any specific requirements for managing the decommissioning.

***Operation***

The following table shows the total plant capacity factors for the Power Park since 2016. The capacity factor is a measure of the actual output as a percentage of the theoretical maximum output of a generating plant, or an individual unit, as the case may be.

<b>Fiscal Year Ended</b>	<b>Power Park Capacity Factor</b>		
<b><u>September 30.</u></b>	<b><u>Unit 1 (%)</u></b>	<b><u>Unit 2 (%)</u></b>	<b><u>Total (%)</u></b>
2016 <sup>(1)</sup>	46.0	44.6	45.3
2017 <sup>(2)</sup>	42.4	54.9	48.7
2018 <sup>(3)</sup>	45.7	29.8	37.8
2019 <sup>(4)</sup>	n/a	n/a	n/a
2020 <sup>(4)</sup>	n/a	n/a	n/a

<sup>(1)</sup> During this period, Unit 2 underwent a five-week planned outage.

<sup>(2)</sup> During this period, Unit 1 underwent a five-week planned outage.

<sup>(3)</sup> During this period, Unit 1 and 2 were permanently shut down on January 5, 2018.

<sup>(4)</sup> Not applicable beginning Fiscal Year Ended September 30, 2019.

***Transmission Arrangements***

The Power Park was interconnected with the Electric System's transmission system at the 230 kV level. The transmission lines delivered power from the Power Park site to substations in the Jacksonville

## DRAFT #4 - APRIL 1, 2021

area. Pursuant to the Power Park Joint Ownership Agreement, FPL paid to the Electric System a charge for providing transmission service through the Electric System's transmission grid.

### ***Fuel Supply and Transportation***

JEA has satisfied all existing coal supply contracts for delivery to Power Park. In anticipation of retirement in January 2018, the last shipment of coal was received on November 11, 2017. Approximately 333,000 tons of stockpiled coal remained at shutdown. The remaining supply was transferred to the Northside Generating Station.

JEA's agreement with CSX Transportation for rail transportation services to the Power Park expired on December 31, 2016. In 2015, JEA utilized CSX Transportation to deliver approximately 385,000 tons of coal to the Power Park. This volume was under the annual requirement established in JEA's 2011 contract with CSX Transportation for transportation services during 2012-2016. The 2016 volume was also under the annual requirement. Both the 2015 volume and the 2016 volume were under the annual requirement due to unforeseen changes in environmental regulations. In January 2018, JEA and FPL, reached a confidential settlement with CSX through the contractual dispute resolution process.

To satisfy Power Park's railcar lease contract, maintenance and repairs were performed on the 350 leased aluminum rotary railcars. On May 31, 2019, the lessor acknowledged that the railcars were all returned and the lease was terminated.

### ***Capital Program***

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA does not project any additional expenditures relating to the capital program.

## **Scherer 4**

### ***General Description***

Scherer Unit 4 is one of four coal-fired steam units located at the Robert W. Scherer Electric Generating Plant ("Plant Scherer") on a 12,000-acre site near the Ocmulgee River approximately three miles east of Forsyth, Georgia. Scherer Unit 4 has a current net maximum output of 846 MW and was placed in service in February 1989. Pursuant to the Plant Robert W. Scherer Unit Number Four Amended and Restated Purchase and Ownership Participation Agreement, dated as of December 31, 1990, as amended, among GPC, FPL and JEA (the "Scherer Unit 4 Purchase Agreement"), JEA purchased an aggregate of 23.64 percent of Scherer Unit 4, and FPL purchased an aggregate of 76.36 percent of Scherer Unit 4. In addition to the purchase of undivided ownership interests in Scherer Unit 4, under the Scherer Unit 4 Purchase Agreement, JEA and FPL also purchased proportionate undivided ownership interests in (a) certain common facilities shared by Units 3 and 4 at Plant Scherer, (b) certain common facilities shared by Units 1, 2, 3 and 4 at Plant Scherer and (c) an associated coal stockpile. Under a separate agreement, JEA also purchased a proportionate undivided ownership interest in substation and switchyard facilities. A summary of certain provisions of the Scherer Unit 4 Purchase Agreement and certain related agreements is attached hereto as APPENDIX G.

### ***Ownership***

As stated above, JEA and FPL are the owners of Scherer Unit 4 with undivided ownership interests of 23.64 percent and 76.36 percent, respectively; and JEA and FPL have proportionate ownership interests in the common facilities associated with all four units located at Plant Scherer. Oglethorpe, MEAG Power,

**DRAFT #4 - APRIL 1, 2021**

GPC and the City of Dalton, Georgia ("Dalton"), as co-owners of Scherer Units 1 and 2, and Gulf Power Company ("Gulf Power") and GPC, as co-owners of Scherer Unit 3, also have proportionate undivided ownership interests in such common facilities. FPL and JEA also have proportionate undivided ownership interests in the common facilities shared by Scherer Units 3 and 4. GPC and Gulf Power, as co-owners of Scherer Unit 3, also have proportionate ownership interests in such common facilities (see "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4 - Scherer Unit 4 Purchase Agreement" in APPENDIX G attached hereto).

Oglethorpe, MEAG Power, Dalton, Gulf Power, GPC, FPL and JEA have entered into the Plant Scherer Managing Board Agreement which, among other things, established a managing board to coordinate the implementation and administration of various ownership agreements relating to Plant Scherer, including the establishment of standards, rules and policies for fuel procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners have an interest.

***Retirement of Scherer Unit 4***

On June 26, 2020, the Board adopted Resolution 2020-06, which delegated authority to the Interim Managing Director and Chief Executive Officer to enter into a Cooperation Agreement with FPL ("FPL Cooperation Agreement") for the closure on or before January 1, 2022 of Scherer Unit 4 with the capacity and energy to be replaced by a 20-year power purchase agreement between JEA and FPL for natural gas-fired system product with a solar conversion option ("FPL PPA"). The FPL Cooperation Agreement was executed on August 25, 2020 and calls for the parties to cooperate in good faith in a joint effort to consummate the retirement of Scherer Unit 4 and enter into the FPL PPA. On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Scherer Unit 4 closure as of January 1, 2022. On that same date, JEA also executed the FPL PPA and a related 10-year natural gas hedge.

***Operation***

The following table shows the total plant availability factors and capacity factors for Scherer Unit 4 since 2016.

<b><u>Calendar Year</u></b>	<b><u>Scherer Unit 4</u></b>	
	<b><u>Availability Factor (%)</u></b>	<b><u>Capacity Factor (%)</u></b>
2016 <sup>(1)</sup>	84.6	64.9
2017	96.3	62.1
2018 <sup>(2)</sup>	76.6	52.5
2019	98.7	53.5
2020 <sup>(3)</sup>	80.2	32.0

(1) During this period, Scherer Unit 4 underwent a four-week planned outage.

(2) During this period, Scherer Unit 4 underwent an 11-week planned outage.

(3) During this period, Scherer Unit 4 underwent 13.5 weeks of planned and economic outages.

***Transmission Arrangements***

As a part of the purchase by JEA of its interest in Scherer Unit 4, GPC and Southern Company Services, Inc. provide JEA with firm transmission service through the GPC system to the Florida/Georgia border for delivery of the output of JEA's ownership interest in Scherer Unit 4 for the life of the unit. Transmission rates are computed by formulae contained within the agreement and are filed with, and under the jurisdiction of, FERC.

DRAFT #4 - APRIL 1, 2021

***Fuel Supply***

GPC, under JEA's direction, purchases coal for JEA's use of its ownership interest in Scherer Unit 4. JEA has the option to procure its own coal. In 1994, Scherer 4 began burning sub-bituminous coal from the Powder River Basin ("PRB") located in the western region of the United States. JEA owns 206 aluminum railcars to deliver the PRB coal for use at Plant Scherer. Plant Scherer has in place a Btu accounting system to allocate fuel costs among the owners.

To provide for transportation of coal for Scherer Unit 4, GPC negotiated two agreements with rail carriers during Fiscal Years ended September 30, 2002 and September 30, 2003. The term of the agreement with Burlington Northern and Santa Fe Railway Company (BNSF) has been extended through calendar year 2028. The current agreement with Norfolk Southern Railway Company extends through December 2021.

***Capital Program***

The information provided below assumes that the closure of Scherer Unit 4 in January 2022 occurs pursuant to the cooperation agreement entered into between JEA and FPL. See "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

JEA's share of the Scherer 4 Project's projected capital year for the five-year period ending September 30, 2025 is summarized below.

**Scherer 4 Project Capital Program<sup>(1)</sup>**  
**(000's omitted)**

<b>Fiscal Year Ending September 30,</b>	<b><u>Amount</u></b>
2021	\$9,450
2022	0
2023	0
2024	0
2025	<u>0</u>
Total	<u>\$9,450</u>

<sup>(1)</sup> JEA and FPL have entered into a cooperation agreement to shut down Scherer Unit 4 effective January 1, 2022.

The total amount of the capital program for the five-year period is estimated to be approximately \$9.5 million. JEA expects that the total amount required to fund the capital program will be provided from available funds of the Bulk Power Supply System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry" herein.

## DRAFT #4 - APRIL 1, 2021

**Resource Requirements*****Capacity***

JEA must have sufficient resources to serve expected firm customer demands in the future. The capacity required consists of forecasted annual peak demands (net of interruptible demands) and a reserve margin necessary to allow for routine and emergency equipment outages and demand forecast variances. The installed capacity consists of existing Electric System generating units and JEA's interest in Scherer Unit 4. The difference between firm capacity required (including the reserve margin) and installed capacity is the net capacity surplus or deficit.

JEA applies the general rule that reserve capacity should be at least 15 percent of the projected seasonal firm peak demand. This reserve amount is added to projected firm peak demand to determine the seasonal capacity required. This approach is considered reasonable and prudent, particularly in light of JEA's strong transmission ties with FPL and The Southern Company ("Southern"). After allowing for the transmission capacity necessary to import its capacity from Scherer Unit 4, JEA owns approximately 1,028 MW of additional transmission import capacity. The remainder is made available for economy purchases by JEA or is made available to others for transmission service under FERC Order No. 888.

As part of its strategic planning process, JEA re-evaluates its resource needs annually. The results of JEA's 2020 resource requirements study are shown below in the table entitled "PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS." JEA's 2020 resource requirements study reflected JEA's most recent peak demand and energy forecast, which continued to identify JEA as a winter-peaking utility. The study also reflected the use of interruptible and curtailable rates. JEA's resource plan is expected to satisfy JEA's need for capacity through the listed operating period.

In 2010, the JEA Board established a target of up to 30 percent of JEA's energy requirements to be met with nuclear energy by 2030. This policy was amended and restated in October 2017 to establish a target of up to 30 percent of JEA's energy requirements to be met with carbon-free or carbon-neutral energy by 2030. This modification allows energy from solar, wind, biomass, landfill gas and other renewable sources, as well as nuclear, to meet the target.

JEA is in the process of soliciting for consultants to perform a comprehensive Integrated Resource Plan ("IRP") analysis. The purpose of the IRP is to develop a near-term to long-term strategic recommendation, with alternatives that address the following concerns:

- System reliability, system balancing capability, and adequacy of resources (*i.e.* Florida Administrative Code, Rule: 25-6.035).
- Retirement and replacement for aging generating plants.
- Integration of planned and future utility-scale solar facilities, and system ramping requirements.
- Land requirements and site locations for all new system additions.
- Increased customer-owned Distributed Energy Resources, Demand-side management, and Energy Efficiency adoption.
- Increased Electrification adoption.

## DRAFT #4 - APRIL 1, 2021

- Effects of other emerging supply-side resource technologies.
- Industry objective of lowering carbon emissions.
- Potential legislative and/or regulatory mandates on carbon emissions, environmental quality, and renewable goals.

The timeframe of the IRP will cover 30 years, dividing into Near-Term (the next 10 years), Mid-Term (10 to 20 years), and Long-Term (20 to 30 years). Each timeframe has a scope which will require careful analysis of the JEA generation fleet, integration of clean energy and low carbon emissions resources, fuel and energy supply, and consideration of transmission and distribution capacity, especially when considered solutions involve power purchase agreements for importing power, locally sited generating plants capable of exporting power, or other viable firm resource alternatives.

***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 five percent and not more than 20 percent of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 & 2 to be constructed at a site in Cherokee County, South Carolina (the "Lee Project"). The Lee Project was 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 \$7.5 million. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30 percent 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's exercising the option. The option exercise period will be opened by Duke Carolinas after it (a) receives NRC approval of the combined construction and operating license for the Lee Project (such approval was obtained on December 21, 2016) and (b) executes an engineering, procurement and construction agreement for the Lee Project. 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 optionable portion of the projected Lee Project capacity. Such alternative

## DRAFT #4 - APRIL 1, 2021

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.

***System Load***

From 2016 to 2020, the peak demand for power on JEA's Electric System decreased at a compound annual rate of 0.96 percent per year. From 2016 to 2020, energy output decreased at a compound annual rate of 0.83 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

<b>Fiscal Year</b>	<b>System Peak Demand (MW)<sup>(1)</sup></b>	<b>Percent Change From Previous Year</b>	<b>Annual Net Energy For Load (GWh)<sup>(2)</sup></b>	<b>Percent Change From Previous Year</b>
2016	2,763	(3.5)	13,053	1.5
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6
2019	2,644	(14.1)	12,862	0.4
2020	2,658	14.0	12,623	(1.9)

<sup>(1)</sup> The highest 60-minute net integrated peak demand for that year.

<sup>(2)</sup> Does not include the FPL-Power Park Sale or other off-system sales.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DRAFT #4 - APRIL 1, 2021

JEA's peak load forecast, which is based on weather-normalized load and energy data, together with JEA's projections for available generation and firm power purchases, is shown in the following tables.

**PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS<sup>(1)</sup>**  
(MW)

<b>Fiscal Year</b>	<b>Firm Winter Peak Demand<sup>(2)</sup></b>	<b>Capacity Reserves</b>	<b>Firm Winter Peak Demand Plus Capacity Reserves<sup>(3)</sup></b>	<b>Electric System Capacity<sup>(4)</sup></b>	<b>Firm Power Purchases<sup>(5)</sup></b>	<b>Scherer Unit 4<sup>(6)</sup></b>	<b>Installed Capacity and Net Firm Power Purchases<sup>(3)</sup></b>	<b>Available Capacity Surplus<sup>(3)</sup></b>
2021	2,726	409	3,135	2,936	15	198	3,149	14
2022	2,745	412	3,157	2,936	315	0	3,251	94
2023	2,764	415	3,178	2,936	415	0	3,351	173
2024	2,783	417	3,201	2,936	415	0	3,351	150
2025	2,803	420	3,223	2,936	415	0	3,351	127

<b>Fiscal Year</b>	<b>Firm Summer Peak Demand<sup>(2)</sup></b>	<b>Capacity Reserves</b>	<b>Firm Summer Peak Demand Plus Capacity Reserves<sup>(3)</sup></b>	<b>Electric System Capacity<sup>(4)</sup></b>	<b>Firm Power Purchases<sup>(5)</sup></b>	<b>Scherer Unit 4<sup>(6)</sup></b>	<b>Installed Capacity and Net Firm Power Purchases<sup>(3)</sup></b>	<b>Available Capacity Surplus<sup>(3)</sup></b>
2021	2,576	386	2,963	2,771	15	198	2,984	22
2022	2,593	389	2,982	2,771	315	0	3,086	104
2023	2,610	391	3,001	2,771	415	0	3,186	185
2024	2,629	394	3,023	2,771	415	0	3,186	163
2025	2,650	397	3,047	2,771	415	0	3,186	139

<sup>(1)</sup> The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

<sup>(2)</sup> Peak demand:

- (a) does not include serving expected interruptible loads.
- (b) includes Demand-Side Management.
- (c) includes Plug-In Electric Vehicle (PEV) penetration.

<sup>(3)</sup> Totals may not add due to rounding.

<sup>(4)</sup> Figures include the following considerations:

- (a) No capacity additions occur in the planning horizon.
- (b) Diesel capacity rating for Kennedy CTs 7 & 8, Greenland CTs and Brandy Branch CTs.
- (c) Gas capacity ratings in winter and summer for Brandy Branch CTs 2 & 3.

<sup>(5)</sup> Firm Power Purchases include:

- (a) TRE Phase I: 9 net MW clean power purchase starting winter 2008 and expiring December 2026.
- (b) TRE Phase II: 6 net MW clean power purchase starting winter 2014 and expiring December 2026.
- (c) Annual Firm Purchased Power Agreement for 200 MW Natural Gas Combined Cycle capacity and energy beginning January 1, 2022.
- (d) Vogtle Units 3 and 4: 100 MW each unit delivered from MEAG November 2021 and November 2022.

<sup>(6)</sup> Retirement of Scherer Unit 4 on January 1, 2022.

### Environmental Matters

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 analysis of the cost of remediation and other identified environmental contingencies, as of September 30, 2020, JEA had accrued liabilities of approximately \$29,084,000 related to environmental matters, of which approximately \$15,795,000 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station. Other environmental matters 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.

## DRAFT #4 - APRIL 1, 2021

For a further discussion of certain pending litigation relating to environmental matters, see the discussion under the captions "Pollution Remediation Obligations" and "Northside Generating Station Byproduct" in Note 15 to the financial statements of JEA set forth in APPENDIX A of this Annual Disclosure Report. See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters - *Other Environmental*" herein.

While the final outcome of the foregoing proceedings cannot be predicted with certainty, JEA does not believe that its potential liabilities arising from such proceedings, either individually or in the aggregate, will have a material adverse effect upon its financial position, results of operations or liquidity.

### ***Global Climate Change***

Over the past 25 years, environmental concerns of the public, the scientific community and Congress have resulted in legislation that has had, and is expected to continue to have, a significant impact on the electric utility industry. Based on the increasing intensity of national and international attention to climate change, federal and state legislative and/or regulatory actions/discussions have been ongoing in this area.

Specific regulations with significant impact to JEA are described below.

In 1990, legislation was enacted (the "1990 Amendments") that substantially revised the Federal Clean Air Act (the "Clean Air Act"). A main feature of the 1990 Amendments is the reduction of sulfur dioxide ("SO<sub>2</sub>") and nitrogen oxide ("NO<sub>x</sub>") emissions caused by electric utility power plants, particularly those fueled by oil and coal. The SO<sub>2</sub> reduction was to be achieved in two phases. Phase I addressed specific high sulfur emitting generating units named in the 1990 Amendments and was effective on January 1, 1995.

In Phase II, which became effective on January 1, 2000, total U.S. SO<sub>2</sub> emissions are capped at 8,900,000 tons per year. The 1990 Amendments contained provisions for allocating emission allowances to power plants based on historical or calculated levels. An allowance is defined as the authorization to emit one ton of SO<sub>2</sub>. An "Affected Unit" is defined as a unit that is subject to emission reduction requirements or limitations under the United States Environmental Protection Agency ("EPA") Acid Rain Program.

In 2009, the EPA issued final rules that require mandatory reporting of greenhouse gases ("GHG") emissions from all sectors of the economy. The rules require reporting by fossil fuel suppliers and industrial gas suppliers, direct GHG emitters and manufacturers of heavy-duty and off-road vehicles and engines. Electric generating units ("EGUs") subject to the Clean Air Act's Acid Rain Program would continue to measure CO<sub>2</sub> emissions as presently performed and report based on those measurements. Annual reports are due by March 31 each year.

Under the structure of the Clean Air Act, permits are required for all sectors of the economy that have activities that meet the definition of a "major source" of GHG emissions under the Clean Air Act. Covered entities will immediately be subject to Prevention of Significant Deterioration ("PSD") and Title V permitting regimes, including requirements that construction of new sources or modifications to existing sources that will significantly increase GHG emissions install Best Available Control Technology ("BACT") to limit those emissions.

EPA final PSD and Title V Greenhouse Gas Tailoring Rule (the "Tailoring Rule"), which provided a three-stage phase-in of Clean Air Act PSD and Title V operating permit requirements for GHGs from stationary sources, became applicable to GHG emissions on January 2, 2011.

## DRAFT #4 - APRIL 1, 2021

Under the first phase, PSD and Title V requirements only apply to GHGs at sources that are already subject to these programs as a result of their non-GHG emissions. In the second and third phases, PSD and Title V requirements can apply to sources on the basis of GHG emissions alone, even if non-GHG emissions are not high enough to trigger current PSD and Title V requirements. The second and third phase of the Tailoring Rule and any related assessments were rendered irrelevant by a U.S. Supreme Court ("Supreme Court") ruling in 2014. EPA's Tailoring Rule was initially upheld by the U.S. Court of Appeals for the District of Columbia Circuit, but, on June 23, 2014, the U.S. Supreme Court reversed in part and affirmed in part. The Supreme Court held that the Clean Air Act neither compels nor permits EPA to require compliance with PSD or Title V requirements solely on the basis of GHG emissions but that EPA reasonably interpreted the Act to require a source that must obtain a PSD permit based on its emission of non-GHG emissions to also comply with BACT requirements for GHGs. On remand from the Supreme Court, the U.S. Court of Appeals for the District of Columbia Circuit issued an amended judgment on April 10, 2015 that held that the Tailoring Rule was vacated to the extent it required sources to obtain PSD or Title V permits solely on the basis of GHG emissions and directed EPA to take steps to rescind or revise applicable regulations to reflect the Court's judgment. EPA has issued guidance indicating that it will no longer seek to apply the second or third phase of the Tailoring Rule but will continue to implement the first phase and will undertake additional future rulemaking. In early October 2016, EPA proposed revisions in response to the June 2014 U.S. Supreme Court's decision that invalidated GHG-only PSD permitting under EPA's Tailoring Rule. The proposal revised a variety of provisions to comply with the Court's ruling, and established a significant emissions rate threshold for GHGs of 75,000 tons per year CO<sub>2</sub>, which would determine whether a source that triggers PSD for conventional pollutants is required to conduct a BACT analysis for GHGs. EPA accepted comments on the revisions until December 16, 2016. Consistent with the ruling, the EPA is no longer requiring PSD permitting based on GHG emissions. JEA cannot determine the impact of this rule or any future related regulatory actions on its facilities at this time.

On October 23, 2015, EPA published final performance standards for carbon emissions from new, modified and reconstructed electric generating units, establishing standards of performance for CO<sub>2</sub> emissions from these units (the "Carbon Pollution Standards"). On the same date, EPA issued final guidelines for existing power plants, called the Clean Power Plan ("CPP"), which requires states to regulate CO<sub>2</sub> emissions from existing fossil fuel-fired power plants. This rule requires Florida to achieve a CO<sub>2</sub> emissions rate reduction of 26 percent by 2030, with interim CO<sub>2</sub> reduction goals over the period of 2022 to 2029.

Under the CPP, each state would be required to submit for EPA approval a plan for achieving the mandated emissions reductions. If a state failed to submit a plan then EPA would be able, under the CPP, to impose a federal plan. States have at least one year (up to three years in special circumstances) to develop and submit plans to EPA for approval. Plans do not go into effect until 2022. If a state does not submit an acceptable implementation plan, the EPA will implement a federal plan for the state. The final "Carbon Pollution Standards" rule applies to any facility that commenced construction after January 8, 2014, or modification or reconstruction after June 18, 2014, with requirements becoming effective 60 days after the rule is published in the Federal Register. EPA accepted Public Comment on the Federal Plan up until January 21, 2016.

On August 3, 2015, EPA issued concurrently three separate rules pertaining to emissions of carbon dioxide ("CO<sub>2</sub>") fossil fuel-fired electric generating units:

- The Final Clean Power Plan, 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.

## DRAFT #4 - APRIL 1, 2021

- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the U.S. Supreme Court issued an order staying implementation of the CPP. The Supreme Court granted the applications of numerous parties to stay the CPP pending judicial review of the rule. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA issued an Advanced Notice of Proposed Rulemaking to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO<sub>2</sub> regulation under the Clean Air Act. On August 31, 2018, EPA issued a proposed rule to replace the CPP, which is entitled the Affordable Clean Energy ("ACE") rule. The proposed rule requires states to set CO<sub>2</sub> performance standards for each individual affected generating unit based on heat rate improvements that can be made at each specific unit. In addition, the ACE proposal would adopt reforms to the New Source Review ("NSR") program that are designed to remove the current regulatory barriers to implementing efficiency measures as well as other reliability, maintenance and safety projects at existing power plants. The compliance requirements of the proposed ACE rule are significantly less stringent than those of the CPP. EPA accepted written comments on the proposed ACE rule until October 31, 2018. For the duration of the ACE rule's promulgation, the D.C. Circuit court had held the CPP litigation in abeyance while EPA acted to repeal and replace the CPP. The CPP becomes repealed essentially when the ACE becomes final. On June 19, 2019, EPA issued the final ACE rule, similar to the initial proposal except that EPA opted to finalize the NSR reform rules sometime during the year 2020. JEA anticipates the ability to comply with ACE without significant new investment. On September 17, 2019, the D.C. Circuit Court granted motions seeking to dismiss, as moot, the litigation on the CPP, essentially affirming the repeal of the CPP. For ACE compliance, JEA is working on establishing a baseline CO<sub>2</sub> emissions rate and initiating a Heat Rate Improvement study for NGS Units 1 and 2. JEA will propose a CO<sub>2</sub> emissions standard for each unit and submit an application to FDEP towards the end of 2021. The State will submit its plan in 2022 for EPA's approval by 2024. Due to the litigation and verdict described below, this effort has been suspended.

On December 6, 2018, EPA issued a proposed rule to replace the CPS by revising the new source performance standards ("NSPS") for CO<sub>2</sub> emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO<sub>2</sub> performance standards for new coal-fired power plants, replacing the current standard based on carbon capture and storage with a more achievable standard based on high-efficiency generating technologies in combination with best operating practices. Similar to the ACE rule, the proposed NSPS for CO<sub>2</sub> emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO<sub>2</sub> emissions without significant incremental investment should it ever decide to construct a new EGU or modify an existing one.

On October 8, 2020, oral arguments were held at the D.C. Circuit Court to determine the validity of the ACE rule. On January 19, 2021, the court vacated the ACE rule and remanded it back to the EPA. The court decided that it was wrong for EPA to conclude that the best system of emission reduction (BSER) meant only measures that can be applied to or at the source. The court also cited that generation shifting, averaging, trading, and biomass co-firing could be viable compliance options. The court stated that the repeal of the CPP was imbedded in the ACE rule, and therefore the CPP could go back into effect. This is not anticipated to happen, but should the CPP go back into effect, new compliance dates would have to be established since the current dates in the rule have already passed. The court concluded that EPA can regulate the same category (EGUs) under both Sections 111 and 112 of the Clean Air Act, but not the same pollutant. Back in 2015, EPA made the Endangerment Finding to regulate GHGs from existing EGUs as part of a NSPS. At this time, it is too early to predict what the new (Biden) administration might do, but the vacatur decision could also be appealed to the Supreme Court.

## DRAFT #4 - APRIL 1, 2021

***National Ambient Air Quality Standards***

National Ambient Air Quality Standard ("NAAQS") are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with provisions of the Clean Air Act. If the EPA determines that a state's air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

***Ozone NAAQS.*** On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion ("ppb"), which is more stringent than the 75-ppb standard set in 2008. The Clean Air Act mandates that EPA publish initial area designations within two years of the promulgation of a new standard (*i.e.*, by October 2017), but allows for a one-year extension if the Administrator determines he "has insufficient information to promulgate the designations." On November 16, 2017, EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone EPA, designating 2,646 counties (including all counties in Florida) as "attainment/unclassifiable." EPA is designating areas as "attainment/unclassifiable" where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan ("SIP") outlining strategy and emission control measures to achieve compliance. In November 2017, Duval County was deemed unclassifiable pending acceptable monitoring results expected at the end of 2018. Duval County is projected to be in attainment of the revised standard. On August 14, 2019, EPA published the proposal to redesignate Duval County from unclassifiable to attainment/unclassifiable for the 2015 Ozone NAAQS. In the event that Duval County was to become a non-attainment area, JEA's power plants (e.g., Northside and Brandy Branch) could be required to comply with additional emission control requirements (e.g., increased usage of ammonia in their Selective catalytic reduction/Selective non-catalytic reduction ("SCR/SNCR")) for nitrogen oxides and volatile organic compounds which are precursors to ozone formation. The nature and consequences of a non-attainment designation cannot be predicted at this time. On January 20, 2021, the new (Biden) administration stated that it will be reviewing the Ozone NAAQS as contained in 85 Fed. Reg. 87256 dated December 31, 2020.

***Particulate Matter NAAQS.*** The EPA finalized the NAAQS Fine Particulate Matter ("PM<sub>2.5</sub>") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM<sub>2.5</sub> standard and kept the annual average PM<sub>2.5</sub> standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM<sub>2.5</sub> rule on December 14, 2012, that reduced the annual PM<sub>2.5</sub> standard from 15 µg/m<sup>3</sup> to 12 µg/m<sup>3</sup>. The rule left the 24-hour PM<sub>2.5</sub> standard of 35 µg/m<sup>3</sup> unchanged. The change in the PM<sub>2.5</sub> has not resulted in non-attainment designation for Duval County and has not had a material adverse effect on the operations of JEA's generating facilities. On January 20, 2021, the new (Biden) administration stated that it will be reviewing the PM NAAQS as contained in 85 Fed. Reg. 82854 dated December 18, 2020.

***SO<sub>2</sub> and NO<sub>2</sub> NAAQS.*** During 2010, the EPA finalized new one-hour NAAQS for both SO<sub>2</sub> and nitrogen dioxide ("NO<sub>2</sub>"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one-hour primary SO<sub>2</sub> NAAQS. Parts of two Florida counties, including Nassau County, which is adjacent to JEA's service territory,

## DRAFT #4 - APRIL 1, 2021

were initially designated as being nonattainment areas. Duval County was not designated at this time. On August 10, 2015, EPA issued a final rule directing states to provide data to characterize current air quality in areas with large sources of sulfur dioxide SO<sub>2</sub> emissions to identify maximum one-hour SO<sub>2</sub> concentrations in ambient air. The air quality data developed by the states in accordance with the final rule will be used by EPA in future rounds of area designations for the 2010 one-hour SO<sub>2</sub> NAAQS. A March 2015 court order requires EPA to complete designations of all areas by the end of 2020. The FDEP conducted dispersion modeling studies of several large SO<sub>2</sub>-emitting sources in the State (including JEA's NGS), and found that the one-hour SO<sub>2</sub> NAAQS is being met in Duval County using either allowable emission rates or actual emission rates (for the three years 2016-2018). EPA completed its review and issued a final rule on February 25, 2019 to maintain the one-hour standard at 75 ppb.

*State Implementation Plans.* The Clean Air Act requires states to develop a general plan to attain and maintain the NAAQS in all areas of the country and a specific plan to attain the standards for each area designated nonattainment for a NAAQS. These plans, known as State Implementation Plans ("SIPs"), are developed by state and local air quality management agencies and submitted to EPA for approval.

On June 12, 2015, EPA published a final rule concerning how provisions in EPA-approved SIPs treat excess emissions during periods of startup, shutdown or malfunction ("SSM").

The final rule updates EPA's SSM Policy as it applies to SIP provisions and clarifies, restates, and revises EPA's guidance concerning its interpretation of the Clean Air Act requirements with respect to treatment in SIPs of excess emissions that occur during periods of SSM. The EPA issued a "SIP call" for Florida and 35 other states requiring them to submit corrective SIP revisions by November 22, 2016. Florida submitted its SSM SIP revision on November 22, 2016. On June 4, 2019, EPA Region 4 proposed to change its SSM policy and withdraw the SSM SIP Call for North Carolina. This could result in Florida's initial SIP being reinstated at a future date. JEA does not anticipate any impacts to JEA sources or permit conditions from either the former SIP or the revised SIP if approved. On April 28, 2020, the EPA published the final action withdrawing the SSM SIP Call for North Carolina. Environmental Non-governmental Organizations (ENGOS) are expected to challenge this action and then seek to consolidate it in the D.C. Circuit with the nationwide case. On January 20, 2021, the new (Biden) administration announced that it will be reviewing the previous administration's guidance memorandum dated October 9, 2020 regarding inclusion of affirmative defense provisions governing SSMs in state SIPs.

On May 1, 2020, the EPA has determined that the State will not contribute significantly to nonattainment or interfere with maintenance of the 2010 1-hour SO<sub>2</sub> NAAQS in any other state. Therefore, the EPA is approving the September 18, 2018, SIP revision as meeting the requirements of the good neighbor provision for the 2010 1-hour SO<sub>2</sub> NAAQS.

### **MATS**

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards ("MATS") Rule is intended to regulate four categories of hazardous air pollutants ("HAPs") emitted by coal- or oil-fired EGUs with a capacity of 25 MW or greater, namely mercury, HAPs metals, acid gases and organic HAPs.

Affected sources had until April 2015 to be in compliance, subject to a one-year extension. In June 2015, the U.S. Supreme Court determined that EPA's rule did not properly consider costs in developing MATS and directed EPA to address costs. On December 1, 2015, the EPA published a proposed

## DRAFT #4 - APRIL 1, 2021

supplemental finding and request for comment regarding the costs of the MATS rule, in response to the Supreme Court's decision. On December 15, 2015, the D.C. Circuit remanded MATS back to the EPA without vacatur, leaving MATS in effect and giving the EPA the opportunity to properly complete "supplemental findings" associated with the MATS rulemaking. In April 2016, EPA's supplemental findings determined that it is still "appropriate and necessary" to regulate HAPs from coal-fired power plants.

Reports indicate that EPA will issue a proposed rule that may obviate the appropriate and necessary finding (obviating the need for the MATS rule) as well as the residual risk and technology review that EPA must complete in order to determine whether a tightening of the current MATS emission limits is necessary. The proposed rule package was sent to the U.S. Office of Management and Budget in October 2018 for interagency review. EPA published its MATS proposal on February 7, 2019 in the *Federal Register*. The proposal states that regulation of HAPs is not appropriate or necessary after reconsidering costs but that coal- and oil-fired EGUs would not be delisted from regulation under Section 112 of the Clean Air Act, and the 2012 MATS rule would remain in place. The comment period ended on April 17, 2019. EPA has submitted its final rule regarding the MATS Supplemental Cost Finding Reconsideration and Risk and Technology Review ("RTR"). The final rule was issued on April 16, 2020. On January 20, 2021, the new (Biden) administration stated that it will be reviewing the reconsideration of supplemental finding and RTR review for Coal- and Oil-fired EGUs as contained in 85 Fed. Reg. 82854 dated May 22, 2020.

Because of the controls already installed at JEA's EGUs, JEA did not need to install any new or additional control equipment in order to comply with the MATS rule, as dependent on fuel type. As a precautionary measure, JEA has implemented an Activated Carbon Injection (ACI) system to further control mercury emissions from Units 1 and 2 at NGS if necessary.

#### ***National Emissions Standard for Hazardous Air Pollutants ("NESHAP") for Combustion Turbines***

On March 9, 2020, the EPA published the final rule regarding 40 CFR 63 Subpart YYYYY; *i.e.*, NESHAP for stationary combustion turbines. This final action completes EPA's RTR obligations for this rule. This final action (a) concludes that no revisions are necessary as a result of its RTR, (b) revises the startup, shutdown, and malfunction provisions to define when startup ends, as reaching stable operation or less than one hour for simple cycle turbines and less than three hours for combined cycle, whichever is less, (c) requires electronic reporting, and (d) does not lift the stay for new combustion turbines as it was previously proposed, pending EPA's review of a petition to delist the entire combustion turbine source category with respect to this NESHAP. JEA's combustion turbine plants are minor sources of HAPs and are not impacted by this rule. JEA also conducted HAP emissions testing at Brandy Branch (specifically, for formaldehyde) to confirm that the facility is indeed a minor source of HAPs.

#### ***CCRs***

In April 2015, EPA finalized its rule 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 EPA, was to be enforced only by citizen-initiated lawsuits, rather than by EPA. However, on December 16, 2016, the President signed the Water Infrastructure Improvements for the Nation Act (the "WIIN Act"), which contains coal ash provisions that enable states to implement and enforce the requirements of the final CCR rule. The WIIN Act provides for the establishment of state and EPA permit programs for coal combustion residuals (coal ash), flexibility for states to incorporate the EPA

**DRAFT #4 - APRIL 1, 2021**

final rule for coal combustion residuals or develop other criteria that are at least as protective as the final rule and requires EPA to approve state permit programs within 180 days of a state submitting a program for approval. 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 might ultimately constitute a state permitting or tailored program. At present, enforcement is only via third party citizen suits.

The rule applies to CCR management practices at the Power Park and Plant Scherer. The rule does not apply to management of byproducts at Northside Generating Station as long as it continues to burn a fuel mix with less than 50 percent coal. The currently operating cell within Area B of the Power Park must be closed in accordance with performance standards specified in the CCR rule, but does not have to be retrofitted with a bottom liner. Closure of Area B is currently underway with an estimated completion date in the fall of 2021. Upon final closure, the top of the cell will be covered with an impermeable liner. The facility will continue to comply with the operating and monitoring requirements of the rule even after the plant decommissioning is completed, in accordance with the post-closure and corrective action plans that are developed for groundwater. The Power Park's two closed byproduct storage areas (Areas I and II) are not affected by this rule. The Power Park has no regulated surface impoundments. Existing surface impoundments, like that at Plant Scherer, are required to meet increased and more restrictive technical and operating criteria or to meet closure deadlines. GPC has decided to close in-place the surface impoundment at Plant Scherer instead of pursuing a retrofit. The receipt of CCR waste streams at the impoundment concluded in April 2019 and final closure is expected by 2030.

