Building Community

**INTER-OFFICE CORRESPONDENCE**
March 16, 2017

| | |
|---|---|
| **SUBJECT:** | **BOARD MEETING AGENDA** |
| **FROM:** | Melissa Charleroy and Cheryl Mock, JEA Executive Assistants |
| **TO:** | All Members, JEA Board of Directors |

Scheduled times and locations for JEA meetings to be held ***Tuesday, March 21, 2017,*** are as follows:

**12:00 PM** **Board Meeting 19th Floor, JEA Tower**

We are looking forward to seeing you on the 21st. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

| | | | | |
|---|---|---|---|---|
| P. McElroy | M. Hightower | S. Tuten | W. Stanford | J. Gutos |
| J. Brooks | T. Hobson | M. Charleroy | M. Evans | J. Gabriel, OGC |
| M. Brost | B. Roche | C. Mock | V. Wright | |
| P. Cosgrave | R. Vento | B. Taylor | L. Bartley | |
| M. Dykes | J. Upton | M. Ruiz-Adams | C. Edgar | |
| A. Hiers | G. Boyce | D. Swain | J. Bryant | |

e-copy:
Patrick Maginnis
Brandon Edwards
Security Desk
Security Office
Brandi Sneed
Russell Park
Ted Delay
Timothy Chrisp

# JEA
# BOARD AGENDA

**DATE:** March 21, 2017

**TIME:** 12:00 PM

**PLACE:** JEA
21 West Church Street
19th Floor

## I. WELCOME

A. Call to Order
B. Time of Reflection
C. Pledge to Flag
D. Adoption of the Agenda
E. Safety Briefing
F. Sunshine Law/Public Records Statement – Jody Brooks, Chief Legal Officer

## II. PRESENTATIONS AND COMMENTS

A. Comments from the Public
B. Council Liaison's Comments – Greg Anderson
C. Office of the Mayor Liaison's Comments – Dr. Johnny Gaffney
D. Nassau County's Ex-Officio Representative's Comments – Mike Mullin
E. Resolution 2017-30 To Highlight and Support April as Florida's Water Conservation Month – Paul Steinbrecher, Director, Permitting & Regulatory Conformance – 5 minutes – action

## III. FOR BOARD CONSIDERATION

A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.

1. Approval of Board Meeting Minutes February 21, 2017 – action
2. Monthly JEA Financial Review & Statements – information
3. Monthly JEA Operations Report – information
4. Monthly FY17 Communications & Engagement Calendar and Plan Update – information

B. Strategic Discussions/Action

1. Resolution 2017-29 To Request That The City of Jacksonville Amend JEA Charter Regarding Board Meeting Requirements – Jody Brooks, Chief Legal Officer – 5 minutes – action
2. JEA Supervisors Association (JSA) Collective Bargaining Agreement – Angie Hiers, Chief Human Resources Officer – 5 minutes – presentation/action
3. American Federation of State, County and Municipal Employees (AFSCME) Council 79 Collective Bargaining Agreement – Angie Hiers, Chief Human Resources Officer – 5 minutes – presentation/action
4. JEA Disclosure Policies and Procedures – Review – Refresher, Jody Brooks, Chief Legal Officer – 10 minutes – presentation/information
5. JEA FY2016 Annual Disclosure Reports – Jody Brooks, Chief Legal Officer – 5 minutes – presentation/information
6. Electric Generation Planning – Mike Brost, Vice President/General Manager, Electric Systems – 10 minutes – presentation/information
7. Monthly Operational and Financial Review – Paul McElroy, Managing Director/Chief Executive Officer – 10 minutes – presentation/information

C. Open Discussion

D. Other New Business

E. Old Business – none

## IV. <u>REPORTS</u>

A. Finance and Audit Committee Report – Joe Orfano, Treasurer

1. Approval of Minutes – December 1, 2016 – information
2. FY2018 Budget Assumptions – Ryan Wannemacher, Director, Financial Planning & Analysis – information
3. JEA Annual Disclosure Policy Report – information
4. Ernst & Young FY2016 Revised Management Letter – information

5. Audit Services
   a. Quarterly ERM/Audit Update – information
   b. Finance & Audit Committee Members – Self-Assessment Survey Questionnaire – information
6. Cyber Security Activities – information
7. CIP Compliance Update – information
8. Ethics Officer Report – information
9. JEA Energy Market Risk Management Policy Report – information
10. Resolution Determining the Sufficiency of Revenues – St. Johns River Power Park – action
11. Recap of Recent JEA Electric System Fixed Rate Debt Refunding Delegated Transactions – information
12. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
13. Announcements
    a. Next Meeting – May 8, 2017, 8:00-10:00 AM
14. Committee Discussion Sessions
    a. Director, Audit Services – information
    b. Ernst & Young – information
    c. Council Auditor's Office – information

B. Nominating Committee Report – Tom Petway, Committee Chair
   1. Approval of Nominating Committee Minutes January 27, 2017 – action
   2. New Slate of Officers – action

C. Managing Director/CEO's Report

D. Chair's Report

## V. <u>CLOSING CONSIDERATIONS</u>

A. Announcements – Next Board Meeting – April 18, 2017

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.

## Board Calendar

| | |
|---|---|
| **Board Meetings**: | 12:00 PM – Third Tuesday of Every Month |
| **<u>Committees</u>** | |
| Finance & Audit Committee: | May 8, 2017 – 8:00 AM<br>August 14, 2017 – 8:00 AM<br>December TBD |
| Compensation Committee: | TBD |
| Government Affairs Committee: | TBD |

# I. F.

# Sunshine Law/Public Records Statement

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

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

II. E.

Resolution 2017-30 To Highlight and Support April as Florida’s Water Conservation Month

Return to Agenda

II. E.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

March 9, 2017

| | |
|---|---|
| **SUBJECT**: | **RESOLUTION 2017-30 TO HIGHLIGHT AND SUPPORT APRIL AS FLORIDA'S WATER CONSERVATION MONTH** |

**Purpose:** ☐ Information Only ☒ Action Required ☐ Advice/Direction

**Issue:** The St. Johns River Water Management District is encouraging support from local governments and utilities to recognize April as Florida's Water Conservation Month.

**Significance:** JEA supports the efforts of the State and the Water Management District to promote April as Water Conservation Month. Conservation is a key component to ensure sustainability of the Florida Aquifer, our communities' primary water source.

**Effect:** Promoting the importance of water conservation helps highlight the importance of water supply, assists JEA in managing and meeting its consumptive use permit requirements and provides education to our customers about controlling their usage, their bills, and contributing to our communities' water sustainability.

**Cost or Benefit:** Assists JEA in serving a growing population base without commensurate increase in groundwater withdrawal: aquifer sustainability.

**Recommended Board action:** It is recommended that Resolution 2017-30 be adopted by the Board to highlight and support April as Florida's Water Conservation Month.

**For additional information, contact:** Brian Roche, 904-665-6580

Submitted by: PEM/MRH/NKV


**Commitments to Action**

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

Return to Agenda

II. E.
3/21/2017

Building Community

**INTER-OFFICE MEMORANDUM**
March 9, 2017

| | |
|---|---|
| **SUBJECT:** | **RESOLUTION 2017-30 TO HIGHLIGHT AND SUPPORT APRIL AS FLORIDA'S WATER CONSERVATION MONTH** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Board of Directors |

**BACKGROUND:**
The St. Johns River Water Management District is encouraging support from local governments and utilities to recognize April as Florida's Water Conservation Month.

**DISCUSSION:**
JEA supports the efforts of the State and the Water Management District to promote April as Water Conservation Month. Conservation is a key component to ensure sustainability of the Florida Aquifer, our communities' primary water source.

**RECOMMENDATION:**
It is recommended that Resolution 2017-30 be adopted by the Board to highlight and support April as Florida's Water Conservation Month.

Paul E. McElroy, Managing Director/CEO

PEM/MRH/NKV

Resolution 2017-30

A RESOLUTION OF THE JEA BOARD OF DIRECTORS TO HIGHLIGHT AND SUPPORT APRIL AS FLORIDA'S WATER CONSERVATION MONTH

**WHEREAS,** The State of Florida, Water Management Districts, local governments and JEA are working together to increase awareness about the importance of water conservation; and

**WHEREAS,** the State of Florida has designated April, typically a dry month when water demands are most acute, Florida's Water Conservation Month, to educate citizens about how they can help save Florida's precious water resources; and

**WHEREAS,** JEA is responsible for delivering clean, safe water to its customers while helping ensure our water supply is sustainable for the future; and

**WHEREAS,** JEA encourages and supports water conservation through various educational programs and special events and its new One Water campaign; and

**WHEREAS**, JEA and every business, industry, school and citizen can make a difference when it comes to conserving water; and

**WHEREAS,** JEA and every business, industry, school and citizen can help by saving water and thus promote a healthy economy and community; and

**NOW, THEREFORE,** be it resolved that by virtue of the authority vested in me as Chair of the Board of Directors of JEA do hereby highlight and support the month of April as:

## Water Conservation Month

JEA encourages its employees, customers, and area citizens to help protect our precious resource by practicing water saving measures and becoming more aware of the need to save and use water wisely.

Adopted this 21st day of March, 2017.

JEA

______________________________

Tom Petway, Chair

Form Approved:

______________________________

Jody L. Brooks, Chief Legal Officer

III. A. 1.

Approval of Board Meeting Minutes February 21, 2017

**JEA**
**BOARD MINUTES**
February 21, 2017

**The JEA Board met in regular session on Tuesday, February 21, 2017, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Tom Petway, Delores Kesler, Kelly Flanagan, Husein Cumber, Frederick Newbill and Alan Howard. Ed Burr attended telephonically.**

**Agenda Item I – Welcome**

**A.** The meeting was **called to order** at 12:01 PM by Chair Petway.

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

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

**D.** **Adoption of Agenda –** The agenda was approved on **motion** by Mr. Howard and second by Secretary Kesler.

**E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.

**F.** **Sunshine Law/Public Records Statement –** Jody Brooks, Chief Legal Officer, stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

**G.** **Recent Mutual Aid Work by JEA Line Crews –** Andy Yeager, Manager, Distribution Maintenance, presented videos of JEA crews who were deployed twice to Albany, GA in January to assist with power outages due to tornadic weather. Mr. Yeager provided information on damage and customer outages in Albany, as well as Tallahassee during an additional mutual aid trip.

*At this time, Chair Petway recognized Council Member Greg Anderson and Dr. Johnny Gaffney; however, the minutes reflect the original order of the agenda.*

**Agenda Item II – Public Hearing**

**Public Hearing to Implement JEA's SmartSavings Residential Pilot Program; Tariff Changes and Modifications to Electric Service Charges; Modifications to Water and Sewer Service Charges and Administrative Changes to the Fire Protections Section.**

Chair Petway suspended the JEA regular Board Meeting at 12:18 PM.

The JEA Board held a public hearing on February 21, 2017, as duly noticed in the Florida Times-Union to consider, as advertised:

1. Modification of the Electric Tariff Documentation implementing the JEA SmartSavings Residential Pilot Program; and

2. Modification of the Electric Tariff Documentation introducing two new street lighting options; and

3. Modification of the Electric Tariff Documentation introducing new service charges and modifying existing service charges; and

4. Modification of the Water and Sewer Rate Document introducing new service charges and modifying existing service charges; and

5. Modification of the Water and Sewer Document modifying the language in the fire protection section.

**A. Call to Order and Comments from the Chair – The Public Hearing was called to order** at 12:18 PM by Chair Petway.

**B. Staff Presentation and Board Discussion –** Melissa Dykes, Chief Financial Officer, presented a summary of the JEA SmartSavings Pilot, which was previously presented at the January 17, 2017 Board Meeting. Ms. Dykes advised the Board of the additional recommendations in Resolution 2016-28 and offered to provide further information, if needed.

**C. Comments from the Public –** none

*Chair Petway adjourned the Public Hearing at 12:25 PM.*

**<u>Agenda Item III – Action on Public Hearing</u>**

**A. Public Hearing to Modify the Electric Tariff Documentation and the Water and Sewer Rate Document –** On **motion** by Secretary Kesler and second by Mr. Cumber, the Board unanimously adopted Resolution 2016-28 and its attachments to implement the JEA SmartSavings Residential Pilot Program, modify electric service charges regarding fraud, non-payment and meter testing, implement two additional standard decorative LED lighting options, modify the water and sewer service charges regarding fraud, non-payment, meter testing and backflow prevention testing and make administrative changes to the fire protections section to bring it into alignment with the Rules and Regulations for Water and Sewer Service and authorized the staff to take any necessary administrative actions to implement the approved modifications as described in Exhibits II through VI as recommended by staff. Resolution 2016-28 and Exhibits II through VI are attached and made part of these minutes.

**RESOLUTION 2016-28**

**A RESOLUTION REGARDING RATE SCHEDULE CHANGES AND ADDITIONS TO THE EXISTING ELECTRIC TARIFF DOCUMENTATION AND WATER AND SEWER RATE DOCUMENT; CONDUCTING A PUBLIC HEARING AND FINDING THE MODIFICATIONS OF THE TARIFF DOCUMENTATION AND RATE DOCUMENT TO BE REASONABLE; IMPOSING THESE MODIFICATIONS FOLLOWING THE PUBLIC HEARING; PROVIDING FOR THE IMPLEMENTATION OF THESE MODIFICATIONS, AND PROVIDING FOR AN EFFECTIVE DATE.**

**Agenda Item IV – Presentations and Comments**

A. **Comments from the Public –** none

B. **Council Liaison's Comments –** Council Member Greg Anderson thanked the Board for their service. Council Member Anderson advised that Resolution 2016-20 requesting to amend the number of required meetings detailed in the JEA charter is proceeding through the Council and he is keeping up to date with its progress. Council Member Anderson informed the Board that the request for a new term for Vice Chair Burr on the JEA Board has been filed by the mayor's office. Council Member Anderson further advised that the next major legislation piece will be the mayor's pension plan. He also thanked the JEA crews for their mutual aid service.

C. **Office of the Mayor Liaison's Comments –** Dr. Gaffney offered thanks from the mayor for the continued service of the Board.

D. **Nassau County's Ex-Officio Representative's Comments –** Mr. Mullin was not in attendance.

**Agenda Item V – For Board Consideration**

A. **Consent Agenda –** used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Mr. Cumber and second by Secretary Kesler, item 1 on the Consent Agenda was unanimously approved and items 2 through 4 were received for information.

1. Approval of Board Meeting Minutes January 17, 2016 – approved
2. Monthly JEA Financial Review & Statements – received for information
3. Monthly JEA Operations Report – received for information
4. Monthly FY17 Communications & Engagement Calendar and Plan Update – received for information

B. **Strategic Discussions/Action**

1. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer, presented the monthly review of JEA's operational and financial metrics for electric and water/wastewater services. This item was received for information.
2. Human Resources: Recruiting, Retention and Engagement – Bruce Dugan, Director, Organizational Performance Improvement, presented information to the Board regarding the various activities of Human Resources related to recruiting talent for the technical positions within JEA, the department's work in inclusion and diversity and how JEA's workforce compares to the general population, as well as the training of current employees in numerous areas.
3. Enterprise Asset Management Request for Proposals – Melissa Dykes, Chief Financial Officer, advised the Board regarding the Enterprise Asset Management (EAM) project. Ms. Dykes informed the Board that, due to declining electric sales, JEA is focused on expense discipline and operational efficiency more than ever. Ms. Dykes advised the Board that JEA is focused on two key areas this year, process improvement and knowledge transfer, and stated that industry experts were being engaged to assist JEA in these areas. This item was received for information.

*At the discretion of the Chair, Agenda Item V. B. 5. was presented at this time; however, the minutes will reflect the original order of the agenda.*

4. JEA Sewer System: Framework to Resiliency Update – Brian Roche, Vice President/General Manager, Water/Wastewater Systems, provided the Board an update on the progress that has been made on the multi-step Framework to Resiliency plan and highlighted early actions implemented to make significant improvements prior to the next hurricane season. The next step which is to analyze, plan and implement improvement activities is planned to be presented and discussed at the April Board Meeting.

5. Electric System Generation Planning – Mike Brost, Vice President/General Manager, Electric Systems, provided an overview of the current status of JEA's generation fleet and expected changes over the next several years. Mr. Brost advised that the fleet is long in capacity, due to the decrease in energy consumption. Melissa Dykes, Chief Financial Officer, advised the Board of Toshiba's anticipated writedowns associated with its two Westinghouse U.S. nuclear projects and its impact on JEA. Ms. Dykes and Mr. Brost advised that further information would be available after Toshiba's announcements on March 14, 2017. This item was received for information.

A. **Open Discussion –** none

B. **Other New Business** – none

C. **Old Business –** none

**<u>Agenda Item IV – Reports</u>**

A. **Nominating Committee Report** – Tom Petway, Committee Chair, reviewed the Nominating Committee meeting held on January 27, 2017, bringing items to the Board for information.

1. New Slate of Officers – Chair Petway introduced the following slate of officers to be reviewed and voted upon at the March 21, 2017 JEA Board Meeting. The nominations are: Chair, Ed Burr, Vice Chair, Alan Howard and Secretary, Delores Kesler. This item was received for information.

B. **Managing Director/CEO's Report –**

1. Mr. McElroy thanked the mutual aid crews for a great job in Albany and advised the Board that local media provided the video footage.

2. Mr. McElroy reported on the Pastor's luncheon held on February 7, 2017, which he attended with Rev. Newbill, during which staff was able to hear issues impacting the various congregations. Mr. McElroy advised that will be providing ambassadors to assist the congregations with billing, rates and JEA programs available to them. Rev. Newbill advised the Board that the luncheon was very positive, as a whole and that the pastors learned a lot about JEA and its ambassadors.

3. Mr. McElroy reported that four of the five bargaining units have tentative agreements. The target for completion of the bargaining unit agreements is mid-March.

4. Mr. McElroy advised the Board of two major issues, the Clean Power Plan and tax reform. Mr. McElroy provided information to the Board that the Clean Power Plan, in its current form, is expected to be replaced by a revised plan. Mr. McElroy also

expressed the concern of municipalities that the tax-exempt status related to municipal bonds could be eliminated and advised the Board of the implications to our industry and to JEA.

5. Mr. McElroy requested that the Board consider a planning workshop to work through issues related to electric generation.
6. Mr. McElroy advised the Board of the recent passing of Thomas John Thomas, Jr., a customer who appeared before previous Boards on numerous occasions and was passionate about the protection of churches and the community.

**C. Chair's Report –**

1. Chair Petway discussed the difference in the advertising for Florida Power & Light and JEA.

**<u>Agenda Item V – Closing Considerations</u>**

**A. Announcements** – Next Board Meeting – March 21, 2017

**B. Adjournment**

***With no further business claiming the attention of the Board, Chair Petway adjourned the meeting at 1:46 PM.***

APPROVED BY:

________________________________
SECRETARY

DATE: __________________________

Board Meeting recorded by:

__________________________
Cheryl W. Mock
Executive Assistant

# III. A. 2.

# Monthly JEA Financial Review & Statements

Building Community

# JEA Monthly Financial Summary

as of February 28, 2017

Return to Agenda

III. A. 2.
3/21/2017

## Board of Directors
## March 21, 2017

JEA
Building Community

# Key Financial Metrics

| | Year-to-Date | | FY2017 Full Year | | |
|---|---|---|---|---|---|
| **Electric System** | **FY2017** | **FY2016** | **Forecast** | **Target** | **Result** |
| Debt Service Coverage | 2.7x | 2.6x | **2.4x** | ≥ 2.2x | ✓ |
| Days Liquidity | 318 | 324 | **276** | 150 to 250 days[1] | ✓ |
| *Days Cash on Hand* | *199* | *199* | ***161*** | | ✓ |
| Debt to Asset % | 64% | 68% | **62%** | 53.5%[2] | ✓ |

| **Water and Sewer System** | **FY2017** | **FY2016** | **Forecast** | **Target** | **Result** |
|---|---|---|---|---|---|
| Debt Service Coverage | 2.7x | 2.8x | **2.6x** | ≥ 1.8x | ✓ |
| Days Liquidity | 303 | 298 | **315** | ≥ 100 days | ✓ |
| *Days Cash on Hand* | *184* | *173* | ***200*** | | ✓ |
| Debt to Asset % | 52% | 54% | **50%** | 49%[3] | ✓ |

[1] Moody's Aa benchmark: 150 to 250 days
[2] Long-term target is 53.5%: per Moody's Sector In-Depth Report "Public Power Medians - Finances Hold Steady with Transition to Lower Carbon Environment", Sept. 2016
[3] Long-term target is 49%: calculated peer group from Moody's 214 Aa rated public water-sewer utilities, Dec. 2016

# JEA Electric System

## MWh Sales

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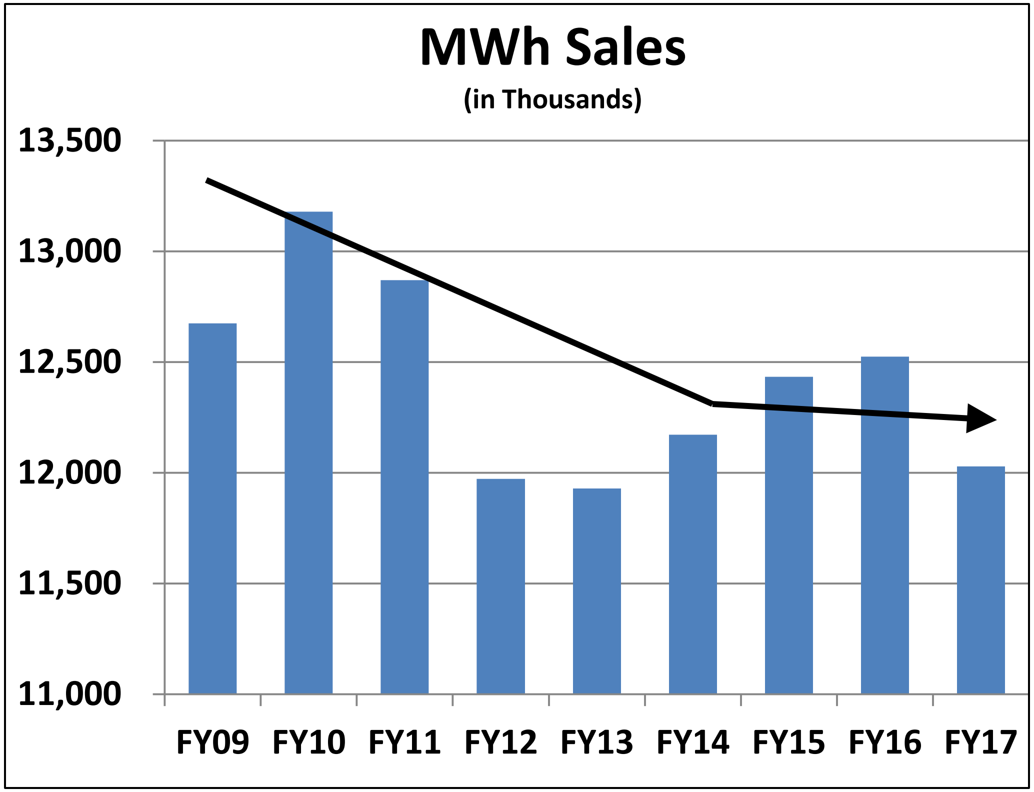


| Month | FY16 | FY17 | % |
|---|---|---|---|
| Oct | 952,515 | 951,425 | (0.1%) |
| Nov | 923,705 | 863,238 | (6.5%) |
| Dec | 922,956 | 905,219 | (1.9%) |
| Jan | 1,049,897 | 932,807 | (11.2%) |
| Feb | 894,563 | 759,141 | (15.1%) |
| **YTD** | **4,743,636** | **4,411,831** | **(7.0%)** |
| Mar | 893,954 | | |
| Apr | 900,013 | | |
| May | 1,089,555 | | |
| Jun | 1,231,251 | | |
| Jul | 1,336,836 | | |
| Aug | 1,254,240 | | |
| Sep | 1,111,769 | | |
| **Total/Forecast** | **12,561,253** | **12,029,845** | |

**Unit Sales Driver:** YTD MWh reduction due to moderate weather and decrease in FPU demand.

| **Total System** | **(7.0%)** |
|---|---|
| Residential | (7.0%) |
| Comm./Industrial | (4.2%) |
| Interruptible | (4.6%) |
| Wholesale (FPU) | (65.3%) |

| YTD Degree Days | | |
|---|---|---|
| 30-yr. Avg. | FY16 | FY17 |
| 1,441 | 1,375 | 1,004 |

| YTD Customer Accounts | | |
|---|---|---|
| FY16 | FY17 | % |
| 450,668 | 457,867 | 1.6% |

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# JEA Electric System

## Financial Results and Cost Metrics

*($ in thousands)*

| Revenues | FY17 Forecast | FY16 Actual | FY17 Budget | FY17 vs FY16 ($) | Variance (%) |
|---|---|---|---|---|---|
| Fuel Revenue | $ 392,407 [1] | $ 426,653 [2] | $ 449,776 | $ (34,246) | -8.0% |
| Base Revenue | 749,240 [1] | 750,038 | 735,204 | (798) | -0.1% |
| Other Revenue | 43,377 | 37,904 | 41,787 | 5,473 | 14.4% |
| **Total Revenues** | **$ 1,185,024** | **$ 1,214,595** | **$ 1,226,767** | **$ (29,571)** | **(2.4%)** |
| | | **$15M** | | | |
| **Select Expenses** | | | | | |
| Fuel Expense | $ 434,924 | $ 397,280 | $ 411,903 | $ (37,644) | -9.5% |
| Fuel Fund Transfers | (42,517) | 29,373 | 37,705 | 71,890 | |
| O & M Expense | 210,528 | 192,527 | 226,180 | (18,001) | -9.3% |
| Non-fuel Purchased Power | 79,107 | 87,426 | 83,394 | 8,319 | 9.5% |
| **Net Revenues** | **$ 503,547** | **$ 496,092** | **$ 454,939** | **$ 7,455** | **1.5%** |
| | | **$49M** | | | |
| Capital Expenditures | $ 148,984 | $ 150,926 | $ 153,200 [3] | $ 1,942 | 1.3% |
| Debt Service | $ 211,518 [4] | $ 171,506 | $ 179,654 | $ (40,012) | -23.3% |

| Electric Costs / MWh | Non-Fuel |
|---|---|
| Target | $ 53.94 |
| Forecast | 55.07 |
| Difference | $ (1.13) |

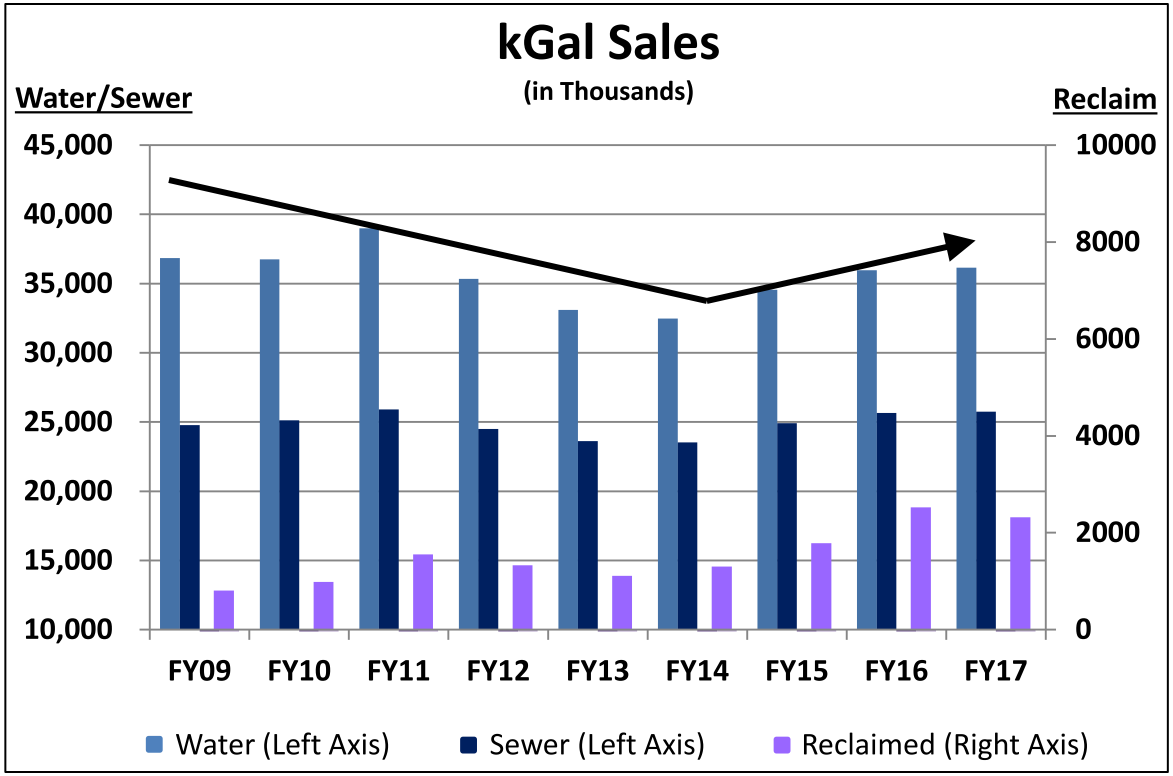
| Fuel Fund *($ in millions)* | |
|---|---|
| Beginning Balance | $ 180 |
| Surplus/(Deficit) | (42) |
| Ending Balance | $ 138 |

[1] Includes rate change in December 2016
[2] Net of $57 million fuel credit and fuel rate reduction
[3] Council approved limit for capital expenditures in FY17 is $170 million
[4] Includes additional $40 million related to advanced debt refunding approved by Board in November 2016

# JEA Water and Sewer System

## kGal Sales

(in Thousands)




| Month | FY16 | FY17 | % |
|---|---|---|---|
| Oct | 3,120 | 3,129 | 0.3% |
| Nov | 2,641 | 3,068 | 16.2% |
| Dec | 2,758 | 2,923 | 6.0% |
| Jan | 2,527 | 2,768 | 9.6% |
| Feb | 2,479 | 2,624 | 5.9% |
| **YTD** | **13,525** | **14,512** | **7.3%** |
| Mar | 2,825 | | |
| Apr | 2,914 | | |
| May | 3,523 | | |
| Jun | 3,290 | | |
| Jul | 3,736 | | |
| Aug | 3,451 | | |
| Sep | 3,094 | | |
| **Total/Forecast** | **36,358** | **36,150** | |

**Unit Sales Driver**: YTD rainfall up 5 inches; rain days down 12.
Irrigation for February YTD FY17 up 33% versus February YTD FY16.

| YTD Rainfall | 30-Yr. Avg. | FY16 | FY17 |
|---|---|---|---|
| Inches | 15 | 12 | 17 |
| Days | 38 | 36 | 24 |

| YTD Customer Accounts | FY16 | FY17 | % |
|---|---|---|---|
| Water | 331,711 | 339,755 | 2.4% |
| Sewer | 256,676 | 263,316 | 2.6% |
| Reclaimed | 7,241 | 9,128 | 26.1% |

| Total System | 7.3% |
|---|---|
| Residential | 7.1% |
| Comm./Industrial | (0.7%) |
| Irrigation | 33.0% |

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# JEA Water and Sewer System

## Financial Results and Cost Metrics

*($ in thousands)*

| Revenues | FY17 Forecast | FY16 Actual | FY17 Budget | FY17 vs FY16 ($) | Variance (%) |
|---|---|---|---|---|---|
| Water & Sewer Revenues | $ 406,155 | $ 409,889 | $ 394,430 | $ (3,734) | -0.9% |
| Other Revenue | 35,680 | 40,070 | 33,792 | (4,390) | -11.0% |
| **Total Revenues** | **$ 441,835** | **$ 449,959** | **$ 428,222** | **$ (8,124)** | **-1.8%** |

**$14M**

| Select Expenses | | | | | |
|---|---|---|---|---|---|
| O & M Expense | $ 140,146 | $ 130,296 | $ 144,149 | $ (9,851) | -7.6% |
| **Net Revenues** | **$ 298,709** | **$ 313,130** | **$ 280,753** | **$ (15,931)** | **-5.1%** |

**$18M**

| | | | | | |
|---|---|---|---|---|---|
| Capital Expenditures | $ 216,698 | $ 147,363 | $ 205,000 [1] | $ (69,335) | -47.1% |
| Debt Service | $ 115,966 | $ 95,418 | $ 118,375 | $ (20,549) | -21.5% |

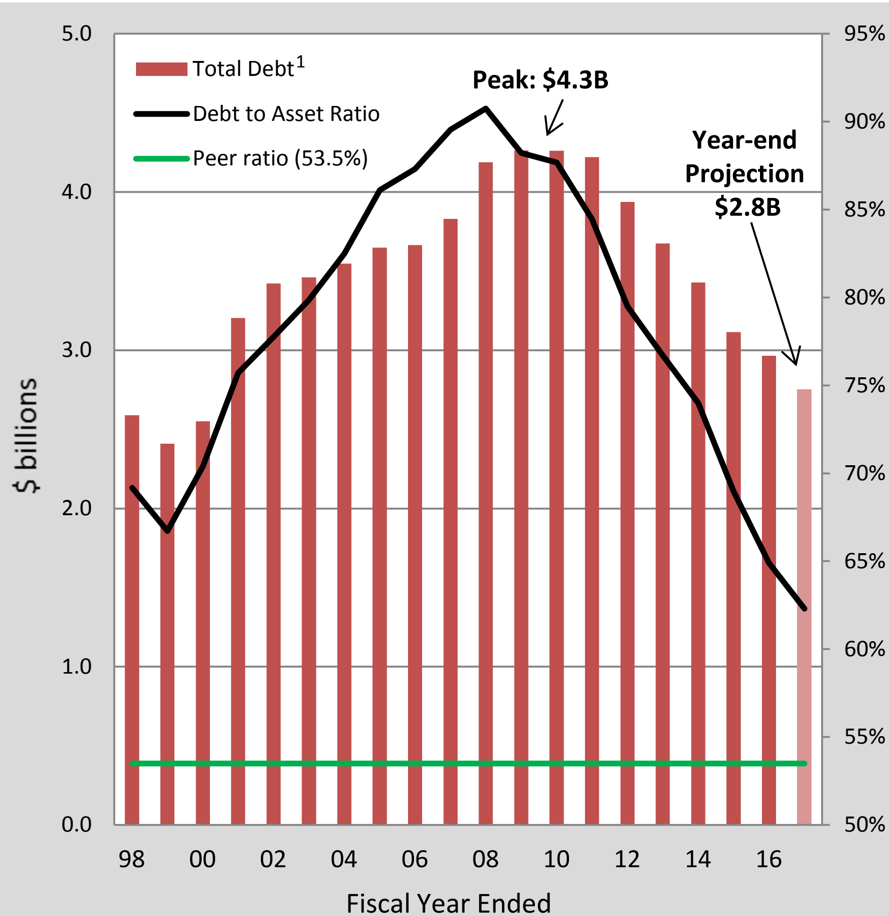
| Cost / KGal | Water | Sewer |
|---|---|---|
| Target | $ 4.75 | $ 10.27 |
| Forecast | 4.86 | 10.77 |
| Difference | $ (0.11) | $ (0.50) |

[1] Council approved limit for capital expenditures in FY17 is $225.5 million

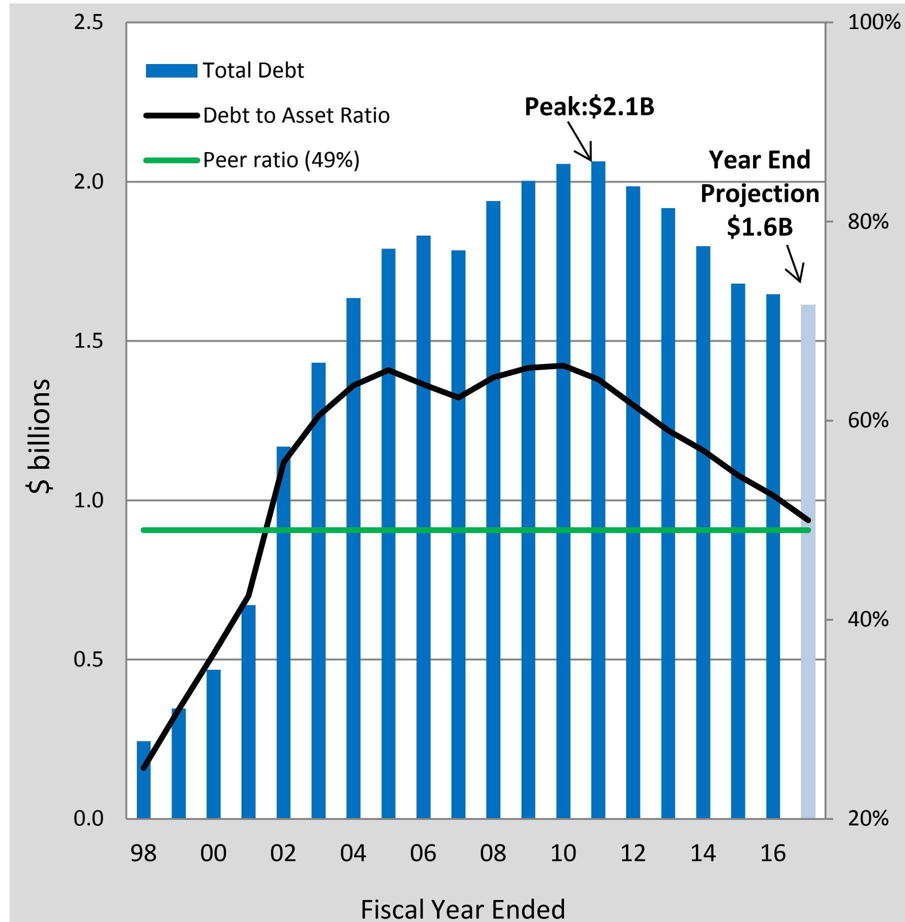
# JEA Debt and Debt to Asset Ratios

Building Community

## Electric System



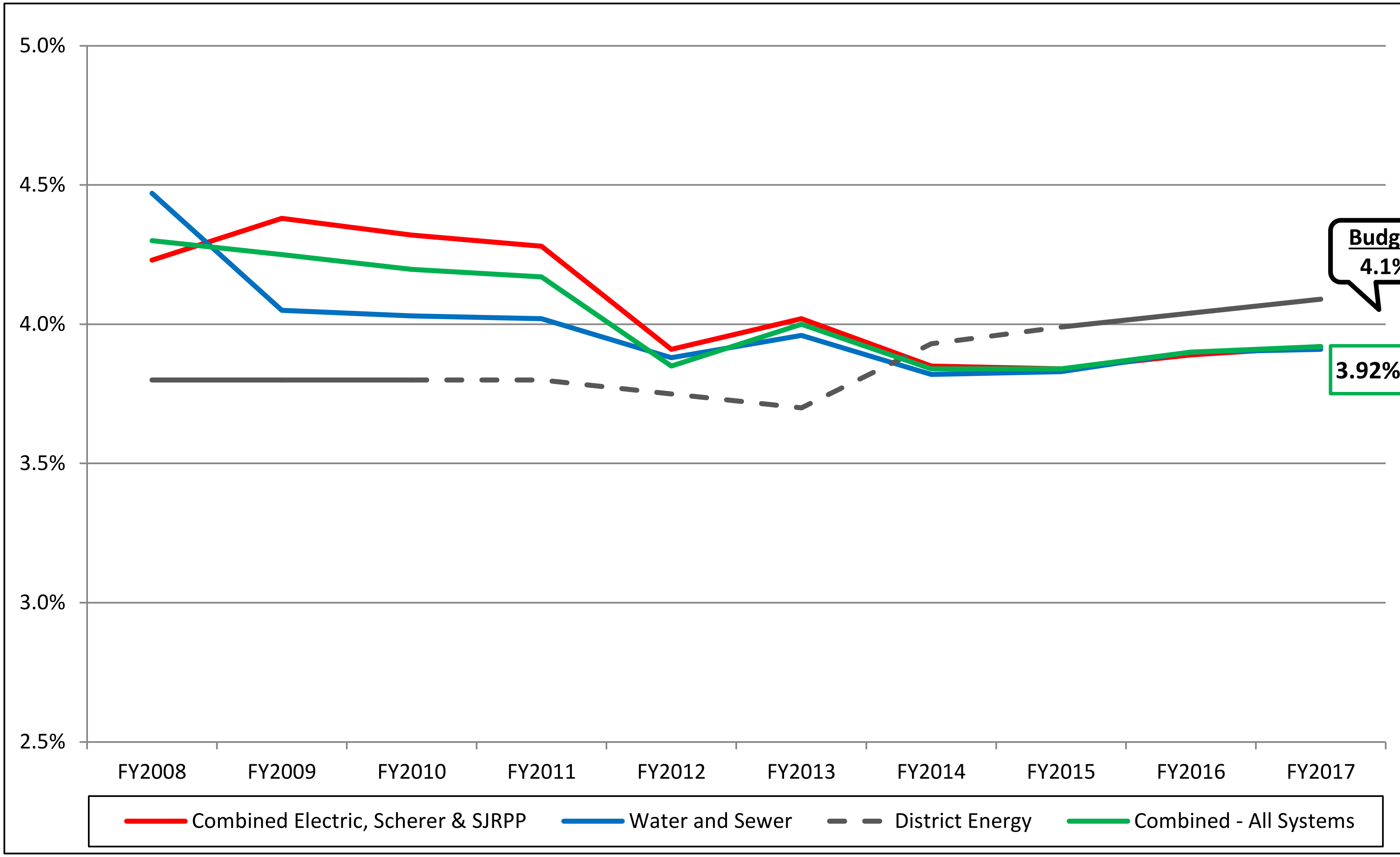

## Water and Sewer System




[1] Includes JEA, Scherer and SJRPP
[2] Per Moody's Special Comment, June 2014
[3] As calculated from Moody's data for large Aa rated public water-sewer utilities

Building Community

# Combined Debt Outstanding Weighted Average Interest Rates*



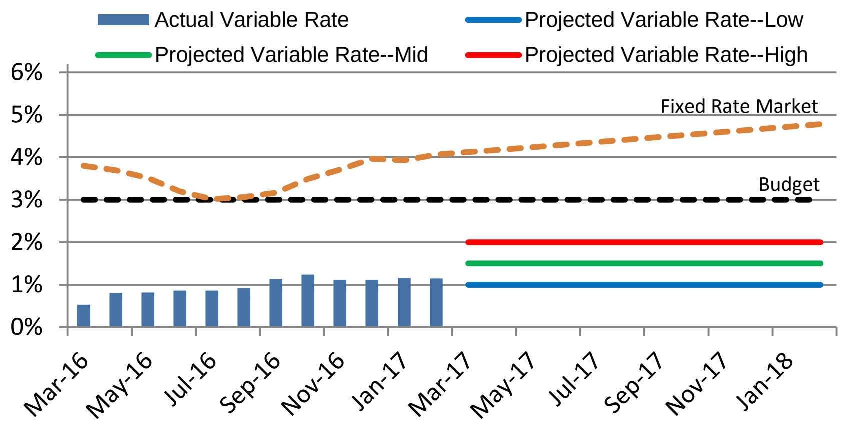

- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- – – – During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.

# Variable Rate Debt Risk Analysis

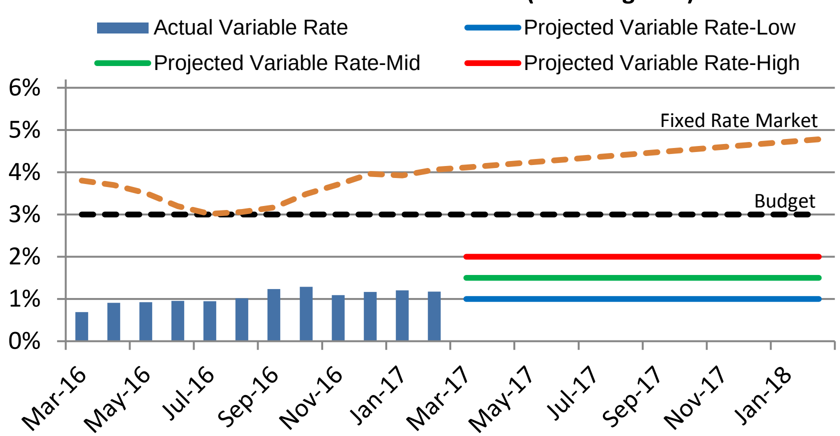
($ in millions)

Building Community

**Electric System**
**Variable Interest Rates (including fees)**




**Water and Sewer**
**Variable Interest Rates (including fees)**




Total variable rate debt of $882 with $527 swapped to fixed rate

**Liquidity Facilities and Direct Purchase Bonds (DPBs)**

| Bank | Long-Term Ratings Moody's/S&P/Fitch | $ (in millions) | % |
|---|---|---|---|
| Wells Fargo Bank N.A. (100% DPBs) | Aa2/AA-/AA | $221 | 25 |
| JP Morgan Chase Bank N.A. | Aa3/A+/AA- | 199 | 24 |
| Royal Bank of Canada | Aa3/AA-/AA | 193 | 23 |
| US Bank, N.A. | A1/AA-/AA | 148 | 18 |
| Sumitomo | A1/A/A | 52 | 6 |
| State Street Bank | Aa3/AA-/AA | 31 | 4 |
| Total | | $844 | |

**Swap Providers**

| Bank | Long-Term Ratings Moody's/S&P/Fitch | $ (in millions) | % |
|---|---|---|---|
| Morgan Stanley Capital Services | A3/BBB+/A | $180 | 34 |
| Goldman Sachs Mitsui Marine Derivative Products | Aa2/AA-/NR | 137 | 26 |
| JP Morgan Chase Bank N.A. | Aa3/A+/AA- | 125 | 24 |
| Merrill Lynch | Baa1/BBB+/A | 85 | 16 |
| Total | | $527 | |

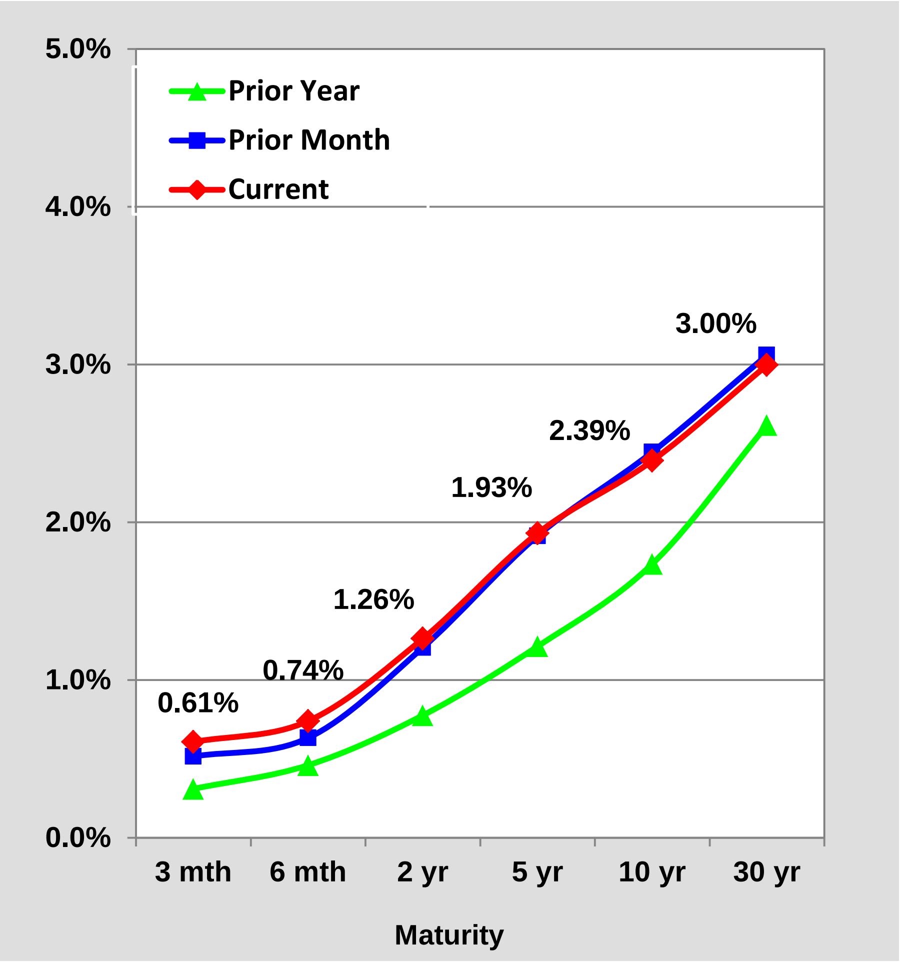
Items of Interest

- Variable debt as a percentage of total debt:
  - Unhedged variable at 7% for Electric and 10% for Water and Sewer.
  - Hedged variable at 15% for Electric and 7% for Water and Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap counterparty credit quality.
- JP Morgan liquidity facility renewal in May 2017.
- US Bank liquidity facility renewal in Nov 2017.
- Variable rate reserve to mitigate risk of higher rates – $50 million.
- Used $12 million of variable rate reserve on Feb 2017 Electric defeasance.

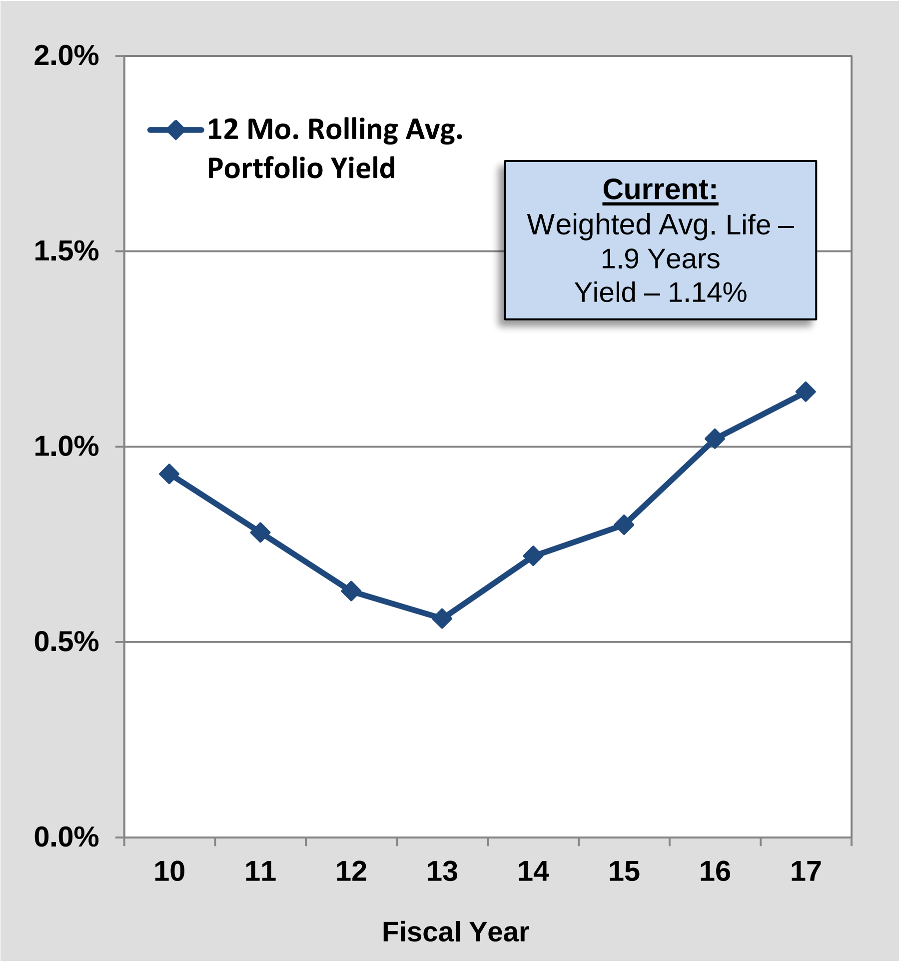
# JEA Combined Investments Outstanding

Building Community

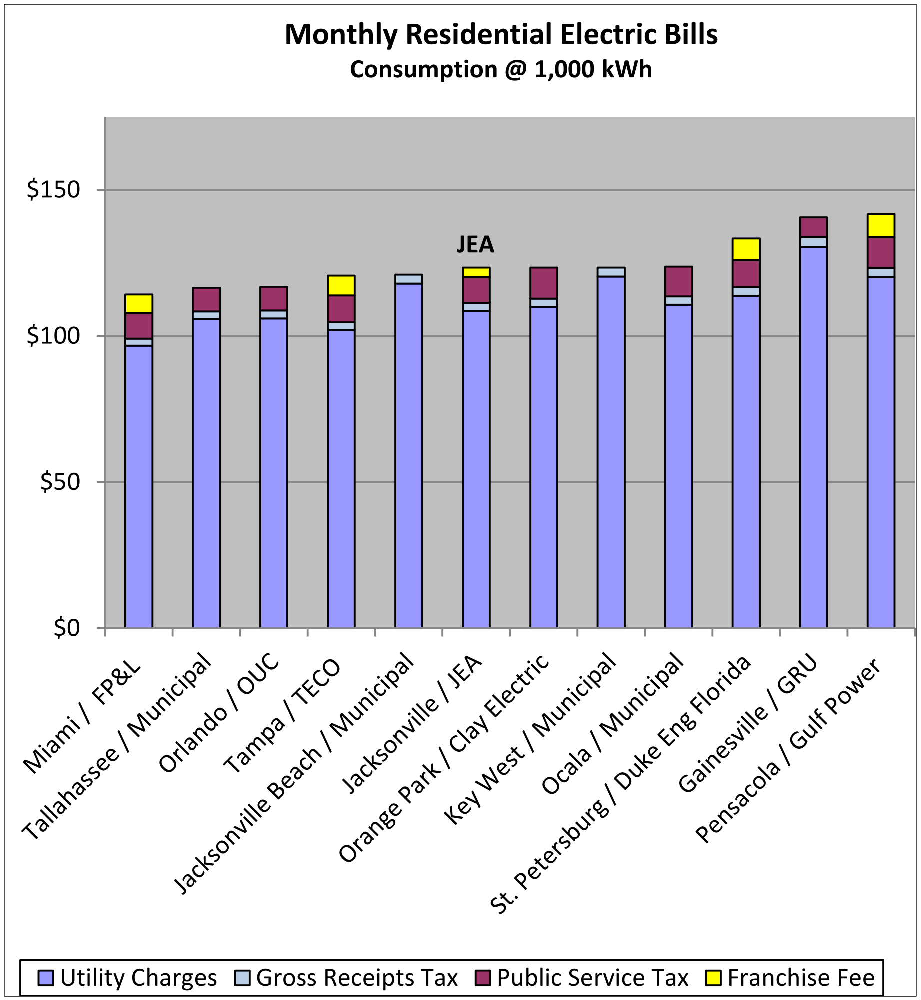
## U. S. Treasury Yield Curve

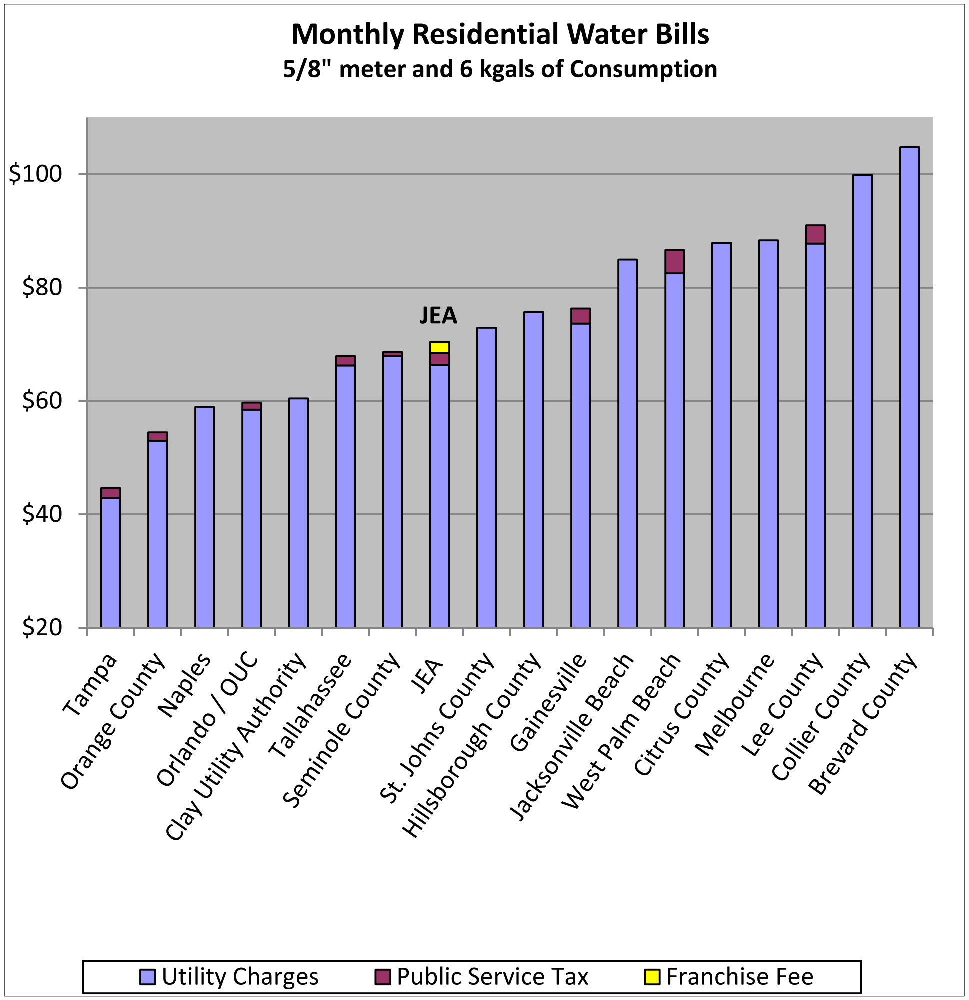



## Investment Portfolio Yield



# Florida Utilities Monthly Bill Comparison



Return to Agenda

III. A. 2.
3/21/2017

# JEA

## Monthly Financial Statements

## February 2017

Monthly Financial Statements

February 2017

Index

# JEA
## Statements of Net Position
## (in thousands - unaudited) February 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 249,449 | $ 173,615 |
| Investments | 279,950 | 348,248 |
| Customer accounts receivable, net of allowance ($2,505 in 2017 and $4,182 in 2016) | 151,213 | 179,936 |
| Miscellaneous accounts receivable | 28,693 | 29,135 |
| Interest receivable | 2,097 | 2,410 |
| Inventories: | | |
| Fuel inventory - Electric System | 67,020 | 72,613 |
| Fuel inventory - Plant Scherer | 4,554 | 5,489 |
| Materials and supplies - Water and Sewer | 46,399 | 43,406 |
| Materials and supplies - Electric System | 20,649 | 20,160 |
| Materials and supplies - Plant Scherer | 2,145 | 2,079 |
| Total current assets | 852,169 | 877,091 |
| | | |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Cash and cash equivalents | 44,923 | 25,020 |
| Investments | 860,774 | 853,614 |
| Accounts and interest receivable | 4,942 | 3,971 |
| Total restricted assets | 910,639 | 882,605 |
| | | |
| Costs to be recovered from future revenues | 460,003 | 458,413 |
| Investment in The Energy Authority | 6,202 | 7,015 |
| Other assets | 21,662 | 18,076 |
| Total noncurrent assets | 1,398,506 | 1,366,109 |
| | | |
| Capital assets: | | |
| Land and easements | 191,177 | 164,153 |
| Plant in service | 10,863,283 | 10,732,378 |
| Less accumulated depreciation | (5,575,343) | (5,230,847) |
| Plant in service, net | 5,479,117 | 5,665,684 |
| Construction work in progress | 339,140 | 203,810 |
| Net capital assets | 5,818,257 | 5,869,494 |
| Total assets | 8,068,932 | 8,112,694 |
| | | |
| **Deferred outflows of resources** | | |
| Unamortized deferred losses on refundings | 141,924 | 149,171 |
| Accumulated decrease in fair value of interest hedging derivatives | 125,149 | 141,958 |
| Unrealized pension contributions and losses | 137,010 | 83,969 |
| Accumulated decrease in fair value of fuel hedging derivatives | 733 | 4,435 |
| Total deferred outflows of resources | 404,816 | 379,533 |
| Total assets and deferred outflows of resources | $ 8,473,748 | $ 8,492,227 |

JEA 

## Statements of Net Position
## (in thousands - unaudited) February 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts and accrued expenses payable | $ 77,114 | $ 76,490 |
| Customer deposits | 56,523 | 55,579 |
| City of Jacksonville payable | 9,669 | 9,533 |
| Compensated absences due within one year | 3,527 | 4,534 |
| State utility taxes payable | 1,934 | 2,511 |
| Total current liabilities | 148,767 | 148,647 |
| | | |
| Current liabilities payable from restricted assets: | | |
| Debt due within one year | 229,095 | 181,525 |
| Renewal and replacement reserve | 81,350 | 81,950 |
| Interest payable | 67,647 | 72,504 |
| Construction contracts and accounts payable | 15,015 | 8,087 |
| Total current liabilities payable from restricted assets | 393,107 | 344,066 |
| | | |
| Noncurrent liabilities: | | |
| Net pension liability | 493,346 | 408,628 |
| Compensated absences due after one year | 24,975 | 23,503 |
| Environmental liabilities | 18,556 | 18,662 |
| Other liabilities | 5,372 | 9,130 |
| Total noncurrent liabilities | 542,249 | 459,923 |
| | | |
| Long-term debt: | | |
| Bonds and commercial paper payable, less current portion | 4,178,295 | 4,470,195 |
| Unamortized premium, net | 129,392 | 157,314 |
| Fair value of debt management strategy instruments | 125,149 | 141,958 |
| Total long-term debt | 4,432,836 | 4,769,467 |
| Total liabilities | 5,516,959 | 5,722,103 |
| | | |
| **Deferred inflows of resources** | | |
| Revenues to be used for future costs | 499,019 | 509,062 |
| Unrealized pension gains | 12,684 | 29,796 |
| Total deferred inflows of resources | 511,703 | 538,858 |
| | | |
| **Net position** | | |
| Net investment in capital assets | 1,649,808 | 1,434,115 |
| Restricted | 473,640 | 438,942 |
| Unrestricted | 321,638 | 358,209 |
| Total net position | 2,445,086 | 2,231,266 |
| Total liabilities, deferred inflows of resources, and net position | $ 8,473,748 | $ 8,492,227 |

(in thousands - unaudited) February 2017

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Total JEA |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | $ 163,921 | $ 25,329 | $ - | $ 189,250 | 56,186 | $ 4,013 | $ 249,449 |
| Investments | 245,463 | 10,225 | - | 255,688 | 24,262 | - | 279,950 |
| Customer accounts receivable, net of allowance ($2,505) | 116,848 | - | - | 116,848 | 33,777 | 588 | 151,213 |
| Miscellaneous accounts receivable | 26,802 | 20,316 | (19,879) | 27,239 | 1,454 | - | 28,693 |
| Interest receivable | 1,216 | 4 | - | 1,220 | 877 | - | 2,097 |
| Inventories: | | | | | | | |
| Fuel inventory - Electric System | 34,345 | 32,675 | - | 67,020 | - | - | 67,020 |
| Fuel inventory - Plant Scherer | 4,554 | - | - | 4,554 | - | - | 4,554 |
| Materials and supplies - Water and Sewer | - | - | - | - | 46,399 | - | 46,399 |
| Materials and supplies - Electric System | - | 20,649 | - | 20,649 | - | - | 20,649 |
| Materials and supplies - Plant Scherer | 2,145 | - | - | 2,145 | - | - | 2,145 |
| Total current assets | 595,294 | 109,198 | (19,879) | 684,613 | 162,955 | 4,601 | 852,169 |
| | | | | | | | |
| Noncurrent assets: | | | | | | | |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 268 | 41,467 | - | 41,735 | 152 | 3,036 | 44,923 |
| Investments | 297,956 | 217,070 | - | 515,026 | 345,748 | - | 860,774 |
| Accounts and interest receivable | 3,177 | 890 | - | 4,067 | 875 | - | 4,942 |
| Total restricted assets | 301,401 | 259,427 | - | 560,828 | 346,775 | 3,036 | 910,639 |
| | | | | | | | |
| Costs to be recovered from future revenues | 240,555 | 6,873 | - | 247,428 | 212,575 | - | 460,003 |
| Investment in The Energy Authority | 6,202 | - | - | 6,202 | - | - | 6,202 |
| Other assets | 14,482 | - | - | 14,482 | 7,172 | 8 | 21,662 |
| Total noncurrent assets | 562,640 | 266,300 | - | 828,940 | 566,522 | 3,044 | 1,398,506 |
| | | | | | | | |
| Capital assets: | | | | | | | |
| Land and easements | 121,692 | 6,660 | - | 128,352 | 59,774 | 3,051 | 191,177 |
| Plant in service | 5,176,119 | 1,341,667 | - | 6,517,786 | 4,290,169 | 55,328 | 10,863,283 |
| Less accumulated depreciation | (2,763,335) | (857,292) | - | (3,620,627) | (1,931,925) | (22,791) | (5,575,343) |
| Plant in service, net | 2,534,476 | 491,035 | - | 3,025,511 | 2,418,018 | 35,588 | 5,479,117 |
| Construction work in progress | 191,269 | 11,886 | - | 203,155 | 135,952 | 33 | 339,140 |
| Net capital assets | 2,725,745 | 502,921 | - | 3,228,666 | 2,553,970 | 35,621 | 5,818,257 |
| Total assets | 3,883,679 | 878,419 | (19,879) | 4,742,219 | 3,283,447 | 43,266 | 8,068,932 |
| | | | | | | | |
| **Deferred outflows of resources** | | | | | | | |
| Unamortized deferred losses on refundings | 82,927 | 13,466 | - | 96,393 | 45,323 | 208 | 141,924 |
| Accumulated decrease in fair value of interest hedging derivatives | 102,073 | - | - | 102,073 | 23,076 | - | 125,149 |
| Unrealized pension contributions and losses | 77,673 | 11,731 | - | 89,404 | 47,606 | - | 137,010 |
| Accumulated decrease in fair value of fuel hedging derivatives | 733 | - | - | 733 | - | - | 733 |
| Total deferred outflows of resources | 263,406 | 25,197 | - | 288,603 | 116,005 | 208 | 404,816 |
| Total assets and deferred outflows of resources | $ 4,147,085 | $ 903,616 | $ (19,879) | $ 5,030,822 | $ 3,399,452 | $ 43,474 | $ 8,473,748 |

(in thousands - unaudited) February 2017

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Total JEA |
|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts and accrued expenses payable | $ 47,291 | $ 18,518 | $ (351) | $ 65,458 | $ 11,637 | $ 19 | $ 77,114 |
| Customer deposits | 42,077 | - | - | 42,077 | 14,446 | - | 56,523 |
| City of Jacksonville payable | 7,689 | - | - | 7,689 | 1,980 | - | 9,669 |
| Compensated absences due within one year | 2,025 | 660 | - | 2,685 | 811 | 31 | 3,527 |
| State utility taxes payable | 1,934 | - | | 1,934 | - | - | 1,934 |
| Total current liabilities | 101,016 | 19,178 | (351) | 119,843 | 28,874 | 50 | 148,767 |
| Current liabilities payable from restricted assets: | | | | | | | |
| Debt due within one year | 135,105 | 41,330 | - | 176,435 | 51,020 | 1,640 | 229,095 |
| Renewal and replacement reserve | - | 81,350 | - | 81,350 | - | - | 81,350 |
| Interest payable | 32,713 | 7,976 | - | 40,689 | 26,382 | 576 | 67,647 |
| Construction contracts and accounts payable | 3,227 | 20,571 | (19,528) | 4,270 | 10,745 | - | 15,015 |
| Total current liabilities payable from restricted assets | 171,045 | 151,227 | (19,528) | 302,744 | 88,147 | 2,216 | 393,107 |
| Noncurrent liabilities: | | | | | | | |
| Net pension liability | 297,819 | 12,993 | - | 310,812 | 182,534 | - | 493,346 |
| Compensated absences due after one year | 16,682 | 1,693 | - | 18,375 | 6,580 | 20 | 24,975 |
| Environmental liabilities | 18,556 | - | - | 18,556 | - | - | 18,556 |
| Other liabilities | 4,047 | - | - | 4,047 | 1,325 | - | 5,372 |
| Total noncurrent liabilities | 337,104 | 14,686 | - | 351,790 | 190,439 | 20 | 542,249 |
| Long-term debt: | | | | | | | |
| Bonds and commercial paper payable, less current portion | 2,171,305 | 408,885 | - | 2,580,190 | 1,561,620 | 36,485 | 4,178,295 |
| Unamortized premium (discount), net | 64,552 | 14,482 | - | 79,034 | 50,399 | (41) | 129,392 |
| Fair value of debt management strategy instruments | 102,073 | - | - | 102,073 | 23,076 | - | 125,149 |
| Total long-term debt | 2,337,930 | 423,367 | - | 2,761,297 | 1,635,095 | 36,444 | 4,432,836 |
| Total liabilities | 2,947,095 | 608,458 | (19,879) | 3,535,674 | 1,942,555 | 38,730 | 5,516,959 |
| **Deferred inflows of resources** | | | | | | | |
| Revenues to be used for future costs | 320,395 | 154,633 | - | 475,028 | 23,991 | - | 499,019 |
| Unrealized pension gains | 6,546 | 2,126 | - | 8,672 | 4,012 | - | 12,684 |
| Total deferred inflows of resources | 326,941 | 156,759 | - | 483,700 | 28,003 | - | 511,703 |
| **Net position** | | | - | | | | |
| Net investment in capital assets | 469,918 | 20,721 | - | 490,639 | 1,161,423 | (2,254) | 1,649,808 |
| Restricted | 203,255 | 29,351 | 19,528 | 252,134 | 219,046 | 2,460 | 473,640 |
| Unrestricted | 199,876 | 88,327 | (19,528) | 268,675 | 48,425 | 4,538 | 321,638 |
| Total net position | 873,049 | 138,399 | - | 1,011,448 | 1,428,894 | 4,744 | 2,445,086 |
| Total liabilities, deferred inflows of resources, and net position | $ 4,147,085 | $ 903,616 | $ (19,879) | $ 5,030,822 | $ 3,399,452 | $ 43,474 | $ 8,473,748 |

JEA
Combining Statement of Net Position
(in thousands - unaudited) February 2016



| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Total JEA |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | $ 94,105 | $ 35,339 | $ - | $ 129,444 | $ 39,936 | $ 4,235 | $ 173,615 |
| Investments | 302,494 | 18,658 | - | 321,152 | 27,096 | - | 348,248 |
| Customer accounts receivable, net of allowance ($4,182) | 147,652 | - | - | 147,652 | 31,871 | 413 | 179,936 |
| Miscellaneous accounts receivable | 23,197 | 22,115 | (17,609) | 27,703 | 1,432 | - | 29,135 |
| Interest receivable | 1,578 | 84 | - | 1,662 | 748 | - | 2,410 |
| Inventories: | | | | | | | |
| Fuel inventory - Electric System | 30,336 | 42,277 | - | 72,613 | - | - | 72,613 |
| Fuel inventory - Plant Scherer | 5,489 | - | - | 5,489 | - | - | 5,489 |
| Materials and supplies - Water and Sewer | - | - | - | - | 43,406 | - | 43,406 |
| Materials and supplies - Electric System | - | 20,160 | - | 20,160 | - | - | 20,160 |
| Materials and supplies - Plant Scherer | 2,079 | - | - | 2,079 | - | - | 2,079 |
| Total current assets | 606,930 | 138,633 | (17,609) | 727,954 | 144,489 | 4,648 | 877,091 |
| Noncurrent assets: | | | | | | | |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 141 | 20,260 | - | 20,401 | 751 | 3,868 | 25,020 |
| Investments | 314,581 | 216,216 | - | 530,797 | 322,817 | - | 853,614 |
| Accounts and interest receivable | 1,305 | 950 | - | 2,255 | 1,716 | - | 3,971 |
| Total restricted assets | 316,027 | 237,426 | - | 553,453 | 325,284 | 3,868 | 882,605 |
| Costs to be recovered from future revenues | 228,841 | 6,908 | - | 235,749 | 222,664 | - | 458,413 |
| Investment in The Energy Authority | 7,015 | - | - | 7,015 | - | - | 7,015 |
| Other assets | 10,571 | - | - | 10,571 | 7,505 | - | 18,076 |
| Total noncurrent assets | 562,454 | 244,334 | - | 806,788 | 555,453 | 3,868 | 1,366,109 |
| Capital assets: | | | | | | | |
| Land and easements | 95,177 | 6,660 | - | 101,837 | 59,265 | 3,051 | 164,153 |
| Plant in service | 5,139,800 | 1,358,652 | - | 6,498,452 | 4,180,308 | 53,618 | 10,732,378 |
| Less accumulated depreciation | (2,577,177) | (828,898) | - | (3,406,075) | (1,804,293) | (20,479) | (5,230,847) |
| Plant in service, net | 2,657,800 | 536,414 | - | 3,194,214 | 2,435,280 | 36,190 | 5,665,684 |
| Construction work in progress | 87,144 | 15,281 | - | 102,425 | 101,320 | 65 | 203,810 |
| Capital assets, net | 2,744,944 | 551,695 | - | 3,296,639 | 2,536,600 | 36,255 | 5,869,494 |
| Total assets | 3,914,328 | 934,662 | (17,609) | 4,831,381 | 3,236,542 | 44,771 | 8,112,694 |
| **Deferred outflows of resources** | | | | | | | |
| Unamortized deferred losses on refundings | 83,015 | 18,034 | - | 101,049 | 47,906 | 216 | 149,171 |
| Accumulated decrease in fair value of interest hedging derivatives | 114,992 | - | - | 114,992 | 26,966 | - | 141,958 |
| Unrealized pension contributions and losses | 48,712 | 4,114 | - | 52,826 | 31,143 | - | 83,969 |
| Accumulated decrease in fair value of fuel hedging derivatives | 4,435 | - | - | 4,435 | - | - | 4,435 |
| Total deferred outflows of resources | 251,154 | 22,148 | - | 273,302 | 106,015 | 216 | 379,533 |
| Total assets and deferred outflows of resources | $ 4,165,482 | $ 956,810 | $ (17,609) | $ 5,104,683 | $ 3,342,557 | $ 44,987 | $ 8,492,227 |

(in thousands - unaudited) February 2016

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Total JEA |
|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts and accrued expenses payable | $ 47,388 | $ 20,655 | $ (948) | $ 67,095 | $ 9,161 | $ 234 | $ 76,490 |
| Customer deposits | 41,813 | - | - | 41,813 | 13,766 | - | 55,579 |
| City of Jacksonville payable | 7,643 | - | - | 7,643 | 1,890 | - | 9,533 |
| Compensated absences due within one year | 1,824 | 1,486 | - | 3,310 | 1,217 | 7 | 4,534 |
| State utility taxes payable | 2,511 | - | - | 2,511 | - | - | 2,511 |
| Total current liabilities | 101,179 | 22,141 | (948) | 122,372 | 26,034 | 241 | 148,647 |
| Current liabilities payable from restricted assets: | | | | | | | |
| Debt due within one year | 102,240 | 43,785 | - | 146,025 | 33,875 | 1,625 | 181,525 |
| Renewal and replacement reserve | - | 81,950 | - | 81,950 | - | - | 81,950 |
| Interest payable | 36,331 | 8,881 | - | 45,212 | 26,709 | 583 | 72,504 |
| Construction contracts and accounts payable | 3,255 | 17,912 | (16,661) | 4,506 | 3,517 | 64 | 8,087 |
| Total current liabilities payable from restricted assets | 141,826 | 152,528 | (16,661) | 277,693 | 64,101 | 2,272 | 344,066 |
| Noncurrent liabilities: | | | | | | | |
| Net pension liability | 246,724 | 4,162 | - | 250,886 | 157,742 | - | 408,628 |
| Compensated absences due after one year | 16,372 | 1,009 | - | 17,381 | 6,081 | 41 | 23,503 |
| Environmental liabilities | 18,662 | - | - | 18,662 | - | - | 18,662 |
| Other liabilities | 4,971 | - | - | 4,971 | 4,159 | - | 9,130 |
| Total noncurrent liabilities | 286,729 | 5,171 | - | 291,900 | 167,982 | 41 | 459,923 |
| Long-term debt: | | | | | | | |
| Bonds and commercial paper payable, less current portion | 2,369,215 | 450,215 | - | 2,819,430 | 1,612,640 | 38,125 | 4,470,195 |
| Unamortized premium (discount), net | 77,498 | 21,185 | - | 98,683 | 58,677 | (46) | 157,314 |
| Fair value of debt management strategy instruments | 114,992 | - | - | 114,992 | 26,966 | - | 141,958 |
| Total long-term debt | 2,561,705 | 471,400 | - | 3,033,105 | 1,698,283 | 38,079 | 4,769,467 |
| Total liabilities | 3,091,439 | 651,240 | (17,609) | 3,725,070 | 1,956,400 | 40,633 | 5,722,103 |
| **Deferred inflows of resources** | | | | | | | |
| Revenues to be used for future costs | 314,740 | 166,547 | - | 481,287 | 27,775 | - | 509,062 |
| Unrealized pension gains | 16,446 | 2,835 | - | 19,281 | 10,515 | - | 29,796 |
| Total deferred inflows of resources | 331,186 | 169,382 | - | 500,568 | 38,290 | - | 538,858 |
| **Net position** | | | | | | | |
| Net investment in capital assets | 308,313 | 13,209 | - | 321,522 | 1,115,890 | (3,297) | 1,434,115 |
| Restricted | 214,264 | 7,495 | 16,661 | 238,420 | 197,237 | 3,285 | 438,942 |
| Unrestricted | 220,280 | 115,484 | (16,661) | 319,103 | 34,740 | 4,366 | 358,209 |
| Total net position | 742,857 | 136,188 | - | 879,045 | 1,347,867 | 4,354 | 2,231,266 |
| Total liabilities, deferred inflows of resources, and net position | $ 4,165,482 | $ 956,810 | $ (17,609) | $ 5,104,683 | $ 3,342,557 | $ 44,987 | $ 8,492,227 |

**Schedule of Cash and Investments**
**(in thousands - unaudited) February 2017**

| | Electric System and Bulk Power Supply System | SJRPP System | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Total JEA |
|---|---|---|---|---|---|---|
| **Unrestricted cash and investments** | | | | | | |
| Operations | $ 62,179 | $ 5,264 | $ 67,443 | $ 42,012 | $ 1,276 | $ 110,731 |
| Rate stabilization: | | | | | | |
| Fuel | 168,550 | - | 168,550 | - | - | 168,550 |
| Debt management | 29,884 | - | 29,884 | 20,290 | 2,737 | 52,911 |
| Environmental | 32,553 | - | 32,553 | 3,700 | - | 36,253 |
| Purchased Power | 31,837 | - | 31,837 | - | - | 31,837 |
| DSM/Conservation | 3,397 | - | 3,397 | - | - | 3,397 |
| Total rate stabilization funds | 266,221 | - | 266,221 | 23,990 | 2,737 | 292,948 |
| Customer deposits | 41,953 | - | 41,953 | 14,446 | - | 56,399 |
| General reserve | - | 30,290 | 30,290 | - | - | 30,290 |
| Self insurance reserve funds: | | | | | | |
| Self funded health plan | 10,475 | - | 10,475 | - | - | 10,475 |
| Property insurance reserve | 10,000 | - | 10,000 | - | - | 10,000 |
| Total self insurance reserve funds | 20,475 | - | 20,475 | - | - | 20,475 |
| Environmental liability reserve | 18,556 | - | 18,556 | - | - | 18,556 |
| Total unrestricted cash and investments | $ 409,384 | $ 35,554 | $ 444,938 | $ 80,448 | $ 4,013 | $ 529,399 |
| **Restricted assets** | | | | | | |
| Renewal and replacement funds | $ 158,491 | $ 81,187 | $ 239,678 | $ 186,905 | $ 1,777 | $ 428,360 |
| Debt service reserve account | 65,433 | 138,869 | 204,302 | 107,488 | - | 311,790 |
| Debt service funds | 74,223 | 17,976 | 92,199 | 47,088 | 1,259 | 140,546 |
| Environmental funds | - | - | - | 1,386 | - | 1,386 |
| Construction funds | 268 | - | 268 | 152 | - | 420 |
| Subtotal | 298,415 | 238,032 | 536,447 | 343,019 | 3,036 | 882,502 |
| Unrealized holding gain (loss) on investments | (191) | (4,268) | (4,459) | 2,881 | - | (1,578) |
| Other funds | - | 24,773 | 24,773 | - | - | 24,773 |
| Total restricted cash and investments | $ 298,224 | $ 258,537 | $ 556,761 | $ 345,900 | $ 3,036 | $ 905,697 |

**JEA**
**Schedule of Cash and Investments**
**(in thousands - unaudited) February 2016**

| | Electric System and Bulk Power Supply System | SJRPP System | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Total JEA |
|---|---|---|---|---|---|---|
| **Unrestricted cash and investments** | | | | | | |
| Operations | $ 59,134 | $ 26,588 | $ 85,722 | $ 25,492 | $ 1,498 | $ 112,712 |
| Rate stabilization: | | | | | | |
| Fuel | 148,954 | - | 148,954 | - | - | 148,954 |
| Debt management | 42,126 | - | 42,126 | 20,290 | 2,737 | 65,153 |
| Environmental | 26,266 | - | 26,266 | 7,485 | - | 33,751 |
| Purchased Power | 38,000 | - | 38,000 | - | - | 38,000 |
| DSM/Conservation | 3,110 | - | 3,110 | - | - | 3,110 |
| Total rate stabilization funds | 258,456 | - | 258,456 | 27,775 | 2,737 | 288,968 |
| Customer deposits | 41,642 | - | 41,642 | 13,765 | - | 55,407 |
| General reserve | - | 27,409 | 27,409 | - | - | 27,409 |
| Self insurance reserve funds: | | | | | | |
| Self funded health plan | 8,705 | - | 8,705 | - | - | 8,705 |
| Property insurance reserve | 10,000 | - | 10,000 | - | - | 10,000 |
| Total self insurance reserve funds | 18,705 | - | 18,705 | - | - | 18,705 |
| Environmental liability reserve | 18,662 | - | 18,662 | - | - | 18,662 |
| Total unrestricted cash and investments | $ 396,599 | $ 53,997 | $ 450,596 | $ 67,032 | $ 4,235 | $ 521,863 |
| **Restricted assets** | | | | | | |
| Renewal and replacement funds | $ 169,318 | $ 81,811 | $ 251,129 | $ 170,650 | $ 2,608 | $ 424,387 |
| Debt service reserve account | 65,432 | 138,212 | 203,644 | 108,086 | - | 311,730 |
| Debt service funds | 77,665 | 19,079 | 96,744 | 40,084 | 1,260 | 138,088 |
| Construction funds | - | 77 | 77 | 681 | - | 758 |
| Environmental funds | - | - | - | 187 | - | 187 |
| Subtotal | 312,415 | 239,179 | 551,594 | 319,688 | 3,868 | 875,150 |
| Unrealized holding gain (loss) on investments | 2,166 | (2,151) | 15 | 3,809 | - | 3,824 |
| Other funds | 141 | (552) | (411) | 71 | - | (340) |
| Total restricted cash and investments | $ 314,722 | $ 236,476 | $ 551,198 | $ 323,568 | $ 3,868 | $ 878,634 |

**JEA**
**Regulatory Accounting Balances**
**(in thousands - unaudited) February 2017**

| DESCRIPTION | Electric System and Bulk Power Supply System | SJRPP System | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | Total JEA |
|---|---|---|---|---|---|
| Unfunded pension costs | 226,691 | 3,388 | **230,079** | 138,940 | **369,019** |
| Water environmental projects | - | - | **-** | 73,398 | **73,398** |
| Scherer | 11,238 | - | **11,238** | - | **11,238** |
| Debt issue costs | 2,626 | 3,485 | **6,111** | 237 | **6,348** |
| **Costs to be recovered from future revenues** | **240,555** | **6,873** | **247,428** | **212,575** | **460,003** |
| | | | | | |
| SJRPP and Scherer | 43,700 | 154,633 | **198,333** | - | **198,333** |
| Fuel stabilization | 168,550 | - | **168,550** | - | **168,550** |
| Debt management stabilization | 29,884 | - | **29,884** | 20,290 | **50,174** |
| Environmental | 32,553 | - | **32,553** | 3,701 | **36,254** |
| Nonfuel purchased power | 31,837 | - | **31,837** | - | **31,837** |
| Self-insurance medical reserve | 10,474 | - | **10,474** | - | **10,474** |
| Customer benefit stabilization | 3,397 | - | **3,397** | - | **3,397** |
| **Revenues to be used for future costs** | **320,395** | **154,633** | **475,028** | **$ 23,991** | **499,019** |

**JEA**
**Regulatory Accounting Balances**
**(in thousands - unaudited) February 2016**

| DESCRIPTION | Electric System and Bulk Power Supply System | SJRPP System | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | Total JEA |
|---|---|---|---|---|---|
| Unfunded pension costs | 214,133 | 2,883 | **217,016** | 136,905 | **353,921** |
| Water environmental projects | - | - | **-** | 85,512 | **85,512** |
| Scherer | 12,424 | - | **12,424** | - | **12,424** |
| Debt issue costs | 2,284 | 4,025 | **6,309** | 247 | **6,556** |
| **Costs to be recovered from future revenues** | **228,841** | **6,908** | **235,749** | **222,664** | **458,413** |
| | | | | | |
| SJRPP and Scherer | 47,578 | 166,547 | **214,125** | - | **214,125** |
| Fuel stabilization | 148,954 | - | **148,954** | - | **148,954** |
| Debt management stabilization | 42,126 | - | **42,126** | 20,290 | **62,416** |
| Environmental | 26,266 | - | **26,266** | 7,485 | **33,751** |
| Nonfuel purchased power | 38,000 | - | **38,000** | - | **38,000** |
| Self-insurance medical reserve | 8,706 | - | **8,706** | - | **8,706** |
| Customer benefit stabilization | 3,110 | - | **3,110** | - | **3,110** |
| **Revenues to be used for future costs** | **314,740** | **166,547** | **481,287** | **$ 27,775** | **509,062** |

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

| | Month February 2017 | Month February 2016 | Year-To-Date February 2017 | Year-To-Date February 2016 |
|---|---|---|---|---|
| **Operating revenues** | | | | |
| Electric - base | $ 64,238 | $ 58,588 | $ 307,808 | $ 301,469 |
| Electric - fuel and purchased power | 35,370 | 35,536 | 203,025 | 188,740 |
| Water and sewer | 32,502 | 30,419 | 171,015 | 155,198 |
| District energy system | 616 | 613 | 3,464 | 3,425 |
| Other | 2,610 | 3,262 | 13,713 | 13,689 |
| Total operating revenues | 135,336 | 128,418 | 699,025 | 662,521 |
| **Operating expenses** | | | | |
| Operations and maintenance: | | | | |
| Fuel | 26,314 | 26,691 | 162,822 | 151,107 |
| Purchased power | 5,764 | 5,465 | 26,972 | 21,807 |
| Maintenance and other operating expenses | 28,939 | 31,878 | 149,712 | 147,402 |
| Depreciation | 32,044 | 31,017 | 157,619 | 153,810 |
| State utility and franchise taxes | 4,744 | 5,973 | 27,067 | 27,019 |
| Recognition of deferred costs and revenues, net | (448) | (1,193) | (2,715) | (6,020) |
| Total operating expenses | 97,357 | 99,831 | 521,477 | 495,125 |
| Operating income | 37,979 | 28,587 | 177,548 | 167,396 |
| **Nonoperating revenues (expenses)** | | | | |
| Interest on debt | (15,574) | (13,318) | (70,151) | (67,708) |
| Debt management strategy | (1,430) | (1,635) | (7,125) | (8,241) |
| Investment income | 2,238 | 992 | 6,758 | 5,226 |
| Other revenue | 672 | 827 | 3,213 | 4,812 |
| Allowance for funds used during construction | 1,007 | 606 | 4,895 | 3,322 |
| Earnings from The Energy Authority | (88) | 368 | 2,277 | 1,258 |
| Net decrease in fair value of investments | - | - | (8,113) | (2,125) |
| Other expense | (82) | (64) | (835) | (165) |
| Other interest, net | (56) | (5) | (241) | (254) |
| Total nonoperating expenses, net | (13,313) | (12,229) | (69,322) | (63,875) |
| Income before contributions | 24,666 | 16,358 | 108,226 | 103,521 |
| **Contributions (to) from** | | | | |
| General Fund, City of Jacksonville, Florida | (9,651) | (9,515) | (48,259) | (47,578) |
| Developers and other | 6,802 | 7,521 | 28,650 | 25,142 |
| Reduction of plant cost through contributions | (5,386) | (5,562) | (20,456) | (16,728) |
| Total contributions | (8,235) | (7,556) | (40,065) | (39,164) |
| Change in net position | 16,431 | 8,802 | 68,161 | 64,357 |
| Net position, beginning of period | 2,428,655 | 2,222,464 | 2,376,925 | 2,166,909 |
| Net position, end of period | $ 2,445,086 | $ 2,231,266 | $ 2,445,086 | $ 2,231,266 |

**Combining Statement of Revenues, Expenses and Changes in Net Position**
**(in thousands - unaudited) for the month ended February 2017**

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Eliminations | Total JEA |
|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | |
| Electric - base | $ 64,502 | $ - | $ - | $ 64,502 | $ - | $ - | $ (264) | $ 64,238 |
| Electric - fuel and purchased power | 28,179 | 15,479 | (7,300) | 36,358 | - | - | (988) | 35,370 |
| Water and sewer | - | - | - | - | 32,517 | - | (15) | 32,502 |
| District energy system | - | - | - | - | - | 616 | - | 616 |
| Other | 2,002 | - | - | 2,002 | 798 | - | (190) | 2,610 |
| Total operating revenues | 94,683 | 15,479 | (7,300) | 102,862 | 33,315 | 616 | (1,457) | 135,336 |
| **Operating expenses** | | | | | | | | |
| Operations and maintenance: | | | | | | | | |
| Fuel | 19,023 | 7,291 | - | 26,314 | - | - | - | 26,314 |
| Purchased power | 13,064 | - | (7,300) | 5,764 | - | - | - | 5,764 |
| Maintenance and other operating expenses | 16,049 | 3,540 | - | 19,589 | 10,519 | 288 | (1,457) | 28,939 |
| Depreciation | 15,994 | 3,563 | - | 19,557 | 12,290 | 197 | - | 32,044 |
| State utility and franchise taxes | 3,967 | - | - | 3,967 | 777 | - | - | 4,744 |
| Recognition of deferred costs and revenues, net | (278) | (1,002) | - | (1,280) | 832 | - | - | (448) |
| Total operating expenses | 67,819 | 13,392 | (7,300) | 73,911 | 24,418 | 485 | (1,457) | 97,357 |
| Operating income | 26,864 | 2,087 | - | 28,951 | 8,897 | 131 | - | 37,979 |
| **Nonoperating revenues (expenses)** | | | | | | | | |
| Interest on debt | (8,625) | (2,006) | - | (10,631) | (4,826) | (117) | - | (15,574) |
| Debt management strategy | (1,131) | - | - | (1,131) | (299) | - | - | (1,430) |
| Investment income | 545 | 359 | - | 904 | 1,333 | 1 | - | 2,238 |
| Other revenue | 432 | 32 | - | 464 | 208 | - | - | 672 |
| Allowance for funds used during construction | 580 | - | - | 580 | 427 | - | - | 1,007 |
| Earnings from The Energy Authority | (88) | - | - | (88) | - | - | - | (88) |
| Other expense | (84) | - | - | (84) | 2 | - | - | (82) |
| Other interest, net | (54) | - | - | (54) | (2) | - | - | (56) |
| Total nonoperating expenses, net | (8,425) | (1,615) | - | (10,040) | (3,157) | (116) | - | (13,313) |
| Income before contributions | 18,439 | 472 | - | 18,911 | 5,740 | 15 | - | 24,666 |
| **Contributions (to) from** | | | | | | | | |
| General Fund, City of Jacksonville, Florida | (7,689) | - | - | (7,689) | (1,962) | - | - | (9,651) |
| Developers and other | 237 | - | - | 237 | 6,565 | - | - | 6,802 |
| Reduction of plant cost through contributions | (237) | - | - | (237) | (5,149) | - | - | (5,386) |
| Total contributions | (7,689) | - | - | (7,689) | (546) | - | - | (8,235) |
| Change in net position | 10,750 | 472 | - | 11,222 | 5,194 | 15 | - | 16,431 |
| Net position, beginning of period | 862,299 | 137,927 | - | 1,000,226 | 1,423,700 | 4,729 | - | 2,428,655 |
| Net position, end of period | $ 873,049 | $ 138,399 | $ - | $ 1,011,448 | $ 1,428,894 | $ 4,744 | $ - | $ 2,445,086 |

**JEA**
**Combining Statement of Revenues, Expenses and Changes in Net Position**
**(in thousands - unaudited) for the month ended February 2016**

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Eliminations | Total JEA |
|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | |
| Electric - base | $ 58,849 | $ - | $ - | $ 58,849 | $ - | $ - | $ (261) | $ 58,588 |
| Electric - fuel and purchased power | 27,936 | 16,731 | (8,150) | 36,517 | - | - | (981) | 35,536 |
| Water and sewer | - | - | - | - | 30,461 | - | (42) | 30,419 |
| District energy system | - | - | - | - | - | 613 | - | 613 |
| Other | 2,697 | - | - | 2,697 | 745 | - | (180) | 3,262 |
| Total operating revenues | 89,482 | 16,731 | (8,150) | 98,063 | 31,206 | 613 | (1,464) | 128,418 |
| **Operating expenses** | | | | | | | | |
| Operations and maintenance: | | | | | | | | |
| Fuel | 18,830 | 7,861 | - | 26,691 | - | - | - | 26,691 |
| Purchased power | 13,615 | - | (8,150) | 5,465 | - | - | - | 5,465 |
| Maintenance and other operating expenses | 18,179 | 3,824 | - | 22,003 | 10,872 | 467 | (1,464) | 31,878 |
| Depreciation | 16,071 | 3,563 | - | 19,634 | 11,192 | 191 | - | 31,017 |
| State utility and franchise taxes | 5,186 | - | - | 5,186 | 787 | - | - | 5,973 |
| Recognition of deferred costs and revenues, net | (218) | (970) | - | (1,188) | (5) | - | - | (1,193) |
| Total operating expenses | 71,663 | 14,278 | (8,150) | 77,791 | 22,846 | 658 | (1,464) | 99,831 |
| Operating income | 17,819 | 2,453 | - | 20,272 | 8,360 | (45) | - | 28,587 |
| **Nonoperating revenues (expenses)** | | | | | | | | |
| Interest on debt | (6,245) | (2,211) | - | (8,456) | (4,744) | (118) | - | (13,318) |
| Debt management strategy | (1,266) | - | - | (1,266) | (369) | - | - | (1,635) |
| Investment income | 432 | 344 | - | 776 | 215 | 1 | - | 992 |
| Other revenue | 389 | 34 | - | 423 | 404 | - | - | 827 |
| Allowance for funds used during construction | 280 | - | - | 280 | 326 | - | - | 606 |
| Earnings from The Energy Authority | 368 | - | - | 368 | - | - | - | 368 |
| Other expense | (32) | - | - | (32) | (32) | - | - | (64) |
| Other interest, net | (5) | - | - | (5) | - | - | - | (5) |
| Total nonoperating expenses, net | (6,079) | (1,833) | - | (7,912) | (4,200) | (117) | - | (12,229) |
| Income before contributions | 11,740 | 620 | - | 12,360 | 4,160 | (162) | - | 16,358 |
| **Contributions (to) from** | | | | | | | | |
| General Fund, City of Jacksonville, Florida | (7,643) | - | - | (7,643) | (1,872) | - | - | (9,515) |
| Developers and other | - | - | - | - | 7,521 | - | - | 7,521 |
| Reduction of plant cost through contributions | - | - | - | - | (5,562) | - | - | (5,562) |
| Total contributions | (7,643) | - | - | (7,643) | 87 | - | - | (7,556) |
| Change in net position | 4,097 | 620 | - | 4,717 | 4,247 | (162) | - | 8,802 |
| Net position, beginning of period | 738,760 | 135,568 | - | 874,328 | 1,343,620 | 4,516 | - | 2,222,464 |
| Net position, end of period | $ 742,857 | $ 136,188 | $ - | $ 879,045 | $ 1,347,867 | $ 4,354 | $ - | $ 2,231,266 |

**Combining Statement of Revenues, Expenses and Changes in Net Position**
**(in thousands - unaudited) for the five months ended February 2017**

