

## **JEA BOARD AGENDA**

**DATE:** September 16, 2013

**TIME:** 9:30 AM

**PLACE:** JEA  
21 West Church Street  
8<sup>th</sup> Floor, Board Room

### **I. WELCOME**

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda – action
- E. Safety Briefing – Bea Fore, Director Corporate Applications

**Meeting participants are asked to turn their cell phones completely off**

### **II. PRESENTATIONS AND COMMENTS**

- A. Southeast Energy Efficiency Alliance (SEEA) Energy Pro3 Award – Bruce Doueck, Manager Customer Conservation and Efficiency – 5 minutes – presentation/information
- B. Comments from the Public
- C. Council Liaison’s Comments – Bill Bishop

### **III. FOR BOARD CONSIDERATION**

- A. Consent Agenda – used for items that require no explanation, discussion, or presentation and are approved by one motion and vote.
  - 1. Approval of Board Meeting Minutes August 20, 2013 – action
  - 2. Authorization for Logistics Preparations for Board Members’ Travel – action
  - 3. TEA Solutions, Inc. – action
  - 4. Correspondence from Office of Economic Development – JEA’s New Economic Development Incentive Program – information

5. American Public Power Association's Public Power Week – October 6-12, 2013 – information
6. Monthly JEA Operations Report – information
7. Monthly JEA Financial Review – information
8. Monthly FY13 Communications & Community Outreach Plan Update – information
9. JEA FY13 Community Engagement Calendar – information

B. Strategic Discussions/Action

1. JEA 2013 Debt Parameter Resolution Amendments for Electric System Series Three 2013D and Electric System Subordinated 2013 E Refunding Bonds – Melissa Dykes, Chief Financial Officer – 5 minutes – action
2. Pricing Philosophy – Melissa Dykes, Chief Financial Officer – 15 minutes – presentation/information
3. JEA Economic Impact Analysis – Melissa Dykes, Chief Financial Officer – 5 minutes – information
4. Bi-Monthly Operations Presentation – Monica Whiting, Chief Customer Officer, Brian Roche, Vice President/General Manager Water/Wastewater Systems, Mike Brost, Vice President/General Manager Electric Systems – 30 minutes – presentation/information
5. Overhead/Underground Electric Distribution Analysis – Mike Brost, Vice President/General Manager Electric Systems – 15 minutes – presentation/information

C. Other New Business

D. Old Business – none

IV. **REPORTS**

- A. Managing Director/CEO's Report
- B. Chair's Report

V. **CLOSING CONSIDERATIONS**

- A. Announcements
- B. Adjournment

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A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call 665-7550 by 8:30 AM the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.



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### AGENDA ITEM SUMMARY

III-A-2  
9-16-2013

September 6, 2013

**SUBJECT:** AUTHORIZATION FOR LOGISTICS PREPARATIONS FOR BOARD MEMBERS' TRAVEL

Purpose	Circle of Excellence Impact
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input type="checkbox"/> Community Responsibility



**Issue:** Immediately upon the release of the 2013 audited financial statements, JEA staff will travel to New York City to meet with the three rating agencies (Moody's Standard & Poors, and Fitch). The purpose of these meetings is to review JEA's financial performance and ensure its ratings in the bond market. Board Members accompany staff and actively participate in these presentations.

**Significance:** The Board's overall responsibilities include strategy, policy, rate-making, and financial performance for JEA. A primary measure to determine JEA's success is its credit rating. One of the key determinants in the company's credit rating is its governance structure, (i.e., the Board, and specifically the Board's knowledge and appropriate involvement in JEA's business.)

**Who/what is affected:** N/A

**Background:** In years past, the JEA Board has approved travel to New York City for Board Members and City government representatives participating in these meetings.

**Background Examples:** N/A

**Cost to company/community:** Market pricing for flights, hotel accommodations, ground transportation, parking, and per diem for each Board Member.

**Why?** To cover travel-related expenses for Board Members participating in the rating agency meetings.

**Recommended Board action:** That the Board approve payment of travel-related expenses for the Board Members' travel to New York City on December 4-6, 2013, to participate in the rating agency meetings.