EPA left in place an amendment to the Federal Resource Conservation and Recovery Act known as the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of being placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard and other contained or encapsulated applications.

#### ***Cross-State Air Pollution Rule and Clean Air Interstate Rule***

On July 6, 2011 EPA finalized the Cross-State Air Pollution Rule ("CSAPR") to regulate interstate impacts of SO<sub>2</sub> and NO<sub>x</sub>. The final rule replaced the EPA's 2005 Clean Air Interstate Rule ("CAIR"). On April 29, 2014, the U.S. Supreme Court reversed a D.C. Circuit decision and upheld the CSAPR rule. CSAPR requires a total of 28 states, plus the District of Columbia, to reduce annual SO<sub>2</sub> emissions, annual NO<sub>x</sub> emissions and/or ozone season NO<sub>x</sub> emissions to assist in attaining the 1997 ozone and fine particle and 2006 fine particle NAAQS. CSAPR became effective on January 1, 2015 for SO<sub>2</sub> and annual NO<sub>x</sub>, and May 1, 2015 with respect to seasonal NO<sub>x</sub> requirements. The State currently is subject only to seasonal NO<sub>x</sub> requirements (May 1 through September 30) under CSAPR rule.

On December 3, 2015, EPA proposed an updated rule (known as the "transport rule"), which incorporated the 2008 ozone standard into EPA's cross-state air pollution analysis. The proposal indicates that Florida's emissions do not cause non-compliance with the 2008 ozone standard in any downwind states. The rule was finalized on September 7, 2016, and Florida is no longer subject to CSAPR and has been removed from CSAPR beginning in 2017.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Fuel Supply and Transportation*" herein.

#### ***Regional Haze***

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and

**DRAFT #4 - APRIL 1, 2021**

wilderness areas ("Class I areas") across the country. Haze is formed, in part, from emissions of SO<sub>2</sub> and NO<sub>x</sub>. Because these pollutants can be transported over long distances, all 50 states, including those that do not have Class I areas, are required to participate in planning, analysis, and in many cases, emission control programs under the regional haze rule. The second implementation period, state implementation plans, are due to be submitted to EPA by July 21, 2021. This period lasts until 2028.

Northside Unit 3 is subject to Best Available Retrofit Technology requirements under the EPA Regional Haze rules. Northside Unit 3 applied for and received an exemption under the Regional Haze Rule due to this unit's having minimal impacts on visibility in the Class I areas from particulate emissions as demonstrated by ambient air modeling. No other units are impacted.

A new visibility model by EPA showed that NGS can contribute to visibility impairment at a nearby Class I area (specifically, due to SO<sub>2</sub> emissions and potential impacts at Wolf Island). As such, JEA provided an analysis to FDEP in October 2020. The analyses demonstrated that Units 1 and 2 at NGS are "well-controlled" for SO<sub>2</sub> due to surrogate HCl limits per MATS regulations. Unit 3 is likely to be subject to further analysis but no additional controls are expected to be necessary. It is possible that a self-imposed or permit condition restricting how much high Sulfur No. 6 fuel oil can be burned for Unit 3 will be required.

***Water***

On May 14, 2014, EPA promulgated a draft rule 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. Under the rule, existing facilities that withdraw very large amounts of water 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. The final rule was published in the Federal Register on August 15, 2014 and became effective October 14, 2014.

The new standards in the final rule do not affect any of its facilities other than Northside. Northside 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. It is possible that new standards may prospectively require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available ("BTA"), to improvements to the existing screening facilities to the installation of other cooling technologies. A full two-year study is required to evaluate site specific conditions and form a basis for assessing BTA. JEA completed these studies in March 2020. Analyses of that data is underway, and a full peer reviewed submittal to the regulatory agency is expected to be completed in 2024. Accordingly, costs have not been determined for Northside and are not currently included in JEA's capital program for the Electric System.

***Effluent Limitation Guidelines***

EPA issued the final Steam Electric Effluent Limitations Guidelines ("ELG") on September 30, 2015, and they became final on January 4, 2016. On August 31, 2020, the Trump Administration EPA finalized an ELG reconsideration rule. Under the reconsideration rule, the phase-in dates for new requirements for existing power plants would be extended until 2025. The ELG Reconsideration will be subject to legal challenges. Requirements under the rule are waste-stream specific within a generating facility. JEA has evaluated compliance strategies that are being planned for NGS since SJRPP began the decommissioning process in January 2018. The investments to ensure compliance are not material. Options for compliance at Plant Scherer are being developed by all co-owners and will be phased in from 2017 to 2025.

**DRAFT #4 - APRIL 1, 2021*****Other Environmental***

On May 27, 2015, EPA and the U.S. Army Corps of Engineers ("USACE") released the prepublication version of the final "Clean Water Rule: Definition of 'Waters of the United States,'" ("WOTUS") redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule ("2015 Rule") contains many specific exemptions for connecting surface water features that are portions of the City's existing stormwater management system permitted under the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Stormwater Sewer System ("MS4") permits. Also, this rule specifically exempts JEA's permitted NPDES wastewater treatment ponds and potentially exempts identified NPDES Stormwater ponds from being considered as waters of the U.S., although discharges from such ponds would continue to be regulated.

The 2015 Rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, EPA and the USACE finalized a proposed rule that would postpone the effective date of the 2015 Rule for a period of two years. During the two-year period, the agencies were directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule. On January 23, 2020, the EPA and the USACE released a pre-publication version of the rule. The final Rule repeals the 2015 Rule and restores the regulatory text that existed prior to the 2015 Rule. The official version of The Navigable Waters Protection Rule: Definition of "Waters of the United States" was published in the Federal Register April 21, 2020. This Rule was effective June 22, 2020, but will be subject to legal challenges.

On December 17, 2020, EPA approved Florida's assumption of the Clean Water Act section 404, providing for Florida administration oversight of the 404 program in lieu of USACE. The assumption became effective on December 22, 2020. The delegation of the 404 program is expected to streamline permitting; however initially, delays are anticipated as FDEP adapts to the additional workload consequent to assuming the program. The delegation itself is expected to face legal challenges from environmental advocacy groups.

JEA's electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA's system are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the units in operation, under construction or contemplated will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in increased costs of operating units, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

JEA cannot predict at this time whether any additional legislation or rules will be enacted which will affect JEA's operations, and if such laws or rules are enacted, what the costs to JEA might be in the future because of such action.

**Certain Factors Affecting the Electric Utility Industry*****General***

The electric utility industry has been, and in the future, may be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the Electric System. These factors likely would affect individual utilities in different ways. Such factors include, among others: (a) effects of compliance with changing environmental, licensing and regulatory requirements, (b) regulatory changes and changes that might result from a national energy policy, (c) uncertain access to

## DRAFT #4 - APRIL 1, 2021

low cost capital for replacement of aging fixed assets, (d) increases in operating costs, (e) effects of competition from other suppliers of electricity and (f) issues relating to the reliability of electric transmission systems and grids. In addition, municipal electric utilities may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed battery and electric storage resources, renewable distributed generation, customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions. These factors, and others, are discussed in more detail below in relation to how they affect JEA.

The future financial condition of the Electric System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of electric service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

### ***COVID-19 Pandemic***

*Background.* JEA continues to respond to the outbreak of the COVID-19 pandemic, a respiratory disease caused by a new strain of coronavirus. As a result of the potential health threat posed by the COVID-19 pandemic, State and local executive orders ranging from the initial declaration of a public health state of emergency and shelter in place requirements to the more recent re-opening of businesses with capacity limitations and facial covering restrictions have been enacted.

While the impact of the COVID-19 pandemic continues to affect JEA's operations, the commencement of the immunization process of the COVID-19 vaccination is anticipated to curtail the scope, duration and extent of the COVID-19 pandemic on: (i) the existing restrictions and warnings imposed by local, state or federal governments and (ii) the effects of these restrictions and warnings on JEA's operations, revenues and expenditures including any material adverse effect on the finances and operations of JEA.

*Employee Response.* JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees. All non-field employees, including call center staff, worked remotely under Jacksonville Mayor Curry's "Safer-at-Home" order and JEA established shelter-in-place policies for critical non-redundant facilities. JEA has established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. JEA may seek recovery from FEMA for these amounts in the future.

*Customer Response.* JEA implemented several COVID-19 specific programs to minimize the number of potential disconnections, including (a) suspending disconnections from March 12, 2020 to July 9, 2020; (b) waiving late and reconnection fees from March 31, 2020 to September 30, 2020; and (c) waiving credit card convenience fees for MasterCard, Visa, and Discover card payments up to \$10,000 from April 6, 2020 to September 30, 2020. Waived late and disconnection fees are estimated to have been between \$2,000,000 and \$3,000,000 for both the Electric System and Water and Sewer System. Waived

DRAFT #4 - APRIL 1, 2021

convenience fees paid on behalf of customers totaled \$1,882,000 for both the Electric System and Water and Sewer System.

***Financial Impact.*** JEA saw a 4.8 percent reduction in Electric System commercial MWh sales and a 1.2 percent reduction in industrial MWh sales during Fiscal Year 2020, compared to Fiscal Year 2019, which were partially offset by a 0.9 percent increase in residential customer MWh sales between such periods. Total MWh sales were down 2.1 percent in Fiscal Year 2020 compared to Fiscal Year 2019.

***Future Legislation***

In February, 2021, a bill was filed in the Florida Senate that would prohibit any Florida municipality from enacting policies that restrict the ability of customers of electric utilities and other energy service providers to choose their utility supplier. It is uncertain at this time if the bill will progress in the legislative session or become law.

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new generating facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Compliance with any future GHG emission reduction requirements could require JEA, at significant cost, to purchase allowances or offsets, change the type of boiler fuel JEA uses, retire high-emitting generation facilities and replace them with lower-emitting generation facilities, or implement carbon capture and sequestration technology. The estimation of costs of compliance with GHG legislation or with EPA rules is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

***Retail Competition***

On October 5, 2018, the Florida Division of Elections approved a ballot initiative to amend the Florida Constitution to allow retail energy choice, as sought by an organization known as Floridians for Affordable Reliable Energy ("FARE").

The amendment would require the Florida Legislature to pass laws by June 1, 2023, to be effective by June 1, 2025, that do the following:

- (a) limit the activity of investor-owned electric utilities to the construction, operation, and repair of electrical transmission and distribution systems;
- (b) promote competition in the generation and retail sale of electricity through various means, including the limitation of market power;

**DRAFT #4 - APRIL 1, 2021**

- (c) protect against unwarranted service disconnections, unauthorized changes in electric service, and deceptive or unfair practices;
- (d) prohibit any granting of either monopolies or exclusive franchises for the generation and sale of electricity; and
- (e) establish an independent market monitor to ensure the competitiveness of the wholesale and retail electric markets.

To get an initiative certified for the 2020 ballot, Florida law requires the ballot initiative to have 766,200 valid signatures from eligible Florida voters. As of December 1, 2019, the Division of Elections reported that FARE had submitted 541,837 valid signatures.

On March 1, 2019, the Florida Attorney General filed a petition with the Florida Supreme Court requesting the court's written opinion regarding whether or not the ballot initiative's language is misleading and whether or not the initiative complies with the state's "single-subject" rule. The Attorney General argued that the ballot language "gives the misleading impression that investor-owned utilities would still be able to sell electricity to customers, competing with additional, new providers. But the actual text of the amendment forbids such activity" and that "voters simply will not be able to understand the true meaning and ramifications of the proposed amendment."

The Florida Supreme Court heard arguments regarding the ballot language on August 28, 2019. On January 9, 2020, the Court ruled, in a unanimous decision, the initiative would not be on the 2020 ballot citing that "the ballot summary affirmatively misleads voters." The Court action, for the time being, ends the ballot initiative.

***FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS***

**Debt Relating to Electric Utility Functions**

***Electric System Bonds***

As of September 30, 2020, \$940,100,000 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of the date of this Annual Disclosure Report, there is \$908,125,000 in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) \$448,430,000 in aggregate principal amount of variable rate Electric System Bonds and (b) \$459,695,000 in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

From time to time, JEA requests Council approval of the issuance of Electric System Bonds and Subordinated Electric System Bonds. Pursuant to previous Council approvals, JEA currently is authorized to issue additional Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of financing the costs of additions, extensions and improvements to the Electric System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$465,160,991. JEA expects that such current authorization will be adequate to enable JEA to maintain its Electric System capital improvement

DRAFT #4 - APRIL 1, 2021

program as projected through the Fiscal Year ending September 30, 2025. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Capital Program*" herein.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated Electric System Bonds to refund outstanding Electric System Bonds and/or Subordinated Electric System Bonds from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Electric System Bonds and/or Subordinated Electric System Bonds in order to enable it to finance its Electric System capital program.

A summary of certain provisions of the Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008C-1, Series Three 2008C-2 and Series Three 2008C-3 (collectively, the "Senior Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from August 22, 2022 to May 8, 2023.

On July 27, 2010, the bank previously providing liquidity support for JEA Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 and Series Three 2008D-1 and on October 22, 2012, the bank previously providing credit and liquidity support for JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008B-4 (such Series Three 2008B-1, 2008D-1 and 2008B-4 Bonds are referred to herein collectively as the "Bank Purchased Bonds") purchased the applicable Bank Purchased Bonds pursuant to three substantially similar direct purchase agreements. The Bank Purchased Bonds are, as of the date of this Annual Disclosure Report, outstanding in the principal amounts of \$58,745,000, \$100,675,000 and \$45,385,000, respectively

. Upon such purchases, the letter of credit and standby bond purchase agreement previously in effect for the respective Bank Purchased Bonds terminated. Except as described below, the bank does not have the option to tender the respective Bank Purchased Bonds for purchase for a period specified in the respective direct purchase agreements, which period would be subject to renewal under certain conditions. The three direct purchase agreements were amended effective September 17, 2015, and December 11, 2018

**DRAFT #4 - APRIL 1, 2021**

and the current expiration date of each is December 10, 2021. At the end of the period specified, which period is subject to extension under certain conditions, the Bank Purchased Bonds are subject to mandatory tender for purchase. Any Bank Purchased Bond that is not remarketed and purchased from such bank on the 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 such mandatory tender date. Such bank has no option to tender the Bank Purchased Bonds for payment by JEA during the holding period except upon the occurrence of certain "events of default" on the part of JEA under the respective direct purchase agreements and the occurrence of certain other conditions. Upon any such tender for payment, the Bank Purchased Bond so tendered would be due and payable immediately.

***Proposed Amendments to the Electric System Resolution***

In May 1998, JEA adopted a resolution (as amended, the "May 1998 Amending Resolution") for the purpose of making certain material amendments to the Electric System Resolution. In addition to certain amendments to the Electric System Resolution that heretofore have become effective, the May 1998 Amending Resolution provides for the amendment of certain provisions of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park (the "Power Park Amendment"), in a manner requiring (a) the consent of FPL, (b) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds outstanding and (c) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding. As of the date of this Annual Disclosure Report, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

If the Power Park Amendment ever were to become effective, it would amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (a) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds and the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (b) deposits into any renewal and replacement or similar fund with respect to the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance (as defined in the Electric System Resolution), but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution also would have amended the provisions of the Electric System Resolution relating to the priority of payments with respect to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) in a manner similar to that described above with respect to the Power Park, but the amendments relating to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) were rescinded by JEA in conjunction with the adoption of the Restated and Amended Bulk Power Supply System Resolution.

***Subordinated Electric System Bonds***

On August 16, 1988, JEA adopted a resolution (as amended, restated and supplemented, the "Subordinated Electric System Resolution") authorizing the issuance of obligations of JEA (the "Subordinated Electric System Bonds") that are junior and subordinate in all respects to the Electric System Bonds as to lien on, and source and security for payment from, the revenues of the Electric System. As of September 30, 2020, \$668,655,000 in aggregate principal amount of Subordinated Electric System Bonds was outstanding. As of the date of this Annual Disclosure Report, there is \$535,450,000 in aggregate

DRAFT #4 - APRIL 1, 2021

principal amount of Subordinated Electric System Bonds outstanding under the Subordinated Electric System Resolution, consisting of (a) \$57,195,000 in aggregate principal amount of variable rate Subordinated Electric System Bonds and (b) \$478,255,000 in aggregate principal amount of fixed rate Subordinated Electric System Bonds.

The Subordinated Electric System Bonds may be issued for the purpose of financing the cost of acquisition and construction of additions, extensions and improvements to the Electric System, or any other lawful purpose of JEA relating to the Electric System, or to refund any of the Electric System Bonds or the Subordinated Electric System Bonds.

Pursuant to the Subordinated Electric System Resolution and the laws of the State, and in accordance with the Electric System Resolution, the amount of Subordinated Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Electric System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds, see subsection "*Electric System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX C. See "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION - Additional Subordinated Bonds; Conditions to Issuance" in APPENDIX C attached hereto.

Liquidity support in connection with tenders for purchase of the Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A and 2008 Series D (collectively, the "Subordinated Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Electric System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration date of the standby bond purchase agreements is September 18, 2022.

***Power Park Issue Three Bonds***

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds." As of September 30, 2020, \$265,105,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. As of the date of this Annual Disclosure Report, \$251,765,000 in

## DRAFT #4 - APRIL 1, 2021

aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. See the subsection "*Power Park Issue Two Bonds*" above in this section for a discussion of JEA's interest in the Power Park and certain obligations of FPL by reason of FPL's ownership interest in the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System regardless of whether the Power Park is operational. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

A summary of certain provisions of the Second Power Park Resolution, including a description of the amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX D.

### ***Bulk Power Supply System Bonds***

JEA financed the acquisition of a portion of its ownership in the Scherer 4 Project through the issuance of its bonds (the "Original Bulk Power Supply System Bonds") issued pursuant to a resolution of JEA adopted on February 5, 1991, as amended and supplemented (the "Original Bulk Power Supply System Resolution"). Pursuant to the Original Bulk Power Supply System Resolution, the Electric System was entitled to the entire capacity of the Scherer 4 Project and was required to pay for such capacity on a "take-or-pay" basis. During its Fiscal Year ended September 30, 1999, JEA caused all the remaining Original Bulk Power Supply System Bonds to be retired in advance of the scheduled due dates from certain available funds of the Electric System accumulated for that purpose. As a result, all of the covenants, agreements and other obligations of JEA under the Original Bulk Power Supply System Resolution were discharged and satisfied. However, JEA continued to make the output of the Scherer 4 Project available to the Electric System, and all costs of operating and maintaining the Scherer 4 Project continued to be paid as a Contract Debt of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See subsection "*Electric System Contract Debts*" below in this section.

On November 18, 2008, the JEA Board adopted a resolution that readopted, amended and restated the Original Bulk Power Supply System Resolution (the Original Bulk Power Supply System Resolution, as so readopted, amended and restated, is referred to herein as the "Restated and Amended Bulk Power Supply System Resolution"). The Restated and Amended Bulk Power Supply System Resolution permits JEA to issue one or more series of bonds thereunder ("Additional Bulk Power Supply System Bonds") for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The Restated and Amended Bulk Power Supply System Resolution also permits JEA to issue refunding Additional Bulk Power Supply System Bonds to refund any outstanding Additional Bulk Power Supply System Bonds from time to time as it deems economical or advantageous. As of September 30, 2020, \$88,860,000 in aggregate principal amount of bonds was outstanding under the Restated and Amended Bulk Power Supply System Resolution. As of the date of this Annual Disclosure Report, \$81,885,000 in aggregate principal amount of bonds is outstanding under the Restated and Amended Bulk Power Supply System Resolution. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. JEA intends to issue Additional Bulk Power Supply System Bonds to finance its costs of capital improvements to the Scherer 4 Project. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Capital Program*" herein.

## DRAFT #4 - APRIL 1, 2021

A summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution is attached to this Annual Disclosure Report as APPENDIX E.

***Electric System Contract Debts***

Contract Debts, a component of the Electric System's Cost of Operation and Maintenance, is defined by the Electric System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk electric purchase power agreement or otherwise to make payments out of the revenues of the Electric System for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the Power Park and the Bulk Power Supply System Projects (as defined in the Electric System Resolution and which includes additional electric generating plants)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale entered into after February 29, 2000 as may be determined by JEA to be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in APPENDIX B attached hereto. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "*Proposed Amendments to the Electric System Resolution*" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" in APPENDIX B attached hereto.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, JEA is obligated to make the output and capacity of the Scherer 4 Project (and any other projects that may be financed under the Restated and Amended Bulk Power Supply System Resolution) available to the Electric System and is obligated to make payments from the Electric System on a "take-or-pay" basis to provide revenues to pay operating and maintenance expenses of the Scherer 4 Project (and such other projects), debt service on the Additional Bulk Power Supply System Bonds, renewal and replacement costs relating to the Scherer 4 Project (and such other projects) and all other costs relating to the Scherer 4 Project (and such other projects), and such payments constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein for a description of JEA's obligations pursuant to certain purchase power contracts, which obligations also constitute Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution.

## DRAFT #4 - APRIL 1, 2021

JEA is authorized under the Electric System Resolution to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the costs of any such separate electric generating utilities or systems, which obligations shall be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. None of the revenues derived by JEA from the prior operation of the Power Park under the Second Power Park Resolution, from the operation of the Scherer 4 Project under the Restated and Amended Bulk Power Supply System Resolution (and any other projects that may be financed thereunder), or from the operation of any other separate bulk power supply utility or system undertaken by JEA shall be deemed under the Second Power Park Resolution, the Restated and Amended Bulk Power Supply System Resolution or the Electric System Resolution to be revenues of the Electric System. ***For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "Proposed Amendments to the Electric System Resolution" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" in APPENDIX B attached hereto.***

### Schedules of Debt Service Coverage

The following table shows the Electric System Schedules of Debt Service Coverage for the years ended September 30, 2020 and September 30, 2019, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2020 Financial Statements (as defined herein) and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto. Set forth in APPENDIX A to this Annual Disclosure Report are Schedules of Debt Service Coverage for JEA's interest in the Power Park and the Bulk Power Supply System for the years ended September 30, 2020 and September 30, 2019. In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the Power Park and the Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of JEA's interest in the Power Park and the Bulk Power Supply System are reflected as a purchased power expense on the Electric System Schedules of Debt Service Coverage. The Electric System Schedules of Debt Service Coverage do not include revenues of the Power Park or the Bulk Power Supply System, except that the purchased power expense described in the preceding sentence is net of interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. In addition, the Electric System Schedules of Debt Service Coverage do not include revenues received by JEA pursuant to the FPL-Power Park Sale.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DRAFT #4 - APRIL 1, 2021

**JEA Electric System Schedules of Debt Service Coverage  
(In Thousands)**

	<b>Fiscal Year Ended September 30,</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Revenues:		
Electric	\$1,192,898	\$1,235,358
Investment income <sup>(1)</sup>	6,057	11,818
Earnings from The Energy Authority	2,848	2,412
Other, net <sup>(2)</sup>	22,016	23,400
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	91,118	83,302
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	<u>(64,132)</u>	<u>(43,817)</u>
Total revenues	<u>\$1,250,805</u>	<u>\$1,312,473</u>
Operating expenses <sup>(3)</sup>		
Fuel	271,164	\$ 287,956
Purchased power <sup>(4)</sup>	164,362	234,793
Other operation and maintenance	222,585	222,515
Utility taxes and franchise fees	<u>58,806</u>	<u>60,767</u>
Total operating expenses	<u>716,917</u>	<u>806,031</u>
Net revenues	<u>\$ 533,888</u>	<u>\$ 506,442</u>
Debt service on Electric System Bonds	53,384	81,494
Less: investment income on sinking fund	(1,842)	(2,114)
Less: Build America Bonds subsidy	<u>(1,532)</u>	<u>(1,527)</u>
Debt service requirement on Electric System Bonds	<u>\$ 50,010</u>	<u>\$ 77,853</u>
Debt service coverage on Electric System Bonds <sup>(5)</sup>	<u>10.68x</u>	<u>6.51x</u>
Net revenues (from above)	\$ 533,888	\$ 506,442
Debt service requirement on Electric System Bonds (from above)	50,010	77,853
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds	63,443	104,640
Less: Build America Bonds subsidy	<u>(1,947)</u>	<u>(2,002)</u>
Debt service requirement on Subordinated Electric System Bonds	<u>\$ 61,496</u>	<u>102,638</u>
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	<u>\$ 111,506</u>	<u>\$ 180,491</u>
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds <sup>(6)</sup>	<u>4.79x</u>	<u>2.81x</u>

<sup>(1)</sup> Excludes investment income on sinking funds.

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

<sup>(3)</sup> Excludes depreciation and recognition of deferred costs and revenues, net.

<sup>(4)</sup> In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the Power Park and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the Power Park and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the Power Park and Bulk Power Supply System resolutions.

<sup>(5)</sup> Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage 1.20x.

<sup>(6)</sup> Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage is 1.15x.

## DRAFT #4 - APRIL 1, 2021

**Management's Discussion of Electric System Operations - JEA Electric System Schedules of Debt Service Coverage**

Revenues. Total revenues decreased \$61.7 million, or 4.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to lower electric revenues, an increase in amounts paid from the Revenue Fund into the Rate Stabilization Fund and lower investment income offset, in part, by an increase in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Electric sales volume decreased 262,985 MWh, or 2.1 percent, to 12,202,973 MWh for the Fiscal Year ended September 30, 2020 from 12,465,958 MWh for the Fiscal Year ended September 30, 2019, related to commercial and industrial sales decreasing 231,192 MWh, or 3.4 percent, and off-system sales decreasing 81,151 MWh, or 81.5 percent, offset, in part, by residential sales increasing 50,794 MWh, or 0.9 percent.

Investment income decreased \$5.8 million, or 48.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower investment yields and lower investable balances as a result of the combined retirement of approximately \$148.2 million of Electric System debt as described in the STAR Plan. For a discussion of the STAR Plan, see "INTRODUCTION - Strategic Planning" herein.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased \$7.8 million, or 9.4 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to a \$29.9 million increase in debt management withdrawals used to retire Electric System debt in October 2019 as part of the STAR Plan and a \$6.4 million increase in non-fuel purchased power withdrawals offset, in part, by a \$15.3 million decrease in fuel withdrawals and a \$12.8 million decrease in environmental withdrawals.

Amounts paid from the Revenue Fund into the Rate Stabilization Fund increased \$20.3 million, or 46.4 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to a \$38.1 million increase in fuel contributions offset, in part, by a \$17.6 million decrease in non-fuel purchased power contributions.

Operating Expenses. Total operating expenses decreased \$89.1 million, or 11.1 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019. Total fuel and purchased power expenses decreased \$87.2 million, or 16.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a 5.8 percent decrease in fuel expense and a 30.0 percent decrease in purchased power expense. 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. Total MWh power generated and purchased decreased 2.6 percent for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, to 12,627,990 MWh from 12,964,577 MWh, with an increase of 24.5 percent for MWh generated and a decrease of 50.0 percent for MWh purchased. The cost per MWh of power generated decreased 29.3 percent and the cost per MWh of purchased power increased 37.0 percent.

Net Revenues. Net revenues available for debt service increased \$27.4 million, or 5.4 percent, to \$533.9 million for the Fiscal Year ended September 30, 2020 from \$506.5 million for the Fiscal Year ended September 30, 2019. Total revenues decreased \$61.7 million, or 4.7 percent, and total operating expenses decreased \$89.1 million, or 11.1 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, as stated above. The increase in net revenues available for debt

## DRAFT #4 - APRIL 1, 2021

service is primarily related to the decrease in fuel and purchased power expenses offset, in part, by lower electric revenues and an increase in amounts paid from the Revenue Fund into the Rate Stabilization fund.

*Debt Service on Electric System Bonds.* The debt service requirement on Electric System Bonds decreased \$27.8 million, or 35.8 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower principal amortization and lower interest expense as a result of lower outstanding balances and lower interest rates.

During the Fiscal Year ended September 30, 2020, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2020A	Refunding <sup>(1)</sup>	July 2020	\$129,255,000	\$159,705,000

<sup>(1)</sup> Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Electric System Bonds during the Fiscal Year ended September 30, 2019.

*Debt Service Coverage Ratio on Electric System Bonds.* The debt service coverage ratio on Electric System Bonds increased to 10.68 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 6.51 times for the Fiscal Year ended September 30, 2019 as a result of the 5.4 percent increase in net revenues available for debt service and the 35.8 percent decrease in the debt service requirement on Electric System Bonds between such periods.

*Aggregate Subordinated Debt Service on Subordinated Electric System Bonds.* Aggregate subordinated debt service on Subordinated Electric System Bonds decreased \$41.1 million, or 40.1 percent for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower principal amortization and lower interest expense as a result of lower outstanding balances and lower interest rates.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding <sup>(1)</sup>	July 2020	\$92,415,000	\$113,160,000

<sup>(1)</sup> Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Subordinated Electric System Bonds during the Fiscal Year ended September 30, 2019.

*Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds.* The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 4.79 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 2.81 times for the Fiscal Year ended September 30, 2019 as a result of the 5.4 percent increase in net revenues available for debt service and the 38.2 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

**DRAFT #4 - APRIL 1, 2021****Liquidity Resources**

The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2020 was 183 days, and the Days of Liquidity was 359 days. The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2019 was 147 days, and the Days of Liquidity was 309 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

The Days of Liquidity computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility\*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

---

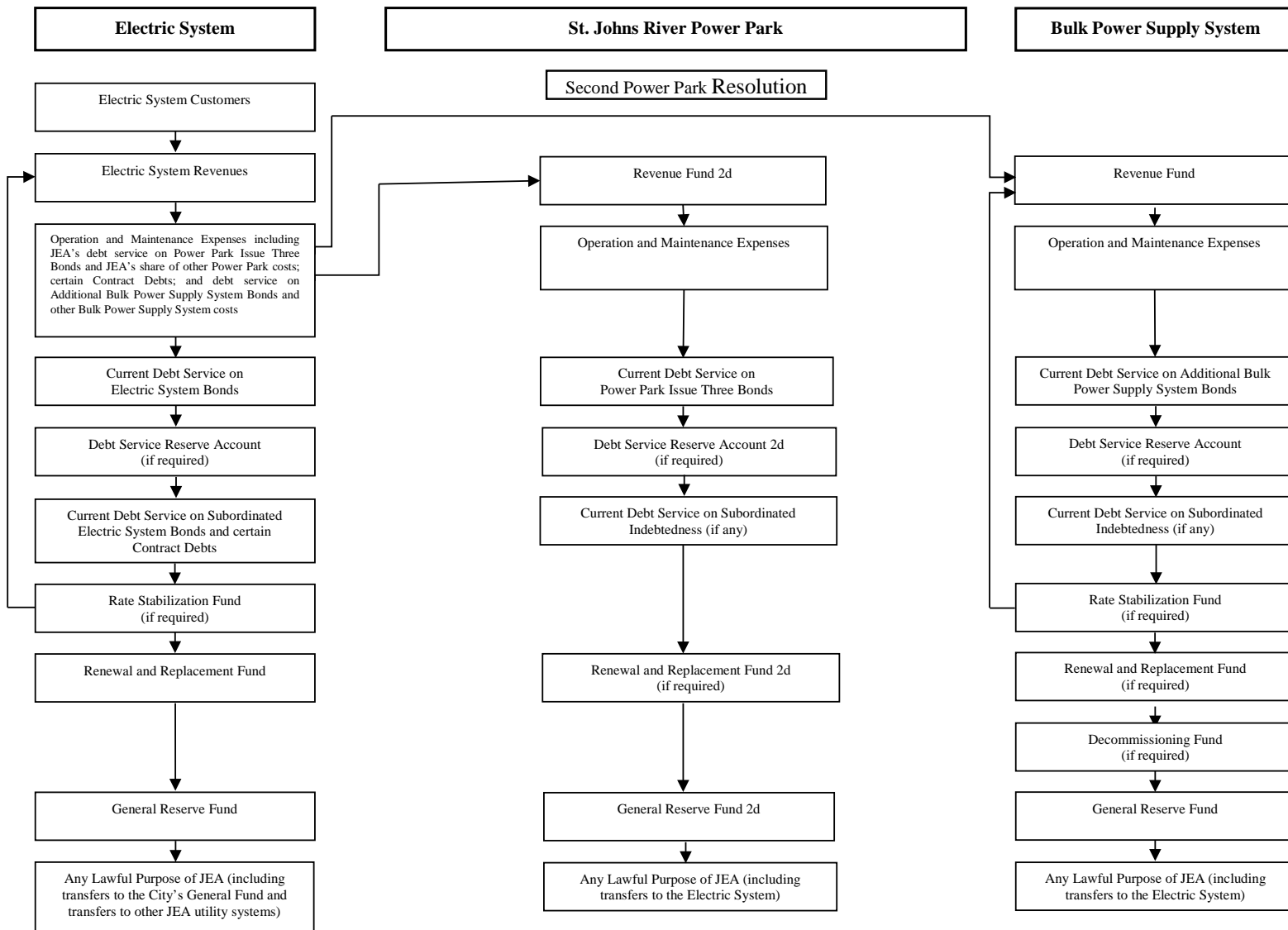
\* Allocated share of available Revolving Credit Facility at September 30, 2020 was approximately \$389.8 million and approximately \$404.7 million at September 30, 2019; however, the total available balance of \$495 million could have been drawn beginning November 1, 2018, and \$297 million could have been drawn prior to November 1, 2018.

**APPLICATION OF ELECTRIC SYSTEM REVENUES**

The following chart shows a summary of the major components of the application of revenues under the Electric System Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see the subsection "ELECTRIC UTILITY SYSTEM - FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS - Debt Relating to Electric Utility Functions - *Proposed Amendments to the Electric System Resolution*" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - *Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution*" in APPENDIX B attached hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DRAFT #4 - APRIL 1, 2021



DRAFT #4 - APRIL 1, 2021

## OTHER FINANCIAL INFORMATION

### General

JEA maintains separate accounting records for the Electric System, the Scherer 4 Project (which is sometimes referred to herein and in JEA's financial statements as the "Bulk Power Supply System"), and its interest in the Power Park. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2020 (which consist of the statement of net position of JEA as of September 30, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2020 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2020 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2020 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2020 Financial Statements include all of the assets of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. However, revenues of JEA's interest in the Power Park and the Bulk Power Supply System are not included in such statement of revenues, expenses, and changes in net assets, except that interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution and revenues received from the FPL-Power Park Sale are included in the statement of revenues, expenses, and changes in net assets.

For financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services; *provided, however*, available revenues of the Water and Sewer System shall be deposited into a Debt Service Reserve Account established for the District Energy System Refunding Revenue Bonds, 2013 Series A (Federally Taxable) (the "2013 DES Bonds") and pledged to pay debt service on the 2013 DES Bonds in the event that revenues of the District Energy System are insufficient

**DRAFT #4 - APRIL 1, 2021**

to pay debt service on the 2013 DES Bonds). Accordingly, potential purchasers of the Electric System Bonds are advised that the information in JEA's 2020 Financial Statements relating to JEA's Water and Sewer System and District Energy System is not relevant to a decision to purchase the Electric System Bonds and should not be taken into account with respect thereto.

**Transfers to the City**

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System. The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter, which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity 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 St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the

DRAFT #4 - APRIL 1, 2021

Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Electric System has increased from approximately \$93,870,968 for the Fiscal Year ended September 30, 2020 to \$93,609,555 for the Fiscal Year ending September 30, 2021. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House.

**DRAFT #4 - APRIL 1, 2021**

Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.

**Effect of JEA Credit Rating Changes*****General***

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Electric System Bonds and Subordinated Electric System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u><b>Fitch Ratings</b></u>	<u><b>Moody's</b></u>	<u><b>S&amp;P</b></u>
Outstanding Electric System Bonds	AA (stable)	A2 (positive)	A+ (negative)
Outstanding Subordinated Electric System Bonds	AA (stable)	A3 (positive)	A (negative)

***Liquidity Support for JEA's Variable Rate Bonds***

In particular, JEA has entered into standby bond purchase agreements with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Electric Bonds, and the Subordinated Liquidity Supported Electric Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$243,625,000 in aggregate principal amount of Senior Liquidity Supported Electric Bonds outstanding and \$57,195,000 in aggregate principal amount of Subordinated Liquidity Supported Electric Bonds outstanding. The standby bond purchase agreements relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, each standby bond purchase agreement provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which such standby bond purchase agreement relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings, "Baa3" by Moody's Investors Service ("Moody's") and/or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

**Interest Rate Swap Transactions**

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Electric System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$510,385,000 as of September 30, 2020, of which, \$405,985,000 were for the account of the Electric System. For additional information concerning

## DRAFT #4 - APRIL 1, 2021

those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

As of September 30, 2020, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$177,287,000, of which approximately \$139,607,000 was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<b>Related Bonds</b>	<b>Counterparty</b>	<b>Initial Notional Amount</b>	<b>Notional Amount as of September 30, 2020</b>	<b>Fixed Rate of Interest</b>	<b>Variable Rate Index<sup>(1)</sup></b>	<b>Termination Date<sup>(2)</sup></b>
Variable Rate Electric System Revenue Bonds, Series Three 2008A	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	\$100,000,000	\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4	Morgan Stanley Capital Services Inc. ("MSCS")	117,825,000	82,575,000	4.351	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. ("JPMorgan")	116,425,000	84,775,000	3.661	68% of 1 month LIBOR	10/1/2035
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2	GSMMDP	174,000,000	84,800,000	3.717	68% of 1 month LIBOR	9/16/2033
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1	MSCS	98,375,000	62,980,000	3.907	SIFMA Municipal Swap Index	10/1/2031
Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D	JPMorgan	40,875,000	39,175,000	3.716	68% of 1 month LIBOR	10/1/2037

<sup>(1)</sup> The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

<sup>(2)</sup> Unless earlier terminated.