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Eliminations | Total JEA |
|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | |
| Electric - base | $ 309,205 | $ - | $ - | $ 309,205 | $ - | $ - | $ (1,397) | $ 307,808 |
| Electric - fuel and purchased power | 161,450 | 96,006 | (49,176) | 208,280 | - | - | (5,255) | 203,025 |
| Water and sewer | - | - | - | - | 171,156 | - | (141) | 171,015 |
| District energy system | - | - | - | - | - | 3,464 | - | 3,464 |
| Other | 10,770 | - | - | 10,770 | 3,893 | - | (950) | 13,713 |
| Total operating revenues | 481,425 | 96,006 | (49,176) | 528,255 | 175,049 | 3,464 | (7,743) | 699,025 |
| **Operating expenses** | | | | | | | | |
| Operations and maintenance: | | | | | | | | |
| Fuel | 107,269 | 55,553 | - | 162,822 | - | - | - | 162,822 |
| Purchased power | 76,148 | - | (49,176) | 26,972 | - | - | - | 26,972 |
| Maintenance and other operating expenses | 83,584 | 16,952 | - | 100,536 | 55,174 | 1,745 | (7,743) | 149,712 |
| Depreciation | 79,212 | 17,814 | - | 97,026 | 59,618 | 975 | - | 157,619 |
| State utility and franchise taxes | 22,867 | - | - | 22,867 | 4,200 | - | - | 27,067 |
| Recognition of deferred costs and revenues, net | (1,393) | (5,016) | - | (6,409) | 3,694 | - | - | (2,715) |
| Total operating expenses | 367,687 | 85,303 | (49,176) | 403,814 | 122,686 | 2,720 | (7,743) | 521,477 |
| Operating income | 113,738 | 10,703 | - | 124,441 | 52,363 | 744 | - | 177,548 |
| **Nonoperating revenues (expenses)** | | | | | | | | |
| Interest on debt | (34,986) | (10,035) | - | (45,021) | (24,548) | (582) | - | (70,151) |
| Debt management strategy | (5,655) | - | - | (5,655) | (1,470) | - | - | (7,125) |
| Investment income | 2,424 | 1,533 | - | 3,957 | 2,792 | 9 | - | 6,758 |
| Other revenue | 2,011 | 161 | - | 2,172 | 1,041 | - | - | 3,213 |
| Allowance for funds used during construction | 2,814 | - | - | 2,814 | 2,076 | 5 | - | 4,895 |
| Earnings from The Energy Authority | 2,277 | - | - | 2,277 | - | - | - | 2,277 |
| Net decrease in fair value of investments | (3,135) | (2,765) | - | (5,900) | (2,213) | - | - | (8,113) |
| Other expense | (290) | - | - | (290) | (545) | - | - | (835) |
| Other interest, net | (211) | - | - | (211) | (30) | - | - | (241) |
| Total nonoperating expenses, net | (34,751) | (11,106) | - | (45,857) | (22,897) | (568) | - | (69,322) |
| Income before contributions | 78,987 | (403) | - | 78,584 | 29,466 | 176 | - | 108,226 |
| **Contributions (to) from** | | | | | | | | |
| General Fund, City of Jacksonville, Florida | (38,446) | - | - | (38,446) | (9,813) | - | - | (48,259) |
| Developers and other | 652 | - | - | 652 | 27,998 | - | - | 28,650 |
| Reduction of plant cost through contributions | (652) | - | - | (652) | (19,804) | - | - | (20,456) |
| Total contributions | (38,446) | - | - | (38,446) | (1,619) | - | - | (40,065) |
| Change in net position | 40,541 | (403) | - | 40,138 | 27,847 | 176 | - | 68,161 |
| Net position, beginning of year | 832,508 | 138,802 | - | 971,310 | 1,401,047 | 4,568 | - | 2,376,925 |
| Net position, end of period | $ 873,049 | $ 138,399 | $ - | $ 1,011,448 | $ 1,428,894 | $ 4,744 | $ - | $ 2,445,086 |

**Combining Statement of Revenues, Expenses and Changes in Net Position**
**(in thousands - unaudited) for the five months ended February 2016**

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Eliminations | Total JEA |
|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | |
| Electric - base | $ 302,719 | $ - | $ - | $ 302,719 | $ - | $ - | $ (1,250) | $ 301,469 |
| Electric - fuel and purchased power | 147,100 | 88,456 | (42,117) | 193,439 | - | - | (4,699) | 188,740 |
| Water and sewer | - | - | - | - | 155,425 | - | (227) | 155,198 |
| District energy | - | - | - | - | - | 3,425 | - | 3,425 |
| Other | 10,521 | - | - | 10,521 | 4,069 | - | (901) | 13,689 |
| Total operating revenues | 460,340 | 88,456 | (42,117) | 506,679 | 159,494 | 3,425 | (7,077) | 662,521 |
| **Operating expenses** | | | | | | | | |
| Operations and maintenance: | | | | | | | | |
| Fuel | 103,872 | 47,235 | - | 151,107 | - | - | - | 151,107 |
| Purchased power | 63,924 | - | (42,117) | 21,807 | - | - | - | 21,807 |
| Maintenance and other operating expenses | 82,290 | 15,927 | - | 98,217 | 54,401 | 1,861 | (7,077) | 147,402 |
| Depreciation | 79,803 | 17,814 | - | 97,617 | 55,238 | 955 | - | 153,810 |
| State utility and franchise taxes | 22,927 | - | - | 22,927 | 4,092 | - | - | 27,019 |
| Recognition of deferred costs and revenues, net | (1,090) | (4,848) | - | (5,938) | (82) | - | - | (6,020) |
| Total operating expenses | 351,726 | 76,128 | (42,117) | 385,737 | 113,649 | 2,816 | (7,077) | 495,125 |
| Operating income | 108,614 | 12,328 | - | 120,942 | 45,845 | 609 | - | 167,396 |
| **Nonoperating revenues (expenses)** | | | | | | | | |
| Interest on debt | (32,091) | (11,057) | - | (43,148) | (23,972) | (588) | - | (67,708) |
| Debt management strategy | (6,398) | - | - | (6,398) | (1,843) | - | - | (8,241) |
| Investment income | 2,299 | 1,658 | - | 3,957 | 1,260 | 9 | - | 5,226 |
| Other revenue | 1,898 | 171 | - | 2,069 | 2,743 | - | - | 4,812 |
| Allowance for funds used during construction | 1,667 | - | - | 1,667 | 1,648 | 7 | - | 3,322 |
| Earnings from The Energy Authority | 1,258 | - | - | 1,258 | - | - | - | 1,258 |
| Net decrease in fair value of investments | (1,068) | (907) | - | (1,975) | (150) | - | - | (2,125) |
| Other expense | (131) | - | - | (131) | (34) | - | - | (165) |
| Other interest, net | (209) | - | - | (209) | (45) | - | - | (254) |
| Total nonoperating expenses, net | (32,775) | (10,135) | - | (42,910) | (20,393) | (572) | - | (63,875) |
| Income before contributions | 75,839 | 2,193 | - | 78,032 | 25,452 | 37 | - | 103,521 |
| **Contributions (to) from** | | | | | | | | |
| General Fund, City of Jacksonville, Florida | (38,217) | - | - | (38,217) | (9,361) | - | - | (47,578) |
| Developers and other | - | - | - | - | 25,142 | - | - | 25,142 |
| Reduction of plant cost through contributions | - | - | - | - | (16,728) | - | - | (16,728) |
| Total contributions | (38,217) | - | - | (38,217) | (947) | - | - | (39,164) |
| Change in net position | 37,622 | 2,193 | - | 39,815 | 24,505 | 37 | - | 64,357 |
| Net position, beginning of year | 705,235 | 133,995 | - | 839,230 | 1,323,362 | 4,317 | - | 2,166,909 |
| Net position, end of period | $ 742,857 | $ 136,188 | $ - | $ 879,045 | $ 1,347,867 | $ 4,354 | $ - | $ 2,231,266 |

**Statement of Cash Flows**
**(in thousands - unaudited)**

| | Year-To-Date February 2017 | Year-To-Date February 2016 |
|---|---|---|
| **Operating activities** | | |
| Receipts from customers | $ 729,579 | $ 695,223 |
| Payments to suppliers | (307,404) | (290,915) |
| Payments to employees | (105,190) | (98,464) |
| Other receipts | 12,277 | 17,493 |
| Net cash provided by operating activities | 329,262 | 323,337 |
| | | |
| **Noncapital and related financing activities** | | |
| Contribution to General Fund, City of Jacksonville, Florida | (48,144) | (47,391) |
| Other nonoperating activities | (572) | (27) |
| Net cash used in noncapital financing activities | (48,716) | (47,418) |
| | | |
| **Capital and related financing activities** | | |
| Repayment of debt principal | (181,525) | (187,500) |
| Defeasance of debt | (153,210) | - |
| Acquisition and construction of capital assets | (130,537) | (93,952) |
| Interest paid on debt | (97,819) | (97,337) |
| Proceeds from issuance of debt, net | 90,405 | 3,000 |
| Developer and other contributions | 8,193 | 8,415 |
| Proceeds from disposal of assets | 141 | 369 |
| Other financing activities | (5,864) | (17) |
| Net cash used in capital and related financing activities | (470,216) | (367,022) |
| | | |
| **Investing activities** | | |
| Purchase of investments | (834,124) | (897,740) |
| Proceeds from sale and maturities of investments | 712,977 | 545,121 |
| Investment income | 6,041 | 4,549 |
| Distributions from The Energy Authority | 2,225 | 1,734 |
| Net cash used in investing activities | (112,881) | (346,336) |
| | | |
| Net change in cash and cash equivalents | (302,551) | (437,439) |
| Cash and cash equivalents, beginning of year | 596,923 | 636,074 |
| Cash and cash equivalents, end of period | $ 294,372 | $ 198,635 |
| | | |
| **Reconciliation of operating income to net cash provided by operating activities** | | |
| Operating income | $ 177,548 | $ 167,396 |
| Adjustments: | | |
| Depreciation and amortization | 158,187 | 156,178 |
| Recognition of deferred costs and revenues, net | (2,715) | (6,020) |
| Gain on sale of noncore assets | - | 1,667 |
| Changes in noncash assets and noncash liabilities: | | |
| Accounts receivable | 58,107 | 36,062 |
| Accounts receivable, restricted | (1,436) | 2,137 |
| Inventories | (22,963) | (14,172) |
| Other assets | (4,632) | (2,477) |
| Accounts and expenses payable | (19,828) | (24,491) |
| Liabilities payable, restricted | (884) | (3,063) |
| Other noncurrent liabilities and deferred inflows | (12,122) | 10,120 |
| Net cash provided by operating activities | $ 329,262 | $ 323,337 |
| | | |
| **Noncash activity** | | |
| Contribution of capital assets from developers | $ 20,456 | $ 16,728 |
| Unrealized losses on fair value of investments, net | $ (8,113) | $ (2,125) |

**JEA**
**Combining Statement of Cash Flows**
**(in thousands - unaudited) for the five months ended February 2017**

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Eliminations | Total JEA |
|---|---|---|---|---|---|---|---|---|
| **Operating activities** | | | | | | | | |
| Receipts from customers | $ 503,660 | $ 93,338 | $ (48,460) | $ 548,538 | $ 184,817 | $ 3,017 | $ (6,793) | $ 729,579 |
| Payments to suppliers | (247,924) | (75,725) | 48,460 | (275,189) | (38,312) | (1,646) | 7,743 | (307,404) |
| Payments to employees | (68,955) | (10,753) | - | (79,708) | (25,248) | (234) | - | (105,190) |
| Other receipts | 9,361 | - | - | 9,361 | 3,866 | - | (950) | 12,277 |
| Net cash provided by operating activities | 196,142 | 6,860 | - | 203,002 | 125,123 | 1,137 | - | 329,262 |
| **Noncapital and related financing activities** | | | | | | | | |
| Contribution to General Fund, City of Jacksonville, Florida | (38,400) | - | - | (38,400) | (9,744) | - | - | (48,144) |
| Other nonoperating activities | (25) | - | - | (25) | (547) | - | - | (572) |
| Net cash used in noncapital financing activities | (38,425) | - | - | (38,425) | (10,291) | - | - | (48,716) |
| **Capital and related financing activities** | | | | | | | | |
| Repayment of debt principal | (102,240) | (43,785) | - | (146,025) | (33,875) | (1,625) | - | (181,525) |
| Defeasance of debt | (153,210) | - | - | (153,210) | - | - | - | (153,210) |
| Acquisition and construction of capital assets | (61,302) | - | - | (61,302) | (68,921) | (314) | - | (130,537) |
| Interest paid on debt | (52,471) | (10,656) | - | (63,127) | (33,993) | (699) | - | (97,819) |
| Proceeds from issuance of debt, net | 90,405 | - | - | 90,405 | - | - | - | 90,405 |
| Developer and other contributions | - | - | - | - | 8,193 | - | - | 8,193 |
| Proceeds from disposal of assets | 135 | - | - | 135 | 6 | - | - | 141 |
| Other financing activities | (5,864) | - | - | (5,864) | - | - | - | (5,864) |
| Net cash used in capital and related financing activities | (284,547) | (54,441) | - | (338,988) | (128,590) | (2,638) | - | (470,216) |
| **Investing activities** | | | | | | | | |
| Purchase of investments | (246,446) | (292,676) | - | (539,122) | (295,002) | - | - | (834,124) |
| Proceeds from sale and maturities of investments | 237,959 | 275,658 | - | 513,617 | 199,360 | - | - | 712,977 |
| Investment income | 2,058 | 1,374 | - | 3,432 | 2,600 | 9 | - | 6,041 |
| Distributions from The Energy Authority | 2,225 | - | - | 2,225 | - | - | - | 2,225 |
| Net cash provided by (used in) investing activities | (4,204) | (15,644) | - | (19,848) | (93,042) | 9 | - | (112,881) |
| Net change in cash and cash equivalents | (131,034) | (63,225) | - | (194,259) | (106,800) | (1,492) | - | (302,551) |
| Cash and cash equivalents, beginning of year | 295,223 | 130,021 | - | 425,244 | 163,138 | 8,541 | - | 596,923 |
| Cash and cash equivalents, end of period | $ 164,189 | $ 66,796 | $ - | $ 230,985 | $ 56,338 | $ 7,049 | $ - | $ 294,372 |
| **Reconciliation of operating income to net cash provided by operating activities** | | | | | | | | |
| Operating income | $ 113,738 | $ 10,703 | $ - | $ 124,441 | $ 52,363 | $ 744 | $ - | $ 177,548 |
| Adjustments: | | | | | | | | |
| Depreciation and amortization | 79,212 | 17,814 | - | 97,026 | 60,186 | 975 | - | 158,187 |
| Recognition of deferred costs and revenues, net | (1,393) | (5,016) | - | (6,409) | 3,694 | - | - | (2,715) |
| Changes in noncash assets and noncash liabilities: | | | | | | | | |
| Accounts receivable | 56,916 | (2,505) | - | 54,411 | 4,143 | (447) | - | 58,107 |
| Accounts receivable, restricted | (1,409) | - | - | (1,409) | (27) | - | - | (1,436) |
| Inventories | (2,445) | (18,949) | - | (21,394) | (1,569) | - | - | (22,963) |
| Other assets | (4,318) | - | - | (4,318) | (306) | (8) | - | (4,632) |
| Accounts and expenses payable | (22,091) | 5,125 | - | (16,966) | (2,754) | (108) | - | (19,828) |
| Liabilities payable, restricted | - | (884) | - | (884) | - | - | - | (884) |
| Other noncurrent liabilities and deferred inflows | (22,068) | 572 | - | (21,496) | 9,393 | (19) | - | (12,122) |
| Net cash provided by operating activities | $ 196,142 | $ 6,860 | $ - | $ 203,002 | $ 125,123 | $ 1,137 | $ - | $ 329,262 |
| **Noncash activity** | | | | | | | | |
| Contribution of capital assets from developers | $ 652 | $ - | $ - | $ 652 | $ 19,804 | $ - | $ - | $ 20,456 |
| Unrealized losses on fair value of investments, net | $ (3,135) | $ (2,765) | $ - | $ (5,900) | $ (2,213) | $ - | $ - | $ (8,113) |

**JEA**
**Combining Statement of Cash Flows**
**(in thousands - unaudited) for the five months ended February 2016**

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of Intercompany transactions | Total Electric Enterprise Fund | Water and Sewer Enterprise Fund | District Energy System Fund | Eliminations | Total JEA |
|---|---|---|---|---|---|---|---|---|
| **Operating activities** | | | | | | | | |
| Receipts from customers | $ 485,243 | $ 86,860 | $ (41,744) | $ 530,359 | $ 167,063 | $ 3,977 | $ (6,176) | $ 695,223 |
| Payments to suppliers | (232,979) | (71,180) | 41,744 | (262,415) | (34,117) | (1,460) | 7,077 | (290,915) |
| Payments to employees | (64,237) | (10,805) | - | (75,042) | (23,213) | (209) | - | (98,464) |
| Other receipts | 11,962 | - | - | 11,962 | 6,432 | - | (901) | 17,493 |
| Net cash provided by operating activities | 199,989 | 4,875 | - | 204,864 | 116,165 | 2,308 | - | 323,337 |
| **Noncapital and related financing activities** | | | | | | | | |
| Contribution to General Fund, City of Jacksonville, Florida | (38,083) | - | - | (38,083) | (9,308) | - | - | (47,391) |
| Other nonoperating activities | (27) | - | - | (27) | - | - | - | (27) |
| Net cash used in noncapital financing activities | (38,110) | - | - | (38,110) | (9,308) | - | - | (47,418) |
| **Capital and related financing activities** | | | | | | | | |
| Repayment of debt principal | (98,765) | (50,945) | - | (149,710) | (36,180) | (1,610) | - | (187,500) |
| Acquisition and construction of capital assets | (50,201) | - | - | (50,201) | (43,578) | (173) | - | (93,952) |
| Interest paid on debt | (51,229) | (11,438) | - | (62,667) | (33,965) | (705) | - | (97,337) |
| Proceeds from issuance of debt, net | - | - | - | - | 3,000 | - | - | 3,000 |
| Developer and other contributions | - | - | - | - | 8,415 | - | - | 8,415 |
| Proceeds from disposal of assets | 269 | - | - | 269 | 100 | - | - | 369 |
| Other financing activities | (17) | - | - | (17) | - | - | - | (17) |
| Net cash used in capital and related financing activities | (199,943) | (62,383) | - | (262,326) | (102,208) | (2,488) | - | (367,022) |
| **Investing activities** | | | | | | | | |
| Purchase of investments | (460,969) | (200,935) | - | (661,904) | (235,836) | - | - | (897,740) |
| Proceeds from sale and maturities of investments | 273,757 | 172,462 | - | 446,219 | 98,902 | - | - | 545,121 |
| Investment income | 1,709 | 1,662 | - | 3,371 | 1,169 | 9 | - | 4,549 |
| Distributions from The Energy Authority | 1,734 | - | - | 1,734 | - | - | - | 1,734 |
| Net cash provided by (used in) investing activities | (183,769) | (26,811) | - | (210,580) | (135,765) | 9 | - | (346,336) |
| Net change in cash and cash equivalents | (221,833) | (84,319) | - | (306,152) | (131,116) | (171) | - | (437,439) |
| Cash and cash equivalents, beginning of year | 316,079 | 139,918 | - | 455,997 | 171,803 | 8,274 | - | 636,074 |
| Cash and cash equivalents, end of period | $ 94,246 | $ 55,599 | $ - | $ 149,845 | $ 40,687 | $ 8,103 | $ - | $ 198,635 |
| **Reconciliation of operating income to net cash provided by (used in) operating activities** | | | | | | | | |
| Operating income | $ 108,614 | $ 12,328 | $ - | $ 120,942 | $ 45,845 | $ 609 | $ - | $ 167,396 |
| Adjustments: | | | | | | | | |
| Depreciation and amortization | 79,803 | 17,814 | - | 97,617 | 57,606 | 955 | - | 156,178 |
| Recognition of deferred costs and revenues, net | (1,090) | (4,848) | - | (5,938) | (82) | - | - | (6,020) |
| Gain on sale of noncore assets | - | - | - | - | 1,667 | - | - | 1,667 |
| Changes in noncash assets and noncash liabilities: | | | | | | | | |
| Accounts receivable | 34,153 | (1,425) | - | 32,728 | 2,782 | 552 | - | 36,062 |
| Accounts receivable, restricted | 1,441 | - | - | 1,441 | 696 | - | - | 2,137 |
| Inventories | 500 | (14,032) | - | (13,532) | (640) | - | - | (14,172) |
| Other assets | (2,177) | - | - | (2,177) | (300) | - | - | (2,477) |
| Accounts and expenses payable | (22,280) | (1,579) | - | (23,859) | (840) | 208 | - | (24,491) |
| Liabilities payable, restricted | - | (3,063) | - | (3,063) | - | - | - | (3,063) |
| Other noncurrent liabilities and deferred inflows | 1,025 | (320) | - | 705 | 9,431 | (16) | - | 10,120 |
| Net cash provided by operating activities | $ 199,989 | $ 4,875 | $ - | $ 204,864 | $ 116,165 | $ 2,308 | $ - | $ 323,337 |
| **Noncash activity** | | | | | | | | |
| Contribution of capital assets from developers | $ - | $ - | $ - | $ - | $ 16,728 | $ - | $ - | $ 16,728 |
| Unrealized losses on fair value of investments, net | $ (1,068) | $ (907) | $ - | $ (1,975) | $ (150) | $ - | $ - | $ (2,125) |

**Changes in Debt Service, R & R and Construction Funds**
**(in thousands - unaudited) for the five months ended February 2017 and February 2016**

| | February 2017 | | | February 2016 | | |
|---|---|---|---|---|---|---|
| | Debt service funds | Renewal and replacement funds | Construction funds | Debt service funds | Renewal and replacement funds | Construction funds |
| Beginning balance | $ 210,066 | $ 193,947 | $ - | $ 211,749 | $ 148,458 | $ 4 |
| Additions: | | | | | | |
| Debt issuance: | | | | | | |
| Bonds | - | - | 429 | - | - | - |
| Transfer from: | | | | | | |
| Revenue fund | 77,901 | 65,916 | - | 78,003 | 69,074 | 2 |
| R & R fund | - | - | - | - | - | - |
| Proceeds from property sales | - | 135 | - | - | 269 | - |
| Total additions | 77,901 | 66,051 | 429 | 78,003 | 69,343 | 2 |
| Deductions: | | | | | | |
| Interest/principal payments from sinking funds | 148,311 | - | - | 142,641 | - | - |
| Increase in utility plant | - | 54,442 | - | - | 33,952 | 2 |
| Decrease in accounts payable | - | 6,688 | - | - | 13,224 | 4 |
| Transfer to: | | | | | | |
| Revenue fund | - | 37,200 | - | 4,014 | - | - |
| Construction fund | - | - | - | - | 2 | - |
| Debt issue costs and discounts | - | - | 161 | - | - | - |
| Total deductions | 148,311 | 98,330 | 161 | 146,655 | 47,178 | 6 |
| Ending balance | $ 139,656 | $ 161,668 | $ 268 | $ 143,097 | $ 170,623 | $ - |
| | | | | | | |
| Renewal and replacement fund: | | | | | | |
| Cash & investments | | $ 158,491 | | | $ 169,318 | |
| Accounts / notes receivable: | | | | | | |
| Accounts receivable | | 3,129 | | | 1,203 | |
| Street light & other customer loans | | 48 | | | 102 | |
| | | $ 161,668 | | | $ 170,623 | |
| | | | | | | |
| Construction fund: | | | | | | |
| Generation projects | | | $ 213 | | | $ - |
| T&D and other capital projects | | | 55 | | | - |
| | | | $ 268 | | | $ - |

**Water and Sewer System**
**Changes in Debt Service, R & R and Construction Funds**
**(in thousands - unaudited) for the five months ended February 2017 and February 2016**

| | February 2017 | | | | February 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debt service funds | Renewal and replacement funds | Construction funds | Environmental funds | Debt service funds | Renewal and replacement funds | Construction funds | Environmental funds |
| Beginning balance | $ 173,496 | $ 179,513 | $ 152 | $ 2,659 | $ 176,569 | $ 149,130 | $ 664 | $ - |
| Additions: | | | | | | | | |
| Transfer from: | | | | | | | | |
| Revenue fund | 47,653 | 55,756 | - | - | 40,102 | 55,099 | - | - |
| Proceeds from property sales | - | 6 | - | - | - | 100 | - | - |
| Contribution in aid of construction | - | 8,194 | - | - | - | 8,415 | - | - |
| Increase in accounts payable | - | - | - | - | - | - | 17 | 187 |
| Total additions | 47,653 | 63,956 | - | - | 40,102 | 63,614 | 17 | 187 |
| Deductions: | | | | | | | | |
| Increase in utility plant | - | 39,712 | - | - | - | 26,480 | - | - |
| Interest/principal payments from sinking funds | 65,975 | - | - | - | 67,737 | - | - | - |
| Transfer to: | | | | | | | | |
| Revenue fund | 598 | - | - | - | 764 | - | - | - |
| Decrease in accounts payable | - | 16,728 | - | 1,273 | - | 14,661 | - | - |
| Total deductions | 66,573 | 56,440 | - | 1,273 | 68,501 | 41,141 | - | - |
| Ending balance | $ 154,576 | $ 187,029 | $ 152 | $ 1,386 | $ 148,170 | $ 171,603 | $ 681 | $ 187 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Recap: | | | | | | | |
| Renewal and replacement fund: | | | | | | | |
| Cash & investments | $ 186,905 | | | | $ 170,650 | | |
| Accounts / notes receivable: | | | | | | | |
| Accounts receivable | 108 | | | | 933 | | |
| Notes receivable | 16 | | | | 20 | | |
| | $ 187,029 | | | | $ 171,603 | | |
| Construction fund: | | | | | | | |
| Project funds | | $ 152 | | | | $ 681 | |
| | | $ 152 | | | | $ 681 | |
| Environmental fund | | | | | | | |
| Cash & investments | | | $ 1,386 | | | | $ 187 |
| | | | $ 1,386 | | | | $ 187 |

| Electric System | | Month | | | Prior Year Month | |
|---|---|---|---|---|---|---|
| Budget vs. Actual | ANNUAL BUDGET | BUDGET | ACTUAL | Variance | ACTUAL | Variance |
| February 2017 and 2016 | 2016-17 | 2016-17 | 2016-17 | % | 2015-16 | % |
| **Fuel Related Revenues & Expenses** | | | | | | |
| Fuel Rate Revenues | $ 472,264,680 | $ 33,386,877 | $ 24,398,491 | -26.92% | $ 35,544,597 | -31.36% |
| | | | | | | |
| Fuel Expense and Purchased Power: | | | | | | |
| Fuel Expense - Electric System | 274,434,887 | 23,086,124 | 16,578,093 | | 16,132,198 | |
| Fuel Expense - SJRPP | 95,027,760 | 4,173,000 | 4,373,160 | | 4,606,699 | |
| Other Purchased Power | 64,152,465 | 3,117,932 | 7,044,234 | | 7,176,485 | |
| Subtotal Energy Expense | 433,615,112 | 30,377,056 | 27,995,487 | 7.84% | 27,915,382 | -0.29% |
| | | | | | | |
| Transfer to (from) Rate Stabilization, Net | 37,705,038 | - | (3,596,996) | | 7,561,605 | |
| Fuel Related Uncollectibles | 944,530 | 78,711 | - | | 67,610 | |
| Total | 472,264,680 | 30,455,767 | 24,398,491 | 19.89% | 35,544,597 | 31.36% |
| | | | | | | |
| Fuel Balance | - | 2,931,110 | - | | - | |
| | | | | | | |
| **Nonfuel Related Revenues** | | | | | | |
| Base Rate Revenues | 762,971,975 | 53,938,507 | 47,543,654 | | 53,829,247 | |
| Conservation Charge Revenue | 1,000,000 | 70,700 | 14,875 | | 68,412 | |
| Environmental Charge Revenue | 7,942,200 | 561,476 | 466,020 | | 547,249 | |
| Investment Income | 4,631,588 | 385,966 | 542,484 | | 427,889 | |
| Natural Gas Revenue Pass Through | 7,188,723 | 599,060 | 56,420 | | 17,843 | |
| Other Revenues | 86,824,233 | 59,354,872 | 59,249,530 | | 3,009,593 | |
| Total | 870,558,719 | 114,910,581 | 107,872,983 | -6.12% | 57,900,233 | 86.31% |
| | | | | | | |
| **Nonfuel Related Expenses** | | | | | | |
| Non-Fuel O&M | 213,238,053 | 15,375,113 | 16,483,266 | | 13,840,206 | |
| DSM / Conservation O&M | 8,081,200 | 665,614 | 698,137 | | 497,388 | |
| Environmental O&M | 2,077,500 | 173,125 | 65,983 | | 54,266 | |
| Net Transfer to Rate Stabilization - DSM | (571,200) | (47,600) | (278,242) | | 69,903 | |
| Transfer to Environmental Fund/RSF | 5,864,700 | 488,725 | 400,037 | | 492,983 | |
| Natural Gas Expense Pass Through | 6,880,298 | 572,520 | 82,342 | | 31,123 | |
| Debt Principal - Electric System | 89,955,000 | 7,496,250 | 10,487,726 | | 8,016,250 | |
| Debt Interest - Electric System | 100,943,917 | 8,411,993 | 7,754,193 | | 7,967,253 | |
| Bond Buy-Back Principal - Electric System | 95,807,360 | 56,857,658 | 69,099,658 | | - | |
| Rate Stabilization - Debt Management | - | - | (12,242,000) | | - | |
| R&R - Electric System | 62,198,300 | 5,183,192 | 5,183,192 | | 5,197,867 | |
| Operating Capital Outlay | 107,801,700 | - | - | | 8,028,140 | |
| City Contribution Expense | 92,270,692 | 7,689,224 | 7,689,224 | | 7,643,348 | |
| Taxes & Uncollectibles | 1,749,583 | 145,799 | 23,453 | | 117,790 | |
| Emergency Reserve | 867,320 | - | - | | - | |
| *Nonfuel Purchased Power:* | | | | | | |
| * SJRPP D/S Principal | 26,496,875 | 2,208,073 | 2,208,073 | | 2,331,563 | |
| * SJRPP D/S Interest | 16,193,308 | 1,349,442 | 1,317,009 | | 1,430,297 | |
| ** Other Non-Fuel Purchased Power | 40,704,113 | 3,392,010 | 2,382,864 | | 4,750,851 | |
| Total Nonfuel Expenses | 870,558,719 | 109,961,138 | 111,354,915 | -1.27% | 60,469,228 | -84.15% |
| | | | | | | |
| Non-Fuel Balance | - | 4,949,443 | (3,481,932) | | (2,568,995) | |
| | | | | | | |
| **Total Balance** | - | 7,880,553 | (3,481,932) | | (2,568,995) | |
| | | | | | | |
| **Total Revenues** | **1,342,823,399** | **148,297,458** | **132,271,474** | -10.81% | **93,444,830** | 41.55% |
| **Total Expenses** | **1,342,823,399** | **140,416,905** | **135,753,406** | 3.32% | **96,013,825** | -41.39% |
| | | | | | | |
| **KWH Sold - Territorial** | **13,020,000,000** | **920,452,337** | **759,142,000** | -17.53% | **894,563,000** | -15.14% |
| **KWH Sold - Off System** | **-** | **-** | **5,719,000** | | **453,000** | |
| | **13,020,000,000** | **920,452,337** | **764,861,000** | -16.90% | **895,016,000** | -14.54% |

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

Electric System
Budget vs. Actual
February 2017 and 2016

| | | ANNUAL BUDGET 2016-17 | Year-To-Date BUDGET 2016-17 | Year-To-Date ACTUAL 2016-17 | Year-To-Date Variance % | Prior Year-To-Date ACTUAL 2015-16 | Prior Year-To-Date Variance % |
|---|---|---|---|---|---|---|---|
| | **Fuel Related Revenues & Expenses** | | | | | | |
| | Fuel Rate Revenues | $ 472,264,680 | $ 182,139,772 | $ 148,046,526 | -18.72% | $ 145,131,643 | 2.01% |
| | | | | | | | |
| | Fuel Expense and Purchased Power: | | | | | | |
| | Fuel Expense - Electric System | 274,434,887 | 114,169,963 | 92,161,893 | | 91,312,266 | |
| | Fuel Expense - SJRPP | 95,027,760 | 34,489,260 | 33,564,891 | | 25,650,000 | |
| | Other Purchased Power | 64,152,465 | 19,821,589 | 33,875,615 | | 29,716,298 | |
| | Subtotal Energy Expense | 433,615,112 | 168,480,812 | 159,602,399 | 5.27% | 146,678,564 | -8.81% |
| | | | | | | | |
| | Transfer to (from) Rate Stabilization, Net | 37,705,038 | - | (11,565,332) | | (1,788,095) | |
| | Fuel Related Uncollectibles | 944,530 | 393,554 | 9,459 | | 241,174 | |
| | Total | 472,264,680 | 168,874,366 | 148,046,526 | 12.33% | 145,131,643 | -2.01% |
| | | | | | | | |
| | Fuel Balance | - | 13,265,406 | - | | - | |
| | | | | | | | |
| | **Nonfuel Related Revenues** | | | | | | |
| | Base Rate Revenues | 762,971,975 | 294,257,749 | 271,715,747 | | 280,818,114 | |
| | Conservation Charge Revenue | 1,000,000 | 385,660 | 147,093 | | 212,810 | |
| | Environmental Charge Revenue | 7,942,200 | 3,063,093 | 2,706,241 | | 2,906,983 | |
| | Investment Income | 4,631,588 | 1,929,828 | 2,410,970 | | 2,279,556 | |
| | Natural Gas Revenue Pass Through | 7,188,723 | 2,995,301 | 206,846 | | 59,282 | |
| | Other Revenues | 86,824,233 | 69,343,731 | 73,283,687 | | 12,068,511 | |
| | Total | 870,558,719 | 371,975,362 | 350,470,584 | -5.78% | 298,345,256 | 17.47% |
| | | | | | | | |
| | **Nonfuel Related Expenses** | | | | | | |
| | Non-Fuel O&M | 213,238,053 | 92,773,560 | 74,982,391 | | 71,234,557 | |
| | DSM / Conservation O&M | 8,081,200 | 3,374,986 | 2,530,796 | | 2,391,646 | |
| | Environmental O&M | 2,077,500 | 865,625 | 127,648 | | 71,411 | |
| | Net Transfer to Rate Stabilization - DSM | (571,200) | (238,000) | (118,473) | | 223,776 | |
| | Transfer to Environmental Fund/RSF | 5,864,700 | 2,443,625 | 2,578,593 | | 2,835,571 | |
| | Natural Gas Expense Pass Through | 6,880,298 | 2,867,629 | 288,607 | | 128,076 | |
| | Debt Principal - Electric System | 89,955,000 | 37,481,250 | 40,472,726 | | 40,081,250 | |
| | Debt Interest - Electric System | 100,943,917 | 42,059,966 | 39,783,802 | | 40,767,875 | |
| | Bond Buy-Back Principal - Electric System | 95,807,360 | 56,857,658 | 69,099,658 | | - | |
| | Rate Stabilization - Debt Management | - | - | (12,242,000) | | - | |
| | R&R - Electric System | 62,198,300 | 25,915,958 | 25,915,958 | | 25,989,333 | |
| | Operating Capital Outlay | 107,801,700 | 40,000,000 | 40,000,000 | | 43,084,420 | |
| | City Contribution Expense | 92,270,692 | 38,446,122 | 38,446,122 | | 38,216,742 | |
| | Taxes & Uncollectibles | 1,749,583 | 728,993 | 113,854 | | 574,580 | |
| | Emergency Reserve | 867,320 | - | - | | - | |
| | *Nonfuel Purchased Power:* | | | | | | |
| * | SJRPP D/S Principal | 26,496,875 | 11,040,365 | 11,040,365 | | 11,657,813 | |
| * | SJRPP D/S Interest | 16,193,308 | 6,747,212 | 6,585,046 | | 7,151,487 | |
| ** | Other Non-Fuel Purchased Power | 40,704,113 | 16,960,046 | 12,834,837 | | 13,650,398 | |
| | Total Nonfuel Expenses | 870,558,719 | 378,324,995 | 352,439,930 | 6.84% | 298,058,935 | -18.25% |
| | | | | | | | |
| | Non-Fuel Balance | - | (6,349,633) | (1,969,346) | | 286,321 | |
| | | | | | | | |
| | **Total Balance** | - | 6,915,773 | (1,969,346) | | 286,321 | |
| | | | | | | | |
| | **Total Revenues** | **1,342,823,399** | **554,115,134** | **498,517,110** | -10.03% | **443,476,899** | 12.41% |
| | **Total Expenses** | **1,342,823,399** | **547,199,361** | **500,486,456** | 8.54% | **443,190,578** | -12.93% |
| | | | | | | | |
| | **KWH Sold - Territorial** | **13,020,000,000** | **5,021,463,297** | **4,411,831,000** | -12.14% | **4,743,636,000** | -6.99% |
| | **KWH Sold - Off System** | **-** | **-** | **56,754,000** | | **15,366,000** | |
| | | **13,020,000,000** | **5,021,463,297** | **4,468,585,000** | -11.01% | **4,759,002,000** | -6.10% |

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

**Water and Sewer System**

| Budget vs. Actual<br>February 2017 and 2016 | ANNUAL BUDGET<br>2016-17 | Month<br>BUDGET<br>2016-17 | ACTUAL<br>2016-17 | Variance<br>% | Prior Year Month<br>ACTUAL<br>2015-16 | Variance<br>% |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Water & Sewer Revenues | $ 405,586,412 | $ 30,377,888 | $ 31,807,394 | | $ 31,345,040 | |
| Capacity & Extension Fees | 19,000,000 | 1,583,333 | 1,415,997 | | 1,939,948 | |
| Capital Contributions | - | - | - | | 19,022 | |
| Investment Income | 3,152,787 | 262,732 | 1,329,521 | | 211,906 | |
| Other Income | 11,638,859 | 577,904 | 1,009,662 | | 1,152,419 | |
| Total | 439,378,058 | 32,801,857 | 35,562,574 | 8.42% | 34,668,335 | 2.58% |
| **EXPENSES** | | | | | | |
| O & M Expenses | 144,148,527 | 11,426,321 | 10,348,113 | | 10,574,823 | |
| Debt Principal - Water & Sewer | 51,020,000 | 4,251,667 | 4,251,667 | | 2,822,916 | |
| Debt Interest - Water & Sewer | 71,552,849 | 5,962,737 | 5,577,731 | | 5,600,590 | |
| Rate Stabilization - Environmental | - | - | 66,287 | | - | |
| R&R - Water & Sewer | 22,766,900 | 1,897,242 | 1,897,242 | | 1,735,450 | |
| Operating Capital Outlay | 92,634,428 | 8,712,602 | 8,712,602 | | 8,130,944 | |
| Operating Capital Outlay - Capacity/Extension | 19,000,000 | 1,583,333 | 1,415,997 | | 1,939,948 | |
| Operating Capital Outlay - Contributions | - | - | - | | 19,022 | |
| Operating Capital Outlay - Environmental | 12,858,706 | 1,071,559 | 831,789 | | 1,615,883 | |
| City Contribution Expense | 23,552,258 | 1,962,688 | 1,962,688 | | 1,872,280 | |
| Uncollectibles & Fees | 844,390 | 70,366 | - | | 50,000 | |
| Interlocal Agreements | - | - | - | | - | |
| Emergency Reserve | 1,000,000 | - | - | | - | |
| Total Expenses | 439,378,058 | 36,938,515 | 35,064,116 | 5.07% | 34,361,856 | -2.04% |
| **Total Balance** | $ - | $ (4,136,658) | $ 498,458 | | $ 306,479 | |
| **Sales kgals** | | | | | | |
| **Water** | 36,750,000 | 2,469,512 | 2,623,973 | 6.25% | 2,478,523 | 5.87% |
| **Sewer** | 27,867,000 | 1,872,757 | 2,146,605 | 14.62% | 2,181,851 | -1.62% |
| **Total** | 64,617,000 | 4,342,269 | 4,770,578 | 9.86% | 4,660,374 | 2.36% |

| Budget vs. Actual<br>February 2017 and 2016 | ANNUAL BUDGET<br>2016-17 | Year-To-Date<br>BUDGET<br>2016-17 | ACTUAL<br>2016-17 | Variance<br>% | Prior Year to Date<br>ACTUAL<br>2015-16 | Variance<br>% |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Water & Sewer Revenues | $ 405,586,412 | $ 162,406,542 | $ 168,963,722 | | $ 160,457,537 | |
| Capacity & Extension Fees | 19,000,000 | 7,916,667 | 8,188,523 | | 8,035,776 | |
| Capital Contributions | - | - | 4,960 | | 378,795 | |
| Investment Income | 3,152,787 | 1,313,661 | 2,774,574 | | 1,242,507 | |
| Other Income | 11,638,859 | 5,306,262 | 4,947,251 | | 6,829,282 | |
| Total | 439,378,058 | 176,943,132 | 184,879,030 | 4.48% | 176,943,897 | 4.48% |
| **EXPENSES** | | | | | | |
| O & M Expenses | 144,148,527 | 58,705,274 | 54,403,196 | | 51,909,009 | |
| Debt Principal - Water & Sewer | 51,020,000 | 21,258,333 | 21,258,333 | | 14,114,582 | |
| Debt Interest - Water & Sewer | 71,552,849 | 29,813,687 | 28,288,587 | | 28,253,902 | |
| Rate Stabilization - Environmental | - | - | 1,921,504 | | - | |
| R&R - Water & Sewer | 22,766,900 | 9,486,208 | 9,486,208 | | 8,677,250 | |
| Operating Capital Outlay | 92,634,428 | 46,190,150 | 46,190,149 | | 46,422,139 | |
| Operating Capital Outlay - Capacity/Extension | 19,000,000 | 7,916,667 | 8,188,523 | | 8,035,776 | |
| Operating Capital Outlay - Contributions | - | - | 4,960 | | 378,795 | |
| Operating Capital Outlay - Environmental | 12,858,706 | 5,357,794 | 3,773,815 | | 8,774,089 | |
| City Contribution Expense | 23,552,258 | 9,813,441 | 9,813,441 | | 9,361,398 | |
| Uncollectibles & Fees | 844,390 | 351,829 | 1,088 | | 267,847 | |
| Interlocal Agreements | - | - | 287,373 | | - | |
| Emergency Reserve | 1,000,000 | - | - | | - | |
| Total Expenses | 439,378,058 | 188,893,383 | 183,617,177 | 2.79% | 176,194,787 | -4.21% |
| **Total Balance** | $ - | $ (11,950,251) | $ 1,261,853 | | $ 749,110 | |
| **Sales kgals** | | | | | | |
| **Water** | 36,750,000 | 14,144,848 | 14,511,850 | 2.59% | 13,525,069 | 7.30% |
| **Sewer** | 27,867,000 | 10,758,290 | 11,869,706 | 10.33% | 10,994,687 | 7.96% |
| **Total** | 64,617,000 | 24,903,138 | 26,381,556 | 5.94% | 24,519,756 | 7.59% |

**JEA**
**District Energy System**

| Budget vs. Actual February 2017 and 2016 | ANNUAL BUDGET 2016-17 | Month: BUDGET 2016-17 | Month: ACTUAL 2016-17 | Month: Variance % | Prior Year Month: ACTUAL 2015-16 | Prior Year Month: Variance % |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Revenues | $ 9,247,921 | $ 596,327 | $ 615,614 | | $ 613,345 | |
| Investment Income | - | - | 792 | | 1,191 | |
| Total | 9,247,921 | 596,327 | 616,406 | 3.37% | 614,536 | 0.30% |
| **EXPENSES** | | | | | | |
| O & M Expenses | 5,252,918 | 331,612 | 286,142 | | 466,756 | |
| Debt Principal - DES | 1,640,000 | 136,667 | 136,667 | | 135,417 | |
| Debt Interest - DES | 1,382,454 | 115,205 | 115,204 | | 116,582 | |
| R&R - DES | 437,650 | 36,471 | 36,471 | | 36,596 | |
| Operating Capital Outlay | 534,899 | - | - | | - | |
| Total Expenses | 9,247,921 | 619,955 | 574,484 | 7.33% | 755,351 | 23.94% |
| **Total Balance** | $ - | $ (23,628) | $ 41,922 | | $ (140,815) | |

| Budget vs. Actual February 2017 and 2016 | ANNUAL BUDGET 2016-17 | Year-To-Date: BUDGET 2016-17 | Year-To-Date: ACTUAL 2016-17 | Year-To-Date: Variance % | Prior-Year-To-Date: ACTUAL 2015-16 | Prior-Year-To-Date: Variance % |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Revenues | $ 9,247,921 | $ 3,646,857 | $ 3,463,960 | | $ 3,425,655 | |
| Investment Income | - | - | 8,960 | | 8,855 | |
| Total | 9,247,921 | 3,646,857 | 3,472,920 | -4.77% | 3,434,510 | 1.12% |
| **EXPENSES** | | | | | | |
| O & M Expenses | 5,252,918 | 1,922,080 | 1,740,038 | | 1,874,715 | |
| Debt Principal - DES | 1,640,000 | 683,333 | 683,333 | | 677,083 | |
| Debt Interest - DES | 1,382,454 | 576,023 | 576,022 | | 582,908 | |
| R&R - DES | 437,650 | 182,354 | 182,354 | | 182,979 | |
| Operating Capital Outlay | 534,899 | - | - | | - | |
| Total Expenses | 9,247,921 | 3,363,790 | 3,181,747 | 5.41% | 3,317,685 | 4.10% |
| **Total Balance** | $ - | $ 283,067 | $ 291,173 | | $ 116,825 | |

**JEA**
**Electric System**
**Schedule of Debt Service Coverage**
**(in thousands - unaudited)**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Electric | $ 76,452 | $ 94,910 | $ 446,744 | $ 451,090 |
| Investment income (1) | 430 | 299 | 1,846 | 1,650 |
| Earnings from The Energy Authority | (88) | 368 | 2,277 | 1,258 |
| Other, net (2) | 1,993 | 2,692 | 10,706 | 10,480 |
| Plus: amounts paid from the rate stabilization fund into the revenue fund | 17,049 | 498 | 31,747 | 58,999 |
| Less: amounts paid from the revenue fund into the rate stabilization fund | (820) | (8,623) | (7,836) | (60,270) |
| Total revenues | 95,016 | 90,144 | 485,484 | 463,207 |
| **Operating expenses (3)** | | | | |
| Fuel | 16,578 | 16,133 | 92,162 | 91,312 |
| Purchased power (4) | 17,844 | 20,671 | 103,428 | 89,503 |
| Other operations and maintenance | 14,561 | 14,744 | 75,635 | 73,961 |
| State utility taxes and franchise fees | 3,869 | 5,097 | 22,385 | 22,412 |
| Total operating expenses | 52,852 | 56,645 | 293,610 | 277,188 |
| **Net revenues** | $ 42,164 | $ 33,499 | $ 191,874 | $ 186,019 |
| **Debt service** | $ 5,918 | $ 6,522 | $ 29,770 | $ 32,635 |
| Less: investment income on sinking fund | (115) | (133) | (578) | (649) |
| Less: Build America Bonds subsidy | (127) | (126) | (632) | (632) |
| Debt service requirement | $ 5,676 | $ 6,263 | $ 28,560 | $ 31,354 |
| **Senior debt service coverage (5), (min 1.20x)** | 7.43 x | 5.35 x | 6.72 x | 5.93 x |
| **Net revenues (from above)** | $ 42,164 | $ 33,499 | $ 191,874 | $ 186,019 |
| **Debt service requirement (from above)** | $ 5,676 | $ 6,263 | $ 28,560 | $ 31,354 |
| Plus: aggregate subordinated debt service on outstanding subordinated bonds | 11,177 | 8,177 | 44,098 | 40,886 |
| Less: Build American Bonds subsidy | (172) | (174) | (862) | (869) |
| Total debt service requirement and aggregate subordinated debt service | $ 16,681 | $ 14,266 | $ 71,796 | $ 71,371 |
| **Senior and subordinated debt service coverage (6), (min 1.15x)** | 2.53 x | 2.35 x | 2.67 x | 2.61 x |
| **Fixed charge coverage (7)** | 1.85 x | 1.61 x | 1.88 x | 1.81 x |

(1) Excludes investment income on sinking funds.
(2) Excludes the Build America Bonds subsidy.
(3) Excludes depreciation and recognition of deferred costs and revenues, net.
(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.
(5) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.
(6) Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.
(7) Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

**Bulk Power Supply System**
**Schedule of Debt Service Coverage**
**(in thousands - unaudited)**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **Revenues** | | | | |
| JEA | $ 4,779 | $ 7,057 | $ 27,280 | $ 25,580 |
| Investment Income | 10 | 10 | 51 | 51 |
| Total revenues | 4,789 | 7,067 | 27,331 | 25,631 |
| **Operating expenses (1)** | | | | |
| Fuel | 2,445 | 2,697 | 15,107 | 12,560 |
| Other operations and maintenance | 1,143 | 1,458 | 5,695 | 6,017 |
| Total operating expenses | 3,588 | 4,155 | 20,802 | 18,577 |
| **Net revenues** | $ 1,201 | $ 2,912 | $ 6,529 | $ 7,054 |
| **Aggregate debt service** | $ 807 | $ 897 | $ 4,033 | $ 4,483 |
| Less: Build America Bonds subsidy | (58) | (61) | (291) | (307) |
| Aggregate debt service | $ 749 | $ 836 | $ 3,742 | $ 4,176 |
| **Debt service coverage (2)** | 1.60 x | 3.48 x | 1.74 x | 1.69 x |

(1) Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.
(2) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

**St. Johns River Power Park System**
**Schedule of Debt Service Coverage - 1st Resolution**
**(in thousands - unaudited)**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **Revenues** | | | | |
| JEA | $ 6,254 | $ 7,103 | $ 45,547 | $ 38,512 |
| FPL | 8,178 | 8,581 | 46,830 | 46,339 |
| Investment income | 343 | 330 | 1,456 | 1,586 |
| Total revenues | 14,775 | 16,014 | 93,833 | 86,437 |
| **Operating expenses (1)** | | | | |
| Fuel | 7,291 | 7,861 | 55,553 | 47,235 |
| Other operations and maintenance | 3,045 | 3,281 | 14,476 | 13,211 |
| Total operating expenses | 10,336 | 11,142 | 70,029 | 60,446 |
| **Net revenues** | $ 4,439 | $ 4,872 | $ 23,804 | $ 25,991 |
| **Aggregate debt service** | $ 3,960 | $ 4,344 | $ 19,800 | $ 21,718 |
| **Debt service coverage (2)** | 1.12 x | 1.12 x | 1.20 x | 1.20 x |

(1) Excludes depreciation and recognition of deferred costs and revenues, net
(2) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x.

**St. Johns River Power Park System**
**Schedule of Debt Service Coverage - 2nd Resolution**
**(in thousands - unaudited)**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **Revenues** | | | | |
| JEA | $ 1,047 | $ 1,047 | $ 5,736 | $ 5,722 |
| Investment income | 16 | 14 | 76 | 72 |
| Total revenues | 1,063 | 1,061 | 5,812 | 5,794 |
| **Operating expenses** | - | - | - | - |
| **Net revenues** | $ 1,063 | $ 1,061 | $ 5,812 | $ 5,794 |
| **Aggregate debt service** | $ 1,079 | $ 1,081 | $ 5,396 | $ 5,406 |
| Less: Build America Bonds subsidy | (32) | (34) | (162) | (171) |
| Aggregate debt service | $ 1,047 | $ 1,047 | $ 5,234 | $ 5,235 |
| **Debt service coverage (1)** | 1.02 x | 1.01 x | 1.11 x | 1.11 x |

(1) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

**Water and Sewer**
**Schedule of Debt Service Coverage**
**(in thousands - unaudited)**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Water | $ 13,039 | $ 12,252 | $ 69,580 | $ 65,278 |
| Water capacity fees (1) | 530 | 678 | 2,861 | 2,854 |
| Sewer | 19,544 | 19,830 | 103,577 | 99,003 |
| Sewer capacity fees (1) | 885 | 1,262 | 5,327 | 5,182 |
| Investment Income | 1,333 | 215 | 2,792 | 1,260 |
| Other (2) | 798 | 940 | 3,893 | 5,770 |
| Plus: amounts paid from the rate stabilization fund into the revenue fund | 1,613 | - | 7,437 | - |
| Less: amounts paid from the revenue fund into the rate stabilization fund | (1,679) | (1,621) | (9,438) | (8,856) |
| Total revenues | 36,063 | 33,556 | 186,029 | 170,491 |
| **Operating expenses** | | | | |
| Operations and maintenance (3) | 11,296 | 11,659 | 59,374 | 58,493 |
| Total operating expenses | 11,296 | 11,659 | 59,374 | 58,493 |
| **Net revenues** | $ 24,767 | $ 21,897 | $ 126,655 | $ 111,998 |
| **Aggregate debt service** | $ 8,124 | $ 7,083 | $ 40,655 | $ 35,415 |
| Less: Build America Bonds subsidy | (208) | (209) | (1,041) | (1,043) |
| Aggregate debt service | $ 7,916 | $ 6,874 | $ 39,614 | $ 34,372 |
| **Senior debt service coverage (4), (min 1.25x)** | 3.13 x | 3.19 x | 3.20 x | 3.26 x |
| **Net revenues (from above)** | $ 24,767 | $ 21,897 | $ 126,655 | $ 111,998 |
| **Aggregate debt service (from above)** | $ 7,916 | $ 6,874 | $ 39,614 | $ 34,372 |
| Plus: aggregate subordinated debt service on outstanding subordinated debt | 1,453 | 1,028 | 7,295 | 5,142 |
| Total aggregate debt service and aggregate subordinated debt service | $ 9,369 | $ 7,902 | $ 46,909 | $ 39,514 |
| **Senior and subordinated debt service coverage (5)** | 2.64 x | 2.77 x | 2.70 x | 2.83 x |
| **Fixed charge coverage** | 2.43 x | 2.53 x | 2.49 x | 2.60 x |

(1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending February 2017 and 2016, then the debt service coverage would have been 2.53x and 2.63x.
(2) Excludes the Build America Bonds subsidy.
(3) Excludes depreciation and recognition of deferred costs and revenues, net.
(4) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.
(5) Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.53x and 2.63x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or $48,368 and $40,542 for the year-to-date periods ending February 2017 and 2016.

**District Energy System**
**Schedule of Debt Service Coverage**
**(in thousands - unaudited)**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Service revenues | $ 616 | $ 613 | $ 3,464 | $ 3,425 |
| Investment income | 1 | 1 | 9 | 9 |
| Total revenues | 617 | 614 | 3,473 | 3,434 |
| **Operating expenses (1)** | | | | |
| Operations and maintenance | 288 | 467 | 1,745 | 1,861 |
| Total operating expenses | 288 | 467 | 1,745 | 1,861 |
| **Net revenues** | $ 329 | $ 147 | $ 1,728 | $ 1,573 |
| **Aggregate debt service (2)** | $ 252 | $ 252 | $ 1,259 | $ 1,260 |
| **Debt service coverage (3) (min 1.15x)** | 1.31 x | 0.58 x | 1.37 x | 1.25 x |

(1) Excludes depreciation.
(2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.
(3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

**Electric System, St. Johns River Power Park System and Scherer**
**Principal Amount of Debt Outstanding and Average Interest Rates**
**February 2017**

| Issue/Average Coupon Rate | Interest Rates | Principal Payment Dates | Par Amount Principal Outstanding | Current Portion of Long-Term Debt |
|---|---|---|---|---|
| **Electric System - Fixed Rate Bonds** | | | | |
| Series Three 2004 A | 5.000% | 2039 | $ 5,000 | $ - |
| Series Three 2005 B | 4.750% | 2033 | 100,000 | - |
| Series Three 2009 C | 5.000% | 2017 | 3,355,000 | 3,355,000 |
| Series Three 2009 D | 6.056% | 2033-2044 | 45,955,000 | - |
| Series Three 2010 A | 4.000% | 2017-2020 | 14,980,000 | 4,915,000 |
| Series Three 2010 C | 4.000 - 4.500% | 2021-2031 | 8,975,000 | - |
| Series Three 2010 D | 4.000 - 5.000% | 2017-2038 | 79,470,000 | 4,635,000 |
| Series Three 2010 E | 5.350 - 5.482% | 2028-2040 | 34,255,000 | - |
| Series Three 2012A | 4.000 - 4.500% | 2023-2033 | 60,750,000 | - |
| Series Three 2012B | 2.000 - 5.000% | 2017-2039 | 128,250,000 | 615,000 |
| Series Three 2013A | 2.500 - 5.000% | 2017-2026 | 93,815,000 | 8,625,000 |
| Series Three 2013B | 1.875 - 5.000% | 2021-2038 | 7,500,000 | - |
| Series Three 2013C | 4.000 - 5.000% | 2017-2030 | 28,685,000 | 2,460,000 |
| Series Three 2014A | 2.600 - 5.000% | 2017-2034 | 32,305,000 | 2,050,000 |
| Series Three 2015A | 2.500 - 5.000% | 2017-2041 | 79,495,000 | 140,000 |
| Series Three 2015B | 3.000 - 5.000% | 2017-2031 | 36,005,000 | 6,480,000 |
| Series Three 2017A | 5.000% | 2019 | 18,670,000 | - |
| **Total Fixed Rate Senior Bonds** | | | **672,570,000** | **33,275,000** |
| 2009 Series A | 5.625% | 2029-2032 | 21,140,000 | - |
| 2009 Series D | 5.000% | 2017-2018 | 23,925,000 | 12,265,000 |
| 2009 Series E | 4.000% | 2017-2018 | 2,215,000 | 1,920,000 |
| 2009 Series F | 4.625 - 6.406% | 2017-2034 | 64,670,000 | 1,000,000 |
| 2009 Series G | 4.000 - 5.000% | 2018-2021 | 16,090,000 | - |
| 2010 Series A | 3.000% | 2017 | 710,000 | 710,000 |
| 2010 Series B | 3.000 - 5.000% | 2017-2024 | 7,535,000 | 900,000 |
| 2010 Series C | 3.125 - 4.000% | 2020-2027 | 4,385,000 | - |
| 2010 Series D | 3.500 - 5.582% | 2017-2027 | 45,575,000 | 1,450,000 |
| 2012 Series A | 3.000 - 5.000% | 2017-2033 | 88,500,000 | 4,590,000 |
| 2012 Series B | 2.250 - 5.000% | 2017-2037 | 93,750,000 | 3,970,000 |
| 2013 Series A | 2.500 - 5.000% | 2017-2030 | 54,110,000 | 295,000 |
| 2013 Series B | 2.500 - 5.000% | 2017-2026 | 25,385,000 | 2,625,000 |
| 2013 Series C | 1.375 - 5.000% | 2017-2038 | 80,390,000 | 2,060,000 |
| 2013 Series D | 2.625 - 5.250% | 2017-2035 | 124,025,000 | 10,390,000 |
| 2014 Series A | 4.000 - 5.000% | 2017-2039 | 206,105,000 | 11,210,000 |
| 2017 Series A | 2.000 - 5.000% | 2017-2019 | 71,735,000 | 39,945,000 |
| **Total Fixed Rate Subordinated Bonds** | | | **930,245,000** | **93,330,000** |
| **Total Fixed Rate Electric System Bonds/4.619%** | | | **1,602,815,000** | **126,605,000** |
| **Electric System - Variable Rate Bonds** | Current Interest Rates (1) | | | |
| Series Three 2008 A | 0.648% | 2027-2036 | 51,680,000 | - |
| Series Three 2008 B-1 | 1.048% | 2017-2040 | 60,395,000 | 375,000 |
| Series Three 2008 B-2 | 0.648% | 2025-2040 | 41,900,000 | - |
| Series Three 2008 B-3 | 0.648% | 2024-2036 | 37,000,000 | - |
| Series Three 2008 B-4 | 1.048% | 2017-2036 | 49,810,000 | 400,000 |
| Series Three 2008 C-1 | 0.643% | 2024-2034 | 44,145,000 | - |
| Series Three 2008 C-2 | 0.643% | 2024-2034 | 43,900,000 | - |
| Series Three 2008 C-3 | 0.716% | 2030-2038 | 25,000,000 | - |
| Series Three 2008 D-1 | 1.048% | 2017-2036 | 111,420,000 | 2,520,000 |
| **Total Variable Rate Senior Bonds** | | | **465,250,000** | **3,295,000** |
| Series 2000 A | 0.798% | 2021-2035 | 30,965,000 | - |
| Series 2000 F-1 | 0.772% | 2026-2030 | 37,200,000 | - |
| Series 2000 F-2 | 0.751% | 2026-2030 | 24,800,000 | - |
| Series 2008 D | 0.584% | 2024-2038 | 39,455,000 | - |
| **Total Variable Rate Subordinated Bonds** | | | **132,420,000** | **-** |
| **Total Variable Rate Bonds** | | | **597,670,000** | **3,295,000** |
| **Total Electric System Bonds** | | | **2,200,485,000** | **129,900,000** |
| **St. Johns River Power Park - Fixed Rate Bonds** | | | | |
| Issue 2 Series 17 | 4.700% | 2019 | 100,000 | - |
| Issue 2 Series 18 | 4.500% | 2018 | 50,000 | - |
| Issue 2 Series 19 | 4.600% | 2017 | 100,000 | 100,000 |
| Issue 2 Series 20 | 4.500% | 2021 | 100,000 | - |
| Issue 2 Series 21 | 5.000% | 2021 | 5,000 | - |
| Issue 2 Series 22 | 4.000% | 2019 | 5,000 | - |
| Issue 2 Series 23 | 3.000 - 5.000% | 2017-2021 | 64,910,000 | 23,205,000 |
| Issue 2 Series 24 | 4.000% | 2017-2021 | 29,625,000 | 16,350,000 |
| Issue 2 Series 25 | 3.000% | 2021 | 45,000 | - |
| Issue 2 Series 26 | 2.000 - 5.000% | 2019-2021 | 65,970,000 | - |
| Issue 2 Series 27 | 1.888 - 2.505% | 2019-2021 | 7,025,000 | - |
| Issue 3 Series 1 | 4.500% | 2037 | 100,000 | - |
| Issue 3 Series 2 | 5.000% | 2034-2037 | 29,370,000 | - |
| Issue 3 Series 4 | 4.200 - 5.450% | 2017-2028 | 24,085,000 | 1,675,000 |
| Issue 3 Series 6 | 2.375 - 5.000% | 2019-2037 | 91,330,000 | - |
| Issue 3 Series 7 | 2.000 - 5.000% | 2019-2033 | 79,500,000 | - |
| Issue 3 Series 8 | 2.000 - 5.000% | 2019-2039 | 57,895,000 | - |
| **Total Fixed Rate St. Johns River Power Park Bonds/4.094%** | | | **450,215,000** | **41,330,000** |
| **Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds** | | | | |
| Series 2010A | 4.250 - 5.920% | 2017-2030 | 39,875,000 | 2,475,000 |
| Series 2014A | 2.000 - 5.000% | 2017-2038 | 66,050,000 | 2,730,000 |
| **Total Fixed Rate Bulk Power Supply System Bonds/4.302%** | | | **105,925,000** | **5,205,000** |
| **Weighted Average Cost(2) / Total Outstanding Debt** | | 3.391% | **$ 2,756,625,000** | **$ 176,435,000** |

(1) Current month interest rate excluding variable debt fees.

(2) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and exlcudes variable debt liquidity/remarketing fees and interest rate swap payments.

| | Electric System | Power Park Issue Three |
|---|---|---|
| • Remaining New Money Authorization | $ 465,160,992 | $ 103,865,000 |
| • Remaining Senior Refunding Authorization | $ 1,220,932,381 | $ 250,810,000 |
| • Remaining Subordinated Refunding Authorization | $ 820,643,000 | n/a |

| Issue/Average Coupon Rate | Interest Rates | Principal Payment Dates | Par Amount Principal Outstanding | Current Portion of Long-Term Debt |
|---|---|---|---|---|
| **Fixed Rate Bonds** | | | | |
| 2009 Series B | 3.750 - 5.000% | 2017-2019 | $ 25,565,000 | $ 7,270,000 |
| 2010 Series A | 6.210 - 6.310% | 2026-2044 | 83,115,000 | - |
| 2010 Series B | 4.500 - 5.700% | 2017-2025 | 15,570,000 | 1,730,000 |
| 2010 Series C | 5.000% | 2020 | 9,545,000 | - |
| 2010 Series D | 4.000 - 5.000% | 2017-2039 | 101,850,000 | 4,125,000 |
| 2010 Series E | 4.000 - 5.000% | 2021-2039 | 60,990,000 | - |
| 2010 Series F | 3.200 - 5.887% | 2017-2040 | 45,520,000 | 1,245,000 |
| 2012 Series A | 3.000 - 5.000% | 2017-2041 | 317,935,000 | 1,535,000 |
| 2012 Series B | 2.000 - 5.000% | 2017-2041 | 130,085,000 | 1,725,000 |
| 2013 Series A | 4.000 - 5.000% | 2017-2027 | 89,740,000 | 10,950,000 |
| 2013 Series B | 1.882% | 2017 | 3,830,000 | 3,830,000 |
| 2014 Series A | 2.000 - 5.000% | 2017-2040 | 284,595,000 | 4,420,000 |
| **Total Fixed Rate Senior Bonds** | | | **1,168,340,000** | **36,830,000** |
| 2010 Series A | 5.000% | 2017-2022 | 13,150,000 | 2,525,000 |
| 2010 Series B | 3.000 - 5.000% | 2020-2025 | 12,770,000 | - |
| 2012 Series A | 3.000 - 4.000% | 2021-2033 | 20,320,000 | - |
| 2012 Series B | 3.250 - 5.000% | 2030-2043 | 41,640,000 | - |
| 2013 Series A | 2.125 - 5.000% | 2017-2029 | 72,250,000 | 5,410,000 |
| **Total Fixed Rate Subordinated Bonds** | | | **160,130,000** | **7,935,000** |
| **Total Fixed Rate Bonds/4.622%** | | | **1,328,470,000** | **44,765,000** |
| **Variable Rate Bonds** | Current Interest Rates (1) | | | |
| 2006 Series B - CPI Bonds | 1.803% (2) | 2017-2022 | 34,625,000 | 4,255,000 |
| 2008 Series A-2 | 0.673% | 2028-2042 | 51,820,000 | - |
| 2008 Series B | 0.643% | 2023-2041 | 85,290,000 | - |
| **Total Variable Rate Senior Bonds** | | | **171,735,000** | **4,255,000** |
| 2008 Series A-1 | 0.584% | 2017-2038 | 52,950,000 | 2,000,000 |
| 2008 Series A-2 | 0.600% | 2030-2038 | 25,600,000 | - |
| 2008 Series B-1 | 0.668% | 2030-2036 | 30,885,000 | - |
| **Total Variable Rate Subordinated Bonds** | | | **109,435,000** | **2,000,000** |
| **Total Variable Rate Bonds** | | | **281,170,000** | **6,255,000** |
| **Other Obligations** | | | | |
| Revolving Credit Agreement | 1.826% | 2018 | 3,000,000 | - |
| **Total Other Obligations** | | | **3,000,000** | **-** |
| **Weighted Average Cost(3) / Total Outstanding Debt** | **3.666%** | | **$ 1,612,640,000** | **$ 51,020,000** |

(1) Current month interest rate excluding variable debt fees.
(2) Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.
(3) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and exlcudes variable debt liquidity/remarketing fees and interest rate swap payments.

- Remaining New Money Authorization $ 218,078,023
- Remaining Refunding Authorization $ 1,231,973,942

**JEA**
**District Energy System**
**Principal Amount of Debt Outstanding and Average Interest Rates**
**February 2017**

| Issue/Average Coupon | Interest Rates | Principal Payment Dates | Par Amount Principal Outstanding | Current Portion of Long-Term Debt |
|---|---|---|---|---|
| **Fixed Rate Bonds** | | | | |
| 2013 Series A/4.036% | 1.425 - 4.538% | 2017-2034 | $ 38,125,000 | $ 1,640,000 |
| **Weighted Average Cost(1) / Total Outstanding Debt** | **4.092%** | | **$ 38,125,000** | **$ 1,640,000** |

(1) Weighted Average Cost of debt is net of original issue premiums/discounts.

- Remaining New Money Authorization $ 54,321,245
- Remaining Refunding Authorization $ 106,670,000

**JEA**
**INVESTMENT PORTFOLIO REPORT**
**February 2017**
**All Funds**

| | INVESTMENT | BOOK VALUE | YIELD | % OF TOTAL | LAST MONTH | 6 MONTH AVERAGE |
|---|---|---|---|---|---|---|
| * | Treasuries | $ 16,296,298 | 0.70% | 1.14% | 1.02% | 1.05% |
| | Agencies | | | | | |
| | Federal Farm Credit Bank | 204,052,559 | 0.93% | 14.23% | 14.65% | 13.99% |
| | Federal Home Loan Bank | 388,180,832 | 1.09% | 27.07% | 26.21% | 24.25% |
| | Total | 592,233,391 | 1.04% | 41.31% | 40.87% | 38.24% |
| | Municipal Bonds | 282,935,614 | 2.01% | 19.73% | 19.10% | 18.70% |
| | Commercial Paper | 315,934,314 | 0.93% | 22.04% | 19.33% | 20.68% |
| | U.S. Treasury Money Market Funds (1) | 18,025,921 | 0.41% | 1.26% | 2.61% | 3.52% |
| | Agency Money Market Funds (2) | 42,725,000 | 0.48% | 2.98% | 6.83% | 5.67% |
| | PFM Money Market Fund | 70,000,000 | 0.93% | 4.88% | 4.68% | 3.19% |
| | Wells Fargo Bank Accounts (3) | | | | | |
| | Electric, Scherer | 29,578,723 | 0.31% | 2.06% | 2.93% | 4.70% |
| | SJRPP | 31,375,836 | 0.31% | 2.19% | 1.19% | 1.71% |
| | Water & Sewer, DES | 34,644,410 | 0.31% | 2.42% | 1.43% | 2.53% |
| | Total Portfolio | $ 1,433,749,506 | 1.14% | 100.00% | 100.00% | 100.00% |

* Backed by Full Faith and Credit of U. S. Government

Weighted Avg. Annual Yield for February 2017, Excluding Bank & Money Market Funds: 1.23%

Weighted Avg. Annual Yield for February 2017, Including Bank & Money Market Funds: 1.14%

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

(1) Morgan Stanley Treasury Fund; Fidelity Treasury Fund; Federated Treasury Fund
(2) Morgan Stanley Government Fund, Wells Fargo Government Fund, Goldman Sachs Government Fund
(3) Month-end bank balances

# JEA
# Interest Rate Swap Position Report
# February 2017

## JEA Debt Management Swaps Variable to Fixed

| ID | Dealer | Effective Date | Termination Date | Electric System Allocation | Water/Sewer Allocation | Fixed Rate | Floating Rate (1) | Spread | Rate Cap | Index |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Goldman Sachs | 9/18/2003 | 9/18/2033 | $ 84,800,000 | $ - | 3.717 | 0.530 | 3.187 | n/a | 68% 1 mth Libor |
| 3 | Morgan Stanley | 1/27/2005 | 10/1/2039 | 82,575,000 | - | 4.351 | 0.648 | 3.703 | n/a | SIFMA |
| 4 | JPMorgan | 1/27/2005 | 10/1/2035 | 86,000,000 | - | 3.661 | 0.530 | 3.131 | n/a | 68% 1 mth Libor |
| 6 | JPMorgan | 1/27/2005 | 10/1/2037 | 39,175,000 | - | 3.716 | 0.530 | 3.186 | n/a | 68% 1 mth Libor |
| 7 | Morgan Stanley | 10/31/2006 | 10/1/2022 | - | 34,625,000 | 3.996 | 1.803 | 2.193 | n/a | CPI |
| 8 | Morgan Stanley | 1/31/2007 | 10/1/2031 | 62,980,000 | - | 3.907 | 0.648 | 3.259 | n/a | SIFMA |
| 9 | Merrill Lynch | 3/8/2007 | 10/1/2041 | - | 85,290,000 | 3.895 | 0.648 | 3.247 | n/a | SIFMA |
| 10 | Goldman Sachs | 1/31/2008 | 10/1/2036 | 51,680,000 | - | 3.836 | 0.648 | 3.188 | n/a | SIFMA |
| | | | Total | $ 407,210,000 | $ 119,915,000 | Wtd Avg Spread | | 3.211 | | |

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

| | Month February 2017 | Month February 2016 | Variance | Year-To-Date February 2017 | Year-To-Date February 2016 | Variance |
|---|---|---|---|---|---|---|
| **Electric revenues sales (000's omitted):** | | | | | | |
| Residential | $ 35,463 | $ 48,214 | -26.45% | $ 206,980 | $ 211,242 | -2.02% |
| Commercial | 25,158 | 28,518 | -11.78% | 148,978 | 148,672 | 0.21% |
| Industrial | 13,527 | 14,724 | -8.13% | 75,723 | 75,650 | 0.10% |
| Public street lighting | 1,082 | 1,140 | -5.09% | 5,507 | 5,525 | -0.33% |
| Sales for resale - territorial | 1,039 | 2,474 | -58.00% | 7,718 | 10,312 | -25.16% |
| Electric revenues - territorial | 76,269 | 95,070 | -19.78% | 444,906 | 451,401 | -1.44% |
| Sales for resale - off system | 183 | 9 | 1933.33% | 1,838 | 422 | 335.55% |
| Electric revenues | 76,452 | 95,079 | -19.59% | 446,744 | 451,823 | -1.12% |
| Less: rate stabilization & recovery | 16,229 | (8,124) | -299.77% | 23,911 | (1,271) | -1981.27% |
| Less: allowance for doubtful accounts | - | (170) | -100.00% | - | (733) | -100.00% |
| **Net electric revenues** | 92,681 | 86,785 | 6.79% | 470,655 | 449,819 | 4.63% |
| **MWh sales** | | | | | | |
| Residential | 303,887 | 406,147 | -25.18% | 1,790,102 | 1,924,273 | -6.97% |
| Commercial | 253,289 | 264,880 | -4.38% | 1,502,252 | 1,567,792 | -4.18% |
| Industrial | 187,024 | 189,139 | -1.12% | 1,016,970 | 1,091,189 | -6.80% |
| Public street lighting | 5,441 | 6,500 | -16.29% | 28,959 | 34,044 | -14.94% |
| Sales for resale - territorial | 9,500 | 27,897 | -65.95% | 73,548 | 126,338 | -41.78% |
| Total MWh sales - territorial | 759,141 | 894,563 | -15.14% | 4,411,831 | 4,743,636 | -6.99% |
| Sales for resale - off system | 5,719 | 453 | 1162.47% | 56,754 | 15,366 | 269.35% |
| Total MWH sales | 764,860 | 895,016 | -14.54% | 4,468,585 | 4,759,002 | -6.10% |
| **Number of accounts (1)** | | | | | | |
| Residential | 402,147 | 395,656 | 1.64% | 401,191 | 394,451 | 1.71% |
| Commercial | 51,807 | 51,175 | 1.23% | 51,715 | 51,058 | 1.29% |
| Industrial | 204 | 202 | 0.99% | 204 | 203 | 0.49% |
| Public street lighting | 3,706 | 3,633 | 2.01% | 3,706 | 3,622 | 2.32% |
| Sales for resale | 3 | 2 | 50.00% | 2 | 2 | 0.00% |
| **Total average accounts** | 457,867 | 450,668 | 1.60% | 456,818 | 449,336 | 1.67% |
| **Residential averages** | | | | | | |
| Revenue per account - $ | 88.18 | 121.86 | -27.64% | 515.91 | 535.53 | -3.66% |
| kWh per account | 756 | 1,027 | -26.39% | 4,462 | 4,878 | -8.53% |
| Revenue per kWh - ¢ | 11.67 | 11.87 | -1.68% | 11.56 | 10.98 | 5.28% |
| **Degree days** | | | | | | |
| Heating degree days | 106 | 284 | (178) | 603 | 848 | (245) |
| Cooling degree days | 36 | 24 | 12 | 401 | 527 | (126) |
| **Total degree days** | 142 | 308 | (166) | 1,004 | 1,375 | (371) |
| Degree days - 30 year average | 275 | | | 1,441 | | |

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

| | Month February 2017 | Month February 2016 | Variance | Year-To-Date February 2017 | Year-To-Date February 2016 | Variance |
|---|---|---|---|---|---|---|
| **Water** | | | | | | |
| *Revenues (000's omitted):* | | | | | | |
| Residential | $ 6,977 | $ 6,762 | 3.18% | $ 36,811 | $ 34,983 | 5.23% |
| Commercial and industrial | 3,688 | 3,750 | -1.65% | 18,991 | 18,967 | 0.13% |
| Irrigation | 2,374 | 1,760 | 34.89% | 13,778 | 11,435 | 20.49% |
| Total water revenues | 13,039 | 12,272 | 6.25% | 69,580 | 65,385 | 6.42% |
| Less: rate stabilization environmental | (991) | (926) | 7.02% | (5,665) | (5,185) | 9.26% |
| Less: allowance for doubtful accounts | - | (20) | -100.00% | - | (107) | -100.00% |
| Net water revenues | $ 12,048 | $ 11,326 | 6.37% | $ 63,915 | $ 60,093 | 6.36% |
| *Kgal sales (000s omitted)* | | | | | | |
| Residential | 1,229,084 | 1,203,501 | 2.13% | 6,830,095 | 6,377,688 | 7.09% |
| Commercial and industrial | 1,020,928 | 1,055,136 | -3.24% | 5,382,112 | 5,418,707 | -0.68% |
| Irrigation | 373,961 | 219,886 | 70.07% | 2,299,643 | 1,728,674 | 33.03% |
| Total kgals sales | 2,623,973 | 2,478,523 | 5.87% | 14,511,850 | 13,525,069 | 7.30% |
| *Number of accounts (1):* | | | | | | |
| Residential | 277,817 | 271,114 | 2.47% | 276,712 | 269,996 | 2.49% |
| Commercial and industrial | 25,374 | 24,490 | 3.61% | 25,335 | 24,321 | 4.17% |
| Irrigation | 36,564 | 36,107 | 1.27% | 36,557 | 36,144 | 1.14% |
| Total average accounts | 339,755 | 331,711 | 2.43% | 338,604 | 330,461 | 2.46% |
| *Residential averages:* | | | | | | |
| Revenue per account - $ | 25.11 | 24.94 | 0.68% | 133.03 | 129.57 | 2.67% |
| Kgals per account | 4.42 | 4.44 | -0.45% | 24.68 | 23.62 | 4.49% |
| Revenue per kgals - $ | 5.68 | 5.62 | 1.07% | 5.39 | 5.49 | -1.82% |
| **Sewer** | | | | | | |
| *Revenues (000's omitted):* | | | | | | |
| Residential | $ 10,539 | $ 10,578 | -0.37% | $ 55,846 | $ 52,957 | 5.46% |
| Commercial and industrial | 8,331 | 8,741 | -4.69% | 43,039 | 43,170 | -0.30% |
| Total sewer revenues | 18,870 | 19,319 | -2.32% | 98,885 | 96,127 | 2.87% |
| Less: rate stabilization environmental | 925 | (694) | -233.29% | 3,664 | (3,671) | -199.81% |
| Less: allowance for doubtful accounts | - | (30) | -100.00% | (1) | (161) | -99.38% |
| Net sewer revenues | 19,795 | 18,595 | 6.45% | 102,548 | 92,295 | 11.11% |
| *Kgal sales (000s omitted)* | | | | | | |
| Residential | 1,060,948 | 1,084,463 | -2.17% | 5,915,191 | 5,482,545 | 7.89% |
| Commercial and industrial | 896,458 | 955,959 | -6.22% | 4,693,907 | 4,694,789 | -0.02% |
| Total kgals sales | 1,957,406 | 2,040,422 | -4.07% | 10,609,098 | 10,177,334 | 4.24% |
| *Number of accounts (1):* | | | | | | |
| Residential | 245,202 | 238,733 | 2.71% | 244,145 | 237,676 | 2.72% |
| Commercial and industrial | 18,114 | 17,943 | 0.95% | 18,101 | 17,905 | 1.09% |
| Total average accounts | 263,316 | 256,676 | 2.59% | 262,246 | 255,581 | 2.61% |
| *Residential averages:* | | | | | | |
| Revenue per account - $ | 42.98 | 44.31 | -3.00% | 228.74 | 222.81 | 2.66% |
| kgals per account | 4.33 | 4.54 | -4.63% | 24.23 | 23.07 | 5.03% |
| Revenue per kgals - $ | 9.93 | 9.75 | 1.85% | 9.44 | 9.66 | -2.28% |
| **Reuse** | | | | | | |
| *Revenues (000's omitted):* | | | | | | |
| Reuse revenues | $ 674 | $ 540 | 24.81% | $ 4,693 | $ 3,037 | 54.53% |
| *Kgal sales (000s omitted)* | | | | | | |
| Kgal sales (000s omitted) | 189,199 | 141,429 | 33.78% | 1,260,608 | 817,353 | 54.23% |
| *Number of accounts (1):* | | | | | | |
| Reuse accounts | 9,128 | 7,241 | 26.06% | 8,823 | 6,962 | 26.73% |
| **Rainfall** | | | Diff in inches | | | Diff in inches |
| Normal | 3.19 | 3.19 | | 15.33 | 15.33 | |
| Actual | 1.35 | 4.82 | (3.47) | 17.22 | 12.33 | 4.89 |
| Rain Days | 3 | 7 | | 24 | 36 | |

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

| | Month February 2017 | 2016 | Variance | Year-To-Date February 2017 | 2016 | Variance |
|---|---|---|---|---|---|---|
| **Generated power:** | | | | | | |
| **Steam:** | | | | | | |
| *Fuel oil* | | | | | | |
| Fuel expense | $ - | $ 420,262 | -100.00% | $ 98,947 | $ 2,737,043 | -96.38% |
| Barrels #6 oil consumed | - | 3,886 | -100.00% | 727 | 25,724 | -97.17% |
| $/ per barrel consumed | | 108.15 | | $ 136.10 | $ 106.40 | 27.91% |
| kWh oil generated (1) | 1,453 | 2,172,181 | -99.93% | 376,100 | 14,300,317 | -97.37% |
| Cost per MWh - oil | $ - | $ 193.47 | -100.00% | $ 263.09 | $ 191.40 | 37.46% |
| *Natural gas units #1-3* | | | | | | |
| Gas expense - variable | $ 264,665 | $ 1,384,285 | -80.88% | $ 3,484,583 | $ 11,351,240 | -69.30% |
| MMBTU's consumed | 84,571 | 533,487 | -84.15% | 1,035,191 | 4,588,237 | -77.44% |
| $/ per MMBTU consumed | $ 3.13 | $ 2.59 | 20.85% | $ 3.37 | $ 2.47 | 36.44% |
| kWh - gas generated (1) | 7,144,848 | 45,093,379 | -84.16% | 82,437,774 | 424,747,333 | -80.59% |
| Cost per MWh - gas | $ 37.04 | $ 30.70 | 20.65% | $ 42.27 | $ 26.72 | 58.20% |
| Cost per MWh - gas & oil - steam | $ 37.04 | $ 38.18 | -2.99% | $ 43.27 | $ 32.09 | 34.84% |
| *Coal* | | | | | | |
| Coal expense | $ 1,467,132 | $ 1,619,928 | -9.43% | $ 7,078,899 | $ 8,761,936 | -19.21% |
| kWh generated | 54,053,639 | 67,720,585 | -20.18% | 248,479,053 | 379,134,333 | -34.46% |
| Cost per MWh - coal | $ 27.14 | $ 23.92 | 13.46% | $ 28.49 | $ 23.11 | 23.28% |
| *Pet coke and limestone* | | | | | | |
| Expense | $ 2,850,636 | $ 2,475,704 | 15.14% | $ 14,412,184 | $ 15,582,145 | -7.51% |
| kWh generated | 87,454,766 | 125,867,870 | -30.52% | 440,687,695 | 674,046,782 | -34.62% |
| Cost per MWh - pet coke and limestone | $ 32.60 | $ 19.67 | 65.73% | $ 32.70 | $ 23.12 | 41.44% |
| Cost per MWh - coal & petcoke - steam | $ 30.51 | $ 21.16 | 44.19% | $ 31.18 | $ 23.11 | 34.92% |
| **Combustion turbine:** | | | | | | |
| *Fuel oil* | | | | | | |
| Fuel expense | $ 41,652 | $ 16,675 | 149.79% | $ 306,010 | $ 218,023 | 40.36% |
| Barrels #2 oil consumed | 282 | (66) | -527.27% | 2,260 | 888 | 154.50% |
| $/ per barrel consumed | $ 147.70 | $ (252.65) | -158.46% | $ 135.40 | $ 245.52 | -44.85% |
| kWh - oil generated | 48,519 | 8,050 | 502.72% | 617,095 | 249,164 | 147.67% |
| Cost per MWh - oil | $ 858.47 | $ 2,071.43 | -58.56% | $ 495.89 | $ 875.02 | -43.33% |
| *Natural gas (includes landfill)* | | | | | | |
| Gas expense Kennedy & landfill - variable | $ (6,185) | $ 5,510 | -212.25% | $ 393,518 | $ 379,409 | 3.72% |
| MMBTU's consumed | 129 | 2,000 | -93.55% | 118,097 | 157,371 | -24.96% |
| $/ per MMBTU consumed | $ (47.95) | $ 2.76 | -1837.32% | $ 3.33 | $ 2.41 | 38.17% |
| kWh - gas generated (1) | (373,982) | (205,073) | 82.37% | 8,459,614 | 12,091,802 | -30.04% |
| Cost per MWh - gas | $ 16.54 | $ (26.87) | -161.56% | $ 46.52 | $ 31.38 | 48.25% |
| Gas expense BB simple - variable | $ (5,343) | $ 93,449 | -105.72% | $ 776,598 | $ 730,487 | 6.31% |
| MMBTU's consumed | 2 | $ 45,449 | -100.00% | 240,663 | 342,981 | -29.83% |
| $/ per MMBTU consumed | $ (2,671.50) | $ 2.06 | -129784.47% | $ 3.23 | $ 2.13 | 51.64% |
| kWh - gas generated (1) | (154,278) | 3,999,858 | -103.86% | 20,716,097 | 30,257,694 | -31.53% |
| Cost per MWh - gas simple | $ 34.63 | $ 23.36 | 48.24% | $ 37.49 | $ 24.14 | 55.30% |
| Gas expense BB combined - variable | $ 7,340,164 | $ 5,190,971 | 41.40% | $ 39,844,561 | $ 25,751,485 | 54.73% |
| MMBTU's consumed | 2,153,100 | 2,158,039 | -0.23% | 12,068,300 | 11,110,266 | 8.62% |
| $/ per MMBTU consumed | $ 3.41 | $ 2.41 | 41.49% | $ 3.30 | $ 2.32 | 42.24% |
| kWh - gas generated (1) | 329,008,001 | 323,351,391 | 1.75% | 1,746,423,752 | 1,623,523,890 | 7.57% |
| Cost per MWh - gas combined | $ 22.31 | $ 16.05 | 39.00% | $ 22.81 | $ 15.86 | 43.82% |
| Gas expense GEC simple - variable | $ 11,032 | $ 23,823 | -53.69% | $ 729,231 | $ 970,769 | -24.88% |
| MMBTU's consumed | - | 13,763 | -100.00% | 288,337 | 421,246 | -31.55% |
| $/ per MMBTU consumed | | $ 1.73 | | $ 2.53 | $ 2.30 | 10.00% |
| kWh - gas generated | (490,178) | 770,889 | -163.59% | 24,476,066 | 36,072,873 | -32.15% |
| Cost per MWh - gas simple | $ (22.51) | $ 30.90 | -172.85% | $ 29.79 | $ 26.91 | 10.70% |
| Cost per MWh - gas & oil ct | $ 22.50 | $ 16.26 | 38.38% | $ 23.35 | $ 16.48 | 41.69% |
| Natural gas expense - fixed | $ 3,115,294 | $ 2,443,553 | 27.49% | $ 15,065,395 | $ 12,904,125 | 16.75% |
| **Total generated power:** | | | | | | |
| Fuels expense | $ 15,079,047 | $ 13,674,160 | 10.27% | $ 82,189,926 | $ 79,386,662 | 3.53% |
| kWh generated | 476,692,788 | 568,779,130 | -16.19% | 2,572,673,246 | 3,194,424,188 | -19.46% |
| Cost per MWh | $ 31.63 | $ 24.04 | 31.58% | $ 31.95 | $ 24.85 | 28.55% |

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

**Cost of fuels**

| | Month 2017 | 2016 | YTD 2017 | 2016 |
|---|---|---|---|---|
| Fuel oil #6 | $ - | $ 420,262 | $ 98,947 | $ 2,737,043 |
| Natural gas units #1-3 with landfill - variable | 264,665 | 1,384,285 | 3,484,583 | 11,351,240 |
| Coal | 1,467,132 | 1,619,928 | 7,078,899 | 8,761,936 |
| Petcoke | 2,850,636 | 2,475,704 | 14,412,184 | 15,582,145 |
| Fuel oil #2 | 41,652 | 16,675 | 306,010 | 218,023 |
| Natural gas - simple cycle (BB & GEC) - variable | (496) | 122,782 | 1,899,347 | 2,080,665 |
| Natural gas - combined (BB) - variable | 7,340,164 | 5,190,971 | 39,844,561 | 25,751,485 |
| Natural gas - fixed | 3,115,294 | 2,443,553 | 15,065,395 | 12,904,125 |
| Total | $ 15,079,047 | $ 13,674,160 | $ 82,189,926 | $ 79,386,662 |

| | Month February 2017 | Month February 2016 | Variance | Year-To-Date February 2017 | Year-To-Date February 2016 | Variance |
|---|---|---|---|---|---|---|
| **Production Statistics (Con't.)** | | | | | | |
| **Purchased power:** | | | | | | |
| *Plant Scherer* | | | | | | |
| Purchases | $ 4,030,967 | $ 6,222,324 | -35.22% | $ 23,538,477 | $ 21,404,264 | 9.97% |
| kWh purchased | 96,592,000 | 99,703,000 | -3.12% | 565,642,000 | 470,637,000 | 20.19% |
| Cost per MWh | $ 41.73 | $ 62.41 | -33.13% | $ 41.61 | $ 45.48 | -8.50% |
| *TEA & other* | | | | | | |
| Purchases | $ 5,763,078 | $ 5,464,943 | 5.46% | $ 26,971,499 | $ 21,806,832 | 23.68% |
| kWh purchased | 132,658,087 | 162,645,465 | -18.44% | 592,441,575 | 610,167,033 | -2.91% |
| Cost per MWh | $ 43.44 | $ 33.60 | 29.29% | $ 45.53 | $ 35.74 | 27.38% |
| *SJRPP* | | | | | | |
| Purchases | $ 7,300,370 | $ 8,150,405 | -10.43% | $ 49,176,107 | $ 42,117,445 | 16.76% |
| kWh purchased | 109,653,000 | 122,117,000 | -10.21% | 866,127,000 | 676,100,000 | 28.11% |
| Cost per MWh | $ 66.58 | $ 66.74 | -0.25% | $ 56.78 | $ 62.29 | -8.86% |
| **Total purchased power:** | | | | | | |
| Purchases | $ 17,094,415 | $ 19,837,672 | -13.83% | $ 99,686,083 | $ 85,328,541 | 16.83% |
| kWh purchased | 338,903,087 | 384,465,465 | -11.85% | 2,024,210,575 | 1,756,904,033 | 15.21% |
| Cost per MWh | $ 50.44 | $ 51.60 | -2.24% | $ 49.25 | $ 48.57 | 1.40% |
| Subtotal - generated and purchased power: | $ 32,173,462 | $ 33,511,832 | -3.99% | $ 181,876,009 | $ 164,715,203 | 10.42% |
| Fuel interchange sales | (183,130) | (8,704) | 2003.98% | (1,838,062) | (421,756) | 335.81% |
| Earnings of The Energy Authority | 176,927 | (368,396) | -148.03% | (1,126,402) | (1,257,700) | -10.44% |
| EPA Allowance Purchases | - | - | | 233,775 | - | |
| Realized and Unrealized (Gains) Losses: | - | 369,000 | -100.00% | 116,400 | 1,626,600 | -92.84% |
| Fuel procurement and handling | 778,524 | 902,282 | -13.72% | 4,558,887 | 4,409,524 | 3.39% |
| By product reuse | 720,522 | 1,186,755 | -39.29% | 5,062,906 | 5,889,481 | -14.03% |
| Total generated and net purchased power: | | | | | | |
| Cost, net | 33,666,305 | 35,592,769 | -5.41% | 188,883,513 | 174,961,352 | 7.96% |
| kWh generated and purchased | 815,595,875 | 953,244,595 | -14.44% | 4,596,883,821 | 4,951,328,221 | -7.16% |
| Cost per MWh | $ 41.28 | $ 37.34 | 10.55% | $ 41.09 | $ 35.34 | 16.28% |
| **Reconciliation:** | | | | | | |
| Generated and purchased power per above | $ 33,666,305 | $ 41.28 | | $ 188,883,513 | $ 41.09 | |
| SJRPP operating expenses: | | | | | | |
| SJRPP O & M | (1,897,025) | (2.33) | | (8,983,129) | (1.95) | |
| SJRPP debt service | (3,104,697) | (3.81) | | (15,785,052) | (3.43) | |
| SJRPP R & R | 2,074,511 | 2.54 | | 9,156,965 | 1.99 | |
| SCHERER operating expenses: | | | | | | |
| Scherer power production | (572,359) | (0.70) | | (3,009,376) | (0.65) | |
| Scherer R & R | (443,979) | (0.54) | | (2,736,743) | (0.60) | |
| Scherer transmission | (471,518) | (0.58) | | (2,203,009) | (0.48) | |
| Scherer taxes | (98,281) | (0.12) | | (482,225) | (0.10) | |
| Florida and other capacity | (645,875) | (0.79) | | (2,675,216) | (0.58) | |
| MEAG | (511,597) | (0.63) | | (2,563,328) | (0.56) | |
| Rounding | 2 | 0.00 | | (1) | (0.00) | |
| | $ 27,995,487 | $ 34.33 | | $ 159,602,399 | $ 34.72 | |

**Electric System**
**SJRPP Sales and Purchased Power**

| | Month February 2017 | Month February 2016 | Year-to-Date February 2017 | Year-to-Date February 2016 |
|---|---|---|---|---|
| **MWh sales** | | | | |
| JEA | 109,653 | 122,117 | 866,127 | 676,100 |
| FPL saleback | 72,941 | 85,865 | 566,978 | 569,330 |
| FPL direct portion | 45,648 | 51,996 | 358,276 | 311,358 |
| Total MWh sales | 228,242 | 259,978 | 1,791,381 | 1,556,788 |
| **Fuel costs** | $ 4,375,916 | $ 4,613,591 | $ 33,587,695 | $ 25,670,967 |
| (Includes fuel handling expenses) | | | | |
| Less interest credits: inventory bank | (3,854) | (6,709) | (28,011) | (21,689) |
| Plus (less): true-up interest | 1,098 | (184) | 5,207 | 722 |
| Total | 4,373,160 | 4,606,698 | 33,564,891 | 25,650,000 |
| Cost per MWh | $ 39.88 | $ 37.72 | $ 38.75 | $ 37.94 |
| **Operating and maintenance expenses** | 1,898,071 | 2,044,258 | 9,024,419 | 8,195,807 |
| Less: operations bank interest | (1,046) | (496) | (5,154) | (2,402) |
| Less: annual variable o & m true-up | - | 3,039 | (36,136) | 3,039 |
| Total | 1,897,025 | 2,046,801 | 8,983,129 | 8,196,444 |
| Cost per MWh | $ 17.30 | $ 16.76 | $ 10.37 | $ 12.12 |
| **Debt service contribution** | | | | |
| Principal | 2,208,073 | 2,331,562 | 11,040,365 | 11,657,813 |
| Interest | 1,349,442 | 1,464,487 | 6,747,212 | 7,322,439 |
| Less credits: | | | | |
| Reserve Issue 2 | (194,901) | (256,735) | (972,052) | (1,258,384) |
| Reserve Issue 3 | (14,375) | (13,041) | (67,138) | (70,320) |
| Debt service Issue 2 | (93) | (40) | (2,672) | (111) |
| Debt service Issue 3 | - | - | - | - |
| Bond proceeds COB | (18,601) | - | (46,546) | (2,137) |
| General reserve Issue 2 | (17,662) | (18,571) | (70,569) | (83,286) |
| General reserve Issue 3 | (1,894) | (1,855) | (9,324) | (1,862) |
| Build America Bonds subsidy | (32,433) | (34,190) | (162,166) | (170,951) |
| Inventory carrying costs | (66,733) | (61,192) | (343,793) | (296,752) |
| Total | 3,210,823 | 3,410,425 | 16,113,317 | 17,096,449 |
| Cost per MWh | $ 29.28 | $ 27.93 | $ 18.60 | $ 25.29 |
| **R & R contribution** | 309,387 | 339,343 | 1,546,933 | 1,696,715 |
| Less: interest credit | (106,127) | (46,752) | (328,265) | (216,053) |
| Less: cumulative capital recovery amount | (2,383,898) | (2,206,110) | (10,703,898) | (10,306,110) |
| Total | (2,180,638) | (1,913,519) | (9,485,230) | (8,825,448) |
| Cost per MWh | $ (19.89) | $ (15.67) | $ (10.95) | $ (13.05) |
| **Debt service coverage** | - | - | 2,107,000 | 2,117,000 |
| Transfer to JEA | - | - | (2,107,000) | (2,117,000) |
| Total | - | - | - | - |
| Cost per MWh | $ - | $ - | $ - | $ - |
| Total | $ 7,300,370 | $ 8,150,405 | $ 49,176,107 | $ 42,117,445 |
| kWh purchased | 109,653,000 | 122,117,000 | 866,127,000 | 676,100,000 |
| Cost per MWh | $ 66.58 | $ 66.74 | $ 56.78 | $ 62.29 |

# III. A. 3.

# Monthly JEA Operations Report

Building Community

# JEA Operations Report

as of February 28, 2017

Return to Agenda

III. A. 3.
3/21/2017

# Board of Directors Meeting
# March 21, 2017

Building Community

# JEA Safety

(February 28, 2017)

## FY2016

- RIR = 1.82
- # of Recordables = 38
- February YTD Recordables = 14

## FY2017

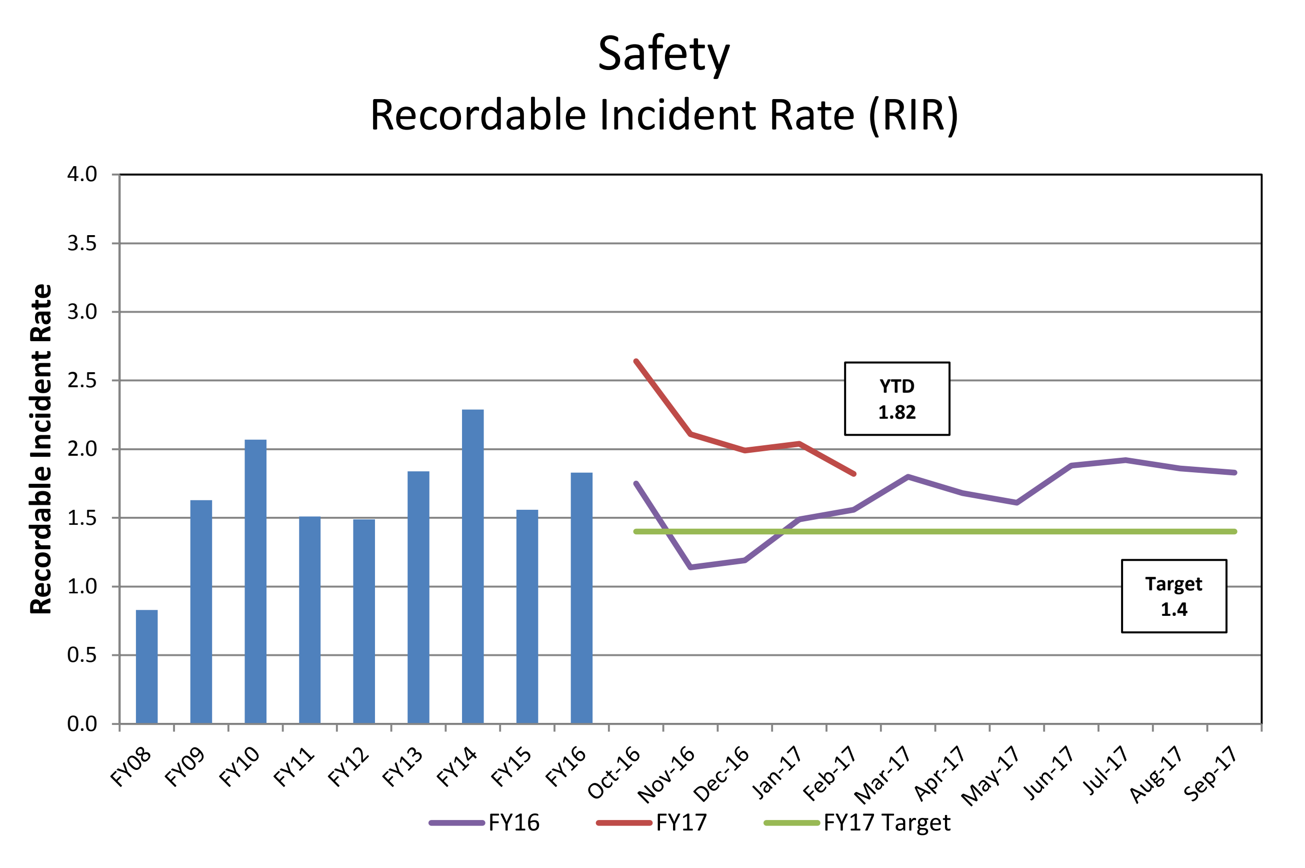
- February Recordables = 2
- February YTD Recordables = 16
- 3 (21%) was lost time
  - Electric Systems = 8
  - Water/WW Systems = 8
- Continuing to "Plan for Zero"
- Increased focus on:
  - Complacency
  - Hand/Finger
  - 0-5 Year Employees
  - PPE Use
  - Strains, Sprains, Slip/Trip/Fall
  - Repeat Occurrences

**Industry Benchmark***

Average Municipal Utility RIR is 6.3

Average LPPC RIR is 3.7

| Units | FY2017 YTD | FY2017 Target | FY2016 | FY2015 |
|---|---|---|---|---|
| RIR | 1.82 | 1.4 | 1.82 | 1.56 |



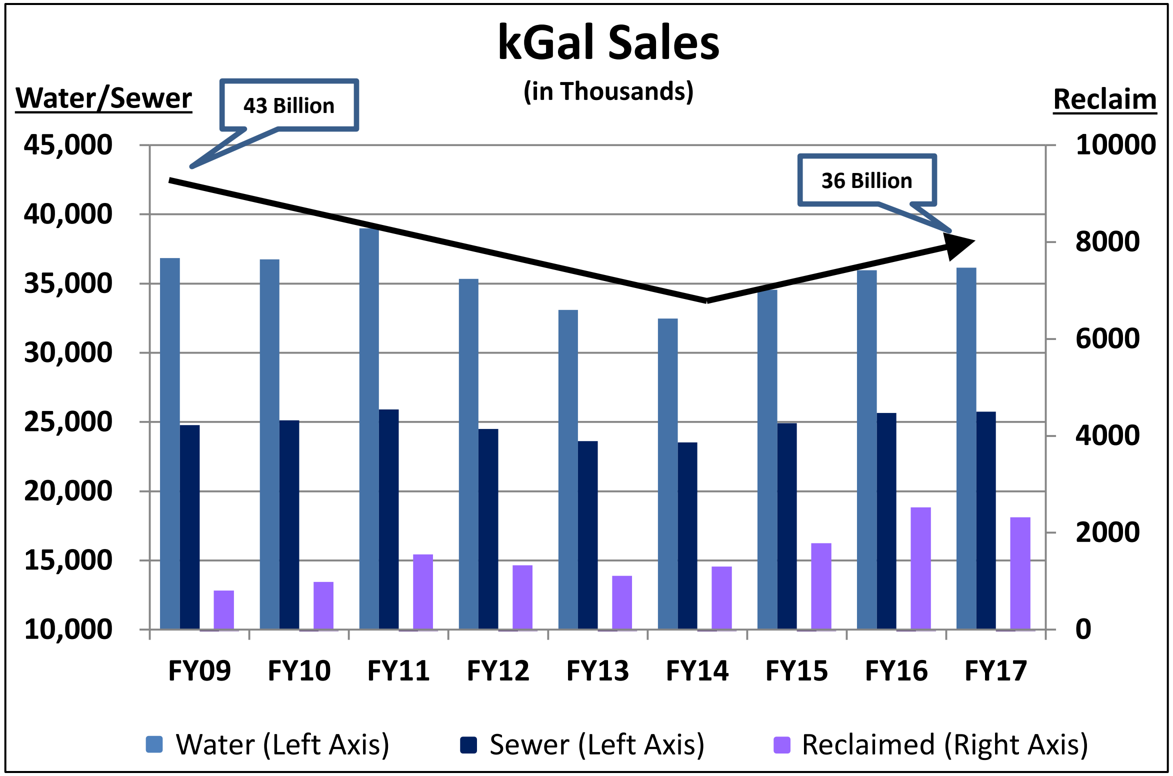

*Provided by Bureau of Statistics

# JEA Water and Sewer System

## kGal Sales

(in Thousands)

Building Community




| Month | FY16 | FY17 | % |
|---|---|---|---|
| Oct | 3,120 | 3,129 | 0.3% |
| Nov | 2,641 | 3,068 | 16.2% |
| Dec | 2,758 | 2,923 | 6.0% |
| Jan | 2,527 | 2,768 | 9.6% |
| Feb | 2,479 | 2,624 | 5.9% |
| **YTD** | **13,525** | **14,512** | **7.3%** |
| Mar | 2,825 | | |
| Apr | 2,914 | | |
| May | 3,523 | | |
| Jun | 3,290 | | |
| Jul | 3,736 | | |
| Aug | 3,451 | | |
| Sep | 3,094 | | |
| **Total/Forecast** | **36,358** | **36,150** | |

**Unit Sales Driver**: YTD rainfall up 5 inches; rain days down 12.
Irrigation for February YTD FY17 up 33% versus February YTD FY16.

| YTD Rainfall | 30-Yr. Avg. | FY16 | FY17 |
|---|---|---|---|
| Inches | 15 | 12 | 17 |
| Days | 38 | 36 | 24 |

| YTD Customer Accounts | FY16 | FY17 | % |
|---|---|---|---|
| Water | 331,711 | 339,755 | 2.4% |
| Sewer | 256,676 | 263,316 | 2.6% |
| Reclaimed | 7,241 | 9,128 | 26.1% |

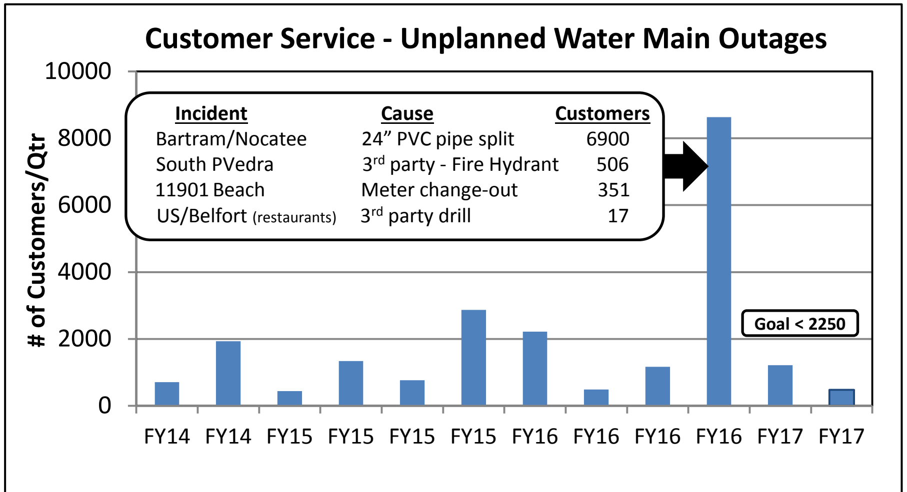
| Total System | 7.3% |
|---|---|
| Residential | 7.1% |
| Comm./Industrial | (0.7%) |
| Irrigation | 33.0% |

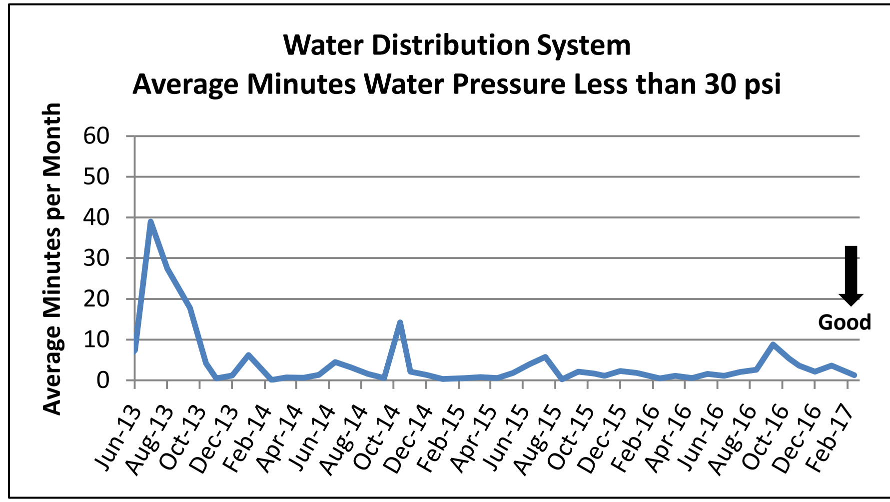
Building Community

# Customer Reliability Objectives

## Water and Wastewater System

| Water Grid Performance | Metric | FY2017 YTD | FY2017 Target | FY2016 | FY2015 |
|---|---|---|---|---|---|
| Water Main Outages | # of Customers per Year | 1,690 | 9,000 | 12,735 | 5,629 |




**Unplanned Water Outages**

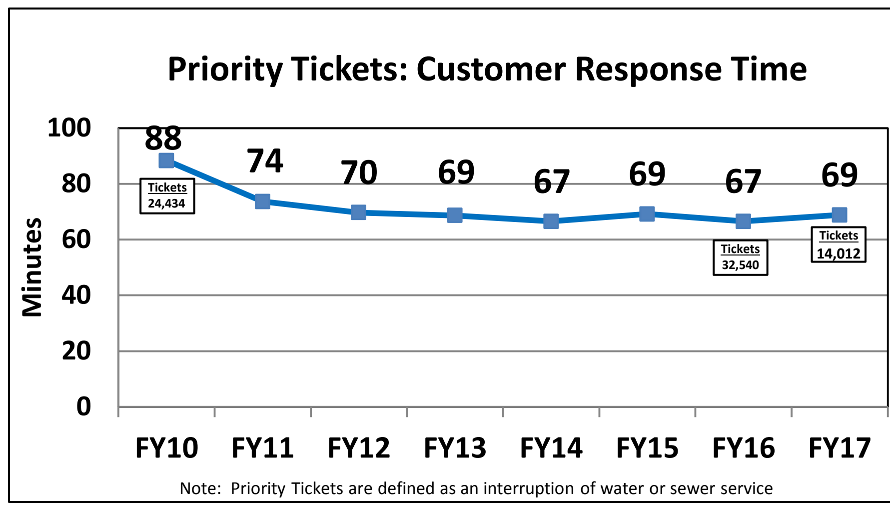
# of Customers Affected by Unplanned Outages has increased due to 3rd Party Damages

**Water Pressure (minutes per month < 30 psi)**

Measured by 110 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi.