Submitted by: PEM/mmc



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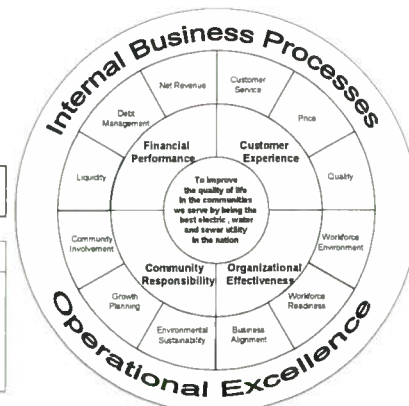
### AGENDA ITEM SUMMARY

September 6, 2013

III-A-3  
9-16-2013

**SUBJECT:** TEA SOLUTIONS, INC.

Purpose	Circle of Excellence Impact	
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Debt Management
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	



**Issue:** JEA is one of the founding members of The Energy Authority (TEA) which is limited to doing business with tax-exempt entities. The opportunity exists for JEA to join South Carolina Public Service Authority, Municipal Electric Authority of Georgia (MEAG), Gainesville Regional Utilities (GRU) and Public Utilities District No. 1 of Cowlitz County, Washington in creating TEA Solutions, Inc., a non-profit corporation, which will leverage additional value from TEA in the way of doing business with both tax and non-tax exempt entities.

**Significance:** TEA is a nonprofit corporation that allows members and partners to retain local control of their resources as they maximize the value of their assets in the wholesale energy market. JEA and other members of TEA wish to create a new nonprofit entity, TEA Solutions, Inc., which will do business with both tax and non-tax exempt entities.

**Who/what is affected:** TEA Solutions will provide its owners with the opportunity to offset TEA's cost of energy supply management.

**Background:** The creation of TEA Solutions, Inc. was triggered by the opportunity to license TEA developed software to Bonneville Power Administration, which is a non-tax exempt entity

**Background Examples:** N/A

**Cost to company/community:** JEA participation in TEA Solutions, Inc. will result in the ability to maximize asset value, thereby having a positive result on JEA's finances.

**Recommended course of action:** That the Board delegate to the Managing Director/CEO the authority to approve and execute all related actions necessary for JEA to become a founding member of TEA Solutions, Inc.

**Why?** Need Board approval for JEA to be become a member of TEA Solutions, Inc.

**Recommended Board action:** That the Board delegate to the Managing Director/CEO the authority to approve and execute all related actions necessary for JEA to become a founding member of TEA Solutions, Inc.



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### AGENDA ITEM SUMMARY

III-B-1  
9-16-2013

September 3, 2013



**SUBJECT:** JEA 2013 DEBT PARAMETER RESOLUTION AMENDMENTS FOR ELECTRIC SYSTEM SERIES THREE 2013D AND ELECTRIC SYSTEM SUBORDINATED SERIES 2013 E REFUNDING BONDS

Purpose	Circle of Excellence Impact	
<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance	Debt Management
<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	

**Issue:** Due to changing market conditions, staff has identified an alternative structure utilizing variable rate debt with an interest rate swap to create synthetic fixed-rate debt for the Series Three 2013D and Subordinated Series 2013 E refunding that was previously approved as a fixed-to-fixed forward current refunding.

**Significance:** High. Proposed refunding will provide a mixture of debt service savings by refunding fixed rate debt as well as risk mitigation by refunding Refundable Bonds with either fixed rate bonds or synthetic fixed rate debt.

**Who/what is affected:** JEA debt.

**Background:** JEA staff has identified a potential bond refunding opportunity consistent with our goal of taking a long term approach in borrowing funds at lowest interest cost.

**Background Examples:** JEA has completed multiple refunding transactions in 2013 for the Electric, District Energy and Water and Sewer Systems, and currently has board authorization for St. Johns River Power Park and Bulk Power Supply System Scherer Project 4 refunding transactions.

**Cost to company/community:** The proposed refunding, if executed, will provide a mixture of debt service savings and risk mitigation.

**Why?** To take advantage of potential savings opportunities.

**Recommended Board action:** JEA staff is recommending that the Board approve and adopt Resolution No. 2013-19 and Resolution No. 2013-20 that will provide the Managing Director/CEO the authorization to enter into the interest rate swap and price the underlying Electric System Revenue Bonds, Series Three 2013D and Electric System Subordinated Revenue Bonds, 2013 Series E using a variable rate refunding transaction within the stated parameters, subject to the approval of the terms of the associated bond documents and the terms of the Electric System Revenue Bonds, Series Three 2013D and Electric System Subordinated Revenue Bonds, 2013 Series E at a later Board meeting prior to issuance.

Submitted by: PEM/MHD/rh



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**AGENDA ITEM SUMMARY**

September 9, 2013

III-B-2  
9.16.2013



**SUBJECT:** PRICING POLICY

Purpose	Circle of Excellence Impact
<input checked="" type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Financial Performance
<input type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input type="checkbox"/> Community Responsibility

**Issue:** The intent of JEA's Pricing Policy is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility consistent with its mission.