## DRAFT #4 - APRIL 1, 2021

**Debt Management Policy**

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to 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. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to 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. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were effected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

## DRAFT #4 - APRIL 1, 2021

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Electric System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$1.5 billion in the case of interest rate swaps, (b) \$500,000,000 in the case of basis swaps and (c) \$1 billion in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

## DRAFT #4 - APRIL 1, 2021

**Investment Policies**

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2020, 26.3 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.9 years. As of September 30, 2020, the remaining 73.7 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2020, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom 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, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA. With respect to swap agreements

## DRAFT #4 - APRIL 1, 2021

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.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Electric System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Electric System, including any Contract Debts of the Electric System, debt service on Electric System Bonds, debt service on any Subordinated Bonds of the Electric System (including Subordinated Electric System Bonds) and the deposits to the Renewal and Replacement Fund established by the Electric System Resolution.

All interest rate swap transactions for the account of the Electric System are required to be entered into pursuant to Electric System Swap Agreements. Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

### **Revolving Credit Facility**

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment (the "Revolving Credit Facility"). The Revolving Credit Facility was initially scheduled to expire on December 17, 2018. Effective May 24, 2018, JEA and JPMorgan amended the agreement to extend the expiration date to May 24, 2021, and effective November 1, 2018, the parties further amended the agreement to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000 **[MONITOR RENEWAL STATUS]**. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power

**DRAFT #4 - APRIL 1, 2021**

System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has \$5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

**Loans Among Utility Systems**

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

**No Default Certificates**

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 715.2 of the Second Power Park Resolution, and Section 714.2 of the Restated and Amended Bulk Power Supply System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, respectively, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution.

**LITIGATION AND OTHER MATTERS****[WILL NEED JODY BROOKS' REVIEW/UPDATES]****General**

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Electric System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

**DRAFT #4 - APRIL 1, 2021**

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

**Other Matters**

**[TO BE UPDATED]**

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, the former ITN, and a bonus pay plan for senior executives established during the administration of the former CEO. JEA has complied with the subpoena and provided the requested documents and records.

On June 5, 2020, JEA filed a civil action in state court against Mr. Zahn. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DRAFT #4 - APRIL 1, 2021

**AUTHORIZATION**

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

**JEA**

By:                     /s/ John D. Baker II                      
Chair

By:                     /s/ Joseph C. Stowe III                      
Managing Director and Chief Executive Officer

DRAFT #3 - APRIL 1, 2021



---

**ANNUAL DISCLOSURE REPORT**  
**FOR**  
**WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM**  
**FOR**  
**FISCAL YEAR**  
**ENDED**  
**SEPTEMBER 30, 2020**

---

**(Prepared pursuant to certain  
continuing disclosure undertakings  
relating to the Bonds listed  
in APPENDIX E hereto)**

---

**Filed on EMMA**

---

**Dated as of**

**[\_\_\_\_\_, 2021]**

DRAFT #3 - APRIL 1, 2021

(THIS PAGE INTENTIONALLY LEFT BLANK)

**JEA**  
**21 W. CHURCH STREET**  
**JACKSONVILLE, FLORIDA 32202**  
**(904) 665-7410**  
[\*\*\(http://www.jea.com\)\*\*](http://www.jea.com)

**JEA OFFICIALS**  
**BOARD OF DIRECTORS**

Chair  
Vice Chair  
Secretary

John D. Baker II  
Robert L. Stein  
Martha T. Lanahan  
Joseph P. DiSalvo  
Dr. A. Zachary Faison, Jr.  
Dr. Leon L. Haley, Jr.  
Thomas VanOsdol

**LEADERSHIP TEAM<sup>1</sup>**

Managing Director and Chief Executive Officer  
Chief Operating Officer  
Chief Customer Officer  
Chief Human Resources Officer  
Chief Financial Officer  
Chief Administrative Officer  
Chief External Affairs Officer  
Chief Strategy Officer

Joseph C. Stowe III  
*Vacant*<sup>2</sup>  
Sheila E. Pressley  
L. David Emanuel  
*Vacant*<sup>2</sup>  
Jody L. Brooks  
*Vacant*<sup>2</sup>  
Laura M. Dutton

**EXTENDED LEADERSHIP TEAM<sup>1</sup>**

Vice President, Electric Systems  
Vice President, Water/Wastewater Systems  
Interim Vice President, Financial Services and Treasurer  
Vice President, Supply Chain/Operations Support  
Interim Vice President, Chief Information Officer  
Chief Legal Counsel  
Vice President, Government Relations  
Vice President, Environmental Services  
Vice President, Economic Development

Ricky D. Erixton  
Hai X. Vu  
Joseph E. Orfano  
Alan D. McElroy  
Stephen H. Datz  
*Vacant*<sup>2</sup>  
Kurtis R. Wilson  
O. Wayne Young  
*Vacant*<sup>2</sup>

**GENERAL COUNSEL**

Jason R. Gabriel, Esq.  
General Counsel of the City of Jacksonville  
Jacksonville, Florida

<sup>1</sup> Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

<sup>2</sup> JEA currently plans to complete its vacant position searches by July 30, 2021.

DRAFT #3 - APRIL 1, 2021

(THIS PAGE INTENTIONALLY LEFT BLANK)

## TABLE OF CONTENTS

INTRODUCTION .....	1
General .....	1
Miscellaneous; Forward-Looking Statements .....	2
JEA Establishment and Organization .....	3
Management and Employees .....	5
Management.....	5
Employees.....	10
Pension.....	11
Certain Demographic Information.....	13
Indebtedness of JEA .....	15
Strategic Planning .....	16
Previously Proposed Privatization of JEA.....	16
WATER AND SEWER SYSTEM .....	17
WATER AND SEWER SYSTEM FUNCTIONS.....	17
General.....	17
Area Served.....	20
Water System.....	20
Sewer System.....	20
Existing Facilities.....	20
Water System.....	20
Sewer System.....	22
Customers and Sales .....	25
Water System.....	25
Sewer System.....	26
Largest Customers .....	26
Water System.....	26
Sewer System.....	27
Customer Billing Procedures .....	27
Rates.....	27
General.....	27
Rates for Monthly Service .....	28
Water Rates.....	28
Sewer Rates.....	29
Reclaimed Water Rates.....	30
Connection and Capacity Charges.....	30
Regulation .....	32
Water and Sewer System .....	32
Public Water Supply System .....	33
Wastewater Treatment System .....	33
Capital Program .....	34
Certain Factors Affecting the Water and Sewer Utility Industry .....	35

## TABLE OF CONTENTS

COVID-19 Pandemic .....	35
FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM .....	36
Debt Relating to Water and Sewer System .....	36
Water and Sewer System Bonds .....	36
Subordinated Water and Sewer System Bonds .....	38
Water and Sewer System Contract Debts .....	39
Water and Sewer System Support of the District Energy System Bonds .....	39
Schedules of Debt Service Coverage .....	40
Management's Discussion of Water and Sewer System Operations - JEA Water and Sewer System Schedules of Debt Service Coverage .....	41
Liquidity Resources .....	44
APPLICATION OF WATER AND SEWER SYSTEM REVENUES .....	45
DISTRICT ENERGY SYSTEM.....	46
DISTRICT ENERGY FUNCTIONS .....	46
General .....	46
Chilled Water Facilities .....	46
Customers and Sales .....	47
Customer Billing Procedures .....	47
Rates .....	47
Permits, Licenses and Approvals .....	48
Capital Program .....	48
FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM....	49
Debt Relating to the District Energy System .....	49
District Energy System Bonds .....	49
District Energy System Contract Debts .....	49
Schedules of Debt Service Coverage .....	50
Management's Discussion of District Energy System Operations - JEA's District Energy System Schedules of Debt Service Coverage .....	50
APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES .....	52
OTHER FINANCIAL INFORMATION.....	53
General .....	53
Transfers to the City.....	54
Effect of JEA Credit Rating Changes .....	56
General .....	56
Liquidity Support for JEA's Variable Rate Bonds .....	56
Interest Rate Swap Transactions .....	57
Debt Management Policy .....	58
Investment Policies .....	61
Revolving Credit Facility .....	63
Loans Among Utility Systems .....	63
No Default Certificates .....	63

## TABLE OF CONTENTS

LITIGATION AND OTHER MATTERS .....	64
General .....	64
Other Matters .....	64
AUTHORIZATION.....	66
 SCHEDULE 1 - .....	Operating
Highlights .....	S-1
APPENDIX A - JEA Financial Information.....	A-1
APPENDIX B - Summary of Certain Provisions of the Water and Sewer System Resolution ..	B-1
APPENDIX C - Summary of Certain Provisions of the Subordinated Water and Sewer System Resolution.....	C-1
APPENDIX D - Summary of Certain Provisions of the District Energy System Resolution ....	D-1
APPENDIX E - Water and Sewer System and District Energy System Bonds Subject to JEA's Continuing Disclosure Undertakings .....	E-1

DRAFT #3 - APRIL 1, 2021



**ANNUAL DISCLOSURE REPORT  
FOR**

**WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM  
FOR FISCAL YEAR  
ENDED SEPTEMBER 30, 2020**

**INTRODUCTION**

**General**

This Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2020 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX E attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2020, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System and District Energy System is owned and operated by JEA separately. For information relating to JEA's Electric System, see "ANNUAL DISCLOSURE REPORT FOR ELECTRIC UTILITY SYSTEM FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020" (the "Electric ADR"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and, except as described under "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System - Water and Sewer System Support of the District Energy System Bonds" herein, revenues of each system are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

This Annual Disclosure Report contains information regarding JEA's Water and Sewer System and the District Energy System. For financing purposes and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of sewer treatment and related services. The debt of JEA relating to the District Energy System is payable from and secured by the revenues derived from JEA's chilled water activities and any local district heating facilities JEA may develop in the future. **Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained herein relating to the Water and Sewer System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained herein relating to the District Energy System is not relevant to the Electric System Bonds, Subordinated Electric System Bonds, Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution, and certain amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the Water and Sewer System Resolution, the Subordinated Water and Sewer Resolution and the District Energy System Resolution are available on the JEA website at [https://www.jea.com/About/Investor\\_Relations/Bonds.aspx](https://www.jea.com/About/Investor_Relations/Bonds.aspx) and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

### **Miscellaneous; Forward-Looking Statements**

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure

Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise..

### **JEA Establishment and Organization**

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. The Charter

assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM<sup>(1)</sup></u>
John D. Baker II, Chair	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, Vice Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Secretary	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Joseph P. DiSalvo	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022
Dr. Leon L. Haley, Jr.	CEO, UF Health Jacksonville	April 16, 2020 – February 28, 2024
Thomas VanOsdol	President and CEO, Ascension Florida	April 16, 2020 – February 28, 2023

<sup>(1)</sup> At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the current members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County.

Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

### **Management and Employees**

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, directors, managers, executive assistants and other appointed staff, numbering approximately 396 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

#### ***Management***

JEA's senior level management has experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Vice President, Chief Information Officer; Chief Legal Counsel; Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development. The Vice President, Financial Services and Vice President, Chief Information Officer positions are currently filled on an interim basis.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems will report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Vice President, Chief Information Officer will report to the Chief Financial Officer. The Chief Legal Counsel will report to the Chief Administrative Officer; and the Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development will report to the Chief External Affairs Officer. The Vice President, Electric Systems; Vice President, Water/Wastewater Systems; the Interim Vice President, Financial Services; Vice President, Supply Chain and Operations Support; and Interim Chief Information Officer will report to the Managing Director and Chief Executive Officer until the vacant positions of Chief Operating Officer and Chief Financial Officer are filled.

The Leadership Team positions of Chief Operating Officer, Chief Financial Officer, and Chief External Affairs Officer are currently vacant. In addition, the Extended Leadership positions of Chief Legal Counsel and Vice President, Economic Development are currently vacant. JEA currently plans to complete its vacant position searches by July 30, 2021.

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Interim Chief Customer Officer in November 2020. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce, and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000. [BIOGRAPHICAL SKETCH TO BE REVIEWED]

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for more than 17 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee

The following is information regarding the Extended Leadership Team.

Ricky D. Erixton, Vice President, Electric Systems. Mr. Erixton began his career as a co-op student at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30 year career at JEA, Mr. Erixton has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director of Transmission and Distribution where he was responsible for the maintenance of the entire Electric System from the generation resources to the customer.

Mr. Erixton holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

Hai X. Vu, Vice President, Water/Wastewater Systems. Mr. Vu has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Mr. Vu worked as

a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Mr. Vu has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

Joseph E. Orfano, Interim Vice President, Financial Services and Treasurer. Mr. Orfano has served as Interim Vice President, Financial Services, of JEA since February 2021 and as Treasurer beginning in December 2013. He also served as Interim Chief Financial Officer from December 2019 through June 2020. He is responsible for overseeing all financial affairs for the utility including financial reporting, treasury, rates, financial planning, budgeting and insurance. Mr. Orfano currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to joining JEA, Mr. Orfano was Director of Treasury at a mining company located in Scottsdale, Arizona. Before that, he held a variety of treasury management positions over the course of more than 20 years in a number of large diversified electric utility companies including NV Energy, Inc., SCANA Corporation and Florida Progress Corporation. Early in his career, Mr. Orfano gained experience in corporate banking in Florida and Pennsylvania. He holds a B.B.A. in Finance from the University of Notre Dame.

Alan D. McElroy, Vice President, Supply Chain/Operations Support. Mr. McElroy joined JEA in 2014 as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Mr. McElroy joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Mr. McElroy led the combined Fleet Services and Meter Operations team.

Mr. McElroy earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

Stephen H. Datz, Interim Vice President, Chief Information Officer. Mr. Datz has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the St. Johns River Power Park, included responsibilities for supporting a global

network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Mr. Datz received his Bachelor of Science in Information Systems from the University of North Florida.

Kurtis R. Wilson, Vice President, Government Relations. Mr. Wilson joined JEA in March 2020 on an interim basis to lead its Office of Government Affairs, which is responsible for fostering relationships with federal, state and local partners and legislative bodies that impact JEA.

Prior to joining JEA, Mr. Wilson served 25 years with the Jacksonville Fire & Rescue Department, moving through the ranks from firefighter to Director/Fire Chief. It is there that his government affairs responsibilities began in 2011, when he was appointed to Division Chief of Administrative Services. Following that, he was appointed to Division Chief of Fire Prevention in 2012, Division Chief of Operations in 2013, and ultimately Chief of the Department in 2015. In that role he worked with most city agencies, department heads and local elected officials to help solve problems they faced in the realm of public safety. His responsibilities included managing 1,600 personnel, all budget and legislative affairs, delivering state-of-the-art fire-rescue services to Duval County residents, and managing responses to large-scale events such as hurricanes Matthew and Irma, industrial accidents and multi-alarm structure fires.

Mr. Wilson earned a Bachelor of Science in Public Administration from Flagler College and holds numerous certifications in Incident Command System, Hazardous Materials, and Urban Search and Rescue.

O. Wayne Young, Vice President Environmental Services. Mr. Young is a Jacksonville native. His 15 years at JEA were preceded by a highly decorated military career. During his career at JEA, Mr. Young has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He currently serves in the position of Vice President Environmental Services.

Mr. Young's military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships - AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy's Surface Warfare Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

Mr. Young holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

### ***Employees***

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law

prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2020, JEA had 2,158 budgeted employee positions (exclusive of the Power Park (as defined in the Electric ADR) employees referred to below), of which 625 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,527 were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,530 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022.

### ***Pension***

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2019 for the City's GEPP (the "2019 Actuarial Valuation Report") are available for viewing and downloading from the City's website at: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2018 Valuation or the October 1, 2019 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed \$40,179,000, \$43,156,000, \$48,942,000, \$35,459,523 and \$33,855,607 to the GEPP. JEA's minimum required contribution to the GEPP for the Fiscal Year ending September 30, 2020 was \$37,592,034.

**[Preparation of the Actuarial Valuation and Review as of October 1, 2020 for the City's GEPP has not been completed as of the date of this Annual Disclosure Report. The**

**following discussion is based on the 2019 Actuarial Valuation Report and the 2018 Actuarial Valuation Report, the latest two reports available.]**

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2017 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,175,135,210, which represented an increase of \$93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of \$1,081,313,441. JEA was informed by the City that the actuary for the GEPP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for Fiscal Year 2018) of the aggregate amount of \$1,278,140,150 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of \$565,792,869 (an increase of \$42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of \$1,175,135,210. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits 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.

See Note 12, Note 13 and pages 106-113 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

### **Certain Demographic Information**

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,559,514 as of July 1, 2019. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

<b><u>Population</u></b>	
<b><u>Year</u></b>	<b><u>Jacksonville MSA</u></b>
1980	722,252
1990	906,727
2000 <sup>(1)</sup>	1,122,750
2010	1,345,596
2019	1,559,514

Source: United States Census Bureau  
<sup>(1)</sup> Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years 2010 through 2019.

<b><u>Jacksonville MSA Labor Force</u></b>				<b><u>Unemployment Rate (%)</u></b>	
<b><u>Year</u></b>	<b><u>Civilian</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment Rate (%)</u></b>	<b><u>Florida</u></b>	<b><u>U.S.</u></b>
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	704,090	646,370	8.2	8.5	8.1
2013	709,351	659,773	7.0	7.2	7.4
2014	715,253	670,631	6.2	6.3	6.2
2015	718,820	680,220	5.4	5.5	5.3
2016	735,105	701,068	4.6	4.8	4.9
2017	759,045	728,247	4.1	4.2	4.4
2018	770,771	743,987	3.5	3.6	3.9
2019	785,189	760,810	3.1	3.1	3.7

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the 12 months ended December 2020.

	<b><u>Number of Employees</u></b>	<b><u>Percent of Distribution</u></b>
Trade, Transportation and Utilities	150,300	21.4
Education and Health Services	111,200	15.8
Professional and Business Services	109,300	15.5
Government	77,700	11.0
Leisure and Hospitality	75,000	10.7
Finance	67,500	9.6
Construction	45,700	6.5
Other Services <sup>(1)</sup>	34,700	4.9
Manufacturing	<u>32,300</u>	<u>4.6</u>
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	<u>703,700</u>	<u>100.0</u>

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

<sup>(1)</sup> Consists of other services, information and natural resources and mining.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,650
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,380
Amazon	E-commerce Fulfillment	4,300
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900

Source: Jacksonville Regional Chamber of Commerce Research Department.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 <sup>(1)</sup>
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,639 <sup>(2)</sup>
St. Johns County School District	Public Education	5,298 <sup>(3)</sup>
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	4,200
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

<sup>(1)</sup> Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

<sup>(2)</sup> City of Jacksonville Annual Budget 2020-21.

(<https://www.coj.net/departments/finance/docs/budget/fy20-21-annual-budget-approved.aspx>).

<sup>(3)</sup> St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

## **Indebtedness of JEA**

The indebtedness of JEA relating to its Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See, "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System" herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. See "DISTRICT ENERGY SYSTEM - FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM - Debt Relating to the District Energy System" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, and except as described under "WATER AND SEWER

SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to its Electric System, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained in this Annual Disclosure Report relating to JEA's Water and Sewer System is not relevant to the Electric System Bonds (as described in the Electric ADR), the Subordinated Electric System Bonds (as described in the Electric ADR), Power Park Issue Three Bonds (as described in the Electric ADR), Additional Bulk Power Supply System Bonds (as described in the Electric ADR) or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained in this Annual Disclosure Report relating to the District Energy System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2020, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

### **Strategic Planning**

JEA has been actively engaged in strategic planning. As part of its planning process, JEA considered various options with respect to its business which included potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA previously increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. In February 2019, JEA retired \$94,955,000 of Water and Sewer System debt, and in October 2019, JEA retired an additional \$45,425,000 of Water and Sewer System debt as part of this effort. Future redemptions or defeasance of Water and Sewer System debt are subject to availability of funds and JEA Board approval. In addition to the STAR Plan, JEA is also evaluating changes to its cost and rate structures.

### **Previously Proposed Privatization of JEA**

In 2018 and 2019, the Council and the JEA Board took several actions to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related

to a potential sale of JEA. In December 2019, after significant community opposition to the sale of JEA continued to surface, the JEA Board voted unanimously to discontinue all previously approved actions relating to the potential privatization of JEA. It later became publicly known that a federal grand jury had begun investigating certain aspects of the proposed privatization of JEA. That investigation is ongoing. See "LITIGATION - LITIGATION AND OTHER MATTERS - Other Matters" herein.

On February 4, 2020, the president of the Council convened the Special Investigatory Committee on JEA Matters comprised of five members of the Council (the "Investigatory Committee") to investigate the pursuit to potentially privatize JEA and determine what problems could be prevented in the future through legislative action. The Investigatory Committee met regularly and held its final meeting December 7, 2020. It released its final report on January 4, 2021 in which it made recommendations for future Council consideration in the areas of procurement, Council investigatory authority, compensation programs and ethics and transparency.

Other legislation concerning JEA may be proposed by the Council from time to time. JEA cannot predict whether such legislative proposals will be approved by Council or the outcome of such legislation proposals. Although it has not adopted a resolution to that effect, the current JEA Board has publicly stated that JEA is not for sale and that it is JEA's intent to remain a municipally-owned, independent authority of the City.

## **WATER AND SEWER SYSTEM**

### ***WATER AND SEWER SYSTEM FUNCTIONS***

#### **General**

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and sewer service within the urban and suburban areas of the City, other than certain excluded areas described below. The Water and Sewer System's service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City. It is JEA's policy to serve any customer requesting service within its urban and suburban service area. Investor-owned utilities must file a petition with the Public Service Commission in order to provide water or wastewater service within the City, and JEA would object to any petition for expansion of investor-owned utility service areas unless it otherwise determines that it would be in JEA's interest not to do so.

The Water System, which served an average of 363,597 customer accounts and 17,031 reuse water customers, respectively, in the Fiscal Year ended September 30, 2020, currently is composed of 38 water treatment plants and three repump facilities, 135 active water supply wells, approximately 4,874 miles of water distribution mains and water storage capacity of 83 million gallons (including the repump facilities). The overall peak capacity of the Water System is

approximately 319 million gallons per day ("mgd"), and the Water System experienced an average daily flow of approximately 118 mgd and a maximum daily flow of approximately 170 mgd during the Fiscal Year ended September 30, 2020. Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, which provides high quality water. Total Water System sales revenues (including water capacity fees) during the Fiscal Year ended September 30, 2020 were approximately \$193,459,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

The Sewer System, which served an average of 285,104 customer accounts in the Fiscal Year ended September 30, 2020, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 123 mgd and a maximum daily flow capacity of approximately 247 mgd, approximately 1,508 pumping stations, approximately 802 low pressure sewer units and approximately 4,179 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 79 mgd and a non-coincident maximum daily flow of approximately 137 mgd during the Fiscal Year ended September 30, 2020. Total Sewer System sales revenues (including sewer capacity fees) during the Fiscal Year ended September 30, 2020 were approximately \$303,055,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

Since the transfer of the Water and Sewer System from the City to JEA in 1997, JEA has acquired the assets and customers of seven privately-owned water and sewer companies and one governmentally-owned water and sewer utility. From time to time, JEA may explore other potential acquisition opportunities but presently has no plans to do so.

In July 1999, JEA entered into a 10-year interlocal agreement (the "1999 Interlocal Agreement") with St. Johns County in connection with JEA's acquisition of JCP Utility Company, a standalone water and wastewater utility located wholly within St. Johns County. In 2001, the 1999 Interlocal Agreement was extended to 30 years and amended to include JEA's acquisition of the entire utility system of United Water Florida, Inc., which included those portions of United Water Florida's water and wastewater operations located within St. Johns County (the "2001 Amendment"). In connection with the 2001 Amendment, JEA made an up-front payment in December 2001 to St. Johns County in the amount of the net present value of five percent of JEA's projected gross revenues from the retail sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in St. Johns County, calculated to be \$3,616,576. Under the terms of the 1999 Interlocal Agreement, subsequent utilities were purchased under the 1999 Interlocal Agreement, and St. Johns County granted JEA the right to: 1) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County, 2) provide water and wastewater service to additional areas in St. Johns County not currently served by either the St. Johns County Water and Sewer Department or other water and wastewater utilities and 3) acquire, in JEA's sole discretion, other private utilities in northern St. Johns County. Under the original terms of the interlocal agreement, at the end of each 10-year anniversary of this 30-year interlocal agreement with St. Johns County, JEA will calculate a "true-up" to adjust for the net present value of the actual retail revenues realized if the revenues exceed the projected revenues during the 10-year period. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay St. Johns County the net

present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid St. Johns County \$12,176,152 on January 11, 2012 for both components related to the first 10-year anniversary. St. Johns County disputed JEA's methodology for computing the true-up payment related to the first 10-year anniversary, and the parties entered mediation and resolved the issue, with the result that future payments will be made on an annual basis. Pursuant to the 1999 Interlocal Agreement, St. Johns County was granted a purchase option with regard to JEA facilities in St. Johns County. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to St. Johns County of its intent to enter into negotiations for purchase of the St. Johns County facilities, as provided in the 1999 Interlocal Agreement. For additional information regarding the privatization initiative, see "INTRODUCTION - Review of Strategic Alternatives and Potential Privatization of JEA" herein. **[The 1999 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019. JEA and St. Johns County continue to work to clarify the import of the September 2019 notice and the now-cancelled ITN on the 1999 Interlocal Agreement.]**

In December 2001, JEA entered into a 30-year interlocal agreement (the "2001 Interlocal Agreement") with Nassau County in connection with JEA's acquisition of the entire utility system of United Water Florida, Inc., including those portions of United Water Florida's water and wastewater facilities located within Nassau County. JEA made an up-front payment in December 2001 to Nassau County in the amount of the net present value of five percent of JEA's projected gross revenues from the sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in Nassau County, calculated to be \$720,000. Under the terms of the 2001 Interlocal Agreement, Nassau County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within Nassau County and (b) provide water and wastewater service to additional areas in Nassau County not currently served by either Nassau County or other water and wastewater utilities. At the end of each 10-year anniversary of the 2001 Interlocal Agreement with Nassau County, JEA will calculate a "true-up" based on the actual revenues realized during the 10-year period. If the revenues exceed the projected amount, JEA will pay Nassau County the amount that would have been due based on actual revenues. Additionally, after the 10-year and 20-year anniversaries of the 2001 Interlocal Agreement, JEA agrees to pay the county the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid Nassau County \$3,480,556 on January 11, 2012 for both components related to the first 10-year anniversary. Pursuant to the 2001 Interlocal Agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. The 2001 Interlocal Agreement provided Nassau County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the Nassau County facilities. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to Nassau County of its intent to enter into negotiations for purchase of the Nassau facilities, as provided in the 2001 Interlocal Agreement. For additional information regarding the privatization initiative, see "INTRODUCTION - Review of Strategic Alternatives and Potential Privatization of JEA" herein. **[The 2001 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019. JEA and Nassau County continue to work to clarify the import of the September 2019 notice and the now-cancelled ITN on the 2001 Interlocal Agreement.]**

## **Area Served**

### ***Water System***

The service territory of the Water System includes (a) virtually the entire City, other than the beach communities (Jacksonville Beach, Atlantic Beach and Neptune Beach), the Town of Baldwin, the active United States Navy facilities located within the City and those areas served by a community-owned water and wastewater utility that is not subject to jurisdiction of the Florida Public Service Commission ("PSC") and one investor-owned water utility and one investor-owned sewer utility that provide service within certificated territories under jurisdiction of the PSC, (b) approximately 143 square miles in St. Johns County and (c) approximately 620 square miles in Nassau County. In addition, the Water System serves a small number of customers in Clay County.

The Water System provides service in an area currently comprising approximately 769 square miles in Duval County, approximately 63 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four square miles in Clay County. In the remaining areas of the Water System's service territory not currently served by the Water System, other cities, the Navy, the community-owned utility or investor-owned utility, water service is provided through privately owned and operated wells.

Customers of the Water System are charged for water service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary based upon meter size and monthly consumption.

### ***Sewer System***

The service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is approximately 76 percent of the service territory. In the remaining areas of the Sewer System's service territory not currently served by the Sewer System, other cities, the Navy, the community-owned utility or the investor-owned utility, wastewater service is provided through privately owned and operated septic tanks.

Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary and are based upon meter size and monthly flow. The Sewer System provides wholesale bulk sewer service to the investor-owned utility mentioned above.

## **Existing Facilities**

### ***Water System***

The Water System consists of 20 major and 18 small water treatment plants and three repump facilities, and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte Vedra, Ponce de Leon, Mayport and Nassau County. The major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy. The purpose of such interconnectivity is to provide sufficient water capacity at the least cost which meets JEA's

desired level of customer service requirements and complies with water quality criteria while avoiding adverse impacts on the Floridan Aquifer. The Water System has 135 active wells supplying the various water plants. Each plant consists of wells, aerators, ground storage tanks, water quality treatment and pH monitoring and chlorination facilities. Control is by computer with regular operator oversight. The rated maximum daily treatment capacity of the Water System is approximately 305 mgd for the north and south grids together and 319 mgd for the total Water System, taking into consideration maintenance factors. Treatment at the water plants currently consists of aeration and detention to oxidize hydrogen sulfide and addition of sodium hypochlorite, provide disinfection and prevent biological growth in the water distribution system. JEA also uses packed tower forced draft aeration and ozone to treat hydrogen sulfide at several facilities.

The following table shows the daily average and maximum flow capacities for the Fiscal Years ended September 30, 2016 through 2020:

<b>Fiscal Year Ended September 30,</b>	<b>Average Daily Flow (mgd)</b>	<b>Maximum Daily Flow (Non-Coincident) (mgd)</b>
2016	111	154
2017	114	187
2018	112	152
2019	117	173
2020	118	170

The following table shows the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2020 for each distribution grid:

<b>Grid</b>	<b>Maximum Daily Treatment Capacity (mgd)</b>
North grid	116
South grid	189
Other	14
Total	<u>319</u>

The water distribution system consists of approximately 4,874 miles of water distribution mains ranging from two to 36 inches in diameter. The water distribution mains are made of various materials, including polyvinyl chloride ("PVC"), galvanized steel, ductile iron, cast iron and asbestos cement. The majority of the water distribution mains are made of PVC, with **[less than one percent]** of the water distribution system being composed of asbestos cement pipe. Water quality monitoring in the areas containing asbestos cement pipe has shown all areas to be within the United States Environmental Protection Agency ("EPA") and the Florida Department of Environmental Protection ("FDEP") regulatory limits. The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains. Virtually all new water system distribution mains are constructed of PVC.

Total finished water storage capacity of the Water System is 83 million gallons. All water storage facilities are located at the various water treatment plants, including three repump facilities. The Water System does not utilize elevated storage tanks.

Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water. The Floridan Aquifer covers most of Florida and parts of Georgia and South Carolina. The Floridan Aquifer should be capable of meeting JEA's needs well into the future; *provided* that JEA continues its three-part program and well water quality program described under "Regulation - *Public Water Supply System*" below. Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply. As of the date of this Annual Disclosure Report, water quality monitoring of JEA well fields has not detected the presence of any man-made compounds at actionable levels, and water quality impacts are limited to selected wells on the south grid from localized upwelling of trapped water from deep fissures - not the result of lateral salt water intrusion. JEA is the largest single user of water from the Floridan Aquifer in Duval County. Other major users include the paper industry and investor-owned utilities. JEA currently operates under one Consumptive Use of Water Permit ("CUP"). JEA expects that the current permitted withdrawal allocations should be sufficient to satisfy customer demands for the 20-year planning period, subject to compliance with the various conditions set forth in the CUP for 20 years from May 2011 to 2031.

### ***Sewer System***

The Sewer System consists of approximately 4,179 miles of gravity sewers and force mains. The gravity sewers range from six to 84 inches in diameter and the force mains range from three to 54 inches in diameter. Approximately 72 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene. Virtually all new sewer system gravity sewers and force mains are constructed of PVC, and the majority of sewer system rehabilitation (using pipe bursting technology) is constructed of high density polyethylene.

The Sewer System has approximately 1,508 pumping stations, approximately 802 low pressure sewer units and 11 treatment plants ranging in rated average daily treatment capacity from 0.2 to 52.5 mgd. Each of the treatment plants provides a minimum of secondary treatment with biological nutrient removal utilized at the major treatment plants. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and pelletization in preparation for beneficial use. Current sludge production averages approximately 32.8 dry tons per day ("dt/day"). The Residuals Management Facility ("RMF") is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. JEA also plans to replace the dryer with new dryers in a new building.

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2020 for each of JEA's seven regional wastewater treatment plants and corresponding information for JEA's smaller wastewater treatment plants:

<b>Wastewater Treatment Plant</b>	<b>Average Daily Flow (mgd) (Fiscal Year ended September 30, 2019)</b>	<b>Maximum Daily Flow (Non-Coincident) (mgd) (Fiscal Year ended September 30, 2019)</b>	<b>Rated Average Daily Treatment Capacity (mgd)<sup>(1)</sup></b>	<b>Rated Maximum Daily Treatment Capacity (mgd)<sup>(1)</sup></b>
Buckman	25.84	58.16	52.50	105.00
District 2	5.69	7.80	10.00	20.00
Southwest	11.72	21.35	14.00	28.00
Arlington East	19.97	28.51	25.00	50.00
Mandarin	6.00	9.13	8.75	17.50
Julington Creek Plantation	0.90	1.07	1.00	2.00
Blacks Ford	4.76	5.51	6.00	12.00
Nassau	1.40	1.66	1.55	3.10
Monterey	2.00	2.88	3.60	7.20
Ponte Vedra	0.67	1.11	0.80	1.60
Ponce De Leon	<u>0.08</u>	<u>0.12</u>	<u>0.24</u>	<u>0.48</u>
Total	<u>79.03</u>	<u>137.30</u>	<u>123.44</u>	<u>246.88</u>

<sup>(1)</sup> Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system (*i.e.*, storm water and/or ground water that enters the sewer system through cracks or openings in the collection system) and inflow (*i.e.*, water that enters the sewer system through illegal or unpermitted piped connections to the collection system).