**Customer Response Time**

Average time from a customer call to the ticket completion or transfer to a field crew for a more extensive repair




*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

# Environmental Compliance

## Water System – Consumptive Use Permit (CUP)

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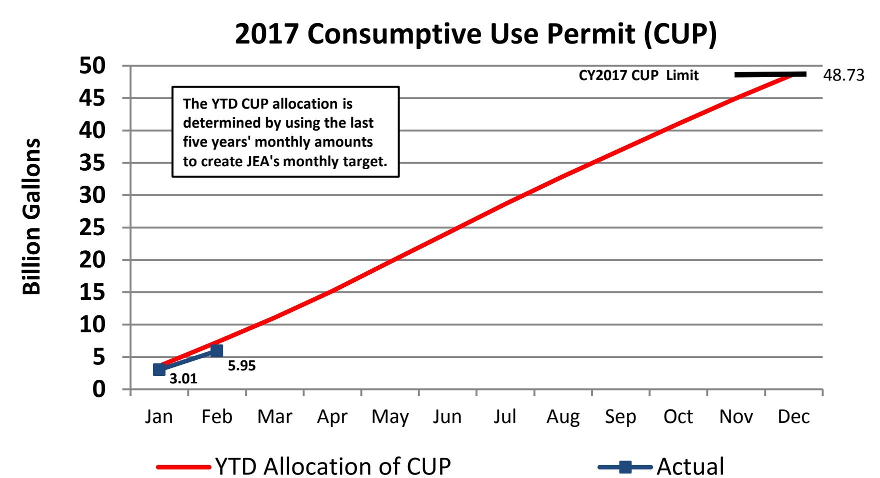
| Compliance | Metric – CY Basis | FY2017 | 2017 Target | 2016 | 2015 |
|---|---|---|---|---|---|
| Water | CUP Limits (MGD) | 101 | 133 limit | 112 (131 limit) | 107 (131 limit) |
| South Grid | Wellfield Allocation (MGD) | 41.10 | < 50.23 limit | 52.95 (<50.23 limit) | 47.50 (<50.23 limit) |
| Reclaim | Usage (MGD) | 20 | 15 | 16 | 13 |




### CUP Condition 44: South Grid Wellfield Allocation Limits

Actuals

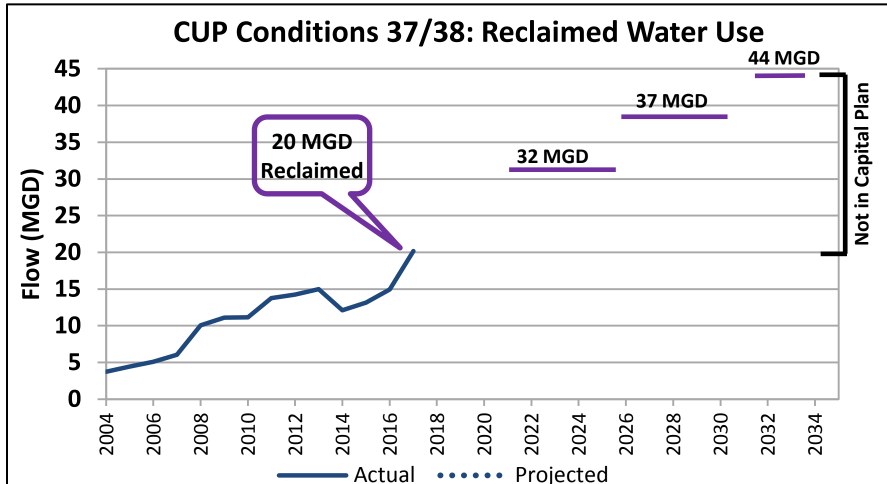
| Critical Wellfields | 2013 | 2014 | 2015 | 2016 | YTD 2017 | Post Sep -14' Limit |
|---|---|---|---|---|---|---|
| Deerwood III | 6.96 | 7.01 | 6.67 | 7.88 | 6.15 | 7.00 |
| Ridenour | 5.97 | 6.39 | 6.66 | 7.64 | 5.36 | 6.85 |
| Oakridge | 8.78 | 6.23 | 4.99 | 5.79 | 4.32 | 5.65 |
| Greenland | --- | 1.53 | 4.27 | 4.16 | 4.25 | 4.53 |
| Brierwood | 5.58 | 4.53 | 2.84 | 3.36 | 1.70 | 3.02 |
| Subtotal | 27.29 | 25.69 | 25.43 | 28.83 | 21.79 | 27.05 |
| Other Wellfields | 22.21 | 20.92 | 22.07 | 24.12 | 19.32 | 23.18 |
| Total South Grid | 49.50 | 46.61 | 47.50 | 52.95 | 41.10 | 50.23 |
| Total System MGD | 100 | 104 | 107 | 112 | 101 | 131 |

### St. Johns River Water Management District CUP

**Condition 12:** YTD average daily flow was 24% below CY limit of 133 MGD

**Condition 44:** South Grid Wellfields were 6% above the base limit in FY16, yet have annual operational flexibility of 20% above allocation limits. FY17 is 18% below the limit.

**Conditions 37/38:** Use of reclaimed water *"to the maximum extent technologically, economically, and environmentally feasible".* The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.




MGD – Million Gallons Per Day

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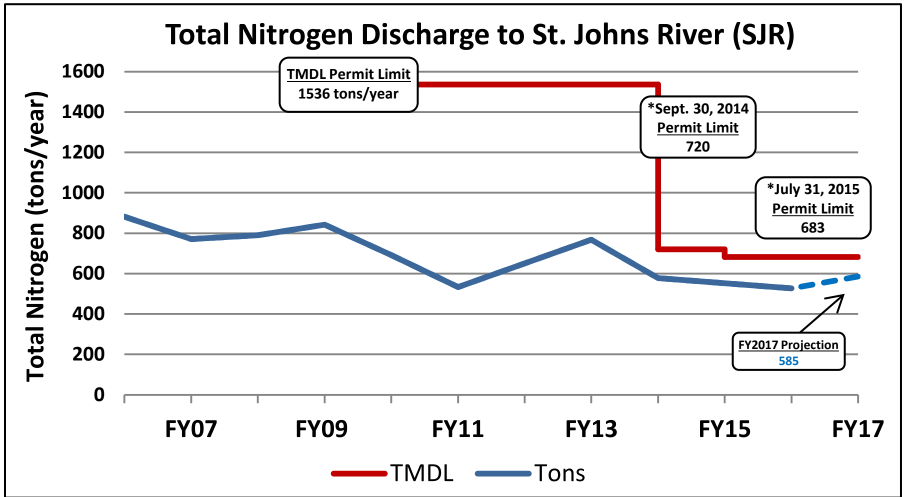
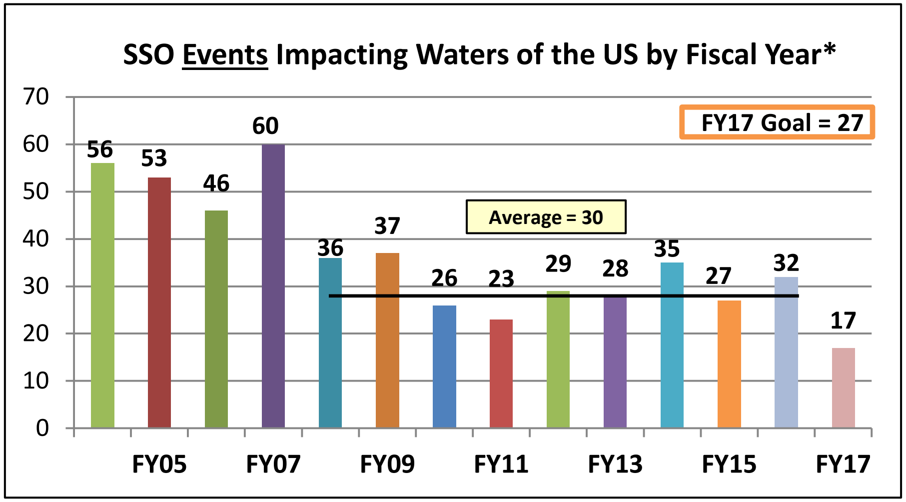
# Environmental Compliance

## Wastewater System

| Compliance | Metric | FY2017 YTD | FY2017 Target | FY2016 | FY2015 |
|---|---|---|---|---|---|
| Sewer | Nitrogen (N) Tons – FY basis | 245 | 550 | 527 (TMDL of 683*) | 553 (TMDL of 683*) |



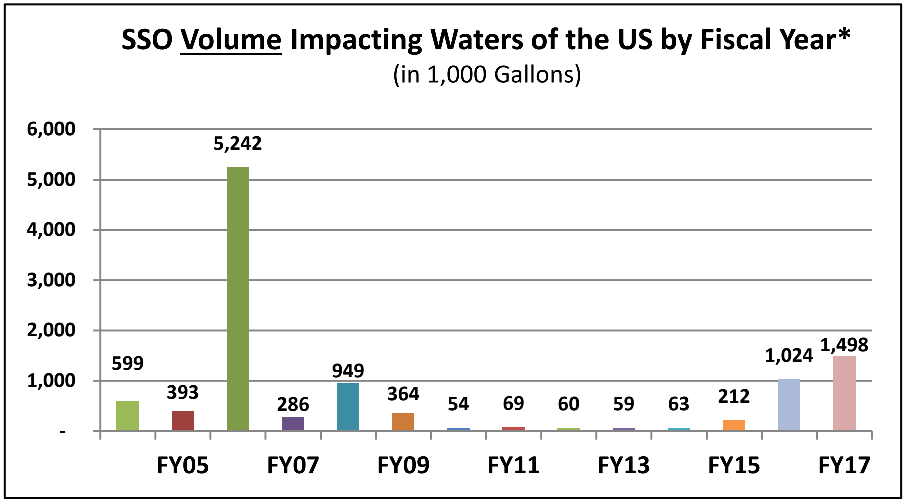




## Nitrogen Discharge to St. Johns River

Florida Department of Environmental Protection (FDEP) has reduced the Total Maximum Daily Load (TMDL) to 683 tons with Water Quality Trading Credits allocated to the COJ

## Sanitary Sewer Overflows (SSOs to US Waters)

FY08 - FY16 SSO's averaged 30 per year. Fifteen (15) SSO's year-to-date impacting US Waters excluding events occurring during Hurricane Matthew.




*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

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# JEA Water and Sewer System

## Financial Results and Cost Metrics

*($ in thousands)*

| Revenues | FY17 Forecast | FY16 Actual | FY17 Budget | FY17 vs FY16 ($) | Variance (%) |
|---|---|---|---|---|---|
| Water & Sewer Revenues | $ 406,155 | $ 409,889 | $ 394,430 | $ (3,734) | -0.9% |
| Other Revenue | 35,680 | 40,070 | 33,792 | (4,390) | -11.0% |
| **Total Revenues** | **$ 441,835** 1 | **$ 449,959** | **$ 428,222** | **$ (8,124)** | **-1.8%** |

**$14M**

| Select Expenses | FY17 Forecast | FY16 Actual | FY17 Budget | FY17 vs FY16 ($) | Variance (%) |
|---|---|---|---|---|---|
| O & M Expense | $ 140,146 2 | $ 130,296 | $ 144,149 | $ (9,851) | -7.6% |
| **Net Revenues** | **$ 298,709** | **$ 313,130** | **$ 280,753** | **$ (15,931)** | **-5.1%** |

**$18M**

| | | | | | |
|---|---|---|---|---|---|
| Capital Expenditures | $ 216,698 3 | $ 147,363 | $ 205,000[1] | $ (69,335) | -47.1% |
| Debt Service | $ 115,966 | $ 95,418 | $ 118,375 | $ (20,549) | -21.5% |

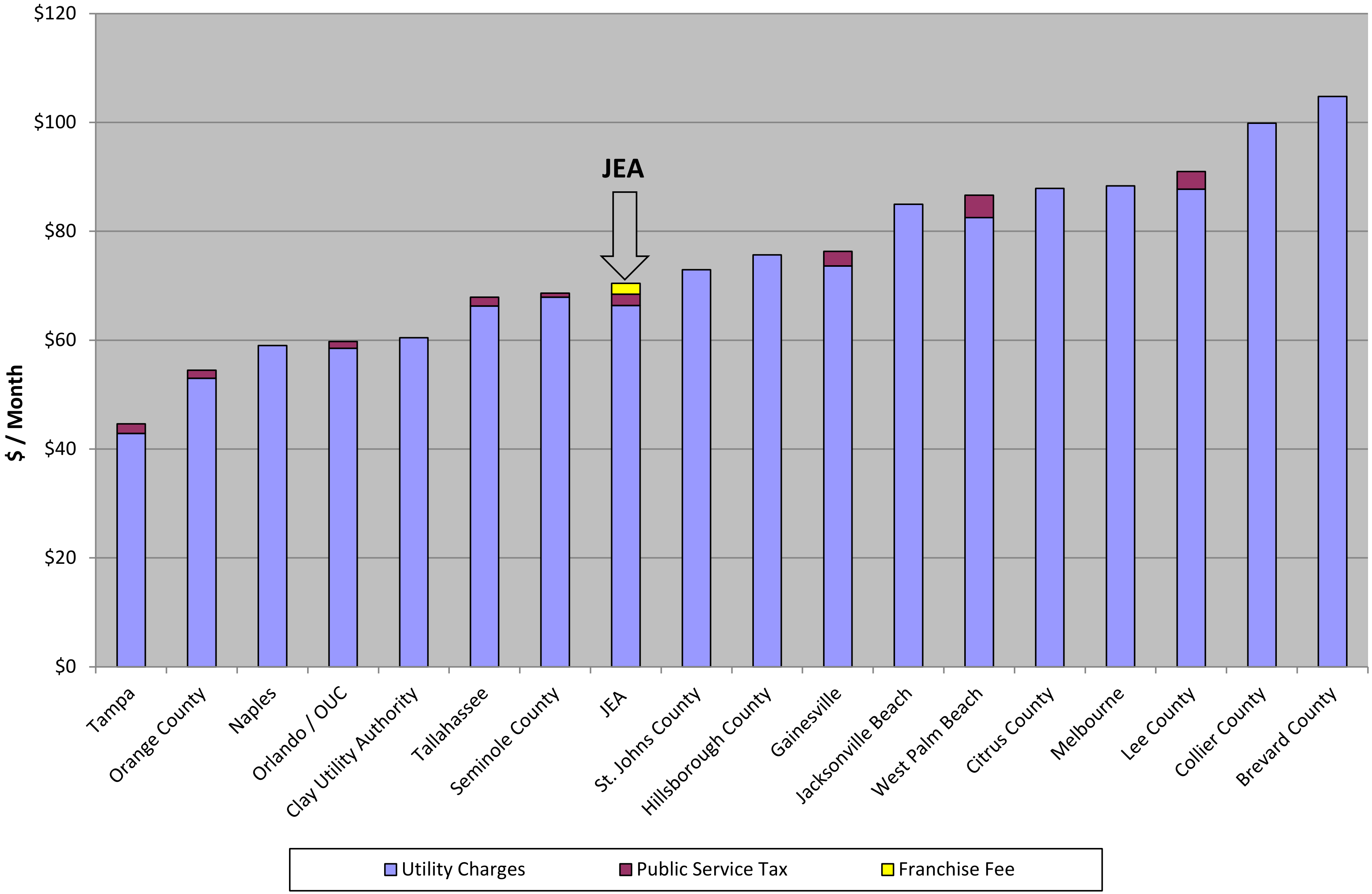
| Metrics | FY17 Forecast |
|---|---|
| Coverage: | 2.6x |
| Days Liquidity/Cash: | 315 / 200 |
| Debt/Asset: | 50% (3% lower) |
| Total Debt: | $1.6B ($34M lower) |

| Cost / Kgal | Water | Sewer |
|---|---|---|
| Target | $ 4.75 | $ 10.27 |
| Forecast | 4.86 | 10.77 |
| Difference | $ (0.11) | $ (0.50) |

[1] Council approved limit for capital expenditures in FY17 is $225.5 million

# Water & Sewer Rates in Florida

**Residential Service with a 5/8" meter and 6 kgals of Consumption**
**Residential Rates as of March 2017**



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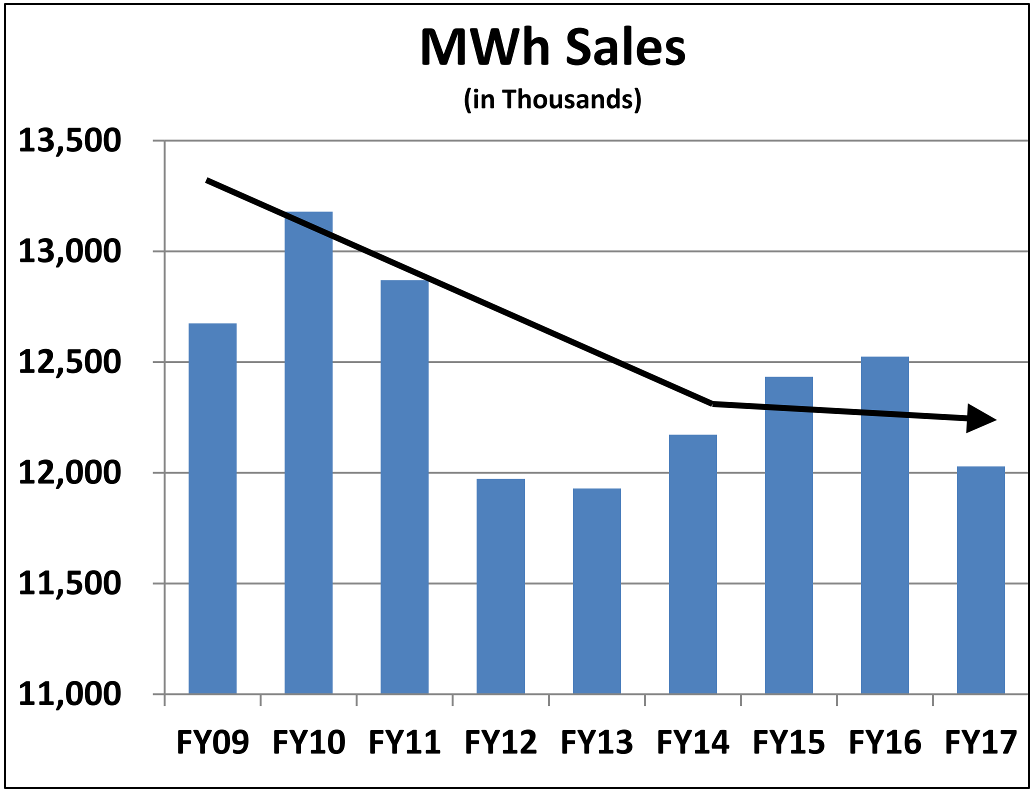
# JEA Electric System

## MWh Sales




| Month | FY16 | FY17 | % |
|---|---|---|---|
| Oct | 952,515 | 951,425 | (0.1%) |
| Nov | 923,705 | 863,238 | (6.5%) |
| Dec | 922,956 | 905,219 | (1.9%) |
| Jan | 1,049,897 | 932,807 | (11.2%) |
| Feb | 894,563 | 759,141 | (15.1%) |
| **YTD** | **4,743,636** | **4,411,831** | **(7.0%)** |
| Mar | 893,954 | | |
| Apr | 900,013 | | |
| May | 1,089,555 | | |
| Jun | 1,231,251 | | |
| Jul | 1,336,836 | | |
| Aug | 1,254,240 | | |
| Sep | 1,111,769 | | |
| **Total/Forecast** | **12,561,253** | **12,029,845** | |

**Unit Sales Driver:** YTD MWh reduction due to moderate weather and decrease in FPU demand.

| **Total System** | **(7.0%)** |
|---|---|
| Residential | (7.0%) |
| Comm./Industrial | (4.2%) |
| Interruptible | (4.6%) |
| Wholesale (FPU) | (65.3%) |

| **YTD Degree Days** | | |
|---|---|---|
| **30-yr. Avg.** | **FY16** | **FY17** |
| 1,441 | 1,375 | 1,004 |

| **YTD Customer Accounts** | | |
|---|---|---|
| **FY16** | **FY17** | **%** |
| 450,668 | 457,867 | 1.6% |

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# JEA FY2017 Performance Objectives

## Electric System Reliability Metrics

| T&D Grid Performance | Metric | FY2017 YTD | FY2017 Target | FY2016 | FY2015 |
|---|---|---|---|---|---|
| Customer Outage Frequency* | # of Outages per Year | **1.22** | **1.5** | 1.4 | 1.8 |
| Electric Outage Duration* | # of Minutes out per Year | **70.5** | **85** | 71 | 99 |
| Transmission Line Faults | # of Faults per 100 miles | **0.6** | **1.2** | 0.7 | 2.8 |
| $CEMI_5$* | % Customers > 5 outages per yr | **0.9** | **1.5** | 1.4 | 2.1 |

**Electric Service Reliability**

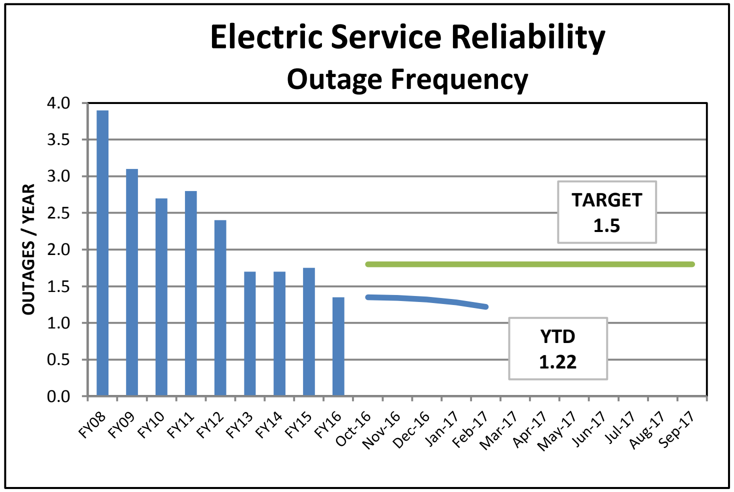
- Outage frequency and duration have been reduced significantly over the last 8 years; running flat this year and near the FY2017 targets.
- The typical JEA customer sees 1.22 outages per year and a total outage duration of 70.5 minutes
- $CEMI_5$: 4,095 (.87%) of our customers have experienced more than 5 outages in the past 12 months

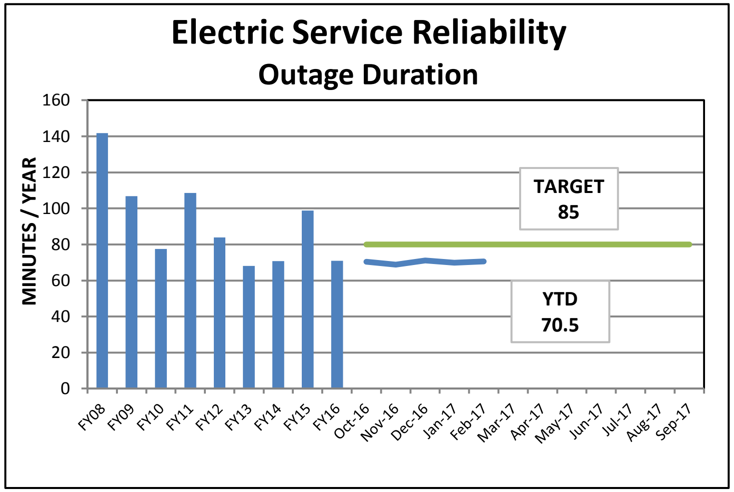
**Transmission Line Reliability**

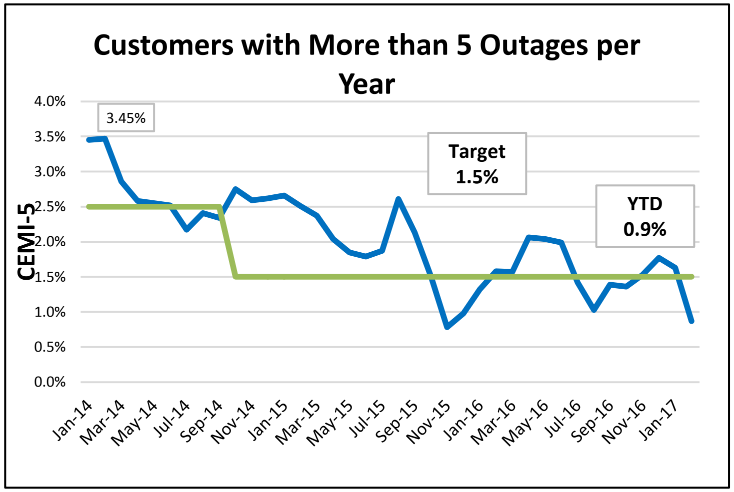
- Overall downward trend over the last eight years
- YTD (0.6) running below the FY17 target

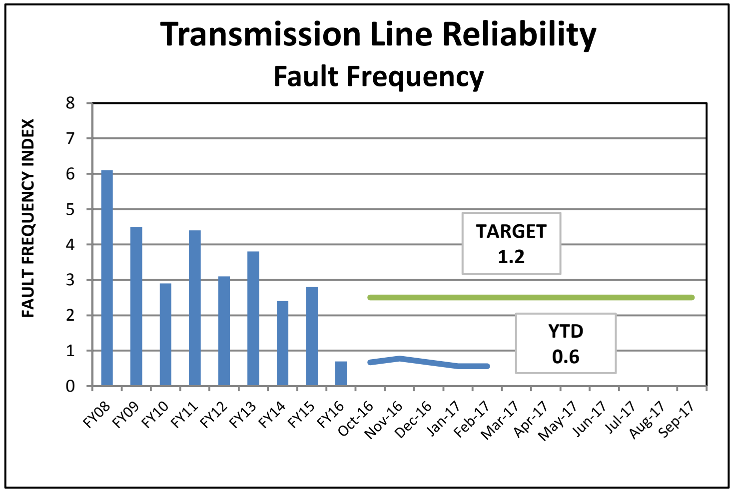
**Other Operational Metrics**

- Continue showing favorable trends over time




*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

# JEA FY2017 Performance Objectives

## Electric System Reliability Metrics

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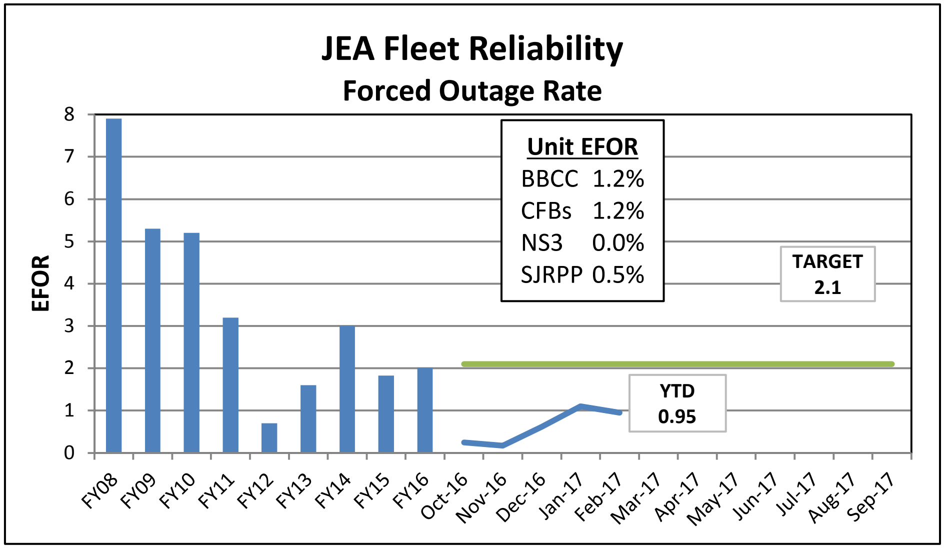
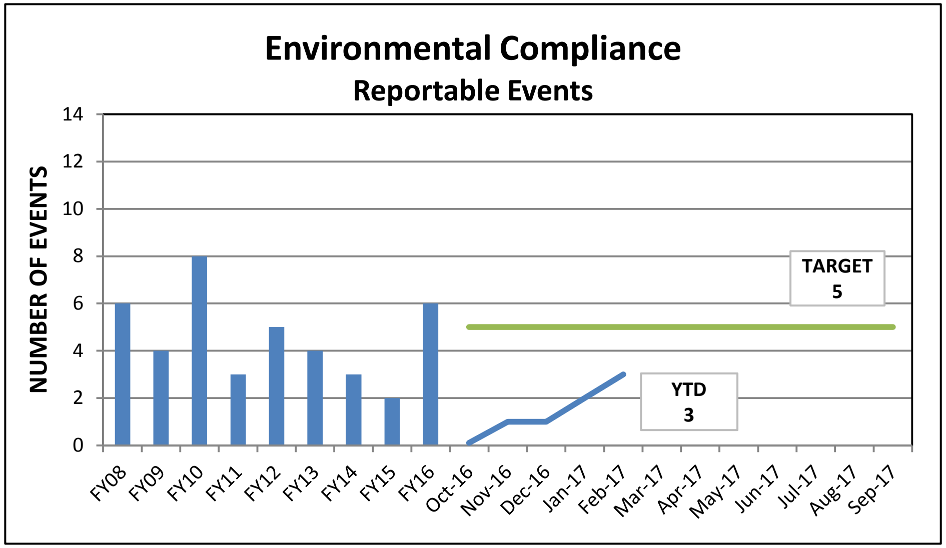
| Generating Plant Performance | Metric | FY2017 YTD | FY2017 Target | FY2016 | FY2015 |
|---|---|---|---|---|---|
| Generation Fleet Reliability | Forced Outages Rate | .95 | **2.1** | 2.0 | 1.8 |
| Environmental Compliance | Permit Exceedances | 3 | **5** | 6 | 2 |




**Generating Fleet Reliability**

- The JEA fleet Forced Outage Rate is in line with prior 6-year performance and better than FY2017 target of 2.1
- Planned outage work completed this past fall on all 3 Northside steam units.
- High unit reliability contributes to lower fuel and non-fuel expenses

**Environmental Compliance**

- Excellent environmental performance in prior years. No air permit exceedances occurred in FY16.
- Electric System's have experienced 3 reportable events during FY2017.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

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# JEA Electric System

## Financial Results and Cost Metrics

*($ in thousands)*

| Revenues | FY17 Forecast | FY16 Actual | FY17 Budget | FY17 vs FY16 ($) | Variance (%) |
|---|---|---|---|---|---|
| Fuel Revenue | $ 392,407[1] | $ 426,653[2] | $ 449,776 | $ (34,246) | -8.0% |
| Base Revenue | 749,240[1] | 750,038 | 735,204 | (798) | -0.1% |
| Other Revenue | 43,377 | 37,904 | 41,787 | 5,473 | 14.4% |
| **Total Revenues** | **$ 1,185,024** | **$ 1,214,595** | **$ 1,226,767** | **$ (29,571)** | **(2.4%)** |
| | **$15M** | | | | |
| **Select Expenses** | | | | | |
| Fuel Expense | $ 434,924 | $ 397,280 | $ 411,903 | $ (37,644) | -9.5% |
| Fuel Fund Transfers | (42,517) | 29,373 | 37,705 | 71,890 | |
| O & M Expense | 210,528 | 192,527 | 226,180 | (18,001) | -9.3% |
| Non-fuel Purchased Power | 79,107 | 87,426 | 83,394 | 8,319 | 9.5% |
| **Net Revenues** | **$ 503,547** | **$ 496,092** | **$ 454,939** | **$ 7,455** | **1.5%** |
| | **$49M** | | | | |
| Capital Expenditures | $ 148,984 | $ 150,926 | $ 153,200[3] | $ 1,942 | 1.3% |
| Debt Service | $ 211,518[4] | $ 171,506 | $ 179,654 | $ (40,012) | -23.3% |

| Electric Costs / MWh | Non-Fuel |
|---|---|
| Target | $ 53.94 |
| Forecast | 55.07 |
| Difference | $ (1.13) |

| Financial Metrics | FY17 Forecast |
|---|---|
| Coverage: | 2.4x |
| Days Liquidity/Cash: | 276 / 161 |
| Debt/Asset: | 62% (3% lower) |
| Total Debt: | $2.8B ($146M lower) |

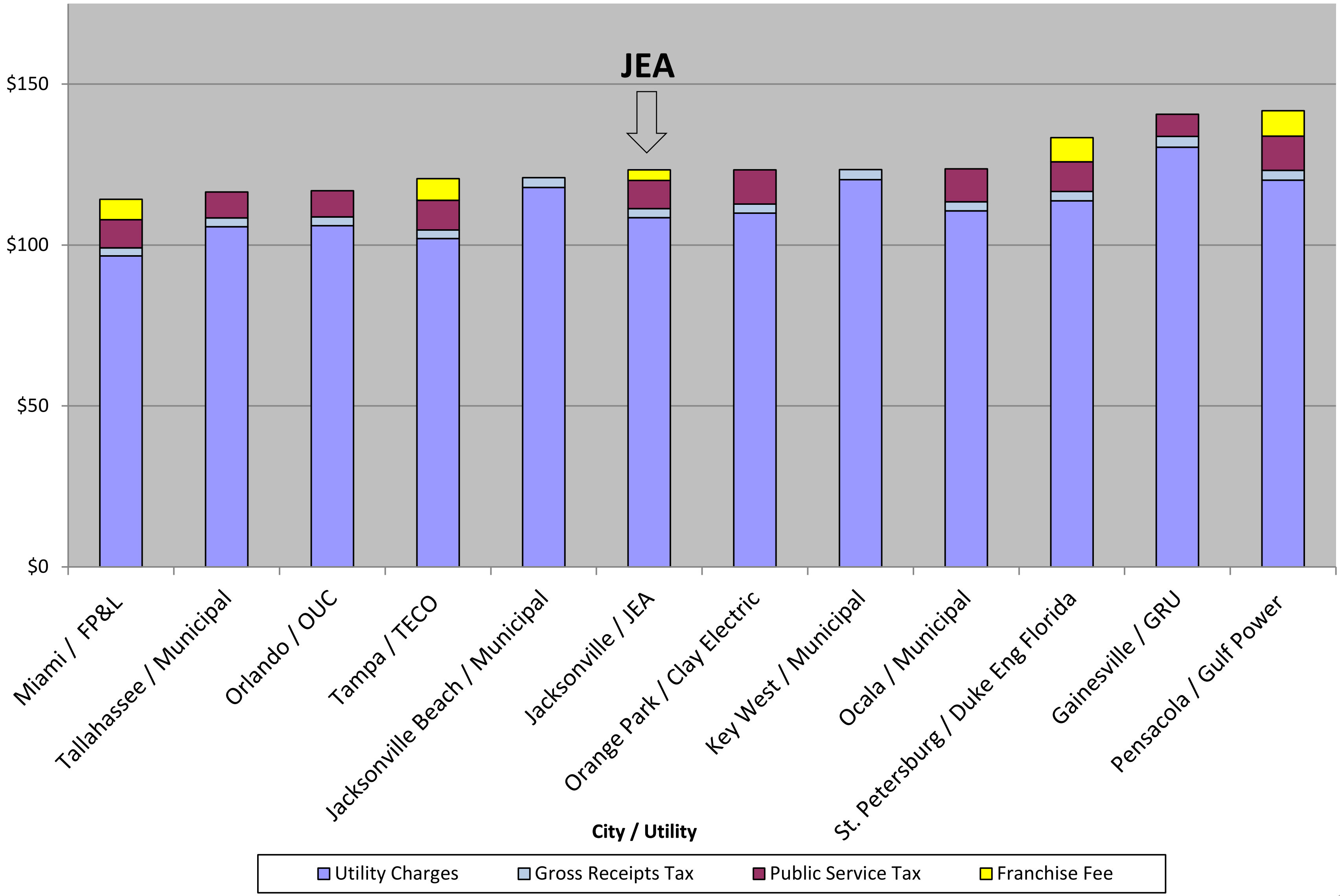
| Fuel Fund *($ in millions)* | |
|---|---|
| Beginning Balance | $ 180 |
| Surplus/(Deficit) | (42) |
| Ending Balance | $ 138 |

[1] Includes rate change in December 2016
[2] Net of $57 million fuel credit and fuel rate reduction
[3] Council approved limit for capital expenditures in FY17 is $170 million
[4] Includes additional $40 million related to advanced debt refunding approved by Board in November 2016

# Florida Utilities Monthly Residential Electric Bill Comparison

**(Consumption @ 1,000 kWh)**

**Residential Rates as of March 2017**



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# JEA Operations Report

## Customer Experience

Presenter: Richard Vento

Date: March 2017

# FY17 Customer Satisfaction Goal

## Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

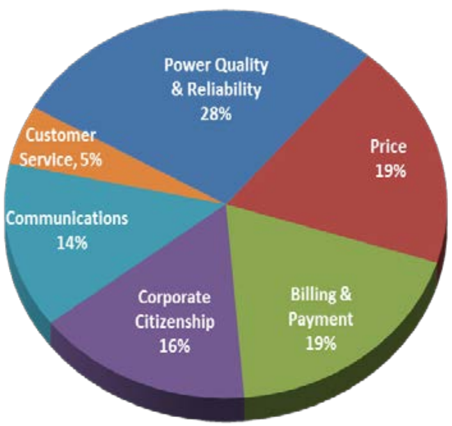
### Residential (R)

| FY15 | | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1Q | 692 | 2Q | 703 | 1Q | 749 | 1Q | 782 | | | | | 1Q | 766 |

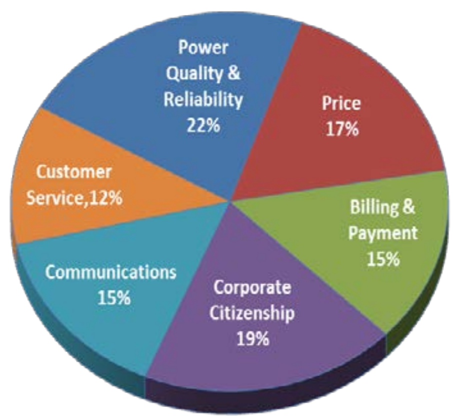
### Business (B)

| FY15 | | FY16 | | Wave 1 | | Wave 2 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|
| 1Q | 705 | 1Q | 754 | 1Q | 788 | 2Q | 772 | 1Q | 780 |

**Residential**




**Business**




FY17 Residential # of companies ranked: 138
FY17 Business # of companies ranked: 86

1Q= 1st quartile 2Q= 2[nd] quartile 3Q = 3[rd] quartile 4Q = 4[th] quartile

## Achieve 1st Quartile Ranking on All Drivers

### Be Easy to Do Business With

**Customer Service**

| | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | 1Q | 782 | 1Q | 808 | 1Q | 840 | | | | | 1Q | 825 |
| B | 1Q | 782 | 2Q | 817 | 1Q | 841 | | | | | 1Q | 829 |

**Power Quality & Reliability**

| | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | 2Q | 749 | 2Q | 791 | 1Q | 827 | | | | | 1Q | 809 |
| B | 1Q | 794 | 1Q | 826 | 2Q | 807 | | | | | 1Q | 816 |

### Empower Customers to Make Informed Decisions

**Billing & Payment**

| | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | 1Q | 763 | 1Q | 818 | 1Q | 827 | | | | | 1Q | 823 |
| B | 1Q | 785 | 1Q | 806 | 2Q | 801 | | | | | 2Q | 803 |

**Communication**

| | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | 1Q | 665 | 1Q | 713 | 1Q | 751 | | | | | 1Q | 732 |
| B | 1Q | 721 | 1Q | 766 | 1Q | 748 | | | | | 1Q | 757 |

**Price**

| | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | 2Q | 630 | 2Q | 671 | 1Q | 721 | | | | | 1Q | 696 |
| B | 1Q | 701 | 1Q | 744 | 2Q | 726 | | | | | 1Q | 735 |

### Demonstrate Community Responsibility

**Corporate Citizenship**

| | FY16 | | Wave 1 | | Wave 2 | | Wave 3 | | Wave 4 | | FY17 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | 2Q | 645 | 2Q | 685 | 1Q | 725 | | | | | 1Q | 705 |
| B | 1Q | 731 | 1Q | 758 | 2Q | 738 | | | | | 1Q | 748 |

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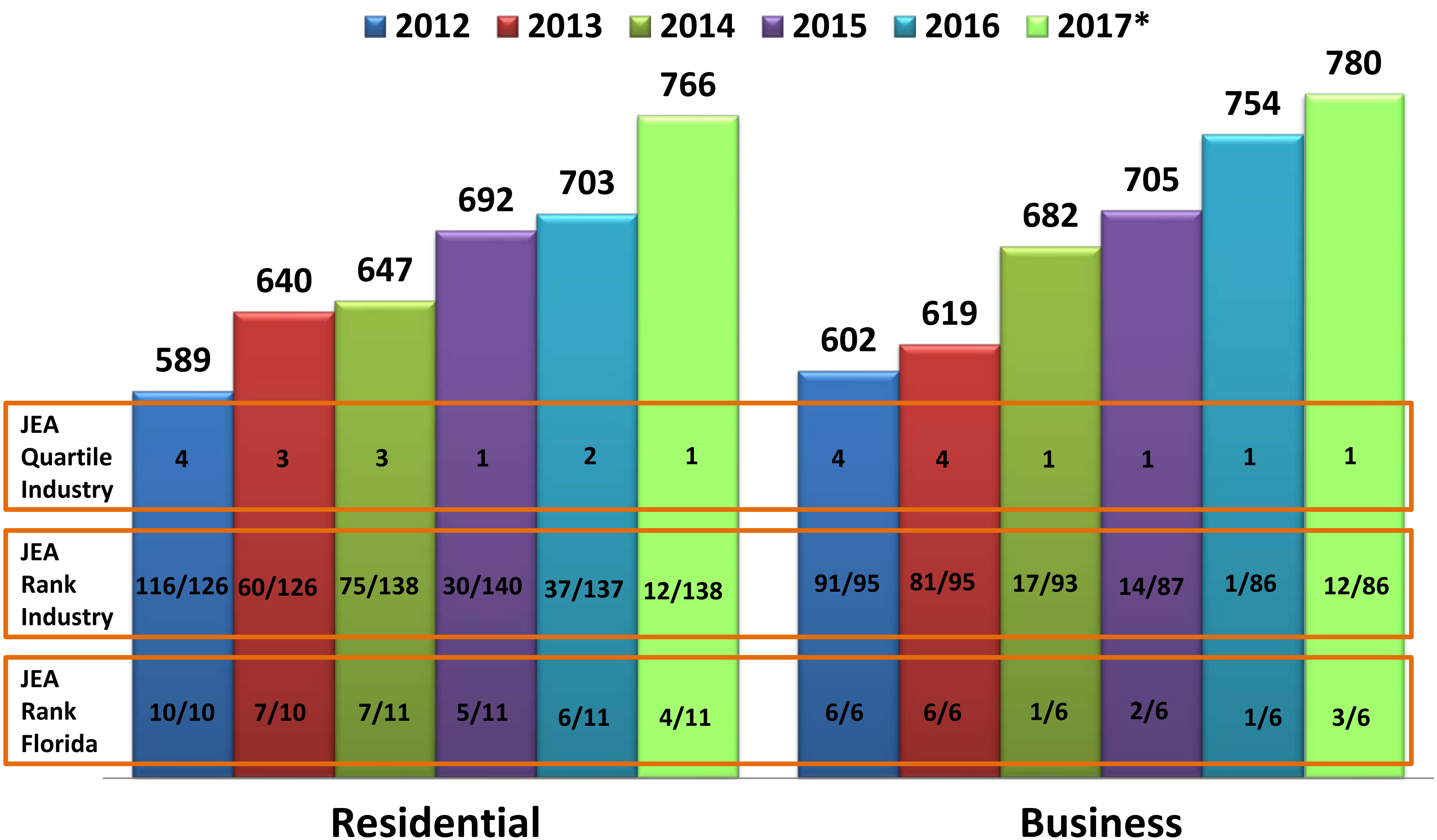
# Customer Satisfaction Index Scores




* Note: 2017 Wave 2 Residential and 2017 Final Business (now named CY2016)

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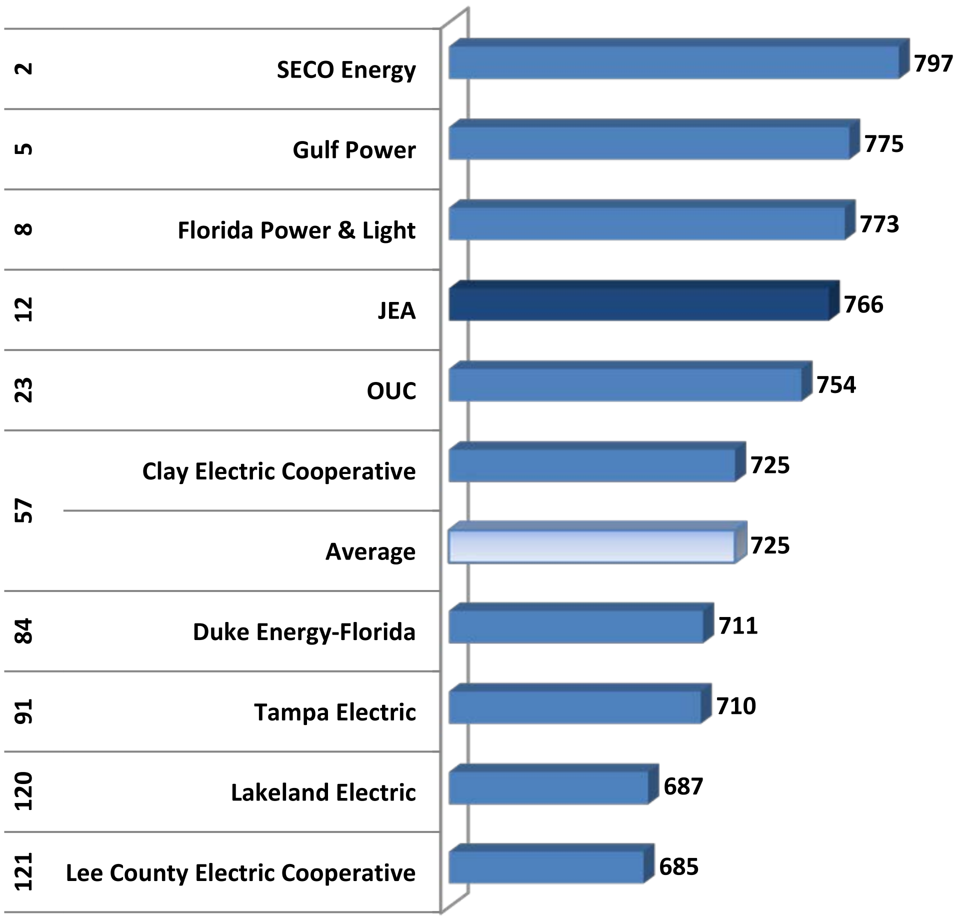
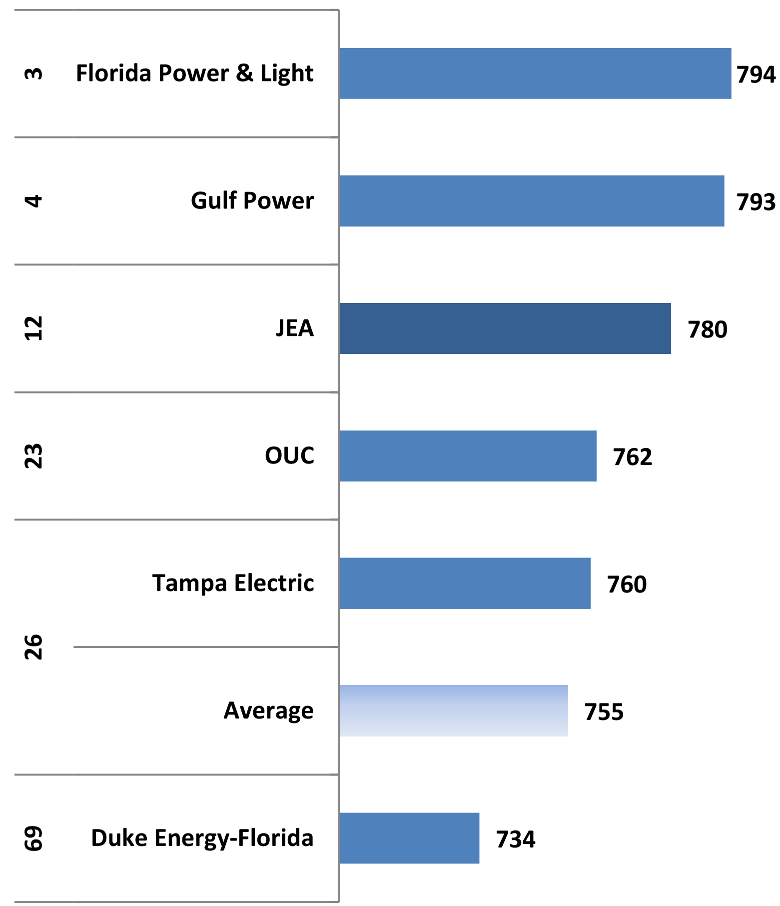
# Customer Satisfaction Index Scores

## FL Utilities

### Residential FY17 YTD




### Business CY16/ FY17




Note: 2017 Wave 1 only

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# Easy to do Business With

## Customer Service

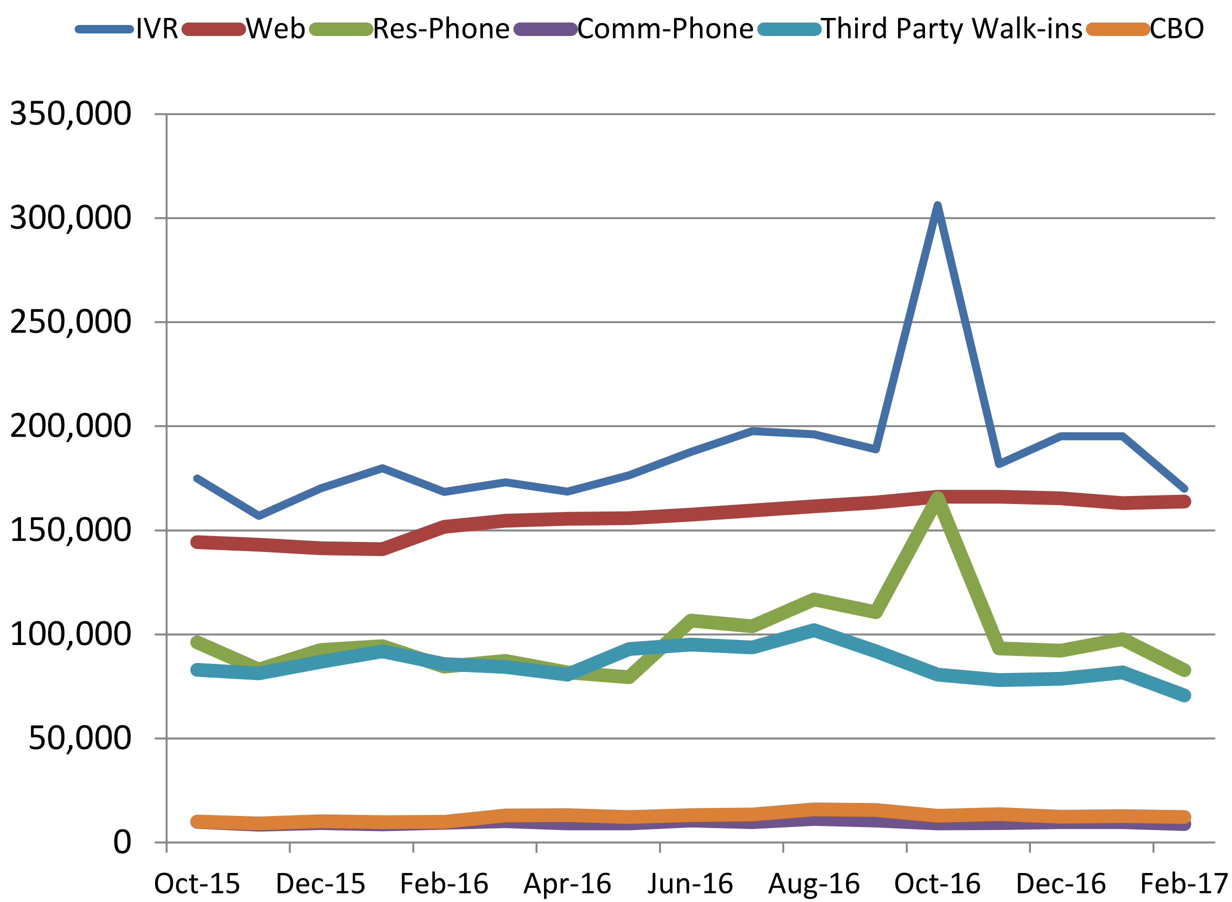
**Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.**

**Customer Satisfaction Rating: 8s-10s by Channel - JDP**

| | JEA FY16 | JEA FY17 | Industry FY17 |
|---|---|---|---|
| Phone | 72.5% | 78.9% | 73.5% |
| CCC | 57.0% | 77.9% | 70.7% |
| IVR | 79.6% | 79.5% | 74.5% |
| Web | 64.6% | 87.8% | 70.2% |

Note: FY17 Wave 2 YTD

Transactional Volume



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# Easy to do Business With

## Customer Service

**Accurately addressing a customer's needs the first time produces a positive customer experience**

### FY2017 YTD Transactional Study

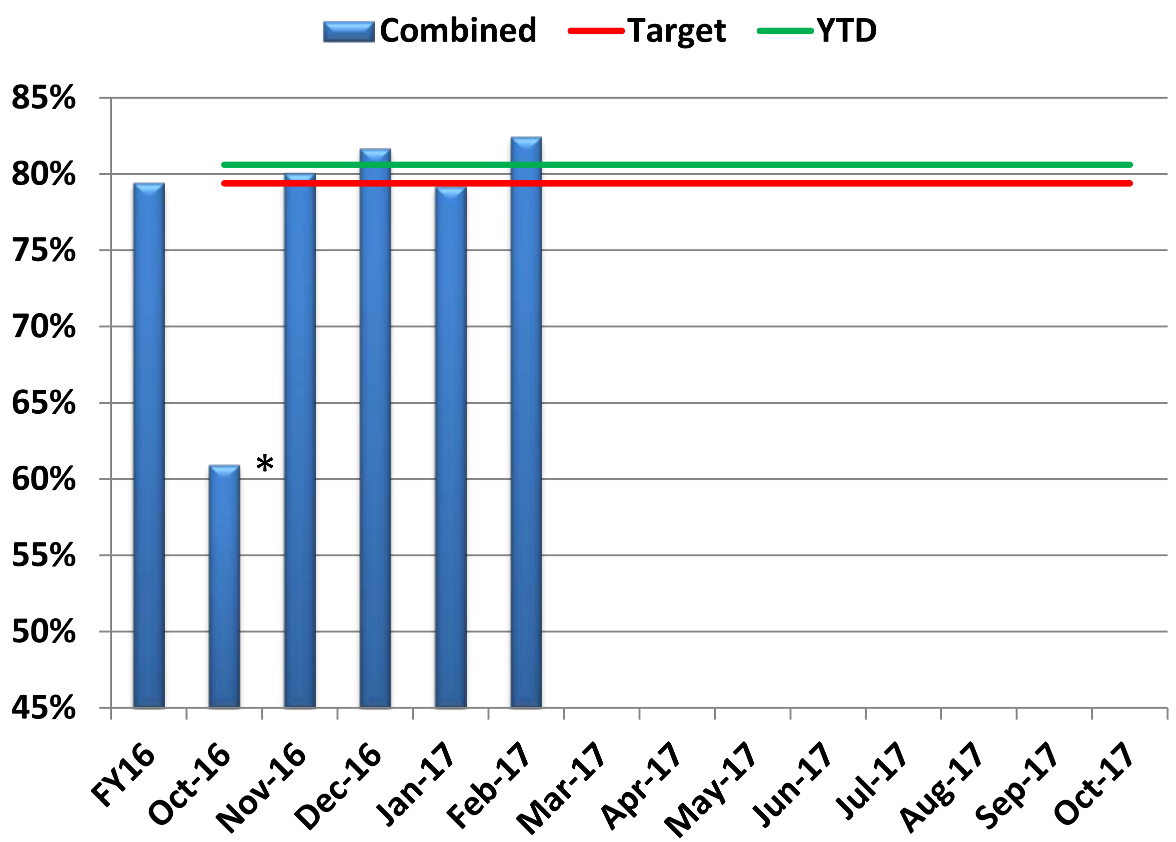
| | |
|---|---|
| Residential CC | 77.7% |
| Branches | 83.1% |
| Commercial CC | 81.1% |
| IVR | 79.0% |
| jea.com | 83.7% |
| Overall | 80.6% |

### JD Power FCR

| | JEA FY16 | JEA FY17 | Industry FY17 |
|---|---|---|---|
| Res CC/IVR | 74.8% | 70.5% | 72.9% |
| Jea.com | 77.7% | 71.8% | 72.1% |
| Bus CC/IVR | 71.4% | 82.1% | 71.3% |

Note: FY17 Wave 2 YTD

First Contact Resolution
Branches, Call Centers, and jea.com




* October decline result of Hurricane Mathew

# Easy to do Business With

## Power Quality & Reliability

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**Customers are more satisfied when receiving additional information when reporting an outage and when given updates when power is restored**

**JD Power "Keeping you informed about outage"**

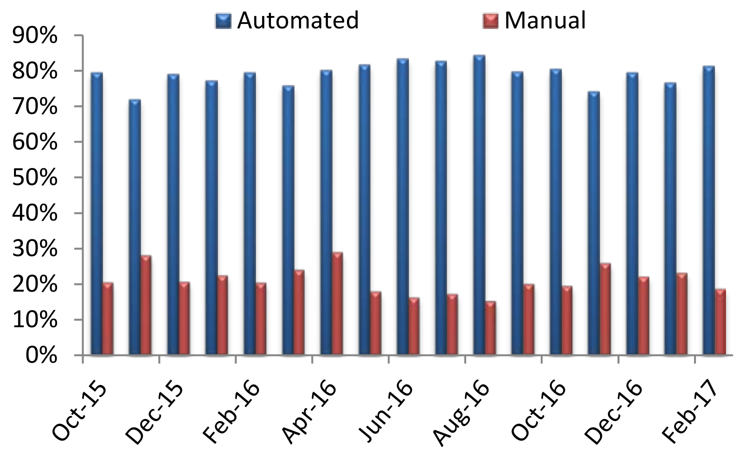
| Score | JEA FY16 | JEA FY17 | Ind FY17 |
|---|---|---|---|
| 8 – 10 | 37.9% | 58.5% | 47.2% |
| < 5 | 20.0% | 11.9% | 16.0% |

**# Outage Information Points**

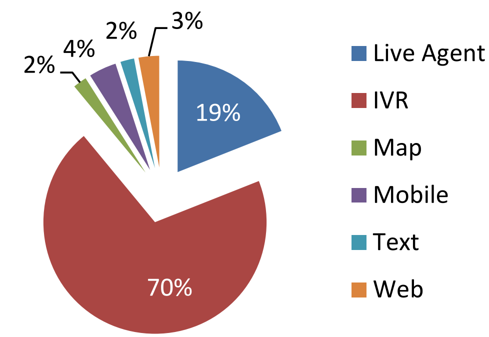
| | FY16 | FY17 |
|---|---|---|
| JEA | 2.3 | 2.7 |
| Industry | 2.1 | 2.3 |

Note: FY17 Wave 2 YTD

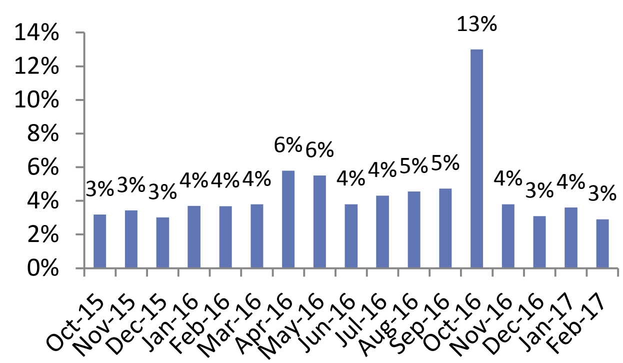
**Outage Reporting**



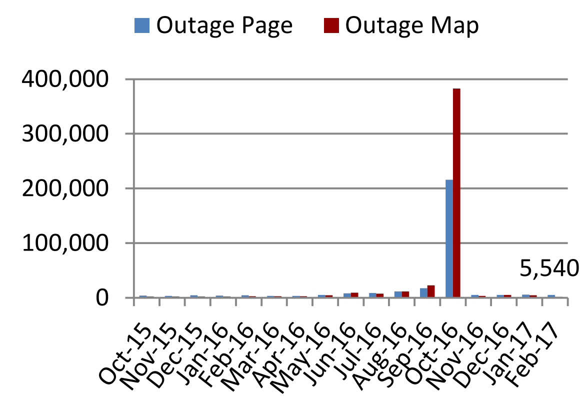

**Outage Reporting by Channel**




**% Customers Receiving Outage Updates**




**jea.com Outage Page Volume**



JEA
Building Community

# Empowering Customers to Make Informed Decisions

## Billing & Payment: Customer Solutions

| Customer Solution Participation | FY17 Goal | FY17 YTD |
|---|---|---|
| e-Billing Participation | 97,982 | 84,698 |
| Levelized Bill Participation | 25,592 | 20,986 |
| AutoPay Participation | 41,800 | 36,919 |
| JEA MyWay Participation | 19,418 | 15,276 |


**We enrolled over 500 new customers to the JEA MyBudget program despite the mild winter limiting demand for the program. We are planning a July-August MyBudget Campaign to help customers with those high Summer bills. Our next campaign is scheduled for April-May when we will be touting our JEA AutoPay program.**

| | FY17 YTD | Industry Benchmark* |
|---|---|---|
| e-Bill | 20.5% | 18.5% |
| Budget Bill | 5.1% | 9.0% |
| Auto Pay | 8.9% | 13.0% |
| *2015 IOU Benchmark Average | | |

# Empowering Customers to Make Informed Decisions

## Communications

JEA Building Community

**Communicating with customers is a key driver of satisfaction and impacts all drivers.**

### JDP Frequency of Received Communication

**FY17 YTD**

| | |
|---|---|
| Not enough | 5% |
| Just right | 86% |
| Too much | 10% |

### JDP Comm Awareness

**Residential**

| | |
|---|---|
| FY13 | 48.8% |
| FY14 | 51.9% |
| FY15 | 54.6% |
| FY16 | 54.4% |
| FY17 YTD | 60.4% |

**Commercial**

| | |
|---|---|
| FY13 | 53.4% |
| FY14 | 55.7% |
| FY15 | 68.7% |
| FY16 | 55.4% |
| FY17 YTD | 64.2% |



## Communication Channels FY17

**Volume: 100,850,764**

- **e-Com** (jea.com, email, social) 26,875,897
- **Paid Media** (Radio, TV, Print) 68,305,563
- **Community Engagement** (Events, Workshops) 255,929
- **Other Communication** (Bill Inserts, Brochures, 5,413,375

# Empowering Customers to Make Informed Decisions

## Corporate Citizenship

Building Community

**Giving back to our community through volunteering is foundational as a community-owned utility**

## FY17 Total Volunteers—343

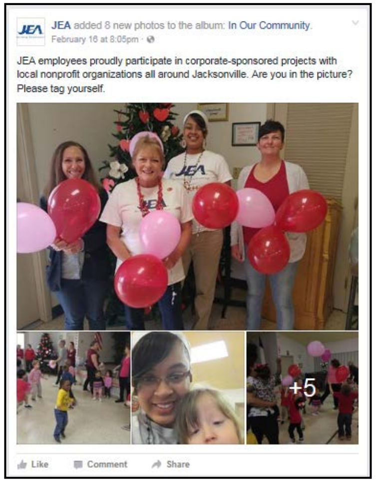
**February— 96 Volunteers**

- Anne Frank Exhibition at MOSH
- NE Florida Regional Science Fair
- MathCounts Regional Competition
- 26.2 with Donna
- DLC Nurse and Learn
- HabiJax
- Catty Shack Preserve
- Feeding NE Florida Food Bank

**March—Vol. Events**

- Gate River Run – March 8 – 11
- HabiJax Build – March 17, 24 and 31
- St. Johns River Clean-up – March 24 and 25
- Feeding NE Florida Food Bank – March 24
- Math Counts State Competition – March 24

## JEA Employee Volunteer Participation





JEA Ambassadors partnered with the Jacksonville Science Academy and participated in their Jacksonville Science Festival at Metropolitan Park.

JEA Ambassadors participated in the Jacksonville Zoo's Manatee Festival recently, sharing information with customers about water conservation.

## JEA Ambassador Program

**JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.**

## FY17 Activities:

- Speakers Bureau—41
- Facility Tours—31
- Community Events—49
- Educational Partnership Activities—8

Building Community

# Demonstrating Community Responsibility

## Corporate Citizenship: Environmental

| DSM Programs & Participation | FY17 Goal | FY17 YTD |
|---|---|---|
| Tracker Participation (Entering Site) | 110,000 | 40,992 |
| Invest Smart | 395 | 304 |
| Shop Smart | 77,678 | 59,935 |
| Neighborhood Energy Efficiency | 1,262 | 492 |
| Electric Vehicle Rebates | 75 | 40 |

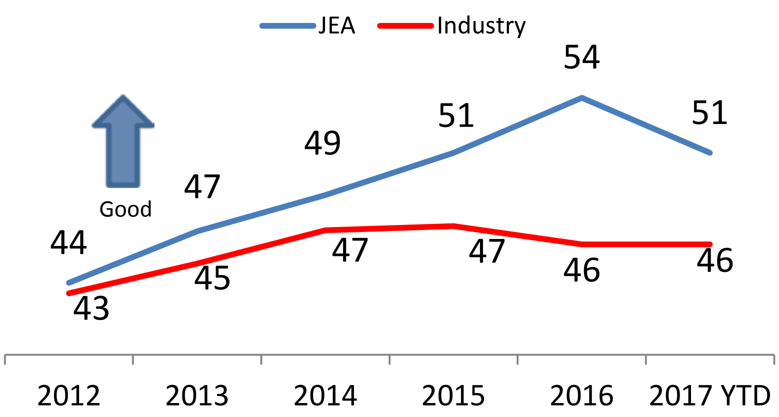
**JEA Non-Road Technology Program**

The JEA Non-Road Electrotechnology (NRE) Program promotes the purchase or lease* of or conversion to electric equipment as an alternative to diesel or propane powered equipment.

Qualifying equipment – Forklifts, Cranes, Truck Refrigeration Units, commercial golf carts and custom projects.

- Program Start – August 2014
- # of Projects = 251
- # of customers participating = 174
- Total MWH from projects = 48,770 MWH

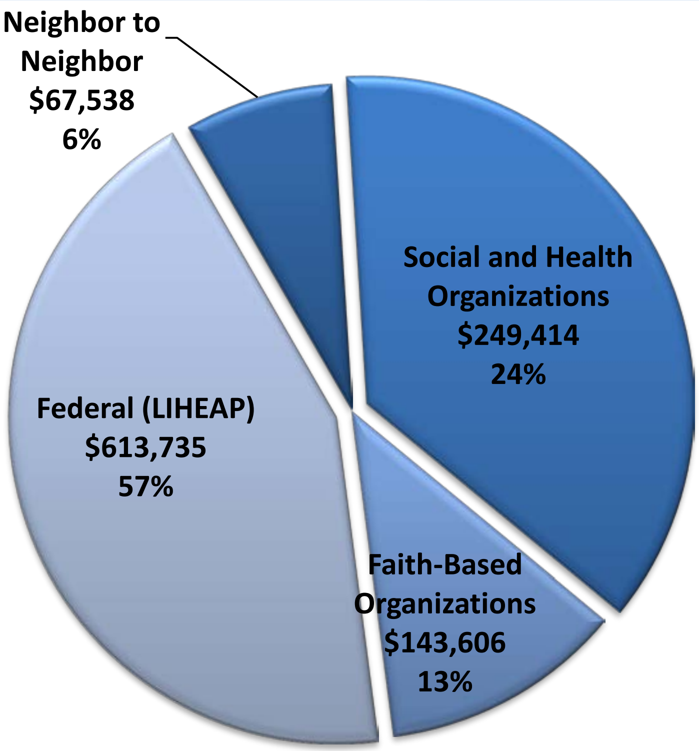
**Familiarity with Utility Energy Efficiency or Conservation Programs (%)**



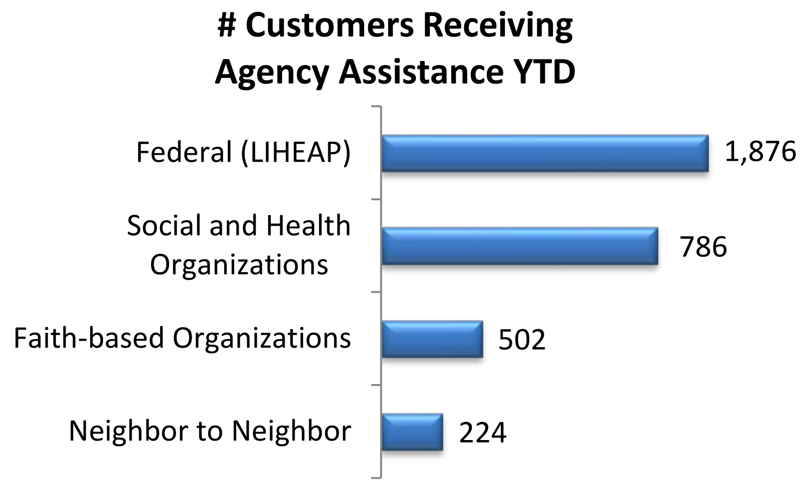
# Demonstrating Community Responsibility

## Corporate Citizenship: Customer Assistance Funding

JEA Building Community




**21** agencies provided 673 utility payments on behalf of JEA customers in February 2017 totaling **$212,165**




Agency & Federal Customer Assistance FY 17 YTD $1,074,292

Number of Customers Receiving Agency & Federal Utility Assistance FY 17 YTD 3,388

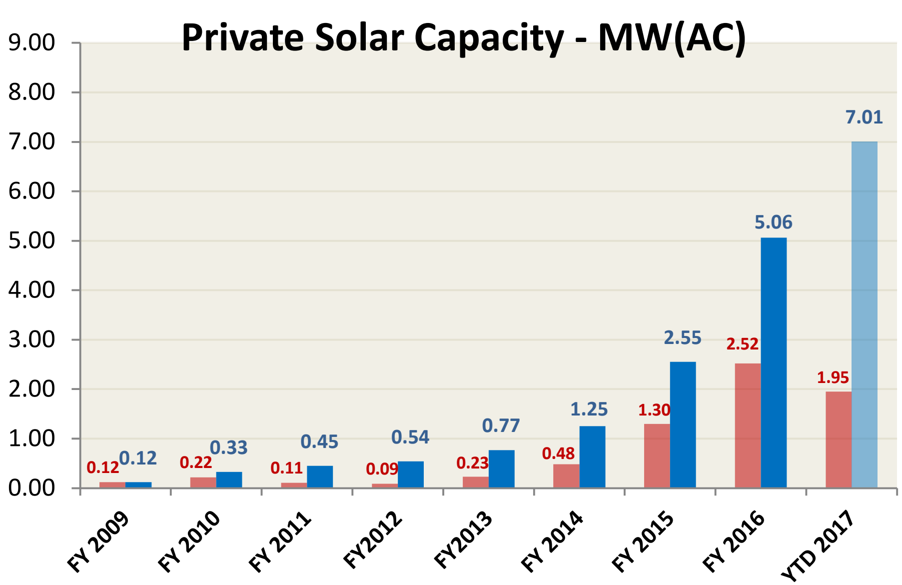
JEA
Building Community

# Private Solar Program Status

(Net-Metered Solar)

## 10MW Policy Limit for Private Solar To Be Reached by September

- The installation rate of private solar on the JEA system is growing
- Solar capacity added in February was 0.36 MW, YTD FY17 is 1.95 MW. Total aggregate capacity is 7.01 MW
- The annualized subsidy for the current 7.01 MW of installed private city is $647,000 annually
- The table below reflects the current and future subsidy levels associated with private Solar:




| | Current MW | 10 MW Policy Limit | Each Future MW |
|---|---|---|---|
| **Energy Subsidy** | $340,000 | $500,000 | $50,000 |
| **Capacity Subsidy** | $237,000 | $330,000 | $33,000 |
| **Taxes & Fees Subsidy** | $70,000 | $98,000 | $9,800 |
| **Subsidy Total** | $647,000 | $928,000 | $92,800 |
| **Subsidy 20-yr NPV** | $8,453,235 | $12,100,000 | $1,210,000 |

# III. A. 4.

# Monthly FY17 Communications & Engagement Calendar and Plan Update

Return to Agenda

# JEA Community Engagement Calendar - February - May 2017

*(Events highlighted in blue are either JEA corporate or partner events)*

III. A. 4.
3/21/2017



| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | **Date** | **Event/Activity** | **Location** | **Time** | **Type** | **Opportunity for Public to Attend or Participate** |
| 2 | **Feb-17** | | | | | |
| 3 | 2/7/2017 | ARC Jacksonville | Greenland Energy Ct Tour | 1:30pm | Ambassador Facility Tour | No |
| 4 | 2/7/2017 | SP Livingston Community Leaders | 1128 Barber St | 9am | Ambassador Speaker | No |
| 5 | 2/7/2017 | CEO/Pastors Luncheon | JEA Tower | 11:30am | Ambassador Event | Yes |
| 6 | 2/8/2017 | UNF Environmental Center | Buckman Wastewater Tour | 1:30pm | Ambassador Facility Tour | No |
| 7 | 2/11/2017 | JU Group | Main St Lab | 10:30am | Ambassador Facility Tour | No |
| 8 | 2/18/2017 | Manatee Celebration and Exhibit Opening | Jax Zoo | 10am - 4pm | Ambassador Event | Yes |
| 9 | 2/22/2017 | Arlington Masonic Assoc. | 3421 University Blvd. N. | 7pm | Ambassador Speaker | No |
| 10 | 2/25/2017 | Jax Science Festival | Met Park | 9:30am | Ambassador Event | Yes |
| 11 | 2/27/2017 | PTC Partners | NGS Tour | 10am | Ambassador Facility Tour | No |
| 12 | | | | | | |
| 13 | **Mar-17** | | | | | |
| 14 | 3/2 - 5/2017 | Spring Home & Patio Show | Prime Osborn | 11am - 9pm | Ambassador Event | Yes |
| 15 | 3/4 - 5/2017 | 2017 World of Nations | Met Park | 11am - 7pm | Ambassador Event | Yes |
| 16 | 3/11/2017 | Brownie Troop 2343 | Main St Lab | 10am | Ambassador Facility Tour | No |
| 17 | 3/13/2017 | Southside United Methodist Church | 3120 S Hendricks Ave. | 10:30am | Ambassador Speaker | No |
| 18 | 3/14/2017 | John E Love Elem Career Day | 1531 Winthrop St | 8am | Ambassador Event | No |
| 19 | 3/16/2017 | Long Branch Elem. Career Fair | 3723 Franklin St | 9am - 2:45pm | Ambassador Speaker | No |
| 20 | 3/16/2017 | Robert E Lee High Career Day | 1200 S McDuff Ave | 9am | Ambassador Event | No |
| 21 | 3/18/2017 | Brownie Troop 1912 | Main St Lab | 10am | Ambassador Facility Tour | No |

# JEA Community Engagement Calendar - February - May 2017

*(Events highlighted in blue are either JEA corporate or partner events)*

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 22 | 3/22/2017 | Society of American Military Engineers (SAME) and the Construction Management Association of America (CMAA) | Ramada Inn - 3130 Hartley Rd. | 11:30am | Ambassador Speaker | No |
| 23 | 3/25/2017 | St Paul Lutheran Community Fair | 2730 W Edgewood | 9:30am | Ambassador Event | Yes |
| 24 | 3/29/2017 | Osher Life Long Learning | Solar Farm & Brandy Branch Tour | 10am | Ambassador Facility Tour | No |
| 25 | 3/30/2017 | Ponte Vedra Rotary | Marsh Landing Country Club | 7:30am | Ambassador Speaker | No |
| 26 | 3/31/2017 | FSCJ Class | Main St Lab Tour | 9am | Ambassador Facility Tour | No |
| 27 | | | | | | |
| 28 | **Apr-17** | | | | | |
| 29 | 4/3/2017 | Ribault Hills Neighborhood Watch Group | The Legends Center | 6pm | Ambassador Speaker | Yes |
| 30 | 4/3/2017 | Confederate Point Civic Assoc. | 5961 Swamp Fox Rd. | 7pm | Ambassador Speaker | No |
| 31 | 4/6/2017 | Duval County Health Dept. Resource Fair | Schultz Center | 11:30am - 3:30pm | Ambassador Event | Yes |
| 32 | 4/11/2017 | National Assoc. of Women in Science | UNF | 7pm | Ambassador Speaker | Yes |
| 33 | 4/25/2017 | Yulee Primary School STEM Night | 86426 Goodbread Rd. | 6pm | Ambassador Event | Yes |
| 34 | 4/25/2017 | Jacksonville IT Council | FSCJ Downtown Campus | 7:30am | Ambassador Speaker | Yes |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |

# JEA Community Engagement Calendar - February - May 2017

*(Events highlighted in blue are either JEA corporate or partner events)*

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 42 | | | | | | |
| 43 | **May-17** | | | | | |
| 44 | 5/12/2017 | Chimney Lakes Elem. Career Fair | 9353 Staples Mill Dr. | 9:30am | Ambassador Speaker | No |
| 45 | 5/19/2017 | Rufus E Payne Elem Career Dfay | 6725 Hema St | 8:30am | Ambassador Event | No |
| 46 | 5/20/2017 | FL STEM Expo | River City Science Academy | 11am - 3pm | Ambassador Event | Yes |
| 47 | 5/22 - 23/2017 | Gardens & Arts Festival | Jax Zoo | 10am - 4pm | Ambassador Event | Yes |
| 48 | | | | | | |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | | | | | | |
| 52 | | | | | | |

**FY17 Communications & Community Engagement**
**Overview and February/March Update**

---

Overview: Each month we update the board on communications and community engagement activities for the previous and current months. The purpose is to keep you informed about these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Communications: In February, we continued our MyBudget campaign. And because the weather was so mild in January and February, we sent an email to all MyBudget customers to explain the impact of weather on their MyBudget bill and thank them for participating. In March, we kicked off our new One Water campaign which is in support of our Consumptive Use Permit; and promotes water conservation as well as tells customers about what JEA is doing to ensure the safety and availability of our water today and for the future. Otherwise we continued all key messages that were identified by J.D. Power as critical to customers. All paid and owned messaging is supported by social media, using Twitter, Facebook, Linkedin, Google+ and YouTube to provide additional timely, relevant information.

Community Engagement: JEA employees are actively involved in our community engagement efforts. JEA Ambassadors participate in activities where we have an opportunity to help customers manage their utility services and/or to educate customers about how JEA provides critical utility services to our community. These employees are trained and certified ahead of time to help JEA deliver on our mission. On the other hand, JEA Volunteers go out into the community to assist nonprofits accomplish their goals by offering their time and talents to help the nonprofit deliver their mission. Volunteers do not have to have any special training or talent; they just have a caring heart.

In January, Ambassadors were requested to speak to Liberty Pines Academy, Arlington Masonic Assoc. and SP Livingston Elementary School. Ambassadors conducted facility tours for PTC Partners, The ARC Jacksonville and FSCJ Engineering Class. Ambassadors also participated in community events including CEO/AABE Pastors Luncheon, Jax Science Festival and the Manatee Festival.

Below, JEA Ambassadors partnered with the Jacksonville Science Academy and participated in their Jacksonville Science Festival at Metropolitan Park.

In February, JEA volunteers came out in support of Anne Frank Exhibition at MOSH, NE Florida Regional Science Fair, Math Counts Regional Competition, 26.2 with Donna, DLC Nurse and Learn, HabiJax Build, Catty Shack Preserve, and Feeding NE Florida Food Bank.

Catty Shack Wildlife Sanctuary

DLC Nurse and Learn

HabiJax Build

As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible "Heart of JEA."

| | |
|---|---|
| **Communications Contacts* Generated Year to Date** | **100,850,764** |
| • Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print) | 68,305,563 |
| • Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.) | 5,413,375 |
| • Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos) | 26,875,897 |
| • Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.) | 255,929 |

*Communications Contacts are the opportunities we have to communication information to our customers.

III. B. 1.

Resolution 2017-29 To Request That The City of Jacksonville Amend JEA Charter Regarding Board Meeting Requirements

Return to Agenda

III. B. 1.
3/21/2017

Building Community

## AGENDA ITEM SUMMARY

March 9, 2017

| | |
|---|---|
| **SUBJECT**: | **RESOLUTION 2017-29 TO REQUEST THAT THE CITY OF JACKSONVILLE AMEND JEA CHARTER REGARDING BOARD MEETING REQUIREMENTS** |

**Purpose:** ☐ Information Only ☒ Action Required ☐ Advice/Direction

**Issue:** Chapter 21, Section 21.03(c), of the City of Jacksonville Charter requires regular meetings of the JEA Board to be conducted at least monthly. In October 2016, the JEA Board adopted Resolution 2016-20 to request a change to the Board meeting frequency to not less than six times per year. The City Council Rules Committee introduced Ordinance 2016-764 that would have meeting frequency no less than every other month. Subsequently, alternate language was identified in the Charters of other independent agencies that will provide flexibility on meeting frequency. This resolution requests a revision to language in the Rules Committee ordinance.

**Significance:** The Board can more efficiently and effectively conduct Board business with a more flexible schedule and perhaps broaden the pool of potential JEA Board Members.

**Effect:** More efficient and effective governance at a lower cost. If approved, will provide consistency in board meeting frequency language for JEA and two other independent agencies.

**Cost or Benefit:**

**Recommended Board action:** It is recommended that Resolution 2017-29 be adopted by the Board that requests a revision to Ordinance 2016-764 to amend Section 21.03(c) of the JEA Charter to change the general meeting requirements for the Board to generally once a month rather than monthly.

**For additional information, contact:** Jody Brooks, Chief Legal Officer, 904-665-6383

Submitted by: PEM/JLB/NKV


**Commitments to Action**

1. Earn Customer Loyalty
2. Deliver Business Excellence
3. Develop an Unbeatable Team

Building Community

**INTER-OFFICE MEMORANDUM**
March 9, 2017

| | |
|---|---|
| **SUBJECT:** | **RESOLUTION 2017-29 TO REQUEST THAT THE CITY OF JACKSONVILLE AMEND JEA CHARTER REGARDING BOARD MEETING REQUIREMENTS** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Board of Directors |

**BACKGROUND:**

Chapter 21, Section 21.03(c), of the City of Jacksonville Charter requires regular meetings of the JEA Board to be conducted at least monthly. In October 2016, the JEA Board adopted Resolution 2016-20 to request a change to the Board meeting frequency to not less than six times per year. The City Council Rules Committee introduced Ordinance 2016-764 that would allow meeting frequency no less than every other month. Subsequently, alternate language was identified in the charters of two other independent agencies that will provide flexibility on meeting frequency. This resolution requests a revision to language in the Rules Committee ordinance.

**DISCUSSION:**

The Board can more efficiently and effectively conduct Board business with a more flexible schedule and perhaps broaden the pool of potential JEA Board Members.

**RECOMMENDATION:**

It is recommended that Resolution 2017-29 be adopted by the Board that requests a revision to Ordinance 2016-764 to amend Section 21.03(c) of the JEA Charter to change the general meeting requirements for the Board to generally once a month rather than monthly.

Paul E. McElroy, Managing Director/CEO

PEM/JLB/NKV

III. B. 2.

Jacksonville Supervisors Association, Inc. (JSA) Collective Bargaining Agreement

Return to Agenda

III. B. 2.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

March 8, 2017

| | |
|---|---|
| **SUBJECT**: | **JEA SUPERVISORS ASSOCIATION (JSA) COLLECTIVE BARGAINING AGREEMENT** |

**Purpose:** ☐ Information Only ☒ Action Required ☐ Advice/Direction

**Issue:** The collective bargaining agreement for the JEA Supervisors Association (JSA) is offered to the Board for approval. Negotiations have been ongoing since August 25, 2016 and concluded on February 2, 2017. JSA held a ratification vote on February 24, 2017, at which time JSA membership approved the proposed agreement. The Board action will become effective in accordance with Board procedures.

**Significance:** This collective bargaining agreement represents the finalization of negotiations for a contract that will cover the period from October 1, 2016 to September 30, 2019.

**Effect:** Approximately 194 JEA civil service employees are covered by JSA, which primarily consists of supervisory classifications covering electric and water/wastewater operations.

**Cost or Benefit:** The total additional cost over the three year term is approximately $2,595,083.00.

**Recommended Board action:** Staff recommends that the Board approve the attached ratified agreement between JEA and JSA.

**For additional information, contact:** Angelia Hiers, Chief Human Resources Officer, 665-4747

Submitted by: PEM/ ARH/ MDE

Return to Agenda

III. B. 2.
3/21/2017

Building Community

**INTER-OFFICE MEMORANDUM**
March 8, 2017

| | |
|---|---|
| **SUBJECT:** | **JEA SUPERVISORS ASSOCIATION (JSA) COLLECTIVE BARGAINING AGREEMENT** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Board of Directors |

**BACKGROUND:**
The current agreement between JEA and the JEA Supervisors Association (JSA) expired on September 30, 2016. The parties have met extensively to negotiate a new agreement and the process has recently been completed. JSA conducted a ratification vote on February 24, 2017 and the proposed agreement was approved by the bargaining unit employees. The Agreement is subject to approval by the JEA Board of Directors. The Board action will become effective in accordance with Board procedures.

**DISCUSSION:**

Significant changes to the existing *status quo* include the following:

- Three year agreement effective October 1, 2016 through September 30, 2019
- Agreement to address the current reform to the City of Jacksonville General Employees' Pension Plan (GEPP)
- General Base Pay Increases: Fiscal Year 2016/2017 – 3.0%; Fiscal Year 2017/2018 – 3.0%; Fiscal Year 2018/2019 – 3.0%;
- Lump Sum Payments: Fiscal Year 2016/2017 – 1.5% lump sum payment
- 2% salary increase concurrent with increased employee contribution to GEPP from 8% to 10%

**RECOMMENDATION:**

Staff recommends that the Board approve the attached ratified agreement between JEA and JSA.

