

JOINT MEETING OF THE FINANCE & OPERATIONS AND EXTERNAL AFFAIRS COMMITTEE  
MINUTES  
December 16, 2022

The Joint Meeting of the Finance & Operations and External Affairs Committee of JEA met at 9:00 am on Friday, December 16, 2022 on the 8<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually via WebEx.

**WELCOME**

**Meeting Called to Order** – Committee Chair General Joseph DiSalvo called the meeting to order at 9:00 am. Finance & Operations Committee members Marty Lanahan and Rick Morales, being present for the meeting constituted a quorum. External Affairs Committee member Tom VanOsdol attended virtually. A quorum of the committee was not physically present for the meeting. Board member John Baker also attended virtually.

Others in attendance in-person were Jay Stowe, Managing Director/CEO; Jody Brooks, Chief Administrative Officer; Ted Phillips, Chief Financial Officer; Raynetta Curry Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Joe Orfano, Vice President, Financial Services; Paul Mitchell, Vice President, Economic Development; Brad Krol, Chief Information Officer; Mark Stultz, Vice President, Communications; Kurtis Wilson, Vice President, Government Relations; Alan McElroy, Vice President, Supply Chain and Operations Support; and Regina Ross, Chief Legal Officer, Office of General Counsel.

Laura Dutton, Chief Strategy Officer; Jordan Pope, Vice President, Corporate Strategy; Ricky Erixton, Vice President, Electric Systems; and Hai Vu, Vice President, Water/Wastewater Systems attended virtually.

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

**Approval of Finance & Operations Committee Minutes** – On *motion* by Marty Lanahan and seconded by Rick Morales, the September 9, 2022 Finance and Operations Committee meeting minutes were approved.

**Approval of External Affairs Committee Minutes – July 25, 2022** – Due to the lack of quorum, this item was deferred to the Board for approval at the January 24, 2023 meeting.

**Safety Briefing and Moment** – John Sgambettera, Director, Water/Wastewater and Reuse Treatment, noted the safety protocol is outlined in the materials and provided a Values Moment on Respecting Coworkers During the Holiday Season.

**Comments from the Public** – Logan Cross, representing the Sierra Club of Northeast Florida and member of the Electric Integrated Resource Plan (IRP) Stakeholder Advisory Committee, spoke on renewable energy sources.

There were no virtual or emailed public comments.

**FOR COMMITTEE CONSIDERATION**

**FY21-22 Financial Review** – Russell Caffey, Controller, provided an update on JEA’s Electric & Water Performance Metrics, Fuel and Purchased Power, Electric & Water Sales, and the Electric & Water O&M. General DiSalvo expressed appreciation for the review and noted it will be provided quarterly. General DiSalvo confirmed the amended budget resolution will go to City Council in January 2023. This presentation was received for information.

**Electric Cost of Service & Rates Study Results** – Victor Blackshear, Director, Financial Planning & Rates, presented the electric cost of service process and FY23 electric cost of service results. Mr. Blackshear stated an overall FY23 rate revenue adjustment of 0.5% is needed to maintain current operations. Mr. Blackshear highlighted the electric rate study goals, immediate rate strategy for FY23, FY23 residential rate recommendations, FY23 electric tariff documentation revisions, electric residential bill presentment and FY23 commercial and industrial rate recommendations. Board members held discussions.

On *motion* by Rick Morales and seconded by Marty Lanahan, the Finance and Operations Committee unanimously approved recommending the proposed revisions to the Board for approval.

**Bond Refunding Delegations Calendar Years 2023 - 2025** – Randall Barnes, Treasurer, presented an overview of the Senior Subordinated Electric and Senior Subordinated Water & Sewer, the St. Johns River Power Park and District Energy Systems. Mr. Barnes noted staff are requesting authorization for total refunding delegations over a three-year period for \$515 million of callable fixed rate bonds and \$732 million of variable rate debt. Board members held discussions.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved recommending the Board approve the delegation process by authorizing the Managing Director/CEO to price and execute future fixed rate bond refunding transactions.

**Supply Chain Challenges - Transformers** – Kenny Pearson, Procurement Category Manager, provided an update on the supply chain issues JEA and the country has experienced since 2020. Mr. Pearson gave an overview of the steps he and his team have taken to leverage the strength of numerous suppliers to provide not only quality, but also competitive pricing and a consistent supply of transformers to include international suppliers. This presentation was received for information.

**System Solar Firm Energy Transaction Confirmation** – Garry Baker, Senior Director, Electric Operations, presented information on the transaction confirmation with The Energy Authority, currently in negotiations with JEA. The price for the energy is \$45/mwh plus associated Florida Power & Light transmission and ancillary service costs which are \$2733.54/mw-month with a potential reduction of 20% pending Federal Energy Regulatory Commission approval. Mr. Baker informed the committee that JEA would need additional credit for the Power Purchase Agreement. Board members held discussions.

On *motion* by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved recommending the Board approve the System Solar Firm Energy Transaction Confirmation between The Energy Authority and JEA with a value of approximately \$106.6M.

**Electric Resiliency Assessment** – Pedro Melendez, Vice President, Planning, Engineering, & Construction, provided an update on JEA’s Electric System Resilience assessment that seeks to identify risks and opportunities to respond and plan for severe weather and other natural threats that may impact reliable services. Mr. Melendez provided a review of the Design Standards Review, Overhead to Underground Conversion Methodology for Resilience Improvement, Adaptation and Hazard

Mitigation, and Prepare an Electric System Resilience Plan. This presentation was received for information.

**Electric Integrated Resource Plan (IRP) Scenarios** – Laura Schepis, Chief External Affairs Officer; Raynetta Curry Marshall, Chief Operating Officer; and Pedro Melendez, Vice President, Planning, Engineering, & Construction, provided an overview on the Electric IRP function and process, initial scenarios, current scenarios with the projected demand, current scenarios and key variables, common resource additions, net energy by resource, CO<sub>2</sub> emissions, cumulative system costs, and the implementation plan. Ms. Marshall informed the Committee the horizon for the IRP is 30 years keeping in mind JEA’s responsibility to ensure reliable services, to act responsibly toward a sustainable environment and to maintain affordability of electricity now and in the future. Ms. Marshall highlighted the process would include identifying future needs based on demand projections JEA has going forward and the IRP would be updated every three to four years due to changes in new technologies that aren’t commercially viable at this time. In collaboration with stakeholders, the IRP team finalized the inputs and key variables, common resource additions, and provided a layout of the implementation plan. Board Members held discussions. This presentation was received for information.

**ADDITIONAL INFORMATION (Provided for Information Only)**


- Appendix A: Electric Cost of Service/Rate Study**
- Appendix B: Bond Refunding Delegation**
- Appendix C: Solar Energy Power Purchase Agreement**
- Appendix D: FY22 JEA Procurement Annual Report**
- Appendix E: Jacksonville Small and Emerging Business Quarterly Report**
- Appendix F: Natural Gas Advance Agreement with The Energy**
- Appendix G: Electric System and Water & Sewer System Reserve Fund**
- Appendix H: JEA Energy Markey Risk Management Policy Report**
- Appendix I: FY23 Corporate Communications and Community Outreach**

**CLOSING CONSIDERATIONS**


**Announcements** – Next Finance & Operations Committee Meeting March 10, 2023, External Affairs Committee Meeting April 18, 2023.

**Adjournment** – With no further business coming before the Committee, General DiSalvo declared the meeting adjourned at 10:55 am.

APPROVED BY:

  
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 Joseph DiSalvo, Committee Chair  
 Date: 4/25/2023

Submitted by:

  
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 Allison S Hickok  
 Office Support Associate