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO<sub>2</sub> for dechlorination prior to discharge to the St. Johns River.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Although effluent disposal currently is predominately surface water discharge, JEA initiated implementation of a reclaimed water reuse program in 1999 with its acquisition of the assets and customers of an investor-owned water and wastewater utility which had an existing program for reuse of reclaimed water by customers. JEA has established an expanding program to substantially increase water reclamation systems in Nassau, Duval and St. Johns Counties. JEA is actively developing additional reclaimed water capacity, and as of September 2020, the reclaimed water capacity (in mgd) was approximately:

<u>Facility</u>	<u>Capacity (mgd)</u>
Arlington East (Public Access)	8.00
Mandarin (Public Access)	8.75
Blacks Ford (Public Access)	6.00
Julington Creek Plantation (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	<u>0.24</u>
Total	<u>40.84</u>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## Customers and Sales

### *Water System*

During the Fiscal Year ended September 30, 2020, the Water System served an average of 363,597 customer accounts and 17,031 reuse water customers, respectively. Water System revenues, including revenues from environmental charges, sales of water, expressed in 1,000 gallons ("kgal") and the average number of Water System customer accounts, all by customer classification, for the Fiscal Year ended September 30, 2016 through 2020 are shown in the following table:

		<b>Fiscal Year Ended September 30</b>			
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Water Revenues</b>					
Residential	\$100,316	\$ 96,699	\$ 91,954	\$ 96,615	\$ 89,946
Commercial and Industrial	47,011	47,619	47,494	47,969	46,212
Irrigation	35,030	34,800	32,004	36,836	34,846
Subtotal	\$182,357	\$179,118	\$171,452	\$181,420	\$171,004
Reuse Water	<u>21,097</u>	<u>17,909</u>	<u>13,659</u>	<u>13,216</u>	<u>10,267</u>
TOTAL	<u>\$203,454</u>	<u>\$197,027</u>	<u>\$185,111</u>	<u>\$194,636</u>	<u>\$181,271</u>
<b>Water Sales (kgals):</b>					
Residential	18,839,990	17,921,588	16,932,812	17,624,952	17,086,586
Commercial and Industrial	13,540,631	13,958,000	14,023,130	13,402,094	13,343,376
Irrigation	5,891,176	5,816,484	5,230,617	6,218,142	5,927,957
Subtotal	38,271,797	37,696,072	36,186,559	37,245,188	36,357,919
Reuse Water	<u>4,426,905</u>	<u>3,884,210</u>	<u>3,119,739</u>	<u>3,290,311</u>	<u>2,644,046</u>
TOTAL	<u>42,698,702</u>	<u>41,580,282</u>	<u>39,306,298</u>	<u>40,535,499</u>	<u>39,001,965</u>
<b>Average Number of Accounts:</b>					
Residential	299,872	292,460	285,404	278,838	272,157
Commercial and Industrial	26,190	25,963	25,702	25,423	24,698
Irrigation	37,535	37,212	37,053	36,755	36,284
Subtotal	363,597	355,635	348,159	341,016	333,139
Reuse Water	<u>17,031</u>	<u>14,267</u>	<u>11,498</u>	<u>9,391</u>	<u>7,498</u>
TOTAL	<u>380,628</u>	<u>369,902</u>	<u>359,657</u>	<u>350,407</u>	<u>340,637</u>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

***Sewer System***

During the Fiscal Year ended September 30, 2020, the Sewer System served an average of 285,104 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2016 through 2020 are shown in the following table:

	<b><u>Fiscal Year Ended September 30</u></b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Sewer Revenues (000's omitted):</b>					
Residential	\$151,893	\$146,186	\$139,174	\$143,967	\$135,288
Commercial and Industrial	<u>109,682</u>	<u>110,724</u>	<u>108,126</u>	<u>107,446</u>	<u>103,731</u>
TOTAL	<u>\$261,575</u>	<u>\$256,910</u>	<u>\$247,300</u>	<u>\$251,413</u>	<u>\$239,019</u>
<b>Volume (kgals):</b>					
Residential	16,405,359	15,717,129	14,623,682	15,225,124	14,614,026
Commercial and Industrial	<u>11,754,843</u>	<u>12,009,667</u>	<u>11,716,940</u>	<u>11,487,646</u>	<u>11,203,632</u>
TOTAL	<u>28,160,202</u>	<u>27,726,796</u>	<u>26,340,622</u>	<u>26,712,770</u>	<u>25,817,658</u>
<b>Average Number of Accounts:</b>					
Residential	266,460	259,308	252,531	246,187	239,738
Commercial and Industrial	<u>18,644</u>	<u>18,507</u>	<u>18,340</u>	<u>18,149</u>	<u>17,981</u>
TOTAL	<u>285,104</u>	<u>277,815</u>	<u>270,871</u>	<u>264,336</u>	<u>257,719</u>

**Largest Customers*****Water System***

The 10 highest consumption customers served by the Water System composed 5.9 percent of total Water System consumption during the Fiscal Year ended September 30, 2020. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2020.

<b><u>Customer Account</u></b>	<b><u>Annual Billed (kgal)</u></b>	<b><u>Percentage of Total</u></b>
St. Johns County Utility	591,411	1.4
City of Jacksonville	550,726	1.3
Southern Baptist Hospital	268,201	0.6
Duval County Public Schools	211,020	0.5
The American Bottling Company	208,998	0.5
Mayo Clinic Jacksonville	174,682	0.4
Mid-America Apartments	143,170	0.3
Johnson & Johnson Vision Care	141,309	0.3
WWF Operating Company	135,005	0.3
American Homes 4 Rent	<u>134,191</u>	<u>0.3</u>
Total	<u>2,558,713</u>	<u>5.9</u>

### ***Sewer System***

The 10 customers with the highest usage level served by the Sewer System composed 5.8 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2020. The following table sets forth the 10 customers with the highest usage level, by volume of wastewater treatment billed, during the Fiscal Year ended September 30, 2020.

<b><u>Customer Accounts</u></b>	<b><u>Annual Billed (kgal)</u></b>	<b><u>Percentage of Total</u></b>
St. Johns County Utility	312,532	1.1
City of Jacksonville	275,253	1.0
Duval County Public Schools	152,336	0.5
Southern Baptist Hospital	140,943	0.5
Mayo Clinic Jacksonville	135,575	0.5
Symrise Inc	129,823	0.5
The American Bottling Company	128,280	0.5
WWF Operating Company	123,538	0.4
American Homes 4 Rent	110,099	0.4
Mid-America Apartments	<u>104,698</u>	<u>0.4</u>
Total	<u>1,613,077</u>	<u>5.8</u>

### ***Customer Billing Procedures***

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.3 percent of estimated gross Water and Sewer System revenues for the Fiscal Year ending September 30, 2021. Actual uncollectible accounts were 0.12 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2020.

### **Rates**

#### ***General***

Water and Sewer System revenues are derived from two basic types of charges: (a) monthly service charges and (b) connection charges (which include capacity charges). Additionally, environmental charges collected are reflected in Water and Sewer System Revenues. The JEA Board has sole discretion to set rate levels and revenue requirements for the Water and Sewer System. JEA sets its retail rates after a public hearing.

Generally, Water System customers are charged for monthly water service based upon metered consumption, and Sewer System customers are charged for monthly sewer service based upon water consumption during that same month, utilizing readings of the water meters. Approximately 14 percent of the customers of the Water System have separate meters for water used for irrigation purposes. In those cases, billings for monthly sewer service exclude the water

used for irrigation purposes. In the case of Sewer System customers that obtain water service from a community- or investor-owned utility, monthly sewer charges are based upon readings of that utility's water meter. In the case of Sewer System customers that obtain water from privately owned wells, water meters meeting JEA's requirements are required to be installed, and monthly sewer charges are based upon readings of those meters. In addition, in some instances, non-residential customers have separate meters to measure wastewater flows, and JEA charges those customers for sewer service based upon readings of such separate meters. Further, certain non-residential Sewer System customers are subject to surcharges for wastewater discharges that exceed certain designated levels of chemical oxygen demand and suspended solids.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2012 and remain in effect as of September 30, 2020 and as of the date of this Annual Disclosure Report.

### ***Rates for Monthly Service***

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2012:

#### **Water Rates**

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

#### **Water System Monthly Service Availability Charge**

<b><u>Meter Size</u></b>	<b><u>Residential</u></b>	<b><u>Residential Irrigation</u></b>	<b><u>Commercial</u></b>	<b><u>Multi-Family</u></b>	<b><u>Multi-Family; Irrigation; Commercial Irrigation</u></b>
5/8"	\$ 12.60	\$ 12.60	\$ 12.60	\$ 18.41	\$ 12.60
3/4"	18.90	18.90	18.90	27.62	18.90
1"	31.50	31.50	31.50	46.03	31.50
1 1/2"	63.00	63.00	63.00	92.05	63.00
2"	100.80	100.80	100.80	147.28	100.80
3"	201.60	201.60	201.60	294.56	201.60
4"	-	-	315.00	460.25	315.00
6"	-	-	630.00	920.50	630.00
8"	-	-	1,008.00	1,472.80	1,008.00
10"	-	-	1,974.55	2,117.15	-
12"	-	-	3,691.55	3,958.15	-
20"	-	-	7,726.50	8,284.50	-

#### **Water System Unit Charge (per kgal)**

<u>Non-Irrigation</u>					<u>Irrigation</u>				
<u>Residential</u>			<u>Commercial</u>		<u>Multi-Family</u>		<u>Residential</u>		<u>Multi-Family;</u>
<u>Tiers (kgal)</u>			<u>Meter Size</u>		<u>Meter Size</u>		<u>Tiers (kgal)</u>		<u>Commercial</u>
<u>1-6</u>	<u>7-20</u>	<u>&gt;20</u>	<u>≤ 8"</u>	<u>&gt; 8"</u>	<u>≤ 8"</u>	<u>&gt; 8"</u>	<u>1-14</u>	<u>&gt;14</u>	<u>Tiers (kgal)</u>
\$0.93	\$2.60	\$5.60	\$1.49	\$1.24	\$1.00	\$1.00	\$2.60	\$5.60	\$3.44    \$3.96

**Water System**  
**Environmental Charge (per kgal)**

Water	\$0.37
Irrigation	0.37

**Sewer Rates**

Users of the Sewer System are charged a monthly service availability charge according to water meter size, plus a unit rate based on water consumption from JEA, community- or investor-owned utilities or private wells, as applicable and an environmental charge according to the following schedules:

**Sewer System**  
**Monthly Service Availability Charge**

<b><u>Meter Size</u></b>	<b><u>Residential</u></b>	<b><u>Multi-Family</u></b>	<b><u>Commercial</u></b>
5/8"	\$ 14.10	\$ 24.68	\$ 21.15
3/4"	21.15	37.01	31.73
1"	35.25	61.69	52.88
1 1/2"	70.50	123.38	105.75
2"	112.80	197.40	169.20
3"	225.60	394.80	338.40
4"	-	616.88	528.75
6"	-	1,233.75	1,057.50
8"	-	1,974.00	1,692.00
10"	-	2,837.63	2,432.25
12"	-	5,305.13	4,547.25
20"	-	11,103.75	9,517.50

**Sewer System**  
**Unit Charge (per kgal)**

<b><u>Tiers (kgal)</u></b>	<b><u>Residential</u></b>	<b><u>Multi-Family; Commercial</u></b>
1-6	\$4.94	-
7-20	6.02	-
All	-	\$6.02

**Sewer System**  
**Environmental Charge (per kgal)**

<b>Residential: 1-20 kgal</b>	<b>\$0.37</b>
<b>Commercial; Multi-Family;</b>	<b>0.37</b>
<b>Limited Service: All kgal</b>	

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**Reclaimed Water Rates**

Reclaimed (reuse) water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

<b>Reclaimed System</b>		
<b><u>Monthly Service Availability Charge</u></b>		
<b><u>Meter Size</u></b>	<b><u>Residential<sup>(1)</sup></u></b>	<b><u>Multi-Family<sup>(1)</sup>; Commercial<sup>(1)</sup></u></b>
5/8"	\$ 12.60	\$ 12.60
3/4"	18.90	18.90
1"	31.50	31.50
1 1/2"	63.00	63.00
2"	100.80	100.80
3"	201.60	201.60
4"	-	315.00
6"	-	630.00
8"	-	1,008.00

<sup>(1)</sup> Non-bulk reclaimed customers will be charged an additional \$6.00 regardless of meter size to cover costs due to regulatory requirements.

<b>Reclaimed System</b>		
<b><u>Unit Charge (per kgal)</u></b>		
<b><u>Tiers (kgal)</u></b>	<b><u>Residential</u></b>	<b><u>Multi-Family; Commercial</u></b>
1-14	\$2.60	\$3.44
> 14	5.60	3.96

<b>Reclaimed System</b>	
<b><u>Environmental Charge (per kgal)</u></b>	
\$0.37	

Note: Environmental charge not applicable to bulk reclaimed usage.

**Connection and Capacity Charges**

In addition to the monthly charges for water and wastewater service described above, JEA assesses connection and capacity charges for new Water and Sewer System customers, which charges are designed to cover some of the capital costs of providing service to new customers.

Capacity charges are included within the revenues pledged for payment of the Water and Sewer System Bonds. However, under applicable Florida law and in accordance with the provisions of the Water and Sewer System Resolution, such capacity charges may be used and applied only for the purpose of paying costs of expansion of the Water and Sewer System, or paying or providing for the payment of debt service on Water and Sewer System Bonds, Subordinated Indebtedness or other indebtedness of JEA relating to the Water and Sewer System issued for such purpose.

New Water System customers are assessed a one-time plant capacity charge for new connections.

**Plant Capacity Fees for Residential Service**

<b><u>Meter Size</u></b>	<b><u>Potable</u></b>	<b><u>Potable and Reclaimed Irrigation</u></b>
¾"	\$339.50	\$ 339.50
1"	354.34	653.55
1 ½"	696.74	2,221.59
2" <sup>(1)</sup>	854.51	5,673.18

**Plant Capacity fees for Commercial Service**

<b><u>Meter Size</u></b>	<b><u>Potable</u></b>	<b><u>Potable and Reclaimed Irrigation</u></b>
¾"	\$ 414.12	\$ 981.89
1"	433.88	1,850.28
1 ½"	996.04	4,571.76
2" <sup>(1)</sup>	1,916.55	8,509.92

<sup>(1)</sup> Services greater than 2" and those that have more fixture units than allowed by meter size will be charged based on the estimated average daily flow.

The average daily flow is determined by reference to industry standards, subject to review and approval by the JEA Board. In addition, all new Water and Sewer System connections are assessed a one-time "line extension growth" capacity charge that is a minimum of \$1,695.00.

The following table presents the connection charges for new Water System customers:

**Water System Connection Charges**

<b><u>Meter Size</u></b>	<b><u>Tap Fee</u></b>	<b><u>Set Fee</u></b>
¾"	\$610.00	\$202.33
1"	610.00	223.71
1 ½"	700.00	527.26 <sup>(1)</sup>
2" and greater	700.00	588.96 <sup>(1)</sup>

<sup>(1)</sup> Or actual installation cost, whichever is greater.

New Sewer System customers also are assessed a one-time capacity charge for new connections.

**Plant Capacity Fees for Sewer Service**

<b><u>Meter Size</u></b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>
¾"	\$1,274.00	\$1,554.02
1"	1,329.69	1,618.98
1 ½"	2,614.56	3,737.71
2"	3,206.63	7,192.01

The following table presents the connection charges for new Sewer System customers:

<b><u>Sewer System Connection Charges</u></b>	
<b><u>Connection Size</u></b>	<b><u>Charge</u></b>
Up to 6"	\$1,853.00
Greater than 6"	(1)

(1) Charge based on actual installation cost.

Effective on October 1, 2007, the retail reclaimed (reuse) water rate was modified to reflect (a) a separate rate for commercial customers in DRIs equal to potable, non-DRI, commercial irrigation rates and (b) a new rate class for commercial bulk reclaimed (reuse) water service.

## **Regulation**

### ***Water and Sewer System***

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Several upcoming rules could impact the potable water system:

*America's Water Infrastructure Act of 2018 ("AWIA").* AWIA will require biannual distribution of JEA's Water Quality Report; as well as a Risk and Resilience assessment that was due March 31, 2020, and must be reviewed every five years to determine if it needs to be revised. It also required JEA to prepare an emergency response plan that incorporates the findings from the risk and resiliency assessment and submit it by September 30, 2020. Both of these items have been completed and submitted.

*The revised Lead and Copper Rule ("LCR").* The LCR includes (a) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, (b) a new trigger level of 10 ppb for the 90<sup>th</sup> percentile sample for optimizing corrosion control treatment ("CCT") or completing a CCT study if not currently treating, (c) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, (d) require public notification with 24 hours of an action level exceedance, (e) require utilities to test for lead in schools and child care facilities and (f) require a lead service line inventory and replacement plan. The final rule was published January 15, 2021, with an effective date of March 16, 2021. As described above, the rule will require additional sampling and reporting; however, the overall financial impacts are expected to be minimal.

*Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS").* PFAS are group of synthetic compounds widely used in consumer and commercial products, including perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"). The PFAS rule is still pending; however, it will likely not affect JEA as there is no PFOA

or PFOS in our deep Floridan aquifer wells, and levels reported in wastewater effluent are below provisional screening levels.

### ***Public Water Supply System***

The St. Johns River Water Management District ("SJRWMD") regulates groundwater withdrawals and issues permits for the same. JEA was issued a 20-year CUP in May 2011 from the SJRWMD. As of the date of this Annual Disclosure Report, modeling efforts have indicated that a sustainable groundwater supply can continue to be met for the 20-year planning period out to 2031 and beyond with a three-part program that is the basis of JEA's water capital improvement plan: (a) continued expansion of the reuse system, (b) aggressive water conservation program and (c) 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. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides. The 2020 permitted CUP allocation was 140.17 million gallons per day. **[Actual calendar year withdrawals through October 2020 averaged 118 million gallons per day.]**

JEA's groundwater withdrawals are subject to a consumptive use permit issued by the St. Johns River Water Management District. Pursuant to its CUP, JEA is required to address its share of impact to water bodies with set minimum flows and levels, which are regulatory water levels intended to prevent significant harm.

Rulemaking to set Minimum Flows and Levels ("MFLs") is currently underway for several water bodies in north Florida. The SJRWMD is due to set MFLs for Lakes Brooklyn and Geneva in 2021. The Florida Department of Environmental Protection is due to set MFLs for the Lower Santa Fe and Ichetucknee Rivers in 2021. Based on preliminary information, one or more of the MFLs for these water bodies may be violated upon completion of rulemaking.

In this case, JEA would be required to participate in the process to address these MFLs and may be required to reduce its impacts to these water bodies. As such, JEA's costs associated with its use of groundwater could be increased or JEA may be required to implement more costly sources of water.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan. The SJRWMD and SRWMD have started a new regional water supply plan and a draft is due in late 2021.

### ***Wastewater Treatment System***

The Sewer System is regulated by EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013, EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State. As part of the NNC adoption process, EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits ("Initial Credits") to the City through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Initial Credits to the City for no compensation through December 31, 2033 and intends to extend the transfer of the Initial Credits to the City every ten years as long as the Initial Credits are authorized and approved by the appropriate regulatory agency. JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2020, JEA facilities discharged 299 short tons to the river.

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows ("SSO") consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each fiscal year are typically adjudicated on an annual to bi-annual basis. JEA will be assessed an estimated penalty of \$173,000 by FDEP for Fiscal Year 2020 SSOs. In lieu of paying the penalty, JEA intends to spend at least \$259,500 on environmental improvement projects as approved by FDEP. JEA is undertaking an extreme weather resiliency program to evaluate and implement processes or physical projects to reduce the potential for and mitigate impacts from SSOs during extreme weather events or due to effects of climate change.

### **Capital Program**

The Water and Sewer System's projected capital program for the five-year period ending September 30, 2025 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility from 14.0 mgd to 18.0 mgd, expansion of the Nassau Regional Water Reclamation Facility from 2.0 mgd to 4.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 6.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility and construction of a 6.0 mgd Water Treatment Plant to serve customers in the southwestern part of JEA's service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to

meeting the three-part program described in "Regulation - *Public Water Supply System*" above to maintain sustainable water supply for JEA's customers.

**Water and Sewer System Capital Program**  
(000's omitted)

<b>Fiscal Year Ending September 30,</b>	<b><u>Amount</u></b>
2021	\$ 298,000
2022	382,000
2023	344,000
2024	225,000
2025	<u>225,000</u>
Total	<u>\$1,474,000</u>

The total amount of the capital program for the five-year period is estimated to be approximately \$1,474 million. It is expected that the total amount of the capital program for this period will be provided from Water and Sewer System revenues (including capacity charges) and revolving credit facility advances on an interim basis, to be refinanced with additional Water and Sewer System Bonds. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "Regulation" above.

**Certain Factors Affecting the Water and Sewer Utility Industry**

***COVID-19 Pandemic***

**[TO BE UPDATED]**

Background. JEA continues to respond to the outbreak of the COVID-19 pandemic, a respiratory disease caused by a new strain of coronavirus. As a result of the potential health threat posed by the COVID-19 pandemic, State and local executive orders ranging from the initial declaration of a public health state of emergency and shelter in place requirements to the more recent re-opening of businesses with capacity limitations and facial covering restrictions have been enacted.

While the impact of the COVID-19 pandemic continues to affect JEA's operations, the commencement of the immunization process of the COVID-19 vaccination is anticipated to curtail the scope, duration and extent of the COVID-19 pandemic on: (i) the existing restrictions and warnings imposed by local, state or federal governments and (ii) the effects of these restrictions and warnings on JEA's operations, revenues and expenditures including any material adverse effect on the finances and operations of JEA.

Employee Response. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees. All non-field employees, including call center staff, worked remotely under Jacksonville Mayor Curry's "Safer-at-Home" order and JEA established shelter-in-place policies for critical non-redundant facilities. JEA has established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant

number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. JEA may seek recovery from FEMA for these amounts in the future.

*Customer Response.* JEA implemented several COVID-19 specific programs to minimize the number of potential disconnections, including (a) suspending disconnections from March 12, 2020 to July 9, 2020; (b) waiving late and reconnection fees from March 31, 2020 to September 30, 2020; and (c) waiving credit card convenience fees for MasterCard, Visa, and Discover card payments up to \$10,000 from April 6, 2020 to September 30, 2020. Waived late and disconnection fees are estimated to have been between \$2,000,000 and \$3,000,000 for both the Electric System and Water and Sewer System. Waived convenience fees paid on behalf of customers totaled \$1,882,000 for both the Electric System and Water and Sewer System.

*Financial Impact.* JEA saw a 3.0 percent reduction in commercial and industrial water kgal sales during Fiscal Year 2020, compared to Fiscal Year 2019, which was offset by 5.1 percent and 1.3 percent increases in residential and irrigation customer kgal sales, respectively. Total water sales were up 1.5 percent in Fiscal Year 2020 compared to Fiscal Year 2019.

JEA saw a 2.1 percent reduction in commercial and industrial sewer kgal demand during Fiscal Year 2020, compared to Fiscal Year 2019, which was offset by a 4.4 percent increase in residential customer kgal demand, between such periods. Total sewer demand was up 1.6 percent in Fiscal Year 2020 compared to Fiscal Year 2019.

## ***FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM***

### **Debt Relating to Water and Sewer System**

#### ***Water and Sewer System Bonds***

As of September 30, 2020, \$1,064,455,000 in aggregate principal amount of bonds (the "Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended, restated and supplemented, the "Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$1,046,885,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) \$147,025,000 in aggregate principal amount of variable rate Water and Sewer System Bonds and (b) \$899,860,000 in aggregate principal amount of fixed rate Water and Sewer System Bonds.

Water and Sewer System Bonds may be issued for the purposes of (a) paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. See "SUMMARY OF

CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Additional Water and Sewer System Bonds" in APPENDIX B attached hereto.

Pursuant to the Water and Sewer System Resolution and the laws of the State, the amount of Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Water and Sewer System Resolution.

From time to time, JEA requests Council approval of the issuance of Water and Sewer System Bonds and Subordinated Indebtedness (as defined in the Water and Sewer System Resolution). Pursuant to previous Council approvals, JEA currently is authorized to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness for the purpose of paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System in an aggregate principal amount of \$218,078,022. JEA expects that such authorization will be adequate to finance its Water and Sewer System capital program through the Fiscal Year ending September 30, 2022 **[and that Council authorization will be required for the issuance of additional Water and Sewer System Bonds and Subordinated Indebtedness to finance the capital program in subsequent years.] [FOR JOE ORFANO REVIEW]**. See "WATER AND SEWER SYSTEM - *WATER AND SEWER SYSTEM FUNCTIONS* - Capital Program" herein.

JEA also has received approvals from the Council for the issuance of Water and Sewer System Bonds for the purpose of refunding outstanding Water and Sewer System Bonds and Subordinated Indebtedness. JEA may issue additional Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds to refund outstanding Water and Sewer System Bonds and/or Subordinated Indebtedness from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness in order to enable it to finance its Water and Sewer System capital program.

A summary of certain provisions of the Water and Sewer System Resolution, including a description of the recent amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B (the "SBPA Supported Variable Rate Water and Sewer Bond") currently is provided by a bank pursuant to a standby bond purchase agreement between JEA and such bank. Credit and liquidity support for JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the "LOC Supported Variable Rate Water and Sewer System Bond" and, together with the SBPA Supported Variable Rate Water and Sewer System Bond, the "Senior Liquidity Supported Water and Sewer Bonds") currently is provided by a direct-pay letter of credit issued by a different bank. Any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its (a) standby bond purchase agreement between JEA and such bank or (b) letter of credit issued in connection with the reimbursement agreement between JEA and such bank, as applicable, and is not remarketed is

required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit reimbursement agreement, as applicable, will constitute an "Option Bond" within the meaning of the Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement or letter of credit reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreement and such reimbursement agreement, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreement or such letter of credit. The standby bond purchase agreement and letter of credit are subject to periodic renewal at the discretion of the respective bank. The current expiration date for the standby bond purchase agreement is May 8, 2023, and the current expiration date for the letter of credit is December 1, 2023.

#### ***Subordinated Water and Sewer System Bonds***

As of September 30, 2020, \$191,980,000 in aggregate principal amount of bonds (the "Subordinated Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on May 15, 2003 and referred to therein as the "Water and Sewer System Subordinated Revenue Bond Resolution" (as supplemented, the "Subordinated Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$189,680,000 in aggregate principal amount of Subordinated Water and Sewer System Bonds outstanding under the Subordinated Water and Sewer System Resolution, consisting of (a) \$100,835,000 in aggregate principal amount of variable rate Subordinated Water and Sewer System Bonds and (b) \$88,845,000 in aggregate principal amount of fixed rate Subordinated Water and Sewer System Bonds.

The Subordinated Water and Sewer System Bonds may be issued (a) for any lawful purpose of JEA relating to the Water and Sewer System or (b) to refund any of the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

Pursuant to the Subordinated Water and Sewer System Resolution and the laws of the State, and in accordance with the Water and Sewer System Resolution, the amount of Subordinated Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Water and Sewer System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Water and Sewer System Bonds and/or Subordinated Water and Sewer System Bonds, see subsection "*Water and Sewer System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Water and Sewer System Resolution is attached to this Annual Disclosure Report as APPENDIX C.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1, 2008 Series A-2 and 2008 Series B-1 (the "Subordinated Liquidity Supported Water and Sewer Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under the standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2023 to March 19, 2024.

#### ***Water and Sewer System Contract Debts***

Contract Debts, a component of the Water and Sewer System's Operation and Maintenance Expenses, is defined by the Water and Sewer System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of the Revenues of the Water and Sewer System for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the Water and Sewer System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the Water and Sewer System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the Water and Sewer System, including the Water and Sewer System Bonds and Subordinated Indebtedness (including the Subordinated Water and Sewer System Bonds).

#### ***Water and Sewer System Support of the District Energy System Bonds***

Effective as of October 1, 2004, JEA established the District Energy System, a separate system to provide chilled water services and other local district energy functions. JEA transferred its assets relating to chilled water production and distribution from the Electric System to the District Energy System. The Electric System received approximately \$30,000,000 from the District Energy System for the transferred assets. The District Energy System is operated as a separate system for accounting and financing purposes. See the financial statements of JEA attached hereto as APPENDIX A.

As of the date of this Annual Disclosure Report, there is \$31,410,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

Pursuant to Resolution No. 2013-2, adopted by JEA on March 19, 2013, revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the District Energy System Refunding Revenue Bonds, 2013 Series A (the "DES 2013 Series A Bonds") and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

### **Schedules of Debt Service Coverage**

The following table sets forth Schedules of the Debt Service Coverage for the Water and Sewer System for the twelve months ended September 30, 2020 and September 30, 2019, and has been prepared in accordance with the requirements of the Resolution. Such information should be read in conjunction with JEA's audited financial statements for the Water and Sewer System and the notes thereto for the fiscal years ended September 30, 2020 and 2019, included as APPENDIX A to this Annual Disclosure Report.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**JEA Water and Sewer System Schedules of Debt Service Coverage  
(In Thousands)**

	<b><u>Fiscal Year Ended</u></b>	
	<b><u>September 30,</u></b>	<b><u>September 30,</u></b>
	<b><u>2020</u></b>	<b><u>2019</u></b>
Revenues:		
Water	\$181,808	\$178,908
Water capacity fees	11,651	10,477
Sewer	281,848	274,505
Sewer capacity fees	21,207	18,911
Investment income	2,879	7,710
Other <sup>(1)</sup>	13,941	15,040
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	32,201	22,327
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	<u>(25,677)</u>	<u>(25,099)</u>
Total revenues	<u>519,858</u>	<u>502,779</u>
Less: Operating and maintenance expenses <sup>(2)</sup>	<u>186,674</u>	<u>171,473</u>
Net revenues	<u>\$333,184</u>	<u>\$331,306</u>
Debt service on Water and Sewer System Bonds (prior to reduction of Build America Bonds subsidy)	\$ 62,160	\$ 94,693
Less: Build America Bonds subsidy	<u>(2,455)</u>	<u>(2,478)</u>
Debt service on Water and Sewer System Bonds	<u>\$ 59,705</u>	<u>\$ 92,215</u>
Debt service coverage on Water and Sewer System Bonds <sup>(3)</sup>	<u>5.58x</u>	<u>3.59x</u>
Net revenues (from above)	\$333,184	\$331,306
Debt service on Water and Sewer System Bonds (from above)	\$ 59,705	\$ 92,215
Plus: debt service on Subordinated Water and Sewer System Bonds	<u>7,418</u>	<u>17,585</u>
Debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds	<u>\$67,123</u>	<u>\$109,800</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds excluding capacity fees <sup>(4)</sup>	<u>4.47x</u>	<u>2.75x</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees <sup>(4)</sup>	<u>4.96x</u>	<u>3.02x</u>

<sup>(1)</sup> Excludes the Build America Bonds subsidy.

<sup>(2)</sup> Excludes depreciation and recognition of deferred costs and revenues, net.

<sup>(3)</sup> Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.

<sup>(4)</sup> Net revenues divided by debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.00x debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (excluding capacity fees) or the sum of 1.00x debt service on Water and Sewer System Bonds and 1.20x debt service on Subordinated Water and Sewer System Bonds (including capacity fees).

**Management's Discussion of Water and Sewer System Operations - JEA Water and Sewer System Schedules of Debt Service Coverage**

Revenues. Water revenues increased \$2.9 million, or 1.6 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a 1.5 percent increase in consumption and a 2.2 percent increase in customer accounts. Sewer revenues (including reuse) increased \$7.3 million, or 2.7 percent, for the Fiscal Year ended

September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a 1.6 percent increase in sewer sales, a 14.0 percent increase in reuse sales, a 2.6 percent increase in sewer accounts and a 19.4 percent increase in reuse accounts.

Water sales volume, measured in thousands of gallons (kgals), increased 575,725 kgals, or 1.5 percent, to 38,271,797 kgals for the Fiscal Year ended September 30, 2020 from 37,696,072 kgals for the Fiscal Year ended September 30, 2019. Sewer sales volume increased 433,406 kgals, or 1.6 percent, to 28,160,202 kgals for the Fiscal Year ended September 30, 2020 from 27,726,796 kgals for the Fiscal Year ended September 30, 2019. Reuse sales volume increased 542,695 kgals, or 14.0 percent, to 4,426,905 kgals for the Fiscal Year ended September 30, 2020 from 3,884,210 kgals for the Fiscal Year ended September 30, 2019.

Investment income decreased \$4.8 million, or 62.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower investment yields and lower investable balances as a result of the combined retirement of approximately \$140.4 million of Water and Sewer System debt as described in the STAR Plan. For a discussion of the STAR Plan, see "JEA - Strategic Planning" herein.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased \$9.9 million, or 44.2 percent primarily due to debt management withdrawals which were used to retire Water and Sewer System debt, in October 2019, as part of the STAR Plan.

Operating and Maintenance Expenses. Operating and maintenance expenses increased \$15.2 million, or 8.9 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a \$4.9 million increase in compensation and benefits, a \$4.4 million increase in professional services, a \$2.4 million increase in interlocal payments and a \$2.0 million increase in maintenance.

Net Revenues. Net revenues available for debt service increased \$1.9 million, or 0.6 percent, to \$333.2 million for the Fiscal Year ended September 30, 2020 from \$331.3 million for the Fiscal Year ended September 30, 2019. Total revenues increased \$17.1 million, or 3.4 percent, and total operating expenses increased \$15.2 million, or 8.9 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, as described above.

Debt Service on Water and Sewer System Bonds. Debt service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2020 decreased \$32.5 million, or 35.3 percent, as compared to the Fiscal Year ended September 30, 2019, primarily related to a \$26.8 million decrease in principal amortization and a \$5.7 million lower interest expense as a result of lower outstanding debt balances.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

During the Fiscal Year ended September 30, 2020, JEA issued Water and Sewer System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding <sup>(1)</sup>	July 2020	\$104,000,000	\$125,055,000

<sup>(1)</sup> Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

Debt Service Coverage on Water and Sewer System Bonds. The debt service coverage ratio on Water and Sewer System Bonds increased to 5.58 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 3.59 times for the Fiscal Year ended September 30, 2019, as a result of the 0.6 percent increase in net revenues available for debt service and the 35.3 percent decrease in debt service on Water and Sewer System Bonds between such periods.

Debt Service on Subordinated Water and Sewer System Bonds. Debt service on Subordinated Water and Sewer System Bonds decreased \$10.2 million, or 57.8 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a \$8.1 million decrease in principal amortization and a \$2.1 million lower interest expense as a result of lower outstanding debt balances.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Water and Sewer System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding <sup>(1)</sup>	July 2020	\$26,590,000	\$31,635,000

<sup>(1)</sup> Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees. The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 4.96 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 3.02 times for the Fiscal Year ended September 30, 2019, as a result of the 0.6 percent increase in net revenues available for debt service and the 38.9 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such periods.

## Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System at September 30, 2020 was 176 days, and the Days of Liquidity was 353 days. The Days of Cash on Hand for the Water and Sewer System at September 30, 2019 was 186 days, and the Days of Liquidity was 334 days. The Days of Cash on Hand computation is as follows:

*(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)*

The Days of Liquidity computation is as follows:

*(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility\*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)*

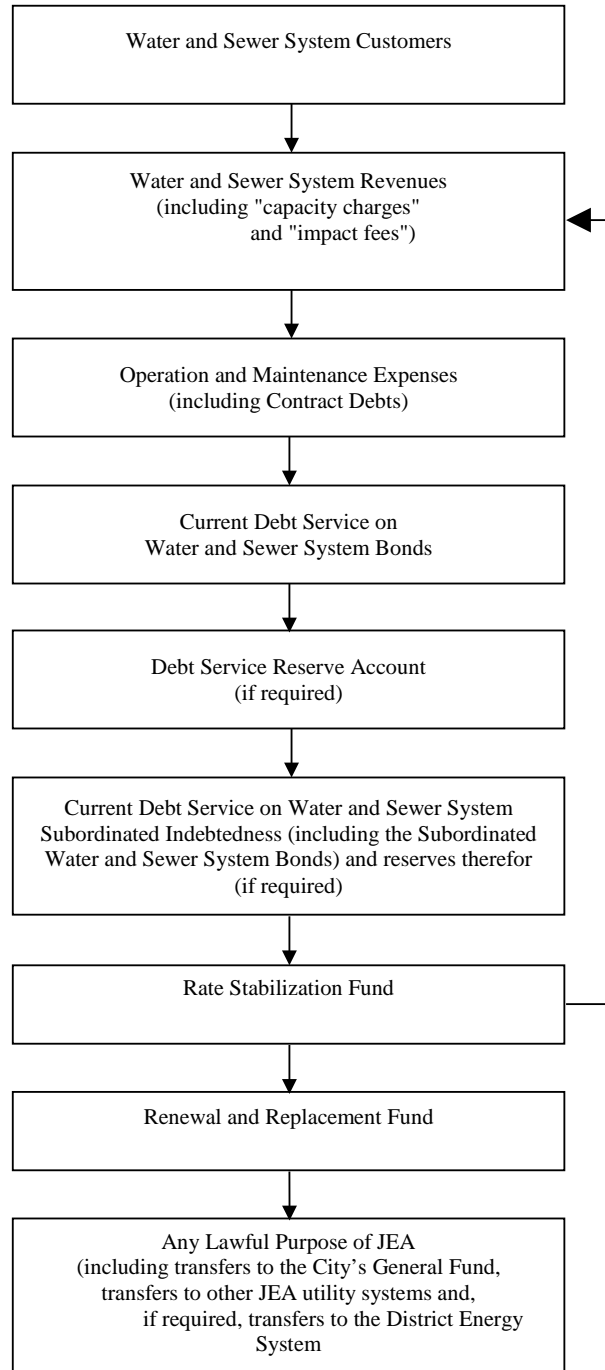
---

\* Allocated share of available Revolving Credit Facility at September 30, 2020 was approximately \$105.2 million and approximately \$90.3 million at September 30, 2019; however, the total balance available to the Water and Sewer System of \$295 million could have been drawn beginning November 1, 2018, and \$297 million could have been drawn prior to November 1, 2018.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## APPLICATION OF WATER AND SEWER SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Water and Sewer System Resolution.



## **DISTRICT ENERGY SYSTEM**

### ***DISTRICT ENERGY FUNCTIONS***

#### **General**

The District Energy System provides chilled water to customers for air-conditioning. The facilities for the chilled water business consist of chilled water plants to generate chilled water and underground piping to distribute the chilled water to buildings located within the respective districts served by the plants and certain ancillary equipment. JEA's first chilled water facility became fully operational in March 2003.

The establishment of the District Energy System was approved by the Council in September 2004. Effective as of October 1, 2004, the District Energy System was established as a separate utility system for its local district energy facilities, including the chilled water activities, and any local district heating facilities JEA may develop in the future. Since its commencement of operations, JEA subsequently added three other chilled water facilities, one of which was sold on September 30, 2020.

#### **Chilled Water Facilities**

Chilled water systems air condition buildings by circulating cold water in a continuous flow to the building. A central chilled water plant provides chilled water to buildings through an underground loop, rather than the customer installing and operating its own chiller equipment. JEA has entered into agreements with the City to provide chilled water systems to the baseball park, the arena, the Duval County Courthouse, the library and other government buildings. JEA also has contracts with private entities to serve institutional buildings.