Paul E. McElroy, Managing Director/CEO

PEM/MDE/ARH

# AGREEMENT BETWEEN

# JEA

# and the

# JEA SUPERVISORS ASSOCIATION (JSA)

**October 1, 2016~~3~~ – September 30, 2019~~6~~**

**C O N T E N T S**

## Preamble

This Agreement is entered into on this first day of October, 2016~~3~~ by and between JEA and the JEA Supervisors Association, hereinafter referred to as the "Association". It is the intent and purpose of the parties hereto: to promote and improve the efficient administration of JEA and the wellbeing of employees within the meaning of collective bargaining laws and regulations; to establish a basic understanding relative to discussion and adjustment of matters of mutual interest; and to implement mutually agreed upon rates of pay, wages, hours of employment, and other terms and conditions of employment; to provide a procedure for the adjustment of grievances so as to promote orderly and peaceful relations between JEA, its employees, and the Association.

The parties agree that this Agreement shall be applied impartially to all employees in the Unit. It is acknowledged that the Association represents employees who are in supervisory/professional capacities; therefore, necessitating the closest of working relationships and cooperative efforts.

Now, therefore, the parties hereto agree as follows:

## Article 1

## Recognition and Unit Determination

1.1 Pursuant to and in accordance with all applicable provisions of Chapter 447, Part II, Florida Statutes, JEA recognizes that the Association is the exclusive representative of all employees in the Unit as defined in paragraph 1.2 of this Article, as certified by the Public Employees Relations Commission (PERC) in Certification Number 394, as amended. The Association recognizes the responsibility of representing the interests of all employees in the Unit without discrimination and without regard to Association membership with respect to matters affecting their general working conditions, subject to the express limitations set forth in this Agreement.

1.2 The recognized Unit includes classified employees who are employed by JEA, in the specific classifications included in the Association located in Exhibit "A". Specifically excluded are, all managerial, and confidential employees within the meaning of Section 447.203 (4.5) Florida Statutes, and employees included in the Units having exclusive recognition in accordance with Chapter 447, Florida Statutes.

1.3 One copy of this Agreement shall be furnished by JEA for each employee represented by the Association and twenty-five (25) copies furnished to the Association concurrently with distribution to appointed personnel. JSA shall be responsible for distributing copies of this Agreement to their membership.

1.4 One copy of this Agreement shall be furnished by JEA to each employee who initially enters into the Association.

1.5 Management will place an electronic copy of this Agreement on the JEA ~~i~~Intranet site ~~(Quest),~~ along with any associated amendments, Memorandums of Agreements, or Memorandum of Understandings. Such posting of this Agreement will also serve the purpose of calling employees' attention to the fact that the Association has been recognized as the exclusive bargaining representative for all employees in the bargaining unit.

# Article 2

## Rights of Employer

2.1 When making rules and regulations relating to personnel policies, procedures, practices and matters of working conditions wherein JEA has discretion, JEA shall not violate the obligations imposed by this Agreement, and Chapter 447, Florida Statutes.

2.2 a. Except as otherwise provided in this Agreement, JEA retains all the rights and functions of Management that it has by law. Without limiting the generality of the above statement, these rights include:

1. Direction and arrangement of working forces, including the right to suspend, discharge for cause, transfer, relieve employees from duty because of lack of work or other legitimate reasons.

2. The determination of services to be rendered.

3. The locations of the business including the establishment of new units and the relocation and/or closing of old ones.

4. The determination of financial policies including accounting procedures, as well as cost of services and customer relations.

5. The determination of the Management organization of all units.

6. The right to take disciplinary action for proper cause shall be the exclusive prerogative of Management.

7. The maintenance of discipline and control and use of JEA property.

8. The right to establish quality standards and judgment of workmanship required.

9. The scheduling of operations, work hours, work week and the number of shifts.

10. The right to enforce JEA rules and regulations in effect and which it may issue from time to time.

b. It is further agreed that the above detailed enumerations of Management rights shall in no way be deemed to exclude any other Management prerogatives that may not have been specifically enumerated.

c. The Association recognizes and agrees that JEA retains sole and exclusive rights to manage the affairs of JEA in all respects and as to all matters in connection with the exercise of such rights; and specifically, that nothing in this Agreement shall be construed as delegating to another, the authority conferred by law on any member or official of JEA, or in any way abridge or reduce such authority.

2.3 For the purposes of this Agreement, an emergency is defined as any combination of circumstances which require immediate action as determined by JEA Management.

# Article 3

## Rights of Employees

3.1 Each employee of the Association has the right, freely and without fear of penalty, to join, and assist the Association or to refrain from such activity, and each employee shall be protected in the exercise of this right. It is the intent of this section to inform employees of their rights and to assure them that no interference, restraint, coercion, or discrimination will be permitted to encourage or discourage membership.

3.2 This Article does not authorize participation in the Management of the Association, or acting as a representative of the Association by an employee when serving in a managerial/confidential capacity either in a temporary upgrade or provisional status. Employees shall not officially represent the Association when their officially assigned duties might result in a conflict of interest during working hours.

3.3 a. Any and all employees who are eligible for inclusion in the bargaining unit shall have the right to join or not to join the Association as they individually prefer. It is agreed that there shall be no discrimination for or against any employee because of membership in said organization and likewise, no employee shall be discriminated against for non-membership in the Association and neither the Association nor any employee shall attempt to intimidate or coerce any employee into joining or continuing in said organization, or interfere with him/her in any way because of failure or refusal on his/her part to join said organization. Management agrees not to discriminate for or against the Association, its officers, or its members, for membership therein, or for any service that they may perform because of such membership or office provided such performance is not detrimental to the mutual interest of JEA and its employees.

b. Upon receipt of a stipulated, lawfully executed written authorization from an employee, JEA agrees to deduct the regular dues of the Association from such employee, from his/her bi-weekly pay and remit such deduction to the Association within thirty (30) calendar days from the date of deduction. A charge not to exceed the cost of $1.44 per employee per contract year shall be assessed and deducted monthly. The Association will notify Management, in writing, thirty (30) calendar days prior to any change in the regular dues structure. It is understood that an employee may revoke, in writing, at any time, his/her authorization for dues deduction. Dues revocation may be processed through the Association, but in the event of direct revocation, the Association will be notified within ten (10) work days.

3.4 Nothing in this Agreement shall be construed to prevent any public employee from presenting at any time his/her own grievances in person or by legal counsel to JEA, and having such grievances adjusted without the intervention of the Association, if the adjustment is not inconsistent with the terms of the collective bargaining agreement, when in effect and if the Association has been given reasonable opportunity to be present at any meeting called for the resolution of such grievances.

3.5 Employees have Weingarten Rights only during an investigatory interview (e.g. fact finding) occurs when a supervisor questions an employee to obtain information which could be used as a basis for discipline or asks an employee to defend their conduct. If an employee has a reasonable belief that discipline or other adverse consequences may results from what he or she says, the employee has the right to request association representation. Management is not required to inform the employee of his/her Weingarten Rights; it is the employees responsibility to know and request representation before or during the meeting and/or fact-finding interview. When employee makes a request for Association representation, the employer must grant the request, and delay the questioning until the Association representative arrives; or deny the request and end the interview; or give the employee a choice of having the interview without representation.

3.6 Two-way Feedbacks Sessions shall not be used as a forum for fact-finding or questioning for disciplinary determination purposes.

3.7 No official or representative of either JEA of the JSA shall interfere with, restrain, coerce, intimidate, or take reprisals against any employee for appearing, testifying, or furnishing evidence during any investigation or hearing procedures. Provided, however, that nothing herein shall prohibit JEA from taking disciplinary action against any employee for proper cause.

# Article 4

## Rights of the JEA Supervisors Association

4.1 The Association shall have the right and the responsibility to present its views to JEA at the appropriate level as provided by this Agreement. If either party so requests, JEA and the Association agree to meet promptly in an effort to resolve the matter which created the concern, in accordance with Article 6 of this Agreement.

4.2 It is understood and agreed that the President or in his/her absence, his/her designated alternate will be the official spokesperson for the Association in any matters pertaining to this Agreement.

4.3 It is agreed that the Association may use designated facilities of JEA in which to hold regular and special meetings, insofar as such usage will not interfere with the operations of JEA. Requests for JEA to participate at the meeting shall be accomplished in accordance with Article 6 of the Agreement.

4.4 Any items stipulated in Article 2.1, pertaining to matters covered by this Agreement, formulated after the effective date of this Agreement, as defined in Section 4.2 and Article 7.3 shall not be implemented, except in emergencies, prior to notification to the Association, by copy of such item. If the Association wishes to discuss such items, a special meeting may be requested as outlined in Article 6.1.

4.5 JSA maintains the right to request and receive public records in accordance with the provisions contained in Florida Statutes, Section 119. Records requested which are available in electronic format or are maintained by JEA in electronic format will be turned over electronically and provided via e-mail copied disk at no charge to the JSA.

# Article 5

## The Agreement and Its Relation to Law and Regulations

5.1 It is agreed and understood that the administration of all matters covered by this Agreement, JEA, the Association and the Association's members are governed by existing or future laws and regulations of the State of Florida and the City of Jacksonville, including provisions as set forth in Chapter 447, Florida Statutes.

5.2 The Association and its officers agree that during the life of this Agreement they shall not engage in any work stoppage, slowdown or strike, the consideration of such provision being the right to a resolution of disputed questions. JEA shall have the right to discipline any or all employees who violate the provision of this paragraph.

5.3 JEA and the Association agree that the basic intent of this Agreement is to provide conditions of employment suitable to maintain a competent, productive and efficient work force. JEA and the Association agree that all provisions of this Agreement shall be applied to all employees covered by it.

5.4 a. Any recommended classification and/or organizational changes {including reallocation of position(s)} which are initiated by JEA and which affect the bargaining unit or bargaining unit employees will be presented, in writing, to the Association when they have been drafted in final form by JEA and no less than 30 days prior to implementation. This communication will be via electronic mail and will include a list of JSA incumbents.

b. Unless extended by mutual agreement, the Association will be given fifteen (15) calendar days from the date recommended changes are submitted within which to respond to the recommended changes.

c. The Association will thereafter submit to JEA a written statement of the Association's position on the final version of the recommended changes. It is understood that should the Association fail to meet this deadline it has waived its time allowed under the Civil Service and Personnel Rules and Regulations for responding to the recommended changes.

d. Unless extended by mutual agreement, the Association's written statement must be submitted to JEA not later than thirty (30) calendar days from the date the recommended changes are transmitted to the Association.

e Deadlines for the above may be extended upon mutual agreement between the JSA and the JEA.

# Article 6

## Special Meetings

6.1 JEA and the Association agree to meet and confer on matters applicable to this Agreement excluding Management's rights, upon the written request of either party. Upon mutual agreement, JEA and the Association may meet and confer on matters outside the four corners of this Agreement, or otherwise excluded by this provision. The written/ electronic request shall state the subject matter to be discussed and the reason for requesting the meeting. Failure to provide either the subject matter or the reason for requesting the meeting to be discussed shall automatically negate the request to meet unless otherwise mutually agreed upon by union spokesperson and the labor relations representative. Discussion shall be limited to the subject matters set forth in the request, and it is understood that the special meeting shall not be used to renegotiate this Agreement. Such special meetings shall be held within fifteen (15) calendar days of the written/electronic request and at a time and place mutually agreeable to both parties. JEA and the Association shall have the right at these special meetings to recommend corrections or solutions to any problems pertaining to the subject matter(s) under discussion. Within fifteen (15) calendar days from the date of the meeting, JEA or the Association will respond in writing including email to the other party concerning the matter(s) discussed. Time limits to meet and /or respond may be extended upon mutual agreement between JEA and JSA.

# Article 7

## Association Representation

7.1 a. The President of the Association or their designee shall furnish ~~the Director, Employee Services and~~ Labor Relations in writing, the names of all elected officers of the Association and any changes thereto.

b. The President of the Association or their designee shall furnish JEA in writing with the names and area(s) of assignment for all Association Representatives. A copy will be furnished to Labor Relations and the management chain of each affected business unit (for these purposes "management chain" meaning appointed managers through executive management).~~Vice President, Director, and Manager, the Director, Employee Services, and Labor Relations.~~ Representatives will not be allowed to function as such until the above written notification has been received.

7.2 Commensurate with the provisions of this Agreement, recognized Association Representatives shall be permitted to exercise their responsibility to advance the best interests of and to represent Unit employees. It is further agreed that no Association Representative shall be denied any right or privilege otherwise entitled to because of his/her serving as an Association Representative.

7.3 JEA shall recognize one (1) President and one (1) vice-president so designated by the Association. The President, or in his/her absence, the designated alternate will serve as the "official" point of contact for all Association business pertaining to this Agreement between JEA and the Association.

7.4 a. JEA recognizes up to fifteen (15) Association stewards designated by the Association.

b. Each steward whenever possible, shall be selected from and represent Association members in their respective work locations. However, exceptions may be made on a case by case basis.

c. Within thirty (30) calendar days of every election, the President of the Association or their designee shall advise ~~the Director Employee Services and~~ Labor Relations in writing, the names of the Association stewards and the areas or locations that they will be representing. The President of the Association or their designee will also advise ~~the Director Employee Services and~~ Labor Relations whenever changes are made to stewards or areas they represent.

d. In the event of the absence of the assigned steward, the President or Vice-President of the Association will designate, or serve as an alternate steward.

e It is understood that any reorganization in specified segments/centers/departments may require a change in the number of stewards. The association will be given advance notice in these cases in order to accomplish the change concurrently.

7.5 Association Representatives shall be granted time off during working hours without loss of pay to investigate and settle grievances on the job site which is within their jurisdiction. Representatives must notify and secure approval of their immediate manager or designee~~supervisor~~ prior to their actions in this regard. If approval is by the designee, the immediate manager will be informed via email at the same time. It is acknowledged that only one (1) Representative will need to work on specific grievances from an employee. Upon entering an area other than his/her own, he/she shall notify that manager of his/her presence and purpose. Representatives will only be granted time off under this provision when they are requested by an employee to assist him/her in his/her grievance(s). Representatives may receive and discuss grievances of employees on the premises or in the field on JEA time but only to such extent as does not neglect, retard or interfere with the work and duties of the Representatives, or with the work or duties of other employees.

7.6 No compensation shall be made for Association Representatives' activities in representation of employees when such activities are conducted during hours other than their own work hours. When feasible, JEA will endeavor to schedule meetings during regular work hours.

When requested, specified representatives of the Association will be allowed time off with pay from regularly scheduled work to attend meetings with JEA. In the event such meetings extend beyond the usual working hours, or are scheduled outside regular working hours, compensation shall be paid by JEA for time outside of regular working hours and days. This provision is applicable to meetings during such meetings designated by JEA. When feasible, JEA will endeavor to schedule during regular work hours.

7.7 a. Each employee may, by submitting written authorization to Employee Services through the Vice President, Director, or Manager, be allowed to contribute one (1) hour or more of his/her accrued Vacation/Annual/Personal Leave time toward a pool-of-time which may be drawn upon for official Association business.

b. The Association shall request use of this time by submitting a written request to the appropriate, Vice President, Director, or Manager, in advance, unless the advance notice is waived by the Vice President, Director, or Manager, and provided the employee's absence will not seriously interfere with system operations. For accounting purposes, the Association's request for pool time shall also be forwarded to Labor Relations.

c. Use of pool time by the Association shall only be authorized by the official Association spokesperson.

d. JEA agrees to match up to two-hundred and fifty (250) hours of pool time hours contributed by Association members to the Association's pool time account on an annual basis.

7.8 JEA agrees, in the interest of enhancing communications with the Association, to provide the President of the Association with a copy of the JEA Board Meeting Agenda (including any proposed resolutions regarding proposed legislation to be enacted by the City Council/State

Legislature) prior to such regular meetings. ~~The President and/or his/her designee, upon request, will be allowed pool time to attend such meetings, provided that such action will not incur overtime costs to JEA or impair operational effectiveness.~~

## Article 8

## Hours of Work and Overtime

8.1 For accounting purposes, the standard work week for all employees shall be from 0000 Monday through 2400 Sunday.

8.2 Annual leave, vacation leave, sick leave, personal leave, annual military training leave, union pool time, leave while on the active payroll due to an on-the-job-injury, and any authorized paid leave shall be construed as time worked.

8.3 a. This article shall define and describe the hours of work of bargaining unit employees.

1. Shift Employees

(A) A shift employee is defined as an employee whose normal schedule of work changes on a regular or rotating basis. (Staggered starting times alone do not define shift employees.)

(B) (i) Those employees whose present normal work week is scheduled in consecutive days of twelve (12) consecutive hours are considered shift employees.

(ii) In addition, the Customer Relationship Group may establish shift schedules of eight (8) and ten (10) consecutive hours for Emergency Dispatchers and Water Wastewater Dispatchers to work rotating shifts Monday through Sunday between the hours of 6 am and midnight. Except in the case of volunteers, these employees will be selected from all Emergency Dispatchers and Water Wastewater Dispatchers. These employees may be selected by using the following methods in the order listed:

(a) Volunteers. With the senior, qualified employee being considered first.

(b) Assignment. The least senior, qualified employee shall be assigned.

(iii) In addition, the Customer Relationship Group may establish shift schedules of three (3) consecutive twelve (12) hour shifts and one (1) eight (8) hour shift Monday through Thursday, and one (1) eight (8) hour shift, and three (3) consecutive twelve hour shifts Thursday through Sunday. The specific sequence, rotation and overtime payment will be as follows:

- 1st week shift (1) 44 hours Monday, Tuesday, and Wednesday 7:00am to 7:00pm, (12 hr) and Thursday from 7:00am to 3:00pm or 8:00am to 4:00pm (8 hr)

- 2nd week shift (1) 36 hours Monday, Tuesday, and Wednesday, 7:00am to 7:00pm (12 hr).

- 1st week shift (2) 36 hours Friday, Saturday, and Sunday 7:00am to 7:00pm (12 hr).

- 2nd week shift (2) 44 hours Thursday, from 7:00am to 3:00pm or 8:00am to 4:00pm (8 hr) and Friday, Saturday, and Sunday, 7:00am to 7:00pm (12 hr).

(1) At JEA's discretion, the Thursday (8hr) shift will work 9:00AM to 5:00PM.

(2) The employees will be assigned to a "44/36" or "36/44" shift schedule. The intent is to have the employees work a total of 80 hours in a two-week period and receive pay equivalent to 82 hours at the employees' straight time rate (76 hours at straight time and 4 hours at time and one-half).

(3) These shifts will rotate between the Monday through Thursday shift and the Thursday through Sunday shift, at a mutually agreed upon sequence not to exceed three month intervals. Once agreed upon, the sequence of rotation will remain the same unless the parties mutually agree to change the sequence of rotation during the period of this agreement.

(4) For these shift schedules, overtime will commence after 12 hours on the 12-hour schedule and after 8 hours on the 8-hour schedule.

These employees may be selected by using the following methods in the order listed:

(a) Volunteers with the senior, qualified employee being selected first.

(b) Assignment. The least senior, qualified employee shall be assigned.

(C) Certain classifications in the Customer Meter Services Area may work five (5) consecutive eight (8) hour days, Monday through Friday or Tuesday through Saturday, or four (4) consecutive ten (10) hour days, Monday through Thursday or Wednesday through Saturday, between 6:00 am and midnight. Upon mutual agreement between JEA and the employee, these employees may be scheduled in four (4) ten (10) hour days, Monday through Saturday, with either Tuesday, Wednesday, or Thursday as their day(s) off.

(D) Certain classifications in the Customer Care Center (Revenue Assurance, Counter and Branches, Credit and Collections, Major Accounts, Customer Care Center) may be scheduled in either five (5) consecutive eight (8) hour days, Monday through Friday or Tuesday through Saturday or four (4) consecutive ten (10) hour days, Monday through Thursday, or Wednesday through Saturday between 7:00 am and 9:00 p.m. Upon mutual agreement between JEA and the employee, these employees may be scheduled in four (4) ten (10) hour days, Monday through Friday, with either Tuesday, Wednesday, or Thursday as their day off.

(E) Other work schedules may be implemented as mutually agreed between the employee, JSA and their appointed manager. Seniority shall be used should a conflict arise.

2. Non-shift Employees

(A) The normal work week for non-shift employees consists of forty (40) hours.

(B) The work week assignments for non-shift employees may be scheduled in either five (5) consecutive eight (8) hour days, Monday through Friday, or four (4) consecutive ten (10) hour days, Monday through Thursday or Tuesday through Friday. Upon mutual agreement between JEA and the employee, these employees may be scheduled in four (4) ten (10) hour days, Monday through Friday, with either Tuesday, Wednesday, or Thursday as their day off.

(C) Other work schedules may be implemented as mutually agreed between the employee, JSA and their appointed manager. Seniority shall be used should a conflict arise.

(D) **Extended Work Week Schedule**

(i) In those activities requiring work schedules other than the regular eight (8) hour work schedule, the eight (8) hour shift schedule, the ten (10) hour work day schedule or the twelve (12) hour shift schedule, work schedules shall consist of forty (40) hours a week or at least eighty (80) hours equivalent pay bi-weekly and may begin on any day of the week.

(ii) No employee assigned to this Extended Work Week Schedule shall be required to work any hours in excess of twelve (12) hours in any twenty-four (24) period as part of the regular schedule work day. The twenty-four (24) hour period constitutes twenty-four (24) hours from the beginning of the employee's usual scheduled starting time.

(iii) No employee assigned to this Extended Work Week Schedule shall be scheduled for more than twelve (12) Saturdays and twelve (12) Sundays per fiscal year unless the employee volunteers.

(iv) When employees in the Electric Transmission and Distribution areas are assigned to an Extended Work Week Schedule, it shall be during their 'Standby" week, and shall include two (2) consecutive days off.

(v) Employees in the Meter Services Area assigned to an Extended Work Week Schedule shall not be scheduled on Sundays, but may be scheduled up to twenty-four (24) Saturdays.

(vi) When employees are assigned to an Extended Work Week Schedule it shall include two (2) consecutive days off, unless otherwise mutually agreed.

(vii) JEA shall provide a sixty (60) calendar day advance notice of Saturday/Sunday workweeks to the affected employees and the Association in the form of a "draft" schedule, recognizing that on occasion, for things such as, but not limited to, new hires and other personnel movements could result in any given employee not receiving the full sixty (60) calendar day advance notice.

(viii) **Assignment to Extended Work Week Schedules:**

Each Director or Manager shall, within each of his/her departments, sections areas or teams, and consistent with normal organizational alignment, formulate a set of rules governing the assignment of employees to Extended Work Week Schedules. These rules, so far as may be practicable and consistent with the efficient performance of work to be done, shall be reasonable and shall distribute assignments to Extended Work Week Schedules equally among the employees in their respective classifications normally performing the same types of work in each assigned plant, crew, or work area. The rules shall provide for rotation of Extended Work Week Schedules among all employees, and for the preference of volunteers over required scheduling. Any violation of the rules required by this provision shall be remedied in accordance with the provisions of the applicable rules. Any substantive amendments to these rules shall be furnished to the Association forty-five (45) calendar days prior to the intended date of implementation.

3. Relief Employees

(A) A relief employee is defined as an employee who normally works a non-shift schedule, but who works a shift schedule on relief, and is defined as an employee who may work either a shift or a non-shift schedule on relief. Relief employees are treated as shift employees for the purpose of other provisions in this Agreement. Provided, however, that any shift employee who has been assigned to a non-shift schedule for a period of at least one (1) week will observe holidays in the manner provided for non-shift employees (as set forth in Article 16.2.a.) for any holiday that occurs during the period of such assignment. Relief employees are included in the following classifications:

- Certified Control Area Operator
- Emergency Dispatcher
- Operating Engineer
- Operation Shift Coordinator
- Operations Supervisor
- Power System Operator
- System Operator
- Unit Operator
- Water Wastewater Dispatcher

Classifications may be added to the above listing upon mutual agreement between JEA and JSA.

(B) The normal work week for relief employees is scheduled in five (5) consecutive eight (8) hour days, or in four (4) consecutive ten (10) hour days. However, this may be changed as needed to any combination of eight (8), ten (10) or twelve (12) consecutive hour days, totaling at least eighty (80) hours biweekly pay for that biweekly pay period.

(C) A minimum of sixteen (16) hours notice will normally be given for relief assignment outside an employee's normal hours of work.

(D) Changes in work schedule shall be rotated equally among relief employees as far as practicable and consistent with the efficient performance of work to be done. If the relief employee has already worked forty (40) hours during the week and the need arises for additional employees to work, the overtime list and procedure will be followed. Approved leaves will be honored to the extent reasonably practicable when changing work schedules of relief employees.

General Provisions

(A) Should JEA determine to set work schedule assignments other than as provided above, the parties agree to reopen negotiations on this Article 8.3 upon thirty (30) days written notice. Except as provided by law, any proposed changes will not be implemented until negotiations are completed in accordance with Chapter 447, Part II, Florida Statutes.

(B) Except as otherwise provided in this Agreement, twenty (20) hours notice will be required before changing an employee's regular work schedule. If notice of a schedule change is not given as provided herein, the first eight (8) hours worked under the new schedule will be paid at one and one-half (1 1/2) times the employee's regular rate of pay. If the eight (8) hour work period extends into a time period where premium pay is normally paid, such as a holiday or after forty (40) hours in a work week, premium pay will not be duplicated. Further with regard to any holiday, the ordering of an employee to work, work overtime, or take time off on that holiday, shall not be considered a change in work schedule.

(C) All employees are required to work overtime when and as required. This may include requiring employees to remain on duty past their normal work day and requiring employees to report early on overtime. Management shall give as much advance notice as possible, and no such request shall be unreasonably made.

(D) Twenty (20) hours advance notice shall normally be given in the case of scheduled overtime which involves the performance of routine work on non-scheduled work days.

(E) In order to avoid overtime, Management may give up to four (4) or eight (8) hours time off respectively to any shift employee scheduled to work either an eighty-four (84) or eighty-eight (88) hour biweekly schedule, whenever that employee is, in Management's discretion, not needed to maintain adequate operation. However, this shall not result in a reduction below eighty (80) hours biweekly pay for that biweekly period. Whenever practicable, Management will honor the employee's preference of the hours to be taken off.

(F) For purposes of this article, “Seniority” shall refer to time in a given classification, not total service time. In the case where employees have the same time in grade, promotional test scores will be used to determine seniority. However, should an arbitrator or Civil Service Board rule otherwise, JEA will abide by their ruling.

8.4 a. The Association and JEA recognize that in the interest of good service, there is a requirement for the employees covered by this Agreement to respond to emergency call-outs, when such emergencies are designated by JEA. JEA and the Association agree that Management shall determine the necessity for overtime work.

b. JEA recognizes that it may be inconvenient for individuals to work overtime and it will give due consideration to each request for relief from overtime work.

c. If an employee is required to work overtime on a scheduled day off in whole or in part, the employee will be reimbursed for direct costs forfeited due to cancelation of reservations, excess travel etc. provided action is taken by the employee to minimize the forfeited cost, the employee notifies the Manager of the conflict when overtime is scheduled, and further that satisfactory documentation of the employee’s payment of forfeited costs is furnished to Employer.

8.5 Premium Pay

a. Overtime hours worked shall be paid at the following rates:

1. One and one-half (1 ½) times an employee rate of pay for all hours worked in excess of eight (8) hours per day, or forty (40) hours per week. For those employees assigned to the ten (10) hour day overtime shall commence after ten (10) hours daily or forty (40) hours per week. For those assigned to the twelve (12) hour day, overtime shall commence after twelve (12) hours daily or forty (40) hours per week.

2. Two (2) times an employee’s regular rate of pay for hours worked in excess of sixteen (16) hours in any twenty-four (24) hour period. An employee on double-time shall remain on double time until released.

3. Compensation for overtime shall be in cash. ~~However, if JEA and the employee agree, t~~The employee may elect to receive compensatory time, which shall be accrued at the applicable compensatory time rate of pay for each hour of overtime worked. Employees may accrue up to two hundred forty (240) hours of compensatory time[1]. However, JEA may pay off any amount of accrued compensatory time at any time, provided that any prior approved requests for compensatory time off will continue to be

[1] One hundred sixty hours of overtime worked is equivalent to two hundred forty hours of compensatory time.

honored. Accrued compensatory time will also be paid off at the employee's request.

b. Minimum pay for call out - An employee who is called to work outside of and not continuous with his/her regularly scheduled working hours shall be compensated at least four (4) hours at the applicable overtime rate provided he/she reports to work at the designated time and place. If a supervisor is responsible for immediately contacting his/her crew from his/her residence to report for duty, then the employee will receive five (5) hours at the applicable overtime rate, and overtime shall begin upon the notification for call-out. No compensation shall be paid when the supervisor does not report to his/her place of duty. If an employee is dispatched to more than one (1) job before the end of the basic four (4) hour period, no extra time will be allowed. Minimum time provided herein does not apply if an early call-out extends into the start of the employee's regular work period.

c. In the event that a JEA employee is required to perform work outside of and not contiguous with his/her regularly scheduled working hours, and in the event that such employee does not have to report to a JEA facility to complete such work, then the following guidelines shall apply:

1. An employee who is authorized by management to do work from his/her home outside of and not contiguous with his/her regularly scheduled working hours in lieu of reporting to work at the designated time and place shall be compensated for all such authorized time worked.

2. The minimum amount to be paid under this provision for an employee performing authorized work while at his/her home is one (1) hour.

3. The employee shall be compensated at his/her regular rate of pay for the minimum amount of time of one (1) hour or for the actual time worked if more than one (1) hour. Provided, however, that the employee will be compensated at one and one half (1 ½) times his/her regular rate of pay for all hours worked in excess of the applicable threshold found in Section 8.5(a)(1) of the collective bargaining agreement.

4. An employee who is on rest period when authorized under this provision to do work from his/her home shall not be compensated at double time. Nor shall the employee be compensated for minimum pay for call out pursuant to Section 8.5(b) of the collective bargaining agreement.

d. Scheduled Overtime - If an employee, who is scheduled to report for overtime, not continuous with his/her regularly scheduled working hours, receives notice of cancellation less than seven (7) hours before his/her scheduled starting time, he/she shall be compensated two (2) hours pay at the applicable overtime rate.

Should the employee have already reported to work to discover scheduled overtime has been canceled the employee shall be compensated four (4) hours pay at the applicable overtime rate, however, management can assign unscheduled work during this time.

e. Premium payments shall not be duplicated for the same hours worked under any of the terms of this Agreement; provided, however, that the employee shall be paid at the highest rate of premium pay earned.

8.6 a. An employee who has worked sixteen (16) hours or more in a twenty four (24) hour period, or eight (8) hours or more overtime in the sixteen (16) hour period immediately preceding his/her basic workday, shall upon release normally be entitled to an eight (8) hour rest period, before he/she returns to work. In the event that the employee does not have an eight (8) hour rest period, he/she will be entitled to the applicable premium pay as set out in section 8.6b.

b. If an employee is called back to work without completing his/her eight (8) hour rest period, he/she shall be compensated at the rate of two (2) times his/her regular rate of pay for all hours worked commencing from the time he/she reports back to work and ending when he/she is released for another eight (8) hour rest period.

c. If the rest period under the provisions of this Article extends into the basic workday, the employee shall lose no time thereby. If the employee's normal lunch break or part thereof occurs during the rest period, the normal lunch period or part thereof shall not be included as part of the eight (8) hour rest period.* Overtime pay for these extended hours will be paid in accordance with the applicable overtime rate.

*Example:

- If the rest period starts at 6 a.m. and the normal lunch break is from 12 noon to 1 p.m., the employee will report to work at 3 p.m.
- If the rest period starts at 5 a.m. and the normal lunch break is from 1 p.m. to 2 p.m., the employee will report to work at 2 p.m.
- If the rest period starts at 4:30 a.m. and the normal lunch break is from 12 noon to 1 p.m., the employee will report to work at 1:30 p.m.

d. Paid rest time shall be considered the same as worked time for the purpose of determining when overtime (one and one-half times the employee's rate of pay) starts in a workday. Paid rest time shall be considered the same as worked time for the purposes of determining when double time starts.

e. If the end of the employee's rest period occurs within two (2) hours of the end of the employee's basic workday, the employee's supervisor has sole discretion, not subject to grievance or arbitration, to release the employee without loss of pay for the remainder of the workday. However, such early release time shall not be considered the same as worked time for determining when overtime starts in a workday.

8.7 43/36 Schedule

a. At the time that this contract was negotiated, some employees were assigned to work a “43/36 hour schedule.” Employees assigned to this schedule alternate the number of hours that they are scheduled to work in a given week: the employee works 43 hours in one week, and 36 hours in the following week. The intent is to have the employee work a total of 79 hours over a two week period, and receive pay equivalent to 80.5 hours at the employee’s straight time rate (76 hours at straight time and 3 hours at time and a half).

b. An employee who is assigned to work the 43/36 hour work schedule and who has not accrued 43 hours in the week that he/she is normally scheduled to work 43 hours, because he/she has been on leave for the entire week or the last day of the week, will be permitted either to work additional hours to make up the full eighty (80) hours for the two week period when there is work available, or to use up to 4 (four) hours of straight time of his/her accrued leave to make up the employee’s full schedule.

c. The intent of this provision is to assure that employees who are assigned to the 43/36 schedule do not receive less than the equivalent of 80 hours of pay at their straight time rate of pay because they have taken leave during the week that they are scheduled to work 43 hours.

8.8 Employees covered by this Agreement are eligible for overtime only when specifically authorized by the Vice President, Director, or Manager, or their designees.

8.9 Each Vice President shall within each of his/her departments, sections, areas, or teams formulate a set of rules governing the distribution of overtime consistent with the normal organization alignment. These rules, so far as may be practicable and consistent with the efficient performance of work to be done, shall distribute the opportunity for overtime work equally among the employees in their respective classifications normally performing the same types of work in each assigned plant, crew, or work area. The Vice President shall consider input and comments from the Association when formulating the rules. It is understood that the sharing of overtime shall not delay nor increase JEA's cost of operation. Each assigned work area shall keep its overtime record in hours, and each record shall be kept on a biweekly basis with not more than one pay period lag.

8.10 Absence from scheduled overtime assignments may be subject to investigation.

# Article 9

## General Working Conditions

9.1 Employees shall not work outdoors in severe weather except as required to protect life or property, or maintain pre-existing service to the public. The manager or their designee shall be responsible for observing this clause. Appropriate rain gear and other special equipment shall be provided for those employees who are usually required to work in wet weather. Employees shall be compensated for any lost time during regular work hours on account of severe weather. It is acknowledged that JEA has the right to assign employees to duties not necessarily in their job classification during severe weather.

9.2 a. All employees covered by the Agreement shall keep their manager informed in writing at all times of their home and/or living quarters address and a telephone number by which their designated emergency contact person and/or their next of kin may be reached in the event of a medical emergency. JEA shall be entitled to rely on the last address and telephone number furnished to it by an employee and JEA shall have no responsibility to the employee or his/her next of kin for the failure to receive any kind of notice. This information shall be regarded as personal and confidential and shall be used only for official JEA business within the provision of State Statutes.

b. All employees shall furnish a telephone number by which they may be reached immediately in the event of a system emergency.

c. With their Director's prior approval, employees currently authorized and issued company-provided cell phones to perform JEA business may instead elect to use his/her personal cell / smart phone for such purposes. Employees who are approved for use of personal cell / smart phones will receive a $50.00/month stipend. As it is a personal item, the Employee will remain solely responsible for data plan, repair/replacement and all other expenses related to their personal cell/ smart phone. This provision will take effect at the beginning of the calendar month first following ratification by the JEA Board of Directors.

9.3 JEA, for proper cause, has the right to require any employee to undergo a medical and/or psychiatric examination by a JEA assigned appropriate medical doctor, at any time, to ascertain whether or not an employee is physically and/or mentally capable of performing the duties required of his/her classification. This examination will be conducted on JEA's time and at JEA's expense. JEA and its fitness-for-duty medical providers shall follow medical record and information confidentiality rules as provided for by HIPPA, and other regulations.

9.4 It is mutually acknowledged that an employee's primary responsibility in respect to gainful employment should be to JEA. No employee shall knowingly engage in any business or transaction or have a financial interest, direct or indirect, which is incompatible with the proper discharge of his/her official duties or would tend to impair his/her judgment or action in the performance of his/her duties.

9.5 a. JEA shall provide one pair of prescription safety eyeglasses and one pair of prescription safety sunglasses to employees whose job duties require their use. JEA shall pay the fees for fitting such prescription safety eyeglasses and prescription safety sunglasses. Prescription safety eyeglasses and prescription safety sunglasses provided pursuant to this paragraph shall not be replaced more frequently than once each two (2) years, unless written authorization is provided by the employee's Manager and a new prescription for safety eyeglasses is included with the approved request.

b. JEA shall replace or pay the cost of repairing an employee's prescription safety eyeglasses and prescription safety sunglasses, to include all fitting fees, issued by JEA, broken or damaged during the performance of his/her assigned duties, provided that such breakage or damage did not result from normal wear and tear, negligence or misuse on the part of the employee, or his/her failure to use proper eye protective equipment where provided by JEA.

c. JEA shall pay the cost of adding UV protection to JEA-provided prescription safety eyeglasses and prescription safety sunglasses for employees who work outdoors.

d. JEA shall replace dentures or contact lenses, broken or damaged during the performance of the employee's assigned duties provided such breakage did not result from normal wear and tear, negligence, misuse, or the failure to use proper protective equipment where furnished by JEA.

e. Safety Shoes

1. JEA will provide one pair of safety shoes per fiscal year (October 1 to September 30) to each employee whose job duties require their use. The standard safety footwear voucher will be worth at least $125 (one-hundred and twenty-five dollars). The pole climbing safety footwear voucher will be worth at least $200 (two hundred dollars).

2. Employees who are newly hired or who transfer for the first time into a job which requires safety shoes will be provided two pair safety shoes in their first year in the applicable job and one pair each year thereafter.

3. Management may issue additional pairs of safety shoes to employees whose job duties require their use if the employee's safety shoes are worn out as a result of regular use (not as a result of the employee's negligence). For purpose of this subsection, management has the sole discretion to determine whether to issue an additional pair of safety shoes, whether a pair of safety shoes is worn out, and whether the wear is the result of regular use. Provided however, should a disagreement arise on this matter, the Manager, Safety and Health or their designee shall render a binding decision.

4. Those employees, whose regular job duties only require occasional need for safety shoes, as determined by JEA, will be provided one pair of safety shoes every other year. Those employees will be required to wear safety shoes when assigned duties requiring their use.

5. Those employees who are provided safety shoes by the Employer are required to wear the safety shoes while on duty as required.

f. JEA may, at its sole discretion, replace or repair personal items destroyed as a result of work related activities through no fault of the employee. In no event will the cost of such replacement or repair exceed three hundred dollars ($300). This provision shall not be subject to grievance or arbitration.

9.6 During the term of this Agreement, JEA agrees to supply to the Association, upon request, and as mutually agreed, the following information pertaining to the members of the bargaining unit: employee's name, current classification, date of employment, date appointed to current classification, and date of last salary increase excluding service raise. Information furnished shall be subject to clerical corrections.

9.7 An employee will be reimbursed at the rate stipulated in the Internal Revenue Service Regulations when requested or required to use his/her privately owned vehicle on official business for all miles actually driven but for no more than the usual travel route between assigned destinations. However, no reimbursement will be paid for mileage to a work location when the employee is notified before reporting to his/her usual work location to report to a different work location.

The Association recognizes that employees may be assigned take home vehicles. As with all forms of JEA equipment, based on JEA's operational needs, JEA retains sole discretion to assign, rescind and otherwise manage vehicles. The Association recognizes that represented employees may be assigned take home vehicles based upon operational needs, and is subject to change from time to time as determined by JEA. Should a vehicle assignment to be ended, the employee will be given 30 calendar days' notice.

As of November 25, 2014 it has been established that there are thirty-four (34) JSA employees assigned take home vehicles for which they gain personal benefit (as determined by IRS regulations). For FY 2014-2015 there will be a transition plan for those individuals: should an individual's take home vehicle assignment end as provided above, that individual will be provided a $100.00 month vehicle stipend. This stipend will commence concurrently with when they no longer actually have a take home vehicle (i.e., not including the notice period). The stipend will be payable in full for any calendar month during which their use of a take home vehicle actually ends, up to and including September 2015. This transition plan will cease with the commencement of FY 2015-2016.

9.8 LIMITED OR SYSTEM EMERGENCIES

a. The intent of this language is to define the existence of an emergency, the determination of when employees become "Essential" and "Non-Essential", and the operational and pay guidelines for the JEA and the JSA

b. Declaration of an Emergency

The Managing Director or his/her designee has the sole authority to declare a Limited or System Emergency. In the event either type of emergency is declared, the provisions of the Section will take effect immediately. Additionally, it will be the responsibility of the declaring authority to identify the emergency time of commencement, which specific areas are considered under the emergency, and which specific personnel are affected. This information should then be verified and reiterated by lower management levels to their specific groups so there is no confusion as to who should and should not respond to any specific event. It shall also be the Managing Director's or his/her designee's responsibility to identify the stop time or end of the emergency so as to avert any confusion in filling out time sheets correctly and accumulating necessary FEMA information for reporting purposes.

c. Non-Essential Employees

Although all JEA employees are considered essential to the operation of the business, for the purposes of determining whether certain personnel are required to respond to a particular emergency event, those employees not required to do so shall be designated as "Non-essential" for that specific event.

These employees are subject to the following:

1. Non-essential employees shall be released from duty and shall be granted Administrative leave with pay for the balance of their normal work schedule, and any additional days of their normal work schedule when they are not required by JEA to report to work due to an emergency. This act alone does not designate the onset of the Limited or System emergency; however no personnel shall be sent home on Administrative leave for emergency purposes until the declaration of an emergency is in effect.

2. Non-essential employees who are already on previously approved leave with pay at the time of the emergency, or who are scheduled to take authorized leave with pay during the time of the emergency shall not be charged for the leave for that period of time when other Non-essential employees are on Administrative leave with pay as a result of the emergency.

3. Non-essential employees who are already on previously approved leave without pay at the time of the emergency, or who are scheduled to take authorized leave without pay during the time of the emergency shall not be paid for that period of time when other

Non-essential employees are on Administrative leave with pay as a result of the emergency.

4. If a scheduled holiday falls within the time that Non-essential employees are on Administrative leave with pay due to an emergency, the employees will be paid for the holiday, but will not receive any additional Holiday leave or pay for that day.

5. Employees previously designated as “Non-essential” may be required to work during a declared emergency. In these situations the provisions applicable to “Essential Employees” will apply.

6. In a Limited or System Emergency, Non-essential employees from the affected location or department, may be released due to the declared emergency. Based on the declaration of the Limited or System emergency and the release of Non-essential employees, Essential employees who are required to work in the affected location during the emergency shall be compensated for the time worked, as provided for in Article 8. In addition to any compensation payable under Article 8, Essential employees will be paid Emergency pay which is straight time hourly pay, for the time they would have been on Administrative Leave with pay if they had been designated a “Non-essential” employee. The maximum payable under this provision is forty (40) hours per work week. If employees are sent home on Administrative Leave in order to accommodate a work schedule change for the purposes of emergency response, all employees required to stay at work shall be compensated for the Administrative Leave.

d. Essential Employees

These employees are subject to the following:

1. Essential employees will be required by JEA to work during the emergency. Management may consider volunteers when possible.

2. To the maximum extent possible, when the general population is being required to evacuate an area in anticipation of a hurricane, tropical storm, or similar circumstances where there is advance notice of a situation that is expected to create an emergency, JEA will allow Essential employees reasonable time, as determined by JEA, to return to their residence, secure the residence, and make plans for the safety of their family. After allowing a reasonable time for such activities, as determined by JEA, Essential employees shall be required to report back to work during the emergency.

3. Essential employees who are required to work during the emergency shall be compensated for the time worked, as provided for in Article 8 of this agreement. In addition to any compensation payable under Article 8, these employees will be paid straight time hourly pay for the time that they would have been on Administrative leave with pay as if they had been designated a Non-essential employee (up to a maximum of forty (40) hours per work week).

4. During an emergency, Essential employees who are required to report for work will be provided with a meal or meal vouchers. Meal schedules shall be based on the meal break guidelines as set forth in Article 19.5.

e. Alteration of Annual, Vacation, or Personal Leave Schedules.

As provided for in article 10.1.g., JEA has the unilateral right to alter the Annual, Vacation, or Personal Leave schedule of any employee in emergencies. This right includes the right to require employees who are on leave at the time of the emergency to return to work. In such cases, JEA will reimburse the employee for any non-refundable expenses incurred as a result of the cancellation or alteration or the employee's Annual, Vacation, or Personal Leave plans.

f. JEA Communications with Employees during the Emergency

Any employee who is released from work during an emergency is expected to resume his/her normal work schedule when directed to do so by JEA. In order to assist employees in determining when they are expected to return to work, JEA will take reasonable steps to keep employees advised about the status of JEA operations, including the dates and times that employees are expected to resume their regular work schedule. For example, JEA will release information to employees via the JEA voice mail or e-mail system, through use of employee pagers, through releases of information to news media, and any other appropriate means of communicating with employees. To the extent that an employee relies on information released via local news media to determine when he or she is expected to return to work, JEA employees are to follow instructions related to JEA, not those issued regarding City of Jacksonville employees. Any employee expected to stand-by for return to work outside the employee's normal work schedule shall be paid Standby Compensation in accordance with Article 19.2.

9.9 Mutual Aid

1. When employees are requested and authorized to assist other utilities in the restoration of their service areas, said employees will receive compensation of pay at two (2) times their normal rate of pay for all hours worked in this process to include travel and any other time required.

# Article 10

## Leave Usage

10.1 Leave Usage (Generic)

a. Employees, when eligible and authorized, may use their Compensatory Time, Annual, Vacation, or Personal Leave upon written application to their appointed manager/designee. Approval shall be based upon the nature of the request in each instance. Extensions may be granted at the option of the Vice President, Director, or Manager/designee.

b. It shall be the mutual obligation of JEA and the Association to cooperate with each other in the proper application of Compensatory Time, Annual, Vacation, or Personal Leave benefits.

c. Compensatory Time, Annual, Vacation, or Personal Leave will be charged against an employee's regular workday, and shall not be charged for absences on a prearranged overtime workday, unscheduled call-in overtime days, or holidays.

d. Compensatory Time, Annual or Personal Leave may be taken for emergency, illness, or injury of the employee or next of kin. For these purposes "next of kin" shall be the same relations defined as "immediate family" in Article 10.4(a).

1. Employees are required to notify the appropriate designated individual of the employee's intent to use Compensatory Time, Annual or Personal Leave for emergency, illness, or injury in the following manner:

(i) Non-shift employees must provide notification to the appropriate designated individual as early as possible and no later than the start of the employee's normal workday. An employee who has a starting time earlier than the designated individual he/she is to notify, shall notify that individual as soon as possible after the normal starting time for that designated individual.

(ii) a. Shift employees must provide notification to the appropriate designated individual no later than one (1) hour prior to the starting time of the employee's shift.

b. Shift employees shall notify the appropriate supervisor at least four (4) hours in advance of the employee's intent to return to work following an emergency, illness, or injury. However, employees on the day shift need only provide one (1) hour advance notice before returning to work.

2. Employees who fail to notify the appropriate designated individual as required by Section 10.1.d.1. may not be allowed to charge their absence to Annual or Personal Leave unless waived by the Vice President, Director, or Manager/designee.

3. Absences for illness under Compensatory Time, Annual or Personal Leave conditions may be subject to investigation. (This section is not intended to require an employee to provide a physician's certified statement of illness after each absence. It is intended to correct suspected abuse of Annual or Personal Leave for illness.)

4. Employees failing to comply with the provisions of Section 10.1 will be subject to disciplinary action.

e. 1. The minimum amount of Compensatory Time, Annual, Vacation, Sick, or Personal Leave to be taken and charged shall be one-tenth (.10) hour increments.

2. Employees on eight (8) hour day, ten (10) hour day and twelve (12) hour day schedules shall be charged eight (8), ten (10) and twelve (12) hours respectively for a day off.

f. If a legal holiday falls within a scheduled Compensatory Time, Annual, Vacation, or Personal, Leave period, Compensatory Time, Annual, Vacation, or Personal Leave shall not be charged for that day. When scheduled overtime hours, for rotating shift workers fall within a scheduled Compensatory Time, Annual, Vacation, or Personal Leave period, Compensatory Time, Annual, Vacation or Personal Leave shall not be charged nor overtime paid for those hours.

g. Notwithstanding any other provision of this Agreement, JEA shall have the unilateral right to alter Compensatory Time, Annual, Vacation, or Personal Leave schedules for proper cause or emergencies that might occur. In such cases, the employee will be reimbursed for any costs forfeited due to cancellation of reservations, excess travel, etc., provided action is taken by the employee to minimize the forfeited cost, and provided further that satisfactory documentation of the employee's payment of forfeited costs is furnished to JEA.

h. Upon written request, and with at least thirty (30) calendar days advance notice, an employee taking at least two (2) weeks or more of authorized paid Annual Personal Leave may have the amount of compensation due for the requested Annual Leave period advanced to him/her on the last regular payday prior to the beginning of the paid Annual Leave.

i. 1. An eligible employee who is out from work because of an on-the-job injury may use Annual Leave, Sick Leave, Personal Leave or Compensatory Time to remain on the payroll, under the conditions established in this section.

2. In order to be eligible to use accrued leave for this purpose the employee must meet all of the following eligibility requirements:

i. The employee is away from work due to an on-the-job injury;

ii. The employee is either receiving workers' compensation payments or has exhausted the allowable period of workers' compensation;

iii. The employee provides the employer with a written request to use his/her accrued leave to remain on the payroll.

3. When employees are eligible to use accrued leave for this purpose, the amount of Annual Leave, Vacation/Sick Leave, or Personal Leave or Compensatory Time so charged shall be the minimum amount in one-tenth (.10) of an hour increments to equal the difference between the employee's regular pay and the amount that the employee is receiving from workers' compensation and workers' compensation supplement.

4. If the employee receives only partial salary or wage payment, the normal required employee pension contribution shall be deducted from the employee's partial salary or wage payment and the employee shall continue to receive full retirement credit for the period during which workers' compensation payments are received.

10.2 Annual and Retirement Leave Usage

a. In order to insure the health and welfare of the employee, JEA encourages employees to take a minimum of ten (10) work days Annual Leave per contract year. Employees are encouraged to retain eighty (80) hours in their Annual Leave account in case of serious personal illness.

b. Accrued Annual Leave may be taken at any time when authorized. Scheduling will be accomplished on a seniority basis in classification for the first request of three (3) consecutive work days or more provided that the request is submitted prior to March 31. In scheduling Annual Leave, employees with seniority in a classification, a shift, a crew, a section, or an office shall be given first preference; provided, however, that such preference shall be subject to JEA's exclusive authority to determine the number of employees in any given classification, shift, crew, section, or office who may be on leave at the same time. Denial of requested leave must be substantiated on the basis that granting of such leave would unduly increase the cost of operations and/or would otherwise be detrimental to the efficient operations of the system. Requests for leave of less than three (3) consecutive work days must be submitted at least twenty-four (24) hours in advance unless the leave is for illness or emergency.

c. If an employee has exhausted all of the accrued, unused Annual Leave, and then said employee suffers an illness which requires time off, then said employee shall be allowed to use the credited Retirement Leave for the purpose of illness only.

d. If an employee, due to an extended, continuous illness, requires eighty (80) hours or more for such illness, then such leave, may at the employee's option be deducted from the Retirement Leave account of such employee.

10.3 Vacation Leave Usage

a. Vacation Leave shall be so arranged as to be mutually convenient to both the employee and JEA. Vacation Leave must be scheduled consistent with the operational requirements of the system. In scheduling vacation, employees with seniority in a classification, within a shift, crew, section or office, shall be given a preference. This seniority preference will only apply to the first vacation period selected each contract year.

b. JEA employees may split their Vacation Leave in any manner desired and approved by their Vice President, Director, or Manager or his/her designee. The splitting of Vacation Leave must be consistent with the operational requirements of the system.

10.4. Sick Leave Usage

a. Sick Leave may be taken for illness or injury of the employee or his/her immediate family. For the purpose of this section, "immediate family" shall be defined as spouse, children, stepchildren, parents, stepparents, and other relatives who permanently reside with the employee. Special consideration may also be given to any other person whose association with the employee is similar to any of the above relationships.

1. Employees are required to notify the appropriate designated individual of the employee's intent to use Sick Leave, in the following manner:

(i) Non-shift employees must provide notification to the appropriate designated individual as early as possible, and no later than the start of the employee's normal work day. An employee, who has a starting time earlier than that of the designated individual he/she is to notify, shall notify that individual as soon as possible after the normal starting time for that designated individual.

(ii) (a) Shift employees must provide notification to the appropriate designated individual no later than one (1) hour prior to the starting time of the employee's shift.

(b) Shift employees shall notify the appropriate supervisor at least four (4) hours in advance of the employee's intent to return to work following an illness or injury. However, employees on the day shift need only provide one (1) hour advance notice before returning to work.

2. Employees who fail to notify the appropriate designated individual as required by Section 10.4 a.1. shall not be allowed to charge their

absence to Sick Leave unless waived by the Vice President, Director, or Manager/designee.

3. Absences for illness or injury may be subject to investigation. (This section is not intended to require an employee to provide a physician's certified statement of illness or injury after each absence. It is intended to correct suspected abuse of Sick Leave.)

4. Employees who fail to comply with the provisions of Section 10.4 will be subject to disciplinary action.

b. If an employee or member of his/her immediate family is under a doctor's care for a continuing illness or injury and the employee has used all accrued Sick Leave, the employee may, upon request, be placed on Vacation Leave status and allowed to use any accrued leave in accordance with this Agreement.

10.5 Personal Leave Usage

Accrued Personal Leave may be taken at any time when authorized by their appointed manager/designee. Scheduling will be accomplished on a seniority basis in classification for the first request of three (3) consecutive work days or more provided that the request is submitted prior to March 31. Denial of requested leave must be substantiated on the basis that granting of such leave would be detrimental to the efficient operations of the system. Requests for accrued Personal Leave of less than three (3) consecutive workdays must be submitted at least twenty-four (24) hours in advance unless the Personal Leave is for illness or emergency.

# Article 11

## Annual Leave (PLAN E)

11.1 This article shall apply to all permanent, probationary, and provisional employees of the following categories:

a. Employees hired on or after October 1, 1968 and before October 1, 1989;

b. Employees hired prior to October 1, 1968, but chose to remain subject to former Sick Leave and Terminal Leave policies in April, 1969;

c. Employees hired prior to October 1, 1968, who chose on or before September 30, 1978, to become subject to this provision;

d. Employees who meet the requirements of either a, b, or c, above upon completion of probation after promotion into a classification included within the Unit.

11.2 a. Employees shall accrue Annual Leave with pay according to the following schedule on a bi-weekly basis:

| Years of Service | | Hours Per Year |
|---|---|---|
| Upon completion of 0 months | thru 4 years | 160 |
| Upon completion of 4 years | thru 9 years | 184 |
| Upon completion of 9 years | thru 14 years | 208 |
| Upon completion of 14 years | thru 19 years | 232 |
| Upon completion of 19 years | thru 24 years | 256 |
| Upon completion of 24 years | or more | 280 |

b. Annual Leave will accrue bi-weekly to the credit of the employee, and shall be credited on the last day of the pay period. In order to receive full credit, the employee must work a full schedule or be on approved leave with pay. The accrual will be reduced prorata for hours on leave without pay.

c. The rate of accrual shall change to the higher rate on the anniversary day of employment.

d. Annual Leave shall be earned during the first year of employment.

11.3 Annual leave shall accrue to a maximum of 960 hours. The employer will compensate the employee on an hour-for-hour basis for any accrued amount over nine hundred sixty (960) hours as of September 30th each year. These payments will be made on the first pay day in November, at the September 30th rate of pay.

11.4 Beginning with leave earned during the fiscal year, an employee who does not use all of their Annual leave accrued in a fiscal year, may be paid the difference between the amount used and the amount accrued for that fiscal year on an hour-for-hour basis.

(a) To receive such payment, the employee must make an irrevocable election in the fiscal year preceding the fiscal year in which the leave is accrued, and comply with such other requirements of the Internal Revenue Service as may then be in effect.

(b) This payment is not available to an employee who would have less than eighty (80) hours of annual leave remaining after such payment. Such payments will be made no later than the second payday in November at the September 30th rate of pay.

11.5 For the purpose of this Article, retirement is defined pursuant to the Ordinance provisions of the pension program of the City. Vesting is considered as retirement.

a. Retirement Leave may be taken either immediately prior to desired eligible retirement date, which leave may be used for the fulfillment of time service requirements; or Retirement Leave may be taken following fulfillment of time service requirements.

b. An employee on Retirement Leave shall be maintained on the regular payroll, thereby continuing to avail the employee of payroll deductions, pensions, contributions, and insurance deductions.

c. Upon placement on Retirement Leave, such status shall be irrevocable.

d. While on Retirement Leave, an employee shall not accrue Annual Leave, but shall be eligible for legal holidays and any general salary increases, but not performance/step increases.

e. At the employee's option, Retirement Leave may either be taken, or paid for in one lump sum on an hour-for-hour basis, within thirty (30) calendar days of retirement date.

f. If an employee terminates prior to retirement as defined in the Annual Leave Ordinance (116-Part 6), said employee shall be paid for any Retirement Leave credited, on the basis of one (1) hour's pay for one (1) hour in said account.

11.6 a. Upon termination, which includes resignation or discharge not for cause, the employee shall be paid for all unused Annual Leave accrued, and for Retirement Leave, the latter on the basis of one (1) hour's pay for one (1) hour in said account.

b. Employees who are discharged for stealing, sabotage, or illegal possession or use of drugs shall forfeit their unused Annual Leave earned during the contract year.

11.7 Upon retirement of an employee, said employee's Annual Leave account and Retirement Leave account shall be used or paid for on a day-for-day basis up to a maximum of nine hundred-sixty (960) hours in each account, under the following provisions:

a. Leave may be taken either immediately prior to the desired eligible retirement date, which leave may then be used for the fulfillment of time service requirements; or

b. Such leave may be taken following fulfillment of time service requirements.

11.8 a. After an employee has been on a leave of absence or light duty due to a disabling injury on-the-job for a period of six (6) months, upon being certified physically and mentally fit, the employee shall be returned to the same job if:

1. the employee is capable of doing the job satisfactorily;

2. the employee would have retained the job had the employee not been injured; and

3. such work still exists.

b. If an employee who has been on a leave of absence or light duty due to a disabling injury on-the-job for six months is not certified physically and mentally fit for full duty, JEA shall place the employee in a comparable job for which he/she is qualified. JEA shall offer the employee the best available job for which the employee is qualified - if necessary, appointing the employee to a lower classification.

## Article 12 [open]

# Article 13

## Personal Leave (PLAN H)

13.1 This article shall apply to all permanent, probationary, and provisional employees hired on or after October 1, 1989.

13.2 a. Employees shall accrue Personal Leave with pay for all straight time hours worked according to the following schedule on a bi-weekly basis:

| <u>YEARS OF SERVICE</u> | <u>HOURS PER YEAR</u> |
|---|---|
| Upon completion of 0 months thru 4 years | 160 |
| Upon completion of 4 years thru 9 years | 184 |
| Upon completion of 9 years thru 14 years | 208 |
| Upon completion of 14 years thru 19 years | 232 |
| Upon completion of 19 years thru 24 years | 256 |
| Upon completion of 24 years or more | 280 |

b. Personal Leave will accrue bi-weekly to the credit of the employee, and shall be credited on the last day of the pay period. In order to receive full credit, the employee must work a full schedule or be on approved leave with pay. The accrual will be reduced prorata for hours on leave without pay.

c. The rate of accrual shall change to the higher rate on the anniversary day of employment.

d. Personal Leave shall be earned during the first year of employment.

13.3 a. Personal Leave shall accrue to a maximum of six hundred (600) hours. Personal Leave over that amount as of September 30 of each year shall be forfeited unless applied in accordance with the provisions of 13.4 or sold back to the Employer in accordance with the provisions of 13.3.b.

b. Personal leave shall accrue to a maximum of 600 hours. The employer will compensate the employee on an hour-for-hour basis for any accrued amount over six hundred (600) hours as of September 30th each year. These payments will be made on the first pay day in November, at the September 30th rate of pay.

c. Beginning with leave earned during the fiscal year, an employee who does not use all of their personal leave accrued in a fiscal year, may be paid the difference between the amount used and the amount accrued for that fiscal year on an hour-for-hour basis.

d. To receive such payment, the employees must make an irrevocable election in the fiscal year preceding the fiscal year in which the leave is accrued, and comply with such other requirements of the Internal Revenue Service as may then be in effect.

e. This payment is not available to an employee who would have less than eighty (80) hours of personal leave remaining after such payment. Such payments will be made no later than the second payday in November at the September 30th rate of pay.

13.4 [OPEN] ~~The Critical Emergency Leave Bank (CELB) shall be eliminated effective upon ratification of this Collective Bargaining Agreement. Any employee who has a balance in the CELB shall have those hours converted to Personal Leave.~~

13.5 Upon retirement (including vesting under the pension law) of an employee, said employee shall be paid for all unused Personal Leave accrued on a hour for hour basis.

13.6 a. Upon termination of an employee for other than retirement, which includes resignation or discharge not for cause, the employee shall be paid for one-hundred percent (100%) of their Personal Leave on an hour for hour basis in a lump sum payment.

b. Employees who are discharged for cause shall forfeit their unused Personal Leave accrued during the contract year.

13.7 a. After an employee has been on a leave of absence or light duty due to a disabling injury on-the-job for a period of six (6) months, upon being certified physically and mentally fit, the employee shall be returned to the same job if:

1. The employee is capable of doing the job satisfactorily;

2. The employee would have retained the job had the employee not been injured; and

3. Such work still exists.

b. If an employee who has been on a leave of absence or light duty due to a disabling injury on-the-job for six (6) months is not certified physically and mentally fit for full duty, JEA shall place the employee in a comparable job for which the employee is qualified, if necessary, appointing the employee to a lower classification.

# Article 14

## Military Leave

14.1 TRAINING

a. Employees who are members of the National Guard, or organized military reserves of the United States, and who are ordered to attend annual or monthly training shall, upon presentation of their official orders or appropriate military certification, be granted not more than 240 working hours with pay pursuant to Florida Statutes, Chapter 115, Section 115.7 as amended. The training leave shall not be deducted from Annual/Vacation/Personal Leave or in any other way result in loss of privileges or compensation to said employee. Employees are responsible for notifying their supervisors as soon as possible of the dates for the training period and provide a competent set of orders.

b. Employees who are members of the reserve components mentioned above and who are required to attend regularly scheduled training assemblies throughout the year may, upon due notice, apply for Compensatory Leave or Annual/Vacation/Personal Leave to attend the military training assemblies when they are scheduled to be on duty, and have used all available hours of Military Leave as provided for in 14.1a.

Employees who request time off for this purpose are responsible to advise their supervisors at the earliest possible time of the dates when they are scheduled for these training assemblies which conflict with their normal work schedule.

14.2 MILITARY DUTY

Related to employees' military service (present and past), there are Federal and State laws and regulations, as well as City of Jacksonville municipal ordinances, covering employer responsibilities to eligible employees; JEA will comply with all applicable laws, regulations and ordinances covering employees' military service.

# Article 15

## Leave of Absence

15.1 LEAVE WITH OR WITHOUT PAY

a. An employee may request a leave of absence, of specified duration, with or without pay, which must be recommended by their Director level manager and approved by their executive manager (VP/SLT level or equivalent) ~~Vice President~~. An approved leave of absence with pay must be for a purpose which shall serve the best interests of the system and not just the employee. A position must be available to an employee upon return from a leave of absence with pay.

b. If an employee is granted a leave of absence without pay, a position may or may not be available, at the discretion of the executive manager (VP/SLT level or equivalent) or their subordinate appointed management~~Vice President, Director or Manager~~, to the employee upon his/her return to service. The decision to make or not make a position available will be made prior to granting the leave of absence and the employee will be notified of the decision. If a position is not made available, the employee's sole right is to be placed on the reemployment list in accordance with the Civil Service and Personnel Rules and Regulations.

c. If an employee is granted leave of absence without pay the position is held for the employee upon his/her return to service, JEA will continue to pay the life insurance and medical insurance normally paid by JEA which includes JEA's portion of the dependent medical insurance premium. The employee is responsible for the optional life insurance premium and the employee's portion of the dependent medical insurance premium.

d. If an employee is granted a leave of absence without pay and the position is not held, the employee shall be required to pay the total cost of any insurance coverage the employee desires to continue in effect during such leave.

e. All leave requested under this Section which meets the criteria for leave under the Family and Medical Leave Act (FMLA) shall be documented as FMLA leave and shall be provided in accordance with the terms and conditions of the FMLA. Use of FMLA leave does not preclude additional leave, which may be granted pursuant to this Section.

15.2 BEREAVEMENT LEAVE

a. Upon notification of the death of an immediate family member, an employee may be granted the day or remainder of the day, if at work, off without loss of pay and may be granted an additional three (3) work days within the next fourteen (14) calendar days off without loss of pay, as Bereavement Leave. Immediate family for the purpose of this section is defined as spouse, children, stepchildren, parents, stepparents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparents, grandchildren, aunts, uncles, nieces, nephews, spouse's grandparents and relatives who permanently reside with the employee. Should an employee be on vacation at the time of death, the three (3) working days that would normally be granted as Bereavement Leave shall be charged as Bereavement Leave instead of Annual/Personal Leave.

15.3 FUNERAL LEAVE

Employees may be granted up to four (4) hours without loss of pay as Funeral Leave to attend the funeral of an active or retired co-worker, unless such employee is required to maintain system integrity.

15.4 JURY DUTY

An employee while serving on jury duty will be paid his/her salary for any scheduled work hours lost up to eight (8), ten (10) or twelve (12) hours, and will not be required to forfeit any compensation received for jury services. If a rotating shift employee receives notice of jury duty and notifies his/her supervisor on his/her next workday following the receipt of notice, he/she shall at his/her request be rescheduled to the day shift during his/her period of jury duty. If an employee is released from jury services with four (4) hours or more remaining on his/her normal workday, he/she will be required to report to his/her work site on that workday. A statement from the appropriate Court Clerk's office in writing shall be required from the employee. The statement shall contain information as to dates and times an employee was required for jury duty.

15.5 WITNESS DUTY

If an employee is absent from work, in order to serve as a witness in a case in a court of law to which he/she is not a party, either directly or as a member of a class, and where such absence is in response to a legally valid subpoena and where such presence is in the interest of JEA, he/she shall be granted leave with pay for those hours for which he/she is absent from work during his/her regularly scheduled working hours, provided he/she submits evidence of such service as a witness.

INTENT

The intent is an employee who is subpoenaed in a case in the interest of or involving JEA, in his/her official capacity during normal working hours, shall not be required to charge Annual Leave.

15.6 VOTING

During elections employees whose working hours do not permit a two (2) hour period to vote, may be granted sufficient time, without loss of pay, not to exceed two (2) hours, at the direction of his/her supervisor, for the purpose of voting, providing the employee is registered and eligible to vote.

15.7 LEAVE DONATIONS AND FORFEITURES

a. Employees may forfeit Annual Leave, Vacation Leave, Personal Leave, and Retirement Leave (but not Sick Leave or Compensatory Leave) to regular and temporary, full-time JEA employees who are critically ill, critically injured, or require an extended leave of absence for medical reasons. Employees may donate Annual, Vacation, Personal and Retirement Leave (but not Sick Leave or Compensatory Leave) to JEA approved charitable organizations.

b. Forfeitures to critically ill or critically injured employees or employees who require an extended leave of absence for medical reasons shall be subject to the following requirements:

1. The critically ill or critically injured employee and employees who require an extended medical leave of absence must submit a statement of need to the Director, Employee Services or his/her designee. The employee who requires an extended medical leave of absence must include a physician's statement documenting the need for an extended medical leave of absence. The Director, Employee Services or his/her designee shall determine the employee's eligibility to receive leave forfeitures in accordance with the provisions of this Section 15.7.

2. Forfeitures may not be made in respect of an ordinary illness, but rather may be made only in respect of a serious or major illness, hospitalization of five (5) calendar days or more, or a medical leave of absence of ten (10) calendar days or more.

3. The employee forfeiting the leave must complete the appropriate form and submit it to Employee Services.

4. The employee receiving the forfeited leave must have exhausted all other available leave, and may receive only enough forfeited leave to cover the period of the absence. Upon returning to work, the employee may not have a positive leave balance as a result of any forfeiture.

c. Donations or forfeitures of leave under this Section 15.7 shall be accounted for according to the dollar value of the leave, to be determined by multiplying the number of hours donated or forfeited by the hourly rate of the employee donating or forfeiting the leave.

# Article 16

## Holidays

16.1 Each employee covered by the Agreement shall be entitled to twelve (12) holidays with pay each year as follows:

| | |
|---|---|
| New Year's Day | January 1 |
| Martin Luther King, Jr.'s Birthday | 3rd Monday in January |
| President's Day | 3rd Monday in February |
| Memorial Day | Last Monday in May |
| Independence Day | July 4 |
| Labor Day | 1st Monday in September |
| Veteran's Day | As designated |
| Thanksgiving Day | As designated |
| Friday After Thanksgiving | As designated |
| Christmas Eve | December 24 |
| Christmas Day | December 25 |
| Personal Leave Day | As mutually agreed upon |

When New Year’s Day (January 1) occurs on a Saturday and holiday is observed on a Friday it is understood there will be thirteen (13) holidays in the affected year and only eleven (11) observed in the following year.

16.2 a. For non-shift workers, when a holiday falls on Saturday, the Friday prior thereto shall be considered the holiday, and when a holiday falls on Sunday, the Monday following shall be considered the holiday. If either Christmas Eve or Christmas Day falls on a Saturday or Sunday, the provisions of the City of Jacksonville Ordinance Code shall apply. For those workers on a four (4), ten (10) hour day workweek, when a holiday falls on a normal day off, the workday closest to the holiday shall be considered the holiday. When a holiday falls on a normal day off that is midway between workdays, the next scheduled workday will be the holiday. When a holiday falls on a Saturday or Sunday for a non-shift employee, which is considered their regular scheduled work day, the holiday will be observed on that day.

b. Rotating shift workers will observe all holidays on the date they occur as listed in 16.1.

c. Employees shall be compensated for holidays at their respective rates of pay for the number of hours they would have ordinarily worked on that holiday.

d. 1. When an employee is required to work on a day observed as his/her holiday, he/she shall be compensated eight (8), ten (10), or twelve (12) hours straight time pay, dependent on work day assignment, as holiday pay. In addition, the employee shall receive one and one-half (1 1/2) times his/her straight time hourly rate for all hours worked up to eight (8), ten (10), or twelve (12) hours, and two and one-half (2 1/2) times his/her straight time hourly rate for all hours worked on the holiday over eight (8), ten (10), or twelve (12) hours until released.

2. Whenever a non-shift worker is required to work on Christmas Day, but is not required to work the day normally observed as the holiday, the employee shall continue to earn holiday pay of eight (8), ten (10), or twelve (12) hours on the day normally observed as the holiday, but shall earn two and one-half (2 1/2) times his/her straight time hourly rate for all hours worked on Christmas Day.

3. Non-shift employees who are required to work on Christmas Day (December 25th), when Christmas Day (December 25th) falls on a Saturday or Sunday shall be paid at two and one-half (2.5) times their straight time hourly rate for all hours actually worked.

# Article 17

## Insurance and Benefits

17.1 LIFE INSURANCE

JEA agrees to provide, at no expense to the employee, basic term life insurance equal to 100% of the employee's gross annual salary (rounded to the nearest thousand increments) or $250,000 whichever is less. The employee, at his/her option and expense, may purchase additional term life insurance, under the same group policy, subject to the terms and limits of the policy. This additional term life insurance will include an accidental death and dismemberment (AD&D) schedule for accidental loss of life equal to the amount of additional term life insurance selected. The amount of additional term life and AD&D insurance selected by the employee is subject to approval by JEA's group life insurance company.

17.2 MEDICAL INSURANCE

a. JEA agrees to continue to provide employees with a medical insurance program under the JEA Group Plan at no cost to the employee. Coverage for the employee's dependents shall be an integral part of the Group Plan. JEA agrees to pay fifty percent (50%) of the cost of the employee's dependent coverage.

b. JEA will provide the Association with notice of any changes in the Group Plan or in the premiums for dependent coverage there under as soon in advance of the effective date as is reasonably possible.

c. The JSA will be encouraged to provide input to the JEA Insurance Committee, review proposed changes, and when applicable make recommended changes to the JEA group health insurance plan(s).

17.3 ACCIDENTAL DEATH BENEFITS

a. JEA shall provide accidental death benefits at no expense to the employee, in the amount of $100,000 for all employees, payable to the beneficiary named by the employee or as otherwise provided, in the event an employee dies as a result of an injury arising out of and in the course of his/her employment with JEA. This payment shall be made within fourteen (14) calendar days after occurrence.

b. In addition to the death benefit above, dependents of employees who are killed in the course of employment will be entitled to the death benefits provided pursuant to the Workers' Compensation Law.

17.4 RETIREMENT BENEFITS

[Note: For purposes of aiding understanding of the provisions that follow, pursuant to 2016-2019 contract negotiations the parties negotiated retirement benefit changes in the context of proposed reforms to the City of Jacksonville GEPP (General Employees Pension Plan).]

a. JSA agrees to the proposed closure (to new employees) of the GEPP, with new hires after the effective date being enrolled in a "DC plan" (defined contribution plan).

b. Participants in that DC plan will make an eight percent (8%) contribution; JEA will make a twelve percent (12%) contribution.

c. In the event any other bargaining unit participating in the DC Plan (e.g., AFSCME Council 79, LIUNA 630, CWA, the Jacksonville Supervisors Association, IBEW 2358, LIUNA 630, AFSCME 429) receives any greater benefits than JEA provides to the JSA (i.e., through contract negotiations, settlement, impasse proceedings, or litigation), then JSA shall receive the difference between its DC Plan benefit and that received by the other participating bargaining unit(s).

d. No benefits under the "DC Plan" shall decrease for all active, full time, enrolled unit employees

e. JEA agrees to contribute to the employee's pension program to the extent required by applicable laws pertaining to the employee's contributory pension program.

f. No benefits under the General Employee Pension Plan ("GEPP"), the City's Defined Benefit retirement plan, shall decrease for all active, full time, enrolled unit employees, including but not limited to the DROP program, disability benefits, COLA increases, survivor benefits, and any other benefits as they exist as of the date of JSA's ratification of this CBA.

g. In the event any other bargaining unit participating in the General Employee Pension Plan (e.g., AFSCME Council 79, LIUNA 630, CWA, the Jacksonville Supervisors Association, IBEW 2358, LIUNA 630, AFSCME 429) receives any greater pension benefits than JEA presently provides to the JSA (i.e., through contract negotiations, settlement, impasse proceedings, or litigation), then JSA shall receive the difference between its pension benefit and that received by the other participating bargaining unit(s).

17.5 TERMINAL BENEFITS

a. Upon the death of an employee, payment for all accrued overtime, Annual/Vacation/Retirement/Personal Leave, Sick Leave, Compensatory Time and other Terminal Leave benefits to which such employee would have been entitled to receive shall be made as follows:

1. The benefits will be paid as set forth in the employee's will;

2. If the employee has not provided for distribution of the benefits in his/her will then the benefits will be paid to the employee's surviving spouse;

3. In the event the employee leaves no surviving spouse, the benefits will be paid to the employee's children in equal shares, payable as follows:

   i To each of the employee's children over the age of 18 who are known to JEA.

   ii To the legal guardian or representative of each of the employee's children under the age of 18 known to JEA.

4. If the employee has no children known to JEA then the benefits will be paid to the surviving parent(s) of the employee in equal shares;

5. If the employee has no surviving parents known to JEA, then the benefits will be paid to the employee's estate.

b. Upon the death of an employee on-the-job, JEA will make an immediate payment of two (2) month's salary in addition to all the other Terminal Leave benefits in the sequence indicated in Section 17.5a above. For purposes of this section, two (2) month's salary shall be calculated by 1/12 times 2080 times 2 times the employee's hourly rate of pay at the time of death. (1/12 x 2080 x 2 x hourly rate).

17.6 a. JEA agrees to provide a payroll deduction process that is to be available to employees in the bargaining unit for various employee benefit plans. These group plans shall be administered by an Agent of Record so designated by the Association. It is understood and agreed that JEA may assess a charge not to exceed six (6) cents per deduction per payroll. Further, it is agreed that JEA assumes no responsibility or liability to or for the Association's Agent of Record. Solicitation for these plans shall be made at a time mutually agreed to by JEA and the Association, so as to prevent loss of productive work time.

b. All such payroll deductions shall comply with the provisions delineated in JEA payroll procedure ES A0201 PR Deductions.

17.7 JEA will provide employees the option to use accrued Annual, Vacation, Compensatory Time, Personal, and Retirement Leave time credits to fund their Deferred Compensation Program. Employees will not be permitted to use Sick Leave or Critical Emergency Leave Bank account time credits to exercise this option.

a. 1. The employee will be allowed, at his/her option, to sell accrued Annual, Vacation, Compensatory Time, Personal and Retirement Leave time credits to the extent and in the manner allowed by law for the purpose of crediting the funds to the employee's Deferred Compensation account.

2. Upon attaining time service that is within three (3) years of normal time service retirement, the employee will be allowed, at his/her option, to sell accrued Annual, Vacation, Compensatory Time, Personal, and Retirement Leave time credits to the extent and in the manner allowed by law for the purpose of crediting the funds to the employee's Deferred Compensation account. Provided, however, in the year of retirement employees will be limited to selling, at his/her option, accrued Annual, Compensatory Time, Vacation, Personal, and Retirement Leave time credits to the extent and in the manner allowed by law for the purpose of crediting the funds to the employee's Deferred Compensation account.

b. This provision is subject to acceptance by the Plan providers of the City/JEA.

c. Employees who participate in this Annual, Vacation, Compensatory Time, Personal, and Retirement Leave time credit sellback option shall not have less than eighty (80) hours in their Annual, Vacation and Personal Leave account after the sellback. There is no minimum limit for the Retirement Leave account after exercising this option.

# Article 18

## On The Job Injury

18.1 a. When an employee sustains an on-the-job injury, the JEA Investigation Team, which shall include a representative of the Association, will conduct an immediate investigation. JEA will advise a representative of the Association whenever a JEA Investigation Team is formed to investigate an on-the-job injury or near-miss incident involving a member of the Association.

b. If the results of the investigation reveal that the employee complied with all JEA provisions, governing rules and the injury was not a result of negligence, carelessness and could not have been avoided, JEA may compensate the employee with seventy-five (75) percent of the difference between his/her regular straight time wages and the amount provided by Worker's Compensation Laws for a period of thirty (30) working days once the employee begins receiving Worker's Compensation payments. Compensation after thirty (30) working days will be contingent upon a qualified physician's diagnosis bi-weekly.

c. When an employee is off the payroll (not receiving JEA compensation) due to an on-the-job injury, JEA will continue to pay the life insurance and medical insurance premiums normally paid by JEA which includes JEA's portion of the dependent medical insurance premium. The employee is responsible for the optional life insurance premium and his/her portion of the dependent medical insurance premium. The employee may elect to contribute to the pension fund amounts equal to the employee's pension contribution prior to the on-the-job injury.

d. If an employee, who is temporarily, totally disabled due to an on-the-job injury, receives partial wage payments from JEA, JEA will continue to pay the premiums noted in Paragraph 18.1c. above. The optional life insurance premium and the employee's portion of the dependent medical insurance premium and pension contribution will be deducted from his/her partial wage payments.

18.2 Any provisional or probationary employee who is temporarily, totally disabled from the results of an injury received in the course of employment with JEA shall receive the benefits to which he/she is entitled under the Worker's Compensation Law of the State of Florida and in accordance with Article 18.1.

18.3 Nothing contained in this Article shall be construed to impose any liability on JEA over and above the responsibility placed upon said JEA by the laws of the State of Florida pertaining to Workers' Compensation, it being the specific understanding of the parties to this Agreement that said Workers' Compensation laws govern the rights and benefits of the employees covered by the Agreement for on-the-job injuries.

18.4 An employee, due to an on-the-job injury is temporarily, totally disabled (a condition resulting from an occupational illness or injury that prevents them from engaging in any employment and the individual is under the regular care of a physician) will, upon recommendation by the employee's Manager and approval by the employee's Director be placed on paid administrative leave for up to forty (40) hours during the first seven (7) calendar days the employee is unable to return to duty as a result of a qualified physician's determination. A worker's compensation offset will be taken as a result of any paid administrative leave so as to prevent any overpayment of wages for which the employee would have normally received.

# ARTICLE 19

## SUPPLEMENTAL PAY

19.1 LONGEVITY PAY

All full time employees of JEA, now or hereafter employed in the classifications listed in Exhibit "A" attached hereto, shall receive for each five (5) years of continuous service with JEA, computed from their respective dates of initial employment, an increase in salary of $300 per year for every five (5) year period of continuous service. This increase shall be in addition to any general or special raises, which may be granted from time to time.

19.2 STANDBY COMPENSATION

a. Any employee who is required by JEA to be on standby duty will receive Standby Compensation as provided in Section 19.2c.

b. For purpose of this Article, an employee is on standby if the employee has been directed to carry a JEA furnished electronic paging device or leave a telephone number so that the employee can be reached, and the employee must be available to return to work within a reasonable time if called. Employees who merely carry electronic paging devices, but who are not required to be available to return to work within a reasonable time if called, are not on standby.

c. Effective October 1, 2013 the standard rate of Standby Compensation shall be thirty-one dollars ($31) for each day the employee is on standby.

Effective October 1, 2014 or upon ratification, the standard rate of Standby Compensation shall be thirty-one dollars ($31) for each day the employee is on standby.

Effective October 1, 2015, the standard rate of Standby Compensation shall be thirty-one dollars ($31) for each day the employee is on standby.

d. Any employee who fails to comply with the provisions of Section 19.2 shall not be entitled to Standby Compensation for that day, and shall be subject to discipline.

e. Employees may, with the approval of Management arrange substitution of standby duty among themselves; provided the substitute is, in Management's judgment, at least as well qualified as the employee scheduled by Management.

19.3 SCHEDULE PREMIUM

a. A two dollars and fifty cents ($2.50) schedule premium shall be paid for all regular hours actually worked on any schedule after 18:00 and prior to 06:00 for work days other than Saturday and Sunday.

b. A two dollars and fifty cents ($2.50) schedule premium shall be paid for all regular hours actually worked on any schedule after 00:00 Saturday and prior to 24:00 on Saturday and/or after 00:00 on Sunday and prior to 24:00 on Sunday.

c. This provision shall not apply to call-out, overtime, or premium pay of any type.

19.4 When an employee is qualified for and temporarily required by Management to serve in and accepts the full responsibility for work in a classification covered by this Agreement, the employee shall receive the step for that classification that will provide an approximate five (5) percent increase (i.e. minimum of 4.9%). Such temporary assignment to a higher classification must be regular and continuous in character for a minimum period of one (1) hour in one (1) day. This paragraph does not apply when the employee is performing the duties of a higher classification for the purpose of training.

19.5 Meal Allowances

This provision has been deleted in return for an additional 0.35% base pay increase effective October 1, 2006, however JEA and JSA recognize the below for the purposes of meal breaks.

a. When an employee is called out and required to report to work two (2) hours or more before his/her scheduled starting time for that day and continues work into his/her regular shift, he/she will qualify for a meal break four (4) hours from the time he/she commenced work and additional meals at five (5) hour intervals.

b. When an employee is required to work beyond his/her scheduled quitting time for two (2) hours or more, he/she shall be entitled to a meal break two (2) hours after his/her scheduled quitting time and at five (5) hour intervals thereafter if he/she continues to work.

c. If an employee is called out to work unscheduled overtime for a period of more than four (4) consecutive hours and he/she is released prior to the starting time of his/her next regular work day, he/she will qualify for a meal break four (4) hours from the time he/she commenced work and at five (5) hour intervals thereafter, if he/she continues to work.

19.6 SUPERVISORY DIFFERENTIAL

a. In the event that a supervisor is not paid a base pay rate which is approximately five percent (5%) more than a duly and permanently assigned subordinate's base pay rate, such supervisor shall be advanced to that step contained within his/her pay grade which will provide for an approximate five (5%) percent differential. Approximate is defined as at least four and nine-tenths percent (4.9%).

b. [OPEN] ~~In addition to their regular wages any JSA employee will receive a five percent (5%) wage supplement for all time spent in a position where they are required to handle cash transactions. This wage supplement will~~

~~terminate effective the first pay period following ratification by the JEA Board of Directors.~~

19.7 JEA will reimburse the initial cost and renewals (based on expiration date) of a Commercial Driver's License (CDL) to any employee who is required to possess the license in order to fulfill his/her job duties with JEA. An Employee seeking reimbursement for obtaining or renewing his/her CDL shall provide the employer with a copy of their new or renewed CDL and a receipt for the cost of such license.

19.8 JEA will reimburse employees for the cost of renewing their licenses and certifications which are a requirement of their classification or position.

19.9 INSTRUCTOR COMPENSATION SUPPLEMENT

a. JEA Management has the right to establish an Instructor Compensation Supplement provision for employees who meet the minimum requirements as noted in Sections 19.9b.1 & 2 below. The minimum requirements as noted in Sections 19.9b.1 & 2 below, and the classifications to which it will apply, are at the sole discretion of JEA.

b. To qualify for the Instructor Compensation Supplement, the employee shall meet the following minimum requirements:

1. Assigned training duties and responsibilities for at least eight (8) consecutive hours.
2. Assigned training duties and responsibilities that may include classroom or field instruction.

d. The Instructor Compensation Supplement shall be five per cent (5%) of the employee's base salary and shall be added to his/her base salary.

e. The employee will receive the Instructor Compensation Supplement for the period of time he/she is assigned training duties and responsibilities, provided he/she meets the minimum requirements as noted in Sections 19.9b1 & 2 above.

f. The Instructor Compensation Supplement shall be paid to the employee on the pay day at the end of the first full pay period after he/she meets the minimum requirements as noted in Sections 19.9b1 & 2 above and shall be retroactive to the beginning of the time period during which the employee satisfied the minimum requirements.

# Article 20

## Administration of Pay Plan

20.1 a. The hourly and annual rates of pay for employees covered by this Pay Plan are shown in Exhibit "A". This pay plan is composed of pay performance levels (steps).

b. General Increase

All employees in the Unit shall receive a general increase as follows:

1. Three percent (3%)~~Zero (0%)~~; effective October 1, 2016~~3~~;

2. Three percent (3%); effective October 1, 2017;~~Post-ratification: three percent (3%); to take effect prospectively – i.e., no "retro pay." Sequential rollout: mapping would occur the first full pay period after following ratification by the JEA Board of Directors, the general increase would be applied the second full pay period, followed by step movement in the third full pay period;~~

3. Three percent (3%);~~Two percent (2%)~~ effective October 1, 2018~~5~~;

4. Two percent (2%) increase to base concurrent with employee contribution to GEPP increasing to 10% (or otherwise matching the change in employee contribution, whether higher or lower).

5. A one-time lump sum payment equal to one and one-half percent (1.5%) of base pay (base pay at the October 1, 2016 rate, i.e., including the general wage increase effective that date).

[Note: The terms of this CBA, including the above wage proposal, was part of a package proposal by JEA, and was offered contingent upon JSA ratifying on or before February 28, 2017. It was agreed that if JSA ratifies by that date, then JEA will put before its Board for ratification for its March meeting (March 21, 2017). If the JEA Board ratifies, JEA will timely convey for ratification to the COJ City Council. Should the City Council fail to complete a ratification vote within sixty (60) days of the JEA Board vote, either party will thereafter have the right to reopen negotiations by written notice to the other.]

c. Performance Review increases shall be granted during the length of this contract.

20.2 Original appointments into entry level positions shall be made at the first step unless approved by the Vice President or Director.

20.3 Should an employee return to duty in the same classification after a separation of service of not more than six (6) months, which separation was not due to discreditable circumstances, such employee shall be placed in the same step of the salary range of the classification which he/she occupied prior to leaving JEA, upon approval of the Vice President or Director.

20.4 [open]

20.5 Whenever an employee is demoted to a position for which he/she is qualified, he/she shall receive the salary performance level in the lower range, which provides the smallest decrease in pay if the action is not for cause. The release of an employee from his/her present position to his/her former position during the probationary period is not considered as a demotion.

20.6 a. When an employee covered by this Agreement, is promoted to another class covered by this Agreement, he/she shall be granted an increase in base pay to the step in the new class that will provide an approximate five (5) percent increase.

b. When an employee from another bargaining unit is promoted into a class covered by this Agreement, he/she shall be placed in the first step of the class to which promoted that will provide an approximate five (5) percent increase.

c. Any incumbents in this particular class receiving a lower rate shall have their rates increased to the rate established for the entrance rate of the new employee. The succeeding step increase anniversary date shall commence on the date of the invocation of the incumbency increase.

d. Approximate is defined as at least four and nine-tenths percent (4.9%).

e. When an employee from another bargaining unit is promoted into a classification covered by this Agreement, he/she shall not suffer any loss of pay or accrued leave through this promotion.

20.7 a. Whenever an employee is recommended for and is assigned to duty in a position not previously held by him/her by reclassification, and such change is not in the nature of a promotion or demotion, he/she will receive the entrance salary performance level in the range established for such position, or such other level within the applicable range, as approved by the Vice President or Director and as he/she may be entitled by reason of crediting his/her new position with such prior service that is found to meet the following conditions: the character and nature of the duties of the position; and/or the service in the former position provided experience valuable to the performance of the new position.

b. In the event of a reallocation of a position to a class which is at a higher salary level, the employee shall normally be paid at the same level in his/her salary range or if no level of the new range is the same, at the lowest level of the new range which is above his/her former level. In the event of a reclassification of a position to a class which is at a lower salary range, the employee concerned shall normally be paid at the same level in the new range or if no level is the same, at the highest level in the new range below the former level. Reclassification to another class at the same salary range shall not affect the salary being received by the employee concerned.

20.8 a. A performance evaluation will be conducted on each employee once every twelve (12) months.

b. Employees who receive a meets standard or exceeds standard overall performance evaluation rating will be eligible for a step increase, twelve (12) months from the date of their last step increase, demotion, reversion or promotion date.

c. Employees who receive a below standard overall performance rating will not be eligible for a step increase. Within seven (7) working days after the performance evaluation is completed, the employee will be provided with the written documentation substantiating the below standard job performance and denial of a step increase. This documentation will be included in the employee's personnel file.

d. Employees who receive a below standard performance evaluation rating shall have follow-up performance evaluations conducted no sooner than three (3) months, but no later than six (6) months after the denial of a step increase. An employee who receives a below standard performance evaluation will be eligible for a step increase when they have improved their job performance to a meets standard performance level for twelve (12) consecutive months as documented by these interim performance evaluations.

e. If it is considered that an employee due to documented, exceptional, exceeds standard performance deserves additional step increase(s) for merit, then such a recommendation will be made by the employee's appointed manager, and approved by their director and vice-president.

f. No employee may receive more than two (2) additional step increases for merit in the twelve (12) month period referred to in 20.8a.

g. Promoted, demoted, reverted, or newly hired employees shall not be eligible for any merit step increases until they have completed twelve (12) months of exceeds standard performance in their job classification.

h. A step increase for merit will not impact the regular step increase advancement.

i. For purposes of this Agreement, general increases shall not be considered as the date of the last increase.

j. An end of probation performance evaluation shall be completed to document successful or unsuccessful completion of probationary period. No end of probation step increases will be made.

20.9 Requirements for advancement and other purposes as specified in these procedures shall be based on continuous service, which is employment without a break or interruption in either classified or unclassified position. Leave of absence with or without pay shall not break or interrupt continuous service. When computing the length of service for promotions, Vacation Leave, Sick Leave, service raises, retirements, etc., leave without pay (one day or more) will be deducted. The employee's anniversary date will be adjusted accordingly. The rights of employees granted military leave for extended service with the Armed Forces of the United States shall be given full credit for said period of military service.

20.10 LAYOFF PROCEDURES

Civil Service and Personnel Rules and Regulations shall apply when layoffs are required by JEA, except that any selective competition within the competitive area shall be authorized by the Managing Director.

20.11 JEA, at its sole discretion, may implement from time to time incentive programs for individuals or groups consisting of awards and/or cash in recognition of performance improvements, innovative ideas resulting in savings and/or benefits or other similar improvements that are work related and can be documented and measured.

20.12 The parties understand that during the life of this Agreement JEA may, at its option, offer a voluntary severance plan to certain classifications of Association employees. Such a plan would be on terms proposed by JEA, and any decision to accept such a plan would be made on an individual basis by each affected employee. In the event that the execution of such a plan required a reorganization or redeployment by JEA, the Association would have the right to request impact bargaining to the extent provided by law.

# Article 21

## Grievance Procedure

21.1 It is intended that this grievance procedure will provide a means of resolving complaints and grievances at the lowest level possible, and JEA and the Association agree to work toward this end.

21.2 The purpose of this grievance procedure is to provide a method of processing grievance(s) involving the interpretation or application of this Agreement. It will be the exclusive procedure available to the parties to this Agreement and Unit employees for such matters. Grievances or appeals resulting from the following types of action are excluded from consideration under this Article:

a. A violation of re-employment or reinstatement priority rights appealable under Civil Service and Personnel Rules and Regulations;

b. A position classification, or specification decision or examination dispute appealable under Civil Service and Personnel Rules and Regulations;

c. An allegation or complaint of discrimination under Equal Employment Opportunity;

d. A fitness for duty examination;

e. Health benefits decisions;

f. Injury compensation provided by insurance carriers; and

g. Other provisions where authority is vested in the Civil Service Board or higher authority.

21.3 Any employee or groups of employees in the Unit may process a grievance concerning the interpretation or application of this Agreement through this procedure without the intervention of the Association provided:

a. They sign a statement on the grievance form that they do not want to be represented by the Association during processing of that particular grievance;

b. The employee/employees must represent himself/herself or may be represented by legal counsel at his/her own expense; and

c. Any adjustment must be consistent with the terms of the Agreement.

21.4 During the processing of a grievance under the Article, if a question cannot be resolved by the parties concerning the interpretation of City government policy, provisions of law or regulations of appropriate authority outside JEA, the grievance will be delayed until the questioned policy, law or regulation has been interpreted by the proper authority.

21.5 A grievance must be taken up with JEA within fifteen (15) calendar days after the occurrence of the matter out of which the grievance arose. Failure of JEA to observe the time limits prescribed in each step may entitle the employee or the Association to advance the grievance to the next step of the procedure. Failure of the employee or the Association to meet the time limits prescribed at any step of the grievance will constitute a basis for termination of the grievance by JEA, and not subject to further appeal, except to arbitration for determining the matter of timeliness of the grievance only. Time limits at any level may be extended by mutual agreement between JEA and the Association or employee.

21.6 PROCEDURE

Informal ~~Complaint~~ Resolution. ~~The Association or any employee covered by this Agreement shall have the right to pursue appropriate informal efforts to resolve problems or complaints that arise in the workplace.~~ The Association and/or employee are required to seek informal resolution of problems or complaints with their appointed manager as part of this ~~prior to using the formal~~ grievance procedure. This meeting should take place within ten (10) calendar days of the meeting request (which can be email). Failure of JEA to observe the time limits prescribed in each step shall entitle the employee or the Association to advance the grievance to the next step of the procedure. In the event that JEA and JSA and/or employee are unable to achieve resolution through ~~conclude~~ the Informal ~~Complaint~~ Resolution process within fifteen (15) calendar days after the Informal Resolution meeting takes place, the Informal Resolution process will be concluded.~~occurrence giving rise to the grievance,~~ JSA and/or employee may then initiate Step 1 of the Formal Procedure or the parties may agree to extend the timelines for submitting the grievance at Step 1~~ to conclude the Informal Complaint Resolution Process~~.

STEP 1 - FORMAL

The grievance procedure is initiated by the Association, the employee, or the employee and the Association representative submitting the grievance in writing (on a mutually agreed upon form) along with any supporting documentation to the employee's Director. The written grievance shall identify the article(s) and section(s) of the Agreement that are at issue, shall specify the corrective action requested by the grievant, and shall include a brief summary of the factual basis for the grievance including the date that the alleged grievance occurred. The Director shall, within ten (10) calendar days of receipt of the grievance, meet, with the employee and/or Association representative to discuss the grievance. The Director shall provide his/her written decision and the reason(s) for the decision within fifteen (15) calendar days after the meeting. If the Step 1 decision does not resolve the grievance, the grievance may be forwarded to the next step.

STEP 2 - FORMAL

a. If a satisfactory settlement is not reached at Step 1, the party filing the grievance (the Association, an employee, or an employee and the Association representative,) will forward the grievance, in writing within ten (10) calendar days after receipt of the Step 1 decision, stating any objection to the Step 1 decision to the designated Labor Relations Coordinator, who shall receive the grievance on behalf of the Managing

Director. The Managing Director's designated representative shall within fifteen (15) calendar days after receipt of the grievance, either satisfy the grievance or meet with the employee, the Association representative, and/or the Association President/designee, as appropriate, The Managing Director's representative shall render a written decision within fifteen (15) calendar days after the meeting. The same person will not conduct the Step 1 and Step 2 hearings.

Note: The Managing Director's representative shall be a Vice President or Officer. A Vice President or Officer will not be designated as a representative to hear a grievance in his/her own Group. Said representative shall have full authority to render a written decision.

b. If the Step 2 decision is not satisfactory it may be referred to arbitration as provided in this Agreement within fifteen (15) calendar days, after receipt of the written decision.

21.7 Where a number of basically identical grievances are submitted, the Association may elect one grievance for processing at Step 1. The decision on the combined grievance elected will be binding on the combined grievances. Names of all aggrieved employees will be made a part of the record of the grievance processed and each grievant will be notified of the decision.