**Significance:** High. Provides broad guidance and facilitates the management, control and oversight of JEA's revenue requirements, pricing structure and financial metrics.

**Who/what is affected:** The Pricing Policy provides policy guidance related to JEA's overall financial plans specifically related to revenues and thus impacts customer rates. The Pricing Policy includes guidance for capital funding, customer benefit programs and environmental programs. This policy document also contains changes which allow JEA to adopt Regulatory Accounting standards for its financial reporting.

**Background:** JEA's Pricing Philosophy was established in November 2005 and was last updated with approval in March 2011.

**Background Examples:** A revised red-line version of the Policy document was presented for discussion and feedback in March 2011.

**Cost to company/community:** None

**Recommended course of action:** That the Board review staff's recommendations

**Why?** The Pricing Policy provides guidance to JEA on revenue requirements and pricing structure. The updates in this Pricing Policy are fully aligned with Five Year Projections, Rating Agency presentations that will be reviewed by the Board, and do not include any specific rate actions or any new revenue concepts.

**Recommended Board action:** That the Board review staff's recommendation of the Pricing Policy updates and adopt the updated policy document at a future Board meeting.

Submitted by: PEM/MHD/RET



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### AGENDA ITEM SUMMARY

III-B-3  
9.16.2013

September 3, 2013

**SUBJECT:** JEA ECONOMIC IMPACT ANALYSIS

Purpose	Circle of Excellence Impact
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Financial Performance
<input type="checkbox"/> Action Required	<input type="checkbox"/> Customer Experience
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness
	<input checked="" type="checkbox"/> Community Responsibility      Community Involvement



**Issue:** The Northeast Florida Regional Council staff conducted an Economic Impact Analysis for JEA. This study provides the general economic impact of JEA on Duval County.

**Significance:** This economic impact analysis attempts to calculate the direct economic of removal of JEA from the local economy. The results are reported as tangible results. The intangible results and the qualitative variables such as public health, safety and welfare, and quality of life are not accounted for.

**Who/what is affected:** JEA customers and the City of Jacksonville

**Background:** The Northeast Florida Regional Council conducted an Economic Impact Analysis for JEA. This study reflects the economic impact and value of JEA in Duval County. The Northeast Florida Council staff conducted this analysis utilizing Regional Economic Model, Inc. (REMI) Policy Insight and the Regional Input-Output Modeling System (RIMS II).

**Background Examples:** JEA Economic Impact Analysis is attached.

**Cost to company/community:** The REMI and RIMS economic forecasting models provided the following economic impacts of JEA on the Duval County economy:  
Jobs 4,500-4,700 (Direct and Indirect)  
GCP Output between \$860-\$910 Million  
Earnings/Personal Income \$206-310 Million

**Why?** JEA is a valued asset in the community and has a significant impact on the Duval County economy.

**Recommended Board action:** No action required. This item is presented for information.

Submitted by: PEM/MHD/jrn



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### AGENDA ITEM SUMMARY

III-B-5  
9-16-2013

September 9, 2013

**SUBJECT:** OVERHEAD/UNDERGROUND ELECTRIC DISTRIBUTION ANALYSIS

Purpose	Circle of Excellence Impact	
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Financial Performance	Price
<input type="checkbox"/> Action Required	<input checked="" type="checkbox"/> Customer Experience	
<input type="checkbox"/> Advice/Direction	<input type="checkbox"/> Organizational Effectiveness	
	<input type="checkbox"/> Community Responsibility	



**Issue:** There is often public interest in converting portions of JEA's electric distribution system from overhead to underground.

**Significance:** It is important to understand the advantages and disadvantages of undergrounding distribution including, the impact on reliability and rates.

**Who/what is affected:** All JEA customers are impacted by the electric distribution system with regards to aesthetics, reliability, and cost.

**Background:** Per City of Jacksonville Ordinance, JEA and developers began installing underground systems in new developments in the 1970s. Today, of JEA's 6,500 miles of electric distribution, 3,500 miles are underground.

**Background Examples:** In a recent neighborhood conversion project, the cost to customers was approximately \$7,000 per household, excluding costs for customer secondary service lines, phone and cable.

**Cost to company/community:** Based on current policy, the higher cost of underground is paid for by others and is not included in the rate base.

**Why?** This information is brought to the Board to provide current information.

**Recommended Board action:** No action is required. This item is presented for information.

Submitted by: M. Brost/jer