JEA's first chilled water facility, the Hogan's Creek Plant, located on Hogan Street in downtown Jacksonville, became fully operational in March 2003. At this time, the plant is serving the Baseball Grounds of Jacksonville (310-ton contract demand) and the Jacksonville Veteran's Memorial Arena (2,350-ton contract demand). The facility includes three 2,100-ton chillers, two 1,600-ton cooling towers and a one-million-gallon chilled water storage tank for peak demand capacity.

A second chilled water facility located on Duval Street serves five City buildings including the Court House, State Attorney's Office, Library, City Hall Annex and a City garage for a total contract demand of 5,870 tons. The plant also serves the JEA downtown complex with a demand of 700 tons. The facility includes three 2,400-ton chillers, one 800-ton standby chiller and a 7,200-ton cooling tower.

JEA's third chilled water facility is located at 2103 Boulevard Avenue in the Springfield neighborhood. The Springfield facility currently serves eight locations on the UF Health Jacksonville complex. The total contracted demand for the facility is 6,500 tons. The facility includes six 1,500-ton chillers, an 8,100-ton cooling tower and a 3,000-ton cooling tower. The second cooling tower was added in 2018.

A fourth chilled water facility is located on Riverplace Boulevard with two 400-ton air-cooled chillers. The total contracted demand was 594 tons at this facility, serving a single customer - San Marco Place Condominiums. On September 30, 2020, this facility was sold to San Marco Place Condominium Association, Inc.

### **Customers and Sales**

The District Energy System had contracts to provide 17 locations with chilled water and total District Energy System sales revenues were approximately \$8,586,000 for the Fiscal Year Ended September 30, 2020. Currently and following the sale of the Riverplace Boulevard chilled water facility, the District Energy System has contracts to provide 16 locations with chilled water.

### **Customer Billing Procedures**

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. Customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria, or do not maintain a good payment record, are assessed a deposit which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days.

### **Rates**

District Energy System revenues are derived from two basic types of charges: (a) a demand charge based upon the customer's estimated expected yearly cooling load requirements and (b) a consumption charge based upon the actual amount of chilled water consumed by the customer. JEA has sole discretion to set rate levels and revenue requirements for the District Energy System.

Standard rates for chilled water services are based on the customer's demand and consumption of chilled water and a standard 2,400 Equivalent Full Load Hour ("EFLH") profile. EFLH is defined as the annual ton-hours of chilled water required divided by the chiller's design capacity in tons.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The following schedule reflects the rates for chilled water service:

<u>Contract Size</u>	<u>Charge</u>	<u>Rate Effective on December 1, 2016</u>	<u>Rate Effective on February 1, 2016</u>	<u>Rate Effective on October 1, 2015</u>	<u>Rate Effective on July 1, 2012</u>
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ ≤ 2,400 EFLH	Consumption Charge	\$0.10569/ ton-hour	\$0.10973/ ton-hour	\$0.11624/ ton-hour	\$0.11754/ ton-hour
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ > 2,400 EFLH	Consumption Charge	\$0.08869/ ton-hour	\$0.09273/ ton-hour	\$0.09924/ ton-hour	\$0.10054/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ ≤ 2,400 EFLH	Consumption Charge	\$0.19569/ ton-hour	\$0.19973/ ton-hour	\$0.20624/ ton-hour	\$0.20754/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ > 2,400 EFLH	Consumption Charge	\$0.08869/ ton-hour	\$0.09273/ ton-hour	\$0.09924/ ton-hour	\$0.10054/ ton-hour

### Permits, Licenses and Approvals

All permits, licenses and approvals required for the operation of all of the District Energy System facilities have been obtained, and all of the facilities are operating in compliance with such permits, licenses and approvals.

### Capital Program

The District Energy System's capital program consists of capital requirements for renewal and replacement and improvements to existing facilities. The District Energy System's projected capital program for the five-year period ending September 30, 2025 is summarized below.

#### District Energy System Capital Program (000's omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 6,700
2022	2,200
2023	4,600
2024	2,700
2025	<u>2,900</u>
Total	<u>\$19,100</u>

The total amount of the capital program for the Fiscal Years 2021 through 2025 is estimated to be approximately \$19.1 million, which includes approximately \$2.95 million for a new backup power generator at the Springfield facility. This facility primarily serves the UF Health Jacksonville medical campus. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the District Energy System.

## ***FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM***

### **Debt Relating to the District Energy System**

#### ***District Energy System Bonds***

As of September 30, 2020, \$33,135,000 in aggregate principal amount of bonds (the "District Energy System Bonds") issued pursuant to the resolution of JEA adopted on June 15, 2004, as amended and supplemented (the "District Energy System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$31,410,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

District Energy System Bonds may be issued to finance any lawful purpose of JEA relating to the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION - Additional Bonds" in APPENDIX D attached hereto.

Pursuant to the District Energy System Resolution and the laws of the State, the amount of District Energy System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the District Energy System Resolution.

Pursuant to a previous Council approval, JEA currently is authorized to issue additional District Energy System Bonds for the purpose of financing the costs of additions, extensions and improvements to the District Energy System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$54,321,245. JEA expects that such authorization will be adequate to enable JEA to maintain its District Energy System capital improvement program as projected through the Fiscal Year ending September 30, 2025. See "DISTRICT ENERGY SYSTEM - *DISTRICT ENERGY FUNCTIONS* - Capital Program" herein. In the future, JEA will continue to seek authorization as needed from the Council to issue additional District Energy System Bonds in order to enable it to finance its District Energy System capital program.

JEA also has received approvals from the Council for the issuance of District Energy System Bonds for the purpose of refunding outstanding District Energy System Bonds. JEA may issue additional District Energy System Bonds to refund outstanding District Energy System Bonds from time to time as it deems economical or advantageous.

A summary of certain provisions of the District Energy System Resolution is attached to this Annual Disclosure Report as APPENDIX D.

#### ***District Energy System Contract Debts***

Contract Debts, a component of the District Energy System's Operation and Maintenance Expenses, is defined by the District Energy System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made

available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the District Energy System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the District Energy System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the District Energy System, including the District Energy System Bonds.

### Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the District Energy System for the years ended September 30, 2020 and September 30, 2019, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2020 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto.

JEA did not issue any District Energy System Bonds during the Fiscal Year ended September 30, 2020.

#### JEA District Energy System Schedules of Debt Service Coverage (000's omitted)

	Fiscal Year ended September 30	
	<u>2020</u>	<u>2019</u>
Revenues:		
Services revenues	\$8,587	\$8,891
Investment income	72	156
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	=	2,737
Total revenues	<u>8,659</u>	<u>11,784</u>
Less: Operating expenses <sup>(1)</sup>	<u>4,611</u>	<u>4,703</u>
Net revenues	<u>\$4,048</u>	<u>\$7,081</u>
Aggregate debt service	<u>\$3,021</u>	<u>\$3,020</u>
Debt service coverage <sup>(2)(3)</sup>	1.34x	2.34x

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

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

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

### Management's Discussion of District Energy System Operations - JEA's District Energy System Schedules of Debt Service Coverage

**Revenues.** Total revenues decreased \$3.1 million, or 26.5 percent, to \$8.7 million for the Fiscal Year ended September 30, 2020 from \$11.8 million for the Fiscal Year ended September 30, 2019 primarily related to the \$2.7 million decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Operating Expenses. Operating expenses decreased \$0.1 million, or 2.0 percent, to \$4.6 million for the Fiscal Year ended September 30, 2020 from \$4.7 million for the Fiscal Year ended September 30, 2019.

Net Revenues. Net revenues decreased \$3.0 million, or 42.8 percent, to \$4.1 million for the Fiscal Year ended September 30, 2020 from \$7.1 million for the Fiscal Year ended September 30, 2019, primarily related to the decrease in total revenues.

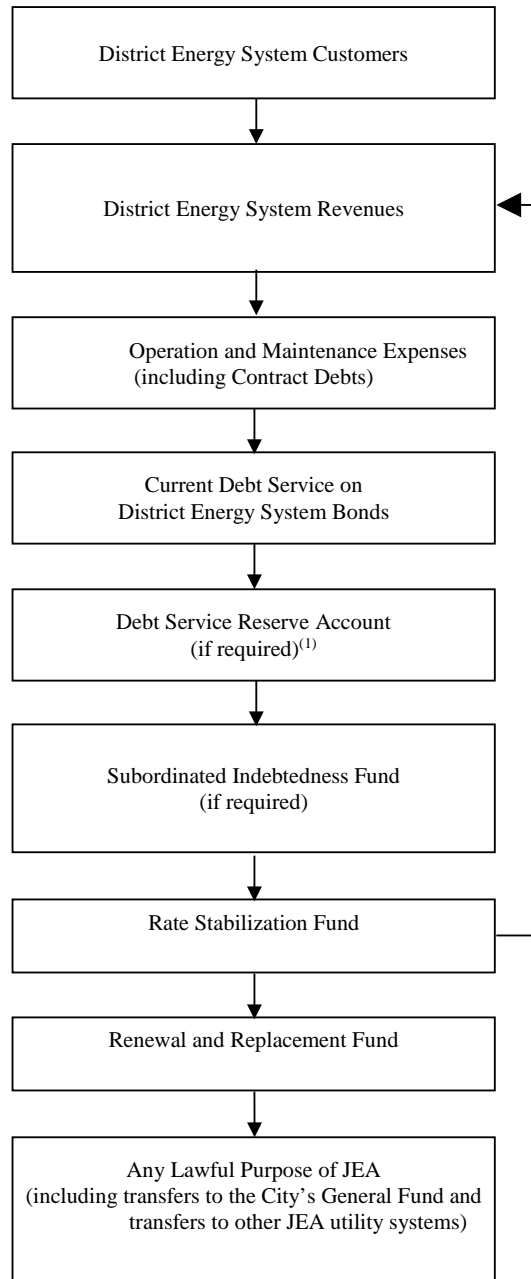
Aggregate Debt Service on District Energy System Bonds. Aggregate Debt Service on District Energy System Bonds for the Fiscal Year ended September 30, 2020 remained relatively flat as compared to the Fiscal Year ended September 30, 2019.

Debt Service Coverage on District Energy System Bonds. The debt service coverage ratio on District Energy System Bonds decreased to 1.34 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 2.34 times for the Fiscal Year ended September 30, 2019 as a result of the 42.8 percent decrease in net revenues available for debt service.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the District Energy System Resolution.



<sup>(1)</sup> Revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the DES 2013 Series A Bonds and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

## OTHER FINANCIAL INFORMATION

### General

JEA maintains separate accounting records for the Water and Sewer System and the District Energy System. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park<sup>(1)</sup>, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2020 (which consist of the statement of net position of JEA as of September 30, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2020 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2020 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses, and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2020 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2020 Financial Statements include all of the assets of the Water and Sewer System, Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

Except as described under the caption "INTRODUCTION - General" herein, for financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer

---

<sup>(1)</sup> The Power Park ceased operations on January 5, 2018.

System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). Accordingly, potential purchasers of the Water and Sewer System and District Energy System Bonds are advised that the information in JEA's 2020 Financial Statements relating to JEA's Electric System is not relevant to a decision to purchase the Water and Sewer System and District Energy System Bonds.

### **Transfers to the City**

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System. The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity 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 St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is

applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Water and Sewer System has increased from approximately \$24,953,042 for the Fiscal Year ended September 30, 2020 to \$26,402,695 for the Fiscal Year ending September 30, 2021. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House. Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.

## **Effect of JEA Credit Rating Changes**

### ***General***

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<b><u>Fitch Ratings</u></b>	<b><u>Moody's</u></b>	<b><u>S&amp;P</u></b>
Outstanding Water and Sewer System Bonds	AA (stable)	A2 (stable)	AA+ (developing)
Outstanding Subordinated Water and Sewer System Bonds	AA (stable)	A2 (stable)	AA (developing)

### ***Liquidity Support for JEA's Variable Rate Bonds***

In particular, JEA has entered into a credit agreement, standby bond purchase agreements and letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Water

and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$137,110,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer Bonds outstanding and \$100,835,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding. The standby bond purchase agreements and reimbursement agreements, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement or such reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, the credit agreement and each standby bond purchase agreement and reimbursement agreement, as applicable, provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which the credit agreement or such standby bond purchase agreement or such reimbursement agreement, as applicable, relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings, "Baa3" by Moody's Investors Service ("Moody's") and / or "BBB-" by Standard & Poor's, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

### **Interest Rate Swap Transactions**

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Water and Sewer System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$510,385,000 as of September 30, 2020, of which \$104,400,000 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on

the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG ("MLDP") for the account of the Water and Sewer System contains an automatic transfer provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or Merrill Lynch Derivative Products AG. Under certain circumstances if the rating on JEA's senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of Merrill Lynch Derivative Products AG were to fall below the double-A category, all rights and obligations of Merrill Lynch Derivative Products AG under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. ("MLCS"). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP to "A+" on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2020, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$177,287,000, of which approximately \$37,681,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<b><u>Related Bonds</u></b>	<b><u>Counterparty</u></b>	<b><u>Initial Notional Amount</u></b>	<b><u>Notional Amount as of September 30, 2020</u></b>	<b><u>Fixed Rate of Interest</u></b>	<b><u>Variable Rate Index<sup>(1)</sup></u></b>	<b><u>Termination Date<sup>(2)</sup></u></b>
<i>Water and Sewer System Revenue Bonds, 2006 Series B Variable Rate</i>	Morgan Stanley Capital Services, Inc.	\$38,730,000	\$19,110,000	4.03-4.09%	CPI Index	10/1/2020 to 10/1/2022
<i>Water and Sewer System Revenue Bonds, 2008 Series B</i>	Merrill Lynch Capital Services, Inc.	85,290,000	85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

<sup>(1)</sup> The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

<sup>(2)</sup> Unless earlier terminated.

## Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to 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. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to 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. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were effected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps,

collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<b><u>Rating Level</u></b>	<b><u>Notional Amount</u></b>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Water and Sewer System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$600,000,000 in the case of interest rate swaps, (b) \$250,000,000 in the case of basis swaps and (c) \$400,000,000 in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

### **Investment Policies**

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2020, 26.3 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.9 years. As of September 30, 2020, the remaining 73.7 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five

years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2020, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (a) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (b) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (c) 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, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Water and Sewer System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service on Water and Sewer System Bonds, debt service on any Subordinated Indebtedness of the Water and Sewer System (including Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer

System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

### **Revolving Credit Facility**

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment (the "Revolving Credit Facility"). The Revolving Credit Facility was initially scheduled to expire on December 17, 2018. Effective May 24, 2018, JEA and JPMorgan amended the agreement to extend the expiration date to May 24, 2021, and effective November 1, 2018, the parties further amended the agreement to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000 **[MONITOR RENEWAL STATUS]**. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has \$5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

### **Loans Among Utility Systems**

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

### **No Default Certificates**

Section 714.2 of the Water and Sewer System Resolution and Section 7.07 of the Subordinated Water and Sewer Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution, respectively, and if so, the nature of such default. Section 713.2 of the District Energy System Resolution requires that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the

District Energy System Resolution, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Water and Sewer System Resolution, Subordinated Water and Sewer Resolution and the District Energy System Resolution.

## **LITIGATION AND OTHER MATTERS**

### **General**

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Water and Sewer System or the District Energy System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

### **Other Matters**

#### **[UPDATE]**

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, the former ITN, and a bonus pay plan for senior executives established during the administration of the former CEO. JEA has complied with the subpoena and provided the requested documents and records.

On June 5, 2020, JEA filed a civil action in state court against Mr. Zahn. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DRAFT #3 - APRIL 1, 2021

**AUTHORIZATION**

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

**JEA**

By: /s/ John D. Baker II  
Chair

By: /s/ Joseph C. Stowe III  
Managing Director and Chief Executive  
Officer



## APPENDIX B

### INTER-OFFICE MEMORANDUM

May 17, 2021

**SUBJECT:** CORPORATE HEADQUARTERS UPDATE

**FROM:** Jay Stowe, Managing Director/CEO

**TO:** JEA Board of Directors

#### **BACKGROUND:**

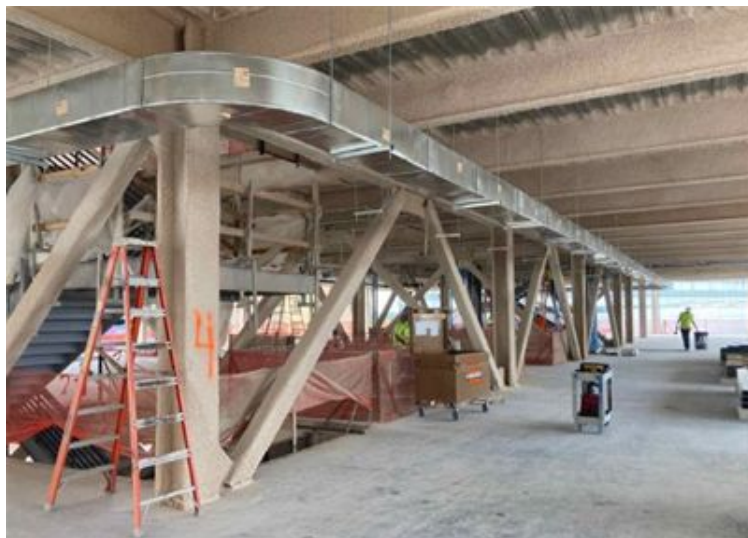
JEA has been planning for a new corporate headquarters (HQ) for several years to address business continuity risks while meeting our headquarters needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019 meeting and the lease was executed on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville. Reviews by the JEA Board and its Corporate Headquarters Committee in May 2020 resulted in approved changes to the scope of the HQ project including reducing two floors from the main building and the parking garage. A lease amendment reflecting the scope changes was executed on June 23, 2020. JEA executed lease amendment 3 on February 26, 2021 setting the guaranteed maximum price (GMP) for construction scope with Ryan Companies in line with the target budget established in the June 2020 lease amendment. The changes to the building size and scope support the recent decision to migrate to a hybrid work model post Covid-19 restrictions.

#### **DISCUSSION:**

Significant progress continues on the office building construction. The rooftop mechanical deck steel is nearing completion. Exterior wall framing, fireproofing and ductwork are being installed on lower office building floors. Precast concrete construction for the garage structure will begin in May. Detailed coordination continues on construction elements, utilities and design clarifications. RS&H is preparing preliminary test fits for the interior programming. Workstation and office furniture typical designs are in development with RS&H and a team of JEA employees.

Ductwork installation  
on level 4

May 14th update



Ver 2.2 02/01/2014

**FINANCIAL IMPACT:**

The proposed reassessment for downtown locations discussed in January may allow for better use of space in the long term and the possibility of short term financial savings.

**RECOMMENDATION:**

This is provided as information only.

---

Jay Stowe, Managing Director/CEO

JCS/LMD/NKV

May 2021

# CORPORATE COMMUNICATIONS & COMMUNITY OUTREACH



The Customer & Community Engagement Team develops engaging communications across a range of channels to educate our customers and community on JEA services and programs in order to help them save money, time and provide peace of mind.

ADVERTISING & SOCIAL MEDIA CAMPAIGNS • CUSTOMER COMMUNICATIONS • DIGITAL COMMUNICATIONS • VIDEOGRAPHY • COMMUNITY OUTREACH

## DOMOREWITHJEA.COM CAMPAIGN

To drive increased traffic to **DoMoreWithJEA.com**, we developed a giveaway campaign tied to engagement with the microsite. This four-week paid social media campaign encouraged visitors to explore the site and find hidden giveaway entry opportunities for a series of weekly prizes.

### Campaign Performance Insights

The campaign increased site traffic substantially during the four-week giveaway campaign period — since its launch in January.

- Forty-one percent of total site visits took place during the four-week giveaway campaign period.
- Email communication to customers caused spikes in traffic, demonstrating that email communication is a powerful tool for these types of customer engagement campaigns.
- Weekly tips saw a higher click-through rate, or CTR, compared to ads that highlighted the giveaways, suggesting the information on the site is of value/interest to our customers.

**182%**  
increase  
average weekly  
users

**200%**  
increase  
average weekly  
sessions

**270%**  
increase  
site interaction

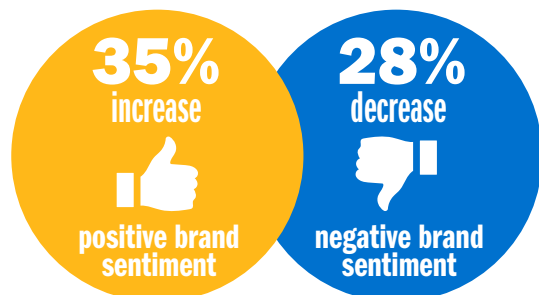


## SOCIAL MEDIA ENGAGEMENT

Our overall sentiment values decreased during the month of April, most of which is due to fewer overall mentions of the JEA brand.

### Brand Sentiment

The positive mentions around the brand include volunteer appreciation week, vaccinations at JEA, Huntsville Utilities mentions of the "Kiss of Life," and quick service for power restoration.

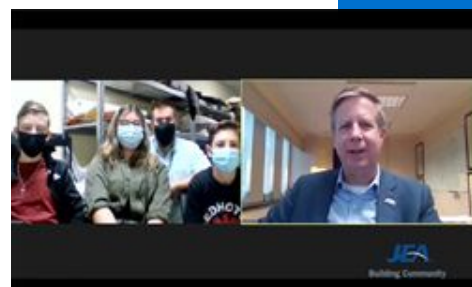


## VIDEO SPOTLIGHT

JEA offers two programs, in conjunction with Duval County Public Schools, to help high school students enter the workforce. Learn more about these programs and the impact they are having on the community we serve at **[www.dcps.org](http://www.dcps.org)**.

**JEA's Programs to Help High School Students Enter the Workforce**

<https://www.youtube.com/watch?v=DORY0loHfDI>



## MONTHLY CUSTOMER PAID IMPRESSIONS

MEDIA	IMPRESSIONS
Television/Cable	2,177,000
Radio	998,000
Out-of-Home	3,918,520
Online Display/Video	1,686,045
Paid Social	1,881,331
Online Paid Social	98,783
Print	0
<b>TOTAL</b>	<b>10,759,679</b>

## CUSTOMER EDUCATION CAMPAIGN

The variety of billing and payment options designed to meet the needs of our customers was highlighted in one of the 15-second commercials we ran, associated with our customer education campaign, in May.



<https://vimeo.com/510453335/20f566c824>

## ENVIRONMENTAL EDUCATION EFFORTS



In May, we added additional environmental messaging with new TV, radio, social and other multichannel avenues. This messaging will highlight our efforts in diversifying our energy mix to include more carbon-neutral energy sources, reduce nitrogen discharges into the St. Johns River and save millions of gallons of water each year.

This campaign follows the Customer Education Campaign which just concluded. In March/April, the campaign included messaging focused on our environmental efforts that ran through all paid and owned channels. The April bill insert was also dedicated to the environment. With these combined efforts, it is our hope that customers will better understand our commitment to the environment.

## ENGAGING WITH OUR COMMUNITY

**Our Volunteer Services Team continues to reach the community virtually, while in-person activities are slowly becoming a reality.**

**16**  
Volunteer  
Activities

**78**  
Volunteer  
Hours

**10**  
Ambassador  
Activities

### DropSavers Water Conservation Poster Contest

Each year, the **American Water Works Organization (AWWA)** organizes the DropSavers Water Conservation Poster Contest. The contest showcases the talents of students throughout the state of Florida while also creating awareness about the importance of water preservation. This year, two winners are from our community.



**First Place Winner: Vidyut Arjun,**  
kindergartener at Jacksonville Beach Elementary School

**Third Place Winner: Isabella Barnes,**  
11th grader at River City Science Academy.

**Fun fact:** Isabella Barnes is a part of the JEA family, her mother Anneka Barnes is a Senior Laboratory Scientist at the JEA lab.

### Creating Healthier Communities, Campaign: April 1 - June 30



JEA staff raise funds to support CHC's local health agencies through payroll deductions and donations of annual and/or safety leave, which is converted into the monetary equivalent, and donated to CHC.

Funds are also raised through special events such as:

- **5k Charity Walk**
- **Scavenger Hunt**
- **Mother's Day and Father's Day silent auctions**

JEA does not contribute directly to these efforts due to charter restrictions. However, the robust support from JEA team members has far-reaching impact in the community we serve. More than **\$1 million** has been contributed to CHC since 2007 to support health agencies in our service area of Northeast Florida.

## AMBASSADOR & VOLUNTEER SPOTLIGHTS

### AMBASSADOR OF THE MONTH



#### Charlotte Jones

Account Executive, Customer Accounts

*"Serving the people in our area is an honor, and participating as an Ambassador provides JEA staff with an opportunity to show the wonderful relationship between JEA and the community and how well we work together."*

### VOLUNTEER OF THE MONTH



#### Anthony Johnson

Manager, Energy Construction & Maintenance

*"Our customers impact my interest in volunteering greatly. Helping them gives me a feeling of joy."*



## Monthly Financial Statements

April 2021

## Monthly Financial Statements

April 2021

## Index

	Page
Statements of Net Position - Assets and Deferred Outflows of Resources	2
Statements of Net Position - Liabilities, Deferred Inflows of Resources, and Net Position	3
Statements of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flow	5
Combining Statement of Net Position - Assets and Deferred Outflows of Resources Current Year	6
Combining Statement of Net Position - Liabilities, Deferred Inflows of Resources, and Net Position Current Year	7
Combining Statement of Net Position - Assets and Deferred Outflows of Resources Prior Year	8
Combining Statement of Net Position - Liabilities, Deferred Inflows of Resources, and Net Position Prior Year	9
Combining Statements of Revenues, Expenses, and Changes in Net Position - Current Month	10
Combining Statements of Revenues, Expenses, and Changes in Net Position - Prior Month	11
Combining Statements of Revenues, Expenses, and Changes in Net Position - Current Year-to-Date	12
Combining Statements of Revenues, Expenses, and Changes in Net Position - Prior Year-to-Date	13
Combining Statements of Cash Flow - Current Year	14
Combining Statements of Cash Flow - Prior Year	15
Debt Service Coverage	16
Operating Statistics - Electric System	17
Operating Statistics - Water and Sewer	18
<hr/>	
<u>Appendix</u>	
Schedules of Cash and Investments	19
Investment Portfolio - All Funds	20
Schedule of Outstanding Indebtedness	21
Interest Rate Swap Position Report	22
Production Statistics - Electric System	23
Electric Revenues and Expenses for the Month - Budget versus Actual	25
Electric Revenues and Expenses Year-to-Date - Budget versus Actual	26
Water and Sewer Revenues and Expenses - Budget versus Actual	27
District Energy System - Budget versus Actual	28

**JEA**

Page 2

**Statements of Net Position  
(in thousands)**

	<b>April 2021 (unaudited)</b>	<b>September 2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 354,898	\$ 387,148
Investments	53,449	3,107
Customer accounts receivable, net of allowance (\$4,002 and \$3,864, respectively)	170,593	219,814
Inventories:		
Materials and supplies	59,566	61,663
Fuel	32,096	37,822
Other current assets	11,033	16,364
Total current assets	<u>681,635</u>	<u>725,918</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	147,640	253,984
Investments	296,772	311,130
Accounts and interest receivable	1,074	1,071
Total restricted assets	<u>445,486</u>	<u>566,185</u>
Costs to be recovered from future revenues	833,955	852,314
Other assets	50,897	32,221
Total noncurrent assets	<u>1,330,338</u>	<u>1,450,720</u>
Capital assets:		
Land and easements	217,406	216,918
Plant in service	12,396,876	12,124,453
Less accumulated depreciation	<u>(7,374,796)</u>	<u>(7,161,707)</u>
Plant in service, net	5,239,486	5,179,664
Construction work in progress	227,608	331,511
Net capital assets	<u>5,467,094</u>	<u>5,511,175</u>
Total assets	<u>7,479,067</u>	<u>7,687,813</u>
<b>Deferred outflows of resources</b>		
Accumulated decrease in fair value of hedging derivatives	125,268	179,286
Unrealized pension contributions and losses	143,881	143,881
Unamortized deferred losses on refundings	95,365	100,314
Unrealized asset retirement obligations	35,011	35,241
Unrealized OPEB contributions and losses	9,406	9,406
Total deferred outflows of resources	<u>408,931</u>	<u>468,128</u>
Total assets and deferred outflows of resources	<u>\$ 7,887,998</u>	<u>\$ 8,155,941</u>

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

Page 3

	<b>April 2021</b>		<b>September 2020</b>
	<b>(unaudited)</b>		
<b>Liabilities</b>			
Current liabilities:			
Customer deposits and prepayments	\$ 77,025	\$	71,304
Accounts and accrued expenses payable	41,768		66,622
Billings on behalf of state and local governments	20,344		26,005
Compensation and benefits payable	9,707		14,599
City of Jacksonville payable	10,114		10,255
Asset retirement obligations	3,059		4,136
Total current liabilities	<u>162,017</u>		<u>192,921</u>
Current liabilities payable from restricted assets:			
Debt due within one year	91,535		102,700
Interest payable	10,538		52,856
Construction contracts and accounts payable	18,169		46,977
Renewal and replacement reserve	36,187		37,910
Total current liabilities payable from restricted assets	<u>156,429</u>		<u>240,443</u>
Noncurrent liabilities:			
Net pension liability	641,086		641,086
Asset retirement obligations	31,952		31,105
Compensation and benefits payable	32,285		31,342
Net OPEB liability	10,336		10,091
Other liabilities	18,522		20,556
Total noncurrent liabilities	<u>734,181</u>		<u>734,180</u>
Long-term debt:			
Debt payable, less current portion	2,958,665		3,154,590
Unamortized premium, net	161,069		174,205
Fair value of debt management strategy instruments	125,177		177,288
Total long-term debt	<u>3,244,911</u>		<u>3,506,083</u>
Total liabilities	<u>4,297,538</u>		<u>4,673,627</u>
<b>Deferred inflows of resources</b>			
Revenues to be used for future costs	198,852		206,782
Unrealized pension gains	24,304		24,304
Unrealized OPEB gains	15,294		15,294
Accumulated increase in fair value of hedging derivatives	20,634		11,944
Total deferred inflows of resources	<u>259,084</u>		<u>258,324</u>
<b>Net position</b>			
Net investment in capital assets	2,715,349		2,532,627
Restricted for:			
Capital projects	180,831		204,855
Debt service	52,366		101,558
Other purposes	44,836		48,617
Unrestricted	337,994		336,333
Total net position	<u>3,331,376</u>		<u>3,223,990</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,887,998</u>	\$	<u>8,155,941</u>

**JEA**

Page 4

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

	Month April		Year-to-Date April	
	2021	2020	2021	2020
<b>Operating revenues</b>				
Electric - base	\$ 59,963	\$ 58,962	\$ 458,297	\$ 474,491
Electric - fuel and purchased power	30,483	22,642	205,748	177,015
Water and sewer	36,230	36,536	253,274	273,848
District energy system	561	595	4,069	4,393
Other operating revenues	4,163	3,852	22,024	22,291
Total operating revenues	131,400	122,587	943,412	952,038
<b>Operating expenses</b>				
Operations and maintenance:				
Maintenance and other operating expenses	32,678	34,995	212,892	237,084
Fuel	26,537	19,300	187,506	152,464
Purchased power	7,935	5,854	51,811	46,907
Depreciation	32,712	30,456	228,497	212,707
State utility and franchise taxes	5,090	5,290	39,219	38,714
Recognition of deferred costs and revenues, net	2,558	2,890	15,112	17,456
Total operating expenses	107,510	98,785	735,037	705,332
Operating income	23,890	23,802	208,375	246,706
<b>Nonoperating revenues (expenses)</b>				
Interest on debt	(9,584)	(10,818)	(72,017)	(85,243)
Investment income	518	944	1,511	10,081
Allowance for funds used during construction	736	1,685	4,564	12,360
Other nonoperating income, net	595	584	4,000	4,336
Earnings from The Energy Authority	403	(225)	8,767	498
Other interest, net	(9)	787	16	735
Total nonoperating expenses, net	(7,341)	(7,043)	(53,159)	(57,233)
Income before contributions	16,549	16,759	155,216	189,473
<b>Contributions (to) from</b>				
General Fund, City of Jacksonville, Florida	(10,000)	(9,902)	(70,007)	(69,314)
Developers and other	9,618	8,608	48,844	55,769
Reduction of plant cost through contributions	(6,693)	(6,042)	(26,667)	(36,989)
Total contributions, net	(7,075)	(7,336)	(47,830)	(50,534)
Change in net position	9,474	9,423	107,386	138,939
Net position, beginning of period	3,321,902	3,082,249	3,223,990	2,952,733
Net position, end of period	\$ 3,331,376	\$ 3,091,672	\$ 3,331,376	\$ 3,091,672

JEA

Page 5

**Statement of Cash Flows**  
**(in thousands - unaudited)**

	<b>Year-to-Date</b>	
	<b>April</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Receipts from customers	\$ 967,783	\$ 934,658
Payments to suppliers	(371,648)	(369,925)
Payments for salaries and benefits	(148,057)	(150,400)
Other operating activities	23,412	26,806
Net cash provided by operating activities	471,490	441,139
<b>Noncapital and related financing activities</b>		
Contribution to General Fund, City of Jacksonville, Florida	(69,908)	(69,215)
Net cash used in noncapital and related financing activities	(69,908)	(69,215)
<b>Capital and related financing activities</b>		
Defeasance of debt	(104,390)	(93,495)
Acquisition and construction of capital assets	(207,245)	(248,763)
Repayment of debt principal	(102,700)	(192,555)
Interest paid on debt	(119,833)	(137,205)
Capital contributions	22,177	18,779
Other capital financing activities	5,482	(5,331)
Net cash used in capital and related financing activities	(506,509)	(658,570)
<b>Investing activities</b>		
Purchase of investments	(184,079)	(185,580)
Proceeds from sale and maturity of investments	145,742	137,261
Investment income	3,956	8,212
Distributions from The Energy Authority	714	430
Net cash used in investing activities	(33,667)	(39,677)
Net change in cash and cash equivalents	(138,594)	(326,323)
Cash and cash equivalents at beginning of year	641,132	680,222
Cash and cash equivalents at end of period	\$ 502,538	\$ 353,899
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 208,375	\$ 246,706
Adjustments:		
Depreciation and amortization	229,151	213,393
Recognition of deferred costs and revenues, net	15,112	17,456
Other nonoperating income, net	14	334
Changes in noncash assets and noncash liabilities:		
Accounts receivable	49,221	35,879
Inventories	7,823	(10,695)
Other assets	1,376	2,778
Accounts and accrued expenses payable	(31,546)	(2,783)
Current liabilities payable from restricted assets	(1,907)	(2,993)
Other noncurrent liabilities and deferred inflows	(6,129)	(58,936)
Net cash provided by operating activities	\$ 471,490	\$ 441,139
<b>Noncash activity</b>		
Contribution of capital assets from developers	\$ 26,667	\$ 36,989
Unrealized investment fair market value changes, net	\$ (2,355)	\$ 2,050

**JEA**  
**Combining Statement of Net Position**  
**(in thousands - unaudited) April 2021**

Page 6

	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
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 228,084	\$ 50,765	\$ -	\$ 278,849	74,991	\$ 1,058	\$ 354,898
Investments	49,300	4,149	-	53,449	-	-	53,449
Customer accounts receivable, net of allowance (\$4,002)	118,902	-	-	118,902	51,221	470	170,593
Inventories:							
Materials and supplies	2,332	-	-	2,332	57,234	-	59,566
Fuel	32,096	-	-	32,096	-	-	32,096
Other current assets	11,138	3,142	(7,346)	6,934	4,099	-	11,033
Total current assets	441,852	58,056	(7,346)	492,562	187,545	1,528	681,635
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	67	77,378	-	77,445	67,467	2,728	147,640
Investments	184,937	9,696	-	194,633	102,139	-	296,772
Accounts and interest receivable	1,053	14	-	1,067	7	-	1,074
Total restricted assets	186,057	87,088	-	273,145	169,613	2,728	445,486
Costs to be recovered from future revenues	343,579	225,995	-	569,574	264,351	30	833,955
Other assets	49,507	4,650	(4,500)	49,657	1,223	17	50,897
Total noncurrent assets	579,143	317,733	(4,500)	892,376	435,187	2,775	1,330,338
Capital assets:							
Land and easements	123,748	6,660	-	130,408	83,947	3,051	217,406
Plant in service	5,997,307	1,316,043	-	7,313,350	5,022,777	60,749	12,396,876
Less accumulated depreciation	(3,558,228)	(1,313,618)	-	(4,871,846)	(2,472,203)	(30,747)	(7,374,796)
Plant in service, net	2,562,827	9,085	-	2,571,912	2,634,521	33,053	5,239,486
Construction work in progress	77,371	-	-	77,371	149,937	300	227,608
Net capital assets	2,640,198	9,085	-	2,649,283	2,784,458	33,353	5,467,094
Total assets	3,661,193	384,874	(11,846)	4,034,221	3,407,190	37,656	7,479,067
<b>Deferred outflows of resources</b>							
Accumulated decrease in fair value of hedging derivatives	100,203	-	-	100,203	25,065	-	125,268
Unrealized pension contributions and losses	74,505	17,601	-	92,106	51,775	-	143,881
Unamortized deferred losses on refundings	53,187	3,183	-	56,370	38,833	162	95,365
Unrealized asset retirement obligations	34,081	930	-	35,011	-	-	35,011
Unrealized OPEB contributions and losses	5,549	-	-	5,549	3,857	-	9,406
Total deferred outflows of resources	267,525	21,714	-	289,239	119,530	162	408,931
Total assets and deferred outflows of resources	\$ 3,928,718	\$ 406,588	\$ (11,846)	\$ 4,323,460	\$ 3,526,720	\$ 37,818	\$ 7,887,998