21.8 POLICY GRIEVANCES

Upon mutual agreement of parties, grievances (defined as disputes involving the interpretation or application of this Agreement) which arise as a result of upper management decisions regarding the interpretation or intent of JEA policies and procedures may be initiated at step two (2). Only the Association has the right to initiate grievances of these types as the grievant.

# Article 22

## Arbitration

22.1 The purpose of this Article is to provide for binding arbitration of unresolved grievances concerning the interpretation or application of this Agreement. Arbitration may only be invoked by JEA or the Association President.

22.2 In order for a grievance to be considered for arbitration, the party desiring to arbitrate must notify the other party within fifteen (15) calendar days after the step two (2) grievance response by serving written notice of intent to appeal. If the appeal notice is not submitted within the required time limits, the Step two (2) decision will be final and binding.

22.3 Upon appeal to arbitration, the Federal Mediation and Conciliation Service (FMCS) shall be requested by the Employer to provide a panel of seven (7) arbitrators. Within ten (10) calendar days after the list has been received from FMCS no more than two (2) persons from each party shall meet for the purpose of defining the issue and selecting the arbitrator. Each party, will alternately strike names (the appealing party having first choice) until one (1) arbitrator remains. If the two (2) parties cannot mutually agree upon an arbitrator, then the FMCS procedure shall be followed. After the FMCS is notified of the selection of the arbitrator, and contact is made with the arbitrator, the date for the arbitration hearing will be set within thirty (30) calendar days from the date of the arbitrator's notification of selection, A letter shall be sent immediately to the arbitrator setting forth the issue and any other pertinent information as agreed to by the parties. The Association shall be furnished a copy of the correspondence.

22.4 JEA and the Association, or JEA and the employee(s) (if processed without Association representation) shall each be responsible for one-half (1/2) of the expenses and fees of the arbitrator or a Special Master. If either party desires to have a transcript made of the hearing, such party shall be responsible for the full cost of such transcript.

22.5 Association employees who shall be excused from duty to participate in the arbitration or Special Master proceedings without charge to leave will be the Representative, President, the aggrieved employee, if employee initiated grievance; or Representative, if Association initiated grievance, and Association employee witnesses who have direct knowledge of the circumstances and factors bearing in the case.

22.6 ~~The arbitrator shall render his/her award within thirty (30) calendar days after the conclusion of the hearing, or the receipt of post hearing briefs, whichever occurs later. In the event the arbitrator shall fail to render his/her award within said period of time (or within any additional period of time agreed to by all parties to the arbitration proceeding), then the arbitrator's fee shall be reduced by five percent (5%) for each day thereafter until the day upon which the award is rendered.~~ With respect to the interpretation, enforcement, or application of the provisions of this Agreement, the decision, findings, and recommendations of the arbitrator shall be final and binding on the parties to this Agreement. The arbitrator shall have no power to add to, or subtract from or modify any of the terms of this Agreement.

## Article 23

## Bulletin Boards

23.1 The Association shall be provided with partial use of suitable bulletin boards, including at least one (1) at each working location for the posting of information pertaining to Association activity. JEA agrees, if the Association requests, to provide a separate bulletin board specifically for the use of the Association of a standard size not to exceed 4' x 4'. Additionally, the Association shall also be provided the use of an electronic bulletin board accessible by all members of the Association through the JEA ~~i~~Intranet site ~~(Quest)~~.

23.2 The Association agrees that it shall use space on the bulletin boards provided for the following purposes:

a. Notices of Association meetings;

b. Reports of Association elections;

c. Reports of Association committees;

d. Rulings and polices of the Association;

e. Notices of recreational and social affairs of the Association;

f. Notices of meeting of public boards.

g. Other notices as mutually agreed upon by JEA and JSA President.

23.3 a. No material shall be posted which is of a political nature, derogatory, inflammatory, or disruptive to JEA's operation.

b. Information for posting on the electronic bulletin board shall be submitted to Labor Relations by the JSA President or their designee.

# Article 24

## Safety and Training

24.1 JEA agrees to continue an aggressive employee development program to better prepare each employee for his/her present position and provide maximum preparation for promotional opportunities. To this end, the JSA Training Committee will make advisory recommendations to the appropriate executive management (VP/SLT level or equivalent) or their subordinate appointed management~~Vice President, Director, or Manager~~ for an effective training program for all employees covered by this Agreement.

24.2 Each employee is responsible to observe the safe work practices of any and all jobs performed within JEA. The Association and its employees recognize that compliance with safety rules is a condition of employment. To be effective, all employees must be constantly on the lookout for any condition which might be unsafe or careless. Both the Association and JEA agree to promote all rules necessary to insure safety.

24.3 It is agreed that employees within the bargaining unit, upon approval of JEA, may be temporarily assigned to perform safety and training duties.

24.4 JEA will continue an aggressive supervisory/professional development program to enhance present position capabilities and promotional opportunities. In this regard, JEA will develop and initiate a broad range of communication, training, development and motivational programs and methods such as, but not limited to:

a. Acquisition and distribution of supervisory/professional training and development material;

b. Individualized communications;

c. Supervisory/managerial training and development programs during working hours;

d. Supervisory/professional programs, such as training, program planning, operation methods, etc;

e. Incentive programs for individual or groups consisting of awards or cash in recognition of improved job performance, safety records, or other similar work related improvements, which can be documented and measured;

f. Special individual or group recognition; and

g. Job related, externally offered training, education and self development programs.

# ARTICLE 25

## ALCOHOL AND CONTROLLED SUBSTANCE ABUSE AND TESTING

Prelude

JEA and the Association both agree that education and communication about the JEA Employee Assistance Program (EAP) is a very important tool toward having a drug free work force. JEA will see that information about the EAP is available for employees and their families. It should be every employee's goal to help those co-workers, whom they know have some type of problem with substance abuse, to seek help through the EAP.

25.1 Definitions

a. "Drug abuse" means:

1. The use of any controlled substance as defined in Section 893.03, Florida Statutes, as amended, not pursuant to a lawful prescription. A "lawful prescription" is defined as a prescription issued in the name of the employee by a licensed health care practitioner in full compliance with the practitioner's practice act.

2. The commission of any act prohibited by Chapter 893, Florida Statutes.

3. Abusing a lawful prescription.

4. Substituting or adulterating any specimen during a drug test.

5. Refusing to submit to a drug test.

6. Drug test with positive results.

b. "Illegal drug" means any controlled substance as defined in Section 893.03, Florida Statutes, not possessed or taken in accordance with a lawful prescription.

c. "Department of Health and Human Services (HHS) Mandatory Guidelines for Federal Workplace Drug Testing Programs" (the HHS Guidelines) means those guidelines as printed in the June 9, 1994, Federal Register (59 FR 29908), and as amended from time to time.

d. "Reasonable belief" means an opinion which a prudent person would form based on observation and information from reliable and credible sources. Observation includes, but is not limited to sensory facts (what a person saw, heard, smelled, tasted or touched). Objective factors that should be taken into consideration in determining reasonable belief are:

1. The nature of the information;
2. The reliability of the person or source providing the information;
3. The extent of any confirmation; and,
4. Any other factors contributing to the belief or the lack thereof.

Not all of these factors must exist to find reasonable belief, but all must be examined.

e. "Substituted Specimen" means a specimen that has a creatinine of less than or equal to 5 mg/dL and a specific gravity less than or equal to 1.001 or greater than or equal to 1.020. (Such specimens do not exhibit the clinical signs or characteristics associated with normal human urine.)

f. "Adulterated Specimen" means a specimen with a nitrite concentration which is equal to or greater than 500mcg/mL; or the pH is less than or equal to 3, or greater than or equal to 11; or if a foreign substance is present; or if an endogenous substance (one that is normally found in human urine) is present at a concentration greater than the normal physiological concentration.

g. "Lawful Prescription Abuse" means taking prescribed drugs in greater dosages and/or more frequent intervals than specified in the prescription(s), or securing and simultaneously using prescriptions for the same or equivalent medication from multiple providers, or taking medications that are not prescribed for the employee, or as otherwise determined by as Medical Review Officer (MRO). It also means commencing duty under lawful prescription(s) the side-effects of which present an actual or potential safety risk for the employee, coworkers or the public, without having first been cleared by the JEA MRO.

h. "Alcohol" means ethyl alcohol (ethanol). References to use of alcohol include use of a beverage, mixture, or preparation containing ethyl alcohol.

i. "Alcohol Abuse"

   1. Using or being under the influence of alcohol or alcoholic beverages on the job.
   2. Adulterating any specimen during an alcohol test.
   3. Refusing to submit to an alcohol test.

4. Alcohol test with positive results.

25.2 Circumstances When Testing May Be Required

JEA may require an employee to submit to drug and/or alcohol testing under any of the following circumstances:

a. Whenever two appointed managers concur that there is a reasonable belief that an employee is using, under the influence of, or in possession of illegal drugs and/or alcohol while on duty, or that the employee is abusing illegal drugs and/or alcohol and the abuse either adversely affects his/her job performance or represents a threat to the safety of the employee, his/her co-workers, or the public and the reasons for such concurrence have been stated to an Association Representative.

b. Whenever an employee is involved in an accident involving personal injury or property damage which could result in liability to JEA, loss or damage to JEA property, or involving a personal injury that requires treatment beyond first aid (i.e. OSHA Recordable), urine specimens will be collected from all employees directly involved in the accident and stored for future testing. Employees will also be subject to a breathalyzer test for alcohol. For purposes of this provision, an employee is considered directly involved in the accident if the employee was in a position or situation where his/her action or inaction could cause, contribute to, contribute after, or have an impact on the accident which includes any injuries (regardless of whether the employee was at the location of the accident). If the accident/damage investigation reveals that employee negligence was a cause, the negligent employee's (s') specimen(s) will be tested. All samples not tested will be destroyed within ten (10) calendar days of the accident/damage investigation team report or within twenty (20) calendar days of the accident if no investigation is held. The accident/damage investigation team shall include an Association executive board member or designee.

c. An employee with a CDL will be tested for drugs and alcohol when they are involved in a vehicular accident that results in a fatality; or the employee receives a moving violation citation and the accident involved bodily injury requiring medical treatment away from the scene; or one or more vehicles are damaged and disabled requiring towing away from the scene.

d. Any time within one (1) year after an employee has voluntarily admitted a substance problem and entered into a Last Chance Agreement, tested positive for the presence of controlled substances taken from a lawful prescription issued to the employee's spouse or family member permanently residing with the employee, tested positive for alcohol or completed initial rehabilitation, whichever is later. (EAP shall direct a letter to both JEA and to the employee establishing the date on which rehabilitation was completed.)

e. [OPEN] ~~All employees may be tested annually based on the following conditions:~~

~~1. Employees will be given a minimum of thirty (30) calendar days written notice, by the Vice President, Director, or Manager or designee, of the week in which testing will occur. If an employee is transferred after receiving notice, the initial notice shall determine the date and site of testing.~~

~~2. The test will be given any time during the week of testing on an employee's normal work day with no additional notice.~~

~~3. If an employee is absent during the week specified for testing, the employee will be tested at any time within ten (10) work days of the employee's return to work without prior notice.~~

~~4. If, after notice is given, the test is canceled, the employees will be given written notice of the cancellation and the reason therefore. In that instance, another thirty (30) calendar day written notice will be given when the test is rescheduled. The annual test can be canceled and rescheduled one (1) time each year pursuant to this subparagraph.~~

~~5. Employees who are subject to testing under 25.2.f, g, and h. below shall not be subject to testing under this subparagraph (e).~~

f. As required by the Federal Highway Administration (FHWA) Controlled Substances & Alcohol Use & Testing Program, 49 CFR 382, et seq. (This federal regulation, also known as "CDL" Testing), requires testing for alcohol as well as for controlled substances.)

g. As part of a random drug and alcohol testing program applicable to employees in safety sensitive positions in accordance with criteria set forth in Exhibit B, management's designation of a position as "safety sensitive" shall be subject to appeal to the Manager of Labor Relations~~Director of Employee Services~~, or designee, whose decision may be subject to arbitration. An employee who disputes the safety sensitive designation of his or her position shall be required to submit a sample in accordance with testing procedures but the results of the test shall be sealed until the dispute has been resolved.

h. In determining a position to be "safety sensitive", consideration will be given to "safety sensitive", as defined in Sections 112.0455(5)(m) and 440.102(1)(o) Florida Statutes, and using criteria delineated in Exhibit B.

i. JEA will provide the Association President with a listing of Association members designated as safety sensitive on an annual basis, and as the listing is updated.

25.3 Testing Procedures

a. Drug

1. Whenever an employee is required to provide a urine specimen for these testing procedures, the specimen will be divided into two samples at the time of collection in order to facilitate the testing procedures described in this section. The collection facility and the Substance Abuse and Mental Health Services Administration (SAMHSA) certified tester shall follow specimen collection and testing procedures consistent with the HHS Guidelines except as specifically amended herein.

2. The threshold level or cut-off limit and substances shall be as set forth below or as established by HHS and/or SAMHSA. The following levels have been established as of the effective date of this Agreement. However, the levels established by HHS and/or SAMHSA which are in effect as of the date of any given test shall govern. Provided, however, that in the case of the annual test provided for in 25.3.e. above, the Association shall be given prior written notice of any change in established levels prior to issuance of the written notice of the test. If the written notice of annual testing was issued prior to the Association being notified, the affected employees shall be given another thirty (30) calendar day written notice of such test.

**SCREENING THRESHOLDS**

| URINE | | | |
|---|---|---|---|
| INITIAL TEST ANALYTE | INITIAL TEST CUTOFF CONCENTRATION (NG/ML) | CONFIRMATORY TEST ANALYTE | CONFIRMATORY TEST CUTOFF CONCENTRATION (NG/ML) |
| MARIJUANA METABOLITES | 50 | THCA | 15 |
| COCAINE METABOLITES | 150 | BENZOYLECGONINE | 100 |

| | | | |
|---|---|---|---|
| OPIATE METABOLITES<br>CODEINE/MORPHINE | 2000 | CODEINE<br>MORPHINE | 2000<br>2000 |
| 6-ACETYLMORPHINE | 10 | 6-ACETYLMORPHINE | 10 |
| PHENCYCLIDINE | 25 | PHENCYCLIDINE | 25 |
| AMPHETAMINES | 500 | AMPHETAMINE<br>METHAMPHETAMINE | 250<br>250 |
| MDMA | 500 | MDMA<br>MDA<br>MDEA | 250<br>250<br>250 |

| BLOOD | | |
|---|---|---|
| INITIAL TEST ANALYTE | INITIAL TEST CUTOFF CONCENTRATION (NG/ML) | CONFIRMATORY TEST CUTOFF CONCENTRATION (NG/ML) |
| MARIJUANA METABOLITES | 5 | 2 |
| COCAINE METABOLITES | 25 | 30 |
| OPIATE METABOLITES CODEINE/MORPHINE | 10 | 10 |
| 6-ACETYLMORPHINE | 10 | 10 |
| PHENCYCLIDINE | 8 | 8 |
| AMPHETAMINES | 50 | 10 |

3. The SAMHSA certified tester shall utilize the following procedures to the extent that they are not inconsistent with the HHS Guidelines:

i. The SAMHSA certified tester shall submit the first of the samples to an immunochemical assay or radioimmunoassay test. If the results of this test are negative, no further testing will be required and all collected specimens will be disposed.

ii. If the results of the initial test provided for in Section 25.3. a.3.i. are positive, the SAMHSA certified tester will submit the same sample for further testing using the gas chromatography/mass spectrometry (GC/MS) method to verify the initial test results. JEA will not be notified about the initial positive result, until it has been confirmed as provided for in this section.

iii. If the specimen provided is unsuitable for testing due to no fault of the employee being tested, or if the chain of custody is violated, the employee will be advised of those circumstances and will be required to provide another specimen for testing. However, in the case of the annual test provided for in Section 25.2.e., no written notice of the re-test will be provided for test results that come back as low creatinine. Except for low creatinine test results, and provided the employee was not at fault, an additional specimen will be required not more than one (1) additional time. In the case of a low creatinine test result, the employee will be notified and required to be re-tested within seven (7) days after JEA receives notification of the low creatinine test result. If the employee is on leave for this seven (7) day period, he/she will be required to be re-tested upon his/her return to work. Should the employee provide specimens which are neither adulterated nor substituted, but unsuitable for testing due to low creatinine levels three (3) consecutive times, the employee will be subject to a blood sample. Should an employee have legitimate, verifiable religious objection or medical reason that would prohibit a blood sample, then the Medical Review Officer (MRO) will determine the alternate testing method that will be used.

iv. Specimens that are adulterated or substituted will be reported as a "refusal to test," and the employee will not be offered the opportunity for a test of the second sample as provided for in 4 below.

4. If the results of the confirmation test provided for in Section 25.3.c.2 are positive, as confirmed by a qualified (HHS Guidelines) medical review officer (MRO), the HHS guidelines shall be followed for confirmation and notification of the employee and JEA. At that time, the employee may elect to have the second sample subjected to further testing by a SAMHSA certified tester at the employee's expense. If the second sample tests negative, JEA will reimburse the employee for the cost of the test. If the tests on the second sample are positive, or if the employee does not request testing of the second sample, JEA may take appropriate action in accordance with this article.

5. Testing Procedures Applicable to Safety Sensitive Random Testing.

i. Management will administer random drug tests to up to 50% of all employees who are designated as safety sensitive each year. (The 50% can be rounded up to include the nearest "whole" person.)

ii. Management will administer random alcohol tests to 10% of all employees who are designated as safety sensitive each year. (The 10% can be rounded up to include the nearest "whole" person.)

iii. The drug and alcohol threshold levels and procedures applicable to CDL random testing shall apply to safety sensitive random testing.

iv Employees who are subject to CDL random testing shall not be subject to safety sensitive random testing.

b. Alcohol

1. Whenever an employee is required to be tested for alcohol, a breathalyzer shall normally be used. In certain cases when the breathalyzer cannot be administered, blood may be used.

2. The threshold level or cut-off limit shall be as set forth below or as established by Florida Statute. The following levels have been established as of the effective date of this Agreement. However, the levels established by DOT or Florida Statute, which are in effect as of the date of any given test shall govern.

3. Alcohol abuse shall subject the employee to disciplinary action as indicated in 25.4.b.

**Breath or Blood Alcohol Testing Threshold Levels for CDL's**

Department of Transportation (DOT) Regulations for Commercial Driver License Alcohol Testing

0.020 to 0.039 – Cannot perform safety sensitive work for at least 24 hours

0.040 to 0.079 – Cannot perform safety-sensitive work until released by a substance abuse professional.

0.08 and above – Cannot perform safety-sensitive work until released by a substance abuse professional.

**Breath or Blood Alcohol Threshold Levels for non-CDL Testing**

0.05 to 0.079 – Considered impaired with other competent evidence of impairment.
0.08 and above – Presumed to be impaired

25.4 Disciplinary Action

a. Drug abuse shall subject the employee to the following discipline:

1. Any employee who uses a controlled substance pursuant to a prescription lawfully issued to a member of the employee's household residing with the employee shall be given a single Last Chance Agreement – provided the prescription was taken for the employee's bona fide medical condition. The employee will be randomly tested 6 to 12 times during a succeeding 12-month period. Subsequent violations of the policy shall result in immediate termination from employment.

2. Drug abuse, other than described in 1. above shall result in immediate termination from employment.

b. Alcohol abuse shall subject the employee to the following discipline:

1. If an employee tests positive for a breath or blood alcohol level equal to or greater than 0.02 but less than 0.04, the employee will be subject to the provisions of the DOT CDL requirements.

2. If an employee tests positive for a breath or blood alcohol level equal to or greater than 0.04, but less than or equal to 0.05, the employee will be given a letter of "Required Action and Consequences of Noncompliance" which is not considered discipline. A second positive test in level described above will result in a Last Chance Notice, and a third positive will result in immediate termination from employment.

3. If an employee tests positive for a breath or blood alcohol level in excess of 0.05 but less than 0.08, and there is no other competent evidence of impairment, the employee will be given a Last Chance Agreement. Any subsequent positive test producing a breath or blood alcohol level in excess of 0.05 will result in the employee being terminated from employment.

4. If an employee test positive for a breath or blood alcohol level in excess of 0.05 but less than 0.08 and there is other competent

evidence of impairment, the employee will be terminated from employment.

5. If an employee tests positive for a breath or blood alcohol level at 0.08 or higher, the employee will be terminated from employment.

c. Upon investigation, any employee who refuses to submit to substance abuse or alcohol testing (including adulterating or substituting a sample) as required by this article, or who refuses to sign an authorization for the release of the records of such testing shall be considered as a refusal to submit to a drug or alcohol test and shall be terminated from employment.

25.5 Rehabilitative/Corrective Action

a. Any employee is eligible one time only to notify the employer that he/she has a drug and/or alcohol problem, and upon such notification the employee shall be permitted to enter rehabilitation, subject to a single Last Chance Agreement. In order to be eligible for this one-time opportunity for rehabilitation, the employee must notify the employer that he/she has a drug and/or alcohol problem at least one day before the employee is notified that he/she is scheduled for testing pursuant to section 25.2.a (reasonable suspicion testing), section 25.2.g (safety sensitive testing), or section 25.2.f (CDL testing). In the case of testing under section 25.2.b and c (testing following an accident) the employee must notify the employer that he/she has a drug and/or alcohol problem at least one day in advance of any accident that gives rise to the need for testing in order to be eligible for this one-time opportunity for rehabilitation. In the case of testing pursuant to section 25.2.e (annual testing), the employee must notify the employer that he/she has a drug and/or alcohol problem before the week that the employee is scheduled to be tested in order to be eligible for this one-time opportunity for rehabilitation.

b. JEA may require an employee who has tested positive for the presence of alcohol or illegal drugs and to which subparagraphs 25.4.a.1 or b.1 applies, or who has elected to come forward under subparagraph 25.5.a, to submit to counseling, or other rehabilitative treatment as a condition of continued employment. This section shall not be construed to limit JEA's right to take appropriate disciplinary action when an employee tests positive for the presence of alcohol or illegal drugs.

c. Any employee who is required to submit to counseling or other rehabilitative treatment as a condition of continued employment shall sign a release, authorizing the release of information to JEA sufficient to determine whether the employee can safely perform his/her job duties. The manager shall make the decision whether the employee can perform his/her job duties in conjunction with a physician associated with the rehabilitation/treatment facility. The information provided to JEA shall be limited to the following:

1. Whether the employee has regularly attended counseling and/or treatment sessions, as directed.

2. Whether the employee has satisfactorily participated in counseling and/or treatment sessions.

3. Whether the employee has complied with all requests for substance abuse tests, and whether the employee has passed all of those tests.

4. Whether the employee has admitted to using alcohol or illegal drugs subsequent to the test which resulted in the referral to counseling and/or rehabilitative treatment.

5. Whether there is any reason to believe that the employee's return to work could result in a risk to persons or property.

6. Whether JEA should impose any work related limitations or requirements upon the employee in the event that JEA determines to permit the employee to return to work.

d. Driving restriction for employees with CDL shall be as stipulated in the Federal Highway Administration Controlled Substance & Testing Program, 49 CFR 382, et seq. The same restriction will be used for other safety sensitive employees.

25.6 Examination and Test

a. Except as provided in paragraph 25.3a.4, JEA will pay the cost of any test required by Section 25.2. Provided, however, that in the case of alcohol testing, an employee will be given the opportunity for a blood alcohol test conducted at the same time as his/her own expense.

b. Urine specimens or alcohol tests required by this article will be obtained while the employee is on duty. JEA may extend the employee's duty period for the purpose of drug or alcohol testing.

c. In the case of alcohol testing conducted pursuant to section 25.2f. any employee who tests .039 breath alcohol content or less (but in excess of .02 breath alcohol content) in any test conducted before 10:00 a.m. will be permitted to test again within one hour from the first test. This waiting period will be on the employee's own time. The first test will be used to determine appropriate discipline, in conjunction with any further test results.

d. Tests will be performed by a SAMHSA certified facility selected by JEA.

e. Employees who are required by this article to take a test shall be required to sign an authorization form releasing the records of such tests to the JEA Manager, Labor Relations or his/her designee. Refusal to sign an authorization for releasing the records of such test to JEA shall be considered as refusing to submit to a drug or alcohol test. The JEA Manager, Labor Relations or his/her designee shall release relevant information contained in those records only to the employee's Vice President, Director and Manager, and to those JEA management officials and representatives directly involved in employment related decisions involving that employee. This shall not limit JEA from providing work-related information regarding the employee to the employee's supervisors, including work-related limitations or requirements and the reasons therefore. Each individual receiving such information will be instructed regarding the confidential nature of that information.

f. JEA will, unless prohibited by law, and as otherwise provided in this agreement, keep the results of any testing provided for in this article confidential. Any results of positive testing which JEA later determines have been refuted will be destroyed. Test results shall be considered confidential medical records unless they become part of a disciplinary action.

25.7 Training

JEA and bargaining unit members shall receive training to ensure that they understand their roles and responsibilities in implementing this article. The sufficiency or adequacy of such training shall not be grounds to challenge the validity of any reasonable belief determination or disciplinary action taken as a result of a positive drug or alcohol test, nor shall it preclude disciplinary action where otherwise appropriate.

25.8 Employer Initiation

This testing program was initiated at the request of JEA. The Association has participated only to the extent of protecting the rights of workers arising from administration of the testing program. It is intended that JEA shall be solely liable for any legal obligations and costs arising out of the provisions and/or application of this article.

# ARTICLE 26

## DISCIPLINE AND DISCHARGE

26.1 No permanent employee shall be removed, discharged, reduced in rank or pay, suspended, or otherwise disciplined except for just cause as defined in Section 26.1. The appointed manager will give written "Notice of Investigatory Interview" form to the employee within fifteen (15) calendar days from the date JEA became aware of the occurrence. This fifteen (15) calendar day time period may be extended by mutual agreement. However, no "Notice of Investigatory Interview" will be required if discipline is given within the prescribed fifteen (15) calendar day time period, or the extended time period as mutually agreed. This Notice shall be followed by a written statement of the charges within forty-five (45) calendar days from the date of the notice. The employee will be notified of the findings if there are no charges. This provision can not be exercised after 180 calendar days from the date of occurrence. Provided, however, that all time limits established in this section may at management's discretion, be extended during the pendency of a potential felony criminal investigation into an employee's conduct. In such cases, the time limits established by this section will not begin to run until all criminal investigations and/or prosecutions involving the employee are concluded.

Just Cause Guidelines: A "no" answer to any one or more of the following questions may signify that just and proper cause did not exist.

1. Did the employer give to the employee forewarning or foreknowledge of the possible or probable disciplinary consequences of the employee's conduct?
2. Was the employer's rule or managerial order reasonably related to (a) the orderly, efficient, and safe operation of the employer's business and (b) the performance that the employer might properly expect of the employee?
3. Did the employer, before administering discipline to an employee, make an effort to discover whether the employee did in fact violate or disobey a rule or order of management?
4. Was the employer's investigation conducted fairly and objectively?
5. At the investigation did management obtain substantial evidence or proof that the employee was guilty as charged?
6. Has the employer applied its rules, orders, and penalties evenhandedly and without discrimination to all employees?
7. Was the degree of discipline administered by the employer in a particular case reasonably related to (a) the seriousness of the employee's proven offense and (b) the record of the employee in his service with the employer?

26.2 It shall be the right of any employee to inspect and make a copy of his or her personnel records, internal file, and manager's file. An employee will be allowed to review his/her master personnel file, within a reasonable length of time upon request to his/her Vice President, Director, or Manager. During the term of this Agreement, if any information, which is considered unfavorable and, derogatory to an employee, is entered in his/her personnel file which deals with conditions originating after employment with JEA, the employee will be required to acknowledge receipt in writing of such information, and will be furnished a copy in order that he/she may have the opportunity to submit a written statement responding to the information (excluding copies of personnel action forms, time reports, and employee evaluation reports). The employee's acknowledgment of receipt in writing merely indicates that the employee has seen and received a copy of such derogatory or unfavorable information. The acknowledgment of receipt does not indicate that the employee agrees with such information, nor does such action indicate that the employee admits guilt for any alleged infractions stipulated. The employee's responding statement will also be entered in his/her personnel file. If an employee feels that any correspondence written about him/her was unjustified, he/she has the right to resort to the Grievance Procedure.

26.3 JEA will follow the principles of progressive discipline that discipline generally proceeds from a reprimand, to a final written reprimand or suspension or reduction in pay to demotion or discharge. A last chance agreement may be used in lieu of discharge. These are the only forms of discipline recognized by the JSA. The parties recognize that the seriousness and circumstances surrounding an offense may warrant more -or less- severe discipline, depending upon all of the facts. When the situation warrants, JEA will provide written and /or oral counseling before implementing progressive discipline.

26.4 When an employee is off the payroll due to a suspension, JEA will continue to pay the life insurance and medical insurance premiums normally paid by JEA which includes JEA's portion of the dependent medical insurance premium. The employee is responsible for the optional life insurance premium and his/her portion of the dependent premium. If the employee should fail or decline to pay his/her portion of dependent's insurance premium, JEA may discontinue paying any portion of such premium for which it would otherwise be responsible.

# Article 27

## Equal Employment Opportunity

27.1 JEA and the Association mutually agree that each has a positive and distinct role in carrying out the concepts of Equal Employment Opportunity (EEO) irrespective of race, color, creed, national origin, religion, sex, age, and where appropriate, disability. JEA and the Association agree to encourage all Unit employees to take advantage of self-improvement opportunities to enhance their potential for promotion and job security.

27.2 It is agreed that the Association will participate in such activities which are required by EEO laws and regulations and the implementation of the JEA Equal Opportunity/Equal Access Program. The Association will advise appropriate Management of any employee's dissatisfactions that do not constitute formal discrimination complaints but appear to be a potential source for discrimination complaints.

27.3 It is agreed that no official of JEA or the Association shall interfere with, restrain, coerce, intimidate, or make reprisals against any employee for appearing, testifying or furnishing evidence during any investigation or hearing procedures.

# Article 28

## Savings Clause

JEA retains all rights, powers, functions and authority it had prior to the signing of this Agreement, except as such rights are specifically relinquished or abridged in the Agreement. Provided, however, that JEA will engage in collective bargaining negotiations upon request by the Association if the exercise of a management right or an alteration by JEA of the status quo has a collective impact upon established wages, hours, or other terms and conditions of employment of bargaining unit employees.

# Article 29

## Severability

If any provision of this Agreement shall be found to be invalid by any courts having jurisdiction in respect thereof, such findings shall not affect the remainder of this Agreement, and all other terms and provisions shall continue in full force and effect. Upon any such judicial determination, and upon request of either party, JEA and the Association will negotiate and endeavor to reach an agreement upon a substitute for the provision(s) found to be invalid.

# Article 30

## Definitions

The following terms when used throughout this Agreement shall have the following meaning:

30.1 "CFR" shall mean Code of Federal Regulations.

30.2 "FHWA" shall mean Federal Highway Administration.

3.03 "FLSA" shall mean Fair Labor Standards Act.

30.4 "FMCS" shall mean Federal Mediation and Conciliation Service.

30.5 "FR" shall mean Federal Register.

30.6 "HHS" shall mean U.S. Department of Health and Human Services.

30.7 "MRO" shall mean medical review officer.

30.8 "Overtime" shall be as defined in the FLSA, except as amended by this Agreement.

30.9 "Premium Payment" shall mean any compensation other than the regular hourly rate of pay, i.e., time and one-half, double time, and double time and one-half, and schedule premium.

30.10 "SAMHSA" shall mean Substance Abuse and Mental Health Services Administration.

30.11 "Seniority or Senior" shall refer to time in a given classification, not total service time. In the case where employees have same time in grade, promotional test scores will be used to determine seniority. However, should an arbitrator or the Civil Service Board rule otherwise, JEA will abide by their ruling.

## Article 31

## Terms, Approval, and Amendments

31.1 This Agreement, upon approval and ratification, shall become effective October 1, 20166~~3~~ and shall remain in effect until September 30, 20199~~6~~.

31.2 It is acknowledged that this Agreement must be approved by the membership of the Association prior to submission for approval to and by JEA, and the JEA legislative body~~Board of Directors~~.

31.3 This Agreement shall be subject to amendments at any time by mutual consent of the parties hereto. Such amendments shall be reduced to writing, state the effective date of the amendment, be executed and approved in the same manner as this Agreement.

## **Exhibit A** – JSA Pay Table and Occ Codes

**JSA Proposed Pay Table 2016 - 2019**

| OCC Codes | Job Title | Pay Grade | FY | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 |
|---|---|---|---|---|---|---|---|---|---|
| 1066 | Electric Maintenance Coordinator | 530 | 16/17 | $42.35 | $44.47 | $46.70 | $49.03 | | |
| | | | 17/18 | $43.62 | $45.81 | $48.10 | $50.50 | | |
| | | | 18/19 | $44.94 | $47.18 | $49.54 | $52.02 | | |
| 2198<br>2196<br>2165<br>2036<br>2071<br>2190<br>1067<br>3402<br>3403<br>3400 | C & M Working Foreman<br>Emergency Dispatcher<br>I&C Working Foreman<br>N&C Working Foreman<br>Operating Engineer<br>Substation Foreman<br>W/WW Control Systems Coordinator<br>W/WW Reuse Treatment Planner Scheduler<br>WW Reuse Treatment Operations Coordinator<br>WW Reuse Treatment Maint Coordinator | 525 | 16/17 | $36.77 | $38.61 | $40.54 | $42.56 | $44.69 | |
| | | | 17/18 | $37.87 | $39.76 | $41.75 | $43.84 | $46.03 | |
| | | | 18/19 | $39.00 | $40.95 | $43.00 | $45.15 | $47.41 | |
| 2118<br>2013<br>2317<br>2072<br>2199<br>2119<br>U119<br>U166<br>1062 | Facilities O&M Working Foreman<br>GIS Coordinator Analyst<br>Meter Specialist Foreman<br>Unit Operator<br>W/WW Planner<br>Wastewater Maintenance Team Leader<br>Wastewater Operations Team Leader<br>Water Operations Team Leader<br>Water Wastewater Dispatcher | 520 | 16/17 | $33.25 | $34.91 | $36.65 | $38.49 | $40.41 | |
| | | | 17/18 | $34.24 | $35.95 | $37.75 | $39.64 | $41.62 | |
| | | | 18/19 | $35.27 | $37.03 | $38.89 | $40.83 | $42.87 | |
| U151<br>2101<br>1028<br>2139<br>2141<br>2605 | Utilities C&M Crew Leader<br>Customer Care Group Leader<br>GIS CAD Technician III<br>Stores Working Foreman<br>Transformer Shop Wkg Foreman<br>Utility Locator Coordinator | 515 | 16/17 | $28.62 | $30.05 | $31.55 | $33.13 | $34.78 | $36.52 |
| | | | 17/18 | $29.48 | $30.95 | $32.50 | $34.12 | $35.83 | $37.62 |
| | | | 18/19 | $30.36 | $31.88 | $33.47 | $35.15 | $36.91 | $38.75 |
| U017<br>2216<br>G111<br>2509<br>2902 | Utilities Pipefitter Crewleader<br>Arborist<br>Land Surveyor Senior<br>Payment Processing Team Leader<br>Payroll Practitioner Senior | 510 | 16/17 | $24.59 | $25.82 | $27.11 | $28.46 | $29.89 | $31.38 |
| | | | 17/18 | $25.32 | $26.59 | $27.92 | $29.32 | $30.78 | $32.32 |
| | | | 18/19 | $26.08 | $27.39 | $28.76 | $30.20 | $31.71 | $33.29 |

| OCC Codes | Job Title | Pay Grade | FY | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 |
|---|---|---|---|---|---|---|---|---|
| 2252 | Administrative Support Asst JSA - RL | 250A | 16/17 | $24.39 | $25.61 | $26.90 | $28.24 | |
| | | | 17/18 | $25.13 | $26.39 | $27.71 | $29.09 | |
| | | | 18/19 | $25.88 | $27.17 | $28.53 | $29.96 | |
| 2510 | Customer Service Field Leader - RL | 254 | 16/17 | $30.01 | $31.51 | $33.09 | $34.74 | $36.48 |
| | | | 17/18 | $30.91 | $32.45 | $34.08 | $35.78 | $37.57 |
| | | | 18/19 | $31.84 | $33.43 | $35.10 | $36.86 | $38.70 |
| Z196 | Electronic Maint Team Leader - RL | 255 | 16/17 | $33.09 | $34.74 | $36.48 | $38.30 | |
| | | | 17/18 | $34.08 | $35.78 | $37.57 | $39.45 | |
| | | | 18/19 | $35.10 | $36.85 | $38.70 | $40.63 | |
| 2233<br>2078 | Laboratory Section Administrator - RL<br>Relay Foreman - RL | 264 | 16/17 | $42.22 | $44.33 | $46.54 | $48.87 | |
| | | | 17/18 | $43.49 | $45.66 | $47.94 | $50.34 | |
| | | | 18/19 | $44.79 | $47.03 | $49.38 | $51.85 | |

# **EXHIBIT B** – SAFETY SENSITIVE POSITIONS DEFINITIONS AND KEY

| **ABBREVIATION** | **DEFINITION** |
|---|---|
| DISPATCH OF VEHICLE | RESPONSIBLE FOR DISPATCH OF EMERGENCY VEHICLES (EITHER EMERGENCY RESPONSE/PUBLIC SAFETY VEHICLES OR OTHER VEHICLES IN EMERGENCY SITUATIONS). |
| MAINT OF VEHICLE | MAINTENANCE OF THE TYPE AND KIND THAT IF PERFORMED IMPROPERLY COULD RESULT IN DANGER TO THE OCCUPANTA/USERS OR OTHER EMPLOYEES OR MEMEBERS OF THE PUBLIC NEAR THE VEHICLE/EQUIPMENT. |
| CHAUFFERURS OTHER EMPLOYEES | CHAUFFEURS OTHER EMPLOYEES AS PART OF ASSIGNED DUTIES |
| HANDLE HAZARDOUS MATERIALS-OR EQUIPMENT (INCLUDES GUNS & OTHER SAFETY EQUIPMENT | TRANSPORTS, MIXES, HANDLES, USES, HAZARDOUS MATERIALS OR IS RESPONSIBLE FOR EQUIPMENT CARRYING CURRENT, FLUIDS OR GAS THAT COULD ENDANGER THE PUBLIC OR EMPLOYEES. |
| CDL LICENSE | OPERATES CDL CLASSIFIED VEHICLES. |
| SUPERVISES CHILDREN OPERATES/DIRECTS LARGE | SUPERVISES CHILDREN OR IS RESPONSIBLE FOR THE SECURITY OF CHILDREN OPERATES/DIRECTS LARGE TRUCKS AND/OR CONSTRUCTION EQUIPMENT. |
| HAZARDOUS EQUIPMENT/ CONDITIONS | PERFORMS HAZARDOUS/PERILOUS WORK, AND/OR WORKS WHERE THE INDIVIDUAL MAY CAUSE HARM TO HIMSELF OR OTHERS. |
| GUARDS SAFETY OF WORKERS AND/OR PUBLIC | GUARDS THE SAFETY OF CO-WORKERS AND/OR PUBLIC. |
| IMMEDIATE MANAGEMENT RISK | DUTIES REQUIRE DRUG PREVENTION-FOREKNOWLEDGE OF IDENTITIES OF INDIVIDUALS TO BE TESTED. |
| SPECIAL LICENSE | ANY POSITION THAT REQUIRES SPECIALIZED LICENSING BY CITY, STATE, OR FEDERAL LAW OR REGULATION WHICH INVOLVES ADDITIONAL MEDICAL AND/OR BACKGROUND INVESTIGATIONS. THE EXISTENCE OF A SPECIAL LICENSE REQUIREMENT MAY BE USED FOR THE PURPOSE OF SUPPORTING A SAFETY.- SENSITIVE DESIGNATION BUT SHALL NOT BE SUFFICIENT IN AND OF ITSELF TO REQUIRE A SAFETY-SENSITIVE DESIGNATION. |
| ENFORCE DRUG POLICY | ENFORCES DRUG POLICY (INTERDICTION AND DISCIPLINE). |
| STORE ILLEGAL SUBSTANCES | HANDLES, FILES AND/OR STORES ILLEGAL SUBSTANCES. |
| SYSTEMS OPERATOR | DESIGN, CONSTRUCTION, MAINTENANCE, INSPECTION & OPERATION OF SYSTEMS CARRYING CURRENT, FLUIDS OR GAS THAT COULD ENDANGER THE PUBLIC OR EMPLOYEES OR REGULATES, MAINTAINS, REPAIRS TRAFFIC SIGNAL DEVICES. |
| SUPV/SAFETY SENSITIVE POSITION | DIRECTLY SUPERVISES A SAFETY SENSITIVE POSITION. |
| ACCESS/CRIMINAL INVESTIGATION INFO | WORKS WITH OR HAS ACCESS TO INFORMATION OR DOCUMENTS PERTAINING TO CRIMINAL INVESTIGATIONS. |
| EMERGENCY RESPONSE REQUIRED. | RESPONDS UNDER EMERGENCY CONDITIONS. |

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III. B. 3.

American Federation of State, County and Municipal Employees (AFSCME) Collective Bargaining Agreement

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III. B. 3.
3/21/2017

Building Community

## AGENDA ITEM SUMMARY

March 10, 2017

| | |
|---|---|
| **SUBJECT**: | **AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES (AFSCME) COUNCIL 79 COLLECTIVE BARGAINING AGREEMENT** |

**Purpose:** ☐ Information Only ☒ Action Required ☐ Advice/Direction

**Issue:** The collective bargaining agreement for AFSCME Council 79 is offered to the Board for approval. Negotiations have been ongoing since November 29, 2016 and concluded on February 1, 2017. AFSCME Council 79 held a ratification vote on February 22, 2017, at which time AFSCME membership approved the proposed agreement. The Board action will become effective in accordance with Board procedures.

**Significance:** This collective bargaining agreement represents the finalization of negotiations for a contract that will cover the period from October 1, 2016 to September 30, 2019.

**Effect:** Approximately 182 JEA civil service employees are covered by AFSCME Council 79, which primarily consists of clerical, semi-skilled technical and call center classifications.

**Cost or Benefit:** The total additional cost over the three year term is approximately $1,172,433.00.

**Recommended Board action:** Staff recommends that the Board approve the attached ratified agreement between JEA and AFSCME.

**For additional information, contact:** Angelia Hiers, Chief Human Resources Officer, 665-4747

Submitted by: PEM/ ARH/ MDE


**Commitments to Action**

1. Earn Customer Loyalty
2. Deliver Business Excellence
3. Develop an Unbeatable Team

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Building Community

**INTER-OFFICE MEMORANDUM**
March 10, 2017

| | |
|---|---|
| **SUBJECT:** | **AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES (AFSCME) COLLECTIVE BARGAINING AGREEMENT** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Board of Directors |

**BACKGROUND:**

The current agreement between JEA and AFSCME Council 79 expired on September 30, 2016. The parties have met extensively to negotiate a new agreement and the process has recently been completed. AFSCME conducted a ratification vote on February 22, 2017 and the proposed agreement was approved by the bargaining unit employees. The Agreement is subject to approval by the JEA Board of Directors. The Board action will become effective in accordance with Board procedures.

**DISCUSSION:**

Significant changes to the existing *status quo* include the following:

- Three year agreement effective October 1, 2016 through September 30, 2019
- Agreement to address the current reform to the City of Jacksonville General Employees' Pension Plan (GEPP)
- General Base Pay Increases: Fiscal Year 2016/2017 – 2.5%; Fiscal Year 2017/2018 – 2.5% 2018/2019 – 3%
- Lump Sum Payments: Fiscal Year 2016/2017 – 1% lump sum payment; Fiscal Year 2017/2018 – 1% lump sum payment
- 2% salary increase concurrent with increased employee contribution to GEPP from 8% to 10%

**RECOMMENDATION:**

Staff recommends that the Board approve the attached ratified agreement between JEA and AFSCME.

Paul E. McElroy, Managing Director/CEO

PEM/MDE/ARH

AGREEMENT BETWEEN

JEA

and ~~the~~

The American Federation of State, County
and Municipal Employees, Council 79, AFL-CIO (AFSCME)
Local 429
~~Florida Council 79~~
~~Local 429~~

~~October 1, 2015 – September 30, 2016~~
October 1, 2016 – September 30, 2019

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PREAMBLE

This Agreement is entered into between JEA (the Employer), and AFSCME Florida Council 79, (the Union). The intent of the parties and purpose of this Agreement is to assure sound and mutually beneficial working and economic relationships between the parties, to provide an orderly and peaceful means of resolving any misunderstandings or differences which may arise, and to set forth basic and full agreement between the parties concerning rates of pay, wages, hours, and other terms and conditions of employment. There are and shall be no individual arrangements contrary to the terms herein provided. It is mutually understood and declared to be the public policy of the Employer and the Union to promote harmonious and cooperative relationships between the Employer and its employees and to protect the public by assuring at all times, the orderly and uninterrupted operations and functions of government.

The Employer and the Union recognize the moral principles involved in the area of civil rights and affirm by this Agreement their commitment not to discriminate because of race, religion, color, age, sex, disability, or national origin.

The Union agrees to support federal, state and local laws requiring affirmative action to ensure equal employment opportunity.

ARTICLE 1: UNION RECOGNITION

1.1 A. Pursuant to and in accordance with all applicable provisions of Chapter 447, Part II, Florida Statutes, the Employer recognizes that the Union is the exclusive collective bargaining representative for those employees in the defined bargaining unit (PERC Certification Number 1190 as it may be amended from time to time) for the purpose of bargaining collectively in the determination of wages, hours, and terms and conditions of employment of the public employees within the unit. "Employee" shall be defined to include all classified employees who are employed by JEA, whose classifications appear in Appendix A of this Agreement.

B. The term "employee" in 1.1 (a) shall also refer to those employees designated as temporary employees who hold the same classification and work the same hours under common supervision as the employees listed in Appendix A. The temporary, grant, or contract employees referred to in this section are subject to the same terms and conditions of employment set out in Appendix B of this Agreement. The term "temporary employee" as used in this section is not the same as the labor law term of art "temporary employee" which traditionally refers to employees who have no reasonable expectation of continued employment, usually receive no benefits other than hourly wage, and are traditionally excluded from bargaining units of regular employees.

1.2 It is further understood and agreed that the President of AFSCME, Florida Council 79, or an alternate officially designated in writing, will be the official spokesperson for the Union in any matter between the Union and the Employer.

1.3 A. The Employer will notify the Union when a classification is created in which the Employer believes should not be included in the Bargaining Unit.

B. When the Employer establishes a new classification that would be included within a bargaining unit, the Union will be given notice in writing within 30 days as to the Employer's determination of the unit to which the new classification will be assigned and whether the classification is competitive or non-competitive.

The Employer shall notify the Union of the class specification and pay range revisions to any classification that is presently in the certified bargaining unit for which the Union is the representative, prior to the implementation of those revisions. The Employer will provide this notice to the Regional Director and President of the Union in Jacksonville, Florida. The Union shall submit intent to comment about the revisions within ten (10) calendar days of the date of the Employer's notice and may submit comments about the revision within thirty (30) calendar days of the date the Employer's notice.

ARTICLE 2: UNION SECURITY

2.1 In accordance with Chapter 447.301 of the Florida Statutes, employees shall have the right to form, join or assist labor unions or labor organizations or to refrain from such activity; to bargain collectively through representatives of their own choosing; and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection.

2.2 A. A copy of this Agreement shall be provided to all members of the bargaining unit in the following manner:

1. When the Agreement has been ratified by all parties, the Agreement will be reproduced by JEA in a quantity sufficient for all bargaining unit members. The Union will reimburse the Employer for one-half (1/2) of the cost of reproduction. The Union shall be responsible for distributing the agreement to all members of the bargaining unit.

2. The Employer agrees to have an electronic version with any amendments, Memorandum of Agreements and Memorandum of Understandings available, for reference by bargaining unit employees.

3. The Employer agrees to provide all persons hired into a job classification represented by the Union a copy of the current Agreement.

B. The Employer will notify all persons hired into job classifications that are represented by the AFSCME bargaining unit that their job classification is within the bargaining unit and that their job is governed by a collective bargaining agreement between the Employer and the Union. The Employer will also give the employee the name, address, and phone number of the Union and notify the employee that he or she may call the Union for additional information.

C. ~~The Employer will make available to the employee's information as provided by the Union.~~

~~The information packet will contain the following:~~

~~Brief explanation of AFSCME Structure with point of contact numbers~~
~~AFSCME Public Employee Magazine~~
~~Business card of appropriate Representatives~~
~~Notification of collective bargaining agreement on the JEA intranet~~

~~Any changes to the packet will be made by mutual agreement of AFSCME and JEA.~~

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At the Union's request, the Employer will provide a list of employees hired into the bargaining unit.

2.3 A. Upon receipt of a written authorization from an employee covered by this Agreement, the Employer will deduct from the employee's pay the amount owed to the Union by such employee. This provision will provide for at least twenty-six (26) deductions per year from those employees. The Employer will remit to the Union such sums no later than the tenth (10th) day of each month following such deductions. A charge not to exceed the cost of six (6) cents per deduction per pay period will ~~bea~~ be assessed. Changes in the Union membership dues rate will be certified to the Employer in writing over the signature of the authorized officer(s) of the Union, and shall be done at least thirty (30) calendar days in advance of the effective date of such change. The Employer's remittance will be deemed correct if the Union does not give written notice to the Employer within two (2) calendar weeks after a remittance is received, of its belief, which the remittance is incorrect, with reason(s) stated therefore.

B. Deductions for Union dues and/or uniform assessments shall continue until either: (1) the employee revokes his/her authorization for dues deduction by submitting a signed form to the Paymaster revoking such authorization, with a copy to the Union with advance notice as provided by law; (2) authorization for dues deduction on is revoked pursuant to Section 447.507, Florida Statutes; (3) the termination of employment; or (4) the transfer, promotion or demotion of the employee out of the bargaining unit. The Employer will notify AFSCME Council 79 of all additions to and deletions from the dues deduction roster within two weeks following the close of each pay period.

C. No deduction shall be made from the pay of any employee for any payroll period in which the employee's net earnings for that payroll period are less than the amount of dues to be deducted. Net earnings shall mean earnings after required deductions are made for Federal Taxes, Social Security, Pensions, Credit Union, and Health and Life Insurance.

D. The Union will indemnify, defend, and hold the Employer harmless, against any claim made and against any suit instituted against the Employer on account of any deductions for Union dues or uniform assessments deductions.

2.4 Upon request of the Union the Employer will, on a quarterly basis, provide the Union with a list of all employees in the bargaining unit. The list will include the name, home address, and employee number, and occupational code, date of birth, home telephone, and gross salary of each employee. The list will be provided at no cost to the Union.

## ARTICLE 3: UNION RIGHTS

3.1 The Employer and the Union recognize that it is in the best interest of both parties, the employees, and the public for all dealings between them to be characterized by mutual responsibility and respect, and acknowledge with this Agreement that a bond of common interest exists and is a basis for the development of sound Union-Management cooperation to promote the business of government and the welfare of its employees. The Union recognizes that in consideration of the commitments undertaken by the Employer in this Agreement, every employee is obligated to give honest, efficient, and economical service in the performance of his/her duties. To insure that this relationship continues and improves, the Employer and the Union and their respective representatives at all levels will apply the terms of this Agreement fairly in accordance with its intent and meaning and consistent with the Union's status as exclusive bargaining representative of all employees as defined in Article 1 of this Agreement. Each party shall bring to the attention of all employees in the unit, including new employees, their duty to conduct themselves in a spirit of responsibility and respect. To ensure adherence to this purpose, the parties shall also make all employees aware of the measures to which they have agreed.

ARTICLE 4: MANAGEMENT SECURITY

4.1 Subject to the specific provisions of this Agreement and Chapter 447, Florida Statutes, the Union and its officers, agents, and members agree that they shall have no right to instigate, promote, sponsor, engage in, or condone any strike, slow-down, concerted stoppage of work, intentional interruption of Employer operations, or similar activities during the term of this Agreement, for any reason.

Management shall have the right to discharge or otherwise discipline any or all employees who violate the provision of this paragraph. The only question that may be raised in any proceeding (grievance, judicial or other) contesting such action is whether the provision preventing strikes, slow-downs, concerted stoppages of work, intentional interruptions of Employer operations, or similar activities was violated by the employee to be discharged or otherwise disciplined.

4.2 A. The Union, its representatives, agents, members, and any persons acting on their behalf, agree that the following "other unlawful acts" as defined in Chapter 447, Florida Statutes, are expressly prohibited:

1. Soliciting public employees during the working hours of any employee who is involved in the solicitation.

2. Distributing literature during working hours in areas where the actual work of public employees is performed, such as offices, warehouses, and any similar public installation. This section shall not be construed to prohibit the distribution of literature during the employee's lunch hour or in areas not specifically devoted to the performance of any employee's official duties.

B. No employee organization shall directly or indirectly pay any fines or penalties assessed against individuals pursuant to the provisions of this article.

C. Notwithstanding further provisions of any collective bargaining agreement, a public employee who is found to have violated any provision of this article may be discharged or otherwise disciplined by the Employer.

4.3 The Employer and the Union agree that the basic intent of this Agreement is to provide a fair day's pay in return for a fair day's work and to provide conditions of employment suitable to maintaining a competent work force. The Employer and the Union agree that all provisions of this Agreement shall be applied equally to all employees covered by it.

4.4 It is understood that the Employer is required to comply with the Americans with Disabilities Act and nothing in this Agreement shall be construed to prevent the Employer from carrying out this obligation. Any claimed violation of this provision shall not be subject to arbitration.  If the parties cannot resolve the matter using the grievance procedure, the employee may refer the matter to the appropriate governmental agency.

## ARTICLE 5: MANAGEMENT RIGHTS

5.1 It is the right of the Employer to determine unilaterally the purpose of each of its constituent agencies, set standards of services to be offered to the public, and exercise control and discretion over its organization and operations, including the right to sub-contract. It is also the right of the Employer to direct its employees, take disciplinary action for proper cause, and to relieve its employees from duty because of lack of work or for other legitimate reasons; provided, however, that the exercise of such rights shall not preclude employees or their representatives from raising grievances, should decisions on the above matters have the practical consequences of violating the terms and conditions of this collective bargaining agreement.

ARTICLE 6: LABOR/MANAGEMENT SPECIAL MEETINGS

6.1 The Employer and the Union agree to meet and confer on matters of interest upon the written request of either party. The written request shall state the nature of the matters to be discussed and the reason(s) for requesting the meeting. Discussion shall be limited to matters set forth in the request, or other subjects mutually agreed to, but it is understood that these special meetings shall not be used to renegotiate this Agreement. Such special meetings shall be held within ten (10) calendar days of the receipt of the written request and at a time and place mutually agreeable to the parties. The Union shall have the right at these special meetings to recommend to the Employer corrections of any inequities known to the Union. The Employer or the Union will respond to the other party concerning matter(s) discussed within thirty (30) calendar days of the meeting.

If a consultation meeting is held during the working hours of any employee participant, such participant shall be excused without loss of pay for that purpose.

6.2 The Union recognizes that it is JEA objective to provide services to its customers and stakeholders through the most efficient and cost-effective means possible. From time to time, this may require evaluations of alternative means of providing such services, including contracting with external providers.

JEA recognizes that the Union desires to make bargaining unit employees competitive with external providers of such services where possible.
Accordingly, once a function has been identified as a candidate but prior to receipt of official proposals, JEA agrees to permit the Union an opportunity to present options for more efficient and/or cost-effective service provision by bargaining unit employees prior to reaching any final decision to contract with an external provider for services currently provided by bargaining unit employees.

This provision shall not apply to situations in which funding is discontinued by an external source such as the state or federal government.

No bargaining unit employee shall be transferred, reassigned, or demoted, have his/her work week reduced, or be laid off, as a result of the contracting out of any of its present work or services, except as provided for in the Civil Service and Personnel Rules and Regulations.

6.3 Should there be any proposed changes in the corporate structure that will have an impact upon the wages, hours, or terms and conditions of employment of the employees in the bargaining unit (as that term is understood in Florida public sector labor relations), the Employer will negotiate the impact of those proposed changes in accordance with Chapter 447, Part II, Florida Statutes.

6.4 Should there be a situation where a reduction in force occurs; the Employer shall provide the Union notification at least ten (10) calendar days prior to the effective date of the reduction. The Employer shall provide job placement services to affected employees for a period of three (3) months.

# ARTICLE 7: UNION ACTIVITY

7.1 Stewards and Representation:

A. The employees covered by this Agreement will be represented by stewards. A steward assigned to more than one geographical location will be considered a roving steward to function properly under the stewardship procedure. A written list of stewards and alternates will be submitted to the Employer, together with the specific areas in which they will function. The alternate steward will only become active in the event of the physical absence of the regular steward and upon prior notification by the Union. Alternate Stewards are subject to the same rules and regulations that govern the conduct of stewards.

B. The Employer recognizes and shall work with the appropriate Union stewards and representative of AFSCME Florida Council 79 in matters relating to grievances and interpretation of this contract, including promoting harmonious working relationships

C. Union stewards shall be active employees as designated by AFSCME Florida Council 79 and shall be members of the bargaining unit.

D. Union representatives and stewards are subject to the same rules of JEA as are all other JEA employees, except as specifically outlined in this Agreement.

E. While on leave of absence, no employee shall function as a Union steward without mutual consent of the Union and the Employer.

F. A written list of Union stewards and officers shall be furnished to the Employer prior to the effective date for their assuming duties of office. AFSCME Florida Council 79 shall notify the Employer promptly of any changes of such Union stewards. No Union steward shall perform any Union work unless the Union has complied with this requirement.

G. A Union steward shall be granted time off during working hours without loss of pay to investigate and settle grievances on the job site which is within his/her jurisdiction. The steward must secure approval from his/her immediate supervisor prior to performing such duty. The steward receiving time off under this provision shall record his/her time before leaving the job and upon returning. When entering the area of a supervisor other than his/her own, the steward shall notify that supervisor of his/her presence and purpose.

A steward will only be granted time off under this provision when requested by an employee in the bargaining unit for assistance with a grievance, or when requested by the Union in writing. Stewards may receive and discuss grievances of employees on the premises or in the field during working hours, to the extent that such discussions do not interfere with the work of other employees. Union Stewards shall not conduct any grievance work on overtime or holiday time except in emergency situations. It is acknowledged that only one (1) steward will work on grievances from any employee. A Union officer may substitute for a Union steward for all purposes set forth in this paragraph.

7.2 When an employee is questioned by management, and the employee reasonably believes that the questioning may lead to disciplinary action against him, the employee has the right to request that a union representative be present at the meeting. When an employee requests union representation pursuant to this section, a union representative is not immediately available and less than 24 hours' notice of the meeting was given, the Employer shall postpone the meeting for a reasonable time (~~at~~ at least 24 hours) in order for the employee to obtain union representation.

7.3 Nothing in this Agreement shall prevent any employee from presenting, at any time, his/her own grievances, in person or by legal counsel to the Employer, or from having such grievance adjusted without the intervention of the bargaining agent, if the adjustment is not inconsistent with terms of the collective bargaining agreement when in effect, and if the bargaining agent has been given reasonable opportunity to be present at any meeting called for the resolution of such grievance.

7.4 Employees designated in the bargaining unit shall have the right to join, or to refrain from joining, the Union, to engage in lawful concerted activities for the purpose of collective bargaining or negotiation or any other mutual aid and protection, and to express opinions related to the conditions of employment, all free from restraint, discrimination, intimidation, or reprisal because of that employee's membership or lack of membership in the Union or by virtue of that employee's holding office or not holding office in the Union. This provision shall be applied to all employees in this bargaining unit.

7.5 The Union shall neither actively solicit grievances nor collect Union monies on Employer property.

7.6 Officials of the Union, as designated in Section 1.2 of this Agreement may, with proper authorization, which will not be unreasonably withheld, be admitted to the property of the Employer. Officials as designated above shall be able to talk with employees before or after regular working hours or during lunch hours of said employees on Employer property in areas mutually agreed on by the Union and the Employer.

7.7 The Local Union President or one alternate officially designated by the Local Union President shall be granted reasonable time off during working hours without loss of pay for the purpose of attending to appropriate Union activities requiring his/her presence. This shall not be interpreted to limit the Union to the resolution of only one issue at a time JEA wide, but is intended to limit the number of Union representatives being granted time off to attend to a single specific issue. The local Union President or alternate must secure approval from his/her immediate supervisor prior to performing such duty. An aggrieved employee shall use his/her personal leave to attend any grievance or arbitration preparatory or post hearing meetings. Should the aggrieved employee or the Union call JEA employees as witnesses, those witnesses shall use their personal leave to attend preparatory or post grievance and arbitration hearing meetings. If no personal leave is available, leave without pay shall be authorized. Actual time spent in a grievance or arbitration hearing shall be without loss of pay during the employee's regularly scheduled hours.

7.8 Arrangements will be made for officers or an accredited representative of the Union to be admitted to the property of the Employer during working hours for the purpose of ascertaining whether or not this Agreement is being observed by the parties, provided such visitation is not disruptive to the work force. When an area or building belonging to the Employer is not normally open for visitation, then the Employer shall provide a responsible escort to that Union Officer or accredited representative; provided, this service must be arranged by the Union in advance of the visitation.

7.9 Two (2) members of the Union, elected to local Union positions or selected by the Union to do Union work, may upon written request of the Union, and when approved by the Employer, subject to applicable Civil Service and Personnel Rules and Regulations governing employees' rights and benefits, be granted a leave of absence without pay for a period of one (1) year, which may be extended during the term of this Agreement, and upon expiration of the leave, shall be re-employed without loss of status. It is understood that employees taking leave under these conditions will only be utilized for service within the JEA service area.

7.10 JEA will authorize up to six (6) employees to attend, without loss of pay, as union negotiation team members for collective bargaining sessions.

## ARTICLE 8: BULLETIN BOARDS

8.1 A. The Union shall be provided adequate space on bulletin boards, including at least one (1) at each location so designated by the Employer. Bulletin boards will be located in employee break rooms or other non-public areas. The Union may, if it so desires, provide a bulletin board of standard size for its own exclusive use, in keeping with the decor of the above locations, and with the approval of the Employer.

B. The Union shall also be provided the use of an electronic bulletin board accessible to all member of the bargaining unit through the JEA intranet site.

8.2 The Union agrees that it shall use its space on bulletin boards provided for in Section 8.1 above, for the following purposes:

Notices of Union Meetings
Union Elections
Reports of Union Committees
Rulings and Policies of the Union
Recreational and Social Affairs of the Union
Union Bulletins
Brief explanation of AFSCME with contact numbers

Any conforming notices posted shall only be removed by a representative of the Union or as provided in Article 8.3 and 8.4 of this Agreement.

8.3 Information for posting on the electronic bulletin board shall be submitted to Labor Relations

8.~~3~~4 No material, notices, or announcements shall be posted by the Union which contains anything adversely reflecting upon JEA, its employees, or any certified labor organization among its employees. Any proven violation of this section by the Union shall entitle the Employer to cancel immediately the provisions of this section and remove that bulletin board or the partial use thereof.

8.~~4~~5 Alleged abuse of the bulletin boards will be a matter for a special meeting or conference between the proper official of the Union, and Director of Employee Services, or designee. Such meeting or conference shall be held within one (1) working day after receipt of a written complaint by either the Employer or the Union that a violation exists.

ARTICLE 9: HOURS OF WORK AND OVERTIME PAYMENT

9.1 The purpose of this article is to define hours of work, but nothing in this Agreement shall be a guarantee or limitation on the number of hours to be worked per day, days per week, or for any other period of time, except as specifically provided herein.

9.2 This article shall define and describe the hours of work of bargaining unit employees.

A. The standard workweek for employees shall be from 0000 Monday through 2400 Sunday.

B. Shift Employees

A shift employee is defined as an employee whose normal schedule of work changes on a regular or rotating basis. (Staggered starting times, alone do not define shift employees.) The standard work week of those activities requiring a twenty-four (24) hour per day, seven (7) day per week operation shall be eight (8) hours or twelve (12) for any twenty-four (24) hour period and that normally result in forty (40) hours per work week or at least 80 hour equivalent pay bi-weekly. Days and shifts of work shall be scheduled consecutively without alteration during the shift or work week. The Employer may alter a shift for the purpose of staffing, if a shift is demonstrated by the Employer to be understaffed to the point that additional personnel are required to work the shift to avoid suspension of production.

C. Non-Shift Employees

1. The normal workweek for non-shift employees consists of forty (40) hours.

2. Eight Hour Work Schedule
The work week assignments for employees may be scheduled five (5) consecutive eight (8) hour days, Monday through Friday.

3. Ten Hour Work Schedule
The work week assignments for employees may be scheduled four (4) ten (10) hour days, Monday through Friday.

D. Odd Work Week Schedule

In those activities requiring work schedules other than the regular 8 hour work schedule [9.2 (c) 2], the ten-hour-day work schedule [9.2 (c) (3)], the eight (8) hour rotating-shift or the twelve-hour-rotating-shift schedule [9.2 (b)], the work schedule shall consist of forty (40) hours or eighty (80) hour equivalent pay bi-weekly which may begin on any day of the week. No employee assigned to this odd work week shall be required to work any hours in excess of twelve (12) hours (in any twenty-four hour period as part of the regular schedule work day. The twenty- four (24) hour period constitutes twenty-four (24) hours from the beginning of the employee's usual schedule starting time.

E. General Provisions

1. Should JEA determine to set work schedule assignments other than as provided above, the Union shall be given the opportunity to bargain the impact of the changes. Except as provided by law, any proposed changes will not be implemented until negotiations have been completed in accordance with Chapter 447, Part II, and Florida Statues.

2. JEA will give employees at least seven (7) days' notice before permanently changing an employee's regular work schedule. JEA will give at least forty-eight (48) hours' notice before temporarily changing an employee's regular work schedule; however, the employee may voluntarily waive the forty-eight hours' notice. For temporary schedule change, JEA will first seek volunteers to accept the schedule change. If more than the required number of qualified employees' volunteers, selection will be made by seniority. If less than the necessary number of qualified employees' volunteer, then additional selection shall be made from the least senior qualified employees. This notice shall not be required in case of an emergency. For the purpose of this agreement, the word Seniority will be defined as the Adjusted Service Date which is the date of hire plus any time connection minus leave without pay. When two or more persons have the same length of seniority, the senior employee shall be determined by HR.

3. Approved leave requests will be honored to the extent practicable when changing the work schedules of employees.

4. Schedules showing the employees' work days and hours will be posted on the appropriate bulletin boards no less than 10 days in advance, and will reflect at least a fourteen (14) day work schedule. JEA will make a good faith effort to post a 28 day schedule.

5. Upon prior written approval by the manager, employees of the same classification working regularly-scheduled hours may exchange hours of work within the work week with one another provided no overtime is caused JEA, and it does not adversely affect efficient operations.

9.3 Overtime Compensation

A. Except as otherwise specified herein, overtime will be paid at the rate of time an one-half (1-1/2) for all hours worked in excess of the employee's normal workday unless the employee has leave without pay during the work week, and for all hours worked in excess of forty (40) hours per work week for which overtime compensation has not been previously paid. Double time shall be paid as provided in 9.3(b) for continuous hours worked in excess of sixteen (16). All compensated time shall be included when calculating the forty (40) hour threshold. Compensation for overtime shall be in the form of cash. However, the employee may elect compensatory time with the approval of the department head. Requests for compensatory time in lieu of cash shall be submitted on forms provided by the Employer. Employees may accrue up to two hundred-forty (240) hours of compensatory time. When the maximum amount of compensatory time has been reached, compensation for additional overtime hours worked shall be in the form of cash. The Employer may pay off any amount of accrued compensatory time at any time, provided that any approved requests for compensatory leave time will continue to be honored.

B. An employee who has worked sixteen (16) hours or more continuously, or eight (8) hours or more overtime in the sixteen (16) hour period immediately preceding his/her regular workday, shall upon release be entitled to an eight (8) hour rest period, before he/she returns to work. If the rest period under the provisions of this section overlaps into the regular workday, the employee shall lose no time thereby. If an employee is called back to work without completing his/her eight (8) hour rest period, he/she shall be compensated at the rate of two (2) times ending when he/she is released for another eight (8) hour rest period. Paid rest time shall be considered as time worked for the purpose of determining overtime (one and one-half times the employee's regular rate of pay). Paid rest time shall not count towards determining eligibility for overtime double time pay.

C. Any employee who has left his/her normal place of work for his/her residence and is called back for overtime shall be compensated for such overtime in accordance with this article, provided that he/she shall receive compensation for a minimum of four (4) hours at time and one-half (1-1/2) his/her regular rate. If an employee is called out or assigned to more than one job before the end of the basic four (4) hour work period, it will be covered by the original minimum payment of four (4) hours and no extra payment will be allowed. The minimum time provided herein does not apply if any early call-in period extends into the start of the employee's regular work day.

D. In the event that a JEA employee is required to perform work outside of and not contiguous with his/her regularly scheduled working hours, and in the event that such employee does not have to report to a JEA facility to complete such work, then the following guidelines shall apply:

1. An employee who is authorized by management to do work from his/her home outside of and not contiguous with his/her regularly scheduled working hours in lieu of reporting to work at the designated time and place shall be compensated for all such authorized time worked.

2. The minimum amount to be paid under this provision for an employee performing authorized work while at his/her home is one (1) hour at time and one-half (1-1/2) his/her regular rate.

E. No employee may authorize overtime for himself/herself, but shall be entitled to receive overtime as appropriately authorized by his/her manager.

9.4 Premium payments shall not be duplicated for the same hours under any of the terms of this Agreement.

9.5 Management shall determine the necessity for overtime work, and employees are obliged to work overtime as assigned. It is the responsibility of the Employer to distribute the opportunity for overtime work equally among employees in the classifications normally performing the same types of work in each assigned shift, crew, or work area. It is understood that the sharing of overtime shall not delay nor increase the cost of operation. The Employer recognizes that it may be inconvenient for individuals to work overtime and it will give due consideration to each request for relief from overtime. Overtime records of the Employer shall be made available to Union officials when requested to resolve a question involving distribution of overtime. It is understood that nothing in this article shall require overtime payment for hours not actually worked.

9.6 Limited and System Emergency

A. Definitions:

1. Emergency: A situation of urgent nature or sudden occurrence that requires immediate action.

2. System Emergency: A situation of urgent nature that adversely affects all or a vast majority of JEA operations.

3. Limited Emergency: A situation of urgent nature that adversely affects JEA operations of specific department, section, or a facility.

4. Non-essential Employees: employees who may be released during any type of declared emergency and are not required to work, JEA management determines who is  non-essential employee.  However, they may be deemed essential at later time during the Emergency.

5. Essential Employees:  Employees who are assigned to work during any type of declared emergency.  JEA management determines who essential employee is.  However, they may be deemed non-essential at a later time during the Emergency.

B. Declaration of System or Limited Emergency

The Managing Director of JEA, or designee, has the authority to declare either a system or limited emergency.  In the event that the Managing Director or designee declares either of the emergencies, the provisions of this section take effect.

C. Non-Essential Employees

These employees will be subjected to the following:

1. Non-essential employees shall be released from duty and shall be granted administrative leave with pay for the balance of their normal schedule, and any additional days when they are not required by the Employer to report to work due   to the emergency.

2. Non-essential employees who are already on previously approved leave with payat the time of the emergency, or who are scheduled to take authorized leave with pay during the time of the emergency shall not be charged for the leave for that period of time when other non-essential employees are on administrative leave with pay as a result of the emergency.

3. Non-essential employees who are already on previously approved leave without pay at the time of the emergency, or who are scheduled to take authorized leave without pay during the time of the emergency shall not be paid for that period of time when other non-essential employees are on administrative leave with pay as a result of the emergency.

4. If a scheduled holiday falls within the time that non-essential employees are on administrative leave with pay due to an emergency, the employees will be paid for the holiday, but will not receive any additional holiday leave or pay for that day.

D. Essential Employees

Essential employees will be subjected to the following:

1. Essential employees will be required by the JEA management to work during the emergency. Management will consider volunteers.

2. To the maximum extent possible, when residents are required to evacuate their residence in anticipation of a hurricane, tropical storm, or similar situation that result in declaration of emergency, JEA will allow essential employees reasonable time, determined by JEA management to return to their residence and make plans for the safety of their family. After a reasonable time, determined by JEA management, to accomplish the security of their families essential employees shall return to work.

3. Essential employees who are required to work during the emergency shall be compensated for the time worked, as provided for in the hours of work and overtime provision of this agreement. In addition to any compensation payable under that article, essential employees will be paid straight time hourly pay unless compensatory time is mutually agreed to by the employee and his/her manager for the time that they would have been on administrative leave with pay if they had been designated a non-essential employee. The maximum amount payable under this provision is forty (40) hours per work week.

4. During an emergency, employees who are required to report for work shall be provided with a meal. If JEA is unable to provide a meal, a meal allowance will be substituted. Employees with special circumstances will be given an option of taking a meal allowance: these will be addressed on a case-by-case basis (medical condition or religious belief). The employee must notify management in writing as soon as practical.

5. Essential employees who are already on previously approved leave at the time of the emergency, or who are scheduled to take authorized leave during the time of the emergency may be required to work during the emergency.

E. Alteration of Annual, Vacation, or Personal Leave Schedules JEA has the unilateral right to alter the annual, vacation, or personal leave schedule of any employee in emergencies. This right includes the right to require employees who are on leave at the time of the emergency to return to work. In such cases, the

JEA will reimburse the employee for any non-refundable expenses incurred as a result of the cancellation of the employee's annual, vacation, or personal leave plans.

F. JEA Communication with Employees during the Emergency any employee who is released from work during an emergency is expected to resume his/her regular work schedule when directed to do so by JEA. In order to assist employees in determining when they are expected to return to work, JEA will take reasonable steps to keep employees advised about the status of JEA operations, including the dates and times that employees are expected to resume their regular work schedule. For example, JEA will release information via the JEA voice mail or email systems, through use of employee pagers, through release of information to the news media, and any other appropriate means of communication with employees. To the extent that an employee relies on information released via local news media to determine when he or she is expected to return to work, JEA employees are to follow instructions related to JEA, not those issued regarding City of Jacksonville employees.

ARTICLE 10: WAGES

10.1 A. The rates of pay for the classifications in the Unit are shown in Appendix "A" to this Agreement.

B. ~~All active employees in the bargaining unit on the date of ratification shall receive a one-time lump sum payment equal to one and a half percent (1.5%) of their base hourly wage rate times 2080 and a ratification incentive of $100.00, less legal deductions. The actual date of payout will be as soon as administratively practical following approval by the JEA Board of Directors. Neither the lump sum payment nor the ratification incentive shall be added to the base salary.~~

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All active employees in the bargaining unit shall receive a general increase as follows:

1. Two and one-half percent (2.5%) to base payment effective October 1, 2016 and a one percent (1%) lump sum payment.

2. Two and one-half percent (2.5%) to base and a 1% lump sum payment effective October 1, 2017.

3. Three percent (3%) effective October 1, 2018

4. Two percent (2%) increase to base concurrent with employee contribution to GEPP increase to 10% (or otherwise matching the change in employee contribution whether higher or lower).

All active employees in the bargaining unit shall receive a one-time one and one-half percent (1.5%) lump sum ratification incentive payment contingent upon successful ratification by the bargaining unit no later than February 24, 2017.

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C. Performance evaluations of employees in this bargaining unit shall be in writing and shall use a standardized format and procedure. An employee who believes that his/her evaluation has not been conducted in accordance with established procedure may appeal the alleged violation beginning at step 1 through step 2 of the Grievance Procedure set forth in this Agreement.

10.2 When an employee is returned to his/her former class during the probationary period following a promotion (reverted), his/her pay shall be restored to the rate in effect prior to promotion, as though the promotion had not been granted. In such event, the employee shall be eligible for any increases the employee normally would have received had the employee not been promoted. When a reassignment is made, the base pay of the reassigned employee shall remain the same.

10.3 The following administrative procedures shall be adhered to by the Chief Human Resources Officer in the implementation of the pay plan for employees in the bargaining unit:

A. An original appointment to any classified position shall be made at the starting rate of the range for the Pay Grade.

B. When an employee is promoted to a classification in a higher Pay Grade, the employee's base salary shall be advanced to the next step that provides an increase that is approximately 5% or to the minimum rate of the range whichever is greater. In no circumstances shall an employee's base salary exceed the maximum of the pay range as a result of promotion. Upon satisfactory completion of the probationary period following promotion, the base salary of the employee shall be advanced one step that is approximately 5% or to the maximum of the range, whichever is less.

C. When an employee is demoted, except for cause or voluntary demotion, the base salary of the employee may be placed within the range of the lower Pay Grade without reduction, except that the base salary may not exceed the maximum of the range of the lower Pay Grade, in which case, the base salary will be placed at the maximum of the range. If the employee is promoted again within a 12-month period following the demotion, he/she will not receive a promotional increase or end of probation increase, unless his/her salary was reduced at the time of demotion to the maximum of the range. In such cases, upon the successful completion of the probationary period, the employee's salary shall be increased to the rate received prior to demotion.

D. In the case of voluntary demotions, the base salary of the employee will be placed within the range of the lower Pay Grade at a rate that results in a 5% reduction in salary, or to the maximum of the range, whichever results in the larger reduction. If the employee is promoted again within a 12-month period following the demotion, he/she will receive a promotional increase of 5% upon promotion, but will not receive an end of probation increase unless his/her salary was reduced at the time of demotion to the maximum of the range. In such cases, upon the successful completion of the probationary period, the employee's salary shall be increased to the rate received prior to demotion.

E. When an employee is demoted for disciplinary reasons, the rate of pay in the lower range shall be no less than that which the employee received prior to promotion. The employee shall not be eligible for a step raise for one (1) year after the demotion.

F. The language in Article 10.3 (c) and (d) shall apply when an employee is demoted within the line of promotion. The following language shall apply when an employee is demoted not in the line of promotion.

When any JEA employee is reclassified to a position in the AFSCME bargaining unit which is not within the line of promotion, the base pay of the reclassified employee shall be the entry level rate of pay for the new position.

G. Classification other than Customer Care Consultant and Customer Care Consultant Trainees

1. Upon satisfactory completion of the probationary period, the base salary of the employee shall be advanced one step or to the maximum of the range, whichever is less.

2. After an employee receives his/her increase upon completion of the probationary period, he/she shall be granted step increases, except for unsatisfactory performance no sooner than twelve (12) months from his/her date of last increase, until he/she reaches the maximum rate of pay for his/her classification. For the purpose of this Agreement, the date of the last increase shall be the most recent date upon which any of the following action occurred to an employee: date on which employee received his/her end of probation increase; or date on which employee received a step increase.

H. Customer Care Consultant Series

1. Customer Care Trainees—

a. Customer Care Trainees will be rated every six (6) months.

(1) If the employee's performance is satisfactory or higher, the employee will be moved to the next higher step of the pay plan.

(2) If the employee's performance is below satisfactory, the employee will not receive the step increase, may be required to take remedial training, and may be subject to termination. When a customer Care Trainee is required to take remedial training; he/she will be reevaluated after

three (3) months. Customer Care Trainees will not be eligible for step increase at that time, even if their performance is rated satisfactory or above satisfactory. Instead, the Customer Care Trainee is required to wait until the next regularly scheduled review cycle before they are eligible for a step increase.

b. When the Customer Care Trainee has satisfactory completed the training program, the employee will be promoted to Customer Care Consultant.

2. Customer Care Consultants—

a. Customer Care Consultants will be rated on April 1 of each year.

(1) Eligible* Customer Care Consultants who are rated above satisfactory on the review will receive a two-step pay increase.

(2) Eligible* Customer Care Consultants who are rated satisfactory on their review will receive a one-step pay increase.

* In order to be eligible for the increases provided for in subsections 1 and 2, the Customer Care Consultant must have worked at least 1000 hours in the previous 12 month period. In addition, the Customer Care Consultants who were promoted to that position after October 1 are not eligible for any step increase on April 1. For example, an employee who has promoted from Customer Care Trainee to Customer Care Consultant on October 10, 2009 would not be eligible to receive a step increase on April 1, 2010; the employee would be eligible for a step increase on April 1, 2011 (assuming that the employee had worked at least 1000 hours from April 1, 2009 to April 1, 2010).

(3) Customer Care Consultants who are rated below satisfactory on their review will not receive any step increase, may be required to take remedial training and may be subject to termination. When a Customer Consultant is required to take remedial training he/she will be reevaluated after three (3) months. Customer Care Consultants will not be eligible for step increases at that time, even if their performance is rated satisfactory or above satisfactory. Instead, Customer Care Consultants are required to wait until the next

scheduled annual review cycle before they are eligible for a step increase.

3. Customer Care Specialists —

After the probationary period is complete, Customer Care Specialists will be reviewed annually.

a. Customer Care Specialists who are rated above satisfactory on the annual review will receive a two-step pay increase. Customer Care Specialists who are rated satisfactory on the annual review will receive a one-step pay increase.

b. Customer Care Specialists who are rated below satisfactory on their review will not receive any step increase, may be required to take remedial training and may be subject to termination. When a Customer Care Specialist is required to take remedial training; he/she will be re-evaluated after three (3) months. Customer Care Specialists will not be eligible for step increases at that time, even if their performance is rated satisfactory, or above satisfactory. Instead, Customer Care Specialists are required to wait until the next scheduled annual review cycle before they are eligible for a step increase.

10.4 The parties recognize that relationships between classifications may change over time as the nature of work evolves and changes. As a result of such changes, those relationships should be reviewed periodically to determine if revisions in pay grade assignments are appropriate. The parties agree that assignment of work to particular classifications, evaluation of classifications and resulting pay grade assignments are management prerogatives. The Employer recognizes the Union's interest in maintaining equity among classifications in the bargaining unit. Accordingly, during the life of this Agreement the Union may notify the Director of Employee Services, of its belief that sufficient material changes have occurred in the nature of work assigned to one or more classifications, such that the relationship of that classification(s) to other classes should be reviewed for possible realignment.

10.5 At its sole discretion, the Employer may from time to time elect to establish incentive programs for individuals or groups which may consist of cash or other awards in recognition of improved job performance, improved safety records, innovative ideas that in savings or other benefits, or other similar work-related improvements, provided the Union is informed in writing of any such programs.

10.6 The parties understand that during the life of this Agreement the Employer may, at its option, offer a voluntary severance plan to certain classifications of bargaining unit employees. Such plan would be on terms proposed by the Employer and any decision to accept such a plan would be made on an individual basis by each individual employee. The Union will be notified in writing of any such severance plan. In the event that execution of such a plan required a reorganization or redeployment by the Employer, the Union would have the right to request impact bargaining to the extent provided by law.

10.7 ~~Pagers~~ Electronic Devices

A. At its sole discretion, JEA may provide employees with ~~a pager~~an electronic device. The employee during their normal work shift or when the employee is on standby status must wear and respond to ~~a page~~the electronic device.

B. The employee may use the ~~pager~~ electronic device for personal use, as long as it does not interfere with their assigned work duties.

C. The employee will exercise due caution in the care of the ~~pager~~ electronic device assigned to him/her, and will take appropriate action to protect them from damage or being lost or stolen. If an employee's ~~pager~~ electronic device is lost, stolen, or damaged through negligence of the employee, they will be replaced at the employee's expense.

10.8 Assigned Vehicles

The Union recognizes that AFSCME represented employees may be assigned take home vehicles. Assignment of vehicles is based upon operational needs and is subject to change from time-to-time as needed. Should a vehicle assignment be ended, the employee will be given thirty (30) calendar days' notice.

ARTICLE 11: SUPPLEMENTAL PAY

11.1 For each five (5) years of continuous service with the Employer, (computed from the date of initial employment) an employee shall receive an annual increase in salary of $300.00. This increase shall be in addition to any general or special raises which may be granted from time to time.

11.2 Standby Compensation

A. Any employee who is required by the Employer to be on standby duty will receive standby compensation as provided in this Article.

B. Standby time shall be that time when an employee is required to keep the Employer advised as to his/her whereabouts and be available to report for duty no more than forty-five (45) minutes after such notification.

C. For the purpose of this Article, an employee is on standby if the employee has been directed to carry an Employer furnished electronic paging device or leave a telephone number so the employee can be reached, and the employee must be available to return to work within a reasonable time if called. Employees, who merely carry electronic ~~paging~~ devices and who are not required to be available to return to work within a reasonable time if called, are not on standby.

D. The standard rate of standby compensation shall be twenty-five dollars ($25.00) for each day the employee is on standby. Standby pay shall be paid no later than the end of the first pay period after the pay period in which the standby pay is earned.

E. Any employee who fails to comply with the provisions of Section 11.2 of this Agreement shall not be entitled to standby compensation for that day, and shall be subject to discipline.

F. Employees may arrange substitution of standby duty among themselves, provided the substitution is approved by Management.

11.3 Schedule Premium

A. A one dollar and fifty cents ($1.50) schedule premium shall be paid for all regular hours actually worked on any schedule after 19:00 and prior 07:00 for work days other than Saturday or Sunday,~~.~~ (not including overtime or schedule premium of any type).

B. A two dollars ($2.00) schedule premium shall be paid for all regular hours actually worked on any schedule after 00:00 on Saturday and prior 24:00 on

Saturday and/or after 00:00 on Sunday and prior 24:00 on Sunday (not including overtime or schedule premium of any type). (Cash handling wage supplements stated below are not considered a schedule premium.)

11.4 Upgrade Pay

A. When an employee is qualified for and is required by the Employer to accept the responsibility for work in a higher class or position for at least one (1) hour on continuous duty, unless the employee is assigned to a higher classification for the purpose of on-the-job training for definite advancement purposes, such employee shall be compensated at the minimum of the range of the higher classification or shall receive a 5% increase, whichever is greater, for the time actually worked in the higher class. In no case, however, can the adjusted salary level exceed the maximum rate of the salary range of the higher position. An employee may be temporarily assigned to the work of any position of the same or lower classification without any change in pay. No on-the-job training without out-of-classification pay shall exceed twenty (20) work days.

11.5 Meal Allowance

A. The Employer will provide a meal or meal allowance in the sum of fifteen dollars ($15.00) when an employee is required to work unscheduled overtime, thereby missing a normal meal. Unscheduled overtime shall be defined as notification of less than 12 hours prior to the reporting time for the overtime work. Normal meal times shall be considered as two (2) hours before the scheduled starting time, four (4) hours after the scheduled starting time, and two (2) hours after the scheduled quitting time. Meal allowances shall be paid no later than the end of the first pay period after the pay period in which the meal allowance was earned.

B A meal or meal allowance will be provided under the following conditions:

1. When an employee is called out on unscheduled overtime and required to report to work two (2) hours or more before his/her scheduled starting time for that day and continues work into his/her regular schedule, he/she will qualify for a meal or meal allowance four (4) hours from the time he/she commenced work and additional meals or meal allowance at five (5) hour intervals.

2. When an employee is required to work beyond his/her scheduled quitting time for two (2) hours or more on unscheduled overtime, he/she shall be entitled to a meal

or meal allowance two (2) hours after his/her quitting time and at five (5) hour intervals thereafter if he/she continues to work.

3. If an employee is called out to work unscheduled overtime for a period of more than four (4) consecutive hours and he/she is released prior to the starting time of his/her next regular workday, he/she will qualify for a meal allowance four (4) hours from the time he/she commenced work and at five (5) hour intervals thereafter, if he/she continues to work.

C. When an employee is required to work unscheduled overtime on his/her day off, and at least twelve (12) hours previous notice has been given, the hours worked shall be considered as scheduled overtime. On scheduled overtime, an employee shall provide for his/her mid-day or mid-shift meal.

D. JEA shall permit employees on emergency overtime and shift employees whose duties require them to eat while performing their work, to eat earned meals while on the clock. The time taken for such meals generally shall not exceed thirty (30) minutes. However, the time taken may extend beyond thirty (30) minutes, subject to a supervisor's prior approval.

E. Every reasonable effort will be made to observe the employee's normal meal time.

11.6 In addition to their regular wages customer service employees will receive a five percent (5%) wage supplement for all time spent in a position where they are required to have their own cash drawer. Therefore, at all times this supplement shall be paid, regardless of the day or time which it is worked.

11.7 Bilingual Supplement

A. A supplement of forty-six dollars and fifteen cents ($46.15) per pay period shall be paid to each eligible employee who:

1. Meets the criteria for bilingual skills as determined and verified by JEA Talent Acquisition
2. Acts in the capacity of a Customer Care Consultant Trainee, Customer Care Consultant or Customer Care Specialist
3. Required by JEA to use non-English language skills to interact with customers as part of their assigned duties.

ARTICLE 12: EMPLOYEE BENEFITS

12.1 The Employer agrees to provide comprehensive medical coverage for each employee at no expense to the employee. In addition, the Employer will pay at least fifty percent (50%) of the actual cost of comprehensive medical coverage of eligible dependents. The employee will pay the remaining fifty percent (50%) or less of the actual cost.

12.2 The Employer shall, at no expense to the employee, secure and provide group term life insurance coverage in the amount of one times annual salary, with a double indemnity clause for accidental death and dismemberment for employees covered by this Agreement. It shall further allow the employee, at his/her option to purchase group term life insurance, at the expense of the employee, under the same policy, for one, two, or three times annual salary, with a double indemnity clause for accidental death and dismemberment.

Employees who have retired from classifications in this bargaining unit and who are already covered by the group term life insurance policy may purchase life insurance coverage at the retiree's expense. Employees under age 70, who retire after the effective date of this Agreement, may purchase additional coverage.

12.3 The employer will provide an optional group Dental Health Insurance Program at the employee's expense, through payroll deduction.

12.4 The Employer agrees to provide a payroll deduction process that is to be available to the employees in the bargaining unit for various benefit plans or programs. These plans or programs shall be administered by an "Agent of Record" designated by the Union. The Employer may assess an administrative charge not to exceed six cents per deduction per payroll. The Union agrees to indemnify and hold the Employer harmless against any claims made, and against any lawsuits brought, against the Employer as a result of this payroll deduction process.

12.5 An employee will be reimbursed at the rate stipulated in the Internal Revenue Service Regulations when requested or required to use his/her privately owned vehicle on official business for all miles actually driven but for no more than the usual travel route between assigned destinations. However, no reimbursement will be paid for mileage to a work location when an employee is notified before reporting to his/her usual work location to report to a different work location.

12.6 Personal Property Damage

A. The Employer will repair or replace personal property, including tool boxes, of employees covered by this Agreement that is damaged while on duty, subject to the limitations provided in Sections 12.6 (b) through 12.6

B. The Employer will repair or replace a bargaining unit employee's personal property, if all of the following conditions have been met:

1. The personal property was damaged as a result of the employee's performance of his/her duties;

2. The damage was not the result of the employee's own negligence;

3. The employee reports the damage to the appropriate manager within two (2) working days after the occurrence of the damage on a form provided for this purpose.

C. The Employer reserves the right to determine whether to repair or replace damaged property.

D. The Employer will not repair or replace rings or other jewelry.

E. In no event will the Employer pay more than two hundred fifty dollars ($250.00) to repair or replace any damaged property.

F. When an employee is entitled to payment under this section, the Employer shall make every reasonable effort to reimburse the employee within thirty (30) days of the report of damage.

12.7 The Union recognizes that the Employer has developed a Section 125 I.R.C. Cafeteria Plan for the benefit of employees.

12.8 During any primary or general election, an employee whose hours of work do not allow sufficient time for voting shall be allowed necessary time off with pay for this purpose, provided the employee furnishes proof that he is a registered voter. Where the polls are open two (2) hours before or two (2) after the regular scheduled work period, or when early voting is available, it shall be considered sufficient time for voting.

12.9 Training and Career Ladders

A. The Employer and the Union recognize the importance of training and continuing education programs in the development of career ladders and equitable employment opportunities and agree to a mutual commitment of training and education for employees in this bargaining unit.

B. All Training Bulletins and Calendars pertinent to this Article shall be available to the Union and Employees. The Employer shall place such bulletins and calendars on the JEA intranet.

C. The Employer has established a Continuing Education Program to meet the following objectives:

1. To enable eligible employees to participate in educational self-development programs

2. To encourage employees to acquire knowledge and skills essential to personal/ professional growth

3. To provide a coordinated program; and

4. To encourage employees to increase their value to the organization through education and training

D. JEA Education Reimbursement Program

1. Eligible Employees

a. Civil Service employees who have been continuously employed by JEA since completing their initial probationary period.

b. This definition excludes temporary employees, contract employees and employees in their initial probationary period and employees in provisional status for their initial employment.

2. Courses Eligible for Reimbursement

a. The course must be of value to the Employer and not solely benefit the employee. The requested course or degree contribute to increasing the skills and talents of each Employee in his/her current position or elsewhere in the company or

b. The requested course is required to maintain a certification.

c. Time spent in attending classes or on home study work shall be during the employee's off-duty hours, and the Employee will not be paid for this time, and

d. Employees are not permitted to use any JEA personnel, equipment or supplies for course work.

3. Costs and Reimbursements

a. Tuition reimbursement will be made for class work at a school, or home study work programs pre-approved by the Employer.

b. Reimbursement will be made at the least costly rate if Employees take classes from a more expensive source.

c. Accelerated degree programs yield benefits sooner to JEA and are therefore reimbursable at the least costly rate for identical accelerated courses of study.

d. JEA will pay for registration fees, tuition, laboratory fees, and books required (need to furnish proof) for the course taken. Parking fees and late fees are not reimbursable.

e. JEA will reimburse Employees who earn a "C" grade or better in undergraduate classes, and a "B" or better in graduate classes.

f. When letter grades are not given attendance records or other verification (e.g., a letter attesting to the satisfactory completion of course hours for which the Employee requests reimbursement) shall satisfy the grade requirement.

g. Employees who leave the JEA two years (24 months) or less after receiving tuition reimbursement are required to repay all reimbursement (books and tuition) received during that period.

h. Final determination of the amount of reimbursement to be granted will be made by the Employer.

12.10 Retirement Benefits
[Note: For purpose of aiding understanding of the provisions that follow, pursuant to 2016-2019 contract negotiations the parties negotiated retirement benefit changes in the context of propose reforms to the City of Jacksonville GEPP (General Employees Pension Plan).

A. AFSCME agrees to the proposed closure (to new employees) of the GEPP, with new hires after the effective date being enrolled in a “DC Plan” (defined contribution plan).

B. Participants in that DC Plan will make an eight percent (8%) contribution; JEA will make a twelve percent (12%) contribution.



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C. In the event any other bargaining unit participating in the DC plan (e.g. LIUNA 630, CWA, the Jacksonville Supervisors Association, JSA, IBEW 2358, or AFSCME 429) receives any greater benefits that JEA provides to AFSCME Council 79 (i.e. through contract negotiations, settlement , impasse proceedings, or litigation), then AFSCME shall receive the difference between its DC Plan benefit and that received by the other participating bargaining unit(s).

D. No benefits under the "DC Plan" shall decrease for all active, full time, enrolled unit employees.

E. JEA agrees to contribute to the employee's pension program to the extent required by applicable laws pertaining to the employee's contributory pension program.

F. No benefits under the General Employee Pension Plan ("GEPP"), the City's Defined Benefit retirement plan, shall decrease for all active, full time, enrolled unit employees, including but not limited to the DROP program, disability benefits, COLA increases, survivor benefits, and any other benefits as they exist as of the date of AFSCME's ratification of this CBA.

G. In the event any other bargaining unit participating in the General Employee Pension Plan (e.g. LIUNA 630, CWA, the Jacksonville Supervisors Association, JSA, IBEW 2358 or AFSCME 429) receives any greater pension benefits than JEA presently provides to the AFSCME (i.e., AFSCME shall receive the difference between its pension benefit and that received by the other participating bargaining unit(s).

## ARTICLE 13: INJURY-IN-LINE-OF-DUTY

13. A. Any permanent employee covered by this Agreement who sustains a temporary disability as a result of accidental injury arising out of the course and scope of employment with the Employer shall, in addition to compensation payable pursuant to the Workers Compensation Law of the State of Florida, be entitled to a supplemental benefit under the conditions set out in Section 13.2.

B. The amount of the supplemental benefit payable under this article shall be calculated as follows: the Employer will calculate seventy-five percent of the employee's net take home pay after taxes and social security deductions based upon the employee's regular straight time wages. This amount shall be reduced by the amount of Workers' Compensation indemnity payable to the employee. The remainder is the amount of the supplemental benefit payable to the employee.

13.2 The supplemental benefit provided for in Section 13.1(b) is payable under the following circumstances:

A. During the first twenty (20) working days of such disability, the employee shall receive the supplemental benefit after the employee begins receiving Workers' Compensation indemnity payments.

B. Thereafter, the Employer at its sole discretion, (which discretion shall not be subject to arbitration), grant addition supplemental benefit, but shall not exceed one (1) year.

C. If the employee brings litigation or administrative action under the Worker's Compensation Law while receiving Workers' Compensation supplemented by the benefits herein provided, entitlement to the supplemental benefits shall immediately terminate.

13.3 If an employee, due to an on-the-job injury, is temporarily partially disabled from performing the duties of his classification, he may be temporarily reassigned without reduction in pay for a period not to exceed 90 calendar days, to other duties commensurate with medical and mental fitness, availability of suitable work, and his qualifications for the position. The Employer will make a reasonable effort to temporarily reassign the employee, in accordance with the provisions of this section, provided that failure to do so shall not be the basis for grievance or arbitration.

13.4 A. When an employee who has been on leave of absence or light duty due to a disabling on-the-job injury is released by the employee's treating physician(s) to return to work, the employee shall be returned to the same job if:

1. The employee is capable of doing the job satisfactorily
2. The employee would have retained the job had the employee not been injured, and
3. Such work still exists

B. When an employee who has been on a leave of absence or light duty due to a disabling on-the-job injury is released by the employee's treating physician(s) to return to work, but the employee is not physically or mentally capable of performing his former job, the Employer shall place the employee in a comparable job for which the employee is qualified, provided there is an opening. If there is no opening, the employee shall be offered the best available job for which he is qualified; if necessary, appointing the employee to a lower classification. The employee shall be considered for any job openings for which the employee is qualified that occur within one (1) year after the employee has been reclassified to the lower classification. Refusal on the part of the employee to accept a job for which he is qualified and able to perform may be considered a resignation.

13.5 A. When an employee is off the payroll (not receiving JEA compensation) due to an on-the job injury, JEA will continue to pay life insurance and medical insurance premiums normally paid by JEA, which includes JEA's portion of the dependent medical insurance premiums. The employee is responsible for the optional life insurance premiums and his/her portion of the dependent medical insurance premium. The employee may elect to contribute to the pension fund amount equal to the employee's pension contribution prior to the on-the-job injury.

B. If an employee who is temporarily totally disabled due to an on-the-job injury receives partial wage payments from JEA, JEA will continue to pay the premium noted in subsection (a) above. The optional life insurance premium and the employee's portion of the dependent medical insurance premium and pension contribution will be deducted from his/her partial wage payments.

13.6 Any provisional or probationary employee who is temporarily, totally disabled as a result of an injury received in the course of employment with JEA shall receive the benefits to which he/she is entitled under the Workers' Compensation Laws of the State of Florida and such benefits above legal requirements as JEA may deem reasonable.

## ARTICLE 14: LEAVE USAGE

14.1 Leave Usage (Generic)

A. Employees, when eligible and authorized, may use their annual, or personal leave upon written application to their immediate manager or designee. Approval may be based upon the nature of the request if needed. Extensions may be granted at the option of the manager or designee. The approval of leave and extensions shall not be unreasonably denied.

B. Annual, or personal leave will be charged against an employee's regular workday, and shall not be charged for absences on a prearranged overtime workday, unscheduled call-in overtime days, or holidays.

C. Unscheduled leave

1. Annual or personal leave may be taken for emergency, illness, or injury of the employee or employee's immediate family.

a. Employees are required to notify the appropriate designated individual of the employee's intent to use annual or personal leave for emergency, illness, or injury in the following manner:

(1) Non-shift employees must provide notification to the appropriate designated individual as early as possible as and no later than one-half hour before the start of the employee's normal workday. An employee who has a starting time earlier than the designated individual he/she is to notify, shall notify that individual as soon as possible after the normal starting time for that designated individual.

(2) a. Shift employees must provide notification to the appropriate designated individual no later than one (1) hour prior to the starting time of the employee's shift.

b. Shift employees shall notify the appropriate manager at least four (4) hours in advance of the employee's intent to return to work following an emergency, illness, or injury. However, employees on the day shift need only provide one (1) hour advance notice before returning to work.

b. Employees who fail to notify the appropriate designated individual as required by Aticle.14.1(c) (1) (A) may not be allowed to charge their absence to annual or personal leave unless waived by the manager or designee.

c. Absences for illness under annual or personal leave conditions may be subject to investigation. (This section is not intended to require an employee to provide a physician's certified statement of illness after each absence. It is intended to correct suspected abuse of annual or personal leave for illness.) An employee will be counseled whenever a pattern clearly develops where an employee is abusing leave.

d. Employees failing to comply with the provisions of Section 14.1 will be subject to disciplinary action. Authorized use of leave shall not be grounds for disciplinary action.

D. Scheduled leave

1. In order to insure the health and welfare of the employee, JEA encourages employees to take a minimum of ten (10) days annual leave per contract year. Employees are encouraged to retain eighty (80) hours in their leave account in case of serious personal illness.

2.

a. Accrued annual or personal leave may be taken at any time when authorized.

b. Scheduling for the primary vacation period will be accomplished on a seniority basis, with full-time Civil Service employees taking precedence, in a classification within a cost center or group of cost centers for the first request only provided that the request is submitted between January 2 and January 31 and is subject to JEA's exclusive authority to determine the number of employees in any given classification, shift, crew, section, or office who may be on leave at the same time. Where possible, employees shall have access to the days to choose from when selecting days for leave. Denial of requested leave must be substantiated on the basis that granting of such leave would unduly increase the cost of operations and/or would otherwise be detrimental to the efficient operations of the system. Once the primary vacation periods have been scheduled, additional leave authorizations may be made as in 14.1(d) (2) (c.) below. The primary leave schedule will be posted by February 15, for the period of April 1 through March 31.

c. In scheduling annual or personal leave, full-time Civil Service employees with seniority in a classification, a shift, a crew, a section, or an office shall be given first preference; provided, however, that such preference shall be subject to JEA's exclusive authority to determine the number of employees in any given classification, shift, crew, section, or office who may be on leave at the same time. Secondary vacation (leave) request(s) may be submitted from February 15th through March 15th and will be posted by March 31st. Employees will be allowed to submit as many as 25 days as long as the employee has or will have accrued leave available. An employee will not be allowed to cancel leave without the approval of the designated individual. Any additional request(s) after March 31 will be scheduled on a first come-first served basis. Denial of requested leave must be substantiated on the basis that granting of such leave would unduly increase the cost of operations and/or work otherwise be detrimental to the efficient operations of the system.

(1) All employees will be given the opportunity to change their vacations during the primary vacation and secondary vacation periods, as outlined in the AFSCME contract. However, once the employee has made their original selection and later wants to make a modification/change to their vacation date(s), this employee will be placed next in line and allowed to pick from the available dates remaining at the time.

(2) When an employee is out during the vacation pick period, they will be allowed to select from the periods that were available at the time their seniority allowed. The selection process will continue as scheduled. JEA will consider exceptions to the number of employees allowed off in this situation, if necessary.

3. JEA employees may split their annual or personal leave in any manner desired and approved by their manager or his/her designee. The splitting of leave must be consistent with the operational requirements of the system.

4. Requests for leave of less than five (5) consecutive days must be submitted at least twenty-four (24) hours in advance unless the leave is for illness or emergency

E. 1. The minimum amount of annual or personal leave to be taken and charged shall be in one-half (1/2) hour increments.

2. Employees shall be charged for their normal hours worked, respectively, for a day off.

F. If a legal holiday falls within a scheduled annual or personal, leave period, annual or personal leave shall not be charged for that day. When a scheduled overtime day, for rotating shift workers falls within a scheduled annual or personal leave period, annual or personal leave shall not be charged nor overtime paid for that day.

G. Once leave has been approved, the employee shall take the leave unless that employee's request to cancel is approved by the appropriate designated individual.

H. Notwithstanding any other provision of this Agreement, JEA shall have the unilateral right to alter annual or personal leave schedules for proper cause or emergencies that might occur. In such cases, the employee will be reimbursed for any costs forfeited due to cancellation of reservations, excess travel, etc., provided action is taken by the employee to minimize the forfeited cost, and provided further that satisfactory documentation of the employee's payment of forfeited costs is furnished to JEA.

I. Upon written request, and with at least thirty (30) days advance notice, an employee taking at least two (2) weeks or more of authorized paid annual personal leave may have the amount of compensation due for the requested annual leave period advanced to him/her on the last regular payday prior to the beginning of the paid annual leave.

J. 1. An eligible employee who is out of work because of an on-the-job injury may use annual leave, personal leave and/or compensatory time to remain on the payroll, under the conditions established in this section.

2. In order to be eligible to use accrued leave for this purpose the employee must meet all of the following eligibility requirements:

a. The employee is away from work due to an on-the-job injury;

b. The employee is either receiving workers' compensation payments or has exhausted the allowable period of workers' compensation;

c. The employee provides the employer with a written request to use his/her accrued leave to remain on the payroll.

3. When employees are eligible to use accrued leave for this purpose, the amount of annual leave or personal leave or compensatory time so charged shall be the minimum amount in one-half of an hour increments to equal the difference between the employee's regular pay and the amount that the employee is receiving from workers' compensation and workers' compensation supplement.

4. If the employee receives only partial salary or wage payment, the normal required employee pension contribution shall be deducted from the employee's partial salary or wage payment and the employee shall continue to receive full retirement credit for the period during which workers' compensation payments are received.

14.2 Annual and Retirement Leave Usage

A. If an employee has exhausted all of the accrued, unused annual leave, and then said employee suffers an illness which requires time off, then said employee shall be allowed to use the credited retirement leave for the purpose of illness only.

B. If an employee, due to an extended, continuous illness, requires eighty (80) hours or more for such illness, then such leave, may at the employee's option be deducted from the retirement leave account of such employee.

14.3 Leave Donation and Forfeiture

A. Employees may forfeit annual leave, personal leave, and retirement leave (but not compensatory leave) to regular, full-time JEA employees who are critically ill, critically injured, or require an extended leave of absence for medical reasons. Employees may donate annual, personal, and retirement leave but not compensatory leave, to the United Way.

B. Forfeitures to critically ill or critically injured employees or employees who require an extended leave of absence for medical reasons shall be subject to the following requirements:

1. The critically ill or critically injured employee and employees who require an extended medical leave of absence must submit a statement of need to the Director of Employee Services or his/her designee. The employee who requires an extended medical leave of absence must include a physician's statement documenting the need for an extended medical leave of absence. The Director of Employee Services or his/her designee shall determine the employee's eligibility to receive leave donations in accordance with the provisions of this Section 14.03.

2. Forfeitures may not be made in respect of an ordinary illness, but rather may be made only in respect of a serious or major illness, hospitalization of five (5) days or more, or a medical leave of absence of ten (10) days or more.

3. The employee forfeiting the leave must complete the appropriate form and submit it to the Employee Services.

4. The employee receiving the forfeited leave must have exhausted all other available leave, and may receive only enough donated leave to cover the period of the absence. Upon returning to work, the employee receiving the forfeited leave may have a positive leave balance of up to twenty four (24) hours as a result of any donation(s).

C. Donations or forfeitures of leave under this Section 14.3 shall be accounted for according to the dollar value of the leave, to be determined by multiplying the number of hours donated or forfeited by the hourly rate of the employee donating or forfeiting the leave.

## ARTICLE 15: ANNUAL LEAVE (PLAN E)

15.1 This article shall apply to all permanent, probationary, and provisional employees of the following categories:

- Employees hired on or after October 1, 1968, and before October 1, 1987;
- Employees hired prior to October 1, 1968, but chose not to remain subject to former sick leave and terminal leave policies in April, 1969;
- Employees hired prior to October 1, 1968, who chose on or before December 15, 1979, to become subject to this provision.

15.2 Employees shall accrue annual leave with pay according to the following schedule on a bi-weekly basis:

A.

| YEARS OF SERVICE | HOURS PER YEAR |
|---|---|
| Upon completion of 0 months thru 4 years | 160 |
| Upon completion of 4 years thru 9 years | 184 |
| Upon completion of 9 years thru 14 years | 208 |
| Upon completion of 14 years thru 19 years | 232 |
| Upon completion of 19 years thru 24 years | 256 |
| Upon completion of 24 years or more | 280 |

B. Annual leave will accrue bi-weekly to the credit of the employee, at the rate stated above and shall be credited on the last day of the pay period. In order to receive full credit, the employee must work a full schedule or be on approved leave with pay. The accrual will be reduced pro rata for hours on leave without pay.

C. The rate of accrual shall change to the higher rate on the anniversary day or adjusted date of employment.

D. Annual leave shall be earned during the first year of employment.

15.3 Annual leave shall accrue to a maximum of 960 hours. The Employer will compensate the employee on an hour-for-hour basis for any accrued amount over nine hundred sixty (960) hours as of September 30th each year. These payments will be made on the second payday in November, at the September 30th rate of pay.

A. Beginning with leave earned during the fiscal year, an employee who does not use all of their Annual Leave accrued in a fiscal year, may be paid the difference between the amount used and the amount accrued for that fiscal year on an hour-for-hour basis.

B. To receive such payment, the employee must make an irrevocable election in the fiscal year preceding the fiscal year in which the leave is accrued.

C. This payment is not available to an employee who would have less than eighty (80) hours of annual leave remaining after such payment. Such payments will be made no later than the first payday in December at the September 30th rate of pay.

15.4 For the purpose of this Article, retirement is defined pursuant to Ordinance provisions of the pension program of the City. Vesting is considered as retirement. Upon retirement, the employees' annual leave account and retirement leave account shall be used or paid on an hour-for-hour basis, up to maximum of nine-hundred sixty (960) hours in each account under the following provision:

A. Retirement leave may be taken either immediately prior to desire eligible retirement date, which leave may be used for the fulfillment of time service requirements; or retirement leave may be taken following fulfillment of time service requirements.

B. Employee on retirement leave shall be maintained on the regular payroll, thereby continuing to avail the employee of payroll deductions, pension contributions and insurance deductions.

C. Upon placement on retirement leave, such status shall be considered irrevocable.

D. While on retirement leave, an employee shall not accrue annual leave, but shall be eligible for legal holidays; and any general salary increases, but not performance/step increases.

E. At the employee's option, retirement leave may either be taken, or paid for in one lump sum on an hour-for-hour basis.

F. If an employee terminates prior to retirement as defined in the Annual Leave Ordinance, said employee shall be paid for any retirement leave credited, on the basis of one (1) hour's pay for every two (2) hours of said retirement leave credited.

15.5 Upon termination, which includes resignation and discharge not for cause, the employee shall be paid for all unused annual leave credits on an hour-for-hour basis. However, employees who are discharged for stealing, sabotage, or illegal possession or use of drugs, may forfeit pay for their unused accrued annual leave earned during the contract year.

15.6 When an employee is placed on retirement leave, the lump sum payment for the annual leave shall be paid at the beginning of the retirement leave.

15.7 Upon the death of an employee, the employee's next of kin or estate, as determined in accordance with law, shall be paid for all accrued personal and retirement leave on the basis of hour for hour in said accounts.

## ARTICLE 16: ANNUAL LEAVE (PLAN H)

16.1 This article shall apply to all permanent, probationary, and provisional employees hired on or after October 1, 1987

16.2 Employees shall accrue personal leave with pay for all straight time hours worked according to the following schedule on a bi-weekly basis:

A.

| YEARS OF SERVICE | HOURS PER YEAR |
|---|---|
| Upon completion of 0 months thru 4 years | 160 |
| Upon completion of 4 years thru 9 years | 184 |
| Upon completion of 9 years thru 14 years | 208 |
| Upon completion of 14 years thru 19 years | 232 |
| Upon completion of 19 years thru 24 years | 256 |
| Upon completion of 24 years or more | 280 |

B. Annual leave will accrue to the credit of the employee, at the rate stated above and shall be credited on the last day of the pay period. In order to receive full credit, the employee must work a full schedule or be on approved leave with pay. The accrual will be reduced pro rata for hours on leave without pay.

C. The rate of accrual shall change to the higher rate on the anniversary day or adjusted date of employment.

D. Annual leave shall be earned during the first year of employment.

16.3 Annual leave shall accrue to a maximum of 480 hours. The employer will compensate the employee on an hour-for-hour basis for any accrued amount over four hundred eighty (480) hours as of September 30th each year. These payments will be made on the second payday in November, at September 30th rate of pay.

A. Beginning with leave earned during the fiscal year, an employee who does not use all of their annual leave accrued in a fiscal year, may be paid the difference between the amount used and the amount accrued for that fiscal year on an hour-for-hour basis.

B. To receive such payment, the employee must make an irrevocable election in the fiscal year preceding the fiscal year in which the leave is accrued.

C. This payment is not available to an employee who would have less than eighty (80) hours of annual leave remaining after such payment. Such payments will be made no later than the first payday in December at the September 30th rate of pay.

D. Beginning with leave earned during the fiscal year, an employee who does not use all of their annual leave accrued in a fiscal year, may be paid the difference between the amount used and the amount accrued for that fiscal year on an hour-for-hour basis.

E. Upon termination of an employee for other than retirement, which includes resignation or discharge not for cause the employee shall be paid 100% of their unused annual leave accrued on an hour-for-hour basis.

F. Employees, who are discharged for stealing, sabotage, or illegal possession or use of drugs, shall forfeit their unused personal leave accrued during the contract year.

16.4 A. When an employee who has been on a leave of absence or light duty due to a disabling on-the-job injury is released by his/her treating physician(s) to return to work, the employee shall be returned to the same job if:

1. The employee is capable of satisfactorily performing the job

2. The employee would have retained the job had he/she not been injured, and

3. The job still exists

~~A.~~B. When an employee who has been on a leave of absence or light duty due to a disabling on-the-job injury is released by his/her treating physician(s) to return to work, but the employee is not physically or mentally capable of performing his/her former job, JEA shall place the employee in a comparable job for which the employee is qualified provided there is an opening. If there is no opening, the employee shall be offered the best job for which he/she is qualified, if necessary reclassifying the employee to a lower classification. In that event, the employee shall be considered for any job openings for which the employee is qualified that occur within one (1) year after the employee has been reclassified to the lower classification. Refusal on the part of the employee to accept a job for which he/she is qualified and able to perform may be considered a resignation.

## ARTICLE 17: OTHER LEAVES

17.1 Jury Duty

Any employee in the bargaining unit who is required to perform jury service during his/her normal working hours in any court shall be paid his/her regular salary for the time spent in jury service. The employee summoned as a juror shall notify his/her manager of the need to take leave for jury service as soon as the employee receives a summons for jury service. Notification shall be by memorandum (in duplicate) with a copy of the summons attached. An employee who is released from jury service prior to four (4) hours from the scheduled end of his/her work day, shall be required to report to his/her work site within one and one-half (1-1/2) hours after release from jury service.

17.2 Witness Service

Any employee, who is called to testify while off duty in any court proceeding as a result of his or her normal JEA duties, shall be entitled to compensation for all hours on such special duty. The employee will be compensated for these special duty hours at the appropriate rate. The employee will be compensated for a minimum of four (4) hours.

17.3 Bereavement Leave

A. Upon notification of the death of an immediate family member, an employee may be granted the day or remainder of the day, if at work, off without loss of pay and may be granted an additional three (3) work days within the next eight (8) working days off without loss of pay, as Bereavement Leave. Working days are defined as Monday through Friday.

B. For the purpose of this Agreement immediate family is defined as spouse, children, stepchildren, parents, step-parents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparents, grandchildren, aunts, uncles, nieces, nephews, spouse's grandparents, individuals for which the employee is designated as acting *in loco parentis* (as interpreted under the FMLA), and relatives who permanently reside with the employee.

C. If an employee requires additional time to attend matters related to the death of a family member of the employee's immediate family, the employer will permit the employee to use a reasonable period annual/personal leave time.

D. Should an employee be on vacation at the time of death, the three (3) working days that normally would be granted as bereavement leave shall be charged as bereavement leave instead of annual/personal leave.

E. Employees covered by this Agreement shall be granted up to four (4) hours leave, without loss of pay, to either attend or serve as an active pallbearer at the funeral of a co-worker from the same department (active or retired), unless the employee is required to work to maintain system integrity.

17.4 Military Leave

Leaves of absence and re-employment rights of employees inducted into the military service shall be as described under the Uniformed Services Employment and Re-employment Rights Act (USERRA) of 1994 and Chapter 115, Florida Statutes.

A. Training

1. Employees who are members of the National Guard, or organized military reserves of the United States, who are ordered to attend an annual training period shall, upon presentation of their official orders or appropriate military certification, be granted not more than two hundred forty (240) hours with pay to attend such training period, in one (1) calendar year (January – December) in accordance with the official orders to active duty for training, including travel time authorized by such orders. The training leave shall not be deducted from annual/personal leave or in any other way that may result in privileges or compensation to said employee. Employees are responsible to notify their manager as soon as possible of the dates for the training period and provide a competent set of orders.

2. Employees who are members of the reserve components mentioned above and are required to attend regularly scheduled training assemblies throughout the year may, upon due notice request, apply for annual/personal leave to attend the military training assemblies when they are scheduled to be on duty. Employees who request time off for this purpose are responsible to advise their manager at the earliest possible time of the dates when they are scheduled for the training assemblies which conflict with their normal schedule.

B. Military Duty

An employee who volunteers or is inducted into the Armed Services shall be granted a leave of absence without pay beginning with the date of induction and ending upon return to duty with JEA or one (1) year after his/her date of separation from military service or hospitalization continuing after discharge, whichever occurs last. Leave of absence for military purposes shall be filed in the employee's personal file.

## ARTICLE 18: HOLIDAYS

18.1 Employees in the bargaining unit shall be entitled to twelve (12) holidays with pay each year as follows:

| Date | Event |
|---|---|
| January First (1st) | (New Year's Day) |
| Third Monday in January | (Martin Luther King's Birthday) |
| Third Monday in February | (Presidents Day) |
| Last Monday in May | (Memorial Day) |
| July Fourth (4th) | (Independence Day) |
| First Monday in September | (Labor Day) |
| November Eleventh (11th) | (Veterans Day) |
| Fourth Thursday in November | (Thanksgiving) |
| Friday After Thanksgiving | |
| December Twenty-Fourth (24th) | (Christmas Eve) |
| December Twenty-Fifth (25th) | (Christmas Day) |
| Special Leave Day* | |

*The Special Leave Day shall be arranged so as to be mutually convenient to both the employee and the Employer.

18.2 For non-shift workers, when a holiday falls on Saturday, the Friday prior thereto shall be considered the holiday, and when a holiday falls on Sunday, the Monday following shall be considered a holiday. If either Christmas Eve or Christmas Day falls on a Saturday or Sunday, the provisions in the City of Jacksonville Ordinance Code shall apply. When a holiday falls on a normal day off, another work day within the same calendar week as the holiday shall be designated as the holiday. When the holiday falls on a normal day off that is midway between work days, the next scheduled work day will be the holiday.

18.3 Shift workers will observe all holidays on the dates they occur. Provided, however, that any shift employee who has been temporarily assigned to a non-shift schedule for a period of at least one (1) week will observe holidays in the manner provided for non-shift employees (as set forth in Article 18.2) for any holiday that occurs during the period of such assignment.

18.4 Employees shall be compensated for holidays at their respective rates of pay for the number of hours they would have ordinarily worked on the holiday. Should a holiday fall or be observed on a regular work day that is less than 8 hours, the holiday will be observed as an eight (8) hour straight time holiday.

18.5 When an employee is required to work on a day observed as his/her holiday, the employee shall be compensated normal work day hours straight time pay, dependent on work day assignment, as holiday pay. In addition, the employee shall receive one and one half (1 ½) times his/her straight time hourly rate for all hours worked up normal work day assignment and two and one-half (2 ½) times his straight time hourly rate for all hours worked on the holiday over normal work day assignment.

18.6 The Special Leave Day may be taken on any date during the budget year by mutual agreement of the employee and the manager. The Special Leave Day shall not apply until the employee has completed probation or after they have completed six month of employment whichever occurs first. Approval of the Special Leave Day shall not be unreasonably withheld. Failure of the employee to take the Special Leave Day during the fiscal year shall result in the payment of eight (8) hours regular pay at the end of the fiscal year.

ARTICLE 19: JOB POSTING/INTERNAL RECRUITING

19.1 Whenever a civil service job opening occurs that the Employer intends to fill by examination, the Employer shall publish notice of the examination schedule on all appropriate bulletin boards in accordance with Civil Service and Personnel Rules & Regulations.

19.2 Employees, who wish to apply for the examination, including eligible employees covered by Schedule B of this Agreement, must do so in writing within the period provided above.

19.3 The Employer may assign or reassign employees to temporarily fill job openings. These temporary assignments shall be considered as training assignments by which an employee may obtain experience that will enable him/her to qualify for future promotion.

19.4 Internal Recruitment

Employees in Bargaining Unit 79 shall be eligible for internal recruitment if they have worked a minimum of 1040 hours in the 12-month period immediately preceding the examination date.

ARTICLE 20: SAFETY AND HEALTH

20.1 The Employer agrees that it will conform to and comply with safety, health, sanitation, and working conditions properly required by federal, state and local law. The Employer and the Union will cooperate in the continuing objective of eliminating safety and health hazards due to unsafe working conditions and inadequate restroom facilities where they are shown to exist.

20.2 The Employer will provide protective devices, wearing apparel, and other equipment necessary to protect employees from injury, in accordance with established safety practices. Such practices may be improved from time to time by the Employer's in-house safety representatives. The Union may submit safety recommendations from time to time. When protective devices, apparel, and equipment are provided, they must be used. The Union agrees that willful neglect and failure by the employee to obey safety regulations and to use safety devices shall be just cause for disciplinary action.

20.3 Safety Shoes

A. Employees who are newly hired or who transfer for the first time into a job whose duties require safety shoes will be provided two pair of safety shoes in their first year in the applicable job.

B. The Employer will provide one replacement pair of safety shoes to each employee whose job duties require their use and who return the pair needing replacing (as determined by management).

C. Those employees will be required to wear safety shoes when assigned duties requiring their use.

20.4 Fitness for Duty Evaluation

JEA, for proper cause, has the right to require any employee to undergo a medical and/or psychiatric examination by a JEA assigned physician at any time to ascertain whether or not an employee is physically and/or mentally capable of performing the duties required of his/her classification. This examination will be conducted on JEA time and at JEA expense. If the employee does not agree with the results of the medical and/or psychiatric examination, the employee has the right to request a second opinion. If any employee requests a second opinion, the JEA shall provide the employee with a list of three physicians who may be consulted for a second opinion, and the employee shall select a physician from that list. The cost of obtaining the second opinion will be paid by the employee.

ARTICLE 21: COMPREHENSIVE DRUG/ALCOHOL ABUSE POLICY AND PROCEDURES

PRELUDE

JEA and the Union agree that education and communication about the Employee Assistance Program (EAP) is a very important tool toward having a drug free work force. JEA will see that information about the EAP is available for employees and their families. It should be every employee's goal to help those co-workers, whom they know have some type of problem with substance abuse, to seek help through the EAP.

21.1 Definitions

A. "Drug abuse" means:

1. The use of any controlled substance as defined in Section 893.03, Florida Statutes, as amended not pursuant to a lawful prescription. A "lawful prescription" is defined as a prescription issued in the name of the employee by a licensed health care practitioner in full compliance with the practitioner's practice act.

2. The commission of any act prohibited by Chapter 893, Florida Statutes

3. Abusing a lawful prescription

4. Substituting or adulterating any specimen during a drug test

5. Refusing to submit to a drug test

6. Drug test with positive results

B. "Illegal drug" means any controlled substance as defined in Section 893.03, Florida Statutes, not possessed or taken in accordance with a lawful prescription.

C. "Department of Health and Human Services (HHS) Mandatory Guidelines for Federal Workplace Drug Testing Programs" (the HHS Guidelines) means those guidelines as printed in the June 9,1994, Federal Register (59 FR 29908), and as amended from time to time.

D. "Reasonable belief" means an opinion which a reasonably prudent person would form based on observation and information from reliable and credible sources. Observation includes, but is not limited to, sensory facts (what a person saw, heard, smelled, tasted, or touched). Objective factors that should be taken into consideration in determining reasonable belief are:

1. The nature of the information

2. The reliability of the person or source providing the information

3. The extent of any confirmation; and

4. Any other factors contributing to the belief or the lack thereof

Not all of these factors must exist to find reasonable belief, but all must be examined.

E. "Alcohol" means ethyl alcohol (ethanol). References to use of alcohol include use of a beverage, mixture, or preparation containing ethyl alcohol.

F. "Alcohol Abuse" means:

1. Using or being under the influence of alcohol or alcoholic beverages on the job

2. Substituting or adulterating any specimen during an alcohol test

3. Refusing to submit to an alcohol test

4. Alcohol test with positive results

21.2 Circumstances When Testing May Be Required

JEA may require an employee to submit to drug and/or alcohol testing under any of the following circumstances:

A. Whenever two (2) managerial/supervisory employees concur that there is a reasonable belief that an employee is using, under the influence of, or in possession of illegal drugs and/or alcohol while on duty, or that the employee is abusing illegal drugs and/or alcohol and the abuse either adversely affects his job performance or represents a threat to the safety of the employee, his co-workers, or the public and the reasons for such concurrence have been stated to a Union representative.

1. Whenever an employee is involved in an accident involving personal injury or property damage which could result in liability to JEA, loss or

damage to JEA property, or involving a personal injury that requires treatment beyond first aid (i.e. OSHA Recordable) , urine specimens will be collected from all employees directly involved in the accident and stored for future testing. For purposes of this provision, an employee is considered directly involved in the accident if the employee was in a position or situation where his/her action or inaction could cause, contribute to, contribute after ~~(squeals)~~ (sequelae)or impact on the accident which includes any injuries (regardless of whether the employee was at the location of the accident). If the accident/damage investigation reveals that employee negligence was a cause, the negligent employee's(s') specimen(s) will be tested. All samples not tested will be destroyed within ten (10) calendar days of the accident/damage investigation team report or within twenty (20) calendar days of the accident if no investigation is held. The accident/damage investigation team shall include a Union executive board member or designee.

2. The employee will also be subject to an alcohol breathalyzer test.

B. Whenever an employee in a safety sensitive classification (including CDL) is involved in a vehicular accident that results in a fatality; or the employee receives a citation moving traffic violation and the accident involved bodily injury requiring medical treatment away from the scene; or one or more vehicles are damaged and disabled requiring towing away from the scene, the employee will be tested for drugs and alcohol.

C. Any time within one (1) year after an employee has voluntarily admitted a substance problem during the amnesty period or tested positive for the presence of illegal drugs taken from a lawful prescription issued to the employee's spouse or family member permanently residing with the employee and/or alcohol or one (1) year after completing initial rehabilitation, whichever is later. (The rehabilitation counselor shall direct a letter to both JEA and to the employee establishing the date on which rehabilitation was completed.)

D. ~~All employees may be tested annually based on the following conditions:~~

~~1. Employees will be given a minimum of thirty (30) days written notice, by the Vice President, Director, or Manager or designee of the week in which testing will occur. If an employee is transferred after receiving notice, the initial notice shall determine the date and site of testing.~~

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~~2. The test will be given any time during the week of testing on the employee's normal workday with no additional notice.~~

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~~3. If an employee is absent during the week specified for testing, the employee will be tested at any time within ten (10) work days of the employee's return to work, without prior notice.~~

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~~4. If, after notice is given, the test is canceled, the employees will be given written notice of the cancellation and the reason therefore. In that instance, another thirty (30) day written notice will be given when the test is rescheduled. The annual test can be canceled and rescheduled one (1) time each year pursuant to this subparagraph.~~

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~~5. Employees who are subject to testing, under, and (g) 21.2(e), (f), (g) below shall not be subject to testing under this subparagraph (e).~~

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~~F~~D. As required by the Federal Highway Administration (FHWA) Controlled Substances & Alcohol Use & Testing Program, 49 CFR 382, et seq. (This federal regulation, also known as "CDL Testing", requires testing for alcohol as well as for controlled substances.)

~~G~~E. Upon completion of the JEA State Certified Apprenticeship Program, prior to promotion to a State Certified journeyman classification.

~~H~~F. As part of a random drug and alcohol testing program applicable to employees in safety sensitive positions. Management's designation of a position as "safety sensitive" shall be subject to appeal to the Vice President Employee Services or designee, whose decision may be subject to arbitration. An employee who disputes the safety sensitive designation of his position shall be required to submit a sample in accordance with testing procedures but the results of the test shall be sealed until the dispute has been resolved.

~~I~~G. In determining a position to be "safety sensitive", consideration will be given to "safety sensitive", as defined in Section 112.0455(5) (m) and 440.102(1) (o), Florida Statutes.

21.3 Testing Procedures

A. Drug

Whenever an employee is required to provide a urine specimen for these testing procedures, the specimen will be divided into two samples at the time of collection in order to facilitate the testing procedures described in this section. The collection facility and the Substance Abuse and Mental Health Services Administration (SAMHSA) certified tester shall follow specimen collection and testing procedures consistent with the HHS Guidelines, except as specifically amended herein.

The threshold level or cut-off limit and substances shall be as set forth below or as established by HHS and/or SAMHSA. The following levels have been established as of the effective date of this Agreement. However, the levels established by HHS and/or SAMHSA which are in effect as of the date of any given test shall govern. ~~Provided, however, that in the case of the annual test provided for in 21.2 (d) above, the Union shall be given prior written notice of any change in established levels prior to issuance of the written notice of the test. If the written notice of annual testing was issued prior to the Union being notified, the affected employees shall be given another thirty (30) day written notice of such test.~~

| * SCREENING THRESHOLDS URINE | | | |
|---|---|---|---|
| INITIAL TEST ANALYTE | INITIAL TEST CUTOFF CONCENTRATION (NG/ML) | CONFIRMATORY TEST ANALYTE | CONFIRMATORY TEST CUTOFF CONCENTRATION (NG/ML) |
| MARIJUANA METABOLITES | 50 | THCA | 15 |
| COCAINE METABOLITES | 150 | BENZOYLECGONINE | 100 |
| OPIATE METABOLITES CODEINE/MORPHINE | 2000* | CODEINE<br>MORPHINE | 2000<br>2000 |
| 6-ACETYLMORPHINE | 10 | 6-ACETYLMORPHINE | 10 |
| PHENCYCLIDINE | 25 | PHENCYCLIDINE | 25 |
| AMPHETAMINES | 500 | AMPHETAMINE<br>METHAMPHETAMINE | 250<br>250 |
| MDMA | 500 | MDMA<br>MDA<br>MDEA | 250<br>250<br>250 |

* The confirmation test will also include a test for 6-monacety/morphine (MAM)

The SAMHSA certified tester shall utilize the following procedures to the extent that they are not inconsistent with the HHS Guidelines:

1. The SAMHSA certified tester shall submit the first of the samples to an immunochemical assay or radioimmunoassay test. If the results of this test are negative, no further testing will be required and all collected specimens will be disposed.

2. If the results of the initial test provided for in Section 21.3 (a) (1) are positive, the SAMHSA certified tester will submit the same sample for further testing using the gas chromatography/mass spectrometry (GC/MS) method to verify the initial test results. JEA will not be notified about the initial positive result until it has been confirmed as provided for in this section.

3. If the specimen provided is unsuitable for testing due to no fault of the employee being tested, or if the chain of custody is violated, the employee will be advised of those circumstances and will be requested to provide another specimen for testing. In the case of the annual test provided for in Section 21.2 (d), no advance notice of the test will be provided. Provided the employee was not at fault, an additional specimen will be requested not more than one (1) additional time because of chain of custody violations.

   Should the employee provide specimen which is unsuitable for testing a third consecutive time, the employee will be subject to providing a blood sample.

4. Specimens that are adulterated or substituted will be reported as a "refusal to test," and the employee will not be offered the opportunity for a test of the second sample as provided for in (4) below. If the results of the confirmation test provided for in Section 21.3 (a) (2) are positive, as confirmed by a qualified (HHS Guidelines) medical review officer (MRO), the HHS Guidelines shall be followed for confirmation and notification of the employee and JEA. At that time, the employee may elect to have the second sample subjected to further testing by a SAMHSA certified tester at the employee's expense. If the second sample tests negative, JEA will reimburse the employee for the cost of the test. If the tests on the second sample are positive, or if the employee does not request testing of the second sample, JEA may take appropriate action in accordance with this article.

B. Alcohol

In testing for the present of alcohol, the JEA shall utilize a generally accepted blood test procedure or breathalyzer that provides quantitative results showing the amount of alcohol present in the blood.

The threshold level or cut-off limit shall be as set forth below or as established by HHS and/or SAMHSA and/or by Florida Statute. The following levels have been established as of the effective date of this Agreement. However, the levels established by HHS and/or SAMHSA and/or by Florida Statute which are in effect as of the date of any given test shall govern.

Breath or Blood Alcohol Threshold Levels
HHS and/or SAMHSA
0.020 to 0.039
0.040 to 0.079
0.08 and above
Florida Statute
>0.05 to 0.079
0.08 and above

C. Random Testing ~~Procedures~~ Protocol

~~Applicable to Safety Sensitive Random Testing:~~

1. Management will administer random drug tests up to 50% of all employees who are designated as safety sensitive or CDL each year. (The “50%” can be rounded up to include the nearest “whole” person.)

2. Management will administer random alcohol tests up to 10% of all employees who are designated as safety sensitive or CDL each year. (The “10%” can be rounded up to include the nearest “whole” person.)

3. The drug and alcohol threshold levels and procedures applicable to CDL random testing shall apply to safety sensitive random testing.

4. Employees who are subject to CDL random testing shall not be subject to safety sensitive random testing.

~~B. Alcohol~~

~~In testing for the present of alcohol, the JEA shall utilize a generally accepted blood test procedure or breathalyzer that provides quantitative results showing the amount of alcohol present in the blood.~~

~~The threshold level or cut-off limit shall be as set forth below or as established by HHS and/or SAMHSA and/or by Florida Statute. The following levels have been established as of the effective date of this Agreement. However, the levels established by HHS and/or SAMHSA and/or by Florida Statute which are in effect as of the date of any given test shall govern.~~

~~Breath or Blood Alcohol Threshold Levels~~
~~HHS and/or SAMHSA~~

~~0.020 to 0.039~~
~~0.040 to 0.079~~
~~0.08 and above~~
~~Florida Statute~~
~~>0.05 to 0.079~~
~~0.08 and above~~

21.4 Disciplinary Action

A. Drug Abuse shall subject the employee to the following discipline:

1. Any employee who uses a controlled substance pursuant to a prescription lawfully issued to a member of the employee's family or household, or to a person residing with the employee shall be given a single last chance notice – provided the prescription was taken for the employee's bona fide medical condition. Subsequent violations of the policy shall result in immediate termination.

2. Drug abuse, other than described in (1) shall result in immediate termination.

B. Alcohol Abuse shall subject the employee to the following discipline:

1. If an employee tests positive for a breath or blood alcohol level equal to or greater than 0.04 but less than or equal to 0.05, the employee will be given a letter of "Required Action and Consequences of Noncompliance" considered discipline. A second positive test in level described above will result in a Last Chance Notice and a third positive will result in termination.

2. If an employee tests positive for a breath or blood alcohol level in excess of 0.05, but less than 0.08, and there is no other competent evidence of impairment, the employee will be given a Last Change Notice. Any subsequent positive test producing a breath or blood alcohol level in excess of 0.05 will result in the employee being terminated from employment.

3. If an employee tests positive for a breath or blood alcohol level in excess of 0.05 but less than 0.08 and there is other competent evidence of impairment, the employee will be terminated from employment.

4. If an employee tests positive for a breath or blood alcohol level at 0.08 or higher, the employee will be terminated from employment.

C. Any employee who refuses to submit to substance abuse or alcohol testing (including adulterating or substituting a sample) as required by this article or a refusal to sign an authorization for the release of the records of such testing shall be considered as a refusal to submit to a drug or alcohol test and shall be subject to termination from employment.

D. Taking any lawful prescription, which has the potential to affect the employee's physical or mental capacity, without notifying the appropriate manager prior to commencing work, shall be treated as a safety violation subject to discipline.

21.5 Rehabilitative/Corrective Action

Amnesty

A. Any employee is eligible one time only to notify the employer that he/she has a drug and/or alcohol problem, and upon such notification the employee shall be permitted to enter rehabilitation, subject to a single last chance agreement. In order to be eligible for this one time opportunity for rehabilitation, the employee must notify the employer that he/she has a drug and/or alcohol problem at least one day before the employee is notified that he/she is scheduled for random or reasonable suspicion testing ~~pursuant to section 21.2 (a) (reasonable suspicion testing), section 21.2(e) (safety sensitive testing), or section 21.2 (d) (CDL testing)~~. In the case of post-accident testing under ~~sections 21.2 (b) and 21.2 (c) (2) (testing following an accident)~~, the employee must notify the employer that he/she has a drug and/or alcohol problem at least one day in advance of any accident that gives rise to the need for testing in order to be eligible for this one time opportunity for rehabilitation. ~~In the case of testing pursuant to section 21.4 (the week that the employee is scheduled to be tested in order to be eligible for this one time opportunity for rehabilitation.~~

B JEA may require an employee who has tested positive for the presence of alcohol or illegal drugs and to which subparagraphs 21.4 (a) (1) or 21.4 (b) (1) applies, or who has elected to come under subparagraph 21.5 (a) to submit to counseling, or other rehabilitative treatment as a condition of continued employment. This section shall not be construed to limit JEA's rights to take appropriate disciplinary action when an employee tests positive for the presence of alcohol or illegal drugs.

C. Any employee who is required to submit to counseling or other rehabilitative treatment as a condition of continued employment shall sign a release, authorizing the release of information to JEA sufficient to determine whether the employee can safely perform his job duties. The decision as to whether the employee can safely perform his job duties shall be made by the Vice President, Director, or Manager in conjunction with a physician or Substance Abuse Professional associated with the rehabilitation/treatment facility. The information provided to JEA shall be limited to the following:

1. Whether the employee has regularly attended counseling and/or treatment sessions as directed.

2. Whether the employee has satisfactorily participated in counseling and/or treatment sessions.

3. Whether the employee has complied with all requests for substance abuse tests, and whether the employee has passed all of those tests.

4. Whether the employee has admitted to using alcohol or illegal drugs subsequent to the test which resulted in the referral to counseling and/or rehabilitative treatment.

5. Whether there is any reason to believe that the employee's return to work could result in a risk to persons or property.

6. Whether JEA should impose any work related limitations or requirements upon the employee in the event that JEA determines to permit the employee to return to work.

D. Driving restriction for employees with CDL shall be as stipulated in the Federal Highway Administration Controlled Substance & Alcohol Use & Testing Program, 49 CFR 382, et seq. The same restriction will be used for other safety sensitive employees.

21.6 Examination and Test

A. Except as provided in paragraph 21.3 (~~d~~4), JEA will pay the cost of any test required by Section 21.2. Provided, however, that in the case of alcohol testing conducted pursuant to Section 21.2 (~~f~~D), any employee who is subject to dismissal will be given the opportunity for an independent blood alcohol test conducted at the same time at his own expense.

B. Urine specimens required by this article will be obtained while the employee is on duty. JEA may extend the employee's duty period for the purpose of drug testing.

C. In the case of alcohol testing conducted pursuant to Section 21.2 (f), any employee who tests 0.039 breath alcohol content or less (but in excess of 0.02 breath alcohol content) in any test conducted before 10:00 a.m. will be permitted to test again within one hour from the first test. This waiting period will be on the employee's own time. The first test will be used to determine appropriate discipline, in conjunction with any further test results.

D. Drug tests will be performed by a SAMHSA certified facility selected by JEA.

E. Alcohol tests will be performed by a licensed medical facility selected by JEA

F. Employees who are required by this article to take a test shall be required to sign an authorization form releasing the records of such tests to the ~~Director of Employee Services~~Labor Relations Manager. The ~~Director of Employee Services~~Labor Relations Manager or designee shall release relevant information contained in those records only to ~~The~~ the employee's Vice President, Director, or Manager, and to those JEA Management officials and representatives directly involved in employment related decisions involving that employee. This shall not limit JEA from providing work-related information regarding the employee to the employee's supervisors, including work-related limitations or requirements and the reasons therefore. Each individual receiving such information will be instructed regarding the confidential nature of that information.

G. JEA will, unless prohibited by law, and as otherwise provided in this Agreement, keep the results of any testing provided for in this article confidential. Any results of positive testing which JEA later determines have been refuted will be destroyed. Test results shall be considered confidential medical records unless they become part of a disciplinary action.

## 21.7 Training

JEA and bargaining unit members shall receive training to ensure that they understand their roles and responsibilities in implementing this article. The sufficiency or adequacy of such training shall not be grounds to challenge the validity of any reasonable belief determination or disciplinary action taken as a result of a positive drug or alcohol test, nor shall it preclude disciplinary action where otherwise appropriate.

21.8 Employee Support

The Union representatives and officers will serve as an Employee Support Team. Any member of this support team may be a liaison between the employee and referral to EAP to make employees aware of available help.

21.9 Employer Initiation

This testing program was initiated at the request of JEA. The Union has participated only to the extent of protecting the rights of workers arising from administration of the testing program. It is intended that JEA shall be solely liable for any legal obligations and costs arising out of the provisions and/or application of this article.

ARTICLE 22: DISCIPLINE AND DISCHARGE

22.1 The procedure for dismissals, demotions, and suspensions shall be as outlined in the Civil Service and Personnel Rules and Regulations. Progressive disciplinary action will be taken for repeated similar or related offenses, except where the course of conduct or severity of the offense justifies otherwise. Any action instituted under this section shall be implemented within a reasonable period of time after the event giving rise to such disciplinary action or knowledge thereof. Normally, a written statement of charges shall be given to the employee within forty-five (45) calendar days from the initial investigatory meeting. However, all time limits established in this section may at management's discretion, be extended during the pendency of a criminal investigation into an employee's conduct.

22.2 Letters of Counseling are not considered disciplinary action and not subject to grievance. All Letters of Counseling will be signed by a Manager before being issued to the employee and shall not be used as a basis for future disciplinary action after twelve (12) months from the date of issue. Employees shall have the right to provide a Letter of Rebuttal on an established form (Appendix D) within 15 calendar days of receipt of the Letter of Counseling. Letters of Counseling and any rebuttal letter if submitted shall be maintained in the manager's departmental file and a copy provided to Labor Relations. Letters of Counseling shall not be placed in the employee's official personnel file.

22.3 No permanent employee shall be removed, discharged, reduced in rank or pay, suspended, or otherwise disciplined except for just cause, and in no event until he/she has been furnished with a written statement of the charges and the reasons for such actions. A copy of the statement is to be sent to the Union. The statement will notify the employee of his/her right either to appeal the discipline to the Civil Service Board of the City of Jacksonville, or to grieve the discipline, pursuant to the provisions of Article 23 of this Agreement.

22.4 Any written reprimand shall be furnished to the employee and shall outline the reason for the reprimand. The employee will be requested to sign this statement. If he/she refuses to do so, this refusal shall be noted and placed in the employee's personnel file. If the employee signs this statement, such signature shall only acknowledge receipt of a copy of the reprimand, and shall not mean that the employee agrees or disagrees with the reprimand. The employee's responding statement, if any, will be attached to the reprimand. The reprimand and the responding statement will be placed in the employee's personnel file.

22.5 Disciplinary entries in an employee's personnel file shall not be used as a basis for future disciplinary action after twenty-four (24) months from the date of the entry. The union recognizes that the Employer is required to retain copies of all disciplinary entries in order to comply with Chapter 119, Florida Statutes, as it may be amended from time to time.

22.6 Personnel Records

There shall be only one official personnel file for each employee, which shall be maintained in the Employee Services office. Employees have the right to review their own personnel file at reasonable times under supervision of the designated record custodian. Employees have the right to respond to any material included in their official personnel file. Only those disciplinary actions recorded in an employee's official personnel file may be used as the basis for progressive discipline. When a document has been placed in an employee's personnel file in error, or is otherwise invalid, such document shall be removed and placed in the appropriate file.

22.7 Options for Appealing Disciplinary Action:

A. Any employee shall have the right to either grieve a disciplinary action pursuant to the terms of this Agreement, or to appeal the decision to the Civil Service Board. No employee may use both the Civil Service Board appeal process and the grievance procedure to review the same matter.

B. An employee who elects to pursue the grievance procedure provided for in this Agreement shall follow the procedures for filing a grievance outlined in Article 23.

C. An employee who elects to appeal to the Civil Service Board shall initiate proceeding by filing a notice of appeal with the Civil Service Board.

ARTICLE 23: GRIEVANCE PROCEDURE

23.1 It is intended this grievance procedure will provide a means of resolving complaints and grievances at the lowest level possible, and the Employer and the Union agree to work toward this end. The grievance will systematically follow the steps of the grievance procedure contained in this article, except as otherwise provided for in Section 447.401, Florida Statutes.

23.2 The purpose of this grievance procedure is to provide a method of processing grievance(s) involving the interpretation or application of this Agreement. It will be the exclusive procedure available to the parties of this Agreement for such matters.

23.3 Any employer groups of employees may process a grievance concerning the interpretation or application of this Agreement through this procedure without the intervention of the Union provided:

A. A signed statement, refusing Union representation, is executed by the employee.

B. The employee may represent himself or may be represented by legal counsel at his own expense.

C. Any adjustment must not be inconsistent with the terms of this Agreement, and the Union must be given reasonable opportunity to be present at any meeting called for the resolution of such grievance.

23.4 During the processing of a grievance under this Article, if a question cannot be resolved by the parties concerning the interpretation of City government policy, provisions of law or regulations of appropriate authority outside JEA, the grievance will be delayed no more than thirty (30) calendar days to provide time for the questioned policy, law or regulation to be interpreted by the proper authority.

23.5 A grievance must be taken up with the Employer within fifteen (15) calendar days after the occurrence of the matter out of which the grievance arose. In the event the Employer fails to observe the time limits prescribed in each step, the employee or the Union may be advanced the grievance to the next step of the procedure. In the event the employee or the Union fails to meet the time limits prescribed at any step of the grievance procedure, the grievance shall be deemed withdrawn and as having been settled on the basis of the decision most recently given and not be subject to further appeal except to arbitration to determine the matter of timeliness of the grievance only. Time limits at any level may be extended by mutual agreement between the Employer and the Union or employee.

23.6 Procedure

Informal Complaint Resolution: The Union or any employee covered by this Agreement shall have the right to pursue appropriate informal efforts to resolve problems or complaints that arise in the workplace. The Union and employee are encouraged to seek informal resolution of the problems or complaints prior to using the formal grievance procedure.

STEP 1- FORMAL

The grievance procedure is initiated by the Union, the employee, or the employee and the Union representative submitting the grievance in writing (on mutually agreed upon form) along with any supporting documentation to the employee's Manager. The Manager shall acknowledge receipt of it and the date thereof in writing. The written grievance shall identify the article(s) and section(s) of this Agreement that are at issue, shall specify the corrective action requested by the grievant, and shall include a brief summary of the factual basis for the grievance including that date that the alleged grievance occurred. The immediate Manager or Director or designee shall, within ten (10) calendar days of receipt of the grievance, meet with the employee and/or Union representative to discuss the grievance. The Director or Manager shall provide his written decision and the reason(s) for the decision within fifteen (15) calendar days after the meeting. The written decision shall be provided to the aggrieved employee and the Union. If the Step 1 decision does not resolve the grievance, the grievance may be forwarded to the next step.

STEP 2- FORMAL

A. If a satisfactory settlement of the grievance is not reached in Step 1, the party filing the grievance (the Union, an employee, and/or employee and the Union representative) will forward the grievance, in writing, within fifteen (15) calendar days stating any objection to the Step 1 decision to Labor Relations who shall receive the grievance on behalf of the Managing Director. The Managing Director's designated representative shall within fifteen (15) calendar days after receipt of the grievance, either satisfy the grievance or meet with the employee, or the employee and the Union representative. The Managing Director's representative shall provide a written decision to the aggrieved employee with a copy to the Union within fifteen (15) calendar days after the meeting.

B The Managing Director's Representative shall be a Vice President. A Vice President will not be designated as a representative to hear the grievance in his own Group. Said representative shall have full authority to render a written decision.

C. If the Step 2 decision is not satisfactory it may be referred to as arbitration as provided in this Agreement within thirty (30) calendar days, after receipt of the written decision.

23.7 Where a number of substantially identical grievances are submitted, the Union may elect one grievance for procession at Step 1. The decision of the grievance elected will be binding on the combined grievances. Names of all aggrieved employees will be made part of the record of the grievance processed and each grievant will be notified of the decision.

23.8 Upon mutual agreement of the parties, policy grievances filed on behalf of the Union which arises as disputes involving the interpretation or application of this Agreement, as a result of the Employer decisions regarding the interpretation, application or intent of JEA policies and procedures shall be initiated at step two (2).

NOTE: Grievances filed as a result of disciplinary action taken that includes reduction in pay, suspension, demotion or dismissal, may be initiated at step 2.

23.9 Arbitration

A. If the grievance is not settled in accordance with the provisions of Article 23.2, the aggrieved employee, or the Union may request arbitration by serving written notice of intent to arbitrate to Labor Relations or his/her designated representative, no later than thirty (30) calendar days after receipt of the Employer's response in Step 2. The notice of intent to arbitrate must be accompanied by a written statement identifying the specific provision(s) of this Agreement at issue. If the grievance is not appealed to arbitration within thirty (30) calendar days, the Employer's Step 2 answer shall be final and binding upon the aggrieved employee, the Union, and the Employer.

B. Upon appeal to arbitration, either party may request the Federal Mediation and Conciliation Service (FMCS) to provide a panel of seven (7) arbitrators. Such a request for a panel must be made within nine (9) months of intent of arbitration notice. After the panel has been received from FMCS, the representatives of the Union or the employee (as the case may be) and the Employer shall meet and alternately strike names until one (1) arbitrator remains. The party requesting arbitration shall strike the first name. The name remaining shall be selected as the arbitrator. The Union or employee may in their written request for arbitration include the names of two (2) arbitrators either of whom is acceptable to the Union or employee to arbitrate the grievance. If the two (2) parties involved in the selection do not mutually agree upon the selection of one of the persons listed or some other person, then the FMCS procedure will be followed. Either party may request a second panel be provided by FMCS, as long as such request is made before the parties' striking of names, but each party may only do so once. The arbitration hearing must be scheduled within nine months of selection of an arbitrator, unless both parties agree to additional time due to any reasonable scheduling difficulties.

C. The arbitration hearing will be scheduled within thirty (30) calendar days from the date that the arbitrator is notified of his/her selection.

D. At the conclusion of the arbitration hearing, post-hearing briefs may be filed at the request of either party or at the request of the arbitrator. The arbitrator shall have thirty (30) working days after the hearing is concluded, or after receipt of briefs, to render his/her award and findings of fact.

E. The decision of the arbitrator relating to the interpretation, enforcement, or application of the provisions of this Agreement shall be final and binding on the Employer, the Union and the employee. However, the arbitrator shall have no authority to change, amend, add to, subtract from, or otherwise supplement or alter the express terms of this Agreement, or usurp any authority responsibility lawfully granted to the Employer.

F. The arbitrator shall consider only the specific issue(s) submitted to him/her in writing by the parties. The arbitrator shall have no authority to consider or rule upon any matter which is stated in this Agreement not to be subject to arbitration, or any matter which is not specifically covered by this Agreement. All testimony given at the arbitration hearing will be under oath. The arbitrator may not issue declaratory or advisory opinions, and shall be confined exclusively to the question(s) presented to him/her, which question(s) must be actual and existing. The decision of the arbitrator shall be exclusively based upon specific findings of fact and conclusions based on those findings of fact. In rendering any decision, the arbitrator shall only consider the written, oral, or documentary evidence submitted to him/her at the arbitration hearing. The decision of the arbitrator shall be final and binding. If any event occurred or failed to occur prior to the effective date of this Agreement, it shall not be the subject of any grievance hereunder nor shall the arbitrator have the power to make any decision concerning such a matter.

G. It is specifically and expressly understood that taking a grievance to arbitration constitutes an election of remedies and waiver of any and all rights by the appealing party and all persons it represents.

H. The cost and expense incurred by the arbitrator shall be shared equally by the parties involved in the arbitration proceeding. If a transcript of the proceedings is requested, the party so requesting shall pay for it. If an employee acts independently of and in disregard of the position of the Union in matters relating to arbitration, that employee shall pay the Union's share of the arbitrator's costs and expenses.

## ARTICLE 24: SEVERABILITY

24.1 In the event any article, section, or portion of this Agreement should be held invalid or unenforceable by any court of competent jurisdiction, such decision shall apply only to the specific article, section, or portion thereof specified in the court's decision. Upon request of either party, the parties agree to meet for the purpose of negotiating a substitute for that specific article, section, or portion thereof. All other articles, sections, and portions of this Agreement shall remain valid and enforceable.

## ARTICLE 25: RESIDUAL RIGHTS CLAUSE

25.1 The Employer retains all rights, powers, functions, and authority it had prior to the signing of this Agreement except as such rights, powers, functions, and authority are specifically relinquished or abridged in this Agreement in accordance with Section 447.309(3), Florida Statutes.

25.2 All matters pertaining to terms and conditions of employment guaranteed by law to employees within the bargaining unit shall apply except as such matters are specifically abridged or modified by the terms of this Agreement in accordance with Section 447.309(3), Florida Statutes.

ARTICLE 26: ENTIRE AGREEMENT

26.1 The parties acknowledge that during negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Therefore, the Employer and the Union voluntarily and unqualifiedly waive the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter not specifically referred to or covered in this Agreement, this section shall not be construed to in any way restrict the parties from commencing negotiations under the applicable law on any succeeding Agreement to take effect upon termination of this Agreement.

26.2 The Union has been provided with a copy of JEA policies and work regulations. A copy of any new or revised JEA policy or work regulations will be forwarded to the Union upon adoption.

26.3 All JEA policies and work regulations shall be posted in the appropriate areas.

26.4 If, during the term of this Agreement, a proposal to increase the rate of employee contributions to the pension system is considered by the Employer, the Employer and the Union shall meet, upon the request of either party, to consider and discuss the effect of such proposed legislation upon the employees in the bargaining unit.

26.5 Except as otherwise provided in the Agreement, this Agreement shall be effective from October 1, ~~2015~~2016, and shall remain in force until September 30, ~~2016~~2019.

APPENDIX A

| Class Code | Classification Title | Pay Grade |
|---|---|---|
| A011 | Account Clerk Senior | 8 |
| A001 | Account Clerk | 6 |
| 2251 | Administrative Support Assistant AFSCME | 12 |
| L020 | Construction Inspector I | 8 |
| L026 | Construction Inspector II | 14 |
| 2502 | Customer Care Consultant | 25 |
| 2504 | Customer Care Consultant Trainee | 23 |
| 2530 | Customer Care Specialist | 26 |
| 1095 | Facilities Inspector (1/25/2011) | 8 |
| 2309 | Laboratory Analyst | 9 |
| 2241 | Laboratory Scientist | 15 |
| 2242 | Laboratory Scientist Senior | 16 |
| 2240 | Laboratory Technician | 4 |
| G106 | Land Surveyor | 4 |
| ~~C3622~~ | ~~Mail Clerk~~ | ~~5~~ |
| ~~C363~~ | ~~Mail Clerk Senior~~ | ~~6~~ |
| 2505 | MV90 Specialist | 14 |
| 2250 | Office Support Associate (3/12/2012) | 7 |
| 2901 | Payroll Practitioner | 10 |
| 2002 | Purchasing Agent | 15 |
| 2000 | Purchasing Assistant | 10 |
| ~~2248~~ | ~~Support Specialist~~ | ~~4~~ |
| U122 | Water Quality Technician Senior | 10 |
| 2254 | Weigh Clerk | 12 |

**Formatted Table**

| Job Code | Job Name | Pay Grade | FY | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 | Step 9 | Step 10 | Step 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G106<br>2248<br>2240 | Land Surveyor<br>Support Specialist (3/12/2012)<br>Laboratory Technician | 4 | 15/16 | $ 15.48 | $ 16.26 | $ 17.07 | $ 17.92 | $ 18.82 | $ 19.76 | $ 20.75 | | | | |
| C3622 | Mail Clerk | 5 | 15/16 | $ 15.49 | $ 16.26 | $ 17.07 | $ 17.93 | | | | | | | |
| A001<br>C363 | Account Clerk<br>Mail Clerk Senior | 6 | 15/16 | $ 16.25 | $ 17.06 | $ 17.91 | $ 18.81 | | | | | | | |
| 2250 | Office Support Associate (3/12/2012) | 7 | 15/16 | $ 18.81 | $ 19.75 | $ 20.74 | $ 21.78 | $ 22.87 | $ 24.02 | | | | | |
| A011<br>L020<br>1095 | Account Clerk Senior<br>Construction Inspector I<br>Facilities Inspector | 8 | 15/16 | $ 18.81 | $ 19.75 | $ 20.74 | $ 21.78 | $ 22.87 | | | | | | |
| 2309 | Laboratory Analyst | 9 | 15/16 | $ 19.76 | $ 20.75 | $ 21.79 | $ 22.88 | $ 24.02 | $ 25.22 | | | | | |
| 2901<br>2000<br>U122 | Payroll Practitioner<br>Purchasing Assistant<br>Water Quality Technician Sr. | 10 | 15/16 | $ 20.75 | $ 21.79 | $ 22.88 | $ 24.03 | | | | | | | |
| 2251 | Administrative Support Asst.<br>AFSCME | 12 | 15/16 | $ 22.26 | $ 23.38 | $ 24.54 | $ 25.77 | | | | | | | |
| L026 | Construction Inspector II | 14 | 15/16 | $ 22.89 | $ 24.03 | $ 25.23 | $ 26.50 | $ 27.82 | $ 29.21 | $ 30.67 | | | | |
| 2002<br>2241 | Purchasing Agent<br>Laboratory Scientist | 15 | 15/16 | $ 25.23 | $ 26.49 | $ 27.82 | $ 29.21 | $ 30.67 | $ 32.20 | $ 33.81 | | | | |
| 2242 | Laboratory Scientist Senior | 16 | 15/16 | $ 26.64 | $ 27.97 | $ 29.37 | $ 30.84 | $ 32.38 | $ 34.00 | $ 35.70 | | | | |
| 2504 | Customer Care Consultant Trainee | 23 | 15/16 | $ 14.24 | $ 14.95 | $ 15.70 | $ 16.48 | | | | | | | |
| 2502 | Customer Care Consultant | 25 | 15/16 | $ 17.57 | $ 18.23 | $ 18.91 | $ 19.62 | $ 20.35 | $ 21.12 | $ 21.91 | $ 22.74 | $ 23.59 | $ 24.47 | $ 25.39 |
| 2530 | Customer Care Specialist | 26 | 15/16 | $ 18.44 | $ 19.13 | $ 19.85 | $ 20.59 | $ 21.38 | $ 22.18 | $ 23.00 | $ 23.86 | $ 24.77 | $ 25.69 | $ 26.65 |

The pay rates in this tabe for FY 15/16 Collective Bargaining Agreement are identical to the pay rates listed on the corresponding table for FY 14/15 in the prior CBA; this aligns with the language that no increases were added to the base hourly wage as negotiated.

APPENDIX B: CERTAIN TEMPORARY, PART-TIME OR SPECIAL PURPOSE EMPLOYEES

ARTICLE B-1: ARTICLES ADOPTED BY REFERENCE

The current provisions of Articles listed below of the Agreement reached between the JEA and the American Federation of State, County and Municipal Employees, Florida Council 79, (the Agreement) are hereby adopted by reference and made a part hereof.

| | |
|---|---|
| Article 1: | Union Recognition |
| Article 2: | Union Security |
| Article 3: | Union Rights |
| Article 4: | Management Security |
| Article 5: | Management Rights |
| Article 6: | Labor/ Management Special Meetings |
| Article 7: | Union Activity |
| Article 8: | Bulletin Boards |
| Article 9.6 | Limited Emergency |
| Article 14: | Leave Usage |
| Article 16: | Annual Leave Plan H |
| Article 19: | Job Postings/Internal Recruitment |
| Article 20: | Safety And Health |
| Article 21: | Comprehensive Alcohol & Drug Abuse Policy And Procedures |
| Article 23: | Grievance Procedure |
| Article 24: | Severability |
| Article 25: | Residual Rights Clause |
| Article 26: | Entire Agreement |

## ARTICLE B-2: GRIEVANCES AND SEPARATIONS

B-2.1 Grievance Procedure

A. No eligible[1] employee has a right to the Civil Service complaint/grievance procedure. The sole procedure available to eligible employees shall be the Article 23 grievance procedure, provided that grievances of disciplinary actions may be processed only through Step II of the grievance procedure, and may not be taken to arbitration.

B. Eligible employees may not grieve dismissals or separations from employment.

B-2.2 Separations

An eligible employee may be separated from employment with or without cause. Employees separated without cause shall receive ten (10) days' written notice of separation, or ten (10) days' pay in lieu of notice, or any combination thereof.

[1] Certain part-time, temporary, or special purpose employees will be referred as eligible employees.

## ARTICLE B-3: HOLIDAYS

B-3.1 Eligible employees shall be entitled to compensation as provided for in sections B-3.2 and B-3.3 for the eleven (11) holidays below:

| Date | Event |
|---|---|
| January First (1st) | (New Year's Day) |
| Third Monday in January | (Martin Luther King's Birthday) |
| Third Monday in February | (Presidents' Day) |
| Last Monday in May | (Memorial Day) |
| July Fourth (4th) | (Independence Day) |
| First Monday in September | (Labor Day) |
| November Eleventh (11th) | (Veterans' Day) |
| Fourth Thursday in November | (Thanksgiving) |
| Friday after Thanksgiving | |
| December Twenty-Fourth (24th) | (Christmas Eve) |
| December Twenty-Fifth (25th) | (Christmas Day) |

B-3.2 Eligible employees who are not required to work on a holiday listed in section B-3.1 will be compensated at their regular hourly rate times the average number of hours they have worked per day during the six weeks before the holiday, (e.g. 40 hours a week worked – 8 hours pay; 30 hours a week worked – 6 hours of pay; 20 hours worked – 4 hours pay). However, no eligible employee who works less than forty (40) hours per week will receive compensation for a holiday unless the holiday is observed on a regular scheduled workday of the eligible employee

B-3.3 Eligible employees who are required to work on a holiday shall be compensated at one and one-half (1-1/2) times their straight time pay for all hours worked on the holiday, in addition to being paid for the holiday pursuant to section B-3.2.

ARTICLE B-4: HOURS OF WORK AND OVERTIME PAYMENT

B-4.1 Schedules

Eligible employees' work schedules shall be set at the sole discretion of the appropriate manager.

B-4.2 Overtime

A. Eligible employees shall be required to work overtime when and as required. The manager or his/her designated representative shall determine the necessity for overtime hours and the composition of the workforce. In order to fairly distribute the benefit of compensable overtime hours among the work-force, the Employer shall provide, as far as practicable, equal distribution of overtime hours among regular and eligible employees.

B. Eligible employees shall be paid at the rate of one and one-half (1-1/2) times the employee's regular rate of pay for all hours worked in excess of 40 hours per week.

With the approval of the manager, the employee may elect to receive compensatory time in lieu of cash. Such election and approval shall be made on forms provided by the Employer. An employee may accrue to to a maximum of 40 hours of compensatory time. When the maximum has been reached, compensation for additional overtime worked shall be in the form of cash. The Employer may pay off any amount of accrued compensatory time at any time, provided that any approved requests for compensatory leave will continue to be honored.

C. An employee who is called in to work outside of, and not continuous with, his/her regularly scheduled working hours shall be compensated for the time worked at the straight time rate until the employee has worked forty (4) hours for the week, at which time the employee shall be paid at the rate of one and one-half (1-1/2) times the employee's regular rate of pay.

ARTICLE B-5: WAGES

B-5.1 Part-time, temporary, or special purpose employees shall be paid at the hourly rate applicable to step one of the step pay plan shown in Appendix. Part-time, temporary, or special purpose employees are not eligible for a step increase.

B-5.2 Schedule Premium
Part-time, temporary, or special purpose employees will be paid Scheduled Premium as provided for in Article 11.3.

B-5.3 Standby Payment:
Part-time, temporary, or special purpose employees will be paid Standby Payment as provided for in Article 11.2.

B-5.4 Incentive Program:
At its sole discretion, the Employer may from time to time elect to establish incentive programs for individuals or groups which may consist of cash or other awards in recognition of improved job performance, improved safety records, innovative ideas that result in savings or other benefits, or other similar work related improvements, provided the Union is informed in writing of any such programs.

ARTICLE B-6: INJURY IN LINE OF DUTY

Any eligible employee who sustains a temporary disability as a result of accidental injury in the course of, and arising out of, employment by the Employer shall only be entitled to the benefits payable under the Workers' Compensation Laws of the State of Florida.

ARTICLE B-7: LIFE INSURANCE

The Employer shall provide five thousand dollars ($5,000.00) group term life insurance for all eligible employees, at no cost to the employee.

Eligible employees who are covered by the group term life insurance policy may purchase additional coverage in the amount of five thousand dollars ($5,000.00) or ten thousand dollars ($10,000.00) at their own expense.

## ARTICLE B-8: JURY AND WITNESS DUTY

An eligible employee who works less than forty (40) hours per week shall have his/her work schedule adjusted to accommodate jury and witness duty. Forty-hour employees shall be governed by the provisions of Articles 12 and 13 in the Agreement.

ARTICLE B-9: MILITARY LEAVE

Eligible employees shall be paid for military leave at their regular hourly rate times the average number of hours they have worked per day during the six weeks prior to the military leave. (e.g. 40 hours a week worked - 8 hours pay; 30 hours a week worked - 6 hours of pay; 20 hours a week worked - 4 hours pay).

ARTICLE B-10 BEREAVEMENT LEAVE

Eligible employees may be granted up to two (2) days off without loss of pay as bereavement leave not otherwise chargeable upon the death of the employee's spouse, child, mother, father, grandmother or grandfather. Bereavement leave of one (1) day shall be granted upon the death of other members of an eligible employee's immediate household.

## ARTICLE B-11: MATTERS NOT ADDRESSED

To the extent any provision of the Agreement reached between the JEA and the American Federation of State, County, and Municipal Employees, Florida Council 79, is not adopted herein by reference, or is not specifically addressed in this Appendix B, said provision is null and of no effect as it relates to employees covered by this Appendix B.

APPENDIX C - SAFETY SENSITIVE POSITIONS - DEFINITIONS AND KEY

| ABBREVIATION | Definition |
|---|---|
| DISPATCH OF VEHICLE | Responsible for dispatch of emergency vehicles (either emergency response/public safety vehicles or other vehicles in emergency situations). |
| MAINT OF VEHICLE | Maintenance of the type and kind that if performed improperly could result in danger to the occupants/users or other employees or members of the public near the vehicle/equipment. |
| CHAUFFEURS OTHER EMPLOYEES | Chauffeurs other employees as part of assigned duties. |
| HANDLE HAZARDOUS MATERIALS OR EQUIP (INCLUDES GUNS & OTHER SAFETY EQUIPMENT) | Transports, mixes, handles, uses, hazardous materials, or is responsible for equipment carrying current, fluids or gas that could endanger the public or employees. |
| CDL LICENSE | Operates CDL classified vehicles. |
| SUPERVISES CHILDREN | Supervises children or is responsible for the security of children. |
| OPERATES./ DIRECTS LARGE EQUIPMENT | Operates/directs large trucks and/or construction equipment. |
| HAZARDOUS EQUIPMENT./ CONDITIONS | Performs hazardous/perilous work and/or works where the individual may cause harm to himself or others. |
| GUARDS SAFETY OF WORKERS AND/OR PUBLIC | Guards the safety of co-workers and/or public. |
| IMMEDIATE MANAGEMENT RISK | Duties require drug prevention-foreknowledge of identities of individuals to be tested. |
| SPECIAL LICENSE | Any position that requires specialized licensing by city, state, or federal law or regulation which involves additional medical and/or background investigations. The existence of a special license requirement may be used for the purpose of supporting a safety-sensitive designation but shall not be sufficient in and of itself to require a safety-sensitive designation. |
| ENFORCE DRUG POLICY | Enforces drug policy (interdiction and discipline). |
| STORE ILLEGAL SUBSTANCES | Handles, files and/or stores illegal substances. |
| SYSTEMS OPERATOR | Design, construction, maintenance, inspection & operation of systems carrying current, fluids or gas that could endanger the public or employees or regulates, maintains, repairs traffic signal devices. |
| SUPV/SAFETY SENSITIVE POSITION | Directly supervises a safety sensitive position. |
| ACCESS/CRIMINAL INVESTIGATION INFO | Works with or has access to information or documents pertaining to criminal investigations. |
| EMERGENCY RESPONSE REQUIRED | Responds under emergency conditions. |

APPENDIX D – REBUTTAL FORM

EMPLOYEE REBUTTAL TO A LETTER OF COUNSELING

Date: ___________________

Employee Name: ___________________________________EIN ________________

Department/Cost Center_____________________________

Manager Issuing Letter of Counseling ____________________________________

Letter of Counseling Issue Date ______________________

Employee Statement

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IN WITNESS WHEREOF, WE, The Negotiation Teams for the Parties hereto set our hand on the 17th of November 2015.

| JEA | AFSCME |
| --- | --- |
| Charna Flennoy | Mark Jordan |
| Maryanne Evans | Jacob Bianchi |
| Deborah Beaver | Joy Varner |
| James Bryant | Michael Butler |
| Paul Legge | Angela Cimino |
| | Saundra Johnson |
| | Krystal Oellerich |

Approved by the American Federation of State, County and Municipal Employees, Florida Council #79, November of 2015.

Mark Jordan

Approved by JEA November 17, 2015

Managing Director & CEO

JEA Board Chairman

**IN WITNESS WHEREOF, WE,** the Negotiation Teams for the Parties hereto set our hand on the _____ of February 2017.

| **JEA** | **AFSCME** |
|---|---|
| Charna Flennoy | Torrence Johnson, Organizer/Staff Representative<br>AFSCME 79 |
| Maryanne Evans | Joy Varner, Vice President, Local 429 |
| Maria Salgueiro | Michael Butler, Negotiating Team, Local 429 |
| Deborah Beaver | Angela Cimino, Negotiating Team, Local 429 |
| James Bryant | Saundra Johnson, Negotiating Team, Local 429 |
| Robert Growcock | Krystal Oellerich, Negotiating Team, Local 429 |
| John Kendrick | |
| Paul Legge | |

*Approved by the American Federation of State, County and Municipal Employees, Florida Council 79, February 2017*

______________________________

Torrence Johnson, Organizer/Staff Representative, AFSCME 79

Approved by JEA

______________________________ ______________________________

**Managing Director & CEO** **JEA Board Chairman**



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III. B. 4.

JEA Disclosure Policies and Procedures – Review

Return to Agenda

III. B. 4.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

March 9, 2017

| | |
|---|---|
| **SUBJECT**: | **JEA DISCLOSURE POLICIES AND PROCEDURES - REVIEW** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** In recent years, the U.S. Securities Exchange Commission has placed increased attention on public entity market disclosure and intends to continue to do so in the future. As a result of this increased focus on public entity disclosure, the Board approved the JEA Disclosure Policies and Procedures as part of its disclosure compliance efforts on May 19, 2015.

**Significance:** High. JEA is responsible for the content of its market disclosures and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.

**Effect:** To support continued compliance with JEA's continuing disclosure agreements and federal securities antifraud laws.

**Cost or Benefit:** To reduce potential exposure to civil or criminal liability that could result from non-compliance with JEA's continuing disclosure agreements and federal securities laws.

**Recommended Board action:** Provided for information and review by current Board.

**For additional information, contact:** Jody Brooks, 665-6383

Submitted by: PEM/ JLB/ JEO/ RLH


**Commitments to Action**

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

JEA
Building Community

**INTER-OFFICE MEMORANDUM**
March 9, 2017

| | |
|---|---|
| **SUBJECT:** | **JEA DISCLOSURE POLICIES AND PROCEDURES - REVIEW** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Board of Directors |

**BACKGROUND:**
In recent years, the U.S. Securities Exchange Commission (SEC) has placed increased scrutiny on disclosures made by state and local governments and agencies both when those entities initially issue securities and in what they subsequently disclose while securities remain outstanding. The SEC has stated that public entity disclosure will be an ongoing area of interest. Federal securities laws essentially require that disclosure documents of issuers such as JEA not contain an "untrue statement of a material fact" or omit to state a "material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." "Materiality" under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

The SEC has further stated that public entities that issue securities are primarily liable for the content of their disclosure documents and are subject to proscriptions under federal securities laws against false and misleading information in their disclosure documents. Under certain federal antifraud laws, it is not necessary that an entity act recklessly or with intent or knowledge of wrongdoing; an entity may also be found liable even if found to be negligent.

**DISCUSSION:**
Having well-formed disclosure policies and procedures in place and communicating those to the appropriate personnel are necessary to ensure that JEA will continue to provide meaningful, complete and accurate market disclosures and avoid running afoul of federal securities regulators. In 2015, Staff worked with JEA's bond counsel firm, Nixon Peabody LLP, to document JEA's ongoing processes and procedures for monitoring and assessing operational, financial, regulatory, governmental and other developments within and outside JEA that need to be considered when preparing information that could reasonably be expected to find its way to investors, potential investors or other stakeholders in JEA securities. Nixon Peabody provided input from experience they have gained through working with other public entities, some of which have come under such federal securities fraud examination. Lessons learned from those experiences and industry best practices were combined with JEA's procedures and specific requirements to draft JEA's Disclosure Policies and Procedures.

**RECOMMENDATION:** Provided for information and review by current Board.

Paul E. McElroy, Managing Director/CEO

PEM/JLB/JEO/RLH

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March 6, 2017

Drafts of the JEA FY2016 Annual Disclosure Reports for (i) Electric Utility System and (ii) Water and Sewer System and District Energy System will be provided on the Board dais for review at the March 21, 2017 Board Meeting.

These reports will then be placed in your individual offices upon the conclusion of the meeting. Please contact Melissa Charleroy, Executive Assistant, at 904-665-7313 or Cheryl Mock, Executive Assistant at 904-665-4202 if additional information is needed.

# JEA

# DISCLOSURE POLICIES AND PROCEDURES

DATED: May 19, 2015

## INTRODUCTION

JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws including common law antifraud provisions under state law and any other applicable laws. Further, it is the policy of JEA to satisfy in a timely manner its contractual obligations undertaken pursuant to Continuing Disclosure Undertakings (as defined herein) entered into in connection with municipal bond offerings.

These disclosure policies and procedures ("Disclosure Policies") have been established by JEA and are intended to (a) ensure that JEA's Disclosure Documents (as defined herein) are accurate and complete, and comply with all applicable federal and state securities laws; and (b) promote best practices regarding the preparation of JEA's Disclosure Documents.

*The failure to comply with these Disclosure Policies shall not affect the authorization or the validity or enforceability of any Bonds that are issued by JEA in accordance with applicable law nor imply a failure to comply with federal or state securities laws.*

**Section 1.0 Definitions**

Capitalized terms used in these Disclosure Policies shall have the meanings set forth below:

**"Annual Disclosure Report"** means the Electric System Annual Disclosure Report or the Water and Sewer System Annual Disclosure Report, as applicable.

**"Authorized Officer"** means the Managing Director and Chief Executive Officer and the Chief Financial Officer.

**"Board"** shall mean the Board of JEA.

**"Bond Counsel"** shall mean any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Bonds by state and municipal entities selected by JEA. At any time JEA retains more than one bond counsel, all references to bond counsel shall be deemed to include one or more bond counsel, as deemed appropriate by an Authorized Officer of JEA.

**"Bonds"** shall refer to any bonds, notes or other securities offered by JEA, the disclosure relating to which is subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and Securities Exchange Commission Rule 15c2-12.

**"Continuing Disclosure Undertakings"** means JEA's contractual obligations entered into by JEA in connection with each issuance of Bonds.

**"Disclosure Documents"** means JEA's documents and materials specifically prepared, issued, and distributed in connection with JEA's disclosure obligations under applicable federal securities laws or that otherwise could potentially subject JEA to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Reports;
- Official Statements;
- Any filing made by JEA pursuant to a Continuing Disclosure Undertaking, including material event notices;
- Any voluntary filing made by JEA that is posted on EMMA;
- Any document or other communication from JEA that could be viewed as reasonably expected to reach investors and the trading market for JEA's Bonds; and
- Any other document that is reviewed and approved in accordance with these Disclosure Policies.

"**Electric System Annual Disclosure Report**" means the Annual Disclosure Report for Electric Utility System containing financial information and operating data required to be filed pursuant to JEA's Continuing Disclosure Undertakings relating to its Electric System, including the audited financial statements of JEA, which are incorporated by specific reference in certain other JEA Disclosure Documents. The information includes narrative information relating to JEA as well as information that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12

**"EMMA"** means the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board.

"**Finance Staff**" means the Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst.

**"Financial Accounting and Reporting Staff"** means the Controller, the Manager Financial Reporting and Accounting and Certified Public Accountants of JEA.

**"Official Statements"** means, collectively, preliminary and final Official Statements, remarketing circulars or offering memoranda used in connection with the offering or remarketing of Bonds. The Official Statements do not attempt to repeat the information in the Annual Disclosure Reports, but instead generally include such information by specific cross-reference, as expressly authorized by Rule 15c2-12, and update only the information that has materially changed.

**"Rule 15c2-12"** means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including any official interpretations thereof.

**"Staff"** means employees of JEA.

"**Water and Sewer System Annual Disclosure Report**" means the Annual Disclosure Report for Water and Sewer System and District Energy System containing financial information and operating data required to be filed pursuant to JEA's Continuing Disclosure Undertakings relating to its Water and Sewer System and District Energy System, including the audited financial statements of JEA, which are incorporated by specific reference in certain other JEA Disclosure Documents. The information includes narrative information relating to JEA as well as information that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12.

**Section 2.0 General Disclosure Practices**

2.1 The Board, pursuant to supplemental resolutions adopted periodically by such Board, shall directly authorize or delegate authority and responsibility to Finance Staff to prepare and distribute Official Statements, and any updates thereto in the case of securities subject to remarketings, which will be prepared in accordance with these Disclosure Policies unless the Board otherwise directs.

2.2 The Treasurer, with the assistance of Finance Staff, is primarily responsible for the preparation of Disclosure Documents, with the assistance of Bond Counsel, the Office of General Counsel, and any other Staff with specific expertise as may be deemed necessary by the Treasurer and shall prepare all Disclosure Documents, including the Annual Disclosure Reports and Official Statements, and shall prepare and submit any other disclosure filings that may be required throughout the year. All Disclosure Documents and any other disclosure filings shall be prepared in accordance with these Disclosure Policies unless the Board otherwise directs.

2.3 The Board shall directly approve and authorize the dissemination and use of the Annual Disclosure Reports by voting to accept a Board meeting agenda item annually. Such approval may be obtained without the Board formally adopting a resolution.

**Section 3.0 Preparation of Annual Disclosure Reports**

3.1 Finance staff shall review the Annual Disclosure Reports filed for the previous fiscal year ended as updated by any recent developments included in Official Statements prepared since the date of such Annual Disclosure Reports and incorporating any changes into the Annual Disclosure Reports as the "most recent" disclosure and distribute sections to Staff with subject matter expertise in each topical area. Staff shall review their respective sections to ensure disclosures contained therein are accurate and complete. Staff shall also make any necessary changes and provide them to Finance Staff to incorporate such changes into updated drafts of the Annual Disclosure Reports. The initial distribution of the sections of the Annual Disclosure Reports to Staff described in the preceding sentences shall be made no later than February 28th of each calendar year.

3.2 Finance Staff shall be responsible for directly researching any updates for certain information included in the Annual Disclosure Reports, e.g., service area/demographic information as reported in U.S. Census Bureau and State of Florida economic websites and operational statistics and financial results as reported in the fiscal year's audited financial statements and published annual report ("Annual Report") of JEA.

3.3 External sources shall be contacted to provide input and any necessary updates with respect to certain other subject areas of each Annual Disclosure Report, e.g., The Energy Authority and their counsel, City of Jacksonville with respect to pension, city contributions, etc., the Office of General Counsel with respect to litigation issues, the local Chamber of Commerce with respect to some service area information and surveys, etc. Finance Staff shall keep written records of the request and transmittal of the information reviewed and submitted by such parties.

3.4 Information in each Annual Disclosure Report of the type contained under the captions "Schedules of Debt Service Coverage" and "Management's Discussion of Electric System Operations," "Management's Discussion of Water and Sewer System Operations" and "Management's Discussion of District Energy System Operations", as applicable (collectively, the "Coverage and Operating Information"), shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.

3.5 Once revised in accordance with the procedures described in Sections 3.1 through 3.4 above, drafts of the Annual Disclosure Reports shall be distributed to Staff, including the Managing Director and Chief Executive Officer and senior leadership team for review and comment, particularly with the Chief Financial Officer, Vice President/General Manager Electric Systems, Vice President/General Manager Water-Sewer and District Energy Systems and Chief Public Affairs Officer reviewing the entire documents and certain other members of the JEA senior leadership team (e.g., Chief Compliance Officer, Chief Human Resources Officer) as determined by the Chief Financial Officer focusing on particular areas assigned to them. Finance Staff and Staff shall review multiple drafts of the Annual Disclosure Reports and the Managing Director and Chief Executive Officer, Chief Financial Officer, Vice President/General Manager Electric Systems, Vice President/General Manager Water-Sewer and District Energy Systems and Chief Public Affairs Officer shall provide their signoff via email or in another writing.

3.6 The audited financial statements of JEA shall be included in the Annual Disclosure Reports in accordance with JEA's Continuing Disclosure Undertakings and as required by Rule 15c2-12.

3.7 After completing the procedures outlined in Section 3.1 through 3.6 above, drafts of the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report shall be provided to Board members at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which they will be asked to authorize the dissemination and use of the Annual Disclosure Reports. These drafts include the audited financial statements and all appendices. The Chief Financial Officer and Finance Staff will schedule times within this period when Board members may discuss any questions or comments to such Annual Disclosure Reports.

3.8 The Chair, Vice Chair or Secretary of the Board and the Managing Director and Chief Executive Officer shall approve the Annual Disclosure Reports and authorize their use and public dissemination by Finance Staff in writing.

3.9 JEA's Bond Counsel shall file each of the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report on EMMA upon the written direction of Finance Staff which direction may be provided to Bond Counsel via email. JEA staff shall then post each of the Annual Disclosure Reports on JEA's website and remove the previous year's Annual Disclosure Reports from JEA's website. While it is the intent of Finance Staff to file the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report simultaneously, such Annual Disclosure Reports may be filed as soon as they are completed as determined by the Chief Financial Officer, but in any event before June 1 of each year as required by the Continuing Disclosure Undertakings.

**Section 4.0 Official Statement Review and Disclosure Processes**

4.1 The Treasurer, with the assistance of Finance Staff, shall identify those persons who, for a particular financing, are appropriate to assist Bond Counsel, the underwriter(s), underwriters' counsel, JEA's financial advisor (collectively, the "Working Group") and appropriate Staff in the preparation and review of the related Disclosure Documents.

4.2 The Treasurer, Finance Staff or a member of the Working Group, as applicable, shall prepare a timeline in connection with the preparation and review of the Disclosure Documents. Such timeline shall be delivered by the Treasurer or Finance Staff to the Working Group and JEA's outside auditors so that they are apprised of the JEA's schedule for publishing such Disclosure Documents. The timeline for any particular bond financing for which Official Statements will be prepared shall vary depending on the type of Bonds being offered, the security for the Bonds, the purpose for the financing, and other factors unique to each bond financing.

4.3 The Treasurer, or a member of the Finance Staff designated by the Treasurer, shall be responsible for soliciting material information from JEA departments, other necessary entities or other governmental officials (i.e., City of Jacksonville, Office of General Counsel, etc.) for inclusion in the applicable Disclosure Documents, and shall identify Staff and any other governmental officials who may have information necessary to prepare or who should review portions of the Official Statements. Staff and other governmental officials should be timely contacted in writing and informed that their assistance will be needed for the preparation of the Official Statements.

4.4 Updated Coverage and Operating Information for the Official Statements, if available, shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.

4.5 Staff and other governmental officials shall be contacted by the Treasurer or a member of the Finance Staff designated by the Treasurer as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or draft of those portions of the Disclosure Document assigned to them.

4.6 The written request for information shall include, but not be limited to, the description of any item or event of which Finance Staff is aware which could be material for review by such individuals, departments, other necessary entities or other governmental officials and potential inclusion in the Disclosure Document.

4.7 The Treasurer or a member of Finance Staff designated by the Treasurer shall maintain or cause to be maintained an accurate log of all individuals, departments, other necessary entities or other governmental officials that were requested to review or draft information in connection with a Disclosure Document, as well as an accurate log of responses to such requests, including what sections such individuals or entities listed above prepared or reviewed and shall also be responsible for collecting all transmittal letters, certifications, and lists of sources for incorporation into the records to be maintained by the Finance Staff or Treasurer. Such information may be maintained by the filing of electronic communications or emails filed for each offering of Bonds.

4.8 The Treasurer, Finance Staff and Bond Counsel shall hold a due diligence conference call with the underwriter(s) and underwriters' counsel, prior to the printing or posting of a preliminary Official Statement.

4.9 The Chief Financial Officer, Finance Staff, Vice President/General Manager Electric Systems or Vice President/General Manager Water-Sewer and District Energy Systems, as applicable, and Chief Public Affairs Officer shall provide their signoff on the preliminary Official Statement via email or in another writing prior to the printing or posting of a preliminary Official Statement.

4.10 Underwriters' Counsel shall provide written discussion topics or questions in advance of the due diligence conference call, to the extent practical, to permit Finance Staff time for response from required Staff, to prepare for the due diligence session and to consider additional matters they deem material to the offering. The due diligence session shall not be limited to the list of written topics or questions or other questions solely from Underwriters' Counsel and may include any other topics deemed relevant by Finance Staff, JEA's financial advisor, Bond Counsel, underwriters counsel or the underwriters. Bond Counsel, JEA's financial advisor and the underwriters and underwriters' counsel shall participate in such due diligence session. Copies of the questions and the responses should be included by the Finance Staff in the files relating to the bond transaction.

4.11 If required by Rule 15c2-12 or otherwise, the Treasurer shall sign a certificate to the effect that the preliminary offering document or other disclosure document is deemed final as of its date other than information allowed to be omitted under Rule 15c2-12(b)(1).

4.12 At the time of the sale of the Bonds the Treasurer, in conjunction with Finance Staff and Bond Counsel, shall prepare a final Official Statement and satisfy themselves that based on the information provided to them in accordance with these Disclosure Policies at the time of sale such Official Statement is in satisfactory form and that no additional disclosure is required.

4.13 Annual audited JEA financial statements shall be incorporated by reference or included into the Disclosure Documents. Management's Discussion of Operations with respect to the Electric System's or the Water and Sewer System's Schedules of Debt Service Coverage, as applicable, for the most recent JEA unaudited quarterly reporting period shall be included in the Official Statements if available and deemed by JEA, Bond Counsel and the underwriter(s) and underwriters' counsel to be material.

4.14 Before the printing of any preliminary or final Official Statement the Treasurer or a member of Finance Staff designated by the Treasurer and Bond Counsel shall obtain confirmations from the Office of General Counsel, by e-mail or otherwise, that they know of no material litigation that has been filed (or threatened with a reasonable likelihood of being filed) against JEA since the diligence session and know of no material change that is required to be reflected in the Recent Developments or any other heading of the Disclosure Document.

4.15 The Board shall approve any preliminary or final Official Statement prior to its use and public dissemination. The Board may do so by approving a form of preliminary or final Official Statement and delegate to the Managing Director and Chief Executive Officer the authority to make any additions, modifications or changes as may be necessary to comply with the standard for accuracy and completeness described in Section 7.5 below.

4.16 Bond Counsel may, but are not required to be, invited to attend any JEA presentations to rating agencies and investors made in connection with the offering of Bonds. The Treasurer and Finance Staff shall review any materials used in presentations, meetings or telephone conferences with rating agencies or investors for consistency with the appropriate Disclosure Document. Appropriate records of meetings and telephone conferences with rating agencies and investors will be kept by the Treasurer or a member of Finance Staff designated by the Treasurer.

**Section 5.0 On-Going Disclosure**

5.1 The Chief Financial Officer, Treasurer, Finance Staff and Bond Counsel shall monitor State and national markets generally and, determine whether there is a need for additional disclosure by way of additional periodic filings with EMMA or any recommended supplement to any Disclosure Document.

5.2 The annual and quarterly Management's Discussion and Analysis and the Notes with respect to the general purpose financial statements (collectively, the "MD&A") shall be prepared by Financial Accounting and Reporting Staff and reviewed by Finance Staff. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the MD&A and Bond Counsel as they deem appropriate.

5.3 The MD&A shall be reviewed by the Chief Financial Officer prior to being finalized. The Chief Financial Officer shall signoff and approve the MD&A via email or another writing prior to the posting of the MD&A on JEA's website.

**Section 6.0 Training**

6.1 Training for Board members and Staff shall be conducted by either Bond Counsel or their designee(s) regarding disclosure practices under applicable state and federal law. It is intended that this training shall assist these individuals in (1) understanding their responsibilities; (2) identifying significant items which may need to be included in the Disclosure Documents; and (3) reporting issues and concerns relating to disclosure. A refresher training program shall be conducted not less than once every two years.

**A. Board Members**

a. Board Members shall be advised of their general disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents.

b. Board Members shall be advised of their fiduciary duties under Florida State law.

c. Specialized training regarding JEA disclosure responsibilities shall be conducted for the members of the Finance and Audit Committee of the Board.

**B. Finance Staff**

a. Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these Policies and Procedures, and those persons responsible for executing them, shall attend disclosure training sessions.

b. The determination as to whether or not an employee or group of employees shall receive such training shall be made by the Treasurer in consultation with Bond Counsel and the Chief Financial Officer.

**C. Staff**

a. In addition to the Finance Staff identified above, information from various Electric System and Water and Sewer System level departments may be relevant in the disclosure update process. These System departments include:

- Electric Production Resource Planning
- Electric Transmission and Distribution Planning
- Electric Systems Operations
- Electric Transmission and Distribution Projects
- Electric Production
- Water and Wastewater Planning and Treatment Project Engineering
- Environmental Programs
- Permitting and Regulatory Conformance
- Government Affairs
- Emerging Workforce Strategies.

**Section 7.0 General Principles**

7.1. Each Staff member participating in the disclosure process shall be responsible for raising potential disclosure items at all times in the process.

7.2 Each Staff member participating in the disclosure process should raise any issue regarding disclosure with the Treasurer or Chief Financial Officer at any time.

7.3 Recommendations for improvement of these Disclosure Policies shall be solicited and considered by the Treasurer and if revision is deemed to be appropriate will be reviewed by the Bond Counsel and the Chief Financial Officer.

7.4 The process of revising and updating Disclosure Documents by each Staff member should not be viewed as mechanical insertions of more current information; everyone involved in the process should consider the need for revisions in the form and content of the sections for which they are responsible.

7.5 The standard for accuracy and completeness is that there shall be **no untrue statement of material fact and no omission of a statement necessary to make the statements made, in light of the circumstances under which they were made, not misleading**. All participants in the process should keep this standard in mind.

*The Chief Financial Officer shall provide a report to the Finance and Audit Committee each year, at the time of the meeting of the Finance and Audit Committee immediately preceding the public dissemination of the Annual Disclosure Reports, regarding compliance with these Disclosure Policies during the preceding twelve month period. Such report shall (i) state whether the Annual Disclosure Reports for the current year are being prepared in compliance with these Disclosure Policies and whether all Disclosure Documents prepared during the prior twelve month period were prepared in accordance with the Disclosure Policies, (ii) describe any issues or problems which arose in connection with compliance with the Disclosure Policies during such period, (iii) present any recommendations for changes to the Disclosure Policies; (iv) provide an informational copy of the then current draft of the Annual Disclosure Reports to any Finance and Audit Committee member who requests one; and (v) provide a printed copy of the final Annual Disclosure Reports to all Board members.*

*A copy of these Disclosure Policies shall be distributed annually to Board members and all Finance Staff and Staff participating in the disclosure process. Any updates to these Disclosure Policies shall be distributed to such groups upon their issuance.*

**Section 8.0 Disclosure-Related Document Retention Practices.**

8.1 Consistent with JEA's Continuing Disclosure Undertakings, the following documents shall be maintained for the later of five years or the period of time required by JEA's records management or records retention program:

- Annual Continuing Disclosure Filings
- Bond Issue Bound Books or CD-ROMs containing bond issue documents
- Bond Issue Executed Documents
- Disclosure Documents
- Investor Materials
- JEA Financial Statements related to bonds
- Note Issue Bound Books or CD-ROMs containing note issue documents
- Note Issue Executed Documents
- Rating Agency Presentation Materials
- Records of all disclosure activities, including but not limited to telephone calls, emails and other inquiries from investors
- Unaudited Quarterly and Annual Financial Statements Audited by Outside Auditing Firm

**Section 9.0 Role of Bond Counsel**

9.1 JEA will require Bond Counsel to perform the following services in connection with the preparation of its Disclosure Documents:

a. review and comment on JEA's Disclosure Documents;

b. participate in the due diligence process conducted by the underwriters and their counsel;

c. review presentations, if requested and, if requested, attend and/or listen to rating agency or investor presentations related to JEA's bonds, notes and other securities;

d. advise JEA regarding:

(i) specific disclosure issues relating to JEA's financial operations, operating performance and capital program development, including funding, progress and problems;

(ii) standards of disclosure under applicable securities laws;

(iii) adequacy of JEA's disclosure in any Disclosure Document;

(iv) completeness and clarity of the information provided by the City in any Disclosure Document; and

(v) other matters as directed by JEA;

e. interface with the Treasurer and Finance Staff with respect to any Disclosure Document;

f. provide a securities law supplemental opinion for each financing transaction;

g. participate in the preparation, review and approval of the Annual Disclosure Reports; and

h. conduct periodic training of Board members, Finance Staff and Staff on the disclosure process contemplated by the Disclosure Policies and Procedures set forth herein as may be requested from time to time by the Treasurer.

Return to Agenda



# WHY GOOD DISCLOSURE PRACTICES MATTER

MARCH 21, 2017

NIXON PEABODY

JEA

# INTRODUCTION: HOW DOES THE LAW REGULATE BOND DISCLOSURES?

- The Federal antifraud laws regulate any disclosures by issuers of municipal securities.
  - They prohibit making material misstatements or omissions of material facts if necessary to avoid a misleading statement; and
  - To find a violation, the SEC has to at least prove that the issuer acted negligently.
- The Federal antifraud laws regulate a broader set of activity than may be intuitive because:
  - Statements that are technically accurate can violate the Federal antifraud laws if they are misleading;
  - Issuers can violate the Federal antifraud laws even if they did not intend to deceive anyone if they negligently make materially inaccurate or misleading statements; and
  - What you say is as important as what you do not say.

NP

# WHAT DO THE FEDERAL ANTIFRAUD LAWS REQUIRE?

Be accurate

Be complete

Be reasonable in how you do it

**Be careful**

**Make sure that appropriate officials and employees are included in the process**

- Make sure that the information used to prepare the official statement comes from appropriate sources within the issuer
- Make sure experts at the issuer review disclosure that relates to their expertise
- Make sure people in proper authority review the disclosure

**Talk to each other**

- Connect the dots of the disclosure

**Be sure everyone is trained and knowledgeable**

NP

# WHAT DOES THIS MEAN THAT WE ARE SUPPOSED TO DO?

Based on recent SEC enforcement actions and guidance, here are the main actions that municipal issuers should take:

- Maintain and Comply with Disclosure Policies and Procedures
- Tell the whole credit story in offering documents
- Stay focused on secondary market disclosure

NP

# MAINTAIN AND COMPLY WITH DISCLOSURE POLICIES AND PROCEDURES

- Why is this so important?
  - The SEC has found that when issuers do not have a deliberate process of making sure that they involve the right people, think through the disclosure carefully and assign people who are responsible for getting it right, then issuers can lose sight of what investors care about and fail to inform investors of what they need to know.
- What are good disclosure policies and procedures?
  - Make clear who is responsible for what
  - Make sure the right people are involved
  - Make sure that the people who are involved are trained
  - Make sure that records are kept demonstrating compliance with the policy.