**JEA**  
**Combining Statement of Net Position**  
**(in thousands - unaudited) April 2021**

Page 7

	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
<b>Liabilities</b>							
Current liabilities:							
Customer deposits and prepayments	\$ 59,621	\$ -	\$ -	\$ 59,621	\$ 17,404	\$ -	\$ 77,025
Accounts and accrued expenses payable	36,276	3,415	(3,134)	36,557	5,181	30	41,768
Billings on behalf of state and local governments	16,554	-	-	16,554	3,790	-	20,344
Compensation and benefits payable	7,307	-	-	7,307	2,378	22	9,707
City of Jacksonville payable	7,897	-	-	7,897	2,217	-	10,114
Asset retirement obligations	2,129	930	-	3,059	-	-	3,059
Total current liabilities	129,784	4,345	(3,134)	130,995	30,970	52	162,017
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	-	80,395	9,370	1,770	91,535
Interest payable	5,453	825	-	6,278	4,156	104	10,538
Construction contracts and accounts payable	4,166	5,391	(4,212)	5,345	12,819	5	18,169
Renewal and replacement reserve	-	36,187	-	36,187	-	-	36,187
Total current liabilities payable from restricted assets	75,839	56,578	(4,212)	128,205	26,345	1,879	156,429
Noncurrent liabilities:							
Net pension liability	373,642	7,794	-	381,436	259,650	-	641,086
Asset retirement obligations	31,952	-	-	31,952	-	-	31,952
Compensation and benefits payable	23,105	-	-	23,105	9,110	70	32,285
Net OPEB liability	6,096	-	-	6,096	4,240	-	10,336
Other liabilities	18,522	4,500	(4,500)	18,522	-	-	18,522
Total noncurrent liabilities	453,317	12,294	(4,500)	461,111	273,000	70	734,181
Long-term debt:							
Debt payable, less current portion	1,459,240	237,590	-	1,696,830	1,232,195	29,640	2,958,665
Unamortized premium (discount), net	88,532	519	-	89,051	72,039	(21)	161,069
Fair value of debt management strategy instruments	100,112	-	-	100,112	25,065	-	125,177
Total long-term debt	1,647,884	238,109	-	1,885,993	1,329,299	29,619	3,244,911
Total liabilities	2,306,824	311,326	(11,846)	2,606,304	1,659,614	31,620	4,297,538
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	163,179	5,821	-	169,000	29,852	-	198,852
Unrealized pension gains	11,988	3,986	-	15,974	8,330	-	24,304
Unrealized OPEB gains	9,023	-	-	9,023	6,271	-	15,294
Accumulated increase in fair value of hedging derivatives	20,634	-	-	20,634	-	-	20,634
Total deferred inflows of resources	204,824	9,807	-	214,631	44,453	-	259,084
<b>Net position</b>							
Net investment in (divestment of) capital assets	1,125,053	(8,814)	-	1,116,239	1,596,958	2,152	2,715,349
Restricted for:							
Capital projects	83,100	-	-	83,100	96,140	1,591	180,831
Debt service	37,350	8,635	-	45,985	5,348	1,033	52,366
Other purposes	4,309	30,842	4,212	39,363	5,473	-	44,836
Unrestricted	167,258	54,792	(4,212)	217,838	118,734	1,422	337,994
Total net position	1,417,070	85,455	-	1,502,525	1,822,653	6,198	3,331,376
Total liabilities, deferred inflows of resources, and net position	\$ 3,928,718	\$ 406,588	\$ (11,846)	\$ 4,323,460	\$ 3,526,720	\$ 37,818	\$ 7,887,998

**JEA**  
**Combining Statement of Net Position**  
**(in thousands) September 2020**

Page 8

	<b>Electric System and Bulk Power Supply System</b>	<b>SJRPP System</b>	<b>Elimination of Intercompany transactions</b>	<b>Total Electric Enterprise Fund</b>	<b>Water and Sewer Enterprise Fund</b>	<b>District Energy System Fund</b>	<b>Total JEA</b>
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 266,683	\$ 51,814	\$ -	\$ 318,497	\$ 67,036	\$ 1,615	\$ 387,148
Investments	-	3,107	-	3,107	-	-	3,107
Customer accounts receivable, net of allowance (\$3,864)	165,515	-	-	165,515	54,176	123	219,814
Inventories:							
Materials and supplies	2,378	-	-	2,378	59,285	-	61,663
Fuel	37,822	-	-	37,822	-	-	37,822
Other current assets	14,981	5,361	(9,519)	10,823	5,541	-	16,364
Total current assets	487,379	60,282	(9,519)	538,142	186,038	1,738	725,918
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	89,193	89,318	-	178,511	71,232	4,241	253,984
Investments	202,036	10,227	-	212,263	98,867	-	311,130
Accounts and interest receivable	1,053	11	-	1,064	7	-	1,071
Total restricted assets	292,282	99,556	-	391,838	170,106	4,241	566,185
Costs to be recovered from future revenues	348,740	234,170	-	582,910	269,374	30	852,314
Other assets	30,649	4,500	(4,500)	30,649	1,569	3	32,221
Total noncurrent assets	671,671	338,226	(4,500)	1,005,397	441,049	4,274	1,450,720
Capital assets:							
Land and easements	123,748	6,660	-	130,408	83,459	3,051	216,918
Plant in service	5,835,887	1,316,043	-	7,151,930	4,912,993	59,530	12,124,453
Less accumulated depreciation	(3,439,442)	(1,313,379)	-	(4,752,821)	(2,379,631)	(29,255)	(7,161,707)
Plant in service, net	2,520,193	9,324	-	2,529,517	2,616,821	33,326	5,179,664
Construction work in progress	154,702	-	-	154,702	175,783	1,026	331,511
Net capital assets	2,674,895	9,324	-	2,684,219	2,792,604	34,352	5,511,175
Total assets	3,833,945	407,832	(14,019)	4,227,758	3,419,691	40,364	7,687,813
<b>Deferred outflows of resources</b>							
Accumulated decrease in fair value of hedging derivatives	141,605	-	-	141,605	37,681	-	179,286
Unrealized pension contributions and losses	74,505	17,601	-	92,106	51,775	-	143,881
Unamortized deferred losses on refundings	56,693	3,300	-	59,993	40,152	169	100,314
Unrealized asset retirement obligations	32,368	2,873	-	35,241	-	-	35,241
Unrealized OPEB contributions and losses	5,549	-	-	5,549	3,857	-	9,406
Total deferred outflows of resources	310,720	23,774	-	334,494	133,465	169	468,128
Total assets and deferred outflows of resources	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

**JEA**  
**Combining Statement of Net Position**  
**(in thousands) September 2020**

Page 9

	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
<b>Liabilities</b>							
Current liabilities:							
Customer deposits and prepayments	\$ 53,779	\$ -	\$ -	\$ 53,779	\$ 17,525	\$ -	\$ 71,304
Accounts and accrued expenses payable	57,341	5,658	(5,376)	57,623	8,855	144	66,622
Billings on behalf of state and local governments	22,171	-	-	22,171	3,834	-	26,005
Compensation and benefits payable	10,301	-	-	10,301	4,262	36	14,599
City of Jacksonville payable	8,159	-	-	8,159	2,096	-	10,255
Asset retirement obligations	1,263	2,873	-	4,136	-	-	4,136
Total current liabilities	153,014	8,531	(5,376)	156,169	36,572	180	192,921
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	24,871	5,222	-	30,093	22,115	648	52,856
Construction contracts and accounts payable	15,109	5,575	(4,143)	16,541	30,389	47	46,977
Renewal and replacement reserve	-	37,910	-	37,910	-	-	37,910
Total current liabilities payable from restricted assets	107,745	62,047	(4,143)	165,649	72,374	2,420	240,443
Noncurrent liabilities:							
Net pension liability	373,642	7,794	-	381,436	259,650	-	641,086
Asset retirement obligations	31,105	-	-	31,105	-	-	31,105
Compensation and benefits payable	22,271	-	-	22,271	9,002	69	31,342
Net OPEB liability	5,954	-	-	5,954	4,137	-	10,091
Other liabilities	20,556	4,500	(4,500)	20,556	-	-	20,556
Total noncurrent liabilities	453,528	12,294	(4,500)	461,322	272,789	69	734,180
Long-term debt:							
Debt payable, less current portion	1,629,850	251,765	-	1,881,615	1,241,565	31,410	3,154,590
Unamortized premium (discount), net	95,677	783	-	96,460	77,769	(24)	174,205
Fair value of debt management strategy instruments	139,607	-	-	139,607	37,681	-	177,288
Total long-term debt	1,865,134	252,548	-	2,117,682	1,357,015	31,386	3,506,083
Total liabilities	2,579,421	335,420	(14,019)	2,900,822	1,738,750	34,055	4,673,627
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	177,589	5,821	-	183,410	23,372	-	206,782
Unrealized pension gains	11,988	3,986	-	15,974	8,330	-	24,304
Unrealized OPEB gains	9,023	-	-	9,023	6,271	-	15,294
Accumulated increase in fair value of hedging derivatives	11,944	-	-	11,944	-	-	11,944
Total deferred inflows of resources	210,544	9,807	-	220,351	37,973	-	258,324
<b>Net position</b>							
Net investment in (divestment of) capital assets	977,434	(14,114)	-	963,320	1,567,914	1,393	2,532,627
Restricted for:							
Capital projects	139,308	-	-	139,308	63,679	1,868	204,855
Debt service	66,487	13,706	-	80,193	19,640	1,725	101,558
Other purposes	5,772	32,163	4,143	42,078	6,539	-	48,617
Unrestricted	165,699	54,624	(4,143)	216,180	118,661	1,492	336,333
Total net position	1,354,700	86,379	-	1,441,079	1,776,433	6,478	3,223,990
Total liabilities, deferred inflows of resources, and net position	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

JEA

Page 10

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**(in thousands - unaudited) for the month ended April 2021**

	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
<b>Operating revenues</b>								
Electric - base	\$ 60,723	\$ -	\$ -	\$ 60,723	\$ -	\$ -	\$ (760)	\$ 59,963
Electric - fuel and purchased power	31,199	2,223	(2,223)	31,199	-	-	(716)	30,483
Water and sewer	-	-	-	-	36,248	-	(18)	36,230
District energy system	-	-	-	-	-	587	(26)	561
Other operating revenues	3,083	17	-	3,100	1,247	-	(184)	4,163
Total operating revenues	95,005	2,240	(2,223)	95,022	37,495	587	(1,704)	131,400
<b>Operating expenses</b>								
Operations and maintenance:								
Maintenance and other operating expenses	18,148	1,502	-	19,650	14,415	317	(1,704)	32,678
Fuel	26,537	-	-	26,537	-	-	-	26,537
Purchased power	10,158	-	(2,223)	7,935	-	-	-	7,935
Depreciation	18,335	34	-	18,369	14,127	216	-	32,712
State utility and franchise taxes	4,182	-	-	4,182	908	-	-	5,090
Recognition of deferred costs and revenues, net	1,111	1,156	-	2,267	291	-	-	2,558
Total operating expenses	78,471	2,692	(2,223)	78,940	29,741	533	(1,704)	107,510
Operating income	16,534	(452)	-	16,082	7,754	54	-	23,890
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(5,079)	(815)	-	(5,894)	(3,584)	(106)	-	(9,584)
Investment income	298	9	-	307	210	1	-	518
Allowance for funds used during construction	249	-	-	249	487	-	-	736
Other nonoperating income, net	339	24	-	363	232	-	-	595
Earnings from The Energy Authority	403	-	-	403	-	-	-	403
Other interest, net	(9)	-	-	(9)	-	-	-	(9)
Total nonoperating expenses, net	(3,799)	(782)	-	(4,581)	(2,655)	(105)	-	(7,341)
Income before contributions	12,735	(1,234)	-	11,501	5,099	(51)	-	16,549
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,801)	-	-	(7,801)	(2,199)	-	-	(10,000)
Developers and other	272	-	-	272	9,346	-	-	9,618
Reduction of plant cost through contributions	(272)	-	-	(272)	(6,421)	-	-	(6,693)
Total contributions, net	(7,801)	-	-	(7,801)	726	-	-	(7,075)
Change in net position	4,934	(1,234)	-	3,700	5,825	(51)	-	9,474
Net position, beginning of period	1,412,136	86,689	-	1,498,825	1,816,828	6,249	-	3,321,902
Net position, end of period	\$ 1,417,070	\$ 85,455	\$ -	\$ 1,502,525	\$ 1,822,653	\$ 6,198	\$ -	\$ 3,331,376

JEA

Page 11

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**(in thousands - unaudited) for the month ended April 2020**

	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
<b>Operating revenues</b>								
Electric - base	\$ 59,650	\$ -	\$ -	\$ 59,650	\$ -	\$ -	\$ (688)	\$ 58,962
Electric - fuel and purchased power	23,274	2,016	(2,017)	23,273	-	-	(631)	22,642
Water and sewer	-	-	-	-	36,553	-	(17)	36,536
District energy system	-	-	-	-	-	623	(28)	595
Other operating revenues	1,325	-	-	1,325	2,716	-	(189)	3,852
Total operating revenues	84,249	2,016	(2,017)	84,248	39,269	623	(1,553)	122,587
<b>Operating expenses</b>								
Operations and maintenance:								
Maintenance and other operating expenses	21,750	584	-	22,334	13,879	335	(1,553)	34,995
Fuel	19,300	-	-	19,300	-	-	-	19,300
Purchased power	7,871	-	(2,017)	5,854	-	-	-	5,854
Depreciation	16,845	34	-	16,879	13,372	205	-	30,456
State utility and franchise taxes	4,368	-	-	4,368	922	-	-	5,290
Recognition of deferred costs and revenues, net	750	1,103	-	1,853	1,037	-	-	2,890
Total operating expenses	70,884	1,721	(2,017)	70,588	29,210	540	(1,553)	98,785
Operating income	13,365	295	-	13,660	10,059	83	-	23,802
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(5,907)	(844)	-	(6,751)	(3,958)	(109)	-	(10,818)
Investment income	443	227	-	670	274	-	-	944
Allowance for funds used during construction	585	-	-	585	1,095	5	-	1,685
Other nonoperating income, net	354	26	-	380	204	-	-	584
Earnings from The Energy Authority	(225)	-	-	(225)	-	-	-	(225)
Other interest, net	564	-	-	564	223	-	-	787
Total nonoperating expenses, net	(4,186)	(591)	-	(4,777)	(2,162)	(104)	-	(7,043)
Income before contributions	9,179	(296)	-	8,883	7,897	(21)	-	16,759
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,823)	-	-	(7,823)	(2,079)	-	-	(9,902)
Developers and other	115	-	-	115	8,493	-	-	8,608
Reduction of plant cost through contributions	(115)	-	-	(115)	(5,927)	-	-	(6,042)
Total contributions, net	(7,823)	-	-	(7,823)	487	-	-	(7,336)
Change in net position	1,356	(296)	-	1,060	8,384	(21)	-	9,423
Net position, beginning of period	1,250,397	92,425	-	1,342,822	1,733,257	6,170	-	3,082,249
Net position, end of period	\$ 1,251,753	\$ 92,129	\$ -	\$ 1,343,882	\$ 1,741,641	\$ 6,149	\$ -	\$ 3,091,672

JEA

Page 12

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**(in thousands - unaudited) for the seven months ended April 2021**

	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
<b>Operating revenues</b>								
Electric - base	\$ 463,082	\$ -	\$ -	\$ 463,082	\$ -	\$ -	\$ (4,785)	\$ 458,297
Electric - fuel and purchased power	210,093	15,779	(15,779)	210,093	-	-	(4,345)	205,748
Water and sewer	-	-	-	-	253,448	-	(174)	253,274
District energy system	-	-	-	-	-	4,246	(177)	4,069
Other operating revenues	15,380	105	-	15,485	7,831	-	(1,292)	22,024
Total operating revenues	688,555	15,884	(15,779)	688,660	261,279	4,246	(10,773)	943,412
<b>Operating expenses</b>								
Operations and maintenance:								
Maintenance and other operating expenses	126,642	3,027	-	129,669	91,696	2,300	(10,773)	212,892
Fuel	187,506	-	-	187,506	-	-	-	187,506
Purchased power	67,590	-	(15,779)	51,811	-	-	-	51,811
Depreciation	126,114	239	-	126,353	100,652	1,492	-	228,497
State utility and franchise taxes	33,080	-	-	33,080	6,139	-	-	39,219
Recognition of deferred costs and revenues, net	4,332	8,095	-	12,427	2,685	-	-	15,112
Total operating expenses	545,264	11,361	(15,779)	540,846	201,172	3,792	(10,773)	735,037
Operating income	143,291	4,523	-	147,814	60,107	454	-	208,375
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(39,830)	(5,706)	-	(45,536)	(25,740)	(741)	-	(72,017)
Investment income	812	89	-	901	608	2	-	1,511
Allowance for funds used during construction	1,581	-	-	1,581	2,978	5	-	4,564
Other nonoperating income, net	2,360	170	-	2,530	1,470	-	-	4,000
Earnings from The Energy Authority	8,767	-	-	8,767	-	-	-	8,767
Other interest, net	(5)	-	-	(5)	21	-	-	16
Total nonoperating expenses, net	(26,315)	(5,447)	-	(31,762)	(20,663)	(734)	-	(53,159)
Income before contributions	116,976	(924)	-	116,052	39,444	(280)	-	155,216
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(54,606)	-	-	(54,606)	(15,401)	-	-	(70,007)
Developers and other	938	-	-	938	47,906	-	-	48,844
Reduction of plant cost through contributions	(938)	-	-	(938)	(25,729)	-	-	(26,667)
Total contributions, net	(54,606)	-	-	(54,606)	6,776	-	-	(47,830)
Change in net position	62,370	(924)	-	61,446	46,220	(280)	-	107,386
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of period	\$ 1,417,070	\$ 85,455	\$ -	\$ 1,502,525	\$ 1,822,653	\$ 6,198	\$ -	\$ 3,331,376

JEA

Page 13

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**(in thousands - unaudited) for the seven months ended April 2020**

	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
<b>Operating revenues</b>								
Electric - base	\$ 479,333	\$ -	\$ -	\$ 479,333	\$ -	\$ -	\$ (4,842)	\$ 474,491
Electric - fuel and purchased power	181,390	14,379	(14,380)	181,389	-	-	(4,374)	177,015
Water and sewer	-	-	-	-	273,979	-	(131)	273,848
District energy system	-	-	-	-	-	4,581	(188)	4,393
Other operating revenues	14,450	164	-	14,614	9,411	-	(1,734)	22,291
Total operating revenues	675,173	14,543	(14,380)	675,336	283,390	4,581	(11,269)	952,038
<b>Operating expenses</b>								
Operations and maintenance:								
Maintenance and other operating expenses	144,548	8,624	-	153,172	92,744	2,437	(11,269)	237,084
Fuel	152,464	-	-	152,464	-	-	-	152,464
Purchased power	61,287	-	(14,380)	46,907	-	-	-	46,907
Depreciation	117,772	239	-	118,011	93,257	1,439	-	212,707
State utility and franchise taxes	32,449	-	-	32,449	6,265	-	-	38,714
Recognition of deferred costs and revenues, net	6,182	7,252	-	13,434	4,022	-	-	17,456
Total operating expenses	514,702	16,115	(14,380)	516,437	196,288	3,876	(11,269)	705,332
Operating income	160,471	(1,572)	-	158,899	87,102	705	-	246,706
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(47,132)	(5,911)	-	(53,043)	(31,434)	(766)	-	(85,243)
Investment income	5,993	1,497	-	7,490	2,540	51	-	10,081
Allowance for funds used during construction	4,745	-	-	4,745	7,589	26	-	12,360
Other nonoperating income, net	2,457	185	-	2,642	1,694	-	-	4,336
Earnings from The Energy Authority	498	-	-	498	-	-	-	498
Other interest, net	377	-	-	377	358	-	-	735
Total nonoperating expenses, net	(33,062)	(4,229)	-	(37,291)	(19,253)	(689)	-	(57,233)
Income before contributions	127,409	(5,801)	-	121,608	67,849	16	-	189,473
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(54,758)	-	-	(54,758)	(14,556)	-	-	(69,314)
Developers and other	929	-	-	929	54,840	-	-	55,769
Reduction of plant cost through contributions	(929)	-	-	(929)	(36,060)	-	-	(36,989)
Total contributions, net	(54,758)	-	-	(54,758)	4,224	-	-	(50,534)
Change in net position	72,651	(5,801)	-	66,850	72,073	16	-	138,939
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	\$ 1,251,753	\$ 92,129	\$ -	\$ 1,343,882	\$ 1,741,641	\$ 6,149	\$ -	\$ 3,091,672

JEA

Page 14

**Combining Statement of Cash Flows****(in thousands - unaudited) for the seven months ended April 2021**

	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
<b>Operating activities</b>								
Receipts from customers	\$ 710,519	\$ 15,779	\$ (15,714)	\$ 710,584	\$ 262,781	\$ 3,899	\$ (9,481)	\$ 967,783
Payments to suppliers	(332,958)	(5,091)	15,714	(322,335)	(58,067)	(2,019)	10,773	(371,648)
Payments for salaries and benefits	(104,868)	-	-	(104,868)	(42,767)	(422)	-	(148,057)
Other operating activities	16,346	(47)	-	16,299	8,405	-	(1,292)	23,412
Net cash provided by operating activities	289,039	10,641	-	299,680	170,352	1,458	-	471,490
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(54,627)	-	-	(54,627)	(15,281)	-	-	(69,908)
Net cash used in noncapital and related financing activities	(54,627)	-	-	(54,627)	(15,281)	-	-	(69,908)
<b>Capital and related financing activities</b>								
Defeasance of debt	(104,390)	-	-	(104,390)	-	-	-	(104,390)
Acquisition and construction of capital assets	(101,715)	-	-	(101,715)	(105,000)	(530)	-	(207,245)
Repayment of debt principal	(67,765)	(13,340)	-	(81,105)	(19,870)	(1,725)	-	(102,700)
Interest paid on debt	(60,369)	(10,169)	-	(70,538)	(48,020)	(1,275)	-	(119,833)
Capital contributions	-	-	-	-	22,177	-	-	22,177
Other capital financing activities	2,559	305	-	2,864	2,618	-	-	5,482
Net cash used in capital and related financing activities	(331,680)	(23,204)	-	(354,884)	(148,095)	(3,530)	-	(506,509)
<b>Investing activities</b>								
Purchase of investments	(156,155)	(14,995)	-	(171,150)	(12,929)	-	-	(184,079)
Proceeds from sale and maturity of investments	122,492	14,473	-	136,965	8,777	-	-	145,742
Investment income	2,492	96	-	2,588	1,366	2	-	3,956
Distributions from The Energy Authority	714	-	-	714	-	-	-	714
Net cash provided by (used in) investing activities	(30,457)	(426)	-	(30,883)	(2,786)	2	-	(33,667)
Net change in cash and cash equivalents	(127,725)	(12,989)	-	(140,714)	4,190	(2,070)	-	(138,594)
Cash and cash equivalents at beginning of year	355,876	141,132	-	497,008	138,268	5,856	-	641,132
Cash and cash equivalents at end of period	\$ 228,151	\$ 128,143	\$ -	\$ 356,294	\$ 142,458	\$ 3,786	\$ -	\$ 502,538
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 143,291	\$ 4,523	\$ -	\$ 147,814	\$ 60,107	\$ 454	\$ -	\$ 208,375
Adjustments:								
Depreciation and amortization	126,114	239	-	126,353	101,306	1,492	-	229,151
Recognition of deferred costs and revenues, net	4,332	8,095	-	12,427	2,685	-	-	15,112
Other nonoperating income, net	(14)	-	-	(14)	28	-	-	14
Changes in noncash assets and noncash liabilities:								
Accounts receivable	46,614	-	-	46,614	2,954	(347)	-	49,221
Inventories	5,772	-	-	5,772	2,051	-	-	7,823
Other assets	(777)	1,935	-	1,158	233	(15)	-	1,376
Accounts and accrued expenses payable	(23,473)	(2,244)	-	(25,717)	(5,702)	(127)	-	(31,546)
Current liabilities payable from restricted assets	-	(1,907)	-	(1,907)	-	-	-	(1,907)
Other noncurrent liabilities and deferred inflows	(12,820)	-	-	(12,820)	6,690	1	-	(6,129)
Net cash provided by operating activities	\$ 289,039	\$ 10,641	\$ -	\$ 299,680	\$ 170,352	\$ 1,458	\$ -	\$ 471,490
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 938	\$ -	\$ -	\$ 938	\$ 25,729	\$ -	\$ -	\$ 26,667
Unrealized investment fair market value changes, net	\$ (1,462)	\$ (12)	\$ -	\$ (1,474)	\$ (881)	\$ -	\$ -	\$ (2,355)

JEA

Page 15

**Combining Statement of Cash Flows****(in thousands - unaudited) for the seven months ended April 2020**

	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
<b>Operating activities</b>								
Receipts from customers	\$ 677,228	\$ 14,379	\$ (15,009)	\$ 676,598	\$ 263,247	\$ 4,348	\$ (9,535)	\$ 934,658
Payments to suppliers	(325,373)	(5,518)	15,009	(315,882)	(63,150)	(2,162)	11,269	(369,925)
Payments for salaries and benefits	(103,152)	(6,307)	-	(109,459)	(40,549)	(392)	-	(150,400)
Other operating activities	17,378	230	-	17,608	10,932	-	(1,734)	26,806
Net cash provided by operating activities	266,081	2,784	-	268,865	170,480	1,794	-	441,139
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(54,681)	-	-	(54,681)	(14,534)	-	-	(69,215)
Net cash used in noncapital and related financing activities	(54,681)	-	-	(54,681)	(14,534)	-	-	(69,215)
<b>Capital and related financing activities</b>								
Defeasance of debt	(48,070)	-	-	(48,070)	(45,425)	-	-	(93,495)
Acquisition and construction of capital assets	(130,499)	-	-	(130,499)	(117,600)	(664)	-	(248,763)
Repayment of debt principal	(122,380)	(13,780)	-	(136,160)	(54,705)	(1,690)	-	(192,555)
Interest paid on debt	(71,054)	(10,786)	-	(81,840)	(54,052)	(1,313)	-	(137,205)
Capital contributions	-	-	-	-	18,779	-	-	18,779
Other capital financing activities	(4,227)	159	-	(4,068)	(1,263)	-	-	(5,331)
Net cash used in capital and related financing activities	(376,230)	(24,407)	-	(400,637)	(254,266)	(3,667)	-	(658,570)
<b>Investing activities</b>								
Purchase of investments	(156,482)	(11,846)	-	(168,328)	(17,252)	-	-	(185,580)
Proceeds from sale and maturity of investments	90,579	11,922	-	102,501	34,760	-	-	137,261
Investment income	4,708	1,506	-	6,214	1,947	51	-	8,212
Distributions from The Energy Authority	430	-	-	430	-	-	-	430
Net cash provided by (used in) investing activities	(60,765)	1,582	-	(59,183)	19,455	51	-	(39,677)
Net change in cash and cash equivalents	(225,595)	(20,041)	-	(245,636)	(78,865)	(1,822)	-	(326,323)
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	\$ 131,060	\$ 141,551	\$ -	\$ 272,611	\$ 74,867	\$ 6,421	\$ -	\$ 353,899
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 160,471	\$ (1,572)	\$ -	\$ 158,899	\$ 87,102	\$ 705	\$ -	\$ 246,706
Adjustments:								
Depreciation and amortization	117,772	239	-	118,011	93,943	1,439	-	213,393
Recognition of deferred costs and revenues, net	6,182	7,252	-	13,434	4,022	-	-	17,456
Other nonoperating income (loss), net	72	-	-	72	262	-	-	334
Changes in noncash assets and noncash liabilities:								
Accounts receivable	37,131	-	-	37,131	(1,019)	(233)	-	35,879
Inventories	(8,203)	106	-	(8,097)	(2,598)	-	-	(10,695)
Other assets	1,681	65	-	1,746	1,047	(15)	-	2,778
Accounts and accrued expenses payable	(1,903)	1,410	-	(493)	(2,159)	(131)	-	(2,783)
Current liabilities payable from restricted assets	-	(2,993)	-	(2,993)	-	-	-	(2,993)
Other noncurrent liabilities and deferred inflows	(47,122)	(1,723)	-	(48,845)	(10,120)	29	-	(58,936)
Net cash provided by operating activities	\$ 266,081	\$ 2,784	\$ -	\$ 268,865	\$ 170,480	\$ 1,794	\$ -	\$ 441,139
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 929	\$ -	\$ -	\$ 929	\$ 36,060	\$ -	\$ -	\$ 36,989
Unrealized investment fair market value changes, net	\$ 1,576	\$ (13)	\$ -	\$ 1,563	\$ 487	\$ -	\$ -	\$ 2,050

**JEA**

Page 16

**Debt Service Coverage****April 2021****(unaudited)**

	Month April		Year-to-Date April	
	2021	2020	2021	2020
<b>Electric System</b>				
Senior debt service coverage, (annual minimum 1.20x)	9.67 x	7.16 x	10.71 x	9.26 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	4.26 x	3.23 x	4.69 x	4.23 x
<b>Bulk Power Supply System</b>				
Debt service coverage, (annual minimum 1.15x)	1.24 x	2.41 x	1.29 x	2.21 x
<b>St. Johns River Power Park, Second Resolution</b>				
Debt service coverage, (annual minimum 1.15x)	1.13 x	1.15 x	1.16 x	1.17 x
<b>Water and Sewer System</b>				
Senior debt service coverage, (annual minimum 1.25x)	6.47 x	5.47 x	6.85 x	5.82 x
Senior and subordinated debt service coverage excluding capacity fees <sup>(1)</sup>	5.02 x	4.43 x	5.28 x	4.67 x
Senior and subordinated debt service coverage including capacity fees <sup>(1)</sup>	5.66 x	4.89 x	5.99 x	5.14 x
<b>District Energy System</b>				
Debt service coverage, (annual minimum 1.15x)	1.07 x	1.14 x	1.10 x	1.25 x

<sup>(1)</sup> 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

Page 17

Electric System  
Operating Statistics

April 2021 and 2020 (unaudited)

	Month			Year-to-Date		
	2021	2020	Variance	2021	2020	Variance
<b>Electric revenues sales (000s omitted):</b>						
Residential	\$ 41,999	\$ 43,891	-4.31%	\$ 340,119	\$ 318,651	6.74%
Commercial	27,569	26,170	5.35%	203,327	207,200	-1.87%
Industrial	14,838	14,199	4.50%	105,702	108,197	-2.31%
Public street lighting	1,159	1,127	2.84%	8,005	7,843	2.07%
Electric revenues - territorial	85,565	85,387	0.21%	657,153	641,891	2.38%
Sales for resale - off system	429	469	-8.53%	1,832	936	95.73%
Electric revenues	85,994	85,856	0.16%	658,985	642,827	2.51%
Rate stabilization & recovery	5,928	(2,815)	-310.59%	15,767	18,363	-14.14%
Allowance for doubtful accounts	-	(117)	-100.00%	(1,577)	(467)	237.69%
<b>Net electric revenues</b>	<b>91,922</b>	<b>82,924</b>	<b>10.85%</b>	<b>673,175</b>	<b>660,723</b>	<b>1.88%</b>
<b>MWh sales</b>						
Residential	362,223	382,097	-5.20%	2,958,765	2,765,843	6.98%
Commercial	280,037	267,521	4.68%	2,066,647	2,106,898	-1.91%
Industrial	214,028	200,483	6.76%	1,454,259	1,492,838	-2.58%
Public street lighting	4,525	4,606	-1.76%	32,467	32,428	0.12%
Total MWh sales - territorial	860,813	854,707	0.71%	6,512,138	6,398,007	1.78%
Sales for resale - off system	11,889	954	1146.23%	15,876	15,620	1.64%
Total MWh sales	872,702	855,661	1.99%	6,528,014	6,413,627	1.78%
<b>Average number of accounts</b>						
Residential	436,839	427,934	2.08%	434,363	425,272	2.14%
Commercial	54,202	53,586	1.15%	54,001	53,422	1.08%
Industrial	197	194	1.55%	196	195	0.51%
Public street lighting	3,988	3,917	1.81%	3,969	3,924	1.15%
<b>Total average accounts</b>	<b>495,226</b>	<b>485,631</b>	<b>1.98%</b>	<b>492,529</b>	<b>482,813</b>	<b>2.01%</b>
<b>Residential averages</b>						
Revenue per account - \$	96.14	102.56	-6.26%	783.03	749.29	4.50%
kWh per account	829	893	-7.13%	6,812	6,504	4.74%
Revenue per kWh - ¢	11.59	11.49	0.94%	11.50	11.52	-0.22%
<b>Degree days</b>						
Heating degree days	69	12	57	1,199	820	379
Cooling degree days	97	178	(81)	695	936	(241)
<b>Total degree days</b>	<b>166</b>	<b>190</b>	<b>(24)</b>	<b>1,894</b>	<b>1,756</b>	<b>138</b>
Degree days - 30 year average	168			1,819		

JEA  
Water and Sewer System  
Operating Statistics  
April 2021 and 2020 (unaudited)

Page 18

	Month								
	Water			Sewer			Reuse		
	2021	2020	Variance	2021	2020	Variance	2021	2020	Variance
<b>Revenues (000s omitted):</b>									
Residential	\$ 8,058	\$ 8,481	-4.99%	\$ 12,396	\$ 12,756	-2.82%	\$ 1,334	\$ 1,334	0.00%
Commercial and industrial	3,720	3,339	11.41%	8,283	7,140	16.01%	475	558	-14.87%
Irrigation	3,030	3,264	-7.17%	N/A	N/A	N/A	31	19	63.16%
Gross revenues	14,808	15,084	-1.83%	20,679	19,896	3.94%	1,840	1,911	-3.72%
Rate stabilization	(425)	(82)	418.29%	(601)	(717)	-16.18%	(51)	512	-109.96%
Allowance for doubtful accounts	(2)	(19)	-89.47%	1	(23)	-104.35%	(1)	(9)	-88.89%
Net revenues	\$ 14,381	\$ 14,983	-4.02%	\$ 20,079	\$ 19,156	4.82%	\$ 1,788	\$ 2,414	-25.93%
<b>Kgal sales (000s omitted)</b>									
Residential	1,602,999	1,649,234	-2.80%	1,357,413	1,409,054	-3.66%	228,163	234,411	-2.67%
Commercial and industrial	1,086,404	833,102	30.40%	892,705	683,500	30.61%	99,863	120,098	-16.85%
Irrigation	542,597	585,515	-7.33%	N/A	N/A	N/A	107,355	40,478	165.22%
Total kgal sales	3,232,000	3,067,851	5.35%	2,250,118	2,092,554	7.53%	435,381	394,987	10.23%
<b>Average number of accounts:</b>									
Residential	309,011	300,036	2.99%	275,398	266,617	3.29%	19,055	16,511	15.41%
Commercial and industrial	26,534	26,183	1.34%	18,838	18,636	1.08%	737	654	12.69%
Irrigation	37,889	37,508	1.02%	N/A	N/A	N/A	41	37	10.81%
Total average accounts	373,434	363,727	2.67%	294,236	285,253	3.15%	19,833	17,202	15.29%
<b>Residential averages:</b>									
Revenue per account - \$	26.08	28.27	-7.75%	45.01	47.84	-5.92%	70.01	80.79	-13.34%
Kgals per account	5.19	5.50	-5.64%	4.93	5.28	-6.63%	11.97	14.20	-15.70%
Revenue per kgals - \$	5.03	5.14	-2.14%	9.13	9.05	0.88%	5.85	5.69	2.81%
	Year-to-Date								
	Water			Sewer			Reuse		
	2021	2020	Variance	2021	2020	Variance	2021	2020	Variance
<b>Revenues (000s omitted):</b>									
Residential	\$ 56,346	\$ 56,880	-0.94%	\$ 86,253	\$ 86,038	0.25%	\$ 7,758	\$ 7,842	-1.07%
Commercial and industrial	27,175	27,192	-0.06%	63,626	63,634	-0.01%	2,783	3,339	-16.65%
Irrigation	16,447	19,258	-14.60%	N/A	N/A	N/A	178	126	41.27%
Gross revenues	99,968	103,330	-3.25%	149,879	149,672	0.14%	10,719	11,307	-5.20%
Rate stabilization	(2,486)	3,907	-163.63%	(3,727)	4,109	-190.70%	(266)	1,977	-113.45%
Allowance for doubtful accounts	(245)	(123)	99.19%	(368)	(168)	119.05%	(26)	(32)	-18.75%
Net revenues	\$ 97,237	\$ 107,114	-9.22%	\$ 145,784	\$ 153,613	-5.10%	\$ 10,427	\$ 13,252	-21.32%
<b>Kgal sales (000s omitted)</b>									
Residential	10,163,241	10,398,115	-2.26%	8,896,169	9,041,629	-1.61%	1,163,661	1,277,437	-8.91%
Commercial and industrial	7,696,947	7,698,598	-0.02%	6,809,720	6,785,389	0.36%	572,744	709,028	-19.22%
Irrigation	2,483,820	3,162,776	-21.47%	N/A	N/A	N/A	620,848	346,484	79.19%
Total kgal sales	20,344,008	21,259,489	-4.31%	15,705,889	15,827,018	-0.77%	2,357,253	2,332,949	1.04%
<b>Average number of accounts:</b>									
Residential	306,549	298,083	2.84%	273,008	264,729	3.13%	18,359	15,799	16.20%
Commercial and industrial	26,413	26,139	1.05%	18,775	18,612	0.88%	716	631	13.47%
Irrigation	37,801	37,396	1.08%	N/A	N/A	N/A	40	36	11.11%
Total average accounts	370,763	361,618	2.53%	291,783	283,341	2.98%	19,115	16,466	16.09%
<b>Residential averages:</b>									
Revenue per account - \$	183.81	190.82	-3.67%	315.94	325.00	-2.79%	422.57	496.36	-14.87%
Kgals per account	33.15	34.88	-4.96%	32.59	34.15	-4.57%	63.38	80.86	-21.62%
Revenue per kgals - \$	5.54	5.47	1.28%	9.70	9.52	1.89%	6.67	6.14	8.63%

Rain statistics	Month				Year-to-Date			
	2021	2020	Variance	30 Year Avg	2021	2020	Variance	30 Year Avg
Rainfall	5.49	6.14	(0.65)	2.64	24.75	24.15	0.60	21.92
Rain Days	8	11	(3)	6	68	54	14	52

# Appendix

**JEA**  
**Schedule of Cash and Investments**  
**(in thousands - unaudited) April 2021**

Page 19

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 72,468	\$ 34,195	\$ 106,663	\$ 28,336	\$ 1,058	\$ 136,057
Rate stabilization:						
Fuel	73,303	-	73,303	-	-	73,303
Environmental	20,575	-	20,575	29,852	-	50,427
Purchased Power	20,870	-	20,870	-	-	20,870
DSM/Conservation	6,399	-	6,399	-	-	6,399
Total rate stabilization funds	121,147	-	121,147	29,852	-	150,999
Customer deposits	44,215	-	44,215	16,803	-	61,018
General reserve	-	20,719	20,719	-	-	20,719
Self insurance reserve funds:						
Self funded health plan	12,986	-	12,986	-	-	12,986
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	22,986	-	22,986	-	-	22,986
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 277,384	\$ 54,914	\$ 332,298	\$ 74,991	\$ 1,058	\$ 408,347
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 81,558	\$ 36,187	\$ 117,745	\$ 73,591	\$ 1,591	\$ 192,927
Debt service reserve account	55,845	10,585	66,430	58,664	-	125,094
Debt service funds	42,803	9,460	52,263	9,336	1,137	62,736
Construction funds	67	-	67	22,542	-	22,609
Environmental funds	422	-	422	464	-	886
Subtotal	180,695	56,232	236,927	164,597	2,728	404,252
Unrealized holding gain (loss) on investments	4,309	91	4,400	5,009	-	9,409
Other funds	-	30,751	30,751	-	-	30,751
Total restricted cash and investments	\$ 185,004	\$ 87,074	\$ 272,078	\$ 169,606	\$ 2,728	\$ 444,412
Total cash and investments	\$ 462,388	\$ 141,988	\$ 604,376	\$ 244,597	\$ 3,786	\$ 852,759

**JEA**  
**Schedule of Cash and Investments**  
**(in thousands) September 2020**

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 48,670	\$ 34,212	\$ 82,882	\$ 26,738	\$ 1,615	\$ 111,235
Rate stabilization:						
Fuel	73,347	-	73,347	-	-	73,347
Environmental	21,818	-	21,818	23,372	-	45,190
Purchased Power	36,326	-	36,326	-	-	36,326
DSM/Conservation	5,423	-	5,423	-	-	5,423
Total rate stabilization funds	136,914	-	136,914	23,372	-	160,286
Customer deposits	43,641	-	43,641	16,926	-	60,567
General reserve	-	20,709	20,709	-	-	20,709
Self insurance reserve funds:						
Self funded health plan	10,890	-	10,890	-	-	10,890
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,890	-	20,890	-	-	20,890
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 266,683	\$ 54,921	\$ 321,604	\$ 67,036	\$ 1,615	\$ 390,255
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 137,643	\$ 37,910	\$ 175,553	\$ 38,131	\$ 1,868	\$ 215,552
Debt service reserve account	55,844	10,544	66,388	58,228	-	124,616
Debt service funds	91,358	18,928	110,286	41,660	2,373	154,319
Construction funds	311	-	311	25,541	-	25,852
Environmental funds	301	-	301	649	-	950
Subtotal	285,457	67,382	352,839	164,209	4,241	521,289
Unrealized holding gain (loss) on investments	5,772	101	5,873	5,890	-	11,763
Other funds	-	32,062	32,062	-	-	32,062
Total restricted cash and investments	\$ 291,229	\$ 99,545	\$ 390,774	\$ 170,099	\$ 4,241	\$ 565,114
Total cash and investments	\$ 557,912	\$ 154,466	\$ 712,378	\$ 237,135	\$ 5,856	\$ 955,369

**JEA**  
**INVESTMENT PORTFOLIO REPORT**  
**April 2021**  
**(unaudited)**  
**All Funds**

Page 20

<b>INVESTMENT</b>	<b>BOOK VALUE</b>	<b>YIELD</b>	<b>% OF TOTAL</b>
Federal Home Loan Bank	\$ 70,249,692	2.19%	8.37%
Municipal Bonds	121,016,261	3.26%	14.42%
Commercial Paper	149,529,957	0.19%	17.82%
U.S. Treasury Money Market Funds (1)	153,593,072	0.03%	18.30%
Agency Money Market Funds (2)	73,575,000	0.03%	8.77%
PALM Money Market Fund	40,500,000	0.08%	4.83%
Florida Prime Fund	116,153,000	0.12%	13.84%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	70,509,128	0.16%	8.40%
SJRP	12,521,157	0.16%	1.49%
Water & Sewer, DES	31,541,243	0.16%	3.76%
Total Portfolio	\$ 839,188,510	0.73%	100.00%

Weighted Avg. Annual Yield for April 2021, Excluding Bank & Money Market Funds: 1.72%

Weighted Avg. Annual Yield for April 2021, Including Bank & Money Market Funds: 0.73%

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

(1) Treasury Funds: Federated, Fidelity, Goldman Sachs, State Street

(2) State Street Government Fund

(3) Month-end bank balances

**JEA**  
**Schedule of Outstanding Indebtedness**  
**April 2021**

Page 21

	<b>Interest Rates</b>	<b>Principal Payment Dates</b>	<b>Par Amount Principal Outstanding</b>	<b>Current Portion of Long-Term Debt</b>
<b>Electric Enterprise</b>				
<i>Electric System</i>				
Fixed Rate Senior	3.000-6.056%	2021-2044	459,695,000	15,705,000
Fixed Rate Subordinated	3.375-6.406%	2021-2039	478,255,000	31,870,000
Variable Rate Senior	0.069-0.562%	2021-2040	448,430,000	8,595,000
Variable Rate Subordinated	0.044-0.129%	2021-2038	57,195,000	2,970,000
Total Electric System	<u>2.743% (wtd avg)</u>	<u>2021-2044</u>	<u>1,443,575,000</u>	<u>59,140,000</u>
<i>Bulk Power Supply System</i>				
Fixed Rate Senior	2.250-5.920%	2021-2038	81,885,000	7,080,000
<i>St. Johns River Power Park</i>				
Fixed Rate Senior	2.250-5.450%	2021-2039	251,765,000	14,175,000
<b>Total Electric Enterprise</b>	<u>2.957% (wtd avg)</u>	<u>2021-2044</u>	<u>1,777,225,000</u>	<u>80,395,000</u>
<b>Water and Sewer System</b>				
Fixed Rate Senior	3.000-6.310%	2021-2044	899,860,000	2,060,000
Fixed Rate Subordinated	2.750-5.000%	2023-2040	88,845,000	-
Variable Rate Senior	0.064-1.981%	2021-2042	147,025,000	4,860,000
Variable Rate Subordinated	0.038-0.086%	2021-2038	100,835,000	2,450,000
Other Obligations	1.259%	2021	5,000,000	-
Total Water and Sewer System	<u>3.230% (wtd avg)</u>	<u>2021-2044</u>	<u>1,241,565,000</u>	<u>9,370,000</u>
<b>District Energy System</b>				
Fixed Rate Senior	2.694 - 4.538%	2021-2034	31,410,000	1,770,000
<b>Total JEA</b>	<u>3.081% (wtd avg)</u>	<u>2021-2044</u>	<u>3,050,200,000</u>	<u>91,535,000</u>

**JEA**  
**Debt Ratio**  
**April 2021**

	<b>Current YTD</b>
Electric Enterprise	55.9%
Water and Sewer System	40.8%

**JEA**  
**Interest Rate Swap Position Report**  
**April 2021**  
**(unaudited)**

Page 22

**JEA Debt Management Swaps Variable to Fixed**

ID	Dealer	Effective Date	Termination Date	Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
<i>Electric System</i>									
1	Goldman Sachs	9/18/2003	9/16/2033	\$ 84,800,000	3.717	0.078	3.639	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	4.351	0.062	4.288	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	81,575,000	3.661	0.078	3.583	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	3.716	0.078	3.638	n/a	68% 1 mth Libor
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	3.907	0.062	3.845	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	3.836	0.062	3.774	n/a	SIFMA
Total				<u>402,785,000</u>					
<i>Water/Sewer System</i>									
7	Morgan Stanley	10/31/2006	10/1/2022	9,915,000	4.075	2.395	1.680	n/a	CPI
9	Merrill Lynch	3/8/2007	10/1/2041	85,290,000	3.895	0.062	3.833	n/a	SIFMA
Total				<u>95,205,000</u>					
Grand Total				<u>\$ 497,990,000</u>	Wtd Avg Spread		<u>3.771</u>		

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

**JEA**  
**Electric System**  
**Production Statistics**  
**April 2021 and 2020 (unaudited)**

Page 23

	Month			Year-to-Date		
	2021	2020	Variance	2021	2020	Variance
<b>Generated power:</b>						
<b>Steam:</b>						
<i>Fuel oil</i>						
Fuel expense	\$ -	\$ -		\$ 2,057,813	\$ 65,177	3057.27%
Barrels #6 oil consumed	-	-		18,971	601	3056.57%
\$/ per barrel consumed	\$ -	\$ -		\$ 108.47	\$ 108.45	0.02%
kWh oil generated (1)	-	-		9,576,198	141,446	6670.21%
Cost per MWh - oil	\$ -	\$ -		\$ 214.89	\$ 460.79	-53.37%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 6,810,336	\$ 3,828,568	77.88%	\$ 33,140,430	\$ 25,161,244	31.71%
MMBTU's consumed	2,540,235	2,064,798	23.03%	12,176,904	11,730,527	3.81%
\$/ per MMBTU consumed	\$ 2.68	\$ 1.85	44.59%	\$ 2.72	\$ 2.14	26.88%
kWh - gas generated (1)	235,709,812	190,386,143	23.81%	1,105,131,328	1,081,221,122	2.21%
Cost per MWh - gas	\$ 28.89	\$ 20.11	43.68%	\$ 29.99	\$ 23.27	28.86%
Cost per MWh - gas & oil - steam	\$ 28.89	\$ 20.11	43.68%	\$ 31.58	\$ 23.33	35.36%
<i>Coal</i>						
Coal expense	\$ 1,719,709	\$ 1,112,746	54.55%	\$ 10,093,916	\$ 8,956,183	12.70%
kWh generated	62,637,780	46,623,537	34.35%	390,948,006	356,754,397	9.58%
Cost per MWh - coal	\$ 27.45	\$ 23.87	15.03%	\$ 25.82	\$ 25.10	2.85%
<i>Pet coke and limestone</i>						
Expense	\$ 3,702,276	\$ 1,973,158	87.63%	\$ 21,956,076	\$ 19,150,978	14.65%
kWh generated	82,885,960	80,940,734	2.40%	583,094,012	784,616,061	-25.68%
Cost per MWh - pet coke and limestone	\$ 44.67	\$ 24.38	83.23%	\$ 37.65	\$ 24.41	54.27%
Cost per MWh - coal & petcoke - steam	\$ 37.26	\$ 24.19	54.02%	\$ 32.90	\$ 24.63	33.62%
<b>Combustion turbine:</b>						
<i>Fuel oil</i>						
Fuel expense	\$ 91,837	\$ 82,098	11.86%	\$ 1,304,504	\$ 1,075,659	21.27%
Barrels #2 oil consumed	381	533	-28.52%	10,697	8,536	25.32%
\$/ per barrel consumed	\$ 241.04	\$ 154.03	56.49%	\$ 121.95	\$ 126.01	-3.22%
kWh - oil generated	108,396	89,837	20.66%	4,425,724	3,217,465	37.55%
Cost per MWh - oil	\$ 847.24	\$ 913.86	-7.29%	\$ 294.75	\$ 334.32	-11.83%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 150,157	\$ 41,536	261.51%	\$ 3,916,278	\$ 1,416,083	176.56%
MMBTU's consumed	55,510	21,576	157.28%	1,420,593	599,511	136.96%
\$/ per MMBTU consumed	\$ 2.71	\$ 1.93	40.51%	\$ 2.76	\$ 2.36	16.71%
kWh - gas generated (1)	4,778,943	1,561,073	206.13%	125,826,658	50,240,206	150.45%
Cost per MWh - gas	\$ 31.42	\$ 26.61	18.09%	\$ 31.12	\$ 28.19	10.42%
Gas expense BB simple - variable	\$ 422,758	\$ 349,062	21.11%	\$ 3,147,545	\$ 1,345,133	134.00%
MMBTU's consumed	\$ 170,867	229,914	-25.68%	1,199,038	719,097	66.74%
\$/ per MMBTU consumed	\$ 2.47	\$ 1.52	62.97%	\$ 2.63	\$ 1.87	40.33%
kWh - gas generated (1)	16,337,500	21,843,701	-25.21%	113,014,548	74,875,387	50.94%
Cost per MWh - gas simple	\$ 25.88	\$ 15.98	61.93%	\$ 27.85	\$ 17.96	55.03%
Gas expense BB combined - variable	\$ 3,192,789	\$ 4,691,763	-31.95%	\$ 50,974,131	\$ 40,721,967	25.18%
MMBTU's consumed	1,179,393	2,608,711	-54.79%	18,090,753	18,667,196	-3.09%
\$/ per MMBTU consumed	\$ 2.71	\$ 1.80	50.52%	\$ 2.82	\$ 2.18	29.16%
kWh - gas generated (1)	167,526,617	379,622,877	-55.87%	2,687,949,312	2,795,995,853	-3.86%
Cost per MWh - gas combined	\$ 19.06	\$ 12.36	54.21%	\$ 18.96	\$ 14.56	30.21%
Gas expense GEC simple - variable	\$ 3,690,782	\$ 1,303,901	183.06%	\$ 10,861,855	\$ 4,684,595	131.86%
MMBTU's consumed	1,218,683	631,372	93.02%	3,187,020	2,031,220	56.90%
\$/ per MMBTU consumed	\$ 3.03	\$ 2.07	46.65%	\$ 3.41	\$ 2.31	47.78%
kWh - gas generated	115,772,635	57,212,834	102.35%	291,733,468	183,586,113	58.91%
Cost per MWh - gas simple	\$ 31.88	\$ 22.79	39.88%	\$ 37.23	\$ 25.52	45.91%
Cost per MWh - gas & oil ct	\$ 24.79	\$ 14.05	76.40%	\$ 21.78	\$ 15.84	37.48%
Natural gas expense - fixed	\$ 2,979,588	\$ 2,962,795	0.57%	\$ 22,527,872	\$ 22,362,675	0.74%
<b>Total generated power:</b>						
Fuels expense	\$ 22,760,232	\$ 16,345,627	39.24%	\$ 159,980,420	\$ 124,939,694	28.05%
kWh generated	685,757,643	778,280,736	-11.89%	5,311,699,254	5,330,648,050	-0.36%
Cost per MWh	\$ 33.19	\$ 21.00	58.03%	\$ 30.12	\$ 23.44	28.50%

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

**JEA**  
**Electric System**  
**Production Statistics (Continued)**  
**April 2021 and 2020 (unaudited)**

Page 24

	Month			Year-to-Date		
	2021	2020	Variance	2021	2020	Variance
<b>Production Statistics (Continued)</b>						
<b>Cost of fuels</b>						
Natural gas	\$ 17,246,410	\$ 13,177,625	30.88%	\$ 124,568,111	\$ 95,691,697	30.18%
Petcoke	3,702,276	1,973,158	87.63%	21,956,076	19,150,978	14.65%
Coal	1,719,709	1,112,746	54.55%	10,093,916	8,956,183	12.70%
Fuel oil #2	91,837	82,098	11.86%	1,304,504	1,075,659	21.27%
Fuel oil #6	-	-		2,057,813	65,177	3057.27%
Total	<u>\$ 22,760,232</u>	<u>\$ 16,345,627</u>	<u>39.24%</u>	<u>\$ 159,980,420</u>	<u>\$ 124,939,694</u>	<u>28.05%</u>
<b>Purchased power:</b>						
<i>Plant Scherer</i>						
Purchases	\$ 4,938,285	\$ 3,446,680	43.28%	\$ 29,893,345	\$ 27,419,623	9.02%
kWh purchased	98,311,000	235,000	41734.47%	627,335,000	332,088,000	88.91%
Cost per MWh	\$ 50.23	\$ 14,666.72	-99.66%	\$ 47.65	\$ 82.57	-42.29%
<i>TEA &amp; other</i>						
Purchases	\$ 7,934,971	\$ 5,853,789	35.55%	\$ 51,810,525	\$ 46,906,633	10.45%
kWh purchased	128,820,905	129,328,807	-0.39%	812,849,929	987,558,414	-17.69%
Cost per MWh	\$ 61.60	\$ 45.26	36.09%	\$ 63.74	\$ 47.50	34.19%
<i>SJRPP</i>						
Purchases	\$ 2,223,064	\$ 2,016,651	10.24%	\$ 15,779,284	\$ 14,380,131	9.73%
<b>Total purchased power:</b>						
Purchases	<u>\$ 15,096,320</u>	<u>\$ 11,317,120</u>	<u>33.39%</u>	<u>\$ 97,483,154</u>	<u>\$ 88,706,387</u>	<u>9.89%</u>
kWh purchased	<u>227,131,905</u>	<u>129,563,807</u>	<u>75.31%</u>	<u>1,440,184,929</u>	<u>1,319,646,414</u>	<u>9.13%</u>
Cost per MWh	<u>\$ 66.46</u>	<u>\$ 87.35</u>	<u>-23.91%</u>	<u>\$ 67.69</u>	<u>\$ 67.22</u>	<u>0.70%</u>
Subtotal - generated and purchased power:	\$ 37,856,552	\$ 27,662,747	36.85%	\$ 257,463,574	\$ 213,646,081	20.51%
Fuel interchange sales	(429,590)	(469,189)	-8.44%	(684,220)	(830,416)	-17.61%
Earnings of The Energy Authority	(403,763)	225,150	-279.33%	(8,767,380)	(498,341)	1659.31%
EPA Allowance Purchases	-	500	-100.00%	-	(17,000)	-100.00%
Realized and Unrealized (Gains) Losses	(652,240)	1,581,000	-141.25%	(2,323,350)	8,344,780	-127.84%
Fuel procurement and handling	1,124,929	992,540	13.34%	7,892,716	7,570,602	4.25%
By product reuse	316,147	395,252	-20.01%	4,671,259	2,242,117	108.34%
Total generated and net purchased power:						
Cost, net	<u>37,812,035</u>	<u>30,388,000</u>	<u>24.43%</u>	<u>258,252,599</u>	<u>230,457,823</u>	<u>12.06%</u>
kWh generated and purchased	<u>912,889,548</u>	<u>907,844,543</u>	<u>0.56%</u>	<u>6,751,884,183</u>	<u>6,650,294,464</u>	<u>1.53%</u>
Cost per MWh	<u>\$ 41.42</u>	<u>\$ 33.47</u>	<u>23.74%</u>	<u>\$ 38.25</u>	<u>\$ 34.65</u>	<u>10.37%</u>
<b>Reconciliation:</b>						
Generated and purchased power per above	\$ 37,812,035	\$ 41.42		\$ 258,252,599	\$ 38.25	
<b>SJRPP operating expenses:</b>						
SJRPP debt service	\$ (1,975,352)	(2.16)		(13,797,591)	(2.04)	
SJRPP R & R	\$ (247,712)	(0.27)		(1,981,693)	(0.29)	
<b>Scherer operating expenses:</b>						
Scherer power production	\$ (1,094,188)	(1.20)		(5,771,729)	(0.85)	
Scherer R & R	\$ (195,509)	(0.21)		(1,654,955)	(0.25)	
Scherer transmission	\$ (546,937)	(0.60)		(4,352,769)	(0.64)	
Scherer taxes	\$ (113,773)	(0.12)		(829,104)	(0.12)	
Florida and other capacity	\$ (719,382)	(0.79)		(4,930,100)	(0.73)	
MEAG	\$ (2,149,705)	(2.35)		(15,525,806)	(2.30)	
Rounding	\$ 1	0.00		-	-	
Energy expense per budget page	<u>\$ 30,769,478</u>	<u>\$ 33.71</u>		<u>\$ 209,408,852</u>	<u>\$ 31.01</u>	

JEA

Page 25

Electric System	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
Budget vs. Actual	2020-21	2020-21	2020-21	%	2019-20	%
April 2021 and 2020 (unaudited)						
<b>Fuel Related Revenues &amp; Expenses</b>						
Fuel Rate Revenues	\$ 410,912,775	\$ 28,304,625	\$ 27,713,028	-2.09%	\$ 27,532,894	0.65%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	307,626,283	22,461,139	23,549,069		19,314,920	
Other Purchased Power	66,547,723	4,968,690	7,220,409		3,490,095	
Subtotal Energy Expense	374,174,006	27,429,829	30,769,478	-12.18%	22,805,015	-34.92%
Transfer to (from) Rate Stabilization, Net	35,506,030	772,068	(3,056,450)		4,687,887	
Fuel Related Uncollectibles	1,232,739	102,728	-		39,992	
Total	410,912,775	28,304,625	27,713,028	2.09%	27,532,894	-0.65%
Fuel Balance	-	-	-		-	
<b>Nonfuel Related Revenues</b>						
Base Rate Revenues	793,579,500	54,663,596	53,135,975		52,947,500	
Conservation Charge Revenue	768,600	52,943	22,640		32,195	
Environmental Charge Revenue	7,814,100	538,253	528,123		523,948	
Investment Income	7,962,574	663,548	298,342		443,112	
Natural Gas Revenue Pass Through	967,784	80,649	72,330		44,603	
Other Revenues	131,989,836	2,095,101	2,089,426		1,613,706	
Total	943,082,394	58,094,090	56,146,836	-3.35%	55,605,064	0.97%
<b>Nonfuel Related Expenses</b>						
Non-Fuel O&M	239,699,869	22,791,115	14,381,712		16,195,277	
DSM / Conservation O&M	6,422,909	568,402	505,977		553,033	
Environmental O&M	1,891,598	165,565	106,142		36,144	
Rate Stabilization - DSM	750,691	62,558	(38,945)		(78,302)	
Rate Stabilization - Environmental	(9,423,646)	(785,304)	(753,329)		(335,022)	
Natural Gas Expense Pass Through	915,183	80,797	83,845		48,010	
Debt Principal - Electric System	59,140,000	4,928,333	4,928,333		5,065,833	
Debt Interest - Electric System	72,033,417	6,002,785	5,241,848		5,873,258	
Early Debt Retirement	106,848,624	-	-		-	
R&R - Electric System	64,012,472	5,334,373	5,211,688		5,468,637	
Operating Capital Outlay	217,292,441	11,000,000	11,000,000		7,000,000	
Operating Capital Outlay - Environmental	9,640,680	-	1,175,310		822,826	
City Contribution Expense	93,609,555	7,800,796	7,800,796		7,822,581	
Taxes & Uncollectibles	2,606,030	217,169	17,600		94,308	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	14,175,000	1,181,250	1,181,250		1,111,667	
* SJRPP D/S Interest	9,893,940	824,495	800,443		843,913	
** Other Non-Fuel Purchased Power	48,573,631	4,047,803	3,816,877		5,009,675	
Total Nonfuel Expenses	943,082,394	64,220,137	55,459,547	13.64%	55,531,838	0.13%
Non-Fuel Balance	-	(6,126,047)	687,289		73,226	
<b>Total Balance</b>	-	(6,126,047)	687,289		73,226	
<b>Total Revenues</b>	<b>1,353,995,169</b>	<b>86,398,715</b>	<b>83,859,864</b>	-2.94%	<b>83,137,958</b>	0.87%
<b>Total Expenses</b>	<b>1,353,995,169</b>	<b>92,524,762</b>	<b>83,172,575</b>	10.11%	<b>83,064,732</b>	-0.13%
<b>KWH Sold - Territorial</b>	<b>12,810,000,000</b>	<b>882,382,000</b>	<b>860,812,298</b>	-2.44%	<b>854,707,676</b>	0.71%
<b>KWH Sold - Off System</b>	-	-	<b>11,889,000</b>		<b>954,000</b>	
	<b>12,810,000,000</b>	<b>882,382,000</b>	<b>872,701,298</b>	-1.10%	<b>855,661,676</b>	1.99%

\* Gross debt service

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

JEA

Page 26

Electric System		Year-to-Date				Prior Year-to-Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance		ACTUAL	Variance
April 2021 and 2020 (unaudited)	2020-21	2020-21	2020-21	%		2019-20	%
<b>Fuel Related Revenues &amp; Expenses</b>							
Fuel Rate Revenues	\$ 410,912,775	\$ 214,873,712	\$ 209,897,004	-2.32%	\$	206,132,769	1.83%
Fuel Expense and Purchased Power:							
Fuel Expense - Electric System	307,626,283	162,926,272	170,221,045			143,080,193	
Other Purchased Power	66,547,723	33,165,879	39,187,807			37,479,416	
Subtotal Energy Expense	374,174,006	196,092,151	209,408,852	-6.79%		180,559,609	-15.98%
Transfer to (from) Rate Stabilization, Net	35,506,030	18,062,464	(43,867)			25,410,915	
Fuel Related Uncollectibles	1,232,739	719,097	532,019			162,245	
Total	410,912,775	214,873,712	209,897,004	2.32%		206,132,769	-1.83%
Fuel Balance	-	-	-			-	
<b>Nonfuel Related Revenues</b>							
Base Rate Revenues	793,579,500	414,977,060	411,134,563			399,399,565	
Conservation Charge Revenue	768,600	401,915	322,458			220,067	
Environmental Charge Revenue	7,814,100	4,086,134	3,996,576			3,919,694	
Investment Income	7,962,574	4,644,835	2,274,719			4,417,625	
Natural Gas Revenue Pass Through	967,784	564,541	465,164			406,781	
Other Revenues	131,989,836	14,665,707	121,959,481			39,349,933	
Total	943,082,394	439,340,192	540,152,961	22.95%		447,713,665	20.65%
<b>Nonfuel Related Expenses</b>							
Non-Fuel O&M	239,699,869	147,941,127	110,251,647			119,721,933	
DSM / Conservation O&M	6,422,909	3,767,507	2,647,094			3,317,141	
Environmental O&M	1,891,598	1,111,364	458,892			478,733	
Rate Stabilization - DSM	750,691	437,903	975,475			174,589	
Rate Stabilization - Environmental	(9,423,646)	(5,497,127)	(1,242,867)			(3,250,624)	
Natural Gas Expense Pass Through	915,183	538,397	582,335			451,080	
Debt Principal - Electric System	59,140,000	34,498,333	34,498,333			35,460,833	
Debt Interest - Electric System	72,033,417	42,019,493	38,910,995			42,795,449	
Early Debt Retirement	106,848,624	106,848,624	106,848,624			55,154,065	
Rate Stabilization - Debt Management	-	-	-			(29,884,152)	
R&R - Electric System	64,012,472	37,340,609	36,481,813			38,280,463	
Operating Capital Outlay	217,292,441	109,000,000	109,000,000			75,000,000	
Operating Capital Outlay - Environmental	9,640,680	-	4,780,551			6,691,586	
City Contribution Expense	93,609,555	54,605,574	54,605,574			54,758,065	
Taxes & Uncollectibles	2,606,030	1,520,184	1,174,181			439,215	
Emergency Reserve	5,000,000	-	-			-	
* SJRPP D/S Principal	14,175,000	8,268,750	8,268,750			7,781,667	
* SJRPP D/S Interest	9,893,940	5,771,465	5,601,286			5,907,390	
** Other Non-Fuel Purchased Power	48,573,631	28,334,618	25,364,512			33,496,433	
Total Nonfuel Expenses	943,082,394	576,506,821	539,207,195	6.47%		446,773,866	-20.69%
Non-Fuel Balance	-	(137,166,629)	945,766			939,799	
<b>Total Balance</b>	-	(137,166,629)	945,766			939,799	
<b>Total Revenues</b>	<b>1,353,995,169</b>	<b>654,213,904</b>	<b>750,049,965</b>	14.65%		<b>653,846,434</b>	14.71%
<b>Total Expenses</b>	<b>1,353,995,169</b>	<b>791,380,533</b>	<b>749,104,199</b>	5.34%		<b>652,906,635</b>	-14.73%
<b>KWH Sold - Territorial</b>	<b>12,810,000,000</b>	<b>6,698,581,000</b>	<b>6,512,137,816</b>	-2.78%		<b>6,398,006,490</b>	1.78%
<b>KWH Sold - Off System</b>	<b>-</b>	<b>-</b>	<b>15,876,000</b>			<b>15,620,000</b>	
	<b>12,810,000,000</b>	<b>6,698,581,000</b>	<b>6,528,013,816</b>	-2.55%		<b>6,413,626,490</b>	1.78%

\* Gross debt service

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

JEA

Page 27

## Water and Sewer System

Budget vs. Actual April 2021 and 2020 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 465,323,338	\$ 38,954,061	\$ 36,418,261		\$ 35,968,827	
Capacity & Extension Fees	29,388,151	2,824,295	2,825,821		2,565,510	
Capital Contributions	-	-	100,000		-	
Investment Income	2,975,171	247,931	209,456		274,427	
Other Income	14,600,000	578,118	1,250,871		862,507	
Total	512,286,660	42,604,405	40,804,409	-4.22%	39,671,271	2.86%
<b>EXPENSES</b>						
O & M Expenses	177,824,583	16,675,797	14,070,524		13,402,402	
Debt Principal - Water & Sewer	9,370,000	780,833	780,834		1,655,833	
Debt Interest - Water & Sewer	56,066,531	4,672,211	4,201,494		4,404,368	
Rate Stabilization - Environmental	-	-	1,077,359		287,119	
R&R - Water & Sewer	26,606,100	2,217,175	2,217,175		2,094,913	
Operating Capital Outlay	166,506,917	13,212,602	13,212,602		11,712,602	
Operating Capital Outlay - Capacity/Extension	29,388,151	2,449,013	2,825,821		2,565,510	
Operating Capital Outlay - Contributions	-	-	100,000		-	
Operating Capital Outlay - Environmental	16,783,512	1,398,626	290,731		1,036,154	
City Contribution Expense	26,402,695	2,200,225	2,200,225		2,079,420	
Uncollectibles & Fees	1,395,970	116,331	1,565		51,661	
Interlocal Agreements	942,201	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	512,286,660	43,722,813	40,978,330	6.28%	39,289,982	-4.30%
<b>Total Balance</b>	\$ -	\$ (1,118,408)	\$ (173,921)		\$ 381,289	
<b>Sales kgals</b>						
Water	40,425,000	3,466,035	3,232,000	-6.75%	3,067,851	5.35%
Sewer	34,650,000	2,868,293	2,685,499	-6.37%	2,487,541	7.96%
Total	75,075,000	6,334,328	5,917,499	-6.58%	5,555,392	6.52%

Budget vs. Actual April 2021 and 2020 (unaudited)	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 465,323,338	\$ 262,736,496	\$ 254,427,080		\$ 258,043,388	
Capacity & Extension Fees	29,388,151	15,473,733	22,016,345		18,729,160	
Capital Contributions	-	-	161,057		50,000	
Investment Income	2,975,171	1,735,516	1,486,944		2,050,818	
Other Income	14,600,000	11,442,645	9,002,492		42,595,389	
Total	512,286,660	291,388,390	287,093,918	-1.47%	321,468,755	-10.69%
<b>EXPENSES</b>						
O & M Expenses	177,824,583	104,968,511	89,156,231		90,165,855	
Debt Principal - Water & Sewer	9,370,000	5,465,833	5,465,836		11,590,834	
Debt Interest - Water & Sewer	56,066,531	32,705,476	30,060,830		31,962,914	
Early Debt Retirement	-	-	-		48,195,881	
Rate Stabilization - Debt Management	-	-	-		(14,209,250)	
Rate Stabilization - Environmental	-	-	6,479,396		4,216,303	
R&R - Water & Sewer	26,606,100	15,520,225	15,520,225		14,664,388	
Operating Capital Outlay	166,506,917	96,888,214	96,888,211		94,588,211	
Operating Capital Outlay - Capacity/Extension	29,388,151	17,143,088	22,016,345		18,729,160	
Operating Capital Outlay - Contributions	-	-	161,057		50,000	
Operating Capital Outlay - Environmental	16,783,512	9,790,382	2,684,299		4,021,599	
City Contribution Expense	26,402,695	15,401,572	15,401,572		14,555,941	
Uncollectibles & Fees	1,395,970	814,316	639,444		322,793	
Interlocal Agreements	942,201	942,201	942,201		536,771	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	512,286,660	299,639,818	285,415,647	4.75%	319,391,400	10.64%
<b>Total Balance</b>	\$ -	\$ (8,251,428)	\$ 1,678,271		\$ 2,077,355	
<b>Sales kgals</b>						
Water	40,425,000	22,442,992	20,344,008	-9.35%	21,259,489	-4.31%
Sewer	34,650,000	19,286,805	18,063,142	-6.34%	18,159,967	-0.53%
Total	75,075,000	41,729,797	38,407,150	-7.96%	39,419,456	-2.57%

JEA

Page 28

## District Energy System

Budget vs. Actual April 2021 and 2020 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
<b>REVENUES</b>						
Revenues	\$ 9,328,327	\$ 694,981	\$ 587,445		\$ 623,220	
Investment Income	-	-	145		154	
Total	9,328,327	694,981	587,590	-15.45%	623,374	-5.74%
<b>EXPENSES</b>						
O & M Expenses	5,193,927	446,012	312,935		333,049	
Debt Principal - Water & Sewer	1,770,000	147,500	147,500		143,750	
Debt Interest - Water & Sewer	1,253,891	104,491	104,491		107,963	
R&R - Water & Sewer	437,313	36,443	36,079		49,100	
Operating Capital Outlay	673,196	-	-		-	
Total Expenses	9,328,327	734,446	601,005	18.17%	633,862	5.18%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ (39,465)</b>	<b>\$ (13,415)</b>		<b>\$ (10,488)</b>	

Budget vs. Actual April 2021 and 2020 (unaudited)	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
<b>REVENUES</b>						
Revenues	\$ 9,328,327	\$ 4,972,380	\$ 4,246,208		\$ 4,581,038	
Investment Income	-	-	1,608		50,794	
Total	9,328,327	4,972,380	4,247,816	-14.57%	4,631,832	-8.29%
<b>EXPENSES</b>						
O & M Expenses	5,193,927	3,009,008	2,307,706		2,428,865	
Debt Principal - Water & Sewer	1,770,000	1,032,500	1,032,500		1,006,250	
Debt Interest - Water & Sewer	1,253,891	731,437	731,437		755,738	
R&R - Water & Sewer	437,313	255,099	252,554		343,700	
Operating Capital Outlay	673,196	-	-		-	
Total Expenses	9,328,327	5,028,044	4,324,197	14.00%	4,534,553	4.64%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ (55,664)</b>	<b>\$ (76,381)</b>		<b>\$ 97,279</b>	



## Board of Directors Meeting May 25, 2021

To submit a public comment to be read during the meeting, please email Madricka Jones at [joneml@jea.com](mailto:joneml@jea.com). Public comments must be received no later than 9:10am.