******Keep in mind that it is as bad, if not worse, to have a disclosure policy and not comply with it as it is not to have one at all!!***

NP

# TELLING THE WHOLE CREDIT STORY

- What does this mean?
  - When an issuer prepares an offering document or an annual report, the issuer needs to be sure that it ***both*** provides investors all of the information they need to make a good investment decision and provides that information in a way that investors can understand.
  - It means telling the bad news along with the good news.
  - It means thinking about the information in offering documents and annual reports from an investor's perspective and not from the perspective of someone inside the issuer.
- Why is this so important?
  - Telling the whole credit story about the bonds is the heart of the requirement of the Federal antifraud laws.
  - It is the responsibility of the issuer to communicate to investors an accurate and complete picture of the bonds they are considering purchasing or that they are trading in the secondary market.

NP

# STAY FOCUSED ON SECONDARY MARKET DISCLOSURE

- What does this mean?
  - Make sure that all continuing disclosure filings are timely filed, carefully prepared and are accurate and complete, ***under the circumstances***.
  - Pay attention to **fundamental credit shifts**:
    - When events at JEA develop that fundamentally change the credit supporting bonds, investors may still be trading those bonds in the secondary market and can suffer major losses if they purchase without knowing all of the facts about JEA now.
    - Issuers who experience these kind of fundamental credit shifts should consider providing a full description of the financial developments.
- Why is this so important?
  - **Statements that issuers or their officials make that are "reasonably expected" to reach investors are subject to scrutiny under the Federal antifraud laws.** This means that continuing disclosure filings and other statements to investors need to be as accurate and complete as offering documents.
  - Public statements by officials can come under Federal antifraud law scrutiny because they are "reasonably expected" to reach the investment community. But if issuers make sure to keep investors informed of the total credit picture of the bonds, it protects those public statements from the same kind of scrutiny.

NP

# WHAT DOES THIS MEAN FOR JEA BOARD MEMBERS?

- Perform an "Elephant in the Room" analysis

— Lessons Learned from Orange County 21(a) Report:

"When the Supervisors approved the 1994 offerings of municipal securities discussed above, they were well aware of the increasing budgetary pressure caused by the declining availability of property tax revenues and other discretionary revenues. Indeed, at least one of the offerings was conducted for the sole purpose of providing additional income to the County. Moreover, the Supervisors were informed that interest projections were based on increased amounts of borrowing.

Despite their knowledge of the County's increasing use of interest income from the County Pools to balance the discretionary budget, the Supervisors approved the Official Statements for the various offerings without taking steps to assure disclosure of this information. They never received or asked to receive a copy of any Preliminary Official Statement once finalized, or any final Official Statement; nor did they question the County's officials, employees or other agents concerning the disclosure regarding the County's financial condition. Thereafter, the Supervisors chose to authorize and approve approximately $1.3 billion of municipal securities offerings."

- *Elephant in the Room:* If the members of the governing body of the issuer are aware of pressing financial or operating issuers, they are responsible for knowing how those are disclosed to investors before authorizing the bond offering.

NP

# WHAT DOES THIS MEAN FOR JEA BOARD MEMBERS?

- Reasonable Delegation

Lessons Learned from State of New Jersey

> "**Prior to the release of an official statement, the State Treasurer, or his designee, signed a Rule 10b-5 certification, certifying that the official statement did not contain any material misrepresentations or omissions. During the relevant time period, the Treasurers did not read official statements, and relied on their staff to ensure the accuracy of information contained in the documents.**
>
> Treasury had no written policies or procedures relating to the review or update of the bond offering documents. In addition, Treasury did not provide training to its employees concerning the State's disclosure obligations under the accounting standards or the federal securities laws. Accordingly, the State's procedures were inadequate for ensuring that material information concerning [the State's pension funds or the State's financing of such pension funds" was disclosed and accurate in bond offering documents."

- *Reasonable Delegation and Reliance:* The governing body (and state treasurers) are responsible for ensuring that staff have followed a sound process and have the training necessary to competently discharge the responsibilities of the issuer under the Federal antifraud laws.

NP

# QUESTIONS?

NIXON PEABODY

III. B. 5.

JEA FY2016 Annual Disclosure Reports

Return to Agenda

III. B. 5.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

March 6, 2017

| | |
|---|---|
| **SUBJECT**: | **JEA FY2016 ANNUAL DISCLOSURE REPORTS** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** At the March 21, 2017 Board meeting, JEA staff will provide the Board drafts of the Annual Disclosure Reports for the fiscal year ended September 30, 2016 for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for comment prior to requesting authorization and approval of the reports at the April Board meeting. Such filing and use of the Annual Disclosure Reports is required in order to comply with JEA's continuing disclosure undertakings for its bonds and various credit agreements.

**Significance:** High. 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.

**Effect:** To fulfill the Board's responsibility under federal securities laws prohibiting false and misleading information in JEA's disclosure documents.

**Cost or Benefit:** To continue compliance with JEA's continuing disclosure agreements.

**Recommended Board action:** No Board action is required. This agenda item is provided for information only. Staff will request that the Board at its April 18, 2017 meeting authorize and approve (i) the Annual Disclosure Reports in substantially the forms distributed to Members at its March 21, 2017 meeting, with such changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) the filing and use of the Annual Disclosure Reports.

**For additional information, contact:** Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ JEO/ RLH


Commitments to Action

Building Community

**INTER-OFFICE MEMORANDUM**
March 6, 2017

| | |
|---|---|
| **SUBJECT:** | **JEA FY2016 ANNUAL DISCLOSURE REPORTS** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Board of Directors |

**BACKGROUND:**

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. EMMA is the "central post office" recognized by the United States Securities and Exchange Commission ("SEC") as the single national depository for continuing disclosure information that is required to be prepared and disseminated by issuers of municipal securities. 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.

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. The antifraud provisions of the federal securities laws govern Board Member disclosure responsibilities. The requirements of the federal securities laws essentially require that disclosure documents of issuers such as JEA not contain an "untrue statement of a material fact" or omit to state a "material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." "Materiality" under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

Public officials (including Board Members) who have the ultimate responsibility to approve the issuance of debt securities and related disclosure documents have a duty under the federal securities laws and may not authorize disclosure he or she knows to be false or misleading or while recklessly disregarding facts that indicate there is a risk that the disclosure may be misleading. The SEC has stated that Board Members may reasonably rely on the work of governmental employees in the disclosure context. Nothing in the SEC's position mandates that a Board Member needs to read each page of every disclosure document before approving it. Reasonable reliance can be established when the Board Member:

- is satisfied that the disclosure process is reasonably designed to produce accurate and reliable information;
- has a reasonable basis to have confidence in the integrity and competence of the staff and financing team; and
- does not know of anything that would cause such Board Member to question the accuracy of the disclosures or that would indicate that they are misleading or know of any potentially material issues that should be brought to the attention of staff and the financing team for further explanation.

In accordance with existing practices, each Annual Disclosure Report presented for your approval has been prepared by staff with the assistance of JEA's outside bond counsel in a manner which we believe is reasonably designed to produce disclosure documents meeting the requirements of the federal securities laws.

**DISCUSSION:**

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, 2016, as Appendix A thereto. Official Statements and reoffering memoranda prepared by JEA in connection with its respective Systems' debt offerings and reofferings, subsequent to the date of the Annual Disclosure Reports for the Systems, incorporate by reference the relevant disclosure information contained in the respective Annual Disclosure Report and, if necessary, contain a "recent developments" section with respect to material changes in JEA's business and condition that have occurred after the date of the respective Annual Disclosure Report.

Draft Annual Disclosure Reports for the Systems for the fiscal year ended September 30, 2016, will be distributed to Members at the Board's March 21, 2017, meeting. A summary sheet outlining the main topics covered in each of the Systems' Annual Disclosure Reports will be attached to the respective report.

As the Board has previously requested, staff is providing these drafts one month prior to requesting approval at the April 18, 2017 Board meeting. The Chief Financial Officer and Treasurer will also be available during the following dates/times to set up meetings or calls for any questions or discussion on the Annual Disclosure Reports prior to that meeting, should those be helpful to Members in their review:

Friday March 31: 9:00 am – 11:00 am
Monday April 3: 9:00 am – 11:00 am

If these times are not convenient, alternative availability that better meets Members' needs can be addressed.

Please note that certain areas in the draft Annual Disclosure Reports remain under review for further developments to potentially be included in the final versions to be filed, including but not limited to:

- latest pension and labor negotiations information
- latest available service territory demographic and employment information
- Plant Vogtle developments
- certain swap valuations as of March 31, 2017

**RECOMMENDATION:**

No Board action is required. This agenda item is provided for information only.

Staff will request that the Board at its April 18, 2017 meeting authorize and approve (i) the Annual Disclosure Reports in substantially the forms distributed to Members at its March 21, 2017 meeting, with such changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) the filing and use of the Annual Disclosure Reports as described above.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH

# III. B. 6.

# Electric Generation Planning

Return to Agenda

III. B. 6.
3/21/2017

Building Community

## AGENDA ITEM SUMMARY

March 21, 2017

| | |
|---|---|
| **SUBJECT**: | **ELECTRIC SYSTEM - GENERATION PLANNING** |

**Purpose:** ☐ Information Only ☐ Action Required ☒ Advice/Direction

**Issue:** JEA's electric sales peaked in 2006 and have declined a total of 10 percent since then. As a result, JEA's generating fleet is substantially larger than is required to meet current demand and reserves.

**Significance:** High. Excess generation capacity is costly to maintain.

**Effect:** JEA has explored many options over the years to maintain an appropriately-sized generation fleet, to reliably and affordably serve the community. FPL proposed a termination of the SJRPP Joint Ownership Agreement (JOA) and a cessation of commercial operations approximately four years prior to the current JOA termination date. JEA has negotiated a proposed settlement with FPL to terminate the JOA, cease commercial operation in January 2018, and decommission the plant thereafter. FPL will pay JEA for PPA termination, including employee-related expenses, and will share proportionately in shut-down costs and environmental remediation.

**Cost or Benefit:** The proposed transaction accelerates the expiration of the Joint Ownership Agreement by approximately four years, resulting in cost savings and a reduced environmental footprint.

**Recommended Board action:** Management requests that the Board provide feedback to staff on the agreement in principle. Definitive Agreements will be brought to the Board for approval once documentation is complete.

**For additional information, contact:** Steve McInall, x4309 or Ryan Wannemacher, x7223

Submitted by: PEM/ MJB/ MHD/sgm


**Commitments to Action**

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

Ver.2.0D 9/21/2013 jer

**INTER-OFFICE MEMORANDUM**

March 21, 2017

**SUBJECT:** **ELECTRIC SYSTEM - GENERATION PLANNING**

**FROM:** Paul E. McElroy, Managing Director/CEO

**TO:** JEA Board of Directors

**BACKGROUND:**
JEA's current generating fleet was planned in the early 2000s, when electric sales were growing at an annual average of 3 percent. Sales peaked in 2006 and have declined a total of 10 percent since then. In fact, sales in FY17 are the lowest in 17 years, in spite of adding more than 100,000 customers since then. As a result, JEA's generating fleet is substantially larger than is required to meet current demand and reserves.

St Johns River Power Park (SJRPP) was constructed in 1987. The 1,252 MW facility is 80 percent owned by JEA, 20 percent by FPL. JEA sells FPL an additional 30 percent of the plant output through a Power Purchase Agreement ("PPA"), making the effective ownership 50/50. This PPA is set to expire as early as 2018, leaving JEA with more than 800 MW of excess capacity in 2020.

**DISCUSSION:**
JEA has explored many options over the years to maintain an appropriately-sized generation fleet, to reliably and affordably serve the community. FPL proposed a termination of the SJRPP Joint Ownership Agreement (JOA) and a cessation of commercial operations approximately four years prior to the current JOA termination date. JEA has negotiated a proposed settlement with FPL to terminate the JOA, cease commercial operation in January 2018, and decommission the plant thereafter. FPL will pay JEA for PPA termination, including employee-related expenses, and will share proportionately in shut-down costs and environmental remediation.

Our term sheet requires an agreement in principle by April 1, 2017. The shut-down will require approval and/or notifications from energy regulatory agencies.

To assist with negotiations, JEA engaged Latham & Watkins, a preeminent global law firm with an extensive energy practice, and J.P. Morgan, a leading global financial services firm. Latham & Watkins provides legal representation to JEA in connection with the negotiation of the agreements and J.P. Morgan provides financial advice. J.P. Morgan will provide a fairness opinion on the transaction.

As a result of the closure of SJRPP, JEA will have the ability to re-utilize parts of the SJRPP campus, which occupies over 1600 acres. Additionally, JEA's fuel mix will be less dependent on solid fuel, reducing its carbon footprint by 30% and decreasing nitrogen to the St. Johns River.

**RECOMMENDATION:**
Management requests that the Board provide feedback to staff on the agreement in principle. Definitive Agreements will be brought to the Board for approval once documentation is complete.

Paul E. McElroy, Managing Director/CEO

PEM/MJB/MHD/sgm

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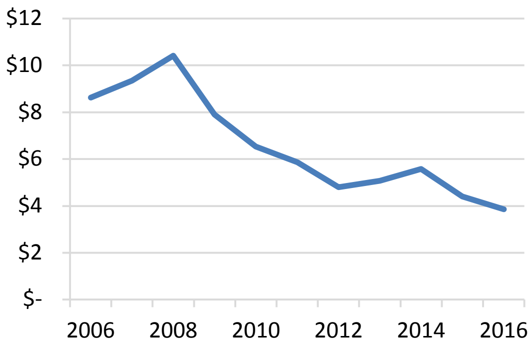
JEA sm
Building Community sm

# Generation Planning

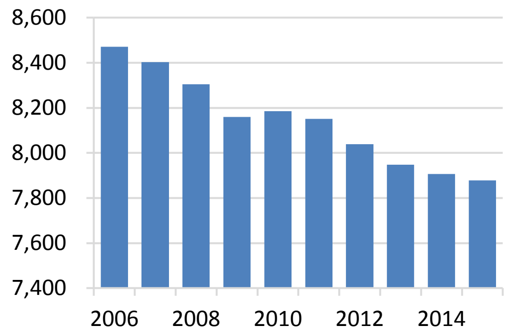
*March 2017*

# TRENDS IN THE ENERGY INDUSTRY

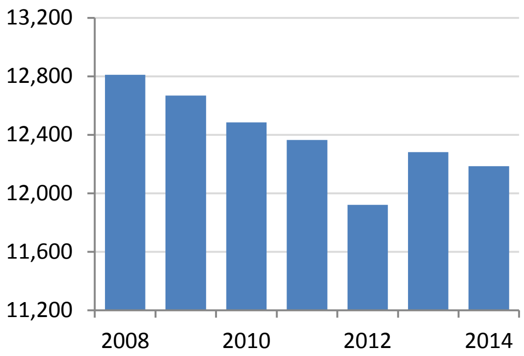
FL Natural Gas Prices Sold ($ per ccf)



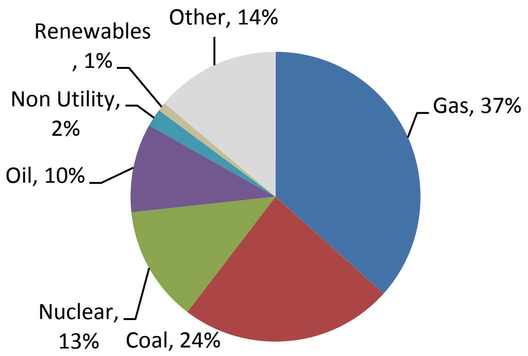

National Natural Gas Heat Rate (Btu per kWh)



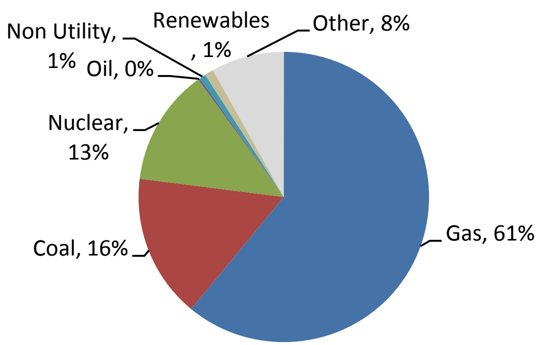

US Per Capita Electricity Usage (kWh)



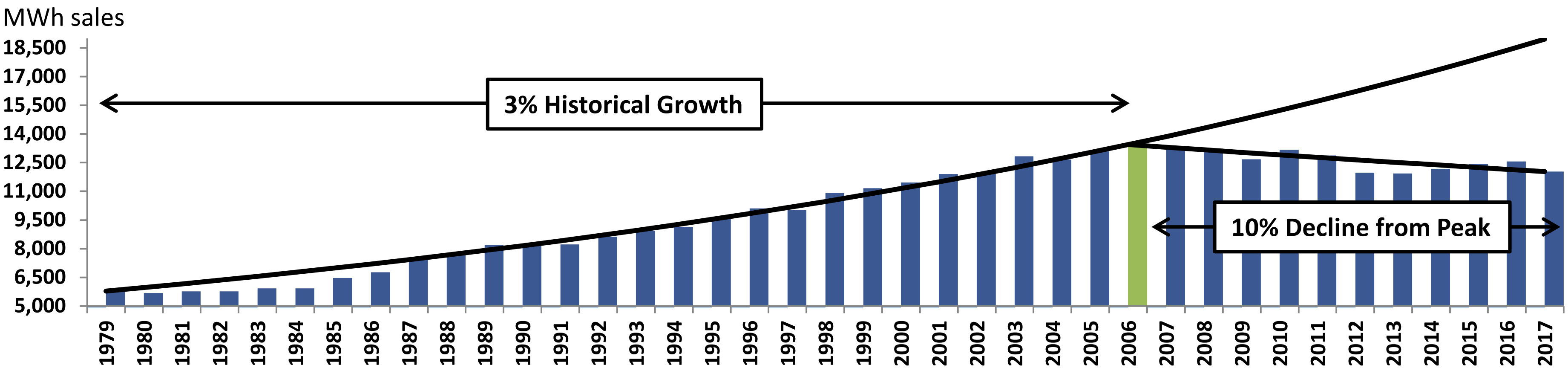

2007 Net Energy Load Fuel Mix (GWh)



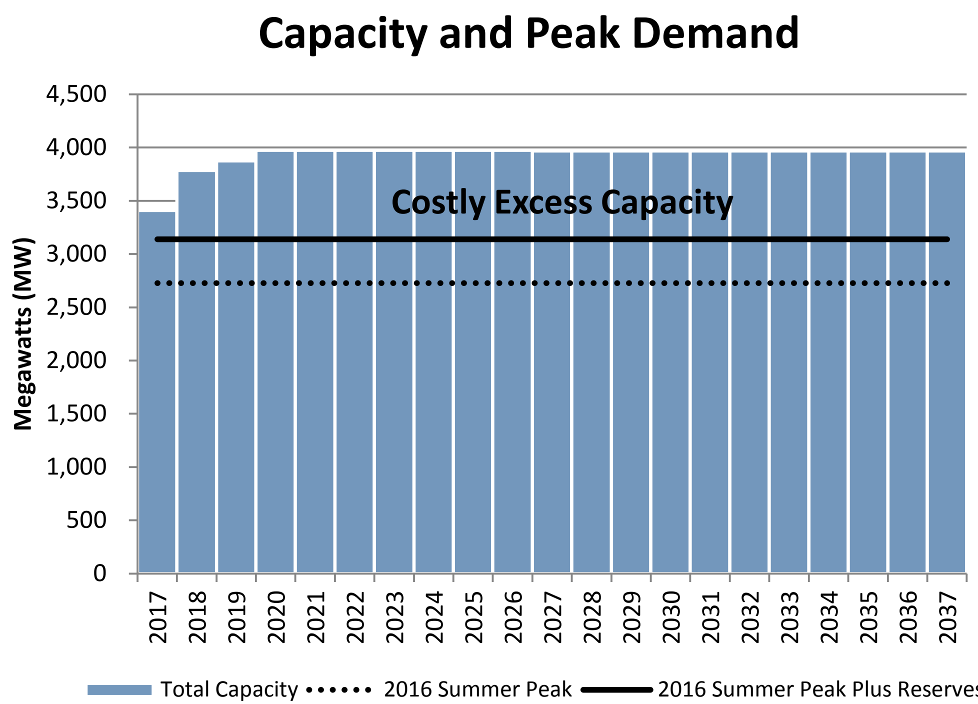

2016 Net Energy Load Fuel Mix (GWh)



# JEA ELECTRIC DEMAND HAS FALLEN SUBSTANTIALLY




- Since 2006, electric sales have fallen by 10%
- Based on the historical growth rate of 3%, projected 2017 sales would have been **46%** higher
- JEA has 3,408 MW today of summer generating capacity, against a 2,728 MW 2016 summer peak demand
- JEA will add 383 MW SJRPP capacity in 2018-2020 due to suspension of the Power Purchased Agreement (PPA)
- JEA will add another 206 MW capacity when Vogtle Units 3 and 4 come online in 2019 and 2020
- With no other capacity changes, excess capacity would reach approximately **800 MW** above reserves in 2020



# PROPOSED SOLUTION

- FPL proposed a termination of the SJRPP Joint Ownership Agreement (JOA) and a cessation of commercial operations approximately four years prior to the current JOA termination date.

- JEA has negotiated a proposed settlement with FPL to terminate the JOA early, cease commercial operation in January 2018, and decommission the plant in CY2018

- FPL will pay JEA for PPA termination, including employee-related expenses, and will share proportionately in shut-down costs and environmental remediation.

# EXTERNAL CONTRIBUTORS

LATHAM & WATKINS LLP

**Latham & Watkins LLP**, is one of the world's largest law firms and currently employs approximately 2,200 attorneys in the United States, Europe, the Middle East and Asia. Latham's M&A Practice advises on transactions worldwide, offering clients the resources of a global firm, while maintaining an on-the-ground understanding of substantive legal matters, local markets and industry-specific issues. Latham M&A lawyers are experienced in acquisitions and dispositions in a wide range of industries, including those that are highly regulated. The firm's industry acumen is broad and deep, and reflects the strengths of Latham's M&A Practice as a whole, as well as the firm's leading corporate finance, regulatory and controversy practices.

**David Kurzweil** is the global Co-chair of the firm's Energy - Power Industry Group and Co-chair of the Corporate Department for the New York office. He is also a member of the firm's Corporate Governance, Mergers & Acquisitions, Private Equity, Public Company Representation and Takeover Defense practices. His practice focuses on mergers and acquisitions and general public company representation.

Latham & Watkins is engaged to represent JEA in negotiations and agreements.

J.P.Morgan

**JPMorgan Chase & Co**. is a leading global financial services firm and a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset and wealth management, and private equity.

**Paul Dabbar** is Managing Director in the Global Mergers & Acquisitions Group, and Head of Energy Mergers & Acquisitions at J.P.Morgan, the investment banking division of JPMorgan Chase & Co. He has also led a number of M&A transactions for JPMorgan Chase. He has been financial advisor on over $300 billion in M&A transactions, including corporate mergers, subsidiary sales and purchases, government privatizations, joint ventures, corporate restructurings, private equity transactions, and unsolicited corporate transactions for companies in the energy sector, including nuclear, as well as in the industrials and financial institutions sectors.

JPMorgan is engaged as the financial advisor and has represented JEA in negotiations and will provide a fairness opinion on the transaction.

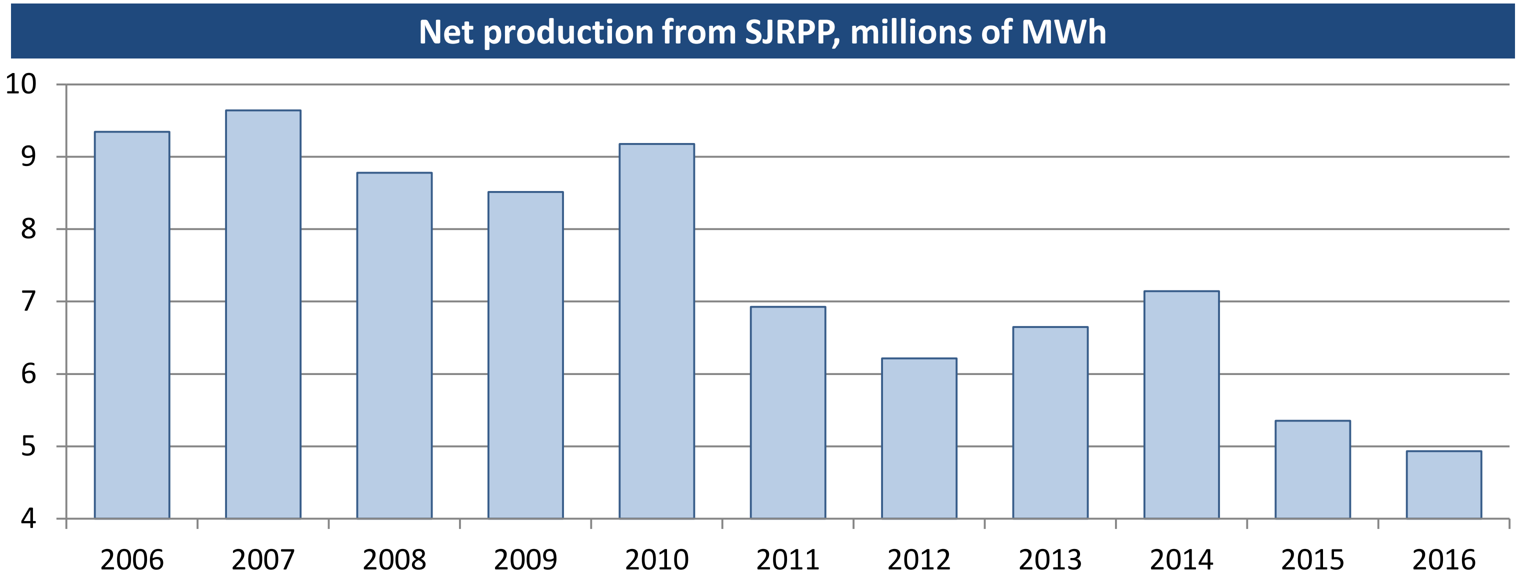
JEA

# SJRPP BACKGROUND

- The St. Johns River Power Park began operating in 1987
- The 1,252 MW facility is jointly owned by JEA and FPL
- Although the facility is owned 80% by JEA, a power purchase agreement makes the effective ownership interest 50% until the output-driven suspension date
  - Commercial structure allowed for an effective 50/50 ownership through the useful life of the plant while creating an opportunity to use tax-exempt financing for a greater portion of the plant
- Suspension date projected in 2018-2020, after which output and cost responsibility shifts to 80/20
- The Joint Ownership Agreement ends in 2022

JEA

# SJRPP OPERATIONS



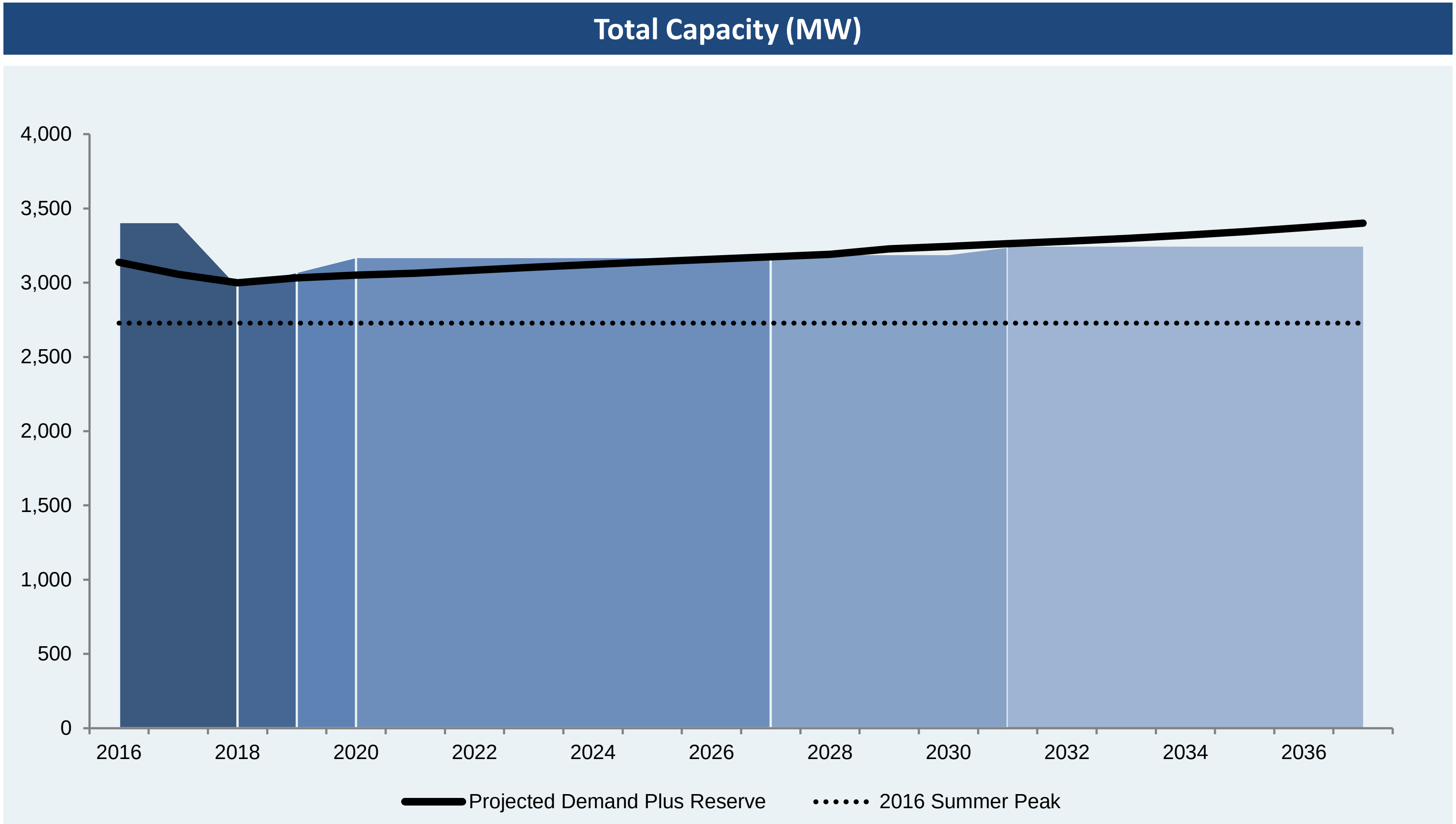

- Net production from SJRPP has declined by nearly 50% since 2007
- Current environmental regulations require SJRPP fuel to be procured and shipped from Colombia

# BENEFITS OF TRANSACTION

| | |
|---|---|
| Provides Rate Stability for Customers | ▪ Proposed transaction provides significant annual cost savings beginning in 2020<br>▪ Allows JEA to maintain stable rates and continue early debt paydown |
| Appropriately Sizes the Generation Fleet | ▪ Increases asset utilization<br>▪ Maintains cost effective system resource mix |
| Reduces JEA's Impact on the Environment | ▪ Reduces JEA's $CO_2$ output by 30% by 2030<br>▪ Decreases nitrogen to the St. Johns River<br>▪ Avoids future expense for compliance with environmental rules |
| Stimulates Economic Development | ▪ Expands economic opportunities for industrial and manufacturing growth in and around the Port |
| Proactively Addresses the Future of SJRPP | ▪ Transaction provides a clear path for the termination of the SJRPP Joint Ownership Agreement and the retirement of the facility |

JEA®

# FLEET OPTIMIZATION AND ASSET UTILTIIZATION




***JEA will maintain sufficient reserves while accommodating projected load growth***

# EMPLOYEE IMPACT

We are sensitive to the impact this action will have on Power Park employees and will help them through this transition by providing:

- Priority for employment opportunities at JEA and opportunity to interview for open positions at FPL
- Outplacement and training services on-site
- Appropriate market-based separation benefit packages
- Medical benefits through transition period
- Immediate retirement benefits available to 35% of employees
- Pension connectivity through GEPP buyback option for employees who transition to JEA before October 1

# RISKS AND CONSIDERATIONS

## Reliability

- Reducing system capacity decreases reserve margins to required levels which may increase reliability or power quality risk, but these risks are somewhat mitigated through the Florida Emergency Power Pool and transmission upgrades
- JEA has identified opportunities to supplement incremental seasonal needs

## Fuel diversity

- By reducing installed capacity, JEA will operate closer to its peak and reserve requirements, decreasing the ability to fuel switch based on commodity prices
- JEA's diverse generating fleet, including Northside solid fuel units, solar energy PPAs and nuclear energy, provides fuel diversity but without substantial excess capacity

## Pension

- As part of the transaction, the SJRPP pension will be fully funded at a conservative assumed rate of return
- After plan closure, JEA will assume future funding risks for the SJRPP pension

## Stranded Debt

- $281 million of SJRPP Issue Three debt will remain outstanding with a final maturity date of 2039
- Operational savings as a result of this transaction will allow accelerated paydown of electric system debt

## Environmental

- FPL and JEA continue to be jointly liable for the largest environmental risk, groundwater contamination
- JEA assumes other environmental risks at the site, mitigated by site remediation at closure

# NEXT STEPS

- After execution of the term sheet, Public Service Commission filings on April 1st for both JEA and FPL will exclude SJRPP from generation resources
- Regulatory notices and filings submitted to regulatory agencies
- JEA and FPL will proceed with negotiation of definitive agreements
  - Staff will request approval of definitive agreements from the JEA Board of Directors once agreements are finalized
- Shut-down targeted for January 2018, pending regulatory approvals and completion of certain transmission upgrades

**TERM SHEET**
**FOR THE RETIREMENT, DECOMMISSIONING AND DISMANTLEMENT**
**OF THE ST. JOHNS RIVER POWER PARK**

This term sheet ("Term Sheet"), effective when executed by the parties hereto, is intended to serve as a basis for further discussions and negotiations by and between JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida, and Florida Power & Light Company ("FPL" and together with JEA, the "Parties"), a corporation organized and existing under the laws of the State of Florida, with respect to a set of agreements pursuant to which (A) all of the contracts, agreements, arrangements and understandings by and between the Parties with respect to SJRPP will be terminated; (B) each of the Parties will deliver to the other, funds related to the termination of certain agreements or the settlement of certain accounts as more fully described below; (C) the St. Johns River Power Park Coal Units 1 And 2 (the "Facility") will be retired, decommissioned and dismantled; and (D) JEA will acquire from FPL all of FPL's right, title and interest in the land upon which the Facility is situated (the "Land" and together with the Facility, "SJRPP"). Collectively, the enumerated items (A), (B), (C) and (D) above (the "Transaction"), the terms of which are more specifically described below (the "Transaction Terms").

The Transaction Terms set forth in Section 1 are not intended to and do not constitute a binding agreement of the Parties with respect to the Transactions or otherwise. Any binding agreement with respect to Section 1 matters will arise only upon the successful negotiation, execution and delivery of mutually satisfactory definitive agreements for the Transaction (the "Transaction Documents") and the satisfaction of the conditions set forth therein, including but not limited to the approval of such Transaction Documents and the Transaction by the respective governing authorities of each Party. The Transaction Terms set forth in Section 2 constitute binding agreements of the Parties.

In consideration of the rights and obligations of the Parties hereunder, the Parties hereby agree as follows:

| SECTION 1: NONBINDING TRANSACTION TERMS | |
|---|---|
| Contract Termination | The Parties will terminate the Agreement for Joint Ownership, Construction and Operation of St. John's River Power Park Coal Units #1 and #2 by and between FPL and JEA dated as of April 2nd, 1982, as amended through the date hereof (the "JOA"), and all other contracts, agreements, arrangements and understandings by and between the Parties with respect to SJRPP and the energy and capacity produced by and transmitted from the Facility. |

| | |
|---|---|
| Consideration | Upon the Shutdown (as defined below) of SJRPP (the "Closing"), FPL will make a payment to JEA in cash in immediately available funds in an amount estimated (based on current assumptions) to be Eighty Nine Million One Hundred Thirty Thousand Dollars ($89,130,000) (the "Consideration"), in consideration of the termination of all rights and obligations of the Parties under the JOA and all other contracts, agreements, arrangements and understandings by and between the Parties with respect to SJRPP including debt retirement obligations, the energy and capacity produced by and transmitted from the Facility and the assignment of all of FPL's right, title and interest in and to the Land (as more fully discussed below). This Consideration excludes and is in addition to the other financial obligations of both FPL and JEA with respect to retirement, dismantlement, and remediation, discussed more fully below. As used herein, "Shutdown" means when the following have been completed: (1) all required regulatory approvals for the Transaction shall have been obtained and (2) the Parties have ceased operation of the Facility. |
| Dismantlement | The Parties plan to dismantle the Facility ("Full Dismantlement"). At its option, however, JEA may elect to defer dismantlement of those portions of the Facility which have beneficial use to other portions of JEA operations ("Partial Dismantlement"). The costs for each of Full Dismantlement (the "Full Dismantlement Costs") and Partial Dismantlement (the "Partial Dismantlement Costs") will be determined through a mutually agreed methodology prior to Closing, proposed today to be a market solicitation involving qualified and experienced contractors. At JEA's option, FPL, on behalf of the Parties, will (for a reasonable fee to be negotiated by the Parties) contract for and manage the dismantlement of the Facility. If the Parties elect Full Dismantlement, the Full Dismantlement Costs will be shared in accordance with the Ownership Interests of the Parties as detailed in the JOA. If JEA exercises its option for Partial Dismantlement and the Partial Dismantlement Costs are less than the Full Dismantlement Costs then FPL shall pay to JEA an amount equal to FPL's portion of the difference of such costs (determined in accordance with the Ownership Interests of the Parties as detailed in the JOA) in complete satisfaction of any and all future dismantlement obligations with respect to SJRPP; provided, however, that if the Partial Dismantlement |

| | |
|---|---|
| | Costs are greater than the Full Dismantlement Costs then all amounts above the Full Dismantlement Costs shall be solely for the account of JEA. |
| Environmental Remediation | All costs associated with remediation of all above and below ground regulated hazardous materials on any dismantled portion and any ongoing regulatory monitoring (the "Remediation Costs") will be determined through a mutually agreed methodology prior to Closing, proposed today to be a market solicitation involving qualified and experienced contractors. This solicitation will request an itemized breakdown of the costs associated with remediating each discrete portion of the Facility. All Remediation Costs associated with those portions of the Facility actually dismantled or remediated will be contracted for and shared in accordance with the Ownership Interests of the Parties as detailed in the JOA. At JEA's option, FPL, on behalf of the Parties, will (for a reasonable fee to be negotiated by the Parties) contract for and manage the remediation of the Facility. JEA agrees to waive recovery of remediation costs associated with portions of the Facility that JEA preserves for its beneficial use and which are therefore excluded from the scope of remediation and dismantlement. JEA will indemnify FPL against any and all claims arising in connection with the Land (including environmental claims) after the assignment and transfer of the Land, except for claims related to any remediation required upon closure of the landfills or resulting from ongoing monitoring of groundwater in those portions of the Facility which are not Retained Facilities. |
| Assignment and Assumption of Interests in the Land | Upon conclusion of the dismantlement (whether it be partial or full dismantlement as elected by JEA), FPL will assign and transfer and JEA will assume and accept all of FPL's right, title and interest in and to the Land. |
| Pre-funding Debt Service Obligations | On or before the Closing, FPL will deposit an amount (the "Debt Service Amount"), together with FPL's portion of funds on deposit in the debt service reserve fund, to (i) legally defease its portion of outstanding debt issued in accordance with the St. Johns River Power Park System Revenue Bond Resolution adopted by JEA on March 30, 1982 and (ii) pay associated transaction costs. |
| Inventory | The Parties will work together to minimize the amount of fuel and other fuel related inventories remaining at the Facility by the proposed shutdown date. Remaining fuel and other fuel related inventories are to be liquidated on or about December 31, 2017 and the proceeds will go to JEA. |

| | |
|---|---|
| | Other materials and supplies will be liquidated on or about December 31, 2017, and the proceeds will be divided based on Ownership Interests in SJRPP. |
| Post-Closing True-Up | All payables, receivables, cash, other cash reserves and other working capital amounts (other than Inventory) will be trued up on a net basis on or before 90 days after the assignment and assumption of interests in the Land. |
| Other Cash Reserves | On or about January 1, 2018, JEA will return to FPL its portion of the various cash reserves established under the JOA (other than the debt service reserve) which as of February 28, 2017 were estimated to be Thirty Four Million Nine Hundred Thousand Dollars ($34,900,000). |
| Litigation | FPL will continue in the defense of, participate in or contribute toward settlement proceeds, if any, with respect to ongoing litigation or litigation matters that arise out of operation of SJRPP up until and through dismantlement and remediation, including but not limited to, the CSX and the Westside Electric matters. |
| Property Taxes | FPL will work directly with Duval County under its current property tax agreement regarding its 2018 payment for the portion of such payment associated with FPL's Ownership Interests in SJRPP. |

| SECTION 2: BINDING TRANSACTION TERMS | |
|---|---|
| Approval | No Party shall be bound to enter into any agreement relating to any part of the Transaction until (i) such Party's governing body shall have approved the final Transaction Documents, (ii) such Party shall have executed the applicable Transaction Document, and (iii) all conditions precedent to the effectiveness of any of such Transaction Document shall have been satisfied, including the obtaining of any and all requisite federal, state, or territorial regulatory orders or approvals, if any, which are satisfactory in form and substance to the Party requiring such approval. |
| Entire Agreement | This Term Sheet constitutes the entire agreement of the Parties relating to the subject matter hereof and supersedes all prior discussions, agreements or understandings, whether oral or written, relating to such subject matter. There are no other written or oral agreements or understandings between the Parties. Any amendment of this Term Sheet must be written and signed by both Parties. |

| | |
|---|---|
| Governing Law | THIS TERM SHEET SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES. |
| Non-Inclusive; Non-Binding | This Term Sheet does not contain all matters upon which agreement must be reached in order for the Transaction to be completed. Except for the terms in this Section 2, this Term Sheet does not create and is not intended to create a binding and enforceable contract between the Parties, and may not be relied upon by a Party as the basis for a contract by estoppel or otherwise for the completion of the Transaction. A binding commitment with respect to the Transaction can only result from the execution and delivery of the Transaction Documents. |
| Costs | Each Party shall assume its own counsel costs, fees and expenses incurred in the preparation and negotiation of this Term Sheet and the Transaction Documents, and the Parties shall not have the right to claim any compensation and/or damages in connection therewith. |
| Remedies | In the event of a violation of a binding term of this Term Sheet, the aggrieved Party may apply to a court of competent jurisdiction to restrain further violation and to obtain any relief that may be appropriate or available under the circumstances, including specific performance without posting a bond therefor. This paragraph is not intended to and shall not restrict the rights or remedies of either Party otherwise available under applicable law or in equity in respect of any such violation. Notwithstanding anything contained in this Term Sheet, each Party's liability to the other Party in connection with this Term Sheet and any activities undertaken in connection with the evaluation of the Transaction shall be limited to direct damages and shall exclude any other liability, including without limitation liability for special, indirect, punitive or consequential damages in contract, tort, warranty, strict liability or otherwise. |
| Termination | This Term Sheet shall remain effective until the earliest of (1) the full execution of the Transaction Documents, (2) termination of this Term Sheet in a signed writing delivered by either of the Parties or (3) September 30, 2017. |
| Counterparts | This Term Sheet may be executed in counterparts, including transmission by facsimile or .PDF, and all such counterparts together shall constitute but one agreement. |
| Confidentiality | Each Party agrees that the contents of this Term Sheet and any information relating to negotiations of the Transaction are confidential and shall be treated as confidential. Neither |

| | |
|---|---|
| | Party, except as required by law, shall disclose such confidential information to any Person. Notwithstanding the foregoing, FPL acknowledges that meetings of JEA's Board of Directors are duly noticed public meetings and that JEA will provide this Term Sheet to its Board of Directors in connection with such public setting. |
| Public Statements | Neither Party shall make or authorize any news release, advertisement, or other disclosure which shall confirm the existence or convey any aspect of this Term Sheet without the prior written consent of the other Party. FPL acknowledges that JEA is subject to Florida Sunshine laws, and as such, meetings of its Board of Directors are duly noticed public meetings, and such discussions are exempt from this clause. |

**Florida Power & Light Company**

Agreed and Acknowledged this __ day of March 2017:

______________________________
Name:
Title:

**JEA**

Agreed and Acknowledged this __ day of March 2017:

______________________________
Name:
Title

# III. B. 7.

# Monthly Operational and Financial Review

Building Community

# Monthly Operating and Financial Reporting Summary

Return to Agenda

III. B. 7.
3/21/2017

## Board of Directors
## March 21, 2017

JEA
Building Community

# Water & Wastewater Monthly Operations Scorecard

| Water & Wastewater | FY2016 | FY2017 Goal | FY2017 YTD | Status |
|---|---|---|---|---|
| JEA Safety RIR | 1.82 | 1.40 | **1.82** | Red |
| Sales Forecast (kGals in 1000's) | 36,358 | 34,558 | **36,150** | Green |
| Water Unplanned Outages (# cust.) | 12,735 | 9,000 | **1,690** | Green |
| CUP Compliance | Yes | Yes | **Yes** | Green |
| Nitrogen to the River (tons) | 527 | 550 | **245** | Green |
| Sanitary Sewer Overflows (SSO's) | 32 | 27 | **17** | Red |

## Significant Occurrences or Concerns This Month

- Two (2) OSHA recordable safety incidents for JEA in February, 16 YTD
- Unplanned Water Main Outages: 100 customers in February, event communication enhancements ongoing
- CUP: Average daily flow of 101 MGD was 24% below CY limit of 133 MGD; reclaim usage reached 20 MGD
- Nitrogen to River: 245 tons YTD with storm impacts, current forecast is 585 tons trending towards 550 tons
- SSO's Impacting Waters of the US: Seventeen (17) year-to-date, excluding the Hurricane events



OSHA – Occupational Safety and Health Administration, CUP – Consumptive Use Permit, MGD – Million Gallons Per Day

JEA Building Community

# Electric Monthly Operations Scorecard

| Electric System | FY2016 | FY2017 Goal | FY2017 YTD | Status |
|---|---|---|---|---|
| JEA Safety RIR | 1.82 | 1.40 | **1.82** | Red |
| Sales Forecast (million MWh) | 12.6 | 12.4 | **12.0** | Yellow |
| T&D Grid Performance Customer Outage | | | | |
| *Frequency (outages/year)* | *1.4* | *1.5* | ***1.22*** | Green |
| *Electric Outage Duration (minutes/year)* | *71* | *85* | ***70.5*** | Green |
| *Transmission Line Faults (# per 100 miles)* | *0.7* | *1.2* | ***0.6*** | Green |
| *$CEMI_5$ (% cust. > 5 outages/year)* | *1.4* | *1.5* | ***0.9*** | Green |
| Generating Plant Performance | | | | |
| *Generation Fleet Reliability (forced outages rate)* | 2.0 | 2.1 | **.95** | Green |
| *Environmental Compliance (permit exceedances)* | 4 | 5 | **3** | Green |

## Significant Occurrences or Concerns This Month

- Generation Fleet performing well this winter. All 3 Northside successfully completed planned outages last fall. Fleet reliability high (at 0.95) through 1st quarter of FY17.
- Despite a tough weather year, T&D grid performance metrics all better than targets. Excellent recovery work by JEA field crews.

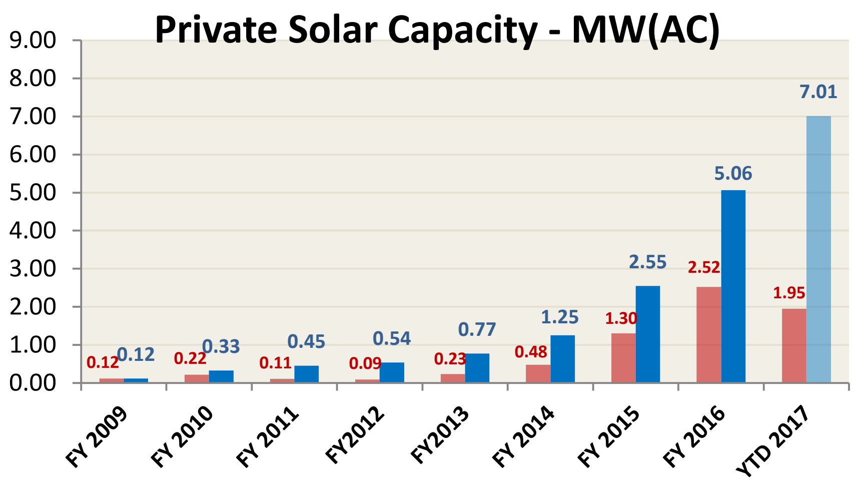
Building Community

# Customer Experience Monthly Operations Scorecard

| Customer Experience | FY2016 | FY2017 Goal | FY2017 YTD | Status |
|---|---|---|---|---|
| JDP Customer Satisfaction Index - Residential | 2nd Q | 1st Q | **1st Q** | Green |
| JDP Customer Satisfaction Index - Business | #1 | Top Decile | **#12** | Red |
| Overall First Contact Resolution Index | 79.4% | ≥79.4% | **80.6%** | Green |
| Self Service Utilization | 77.2% | ≥78.5% | **80.8%** | Green |
| Net Write-Offs | 0.14% | ≤0.20% | **0.17%** | Green |

## Significant Occurrences or Concerns This Month

10MW Policy Limit for Private Solar To Be Reached by September




- The installation rate of net-metered private solar on the JEA system is growing
- At the current adoption rate the 10 MW cap may be reached by September, 2017.
- The annualized subsidy for the current 7.01 MW of installed private city is $647,000 annually

Building Community

# Financial Results and Cost Metrics

**Electric Systems Metrics Forecast**

| | Rating Agency/ Perform. Goal | Forecast | Score |
|---|---|---|---|
| System Sales (GWh) | 12,000 | 12,030 | |
| Base Revenue Growth | (0.1%) | 0.0% | |
| Debt Svc. Coverage | 2.3x | 2.4x | |
| Days Liquidity (Cash) | 282 (163) | 276 (161) | |
| Debt/Asset % | 62% | 62% | |
| Non-Fuel/MWh | $53.94 | $55.07 | |
| Net Funded Debt Reduction | $216m | $216m | |
| Capital Expenditures | $166m | $149m | |
| Moody's/S&P/Fitch Ratings | Aa2/AA-/AA | Aa2/AA-/AA | |

**Water and Sewer Systems Metrics Forecast**

| | Rating Agency/ Perform. Goal | Forecast | Score |
|---|---|---|---|
| Water System Sales (mGals) | 35,000 | 36,150 | |
| Base Revenue Growth | (1.3%) | (0.9%) | |
| Debt Svc. Coverage | 2.5x | 2.6x | |
| Days Liquidity (Cash) | 227 (109) | 315 (200) | |
| Debt/Asset % | 50% | 50% | |
| Water Cost/kgal | $4.75 | $4.86 | |
| Sewer Cost/kgal | $10.27 | $10.77 | |
| Net Funded Debt Reduction | $77m | $77m | |
| Capital Expenditures | $205m | $217m | |
| Moody's/S&P/Fitch Ratings | Aa2/AA/AA | Aa2/AAA/AA | |

## Significant Occurrences or Concerns This Month

- Have incurred $18MM of actual expenses YTD from Hurricane Matthew but only includes a portion of the mutual aid costs

# IV. A.

# Finance & Audit Committee Report

Return to Agenda

IV. A.
3/21/2017

**JEA**
**FINANCE & AUDIT COMMITTEE AGENDA**

**DATE:** March 13, 2017
**TIME:** 8:00 – 10:00 AM
**PLACE:** 21 W. Church Street
8th Floor

| | | | | Responsible Person | Action (A) Info (I) | Total Time |
|---|---|---|---|---|---|---|
| **I.** | **OPENING CONSIDERATIONS** | | | Kelly Flanagan | | |
| | A. | Call to Order | | | | |
| | B. | Adoption of Agenda | | | A | |
| | C. | Approval of Minutes – December 1, 2016 | | Melissa Charleroy | A | |
| **II.** | **NEW BUSINESS** | | | | | |
| | A. | FY2018 Budget Assumptions | | Melissa Dykes | I | 30 mins. |
| | B. | JEA Annual Disclosure Policy Report | | Melissa Dykes | I | 5 mins. |
| | C. | Ernst & Young FY2016 Revised Management Letter | | Janice Nelson | I | 5 mins. |
| | D. | Audit Services | | | | |
| | | 1. | Quarterly ERM/Audit Update | Steve Tuten | I | 10 mins. |
| | | 2. | Finance & Audit Committee Members – Self-Assessment Survey Questionnaire | Steve Tuten | I | 5 mins. |
| | E. | Cyber Security Activities | | Paul Cosgrave | I | 10 mins. |
| | F. | CIP Compliance Update | | Ted Hobson | I | 10 mins. |
| | G. | Ethics Officer Report | | Walette Stanford | I | 5 mins. |
| | H. | JEA Energy Market Risk Management Policy Report | | Steven McInall | I | 5 mins. |
| | I. | Treasury | | | | |
| | | 1. | Resolution Determining the Sufficiency of Revenues – St. Johns River Power Park | Joe Orfano | A | 1 min. |
| | | 2. | Recap of Recent JEA Electric System Fixed Rate Debt Refunding Delegated Transactions | Joe Orfano | I | 5 mins. |
| | | 3. | Electric System and Water and Sewer System Reserve Fund Quarterly Report | Joe Orfano | I | 5 mins. |
| | J. | Announcements | | | | |
| | | 1. | Next Meeting, May 8, 2017, 8:00 – 10:00 AM | | | |
| | K. | Committee Discussion Sessions | | | | |
| | | 1. | Ernst & Young | John DiSanto | I | 5 mins. |
| | | 2. | Director, Audit Services | Steve Tuten | I | 5 mins. |
| | | 3. | Council Auditor's Office | Robert Campbell | I | 5 mins. |
| | L. | Adjournment | | | | |

IV. A. 1.

Approval of Minutes – December 1, 2016

JEA FINANCE & AUDIT COMMITTEE MINUTES
December 1, 2016

The Finance & Audit Committee of JEA met on Thursday, December 1, 2016, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

A. Call to Order – Committee Chair Flanagan called the meeting to order at 2:02 PM with Members Board Chair Tom Petway and Husein Cumber in attendance. Board Vice Chair Ed Burr was absent and excused. Others in attendance were Paul McElroy, Melissa Dykes, Jody Brooks, Mike Brost, Brian Roche, Ted Hobson, Steve Tuten, Janice Nelson, Joe Orfano, Judi Spann, Steve McInall, Walette Stanford, Ryan Wannemacher, Jane Upton, Sharon Van Den Heuvel, Gerri Boyce, John DiSanto, Johan Flostrand, and Russ Jeans, Ernst & Young, Robert Campbell, Council Auditors Office, and Sebastian Kitchen, Florida Times-Union.

B. Adoption of Agenda – The agenda was adopted on **motion** by Mr. Cumber and second by Chair Petway.

C. Approval of Minutes – The August 8, 2016 minutes were unanimously approved on **motion** by Chair Petway and second by Mr. Cumber.

D. Approval of Minutes – The October 18, 2016 minutes were unanimously approved on **motion** by Chair Petway and second by Mr. Cumber.

**Agenda Item II – New Business**

A. Quarterly Reports and Updates

1. Audit Services – Quarterly ERM/Audit Report – Steve Tuten, Director, Audit Services, provided the Committee with key FY2016 and FY2017 Audit Services highlights, FY2017 Internal Audit Plan timeline, Enterprise Risk Management (ERM) Trend Report and key highlights, and Ethics Hotline Report. This presentation was received for information.

2. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer and Director, Workforce Strategies, presented the Ethics Officer Quarterly Report, which was received for information.

3. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.

4. JEA Energy Market Risk Management Policy Report – Materials were provided in the Finance and Audit Committee packages. No discussions were held.

B. Action Items

1. JEA Calendar Years 2017 and 2018 Fixed Rate Refunding Debt Parameter Resolutions for Electric, Water and Sewer and St. Johns River Power Park Systems – Following a review of the item by Joe Orfano, Treasurer, on **motion** by Mr. Cumber and second by Chair Petway, the Committee unanimously recommends that the Board approve and adopt Resolutions No. 2016-21, 2016-22, 2016-23, 2016-24 and 2016-25 and the related forms of Bond Purchase Agreement, Preliminary Official Statement, Escrow Deposit Agreement and Bond that will provide the Managing Director/CEO the authorization to price and execute Electric System, Subordinated Electric System, Water and Sewer System, Subordinated Water and Sewer

System and St. Johns River Power Park System Issue Three, respectively, fixed rate refunding bonds within the stated parameters.

C. Ernst & Young FY2016 External Audit Report – John DiSanto, Executive Director, Assurance, presented an overview of the 2016 Audit Report and Management Letter, copies of which were provided to Committee Members. Committee Members were also provided with a draft copy of JEA's Audited Financial Statements. Mr. DiSanto recognized Russ Jeans, Senior Manager, and Johan Flostrand, Senior Manager. Chair Petway congratulated Mr. DiSanto and team, along with Melissa Dykes, Chief Financial Officer and staff for their excellent work.

D. Announcements

1. The next Finance and Audit Committee meeting is tentatively scheduled in March 2017 at 8:00 AM.

C. Committee Discussion Sessions

1. Director, Audit Services – At 2:44 PM, Committee Chair Flanagan dismissed staff and the Committee held a general conversation with Steve Tuten, Director, Audit Services.

2. Ernst & Young – At 2:47 PM, the Committee held a general conversation with John DiSanto.

3. Council Auditor's Office – At 2:47 PM, the Committee held a general conversation with Robert Campbell.

**Closing Considerations**

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 2:48 PM.

APPROVED BY:

________________________________
Kelly Flanagan, Committee Chair
Date: ________________

Submitted by:

__________________________________
Melissa Charleroy
Executive Assistant

# IV. A. 2.

# FY2018 Budget Assumptions

II. A.
03/13/2017

Return to Agenda

Building Community

IV. A. 2.
3/21/2017

# *AGENDA ITEM SUMMARY*

February 27, 2017

| | |
|---|---|
| **SUBJECT**: | **FY2018 BUDGET ASSUMPTIONS** |

**Purpose:** ☒ Information Only ☐ Action Required ☒ Advice/Direction

**Issue:** Present the key strategic issues, risks, major challenges and assumptions for the FY2018 Budget, to the Finance and Audit Committee for feedback and direction.

**Significance:** High. Key strategic issues and risks, major challenges, and assumptions significantly impact the FY2018 Budget.

**Effect:** The budget process is integral to JEA's strategic planning, financial performance and resulting metrics.

**Cost or Benefit:** The Committee provides feedback and direction regarding the key strategic issues, risks, major challenges, and assumptions for the FY2018 Budget covering: revenue; fuel revenue and expense; O&M expense levels; interest rates and the resulting financial metrics; capital expenditures and related financing plan.

**Recommended Board action:** Staff is providing this presentation for the Committee’s consideration and requests feedback and direction regarding the FY2018 Budget.

**For additional information, contact:** Melissa Dykes

Submitted by: PEM/ MHD/ DRJ

II. A.
3/13/2017

Return to Agenda

IV. A. 2.
3/21/2017

# FY2018 Budget

# Review of Key Issues, Risks, Challenges and Assumptions

Finance & Audit Committee

March 13, 2017

# Agenda

**Strategic Issues and Risks**

**Key Assumptions**

**Electric System Budget Assumptions**

**Water and Sewer System Budget Assumptions**

**Government Transfers via the JEA Bill**

# FY2018 Budget: Strategic Issues and Risks

### Strategic Plan Implementation – Emphasizing Business Excellence Opportunities

Seek out opportunities to drive business excellence through the EAM program and process improvements

Remain focused on customer loyalty

Build on momentum toward building an unbeatable team

### Workforce Readiness

Succession planning

Performance management

Workforce diversity

### Financial Performance and Flexibility

Fuel supply and pricing flexibility

Strong focus on expense management – strategic opportunities

Pension cost

### Future Environmental Constraints on Electric Generation

Customer Benefit Programs and rate structures

Renewable electricity and nuclear generation investment

Rightsizing long-term electric generation

### Water Resource Management and Health of the St. Johns River

CUP[1] Compliance – Reclaim, conservation programs, minimum flow and levels (MFL)

TMDL[2] goal attainment

Sewer system resiliency

[1] CUP - Consumptive Use Permit
[2] TMDL - Total Maximum Daily Load - Nitrogen discharge to St. Johns River

# Agenda

Strategic Issues and Risks

**Key Assumptions**

Electric System Budget Assumptions

Water and Sewer System Budget Assumptions

Government Transfers via the JEA Bill

# FY2018 Budget: Key Assumptions

## Revenue Projections

- Economic activity remains stable or improves slightly
- Net customer account annual growth at 2%
- Annual Electric unit sales projected to be 12.4 million MWhs, flat to the MWhs budgeted in FY2017
- Annual Water unit sales projected to be 39 million Kgals, up from 35 million Kgal sales budgeted in FY2017

## Fuel and Purchased Power Costs

- FY2018 projection reflects higher solid fuel prices
- FY2018 year-end fuel reserve balances projected to be 15% of target expense

## Labor Costs

- Budgeted payroll expense increased only 7.7% in 10 years as a result of constrained hiring and multiple years of no general wage or salary increases
- Bargaining unit wages do not yet reflect newly-negotiated contracts
- Pension costs set to equal to FY17 levels as a placeholder
- Staffing risks mitigated with continuation of Workforce Readiness and Succession Planning initiative

# Agenda

Strategic Issues and Risks

Key Assumptions

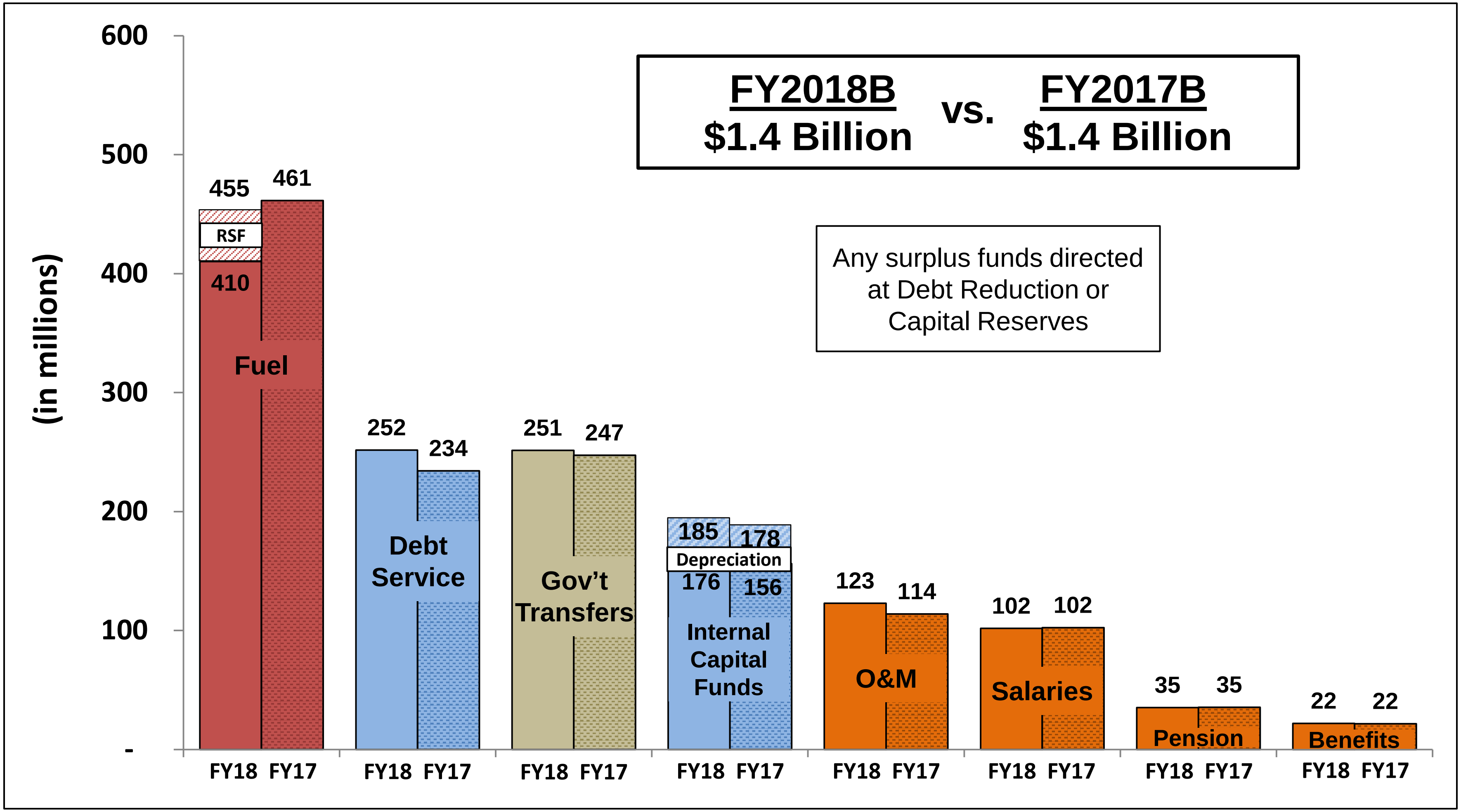
**Electric System Budget Assumptions**

- ✓ Customer Electric Bill by Expense Category
- ✓ Revenue Drivers
- ✓ Fuel Rate
- ✓ Operating Expenses
- ✓ Capital Funding - Debt Service, Oper. Capital Outlay and Renewal & Replacement
- ✓ Debt Service

Water and Sewer System Budget Assumptions

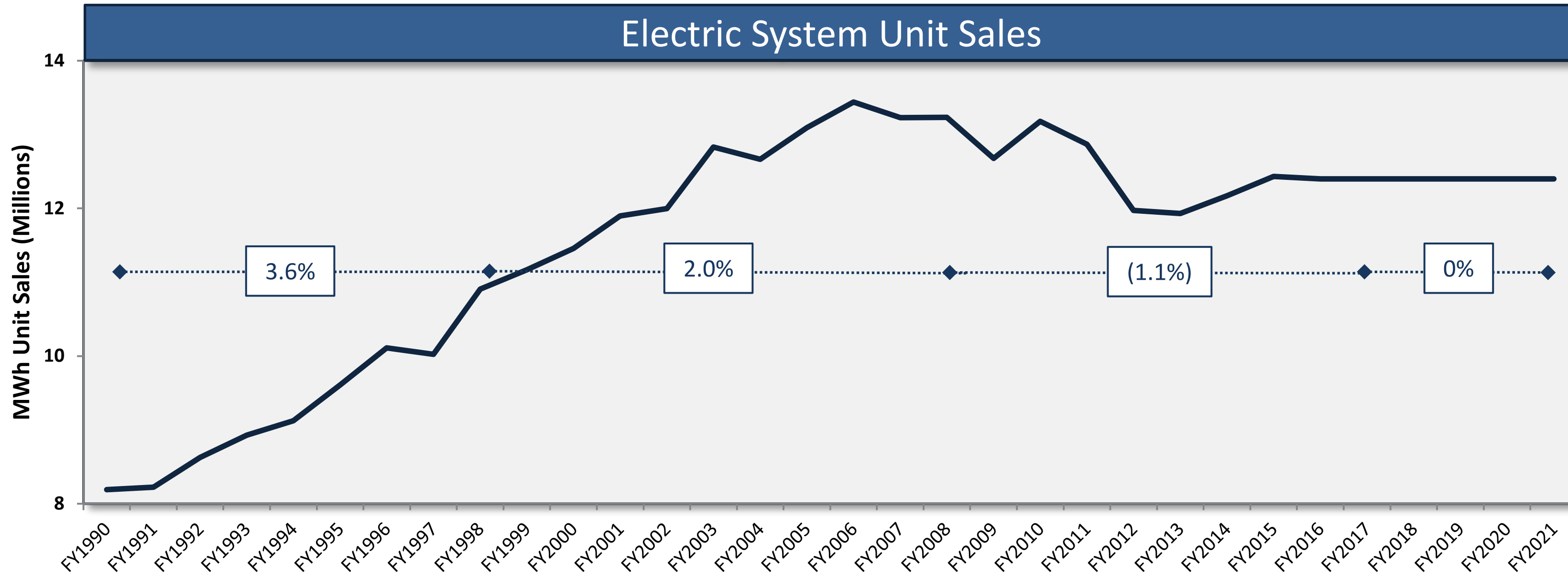
Government Transfers via the JEA Bill

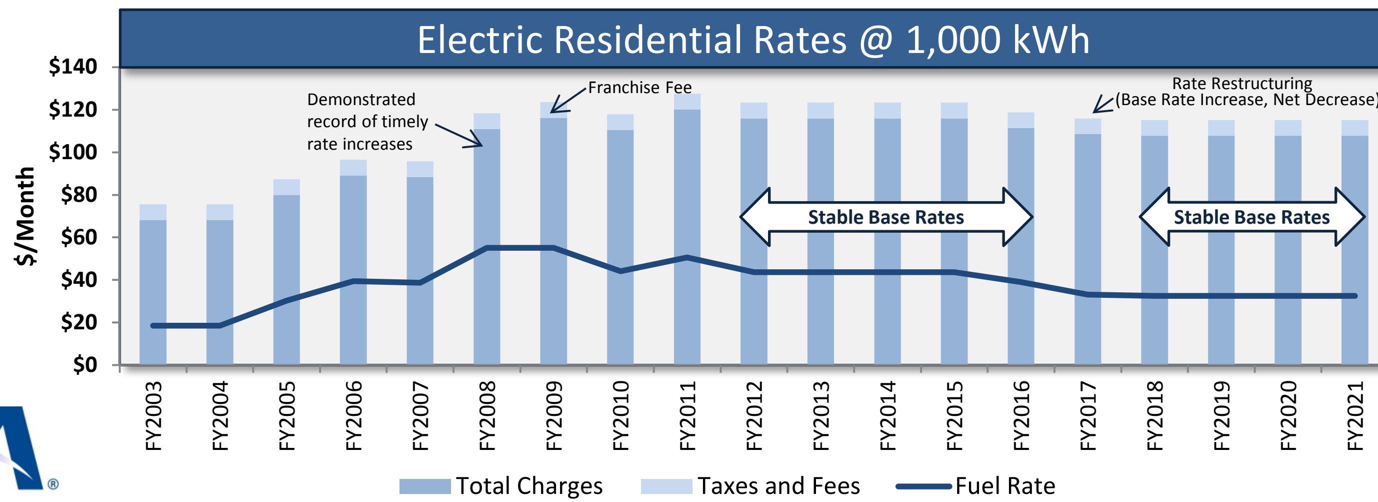
# FY2018 Budget: Customer Electric Bill by Expense Category




Notes:
1. Fuel includes Scherer transmission and capacity expenses. Fuel expense is $455 million with a reduction of $45 million from the Fuel Rate Stabilization Fund
2. SJRPP and Scherer non-fuel purchase power expenses included in Debt Service, Internal Capital and O&M
3. Government Transfers include City Contribution, COJ Public Service Tax, COJ Franchise Fee, State Gross Receipt Tax, and State and COJ Sales Tax (Commercial customers only)
4. O&M Salaries, Benefits, and Pension are net of capital
5. FY2018 O&M includes $2M Natural Gas retail sale operations
6. Internal Capital Funds include JEA Electric System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required
7. Debt Service increase in FY2018 due to Advance Refunding

# Electric System Unit Sales and Rates



# Fuel Rate per MWH

| | FY2016 | FY2017F | FY2018B | FY2019 |
|---|---|---|---|---|
| **Variable Fuel Rate per MWh** | | | | |
| Fuel Rate Budgeted per $/MWh | $41.00 | $36.75 | $32.50 | $32.50 |
| Reserve as a % of Target Expense | 29% | 20% | 15% | 12% |
| Annual Fuel Cost (millions) | $397 | $448 | $443 | $435 |

## Discussion and Analysis

- The Fuel Fund Rate Stabilization Reserve is currently at 20% of the historical maximum 12-month fuel expense
- Current projections are based on the NYMEX natural gas price forecasts and assume no major market disruption due to regulations

Note: Variable Fuel Rate decreased to $32.50/MWh per Board approval in November 2016. New rate was made effective December 1, 2016.

# FY2018 Electric System Budget: Operating Expenses

| ($ in millions) | FY2017 Budget[1] | FY2018 Budget[1] | Variance | Explanation |
|---|---|---|---|---|
| **Salaries & Benefits** | $183.9* | $186.4* | $2.5 | Step increases and market adjustments. Excludes new contract adjustments and related change in pension expense. |
| **Other Services** | 101.4 | 109.1 | 7.7 | Outages and Enterprise Asset Management |
| **Material & Supplies** | 15.9 | 15.9 | - | |
| **Other** | 12.8 | 15.3 | 2.5 | Insurance premium increase |
| **Credits – Shared Services** | (49.2) | (52.5) | (3.3) | Water Billing Credit and Enterprise Asset Mgmt |
| **Credits – Capitalization** | (38.7) | (38.5) | 0.2 | |
| **Credits – Other** | (17.0) | (17.3) | (0.3) | |
| **Total** | $209.1 | $218.4 | $9.3 | |

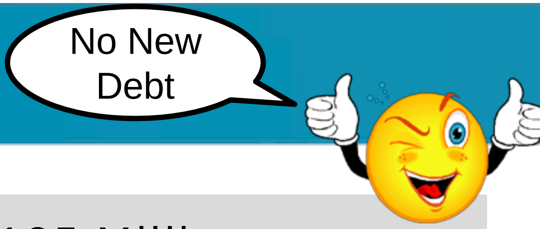
4.4%

Key Strategic Issues <u>Included</u> in Budget

| FY2017 | | FY2018 | |
|---|---|---|---|
| Generating Unit Outages | 8.0 | Generating Unit Outages (NS 1&2, CTs) | 14.1 |
| Succession Planning Staffing Risks | 2.6 | Succession Planning Staffing Risks | 2.6 |
| Climate Change | 1.0 | Climate Change | 1.0 |
| Enterprise Asset Management | 2.0 | Enterprise Asset Management | 5.0 |
| Net Pension Increase | 4.3 | Net Pension Increase | * |
| Compensation | * | Compensation | * |
| **Total** | **$17.9** | **Total** | **$22.7** |

[1]Excludes Customer Benefit, Environmental, and Retail Natural Gas

# Electric System: Capital Funding




## FY2018 – Electric System Capital Budget: $185 Million

| System Maintenance: $169 Million | System Expansion: $16 Million |
|---|---|
| • Renewal and Replacement | • New or Expanded Generation |
| • Distribution | • New Transmission lines |
| • Facilities, Fleet, Technology | • New or Expanded Substations |

**Source of Capital Funding**

**Carryover Internal Funds**
**$7 million**

**Other Capital Outlay**
**$113 million**

**Renewal and Replacement**
**$65 million**

## Discussion and Analysis

- FY2018 capital funding plan utilizes existing capital cash balances to fund the "long-term eligible funds" qualified projects, resulting in no new debt issuance for FY2018
- FY2017 capital plan budget was $155 million, current forecast is $147 million
- December 2016 rating agency FY2018 capital program was projected to be $195 million

Aa2/AA-(positive)/AA

# FY2018 Electric System Budget: Debt Service

| | FY2017 Budget | FY2017 Forecast | FY2018 Budget | Budget Variance | Explanation |
|---|---|---|---|---|---|
| **Debt Service – Principal** | $90.0 | $129.9 | **$124.2** | $34.2 | Debt Restructuring |
| **Debt Service – Prepayment** | 3.2 | 40.0 | **---** | (3.2) | |
| **Debt Service – Interest** | 100.9 | 98.1 | **94.3** | (6.6) | Lower Debt Balance |
| **Total[1]** | $194.1 | $268.0 | **$218.5** | $24.4 | |
| | | | | | |
| **Debt Service Coverage** | 2.5x | 2.4x | **2.4x** | (0.1x) | |
| **Debt to Asset %** | 64.0% | 62.0% | **60.0%** | (4.0%) | Accelerated Debt Paydown |
| | | | | | |
| **Variable Rate Debt %** | | | | | |
| **Gross** | 21.0% | 22.0% | **23.0%** | 2.0% | Paydown of Fixed Rate Debt |
| **Net of Swaps** | 7.0% | 7.0% | **7.0%** | --- | |
| **Variable Interest Rate %** | 3.0% | 2.4% | **3.0%** | --- | |
| | | | | | |
| **Liquidity – Days Cash[2]** | 213 | 215 | **187** | (26) | Cash Used on Debt Paydown |

[1] Includes scheduled interest and principal payments to bondholders, variable rate financing costs, and swap payments
[2] Includes Renewal and Replacement

# Agenda

Strategic Issues and Risks

Key Assumptions

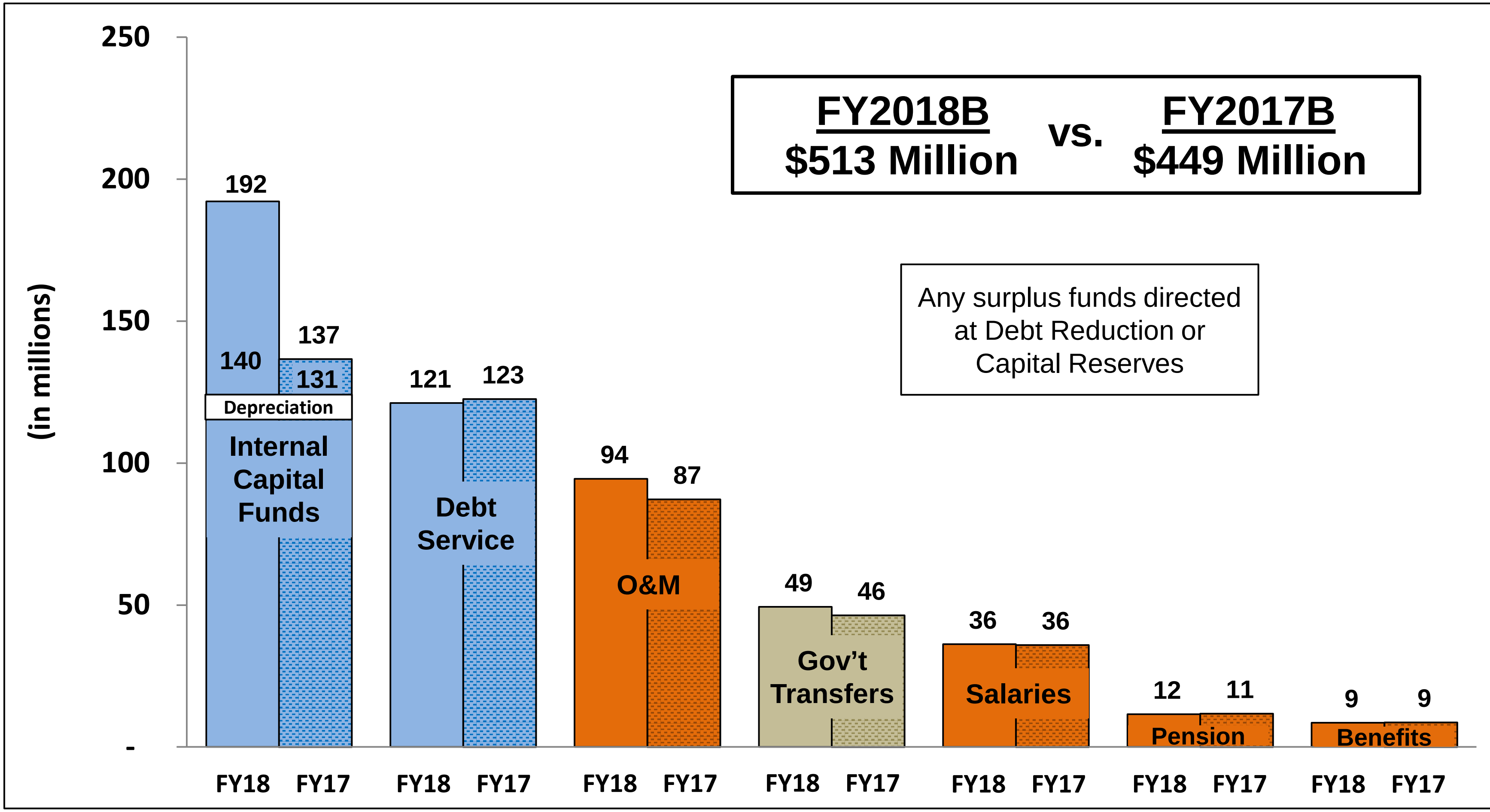
Electric System Budget Assumptions

**Water and Sewer System Budget Assumptions**

- ✓ Customer Electric Bill by Expense Category
- ✓ Revenue Drivers
- ✓ Fuel Rate
- ✓ Operating Expenses
- ✓ Capital Funding - Debt Service, Oper. Capital Outlay and Renewal & Replacement
- ✓ Debt Service

Government Transfers via the JEA Bill

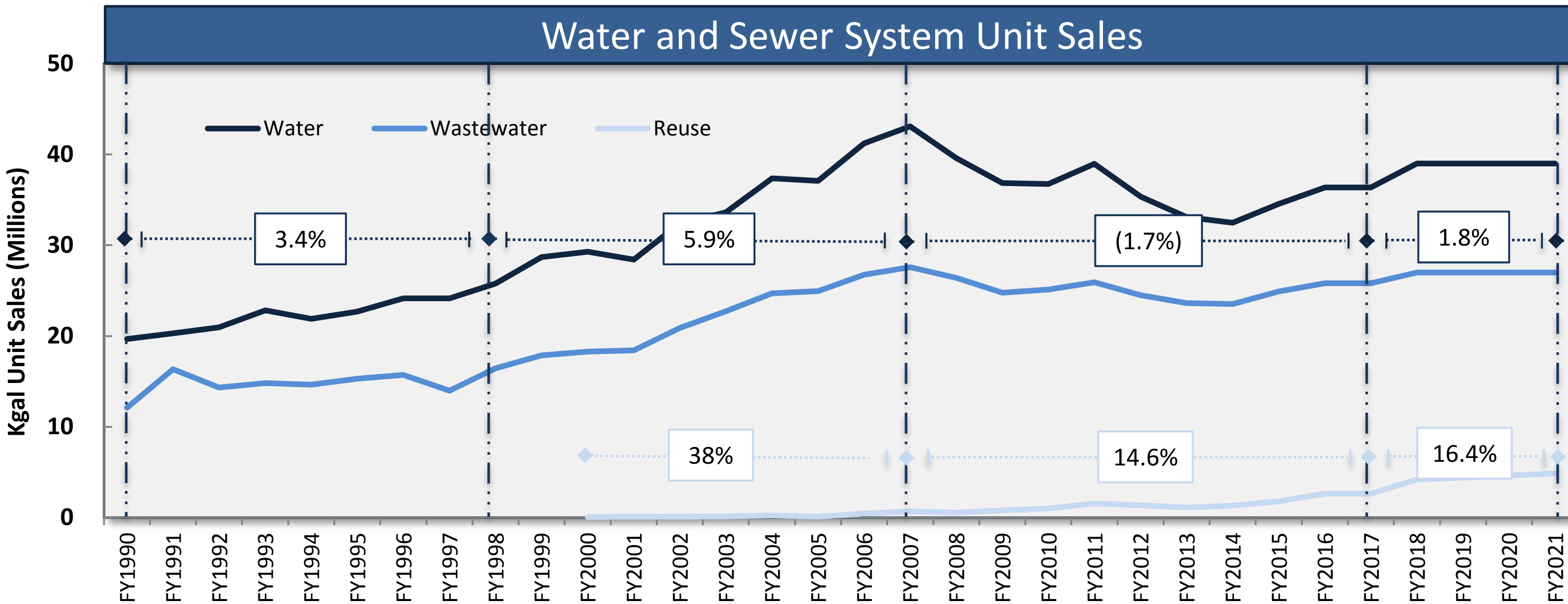
# FY2018 Budget: Customer Water and Sewer Bill by Expense Category

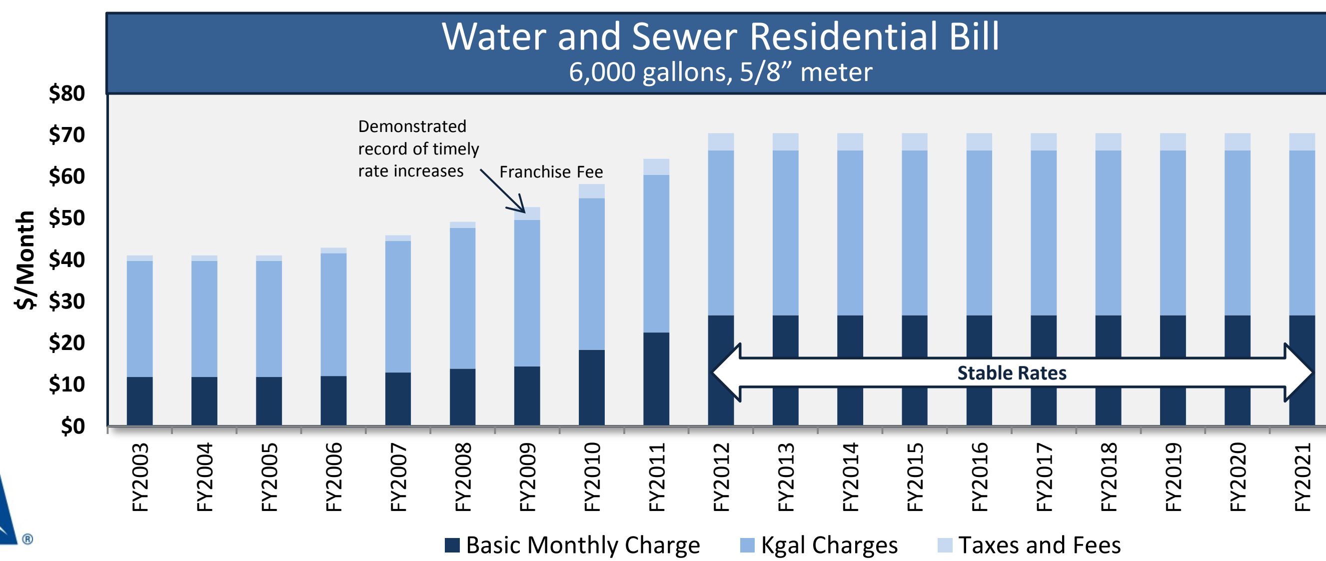



Notes:

1. Government Transfers include City Contribution, COJ Public Service Tax, and COJ Franchise Fee
2. O&M Salaries, Benefits, and Pension are net of capital
3. The FY2018 capital program is funded by Internal Capital, no new debt is required
4. FY2018 Debt Service increase reflects higher principal payments
5. Internal capital funds for FY2018 are greater than annual depreciation but less than the annual capital plan for FY2018. The capital budget for FY2018 is estimated at $205m

# Water & Sewer System Unit Sales and Rates



# FY2018 Water and Sewer System Budget: Operating Expenses

| ($ in millions) | FY2017 Budget[1] | FY2018 Budget[1] | Variance | Explanation |
|---|---|---|---|---|
| **Salaries & Benefits** | $67.8* | $68.6* | $0.8 | Employees for new plant and system expansion. Excludes new contract adjustments and related change in pension expense. |
| **Other Services** | 25.2 | 27.2 | 2.0 | Storm generators and sewer resiliency |
| **Material & Supplies** | 13.2 | 13.2 | - | |
| **Shared Services** | 49.1 | 52.8 | 3.7 | Insurance premium increase and Enterprise Asset Management |
| **Other** | 3.4 | 3.4 | - | |
| **Credits – Capitalization** | (16.5) | (16.8) | (0.3) | |
| **Credits – Fuel Handling** | (0.5) | (0.5) | - | |
| **Total** | $141.7 | $147.9 | $6.2 | |

4.4%

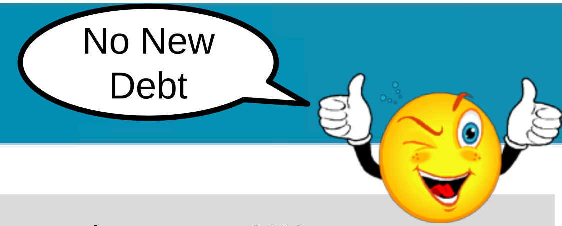
## Key Strategic Issues Included in Budget

| FY2017 | | FY2018 | |
|---|---|---|---|
| Water Purification | $1.0 | Water Purification | $1.0 |
| Succession Planning Staffing Risks | 1.0 | Succession Planning Staffing Risks | 0.5 |
| | | Enterprise Asset Management | 2.0 |
| | | Storm Generators | 1.5 |
| | | Sewer Resiliency | 0.5 |
| Net Pension Increase | 1.3 | Net Pension Increase | * |
| Compensation | * | Compensation | * |
| **Total** | **$3.3** | **Total** | **$5.5** |



[1]Excludes Customer Benefit and Environmental

# Water and Sewer System: Capital Funding




## FY2018 – Water and Sewer System Capital Budget: $205 Million

| Environmental: $13 Million | System Maintenance: $122 Million | System Expansion: $70 Million |
|---|---|---|
| • BMAP*/ TMDL*/ Reclaim<br>• Total Water Management Plan<br>• Major Environmental Initiatives<br>• Support COJ Septic Tank Phase-Out | • Renewal and Replacement<br>• Distribution<br>• Facilities, Fleet, Technology | • New or Expanded Treatment<br>• New Transmission lines<br>• New or Expanded Master Pump Stations |

- Basin Management Action Plan
- Total Maximum Daily Limit of Nitrogen

---

### Source of Capital Funding

| |
|---|
| **Environmental**<br>**$15 million** |
| **Renewal & Replacement**<br>**$23 million** |
| **Carryover Internal Funds**<br>**$12 million** |
| **Other Capital Outlay**<br>**$155 million** |

### Discussion and Analysis

- FY2018 capital funding plan utilizes existing capital cash balances to fund the "long-term eligible funds" qualified projects, resulting in no new debt issuance for FY2018
- FY2017 capital plan budget was $205 million, current forecast is $212 million
- December 2016 rating agency FY2018 capital program was projected to be $200 million

Aa2/AAA/AA

# FY2018 Water and Sewer System Budget: Debt Service

| | FY2017 Budget | FY2017 Forecast | FY2018 Budget | Budget Variance | Explanation |
|---|---|---|---|---|---|
| **Debt Service - Principal** | $51.0 | $51.0 | **$51.7** | $0.7 | |
| **Debt Service - Prepayment** | --- | 2.9 | **---** | --- | |
| **Debt Service - Interest** | 71.6 | 70.4 | **69.4** | (2.2) | Lower Debt Balance |
| **Total[1]** | $122.6 | $124.3 | **$121.1** | ($1.5) | |
| **Debt Service Coverage** | 2.2x | 2.5x | **2.6x** | 0.4x | |
| **Debt to Asset %** | 50.0% | 51.0% | **48.0%** | (2.0%) | |
| **Variable Rate Debt %** | | | | | |
| **Gross** | 18.0% | 18.0% | **18.0%** | --- | |
| **Net of Swaps** | 10.0% | 10.0% | **10.0%** | --- | |
| **Variable Interest Rate %** | 3.0% | 2.4% | **3.0%** | --- | |
| **Liquidity – Days Cash[2]** | 396 | 405 | **363** | (33) | Capital Expenses Internally Funded |

[1] Includes scheduled interest and principal payments to bondholders, variable rate financing costs, swap payments, and Revolving Credit Agreement payments
[2] Includes Renewal and Replacement

# Agenda

Strategic Issues and Risks

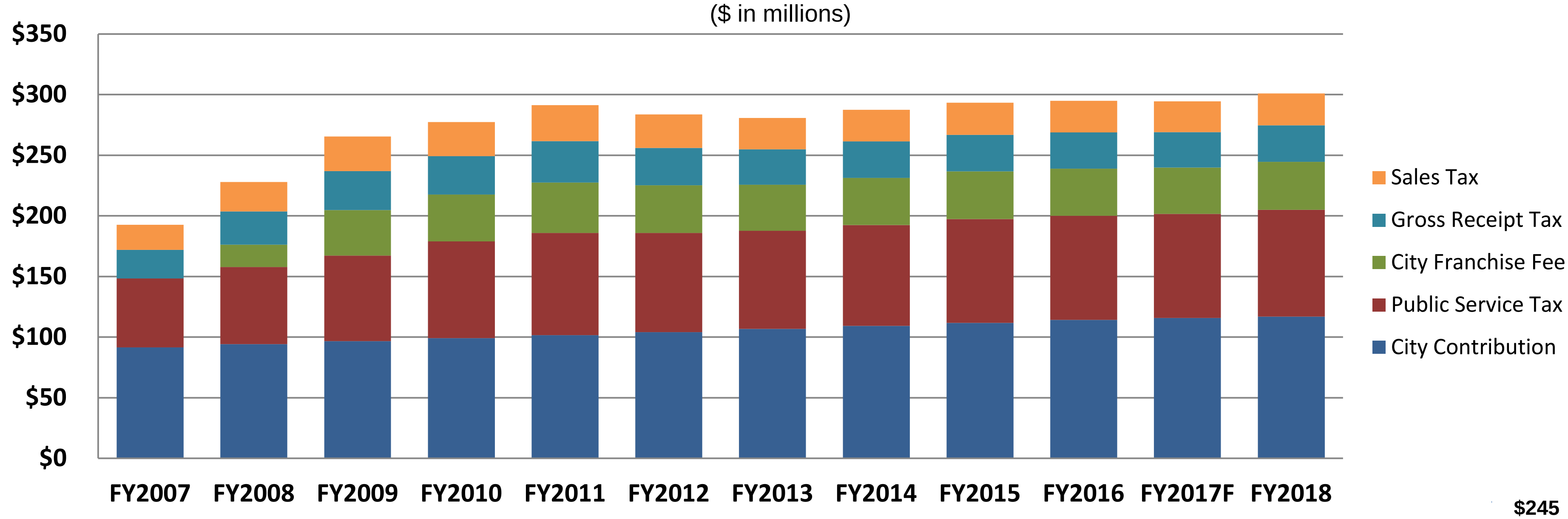
Key Assumptions

Electric System Budget Assumptions

Water and Sewer System Budget Assumptions

**Government Transfers via the JEA Bill**

# Government Transfers via the JEA Bill




$240

$245 COJ

| Description | Paid To | FY2007 | FY2008 | FY2009 | FY2014 | FY2015 | FY2016 | FY2017F | FY2018 |
|---|---|---|---|---|---|---|---|---|---|
| City Contribution | COJ | $91.4 | $94.2 | $96.7 | $109.2 | $111.7 | $114.2 | $115.8 | $117.0 |
| Public Service Tax | COJ | 56.9 | 63.6 | 70.5 | 83.1 | 85.6 | 85.8 | 85.8 | 88.1 |
| City Franchise Fee | COJ | - | 18.3 | 37.5 | 39.0 | 39.4 | 38.9 | 38.2 | 39.4 |
| Gross Receipt Tax | State | 23.7 | 27.6 | 32.1 | 30.2 | 30.2 | 29.8 | 29.2 | 30.2 |
| Sales Tax | State and COJ | 20.6 | 24.1 | 28.5 | 26.1 | 26.4 | 26.0 | 25.5 | 26.3 |
| **Total** | | **$192.6** | **$227.8** | $265.3 | **$287.6** | **$293.3** | **$294.9** | **$294.5** | **$301.0** |
| Percent increase from FY2007 | | | 18% | 38% | 49% | 52% | 53% | 53% | 56% |

## Discussion and Analysis

- JEA transfers to the City of Jacksonville have increased to $245 million

# Board Review and Approval Schedule: FY2018 Budget and Rate Discussion

| Date | Meeting | Activity / Objective |
|---|---|---|
| March 13, 2017 | Finance & Audit Committee | Review Budget and Rate Assumptions |
| March 21, 2017 | Board | Finance and Audit Committee Report |
| May 8, 2017 | Finance & Audit Committee | Final review of FY2018 Budget |
| May 16, 2017 | Board | Budget Review with full Board |
| June 20, 2017 | Board | Board to approve the FY2017 Budget |
| July 1, 2017 | ----- | Transmit JEA Board approved Budget with cover letter to City Council President |

## Finance and Audit Committee Action

- Provide feedback and direction regarding the key strategic issues and risks for the FY2018 Budget specifically covering:
  - Revenue
  - O&M Expense Levels
  - Interest Rates and Debt Structure
  - Financial Metrics
  - Workforce Readiness and Succession Planning

## Staff

- Prepare Draft Budget, as well as related agenda items for review at the May Finance and Audit Committee meeting
- Prepare Draft Budget Summary for presentation at the May Board meeting
- Prepare budget package for approval at the June Board meeting
- Begin communication process with the Council Auditor
- Begin communication plan for other key stakeholders

IV. A. 3.

JEA Annual Disclosure Policy Report

II. B.
03/13/2017

Return to Agenda

IV. A. 3.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

February 22, 2017

| | |
|---|---|
| **SUBJECT**: | **JEA ANNUAL DISCLOSURE POLICY REPORT** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** JEA's Disclosure Policies and Procedures require that the Chief Financial Officer shall provide the Finance and Audit Committee each year a report regarding compliance with those policies, to report any issues or problems complying with those policies in the preceding twelve-month period and to present recommendations, if any, for changes to those policies.

**Significance:** High. JEA is responsible for the content of its market disclosures and is subject to the provisions of the federal securities laws prohibiting making material misstatements or omissions of material facts if necessary to avoid a misleading statement in its disclosure documents.

**Effect:** To support continued compliance with JEA's continuing disclosure agreements and federal securities antifraud laws through adherence with JEA's Disclosure Policies and Procedures.

**Cost or Benefit:** To reduce potential exposure to civil or criminal liability that could result from non-compliance with JEA's continuing disclosure agreements and federal securities laws.