To provide public comment via WebEx, please refer to the Public Notice on [jea.com](http://jea.com) for detailed instructions.

If you experience any technical difficulties during the meeting, contact Ontario Blackmon at (904) 665-4203 or JEA's WebEx Support Team at [webexsupport@jea.com](mailto:webexsupport@jea.com).



# **Build an UNBEATABLE TEAM**

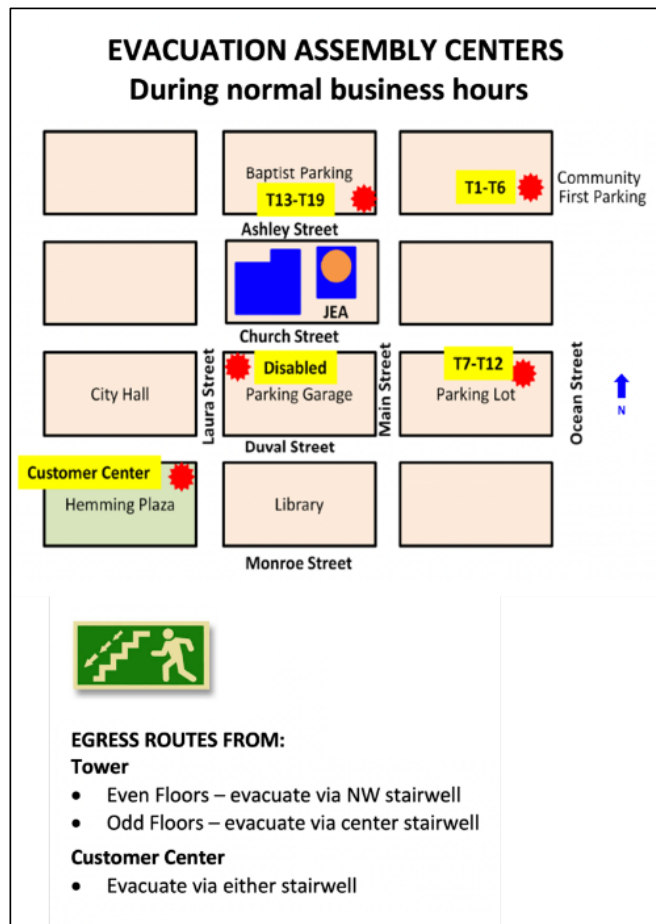
## **Safety Moment and Briefing**

**Steve Selders**  
Director, IT Strategic Planning & Solution  
Development



## Safety Briefing

- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Baptist Parking Lot (corner of Ashley & Main St.)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone Etiquette



## Safety Moment

### Heat Illness Prevention

- Heat exposure can result in rashes, cramps, exhaustion or even heat stroke!
- Drink plenty of fluids. Drink often and before you are thirsty;
- Wear lightweight, light colored, loose-fitting clothes when possible;
- Block direct sun or rest frequently in shaded areas;
- Monitor children, elderly and pets outside to prevent overheating; and
- Next Month's Safety Moment: Hurricane Preparedness Tips





## Monthly Performance Update

**Bryan Wagoner**  
Director of Water Operations and  
Treatment Support Services



## Safety Recognition

### System Operations & Control Center Customer Service Response Team

The first responders during an outage – troubleshooting and working to restore power in a safe and efficient manner



Three-years without a recordable injury - Congratulations!!!

## JEA Performance Scorecard | Data through April 30, 2021

		FY19	FY20	FY21 Goal	FY21 YTD	FY21 Forecast
UNBEATABLE TEAM	• ▽ Safety - Recordable Incident Rate (RIR)	1.51	0.95	≤ 1.4	0.89	≤ 1.0
	▲ Diversity - Female Representation %	21%	22%	N/A	22%	N/A
	▲ Diversity - People of Color Representation %	24%	25%	N/A	25%	N/A
	▲ Diversity - Veteran Representation %	19%	19%	N/A	19%	N/A
CUSTOMER LOYALTY	• ▲ Customer Satisfaction - Residential (JD Powers)	1st Quartile	3rd Quartile	1st Quartile	4th Quartile	4th Quartile
	• ▲ Customer Satisfaction - Commercial (JD Powers)	2nd Quartile	2nd Quartile	Top 10	4th Quartile	4th Quartile
	▽ Nitrogen to the River (tons)	397	299	450	222	403
	▽ Sanitary Sewer Overflows (per 100 miles of pipe)	36	48	30	24	24
	▽ Environmental Compliance - Permit Exceedances	0	1	< 4	1	1
BUSINESS EXCELLENCE	▲ Sales - Electric System (MWh)	12,366	12,185	12,200	6,512	12,334
	▲ Sales - Water System (Million Gallons)	37,696	38,272	38,500	20,343	37,470
	▲ Sales - Wastewater System (Million Gallons)	27,726	28,160	28,500	15,706	28,163
	▲ Sales - Reclaim (Million Gallons)	3,884	4,427	4,500	2,357	4,532
	▲ Revenue - Total System (\$M)	\$1,957	\$1,741	\$1,769	\$1,041	\$1,829
	▽ Outstanding Debt (\$M)	\$3,621	\$3,257	\$2,948	\$3,050	\$2,948
	▽ Operations & Maintenance (O&M) Spend (\$M)	\$381	\$393	\$432	\$205	\$381
	▽ Capital Spend (\$M)	\$499	\$387	\$499	\$179	\$413
	▽ Fuel & Purchased Power Expense (\$/MWh)	\$34.48	\$28.07	\$29.21	\$32.24	\$32.90
	• ▽ Electric Cost (\$/MWh)	\$63.68	\$50.95	\$53.51	N/A	\$48.07
	• ▽ Water Cost (\$/Kgal)	\$4.95	\$4.50	\$5.31	N/A	\$5.06
	• ▽ Wastewater Cost (\$/Kgal)	\$9.50	\$8.08	\$10.24	N/A	\$8.75
	▽ Reliability - System Average Interruption Duration Index (SAIDI) (12-month Rolling outages per year per customer)	65	89	75	79	79
	▽ Reliability - System Average Interruption Frequency Index (SAIFI) (12-month Rolling minutes per year per customer)	1.3	1.4	1.4	1.5	1.5
	▽ Reliability - Effective Forced Outage Rate (EFOR)	4.9%	2.3%	2.5%	2.9%	2.5%
	▽ Reliability - Water Unplanned Outages (Number of Customers)	9,268	15,342	6,750	4,329	6,750
	▽ Water Pressure (average min < 30 psi)	8.8	4.0	3	2.1	3

• Pay-for-Performance Measure  
 ▲ Higher is good  
 ▽ Lower is good  
 On Plan or Better  
 At Risk  
 Unfavorable

Pay for Performance currently forecasted at 3.3% of base salaries



# Build an **UNBEATABLE TEAM**

**Diversity, Equity, &  
Inclusion**

**David Emanuel**  
Chief Human Resources Officer





# **Build an UNBEATABLE TEAM COVID Transition**

**Pat Maillis**  
Director Employee Services



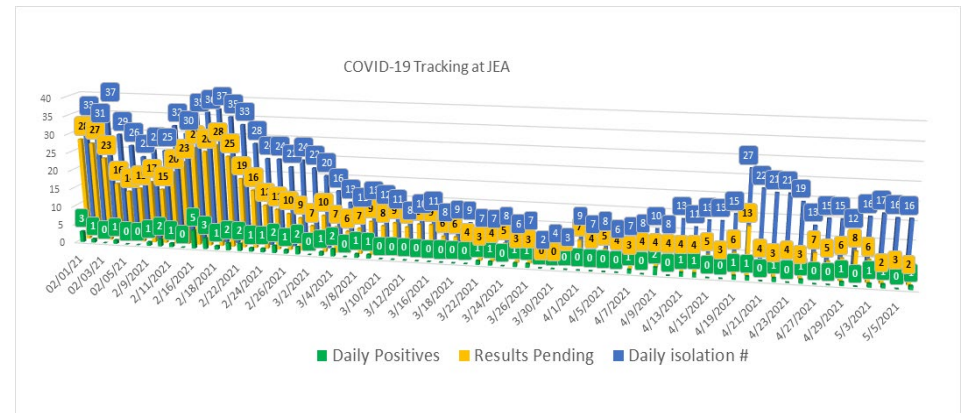
## COVID 19 Response Team

### JEA's COVID 19 Response Team

This task force gathers and disseminates current information and trends concerning COVID and its possible impact on JEA and closely monitors CDC and other leading Health and Infectious Disease experts as long as COVID-19 has the potential to impact JEA personnel and operations.

### Lifting COVID Restrictions

- JEA continues daily janitorial cleaning of high touch areas, masking, social distancing, hand washing signage and physical barriers for employees who deal with public
- 3/26/21 City of Jacksonville ends mask mandate
- 4/8/21 JEA hosts 1<sup>st</sup> on-site vaccination event at Pearl Street - 140 employees and contractors
- 5/13/21 JEA hosts 2<sup>nd</sup> on-site vaccination event at Westside Service Center
- 5/14/21 JEA discontinues temperature and health screening at all locations
- 5/17/21 JEA expands two passenger to four passenger elevator rules in Plaza
- COVID Team will continue to monitor and adjust protocol aligned with CDC guidelines



## Transition to New Normal



### JEA's New Normal

From a 'one size fits all' approach to work arrangements to 'work from wherever' with flexible options depending on your job

Thoughtful approach to lifting COVID restrictions – monitoring and adjusting to CDC guidelines

Preparing now for new headquarters with targeting move-in July 2022





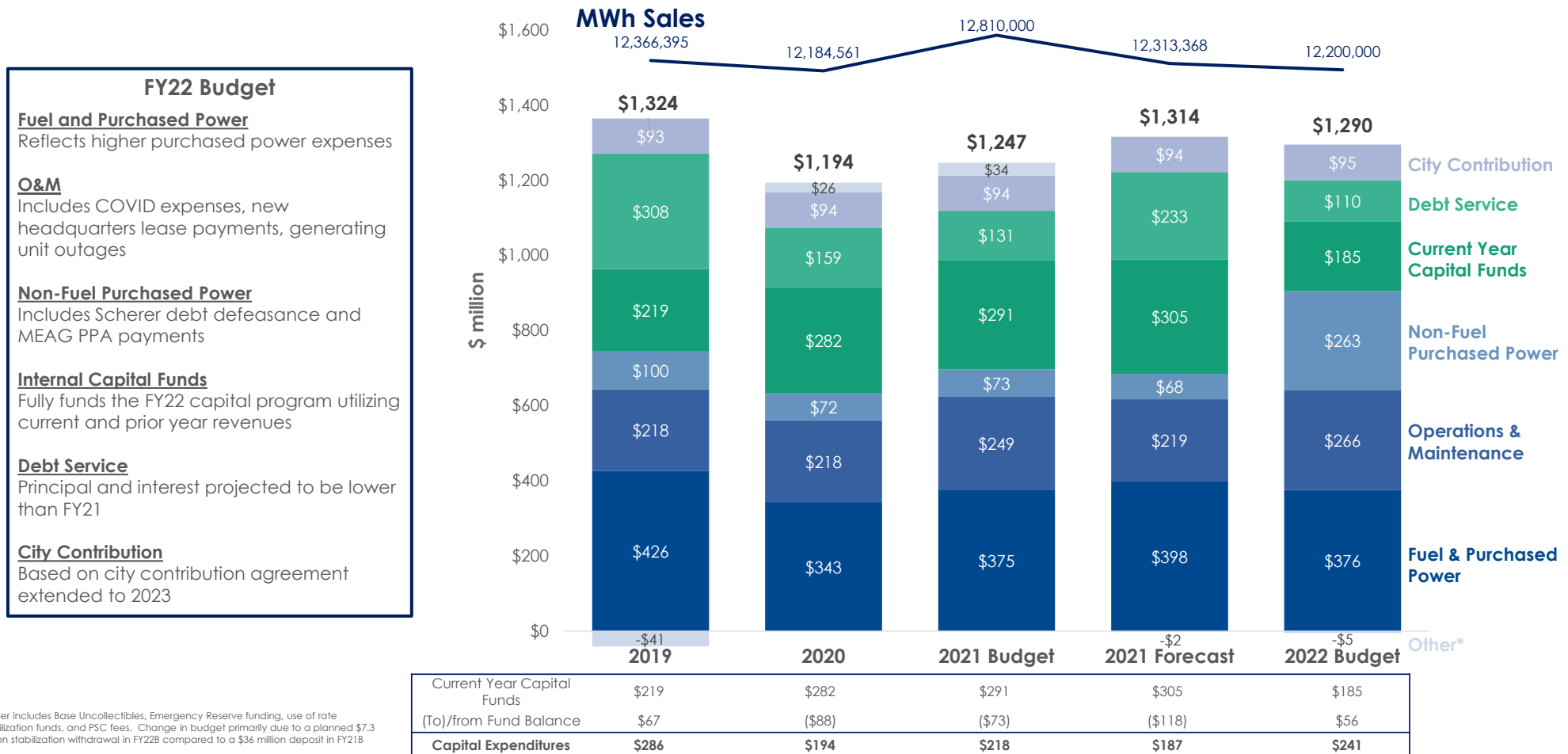
# **Deliver BUSINESS EXCELLENCE**

## **FY2022 Draft Budget Summary**

**Juli Crawford**  
Director, Financial Planning & Analysis



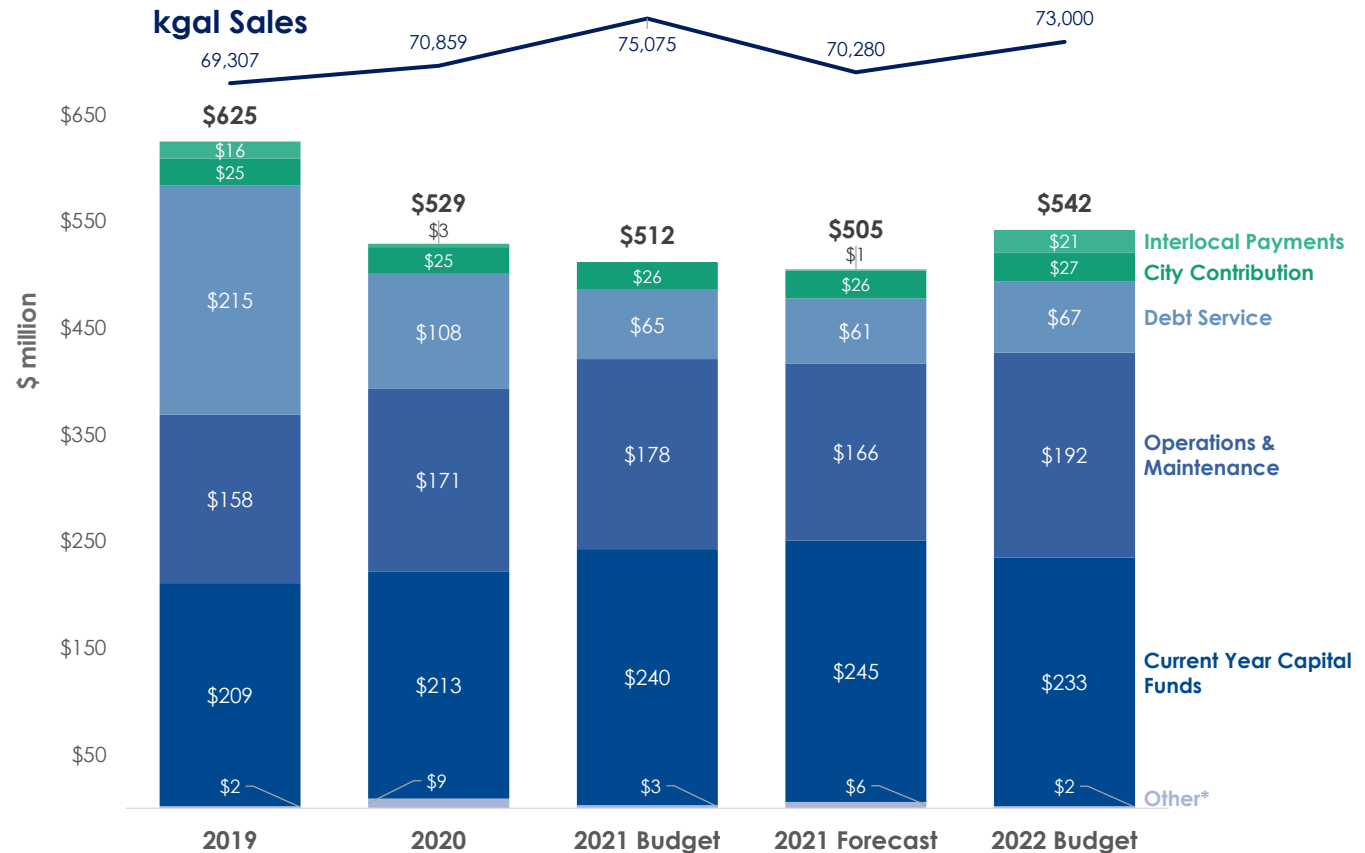
# Electric System Operating Budget Components



\*Other includes Base Uncollectibles, Emergency Reserve funding, use of rate stabilization funds, and PSC fees. Change in budget primarily due to a planned \$7.3 million stabilization withdrawal in FY22B compared to a \$36 million deposit in FY21B

# Water and Sewer System Operating Budget Components

FY22 Budget	
<b>Internal Capital Funds</b>	Funds two-thirds of the FY22 capital program
<b>O&amp;M</b>	Includes salaries, benefits, materials, supplies, and funding other services and charges such as professional and industrial services
<b>Debt Service</b>	Projected to be slightly higher than FY21
<b>City Contribution</b>	Based on city contribution agreement extended to 2023
<b>Interlocal Payments</b>	Includes a prepayment to Nassau County in addition to annual payments to Clay County and St. Johns County, and Septic Tank Phase Out funding



	2019	2020	2021 Budget	2021 Forecast	2022 Budget	
Current Year Capital Funds	\$209	\$213	\$240	\$245	\$233	
(To)/from Fund Balance	\$4	(\$23)	\$88	(\$10)	\$129	Debt Proceeds
<b>Capital Expenditures</b>	<b>\$213</b>	<b>\$190</b>	<b>\$328</b>	<b>\$235</b>	<b>\$362</b>	

\*Other includes Uncollectibles and Emergency Reserve funding

## FY2022 Total JEA Labor Costs

- Base payroll expense for FY2022 increases 6.0% vs FY2021 budget
- Benefits include \$6m in assumed incentive pay
- Payroll Expense includes Bargaining Unit step increases per contractual agreements and estimated general increases
- Bargaining union contracts have currently been negotiated through FY2022

(\$ in millions)	FY2020	Budget FY2021	Budget FY2022	Budget FY2022 vs FY2021
Payroll Expense <sup>1</sup>	\$201.2	\$209.2	\$221.8	6.0%
Benefits	45.6	48.2	48.6	0.8%
Subtotal	\$246.8	\$257.4	\$270.4	5.1%
Pension	41.6	40.4	43.8	8.4%
Subtotal	\$288.4	\$297.8	\$314.2	5.5%

Current JEA Salary Adjustment Summary <sup>2</sup>						
	General Increase – Prior Period			General Increase – Current Contract		
Unit	FY17	FY18	FY19	FY20	FY21	FY22
IBEW	4.5%	4.5%	4.5%	3.5%	3.5%	<b>3.5%</b>
JSA	3.0%	3.0%	3.0%	3.5%	3.5%	<b>3.5%</b>
LIUNA	4.5%	5.0%	4.5%	3.5%	3.5%	<b>3.5%</b>
AFSCME	2.5%	2.5%	3.0%	3.5%	3.5%	<b>3.5%</b>
M&C	3.0%	3.0%	2.5%	2.9%	3.0%	<b>3.0%</b>
PEA	5.0%	3.0%	3.0%	2.0%	2.0%	<b>2.0%</b>
Appointed	0.0%-5.0%, avg 3.0%	0.0%-4.3%, avg 3.0%	0.0%-5.5%, avg 2.7%	0.0%-5.0%, avg 3.35%	0%-5.0%, avg 3.16%	<b>3.0%</b>

**Notes**

1) Payroll expense includes salary, wages, temporary and contract for the Energy, Water and DES systems. Does not include Succession Planning of \$3.6m in FY2017 through FY2022

2) Total JEA salary adjustments are for both Energy and Water/Wastewater Systems, appointed adjustments per market study. Percentage increases for M&C and Appointed are estimated for FY2022



## Government Transfers via the JEA Bill

### Paid to COJ:

- City Contribution
- Public Service Tax
- City Franchise Fee

### Paid to State of Florida:

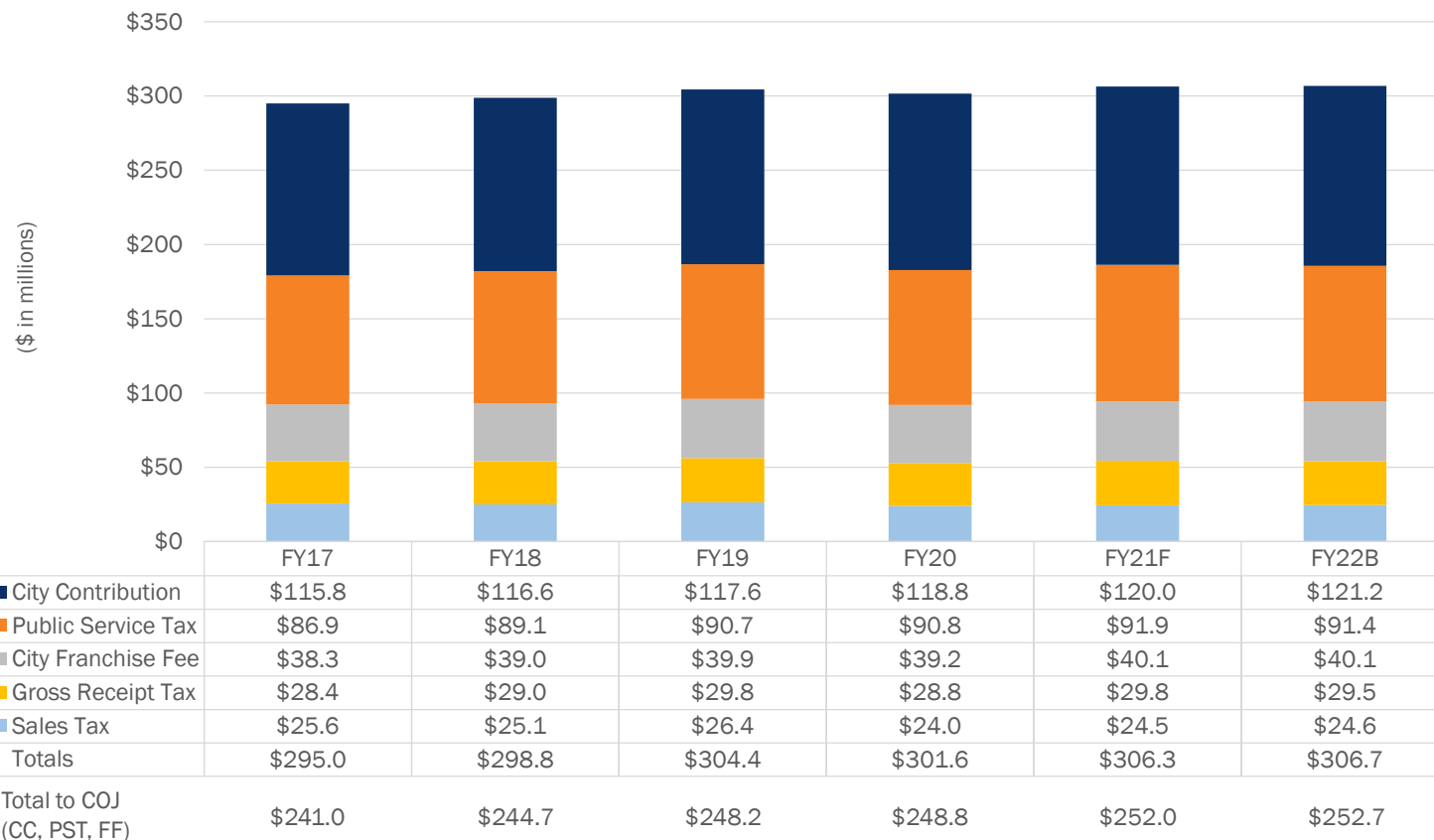
- Gross Receipt Tax

### Paid to COJ & State:

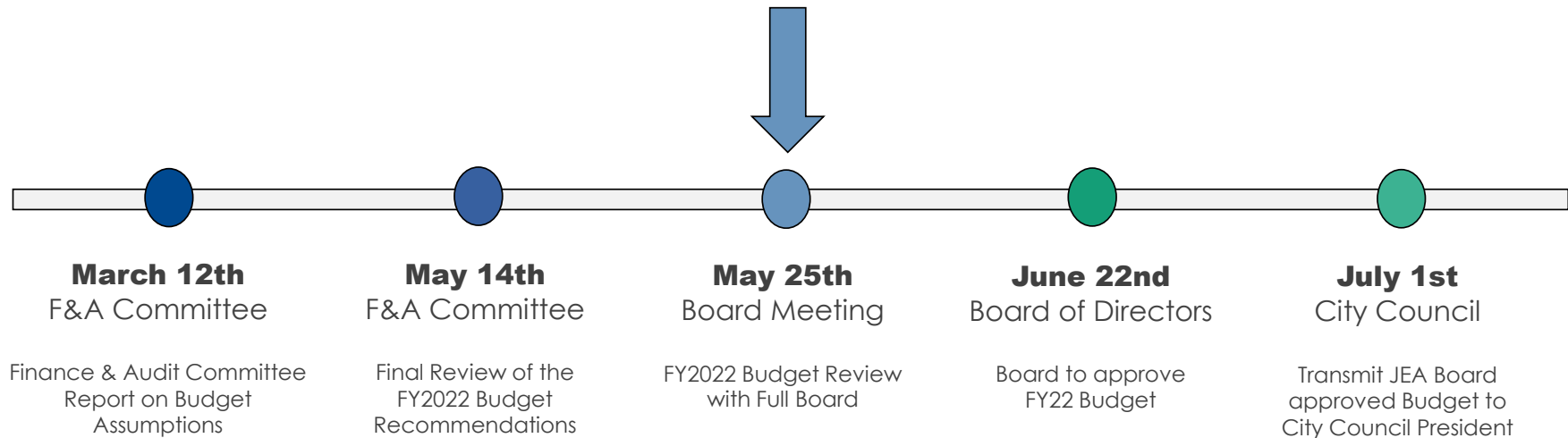
- Sales Tax

Continues to increase based upon the agreement to contribute the greater of 1% increase on the baseline or the millage calculation

The City Contribution Agreement has been extended through FY2023



## FY2022 Board Review and Approval Timeline



### In June, staff will request the Board:

- ▶ Approve the proposed operating and capital budgets for FY2022, authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action by July 1, 2021 and transmit the Five-Year Capital Improvement Program as required by the Jacksonville City Planning Department
- ▶ Approve JEA's share of the St. John's River Power Park (SJRPP) and Plant Scherer operating and capital budgets
- ▶ Authorize the Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system



# **Deliver BUSINESS EXCELLENCE**

## **Hurricane Preparedness**

**Brandon Edwards**  
Director, Security & Emergency  
Preparedness

**David Goldberg**  
Director, Customer & Community  
Engagement



## Storm Impacts



## Storm Outlook

	2020	2021 Forecast	1991-2020 Average
Total Storms	30	16-20	14
Hurricanes	13	7-10	7
Major Hurricanes	6	3-5	3

## 2021 Storm Season Preparation



### Focus for the Season

- Preparing the New Team
- Emphasis on Duties and Responsibilities
- Continuous Improvements from past storms
- All-employee Training on Restoration 1-2-3

### Annual Hurricane Exercise

- May 18<sup>th</sup>–20<sup>th</sup>
- Completed in Conjunction with City of Jacksonville Emergency Preparedness Division
- Exercise Concept
- Lessons Learned

## COVID Impact Strategic Plan

- Employees familiar with working remote from their primary facilities. Virtual work enables high mobility based upon supporting infrastructure
- Increased number of staging areas for Mutual Aid and JEA crews
- Drive-thru stations for crews to pickup materials
- Support vendors will be required to wear proper PPE and follow social distancing guidelines
- Increased janitorial support at all facilities and overall use of masks and sanitizer
- Damage assessors deploy from multiple locations
- Access to critical buildings and areas will be highly controlled to minimize risk of contamination



## Electric System Hardening Efforts



Continued deployment of distribution system devices that reduce the frequency and duration of extended outages as well as provide improved operational visibility into electric system outages enabling faster restoration times

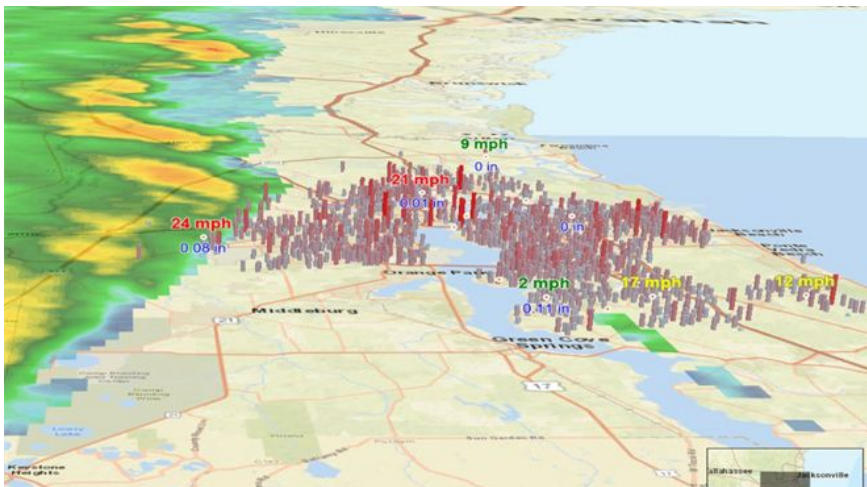
---

Proactive programs such as pole replacements, vegetation management and equipment infrared scans

---

Targeted program at reducing extended customer outages (CEMI-5) by implementing upgraded hardware such as fiberglass equipment, animal guarding and enhanced vegetation work where applicable

## Water/Wastewater System Hardening Efforts



- Continuing to improve a geospatial interactive 3D map that displays real time operational data of W/WW assets, including over 1,500 pump stations
- Continuing to add back-up generators and diesel pumps to keep the pump stations fully functional, even when the power is out
- Evaluated and upgraded, where needed, electric services at 181 water and wastewater facilities
- Converted electric service from overhead to underground at large, critical pump stations
- Completed Resiliency Framework



## Restoration 1-2-3

### Phase 1 – Public Safety & Infrastructure

- Customers are reminded that in Phase 1, JEA focuses on repairing infrastructure and life safety structures and to view our outage map on [jea.com](http://jea.com) for more information
- Outage Map on [jea.com](http://jea.com) and 665-6000 automation will reinforce that we are aware of outage areas
- Mass customer emails and social media updates sent out regularly to provide updates and encourage customers to visit the outage map
- Key commercial accounts are being contacted as well as reps being on standby to receive incoming calls
- Customers may still speak to a Customer Care Center rep 24/7 to ensure personal service and reassurance

#### POWER RESTORATION 1-2-3 | PHASE 1: PUBLIC SAFETY

##### ADVISORY

Should a bad weather advisory be issued for a specific neighborhood, JEA will share that information through local media and at [jea.com](http://jea.com). To monitor whether a bad weather advisory has been issued for your neighborhood, visit [jea.com/1986](http://jea.com/1986).



### WHAT JEA WILL DO

As soon as weather conditions permit, JEA begins assessing our facilities, making critical repairs to our power plants, transmission lines, substations, and water and sewer facilities. We then restore power to our local hospitals, shelters, and police and fire stations, and make repairs to the “backbone” of our electric grid that will bring the majority of our customers back into power as quickly as possible.



### WHAT YOU CAN DO

#### SIT TIGHT AND STAY CALM:

Phase 1 is our public safety phase, and we appreciate your patience as we restore these critical services first. If possible, stay off the roads and avoid downed power lines.

#### BE PATIENT:

Just as you'd pull over on the highway to let an ambulance pass, you can help us save lives and restore power to everyone faster by waiting for the announcement that JEA is ready to accept outage reports from individual customers.

## Restoration 1-2-3

### Phase 2 – Individual Customers

- JEA moves into Phase 2 when the core infrastructure and public safety centers are up and running, focusing on circuits powering neighborhoods and businesses across the service territory
- Phase 2 is the time we encourage customers who are still without power to go to our outage map on [jea.com](http://jea.com) or call in to report their outage through the JEA automated system
- Customers will begin receiving personalized alerts as to when a crew is assigned, when the crew is on the way, and when repairs in the area have been made
- Customer emails continue to be sent out as well as social media posts to provide updates

### POWER RESTORATION 1·2·3 | PHASE 2: INDIVIDUAL CUSTOMERS

#### WHAT JEA WILL DO

With public safety repairs complete, JEA will announce that we are entering Phase 2 and are now ready to accept outage reports from individual customers. Utility crews now begin making repairs by electric "circuits" – repairing an entire circuit of approximately 2,500 homes before moving on to another circuit. Priority is given to making repairs that will restore power to the most customers at once.

#### WHAT YOU CAN DO

##### REPORT YOUR OUTAGE:

Call (904) 665-6000 or visit [jea.com/outage](http://jea.com/outage) to report your power outage. If you've already registered for JEA alerts, you can also text "OUT" to MyJEA (69532).

##### Important tip:

In order to receive customized alerts from JEA on the status of your power outage, you must call in and report your home's outage during Phase 2. If you assume your neighbors have already reported your neighborhood's outage, you'll miss the chance to have personalized progress updates sent to you.

Monitor the status of your outage on the JEA Outage Map ([jea.com/outage](http://jea.com/outage)), where you can see the location of outages across our community.



## Restoration 1-2-3

### Phase 3 – Final Repairs

- Phase 3 begins when JEA has completed repairs on main circuits across the service territory, focusing on customers remaining who have more unique outage circumstances that are affecting their household or business
- Customers will be alerted that the circuit in their area has been restored and if they are still without power to please contact us at [jea.com](http://jea.com) or call 665-6000 asked to report their outage

### POWER RESTORATION 1·2·3 | PHASE 3: FINAL REPAIRS

#### WHAT JEA WILL DO

When repairs to all major circuits are complete, JEA will enter Phase 3, targeting the few remaining isolated outages. We know this phase can be the most frustrating for those few customers who are still without power, and we appreciate your continued patience as we direct all our resources toward completing the restoration process. Rest assured, we won't stop until everyone has power.



# Customer Education

## Educate Customers and Community Early

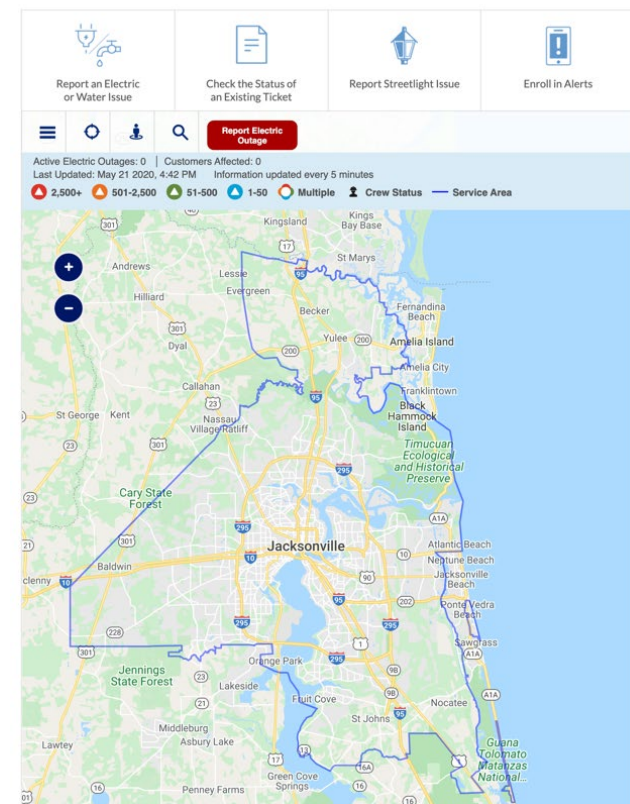
- Educate customers on restoration process and the importance of their partnership through a broad range of paid, earned, owned and shared media channels
- Set expectations for restoration and communication practices, incorporating COVID-19 protocols as well as possible delayed restoration times
- Calls to action:
  - Update account contact information
  - Download the JEA Storm Recovery Guide
  - Sign up for Outage Alerts
  - Once a storm subsides, visit [jea.com](http://jea.com) outage map for updates



Home > Outage Center > Electric Outage Map

### Electric Outage Map

By clicking a pin on the map, you can monitor the status of the outage. To report an electric outage use the red button on the map. To report and monitor water issues, [please login](#).



## Customer Education

### Multimedia Campaign

- 15/30-second television and radio spots
- Digital outdoor boards
- Partnering with City of Jax on Storm Season Guide, sending out to 438,000 residences
- Digital media advertising
- Social media posts
- Bill inserts and customer emails
- Earned media/news
- Ambassador and volunteer events