**Recommended Board action:** No Board action is required. For information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/ MHD/ JEO/ RLH


**Commitments to Action**

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

Return to Agenda



Building Community

**INTER-OFFICE MEMORANDUM**
February 22, 2017

| | |
|---|---|
| **SUBJECT:** | **JEA ANNUAL DISCLOSURE POLICY REPORT** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Finance and Audit Committee |
| | Kelly Flanagan, Chair<br>Tom Petway<br>Ed Burr<br>Husein Cumber |

**BACKGROUND:**

Federal securities laws require that disclosure documents of issuers such as JEA not contain an "untrue statement of a material fact" or omit a "material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." "Materiality" under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

The SEC has further stated that public entities that issue securities are primarily liable for the content of their disclosure documents and are subject to federal securities laws prohibiting false and misleading information in their disclosure documents. Under certain federal antifraud laws, it is not necessary that an entity act recklessly or with intent or knowledge of wrongdoing; an entity may also be found liable even if found to be negligent.

In early 2015, staff worked with JEA's bond counsel firm, Nixon Peabody LLP, to document JEA's ongoing processes and procedures for monitoring and assessing operational, financial, regulatory, governmental and other developments within and outside JEA that need to be considered when preparing information that could reasonably be expected to find its way to investors, potential investors or other stakeholders in JEA securities. Nixon Peabody provided input from experience they gained through working with other public entities. Lessons learned from those experiences and industry best practices were combined with JEA's procedures and specific requirements to formulate the JEA Disclosure Policies and Procedures ("Disclosure Policies").

**DISCUSSION:**

In March 2015, Nixon Peabody conducted disclosure training sessions with the Board, senior leadership team and staff involved with the preparation and review of JEA's disclosure documents. Staff presented the Board draft revised Disclosure Policies for information at its April 21, 2015 meeting, and on May 19, 2015, the Board approved those Disclosure Policies. Those Board training materials and the Disclosure Policies are included in the orientation materials for all new members.

Among actions required under the Disclosure Policies, the Chief Financial Officer shall provide a report to the Finance and Audit Committee each year, at the meeting of the Finance and Audit Committee immediately preceding the public dissemination of the Annual Disclosure Reports, regarding compliance with the Disclosure Policies during the preceding twelve month period. This report shall (i) state whether the Annual Disclosure Reports for the current year are being prepared in compliance with these

Disclosure Policies and whether all disclosure documents prepared during the prior twelve month period were prepared in accordance with the Disclosure Policies, (ii) describe any issues or problems which arose in connection with compliance with the Disclosure Policies during such period and (iii) present any recommendations for changes to the Disclosure Policies.

Staff is in the process of preparing the Annual Disclosure Reports for the fiscal year ended September 30, 2016, and plans to seek the Board's approval and authorization to disseminate those reports at its April 18, 2017 meeting. In accordance with past practice and prior Boards' requests, staff intends to provide Board members with substantially final drafts for their review at the March 21, 2017 Board meeting.

**RECOMMENDATION:**

No Board action is required. For information only.

___________________________________
Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH

To: Finance & Audit Committee

From: Melissa H. Dykes, Chief Financial Officer

Date: February 22, 2017

Re: Report delivered pursuant to Section 7.5 of JEA's Disclosure Policies and Procedures

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In accordance with Section 7.5 of JEA's Disclosure Policies and Procedures, dated May 19, 2015 (the "Disclosure Policies"), which requires the Chief Financial Officer to report to the Finance and Audit Committee regarding compliance with the Disclosure Policies during the preceding twelve-month period, I hereby report the following:

1. All Annual Disclosure Reports and Disclosure Documents prepared during the prior twelve-month period were prepared in accordance with the Disclosure Policies.

2. No issues or problems have arisen in connection with compliance with the Disclosure Policies during the prior twelve-month period.

3. At this time, there are no recommendations to make changes to the Disclosure Policies. A copy of the Disclosure Policies is attached to this report.

4. A copy of the Disclosure Policies has been distributed to all Board members and to all Finance Staff and Staff participating in the disclosure process.

5. A printed copy of each final Annual Disclosure Report for fiscal year ended September 30, 2015 was provided to all members of the JEA Board at their offices on T-8 of the JEA tower on April 27, 2016.

6. The Annual Disclosure Reports for the fiscal year ended September 30, 2016 are being prepared in compliance with the Disclosure Policies. Informational copies of the current drafts of the Annual Disclosure Reports are available to any Finance and Audit Committee member who requests copies of such draft Reports. Near-final drafts of the Annual Disclosure Reports will be provided to Board members at the March 21, 2017 Board meeting with a request to approve the documents at the April 18, 2017 Board meeting.

IV. A. 4.

Ernst & Young FY2016 Revised Management Letter

Return to Agenda



JEA
Building Community

***AGENDA ITEM SUMMARY***

February 27, 2017

| | |
|---|---|
| **SUBJECT**: | **ERNST & YOUNG FY2016 REVISED MANAGEMENT LETTER** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** Auditing standards require the auditors to communicate certain matters to the Governing Board that may assist the Board in overseeing management's financial reporting process. Representatives from Ernst & Young, LLP (E&Y) attended the December 1, 2016 Finance and Audit Committee meeting to discuss FY2016 audited results. E&Y presented an Audit Results book, which summarized the results of the audit and also contained communications required by auditing professional standards, including a Management Letter. There were no Management Letter comments related to FY2016; however, there were two prior year's comments that were in the process of being remediated at the end of the fiscal year that were inadvertently omitted from the report.

**Significance:** Auditing standards require the auditors to communicate certain matters to the Governing Board that may assist the Board in overseeing management's financial reporting process.

**Effect:** Board oversight is a critical component of the financial reporting provided to investors, ultimately lowering JEA's borrowing costs.

**Cost or Benefit:** See effect above for benefits.

**Recommended Board action:** No action by the Committee is required. This item is submitted for information only.

**For additional information, contact:** Janice Nelson

Submitted by: PEM/ MHD/ JRN


**Commitments to Action**

1 Earn Customer Loyalty

2 Deliver Business Excellence

3 Develop an Unbeatable Team

Building Community

**INTER-OFFICE MEMORANDUM**
February 27, 2017

| | |
|---|---|
| **SUBJECT:** | Ernst & Young FY2016 Revised Management Letter |
| **FROM:** | Paul McElroy, Managing Director/CEO |
| **TO:** | JEA Finance and Audit Committee |
| | Kelly Flanagan, Chair<br>Tom Petway<br>Ed Burr<br>Husein Cumber |

**BACKGROUND:**
Auditing standards require the auditors to communicate certain matters to the Governing Board that may assist the Board in overseeing management's financial reporting process. Representatives from Ernst & Young, LLP (E&Y) attended the December 1, 2016 Finance and Audit Committee meeting to discuss FY2016 audited results. E&Y presented an Audit Results book, which summarized the results of the audit and also contained communications required by auditing professional standards, including a Management Letter. There were no Management Letter comments related to FY2016; however, there were two prior year's comments that were in the process of being remediated at the end of the fiscal year that were inadvertently omitted from the report.

**DISCUSSION:**
Attached is the revised Management Letter from E&Y. Also attached is management's response to the recommendations. The management responses have been reviewed with E&Y's staff and they are in agreement with the recommended action plans. E&Y is in the process of testing the new processes that will be implemented by JEA and will complete the testing as part of the review of IT systems during the fiscal year 2017 audit.

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

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JRN

# Management Letter on Internal Control and State Reporting Requirements

The Board of Directors
JEA
Jacksonville, Florida

In planning and performing our audit of the financial statements of JEA for the fiscal year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States, we considered JEA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purposes of expressing our opinion on the financial statements, but not for the procedures for the purpose of expressing an opinion on the effectiveness of JEA's internal control.

A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

**Other Required Disclosures**

***Report on the Financial Statements***

We have audited the United States the accompanying basic financial statements of JEA, which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report, with an unmodified opinion thereon, dated December 1, 2016.

***Auditor's Responsibility***

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

***Other Reports***

We have issued our Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards* and our Report of Independent Certified Public Accountants on Compliance on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General* (collectively, the Reports). Disclosures in those Reports, which are dated December 1, 2016, should be considered in conjunction with this management letter.

### *Prior Audit Findings*

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determined whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual and financial audit report. The current status of our prior year findings are as follows:

Finding No. 2015-01 Change management related to IT General Controls – in process of remediation.

Finding No. 2015-02 Logical access related to IT General Controls – in process of remediation.

### *Official Title and Legal Authority*

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. JEA has included such disclosures in the notes to the financial statements.

### *Financial Condition*

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the result of our determination as to whether or not JEA has met one or more of the conditions described in Section 218.503(1), Florida Statues, and identification of the specific condition(s) met.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures that were agreed to by management of JEA. See our Report of Certified Public Accountants on Applying Agreed-Upon Procedures dated December 1, 2016, for our procedures and findings.

### *Other Matters*

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations. Section 10.554(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreement, or abuse, that have covered, or are likely to have occurred, that have an effect in the financial statements that is less than material but which warrants the attention of those charged with governance. See our Reports identified under “Other Reports” section above.

### *Purpose of This Letter*

Our management letter is intended solely for the information and use of the Florida Auditor General, the Board of Directors of JEA, and management is not intended to be and should not be used by anyone other than specified parties.

Ernst & Young LLP

December 1, 2016

Management Responses

Management Letter for the year ended September 30, 2016

| Observation | Recommendation | Management Response |
|---|---|---|
| **2015-01 Change Management Related to IT General Controls**<br>Certain users had the ability to migrate changes to production for the Oracle ERP and no mitigating control was in place for a periodic review of changes performed by management. This present a segregation of duties issue, as the users with knowledge of the password on both the development and production environments can circumvent the change management process and directly develop and apply changes in production.<br><br>There is a risk that individuals that have the ability to migrate changes to production could also develop a change that circumvents the change management process without monitoring control in place for these changes to be subject to a formal review. | It is recommended that either a review be performed by appropriately configuring and utilizing the Tripwire agent at a frequency agreed upon by management to include all changes migrated to production, or remove the ability to develop changes for those users who have the access to migrate changes to production. | JEA implemented two monitoring control processes related to Tripwire and Change Management (CM) to mitigate the risk of unauthorized changes in production:<br>1) **Tripwire to CM Process Review.** The Tripwire agent generates a report of all changes migrated into production. Information Security monitors and generates a ticket to the Oracle ERP to perform a review and document the corresponding approved CM ticket number.<br>2) **CM to Tripwire Process Review.** JEA has developed a reconciliation review process wherein all Oracle ERP CM's are validated back to a Tripwire Ticket, with appropriate reviews and actions. |
| **2015-02 Logical Access Related to IT General Controls**<br>We identified during the fiscal year 2015 audit that a user's Oracle application account was not disabled subsequent to their termination date. This presents a risk that the user's account could be utilized to access the Oracle application and perform activities that go undetected. | While a user access review is currently utilized, it is recommended that a more frequent periodic user access review be performed at a frequency agreed upon by management to include all users with access to the Oracle application. It is also recommended the review validate each user is an active employee and each user's access rights within the Oracle application are appropriate. | In accordance with our Access Administration Corporate Policy TS B0010 IS 003, the Oracle Application attestations will be held quarterly. As such, resource owners will review the users assigned to their responsibilities, validating that each user is an active employee and access rights are still appropriate. Management will work with resource owners on the accountability of complete and accurate attestations. |

IV. A. 5. a.

Quarterly ERM/Audit Update

Return to Agenda



# Audit Services Q1 FY17 Report

Steve Tuten - Director, Audit Services

# Audit Services Q1 FY17 Report – Table of Contents

# Internal Audit Highlights

- **Senior Auditor Open Position** - We recently closed our third recruitment posting without finding a satisfactory candidate. Recently, there has not been as much of the usual talent movement between local companies. We will continue to use the Randstad contractor (Chris Page) for the short term.

- **FY17 Internal Audit Plan** - We are slightly behind schedule, due primarily to the open position. The current timeline for the FY17 Internal Audit Plan is shown on page 4.

- **Open Audit and Investigation Report Issues** - As of 12/31/16, there were 33 open issues requiring management's corrective action plans. This represents an increase of five open items since our last report.

# FY17 Internal Audit Plan – Schedule

| Audit/Project | Auditor-in-Charge | Status | FY 2017 Hours: Budgeted Hours *(adjusted)* | FY 2017 Hours: Actual Hours | FY 2017 Hours: Will Meet/Met Budget | First Draft Report: Audit Estimate due date *(italics if updated)* | First Draft Report: Actual Date | First Draft Report: Will Meet/Met Due Date | Comments | Final Draft Report Date | Audit Report Rating | 2017 Audit Timeline: Oct | Nov | Dec | Jan | Feb |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2016 Distribution, Development & Joint Projects ***(400 hrs. total)*** | Troy England (TE) | Second Draft Issued | 60 | 257 | 🔴 | 8/29/2016 | 1/6/2017 | 🔴 | Exceeded budget due to the time it's taken to thoroughly go through each project and grasp the processes involved. | TBD | Satisfactory | | | | | |
| 2016 Facilities Management ***(375 hrs. total – 116 hrs. in FY16)*** | David Arnold (DA) / Chris Page (CP) | Final Draft Issued | 259 | 188 | 🟢 | *11/7/2016 (1)* | 12/2/2016 | 🔴 | Audit Estimate updated due to Call Center work during Hurricane Matthew. Exceeded budget due to issues related to ADA. Chris Page hrs. not included in calculation. | 1/17/2017 | Satisfactory | | | | | |
| 2016 System Protection & Controls ***(350 hrs. total – 191 hrs. in FY16)*** | Laurie Gaughan (LG) | Final Draft Issued | 159 | 155 | 🟢 | *11/8/2016 (1)* | 11/8/2016 | 🟢 | Audit Estimate updated due to Call Center work during Hurricane Matthew | 11/29/2016 | Satisfactory | | | | | |
| Information Security ***(FY16 - 60hrs. / FY17 500 hrs.)*** | Rashid Brittain (RB) | Testing | 500 | 432 | 🟢 | *2/21/2017 (1)* | TBD | 🔴 | Audit Estimate updated due to Call Center work during Hurricane Matthew. Initial Workpaper review has started, very complex audit with many issues. | TBD | | | | | | |
| TEA Audit | LG | Completed | 100 | 99 | 🟢 | No Report | N/A | N/A | Audit conducted 11/14-18/16. Nebraska Public Power District (NPPD) led audit. | N/A | Final report to be issued by NPPD. | | | | | |
| JEA & SJRPP FY2016 Performance Pay Audit | TE | Completed | 200 | 79 | 🟢 | 11/22/2016 (JEA) | 11/17/2016 (SJRPP) 11/22/2016 (JEA) | 🟢 | Memos were issued for JEA and SJRPP Performance Pay reviews. | 11/17/2016 (SJRPP) 11/22/2016 (JEA) | - | | | | | |
| Real Estate Services & Revenue Contracts | CP / DA | First Draft Issued | 350 | 91 | 🟢 | 1/23/2017 | 2/10/2017 | 🔴 | Hours for Randstad resource (CP) are not tracked on this spreadsheet. | TBD | Satisfactory | | | | | |
| SJRPP Enviro Engineering & Preventive Maintenance | LG | Reporting | 350 | 270 | 🟢 | 2/28/2017 | TBD | 🟢 | Workpaper review is completed. First draft report is projected to be issued by due date. | | | | | | | |
| Security | DA / RB | Testing | DA - 375 RB - 175 | DA - 231 RB - 100 | 🟢 | 2/28/2017 | TBD | 🟡 | Initial workpaper review has started, but audit estimated due date will not be met. | | | | | | | |
| W/WW Reuse & Delivery | TE | Testing | 440 | 183 | 🟢 | 4/18/2017 | TBD | 🟢 | | | | | | | | |
| Electric Production CT Operations | LG | Planning | 400 | 2 | 🟢 | | | N/A | | | | | | | | |
| FY2017 Action Plan Follow-Up | All Staff | Ongoing | 400 | 135 | 🟢 | | | 🟢 | | | | | | | | |

**Notes:**
(1) Updated due to Hurricane Matthew call center duties.

| | |
|---|---|
| 🟢 | >10% variance in hours from estimate >10 workdays from estimate. |
| 🟡 | Variance within 10% of hours or 10 workdays from estimate. |
| 🔴 | No negative variance in hours or days. |
| N/A | Not Applicable or no data. |

- Completed Audit
- In-Progress Audit
- Scheduled Audit
- Pending Audit
- Administrative

# Enterprise Risk Management (ERM) Highlights

- **Updated Total Risk Scores** - The following risk scores have been adjusted to reflect the certainty of required compliance and/or changes in the estimated impact/cost:
  - **Effluent Guidelines** – Score decreased from a 4 impact/5 likelihood to a 3 impact/5 likelihood to reflect the decrease in projected cost for compliance.
  - **Sanitary Sewer Overflows (SSOs)** – Score increased from a 2 impact/4 likelihood to a 3 impact/4 likelihood, driven by potential changes in weather patterns and the potential for more stringent state reporting requirements and operating standards. Increased investment in our infrastructure has reduced the likelihood of a significant SSO event.
- **Clean Power Plan (CPP)**
  - The CPP risk is being reassessed due to political changes at the federal government/regulatory agency levels. These may add uncertainty to the CPP requirements, such as less stringent standards and/or extended timeframes for compliance. Current mitigations focus on monitoring CPP changes to reassess impact and requirements.

# ERM Highlights (cont.)

- **Water Quality Risk** - Current efforts focus on ensuring compliance with current and potential additional regulatory requirements including, but not limited to increased monitoring, and upgrading infrastructure assets. The risk and mitigation efforts have been expanded to address increased public and media awareness of water quality issues.

- **Business Unit Risk Assessments** – Continuing to better align business processes with top corporate risk mitigations efforts, as well as identify/manage risks that may negatively impact business objectives. Eleven (11) assessments completed to date, with eight (8) in progress , and seven (7) additional areas planned for FY17.

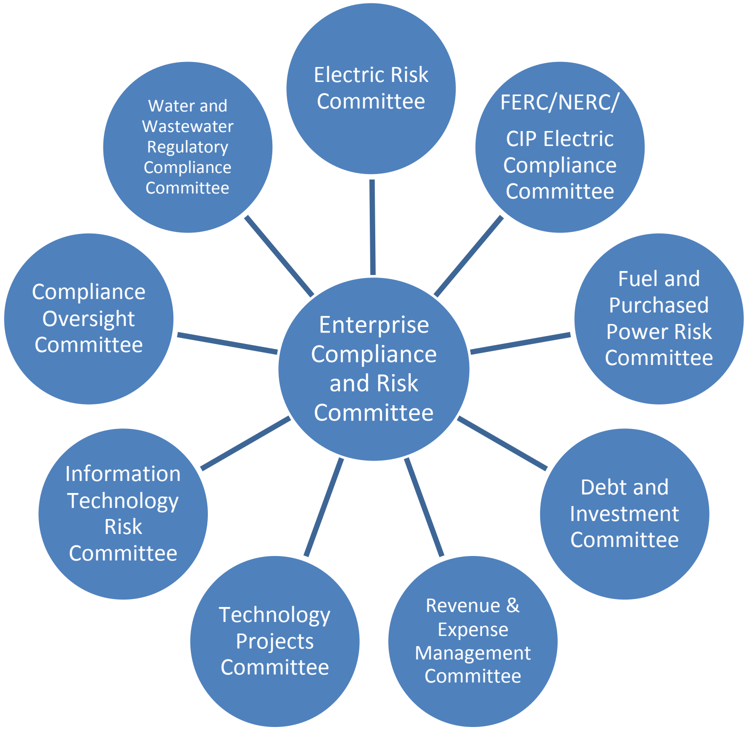
- **Training** – The latest iteration of ERM training is soon to be available to all appointed employees and is expected to further enhance JEA's overall risk management culture, risk identification/mitigation skills, and interdepartmental synergy.

  - Since the September, 2016 rollout, 75 employees (40% of Directors/Managers) have attended the class. The training has been well received and appears to be meeting its objectives.

# ERM Committee Structure

- **Purpose** - JEA's ERM program identifies, assesses, measures, monitors and actively manages risk, including mitigation strategies and actions. Top corporate risks are reviewed monthly by the Enterprise Compliance & Risk Committee (ECRC) & quarterly with the Board.

- **ECRC & Subcommittees**
  - Electric Risk
  - FERC/NERC/CIP Electric Compliance
  - Fuel and Purchased Power
  - Debt and Investment
  - Revenue and Expense Management
  - Technology Projects
  - Information Technology Risk
  - Compliance Oversight
  - Water and Wastewater Regulatory Compliance



# ERM Corporate Risk Heat Map

| Top Corporate Risks | Score |
|---|---|
| Tier 1 (See p. 9) | 10-25 |
| Tier 2 (See p. 10) | 5-9 |
| Tier 3 (See p. 11) | 1-4 |

| Likelihood | | | | | | | |
|---|---|---|---|---|---|---|---|
| Almost Certain >90% | 5 | 5 | 10 | 15 | 20 | 25 |
| Likely 65-90% | 4 | 4 | 8 | 12 | 16 | 20 |
| Possible 35-65% | 3 | 3 | 6 | 9 | 12 | 15 |
| Unlikely 5-35% | 2 | 2 | 4 | 6 | 8 | 10 |
| Rare <5% | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| | | Minor | Moderate | Significant | Major | Severe |
| **Impact** | | | | | | |

| Impact x Likelihood Score | |
|---|---|
| 15-25 | Red |
| 10-12 | Orange |
| 8-9 | Yellow |
| 4-6 | Light Green |
| 1-3 | Dark Green |

*The risk score is a factor of the risk impact x likelihood.

# ERM – Tier 1 Top Corporate Risk Trends

## Trends as of Current Quarter (Q2 FY17)

| **Risk**<br>E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function | FY13 | | FY14 | | | | FY15 | | | | FY16 | | | | FY17 | | Long Term Risk Exposure Trend (> 5 Years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | |
| **Electric Risks** | | | | | | | | | | | | | | | | | |
| E1 - Carbon Emission Mitigation - Clean Power Plant | 20 | 20 | 20 | 20 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | ↔ Stable |
| E2 - Effluent Limit Guidelines for Steam Units | 12 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 20 | 20 | 15 | ↔ Stable |
| E4 - Adverse Electric Commodity Supply and Pricing | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | ↔ Stable |
| E3 - Coal Combustion Residual Rule (CCR) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 10 | 10 | 10 | 10 | 10 | 15 | 15 | 15 | ↔ Stable |
| E5 - Cooling Water Intake Structures 316(b) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 20 | 20 | 20 | ↔ Stable |
| E6 - Long-term Planning/Load Forecast - Electric | 6 | 6 | 6 | 6 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | ↑ Increasing |
| E7 - Critical Infrastructure Protection (CIP) Compliance | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | ↑ Increasing |
| **Water/Wastewater Risks** | | | | | | | | | | | | | | | | | |
| W1 - Water Supply Management/Long Term Planning | 12 | 12 | 12 | 12 | 12 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | ↑ Increasing |
| W3 - Sanitary Sewer Overflow Management | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 12 | 12 | ↓ Decreasing |
| **Corporate Wide Risks** | | | | | | | | | | | | | | | | | |
| H1 - Pensions | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | ↔ Stable |
| F1 - Revenues and Expenses Management | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | ↑ Increasing |
| C1 - Customer Relationship Management | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | ↔ Stable |
| C2 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance) | 9 | 9 | 9 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | ↑ Increasing |
| C3 - New Technology | | | | | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | ↑ Increasing |
| C16 - Weather & Climate Change Impact | | | | | | | | | | | | 15 | 15 | 15 | 15 | 15 | ↑ Increasing |

*The Q2 FY2017 risk scores are as the current date.

# ERM – Tier 2 Top Corporate Risk Trends

## Trends as of Current Quarter (Q2 FY17)

| **Risk** | FY13 | | FY14 | | | | FY15 | | | | FY16 | | | | FY17 | | Long Term Risk Exposure Trend (> 5 Years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | |
| **Electric Risks** | | | | | | | | | | | | | | | | | |
| E8 - SJRPP | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↑ Increasing |
| E9 - FERC/NERC (Section 693) O&P Reliability & Compliance | 9 | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | ↔ Stable |
| E10 - Nuclear Power Portfolio | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | ↑ Increasing |
| E11 - Infrastructure Maintenance - Electric Systems Assets | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| E20 - Operations Technology Management - Electric | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| E12 - By Product Management | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| E13 - Infrastructure Destruction Due to Severe Weather | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| **Water/Wastewater Risks** | | | | | | | | | | | | | | | | | |
| W2 - Operations Technology Management - Water/Wastewater Systems | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↔ Stable |
| W4 - Infrastructure Maintenance - Water/Waste Water Systems | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| **Corporate Wide Risks** | | | | | | | | | | | | | | | | | |
| C5 - Records Management | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↔ Stable |
| C6 - Fraud Risk Management | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↑ Increasing |
| T2 - Cyber Security Information Protection | | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↑ Increasing |
| H2 - Staffing | 16 | 12 | 12 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↔ Stable |
| H3 - Public and Employee Safety | 6 | 6 | 6 | 6 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | ↔ Stable |
| T1 - Technology Infrastructure Reliability | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 4 | 4 | 4 | 4 | 8 | 8 | 8 | 8 | 8 | ↔ Stable |
| T3 - Cyber Security Business Disruption | | | | | | | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | ↑ Increasing |
| T4 - Technology Services Disaster Recovery/Business Continuity | | | | | | | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | ↔ Stable |
| T5 - Technology Services Resource Optimization | | | | | | | | | | | 9 | 9 | 9 | 9 | 9 | 9 | ↑ Increasing |
| C7 - Disaster Recovery/Business Continuity | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | ↔ Stable |
| C8 - Black Swan (High Impact - Low probability event) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | ↔ Stable |
| F3 - Credit Availability/Cost | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| C9 - Other Regulatory Compliance | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | ↔ Stable |
| F4 - Counterparty Risk | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | ↔ Stable |
| C4 - External Influence on Policy | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 8 | 8 | 8 | 8 | 8 | ↔ Stable |
| W6 - Water Quality Management | | | | | | | | | | | | | 8 | 8 | 8 | 8 | ↔ Stable |

*The Q2 FY2017 risk scores are as the current date

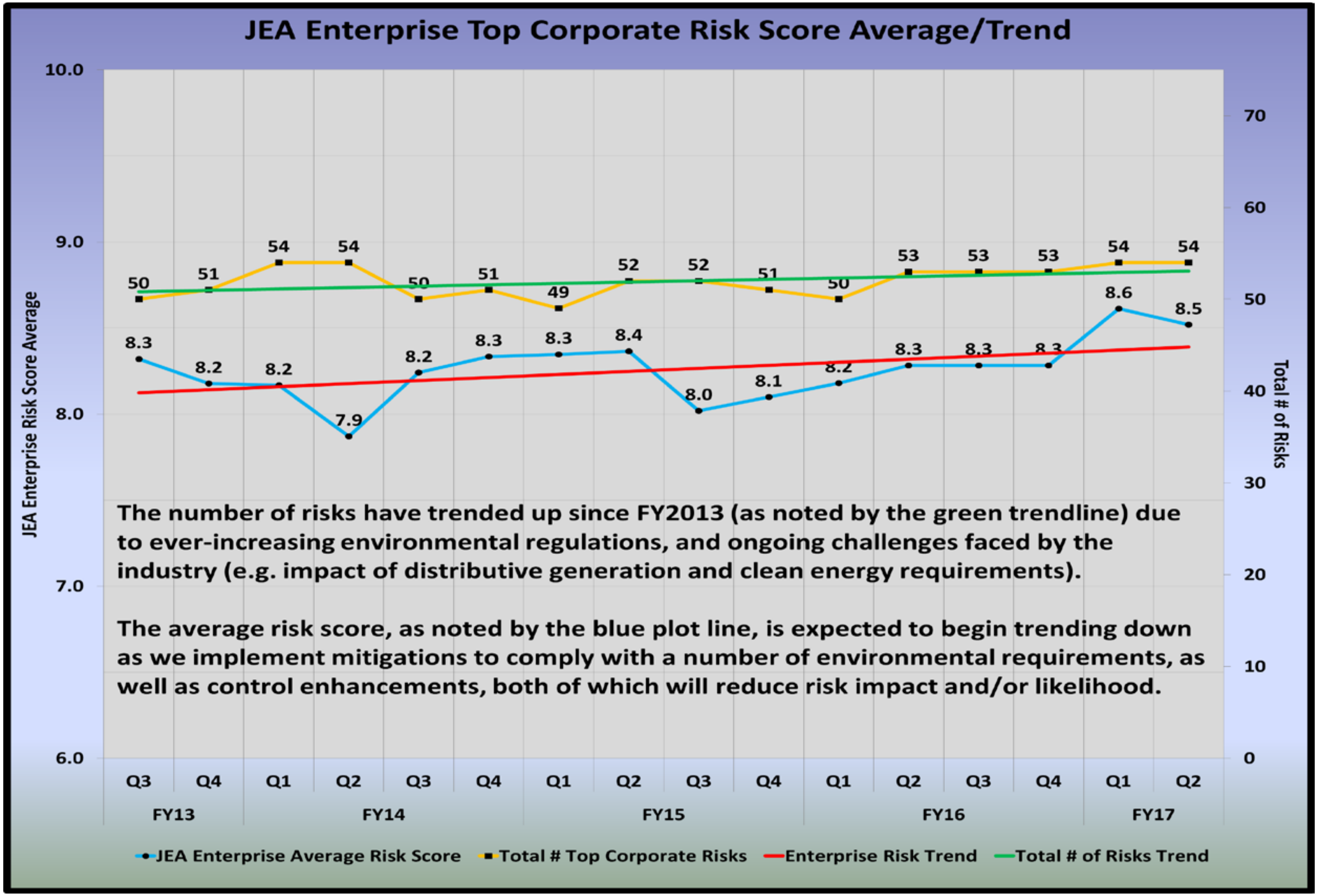
# ERM – Tier 3 Top Corporate Risk Trends

## Trends as of Current Quarter (Q2 FY17)

| Risk<br>E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function | FY13 | | FY14 | | | | FY15 | | | | FY16 | | | | FY17 | | Long Term Risk Exposure Trend (> 5 Years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | |
| **Electric Risks** | | | | | | | | | | | | | | | | | |
| E15 - TEA Activities Risk Management | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| E16 - Air Emissions Reduction Regulatory Initiatives | 20 | 20 | 20 | 20 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| E17 - Mercury and Air Toxics Standards (MATS) | 15 | 15 | 15 | 15 | 15 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| E18 - Renewable Energy Standards | 20 | 20 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | ↔ Stable |
| E19 - Plant Scherer Environmental Lawsuit | | 6 | 6 | 6 | 4 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | ↓ Decreasing |
| E21 - Natural Gas Sales - Commercial Customers | | | | | | | | | 6 | 6 | 6 | 6 | 6 | 6 | 1 | 1 | ↔ Stable |
| **Water/Wastewater Risks** | | | | | | | | | | | | | | | | | |
| W5 - Numeric Nutrient Criteria Mandates | 10 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| **Corporate Wide Risks** | | | | | | | | | | | | | | | | | |
| C10 - Project Risk Assessment and Capital Allocation | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| C12 - Capacity Plan Land Acquisition | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| C13 - Key Customer Accounts Management | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| F2 - Financial Regulatory Compliances (e.g. Dodd-Frank Bill) | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| F5 - IRS Bond Audit Records Requirements | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | ↔ Stable |
| H4 - Benefits | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |
| C14 - Environmental Compliance Management | 1 | 1 | 1 | 1 | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | ↔ Stable |

*The Q2 FY2017 risk scores are as the current date

# ERM – Top Corporate Risk Average Trends



# Ethics Investigations & Audit Highlights

- Case volume handled through the Ethics Hotline (EHL) has increased steadily since its 2006 inception, with 61% received within the last four years (1/1/13–12/31/16).

- JEA is now working regularly with the City's Office of the Inspector General (OIG) regarding any fraud, waste or abuse complaints we receive through the EHL and other sources.

- To date, we have reported four complaints to the OIG, with JEA taking lead on one case, and assisting the OIG with the other cases. When necessary, our JSO liaison has been engaged to assess for any potential criminal activity.

# Ethics Hotline (EHL) Case Statistics

| Open Cases 9/30/2016 | Cases Opened 1Q FY17 | Cases Closed 1Q FY17 | Open Cases 12/31/2016 |
|---|---|---|---|
| 9 | 6 | 7 | 8 |

| **Categories For Cases Opened During 1Q FY17** | |
|---|---|
| Conflict of Interest/Ethics Matters | 4 |
| Fraud/Waste/Abuse | 2 |
| **Total** | 6 |

# Summary of Closed EHL Cases - 1Q FY17

| Reporting Source | Allegation | Investigation Results |
|---|---|---|
| Internal | JEA-16-04-0002 – An individual reported that JEA should look into an employee's unusual badging activity in comparison with reported hours worked. | We determined there was a gap in the employee's badging activity for approximately twenty weeks during which the employee was attempting to use an old badge and calling the front desk to gain access when the exterior gates were closed. Based on the employee's approved time reports along with the Manager's verification, we concluded the employee was at work for the time period in question. |
| Internal | JEA-16-06-0003 - After learning of a JEA employee's arrest, Management requested an internal investigation to determine if any activities related to the nature of the arrest were conducted by the employee on company time/property or using JEA resources. | Evidence revealed that while at work the employee was tunneling under JEA's firewall to access inappropriate websites. We also found two emails that appeared to be related to the nature of the arrest. The employee resigned and admitted to misusing JEA equipment and circumventing JEA's firewall to access inappropriate websites. |
| Internal | JEA-16-007-0002 – As a result of internal monitoring, Management reported information indicating possible issues with an employee who changed customers' Social Security numbers. | Our investigation concluded the employee violated JEA policies and procedures by taking customer calls from a family member and friends, and waiving required deposits. Also, company policy was not always followed for running credit checks, requiring two forms of identification, and prepaying deposits. After a Fact Finding meeting, the employee submitted a letter of resignation, which was accepted. Recommendations were made to strengthen the related controls over customer accounts. |

# Summary of Closed EHL Cases - 1Q FY17 (cont.)

| Reporting Source | Allegation | Investigation Results |
|---|---|---|
| External | JEA-16-08-0002 – A member of JEA Senior Management received a JSO inmate information search report indicating an arrest of a JEA employee in 2010. | We confirmed the JEA employee was arrested in 2010; however, the arrest occurred outside of JEA, and the charge was subsequently dropped. Our investigation of more recent activity did not reveal any related misuse of JEA resources by the employee. |
| Internal | JEA-16-08-0003 – JEA's Security Contractor discovered copper wire in the trash dumpster at JEA's Southside Service Center. The approximate value of the copper was $260. | The investigation revealed JEA employees were improperly disposing of copper scrap in the trash dumpster rather than in the scrap bins. The employees were issued Letters of Counseling, and Management conducted a meeting to remind employees that scrap metals should not be placed in the trash. |
| External | JEA-16-09-0002 – JEA's metal recycling vendor reported approximately 3,190 pounds of copper (valued at $4,500) had been stripped from wire casings, which were placed in a scrap metal dumpster at SJRPP. | There was no evidence of copper wire theft from this project, and the wire casings should have been placed in the trash receptacle in lieu of the scrap metal container. The investigation revealed opportunities for process improvements in Investment Recovery and Project Planning/Design relating to the disposal of scrap material. |
| Internal | JEA-16-11-0002 – An employee may have violated JEA's P-card procedures by possibly attempting to use a JEA P-card for a charge associated with a social website. This possible procedural violation was detected during internal monitoring of declined P-card charges. | We concluded JEA's procedures were not violated, as the P-card had been externally compromised. After notification to the bank, the card was cancelled and subsequently reissued. |

IV. A. 5. b.

Finance & Audit Committee Members –
Self-Assessment Survey Questionnaire

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3/13/2017

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IV. A. 5. b.
3/21/2017

Building Community

# AGENDA ITEM SUMMARY

March 2, 2017

| | |
|---|---|
| **SUBJECT**: | **FINANCE & AUDIT COMMITTEE MEMBERS - SELF ASSESSMENT SURVEY QUESTIONNAIRE** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** The Finance & Audit Committee conducts a self-assessment on an annual basis.

**Significance:** Self-assessments are considered a best practice for Audit Committees and also for full Boards. Over 90% of the full Boards for publicly traded companies perform self-assessments.

**Effect:** To further enhance the effectiveness of the Committee Members by raising awareness and consistency of Board Committee best practices.

**Cost or Benefit:** No cost. See above for benefit.

**Recommended Board action:** JEA staff recommends the Committee Members complete the self-assessment process using the attached form. Completed forms will be submitted to the Director, Audit Services by the end of April for compiling and summarization. Results will be reported at the May 8, 2017 Finance & Audit Committee Meeting.

**For additional information, contact:** Steve Tuten, Director, Audit Services (904) 665-5206

Submitted by: PEM/ TEH/ SVT

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**2017 Finance and Audit Committee Annual Self-Assessment Questionnaire**

| | Satisfactory | Opportunity for Improvement | Comments |
|---|---|---|---|
| **Committee Composition** | | | |
| 1. Qualified Committee Members are identified by sources other than management. | ☐ | ☐ | Enter your comments here |
| 2. Committee Members have appropriate qualifications to meet Committee objectives, including appropriate financial literacy. | ☐ | ☐ | Enter your comments here |
| 3. Committee has a sufficient number of Members to conduct its business. | ☐ | ☐ | Enter your comments here |
| 4. The Committee reviews its policy annually to determine whether its responsibilities are described adequately, and recommends changes to the Board for approval. | ☐ | ☐ | Enter your comments here |
| 5. New Committee Members participate in an orientation program to educate them on the company, their responsibilities, and the company's financial reporting and accounting practices. | ☐ | ☐ | Enter your comments here |
| **Understanding the Business and its Risks** | | | |
| 6. The Committee considers, understands, and approves the management processes to effectively identify, assess and mitigate the organization's key risks. | ☐ | ☐ | Enter your comments here |
| 7. Management has an effective compliance and ethics program. | ☐ | ☐ | Enter your comments here |
| 8. Management has sufficient processes and controls to prevent and detect fraud. | ☐ | ☐ | Enter your comments here |
| **Committee Meeting Administration** | | | |
| 9. The meeting agenda and materials are distributed enough in advance to allow Members enough time to study and understand the information. | ☐ | ☐ | Enter your comments here |
| 10. Committee meetings are conducted effectively, with sufficient time spent on business unit presentations, including significant or emerging issues. | ☐ | ☐ | Enter your comments here |
| 11. Meeting environment is conducive to Members feeling comfortable in challenging management and each other, as appropriate. | ☐ | ☐ | Enter your comments here |
| 12. Meetings are of sufficient duration. | ☐ | ☐ | Enter your comments here |
| 13. Committee Members regularly attend meetings. | ☐ | ☐ | Enter your comments here |
| 14. Committee Members are well-prepared for the meetings. | ☐ | ☐ | Enter your comments here |
| 15. Committee has sufficient opportunity to meet in separate private sessions with management, the internal auditors and the external auditors. | ☐ | ☐ | Enter your comments here |
| 16. The Committee maintains adequate minutes of each meeting. | ☐ | ☐ | Enter your comments here |

| | Satisfactory | Opportunity for Improvement | Comments |
|---|---|---|---|
| 17. The Committee reports its proceedings and recommendations to the Board after each Committee meeting. | ☐ | ☐ | Enter your comments here |
| **Oversight of Financial Reporting** | | | |
| 18. Members understand the company's financial results and how reported results compare to plan. | ☐ | ☐ | Enter your comments here |
| 19. The Committee reviews the company's significant accounting policies. | ☐ | ☐ | Enter your comments here |
| 20. The Committee oversees controls over financial reporting. | ☐ | ☐ | Enter your comments here |
| 21. The Committee confirms that any material financial reporting weaknesses identified are adequately addressed. | ☐ | ☐ | Enter your comments here |
| **Oversight of Audit Functions** | | | |
| 22. The Committee regularly reviews the adequacy of the internal audit function's charter, its audit plan, budget, and experience of its Director and Team. | ☐ | ☐ | Enter your comments here |
| 23. Internal audit's reporting lines allow for significant issues to be brought to the attention of the Committee. | ☐ | ☐ | Enter your comments here |
| 24. The Committee oversees the role of the external auditors from selection to termination, and has an effective process to evaluate the external auditors' qualifications and performance. | ☐ | ☐ | Enter your comments here |
| 25. The Committee oversees the adequacy of the external auditors' plan. | ☐ | ☐ | Enter your comments here |
| **Self-Assessment** | | | |
| 26. An annual self-evaluation of the Committee is conducted and any significant matters that require follow-up are resolved and presented to the full Board. | ☐ | ☐ | Enter your comments here |

General Comments:

Enter your comments here

# IV. A. 6.

# Cyber Security Activities

Return to Agenda



JEA
Building Community

# *AGENDA ITEM SUMMARY*

February 27, 2017

| | |
|---|---|
| **SUBJECT**: | **CYBER SECURITY ACTIVITIES** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** Cyber Security has become an important media topic after the political hacking that occurred this past year, as well as the hacking of the Ukraine Electric Grid.

**Significance:** This presentation will provide some high-level information to the Board to assure Members that JEA is taking appropriate actions to manage and defend against cyber risks.

**Effect:** Failure to properly protect JEA's assets and customers/employees personal information may result in fines, financial fraud, business disruption and/or reputational damage.

**Cost or Benefit:** Risk Avoidance

**Recommended Board action:** This agenda item is provided for information only; no action is required.

**For additional information, contact:** Paul Cosgrave (904) 665-8601

Submitted by: PEM/PJC

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3/13/2017

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3/21/2017

# Cyber Security

## Risk Oversight and Critical Infrastructure Protection (CIP) Compliance

# Political and Media Events are Heightening the Concern of a Major Cyber Attack Against the US Power Grid

The New York Times

**Spy Agency Consensus Grows That Russia Hacked D.N.C.**


Burlington Electric Department

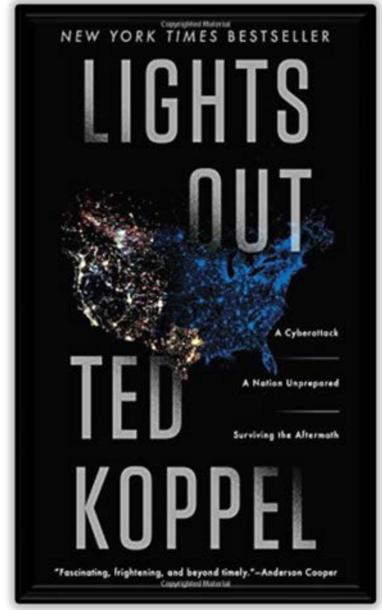
Burlington **Free Press**

PART OF THE USA TODAY NETWORK

**Russian hackers strike Burlington Electric with malware**

CBS EVENING NEWS WITH SCOTT PELLEY

**Russian hacks into Ukraine power grids a sign of things to come for U.S.?**



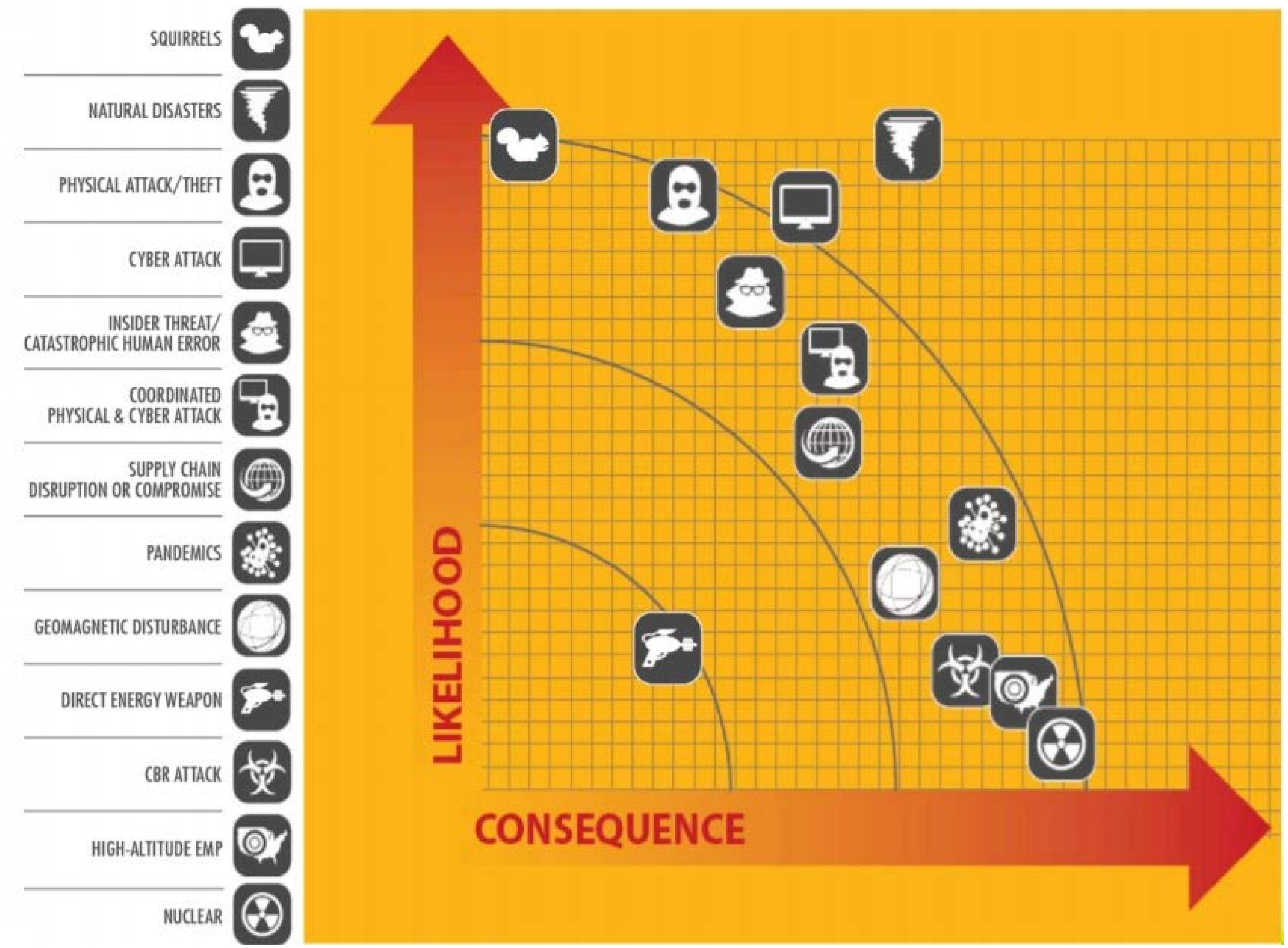

"There are two kinds of big companies in the U.S. There are those who've been hacked…and those who don't know they've been hacked."

-James Comey, FBI Director

# Is the Hype of a Major Cyber Security Attack Overblown?

"According to Marcus Sachs, CSO with the North American Electric Reliability Corporation (NERC), fears of a cyberattack are overblown.
Sachs told RSA Conference attendees on Thursday that squirrels, birds and snakes are currently a bigger threat to the power grid than cyber adversaries."

-Tom Spring, Threat Post Blog, February 2/17/17



# Five Key Steps Boards Should Take Regarding Cyber Security[1]

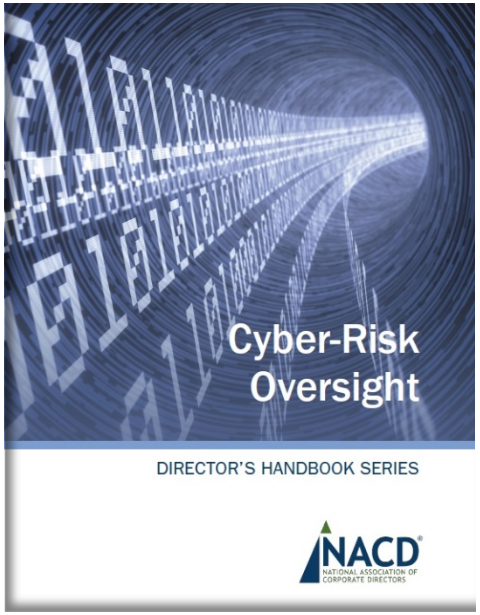
1. Directors need to understand and approach cyber security as an enterprise-wide risk management issue, not just an IT issue. (JEA has an ERM focus)

2. Directors should understand the legal implications of cyber risk as they relate to their company's specific circumstances. (JEA coordinates with OGC)

3. Boards should have adequate access to cyber security expertise and discussions about cyber-risk management should be given regular and adequate time on board meeting agendas. (1:1 discussions)

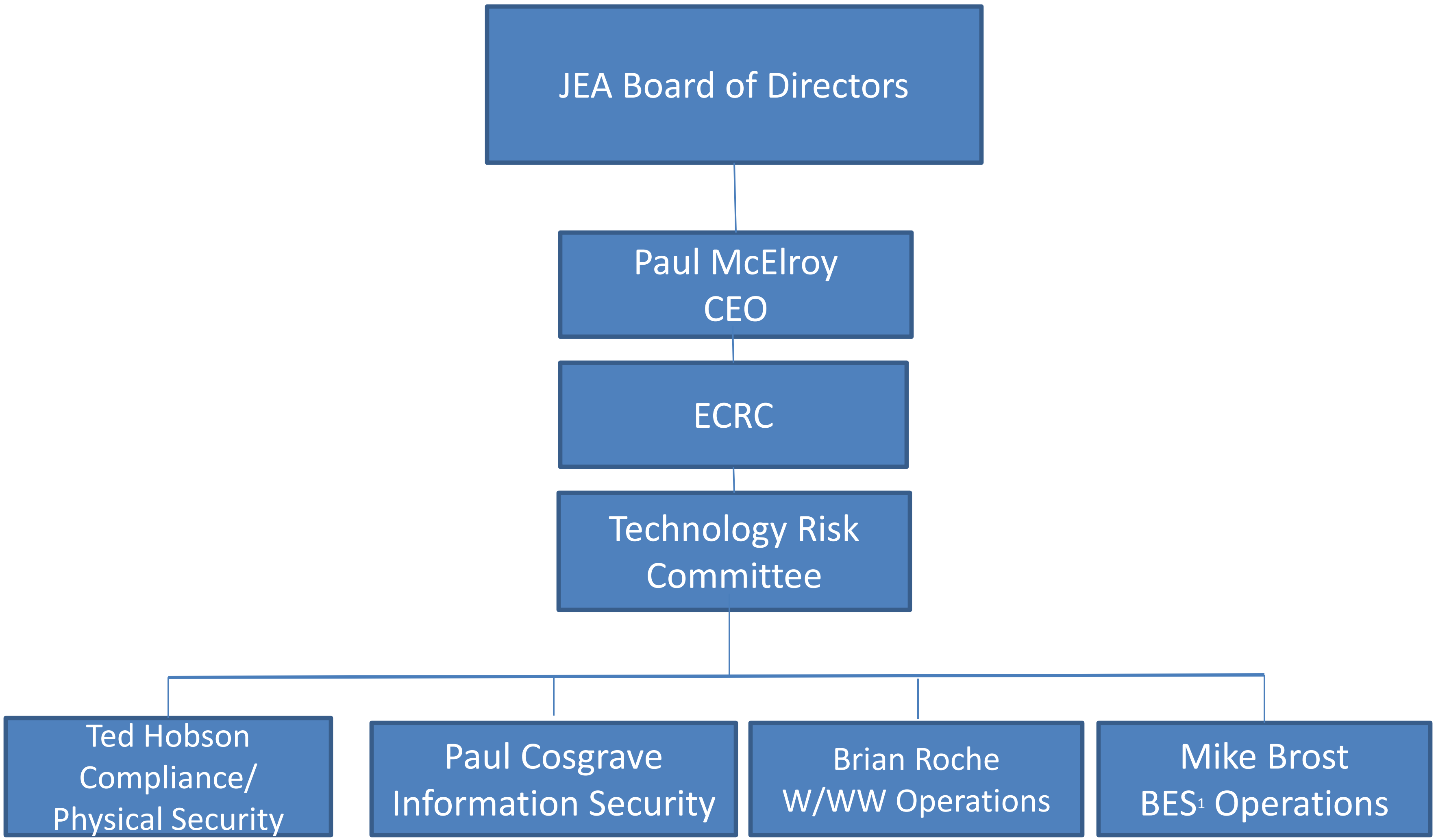
4. Directors should set the expectation that management will establish an enterprise-wide cyber-risk management framework with adequate staffing and budget. (ECRC Committees Plus 2 Dozen+ FTEs)

5. Board-management discussions about cyber risk should include identification of which risks to avoid, which to accept and which to mitigate or transfer through insurance, as well as specific plans associated with each approach.




[1]Cyber-Risk Oversight, Director's Handbook Series, NACD, 2017

# Cyber Security Risks are Managed as Part of the Overall Enterprise Compliance & Risk Committee




[1]Bulk Electric Systems

# CIP Risks

| Risk | Corporate | CIP |
| --- | --- | --- |
| • Loss or Alteration of Intellectual Property | ✓ | ✓ |
| • Sensitive Consumer or Employee Data Disclosure | ✓ | N/A |
| • Online Service Denial | ✓ | ✓ |
| • Financial Fraud | ✓ | N/A |
| • Electric Grid Disruption | N/A | ✓ |
| • W/WW System Disruption[1] | N/A | ✓ |

[1]W/WW System Cyber Security Protection is not regulated to the same extent as electric.

# Information Security Threats

**Information Security Threats that will Dominate in 2017**

- Supercharged connectivity and the Internet of Things (Threats)
- Crime-as-a-Service - Crime syndicates take quantum leap (Ransomware)
- New regulations bring compliance risks
- Brand reputation and trust are a target

# Financial Fraud (Ransomware) Became the Big New Threat in 2016

## What is Ransomware?

- Malicious Software that allows a hacker to restrict access to an individual or company's vital information in some way, typically encryption of critical information.
- Payment in Bitcoins to release the encryption is demanded.
- Hackers have shifted their focus to businesses rather than individuals.
- The FBI estimates that losses due to ransomware topped $1 Billion in 2016 and will continue to grow in 2017.

## How does JEA protect against it?

- Strong controls for spear phishing detection and spam control, all suspicious emails or links are quarantined.
- Content control and filtering for limiting access for any malicious content, and preventing download of malicious content.
- Anti-Malware prevention on all end point devices.
- Intrusion Prevention System (IPS) at all entry points to JEA.
- Program for security patching for all end user systems.
- Strong Backup and Recovery process for all critical JEA data.
- End User education to spread awareness of cyber threats.

# Information Security Defensive Trends

- Physical and cyber security industries join forces and threat intelligence sharing makes great strides (Fusion Center)
- Greater focus will be placed on peripheral devices. (IoT/HVAC)
  - Thumb-drives are a particular concern, usage is limited and must pass security scans
- While vulnerability exploits on Windows cool down as other platforms heat up and as machine learning accelerates social engineering attacks, JEA is focusing on employee education and limiting individuals with administrative access control
- JEA is participating in Community Service Cyber Security activities to help build customer confidence in JEA brand

# JEA's Role on the LPPC Cyber Security Taskforce

- JEA chairs the Policy Sub-Committee of the Large Public Power Council (LPPC) Cyber Security Taskforce (CSTF)
- In 2016 the CSTF conducted surveys among the members on three important topics:
  - Board Communication
  - Cyber Liability Insurance
  - Background Screening Processes
- Regarding Board Communication, of 14 member firms responding to the survey, 10 had F&A Committees, 7 held discussions with those committees. The majority report in both closed and open sessions governed by State's Sunshine Laws.
- Regarding Cyber Insurance, a fairly new offering, 8 out of 18 firms that responded indicated that they had some form of cyber insurance. The amounts and what specifically was covered varied widely.
- Background screening is required by CIP regulations and all 17 respondents to this survey reported they have policies and procedures in place. JEA's policies were quite strong when compared to other utilities.

# IV. A. 7.

# CIP Compliance Update

II. F.
3/13/2017

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IV. A. 7.
3/21/2017

Building Community

# *AGENDA ITEM SUMMARY*

March 2, 2017

| **SUBJECT**: | **CIP COMPLIANCE UPDATE** |
|---|---|

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** With threats from domestic and foreign terrorists, it is important that critical infrastructures are protected against a vast amount of potential issues.

**Significance:** This presentation will provide a high-level overview of the systems JEA has in place to protect our resources.

**Effect:** Failure to properly protect JEA's assets and customers/employees personal information may result in fines, financial fraud, business disruption and/or reputational damage.

**Cost or Benefit:** Risk Avoidance

**Recommended Board action:** This agenda item is provided for information only; no action is required.

**For additional information, contact:** Ted Hobson, Chief Compliance Officer, (904) 665-7126

Submitted by: PEM/TEH


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II. F.
3/13/2017

# Finance and Audit Committee Presentation

## March 13, 2017

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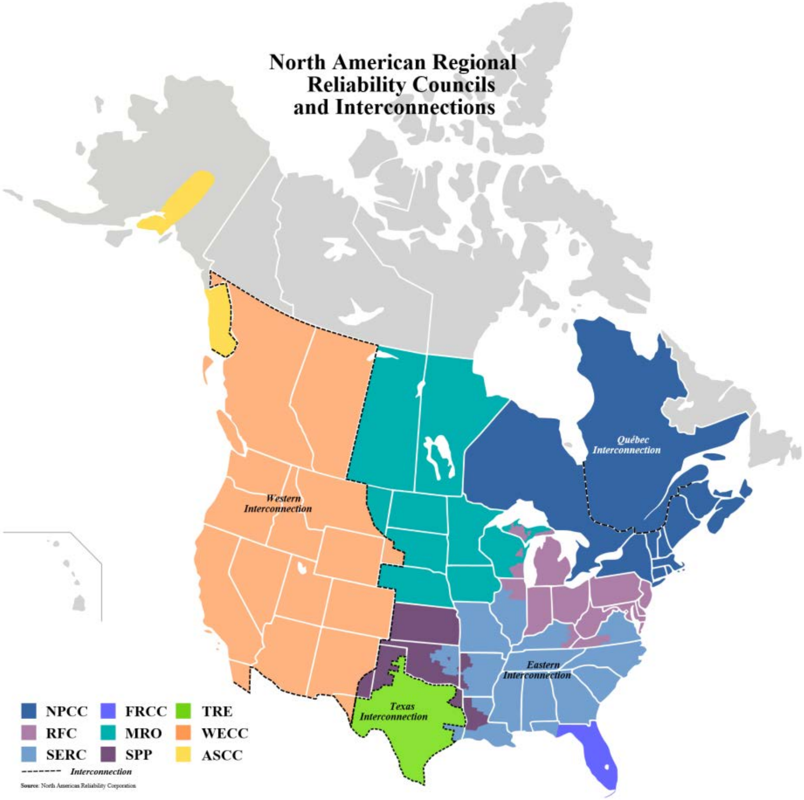
# Critical Infrastructure Protection

# Need for The Grid

North American Interconnected Electric System (the Grid) is the largest machine in the world.




## Benefits of Interconnection

- Significant reduction in cost
- Significant improvement in reliability

## Risks of Interconnection

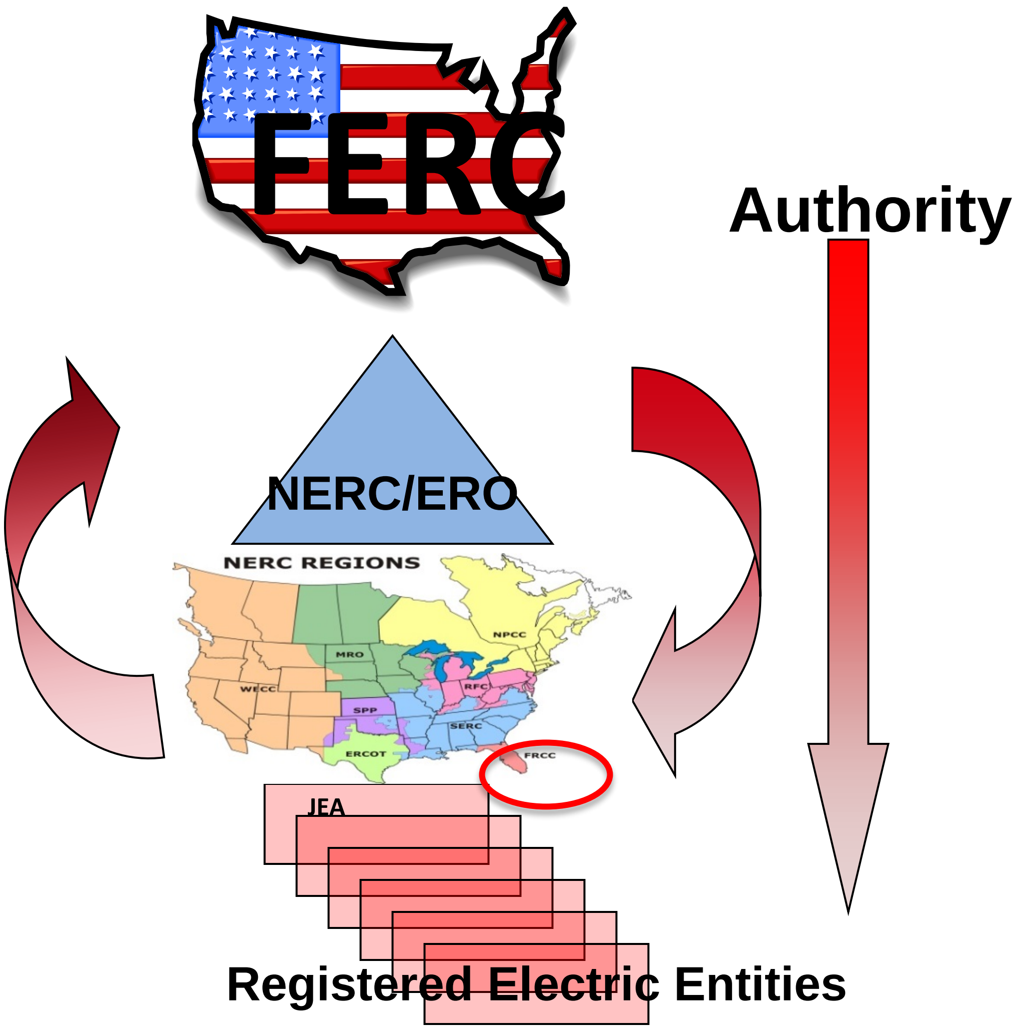
- Multiple Organizations coordinate and control
- Heavily dependent on computers for control and operations

# Blackouts

Despite all precautions and best designs, blackouts or cascading outages happen.

1. August 2003, North East (Approx. 50 Million Customers Impacted)
2. February 2008, South Florida (Approx. 4 Million Customers Impacted)
3. Ukraine December, 2015 (Approx. 250k Customers Impacted)

# NERC - ERO




- EPAct 2005 mandated creation of the North American Electric Reliability Organization(NERC), and gave the Federal Energy Regulatory Commission (FERC) oversight with significant penalty authority
- NERC can delegate some authority to an approved **Regional Entity (RE) also referred to as Compliance Enforcement Agency (CEA)**
- There are 8 RE's in the US
- JEA is monitored by Florida Reliability Coordinating Council Inc. (FRCC)

# NERC Reliability Standards

- **Standards**
  - Operations & Planning (O&P)
  - Critical Infrastructure Protection (CIP)
- **Rules of Procedures**
  - Compliance Monitoring
  - Data Request and Management

Standards and Rules of Procedures (RoP) must be approved by FERC

# NERC CEA Monitoring Methods

- Audits (every 3 years)
- Spot Checks (Random)
- Compliance Investigations
- Complaints
- Self-Reports
- Self-Certifications (Annual)
- Periodic Data Submittals
- Compliance Assessments for Events and Disturbances

# CIP Implementation Timelines

Recognizing the **increasing risk of cyber security in operations technology**, FERC approved Critical Infrastructure Protection (CIP) standards on January 18, 2008.

- July 1, 2008 – CIP Version 1 in effect
- April 1, 2010 – CIP Version 3 in effect
- July 1, 2016 – CIP Version 5 in effect

# CIP – Management Controls

**CIP-002**

- Identify Risks for all Bulk Electric System assets
- Classify each as HIGH, MEDIUM or LOW

**CIP-003**

- Assign a Senior Manager who has Responsibility and Authority
- Policy approved by Senior Manager who ensures compliance with CIP

| JEA CIP Assets | | |
|---|---|---|
| High | Medium | Low |
| 125 Requirements | 105 Requirements | 22 Requirements |
| 2 Control Centers | 3 Substations | 42 Substitutions<br>5 Generating Plants |

# CIP – Personnel Management

**004 Training**

- Mandatory training based on roles and responsibility
- Annual training refresher

**004 PRA**

- Mandatory background screening with criminal flag check
- Refresh background screening every seven years

**004 Access**

- Document, approve and control access
- Verify permissions
- Revoke access within 24 hours from time of termination

# CIP – Physical Security

**CIP-006**

- Protect security of CIP locations
- Install security protection devices and log access
- Respond to security alerts and incidents
- Visitor Control Program
- Maintain security devices regularly

**CIP-014**

- Assess risk for all high impact substations and associated control centers
- Verify it with a third party opinion
- Create security plan to address risks identified in the final risk assessment

# CIP – Technical Controls

**005 – Electronic Perimeter**

- Secure electronic perimeter – firewalls, intrusion detection & prevention
- Controlled remote access, multi-factor authentication

**007 System Mgmt**

- Patching, malware prevention, logging, account management

**010 Change and Testing**

- System security baselining (what is acceptable)
- Test system before deployment and after change
- Perform periodic vulnerability assessment

# Business Continuity & Information

**008 – Incident Response**

- Cyber security incident response including roles and responsibilities
- Annual drill to test capabilities and effectiveness

**009 - System Recovery**

- System recovery for all systems that control or monitor BES
- Annual drill to verify that plans will work

**011 – Information Protection**

- Identify where critical information is stored
- Control access based on business needs
- Erase data based on approved standards when redeploying systems

# CIP Roles At JEA

## CIP Compliance

- Independent Monitoring group responsible for Compliance Monitoring and Reporting to regulatory authority
- Responsible for regulatory communication and Coordination with FERC, NERC and FRCC
- Responsible for Inputs to Standard Drafting
- Responsible for internal communications/updates and interpretation of standards
- Responsible for annual Training & drills coordination with Business Unit Subject Matter Experts
- Responsible for review of compliance ,and event investigations if needed
- Also responsible for other regulatory activities such as Identity Theft regulations (FACTA), TCPA (Rob calls), HIPAA (Health Information Protection), PCI (Purchase Card Data Security) etc.

## Business Units

- Responsible for Implementing Compliance
- Responsible for completing periodic compliance activities and maintaining documentation
- Communicating with compliance if any issues are detected
- Mitigating any gaps and vulnerabilities
- Supporting CIP compliance for any regulatory reporting data requests
- Ensuring that JEA CIP systems are secure, reliable and available

# Achievements & Challenges

## Achievements

JEA has been the only utility in the Florida Region to complete a CIP audit with no findings. Very few utilities in the nation have been able to achieve a similar result.

## Challenges

- CIP Audit 2017 – July 10 -14
- NERC GridEx November 15-17

# IV. A. 8.

# Ethics Officer Report

II. G.
3/13/2017

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IV. A. 8.
3/21/2017

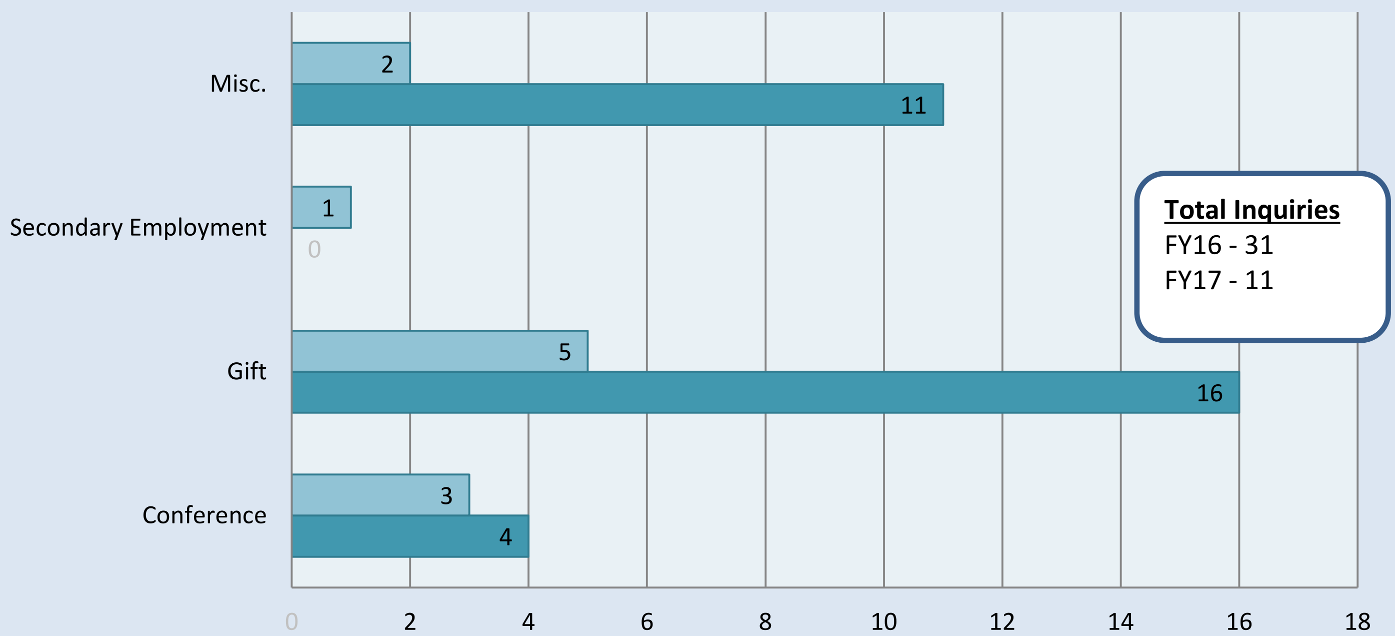
# JEA
# Ethics Officer Report
# March 13, 2017

## Creating an Ethical Culture

JEA will conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations

# FY16/17 Comparison

## Ethics Inquiries Comparison FY16/FY17
## 1st-2nd Quarter Results

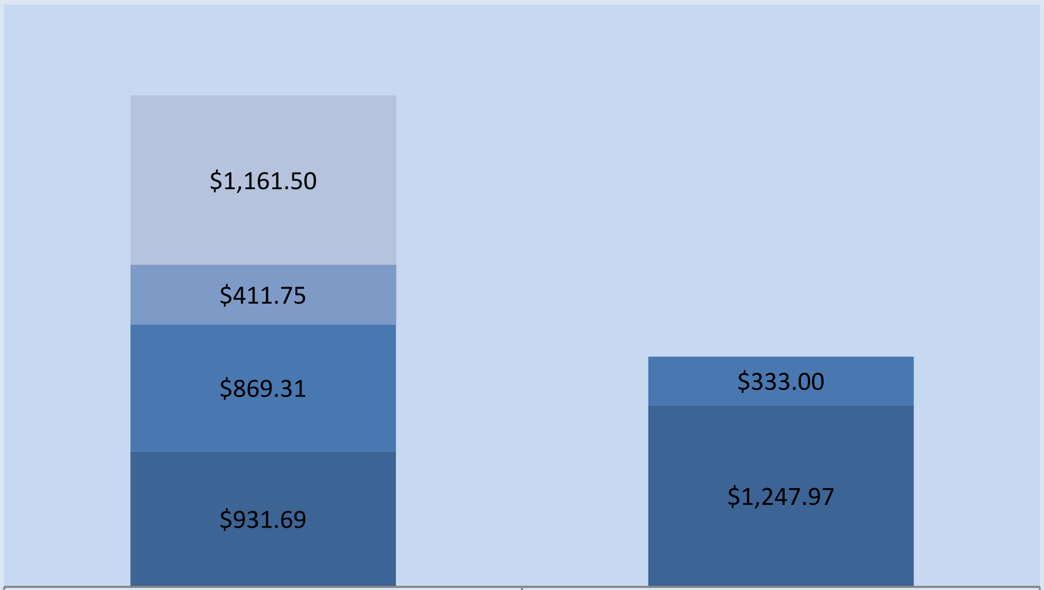



| | Conference | Gift | Secondary Employment | Misc. |
|---|---|---|---|---|
| FY17 | 3 | 5 | 1 | 2 |
| FY16 | 4 | 16 | 0 | 11 |

JEA

# FY17 Gift Registry

**FY16/FY17 GIFT ESTIMATES COMPARISON PER QUARTER**




| | FY16 | FY17 |
|---|---|---|
| Q4 | $1,161.50 | |
| Q3 | $411.75 | |
| Q2 | $869.31 | $333.00 |
| Q1 | $931.69 | $1,247.97 |

Food Items: lunch or dinners during meetings or trainings, assorted candies and cookies

Promotional items: ball caps, t-shirts, pens, gloves

Misc: golf, door prizes, televisions, game tickets, gift cards, flowers

Registration fees

# Business Ethics Update and What's Next

- **Nepotism Project started in December 2016 and completed February 2017.**
  - This review was to ensure compliance with our Nepotism Procedure; specifically, Emerging Workforce Strategies Procedure EWS A0210 002, "Nepotism", originated January 1, 1982 and most recently updated on March 10, 2016.
  - In December, 310 employees had a nepotism flag, as well as their relationship's name(s), in Oracle.
  - Ethics reviewed all incomplete employee records to obtain the documentation necessary to clear the nepotism flag on the records.

- **Ethics Officer attended the Utilities & Energy Compliance & Ethics Conference conducted by Society of Corporate Compliance and Ethics (SCEE) on February 19-22, 2017 in Washington, DC.**

- **On March 1, 2017, JEA Business Ethics Training will begin.**
  - March is National Ethics Awareness Month, and JEA is committed to upholding the highest level of ethics and integrity.
  - In recognition of National Ethics Awareness Month, all JEA employees will complete the Business Ethics Refresher e-Learning by March 31st.. **The focus this year will be on Secondary Employment attestation.**

# IV. A. 9.

# JEA Energy Market Risk Management Policy Report

II. H.
3/13/2017

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IV. A. 9.
3/21/2017

Building Community

# *AGENDA ITEM SUMMARY*

March 13, 2017

| | |
|---|---|
| **SUBJECT**: | **JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires a quarterly report on JEA's financial and physical fuel and power transactions. This report includes physical transactions greater than one year and all financial transactions.

**Significance:** High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy.

**Effect:** Financial and physical transactions allow the JEA Fuels group to manage the risks inherent in the wholesale fuel and energy markets. The attached Finance and Audit Committee report summarizes JEA's current positions.

**Cost or Benefit:** The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

**Recommended Board action:** None required. The report is required by the EMRM Policy and is provided as information.

**For additional information, contact:** Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM

# Energy Market Risk Management: Physical and Financial Positions

IV. A. 9.
3/21/2017

| Summary as of 2/8/2017 | | |
|---|---|---|
| Projected FY17 Expense (Budget = $412M) | $448M | 😐 |
| Projected Fuel Fund Ending Balance FY17 | $128M | ☺ |
| EMRM Compliance | Yes | ☺ |
| Counterparty Credit Limit Exceptions | No | ☺ |
| Any Issues of Concern | No | ☺ |

### Table 1: Physical Counterparties (Contracts One Year or Greater) as of 2/1/2017

| Generating Unit | Fuel Type | Supplier/ Counterparty | Contract Type | Remaining Contract Value | Remaining Contract Term |
|---|---|---|---|---|---|
| SJRPP | Coal | Coal Marketing Company | Index w/ Collar | $ 8,924,633 | 1 month |
| SJRPP | Coal | Coal Marketing Company | Fixed Price | $ 80,260,060 | 9 months |
| Scherer 4 | Coal | Alpha- Eagle Butte | Fixed Price | $ 61,853,589 | 11 months |
| Scherer 4 | Coal | Coal Sales, LLC | Fixed Price | $ 34,031,201 | 11 months |
| Scherer 4 | Coal | Arch Coal Sales Company, Inc | Fixed Price | $ 21,767,123 | 11 months |
| Scherer 4 | Coal | FY18 Contura Eagle Butte | Fixed Price | $ 44,373,196 | 12 months |
| Scherer 4 | Coal | FY19 Contura Eagle Butte | Fixed Price | $ 46,874,729 | 12 months |
| NG Fleet | Natural Gas | Shell Energy | Index w/Fixed Price Option | $ 289,438,290 | 4.2 years |

### Table 2: Financial Positions as of 2/1/2017

| Year | Commodity | Physical Volume (mmBtu) | Hedged Volume (mmBtu) | Percent Hedged | Unhedged Cost ($/mmBtu) | Hedge Type | Hedge Price | Mark-to-Market Value | Counter Party |
|---|---|---|---|---|---|---|---|---|---|
| FY17 | Natural Gas | 27,868,900 | 4,200,000 | 15.1% | $3.27 | Collar | $2.93/$4.50 | $583,948 | Wells Fargo |
| FY18 | Natural Gas | 33,154,400 | - | 0.0% | $3.19 | - | - | - | - |
| FY19 | Natural Gas | 29,710,700 | - | 0.0% | $2.92 | - | - | - | - |

### Table 3: Fuel Procurement as of 2/8/2017

| Fuel Type | Coal | Petcoke | Oil/Diesel | Purchased Power | Natural Gas | Renewables | Nuclear |
|---|---|---|---|---|---|---|---|
| FY17 Remaining | | | | | | | |
| Expected Spend ($) | 123.0M | 16.0M | 0.3M | 18.0M | 104.2M | 6.6M | |
| % Procured | 71% | 43% | 100% | 0% | 48% | 100% | |
| % Hedged | 71% | 9% | 100% | 0% | 16% | 100% | |
| FY18 | | | | | | | |
| Expected Spend ($) | 177.4M | 54.3M | 1.3M | 27.6M | 109.2M | 12.8M | |
| % Procured | 18% | 10% | 100% | 0% | 67% | 100% | |
| % Hedged | 18% | 10% | 100% | 0% | 0% | 100% | |
| FY19 | | | | | | | |
| Expected Spend ($) | 186.0M | 52.6M | 2.7M | 24.4M | 89.4M | 11.9M | 3.6M |
| % Procured | 17% | 10% | 100% | 0% | 75% | 100% | 100% |
| % Hedged | 17% | 10% | 100% | 0% | 0% | 100% | 100% |

**<u>Supporting Notes:</u>**

- Renewable and nuclear power purchase agreements are not included in Table 1
- Natural Gas Transportation is 100% fixed capacity and price
- Solid fuel procurement – quarterly at Northside; longer term 2017/18 for SJRPP and Scherer
- FY17 Energy Mix: 43% Gas, 48% Solid Fuel, 9% Purchase Power expected (based on MWH)
- In Table 3, 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.
- The FY17 projected fuel fund ending balance has decreased from budget because of increases in fuel prices ($50M) and lowering of the fuel rate from $36.75 to $32.50 on 12/2016 ($44M).

IV. A. 10.

Resolution Determining the Sufficiency of Revenues –
St. Johns River Power Park

Building Community

## *AGENDA ITEM SUMMARY*

March 13, 2017

| | |
|---|---|
| **SUBJECT**: | **RESOLUTION DETERMINING THE SUFFICIENCY OF REVENUES - ST. JOHNS RIVER POWER PARK** |

**Purpose:** ☐ Information Only ☒ Action Required ☐ Advice/Direction

**Issue:** An annual requirement under the St. Johns River Power Park Bond Resolution (the "Bond Resolution") for JEA to determine that for the upcoming fiscal year the Electric System's revenues will be sufficient to make all required payments under the Bond Resolution.

**Significance:** High. The completion of this requirement is needed to be in compliance with the Bond Resolution.

**Effect:** The ability of the Electric System to make all required payments under the Bond Resolution.

**Cost or Benefit:** Failure to make the determination could result in revenues that are insufficient to meet all the requirements under the Bond Resolution, potentially affecting both JEA's credit ratings and reputation in the bond market.

**Recommended Board action:** JEA staff recommends the Finance and Audit Committee recommend Board approval and adoption of Resolution No. 2017-27 determining that the estimated revenues for the Fiscal Year ending September 30, 2018, will be sufficient for their intended purposes.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/LMB


**Commitments to Action**

1. Earn Customer Loyalty
2. Deliver Business Excellence
3. Develop an Unbeatable Team

II. I. 1.
3/13/2017

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IV. A. 10.
3/21/2017

Building Community

**INTER-OFFICE MEMORANDUM**
March 13, 2017

| | |
|---|---|
| **SUBJECT:** | **RESOLUTION DETERMINING THE SUFFICIENCY OF REVENUES – ST. JOHNS RIVER POWER PARK** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Finance and Audit Committee |
| | Kelly Flanagan, Chair<br>Tom Petway<br>Ed Burr<br>Husein Cumber |

**BACKGROUND:**
JEA's St. Johns River Power Park System Bond Resolution contains various covenants that JEA is obligated to its bondholders to perform. Two of such covenants require JEA to make an annual determination by resolution, at least six months prior to the beginning of the next fiscal year, that the estimated revenues for the next fiscal year will be sufficient to cover the required expenditures for such fiscal year.

**DISCUSSION:**
JEA staff has made the determination required.

**RECOMMENDATION:**
JEA staff recommends the Finance and Audit Committee recommend Board approval and adoption of Resolution No. 2017-27 determining that the estimated revenues for the Fiscal Year ending September 30, 2018, will be sufficient for their intended purposes.

____________________________________
Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/LMB

**Resolution No. 2017-27**

**A RESOLUTION MAKING A DETERMINATION AS TO THE SUFFICIENCY OF ESTIMATED REVENUES OF THE ELECTRIC SYSTEM TO PROVIDE FOR THE PAYMENTS AND OTHER REQUIREMENTS OF SECTION 721 AND SECTION 713 OF JEA ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BOND RESOLUTION**

**WHEREAS**, Sections 721 and 713 of JEA St. Johns River Power Park System Revenue Bond Resolution (the "Resolution") require that JEA no less than six months prior to the beginning of each fiscal year complete a review of its financial condition for the purpose of estimating whether the rates, fees, charges and other income and receipts from the operation of the Electric System, including investment income included as revenues, for such fiscal year, will be sufficient to provide all of the payments and meet all other requirements in accordance with Section 721 and Section 713 of the Resolution; and

**WHEREAS**, such a review of JEA's financial condition has been made resulting in a determination that the estimated rates, fees, charges and other income and receipts from the operation of the Electric System, including investment income included as revenues, during the Fiscal Year ending September 30, 2018, will be sufficient to provide all of the payments and meet all other requirements for the Fiscal Year ending September 30, 2018 in accordance with Section 721 and Section 713 of the Resolution now, therefore,

**BE IT RESOLVED** by JEA that a determination has been made that the estimated rates, fees, charges and other income and receipts from the operation of the Electric System, including investment income included as revenues, during the Fiscal Year ending September 30, 2018, will be sufficient to provide all of the payments and meet all other requirements for the Fiscal Year ending September 30, 2018 in accordance with Section 721 and Section 713 of the Resolution.

______________________________
JEA Chair

Form Approved:

______________________________
Assistant General Counsel

IV. A. 11.

Recap of Recent JEA Electric System Fixed Rate Debt Refunding Delegated Transactions

II. I. 2.
3/13/2017

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IV. A. 11.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

February 27, 2017

| | |
|---|---|
| **SUBJECT**: | **RECAP OF RECENT JEA ELECTRIC SYSTEM ADVANCE FIXED RATE DEBT REFUNDING DELEGATED TRANSACTIONS** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** On November 15, 2016, the Board adopted Resolution No. 2016-17 and 2016-18, relating to the Electric System Senior and Subordinated Revenue Bonds, respectively.

**Significance:** The following resolutions provided the Managing Director/CEO the authorization to price and execute a fixed rate advance refunding transaction within the stated parameters.

**Effect:** Pursuant to Resolution No. 2016-17 and 2016-18, JEA staff priced approximately $18.7 million in senior and $71.7 million in subordinated fixed rate bonds on January 31, 2017. The Managing Director/CEO executed the bond purchase agreement for the Electric System Revenue Bonds, Series Three 2017A and Subordinated 2017 Series A on February 1, 2017.

**Cost or Benefit:** The Electric System advance refunding produced $4.5 million of present value savings and generates approximately $1.1 million of average annual debt service savings.

**Recommended Board action:** No Board action is required. For information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/OCD


II. I. 2.
3/13/2017

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IV. A. 11.
3/21/2017

Building Community

**INTER-OFFICE MEMORANDUM**
February 27, 2017

| | |
|---|---|
| **SUBJECT:** | **RECAP OF RECENT JEA ELECTRIC SYSTEM ADVANCE FIXED RATE DEBT REFUNDING DELEGATED TRANSACTIONS** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Finance and Audit Committee |

Kelly Flanagan, Chair
Tom Petway
Ed Burr
Husein Cumber

**BACKGROUND:**

On November 15, 2016, the Board adopted Resolution No. 2016-17 and 2016-18, relating to the Electric System Senior and Subordinated Revenue Bonds, respectively, which provided the Managing Director/CEO the authorization to price and execute a fixed rate advance refunding bond transaction within stated parameters. The resolutions, in addition to providing parameters, also (i) approved the form of and authorized the execution of various legal documents that were prepared by counsel in connection with the issuance of the authorized bonds; and (ii) provided that the bonds must be sold no later than June 30, 2017.

**DISCUSSION:**

Pursuant to Resolution No. 2016-17 and 2016-18, JEA staff priced approximately $18.7 million in senior and $71.7 million in subordinated fixed rate bonds on January 31, 2017. Bond refunding proceeds were utilized to redeem approximately $19.0 million of senior and $68.1 million of subordinated fixed rate bonds. The Managing Director/CEO executed the bond purchase agreement for the Electric System Revenue Bonds, Series Three 2017A and Subordinated 2017 Series A on February 1, 2017.

The attached presentation shows the actual results as compared to the delegated parameters for the Electric System Revenue Bonds, Series Three 2017A and Subordinated 2017 Series A.

J.P. Morgan served as senior manager, Nixon Peabody LLP served as JEA's bond counsel and Public Financial Management served as JEA's financial advisor for the refunding transaction.

**RECOMMENDATION:**

No Board action is required. For information only .

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/OCD

# FY17 BOND REFUNDING ACTIVITY AND RESULTS

*JEA Finance and Audit Committee Meeting*

March 13, 2017

# FINANCING TEAM

## JEA

Joe Orfano, Treasurer

Chris Cicero, Bond Compliance Specialist

Lori Boynton , Bond Compliance Specialist

Robert Hahn, Bond Administration Specialist

Oliver Domingo, Debt Financial Analyst

Juli Crawford, Manager Financial Planning & Rates

Tucker Mills, Financial Associate

## Underwriting Group:

***J.P. Morgan***

Citigroup

Goldman, Sachs & Co.

RBC Capital Markets

US Bancorp

Wells Fargo Securities

## Bond Counsel:

Nixon Peabody, LLP

## Financial Adviser:

Public Financial Management, Inc.

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# SUMMARY OF REFUNDING RESULTS

## Series Three 2017A and Sub 2017 Series A (2/14/17)

- Total bond par amount: $90.4 million
- Gross savings: $9.5 million
- Present value savings: $4.5 million (5.1%)

***Note: the advance refunding delegation resolution approved in November eliminated the 7.50% minimum NPV parameter***

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# ELECTRIC SYSTEM RESOLUTION PARAMETERS

| | Delegated Parameters | 2017A Senior | 2017A Subordinated |
|---|---|---|---|
| **Par Amount** | < $150.0m | $18.7m | $71.7m |
| **True Interest Cost** | < 3% | 1.466% | 1.431% |
| **Weighted Average Life** | 5.792 (Sen) & 5.953 (Sub) | 2.631 | 1.092 |
| **Final Maturity Date** | Not later than 10/1/19 | 10/1/19 | 10/1/19 |

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# FY17 ANTICIPATED REFUNDING TRANSACTION SCHEDULE

| System | Type | Closing Date | Estimated Par Amount |
|---|---|---|---|
| Water & Sewer | Current | 4th Quarter FY17 | $152.0m |
| Electric | Current | 4th Quarter FY17 | $152.0m |
| SJRPP | Current | 4th Quarter FY17 | $78.0m |

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IV. A. 12.

Electric System and Water and Sewer System Reserve Fund Quarterly Report

II. I. 3.
3/13/2017

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IV. A. 12.
3/21/2017

Building Community

## *AGENDA ITEM SUMMARY*

February 22, 2017

| | |
|---|---|
| **SUBJECT**: | **ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT** |

**Purpose:** ☒ Information Only ☐ Action Required ☐ Advice/Direction

**Issue:** Electric System and Water and Sewer System Reserve Fund Quarterly Report as of December 31, 2016. This report is provided for transparency into JEA's reserve fund accounts and various cash balances.

**Significance:** High. JEA's liquidity position is an important balance between operating security and flexibility, financial metrics, and carrying cost of cash.

**Effect:** JEA operational needs, bond resolution requirements, and credit ratings.

**Cost or Benefit:** JEA's reserves are an important component of operating security and flexibility, a critical credit ratings factor.

**Recommended Board action:** No action required; provided for information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/BHG

Building Community

**INTER-OFFICE MEMORANDUM**
February 22, 2017

| | |
|---|---|
| **SUBJECT:** | **ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT** |
| **FROM:** | Paul E. McElroy, Managing Director/CEO |
| **TO:** | JEA Finance and Audit Committee |
| | Kelly Flanagan, Chair<br>Tom Petway<br>Ed Burr<br>Husein Cumber |

**BACKGROUND:**
At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning in August 2012.

**DISCUSSION:**
Attached are the reserve fund schedules referenced above for the period ending December 31, 2016.

**RECOMMENDATION:**
No action required; provided for information only.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/BHG

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

*For the Fiscal Quarter Ending December 31, 2016*

*(In Thousands of Dollars)*

| Electric System | Fiscal Year FY 2013 | Fiscal Year FY 2014 | Fiscal Year FY 2015 | Fiscal Year FY 2016 | Fiscal Year FY 2017 | Detail Page # |
|---|---|---|---|---|---|---|
| **Unrestricted** | | | | | | |
| Operations/Revenue Fund | $ 46,588 | $ 43,178 | $ 46,624 | $ 56,665 | $ 44,924 | |
| Debt Management Strategy Reserve | - | - | - | - | - | 3 |
| Self Insurance Reserve Fund | | | | | | |
| • Property | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 4 |
| • Employee health insurance | 15,914 | 10,749 | 10,937 | 11,179 | 11,179 | 5 |
| Rate Stabilization | | | | | | |
| • Fuel | 108,289 | 105,457 | 150,742 | 180,115 | 127,960 | 6 |
| • DSM/conservation | 3,891 | 3,570 | 2,886 | 3,515 | 3,235 | 7 |
| • Environmental | 10,023 | 16,639 | 23,430 | 29,975 | 35,950 | 8 |
| • Debt Management | 42,126 | 42,126 | 42,126 | 42,126 | 29,884 | 9 |
| • Non-Fuel Purchased Power | - | 12,000 | 38,000 | 34,400 | 26,194 | 10 |
| Environmental | 18,662 | 18,662 | 18,662 | 18,556 | 18,556 | 11 |
| Customer Deposits | 44,882 | 42,688 | 42,389 | 41,084 | 41,863 | 12 |
| **Total Unrestricted** | 300,375 | 305,069 | 385,796 | 427,615 | 349,744 | |
| **Days of Cash on Hand (2)** | 172 | 166 | 225 | 270 | 212 | |
| **Restricted** | | | | | | |
| Debt Service Funds (Sinking Funds) | 101,305 | 120,458 | 134,927 | 136,232 | 168,025 | 13 |
| Debt Service Reserve Funds | 64,841 | 64,841 | 64,595 | 60,582 | 60,582 | 14 |
| Renewal and Replacement Funds/OCO (3) | 140,486 | 146,910 | 145,711 | 192,179 | 173,665 | 15 |
| Construction Funds | 5,184 | 42 | - | - | - | 16 |
| **Total Restricted** | 311,816 | 332,251 | 345,233 | 388,993 | 402,272 | |
| **Total Electric System** | $ 612,191 | $ 637,320 | $ 731,029 | $ 816,608 | $ 752,016 | |

| Water and Sewer System | Fiscal Year FY 2013 | Fiscal Year FY 2014 | Fiscal Year FY 2015 | Fiscal Year FY 2016 | Fiscal Year FY 2017 | Detail Page # |
|---|---|---|---|---|---|---|
| **Unrestricted** | | | | | | |
| Operations/Revenue Fund | $ 5,886 | $ 9,227 | $ 22,588 | $ 42,948 | $ 46,251 | |
| Debt Management Strategy Reserve | 304 | 304 | - | - | - | 17 |
| Rate Stabilization | | | | | | |
| • Debt Management | 20,290 | 20,291 | 20,290 | 20,290 | 14,209 | 18 |
| • Environmental | | | | 1,699 | 1,497 | 19 |
| Customer Deposit | 13,860 | 12,787 | 13,255 | 13,910 | 13,911 | 20 |
| **Total Unrestricted** | 40,340 | 42,609 | 56,133 | 78,847 | 75,868 | |
| **Days of Cash on Hand (2)** | 395 | 438 | 466 | 528 | 420 | |
| **Restricted** | | | | | | |
| Debt Service Funds (Sinking Funds) | 80,317 | 75,019 | 67,720 | 65,410 | 82,870 | 21 |
| Debt Service Reserve Funds | 119,915 | 116,829 | 108,849 | 108,086 | 107,488 | 22 |
| Renewal and Replacement Funds | | | | | | |
| • R&R/OCO (4) | 78,689 | 59,295 | 37,337 | 76,020 | 48,660 | 23 |
| • Capacity Fees/State Revolving Loans | 60,360 | 76,887 | 90,912 | 103,411 | 75,921 | 24 |
| • Environmental | (9,857) | 5,299 | 19,245 | 2,659 | 294 | 25 |
| Construction Funds | 2,305 | 326 | 664 | 152 | - | 26 |
| **Total Restricted** | 331,729 | 333,655 | 324,727 | 355,738 | 315,233 | |
| **Total Water & Sewer System** | $ 372,069 | $ 376,264 | $ 380,860 | $ 434,585 | $ 391,101 | |

*(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.*

*(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.*

*(3) Balance includes $47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.*

*(4) Balance includes $20,000 of Water & Sewer System Renewal and Replacement Reserve for MADS calculation.*

## Funds Established Per the Bond Resolutions

| Fund/Account Description | Electric System | Water and Sewer System |
|---|---|---|
| Revenue Fund | Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made. | Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes. |
| Rate Stabilization Fund | Not pledged to bondholders; available for any lawful purpose. | Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds. |
| Subordinated Rate Stabilization Fund | Pledged to bondholders; available for any lawful purpose. | Pledged to bondholders; available for any lawful purpose. |
| Debt Service Account | Pledged to bondholders; used to pay debt service on bonds. | Pledged to bondholders; used to pay debt service on bonds. |
| Debt Service Reserve Account | Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments. | Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments. |
| Renewal and Replacement Fund | Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) . | Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions). |
| Construction Fund | Pledged to bondholders; applied to the payment of costs of the system. | Pledged to bondholders; applied to the payment of costs of the system. |
| Subordinated Construction Fund | Pledged to bondholders; applied to the payment of costs of the system | Pledged to bondholders; applied to the payment of costs of the system |
| Construction Fund - Construction Reserve Account | Pledged to bondholders; applied to fund downgraded reserve fund sureties. | Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties. |
| General Reserve Fund | Not pledged to bondholders; available for any lawful purpose. | n/a |

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

# Electric System Debt Management Reserve

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ - | $ - | $ - | N/A | $ - | $ - | $ - | $ - |
| Additions: | | | | | | | | |
| Contributions | | | | N/A | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Withdrawals | | | - | N/A | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Ending Balance | $ - | $ - | $ - | N/A | $ - | $ - | $ - | $ - |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 12,257 | $ 12,257 | $ - | $ - | $ - | $ - | $ - | $ 4,903 | $ 12,257 |
| Additions: | | - | | | | | | | |
| Contributions | - | - | - | - | | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ - | | | | |
| Withdrawals | - | 12,257 | | | | - | 6,129 | 6,129 | 12,257 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ 12,257 | $ - | $ - | $ - | | | | |
| Ending balance | $ 12,257 | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,451 | $ 12,257 |

Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- A portion of this reserve was used to pay on interest rate swap terminations in connection with a refunding of variable rate debt in February 2013, and the remainder was used in Sept 2013 for a defeasance.

# Electric System Self Insurance - Property

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Budget Appropriation
Metric: Budgeted Deposit = $10 million

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 10,000 | $ 10,000 | $ 10,000 | N/A | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |
| Additions: | | | | | | | | |
| Reserve Contribution | | | | N/A | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Reserve Withdrawal | | | | | | | | |
| | | | | N/A | | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Ending Balance | $ 10,000 | $ 10,000 | $ 10,000 | N/A | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |
| Additions: | | | | | | | | | |
| Reserve Contribution | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Reserve Withdrawal | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ - | | | | |
| Ending balance | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 | $ 10,000 |

# Electric System Self Insurance - Employee Health Insurance

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Florida Statute for self insured government plans
Metric: An actuary calculates amount annually

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)* | Actual as of 12/31/2016 Current Quarter | Year -to-Date | Full Year 2017 Forecast | 2017 Budget | Prior Year Actual | Projection 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 11,179 | $ 11,179 | $ 11,179 | N/A | $ 10,937 | $ 11,179 | $ 11,179 | $ 11,179 |
| Additions: | | | | | | | | |
| Employee Contributions | 1,343 | 1,343 | 8,058 | N/A | 5,460 | 8,703 | 9,399 | 10,151 |
| Retiree & Other Contributions | 1,754 | 1,754 | 6,402 | | 5,694 | 6,914 | 7,467 | 8,065 |
| Employer Contributions | 4,899 | 4,899 | 23,756 | | 24,231 | 25,656 | 27,709 | 29,925 |
| Sub-total | $ 7,996 | $ 7,996 | $ 38,216 | $ - | $ 35,385 | $ 41,273 | $ 44,575 | $ 48,141 |
| Deductions: | | | | | | | | |
| Payments for Claims | 7,439 | 7,439 | 35,722 | N/A | 32,946 | 38,580 | 41,666 | 44,999 |
| Actuary & Other Payments | 665 | 665 | 2,494 | | 2,197 | 2,693 | 2,909 | 3,141 |
| Sub-total | $ 8,104 | $ 8,104 | $ 38,216 | $ - | $ 35,143 | $ 41,273 | $ 44,575 | $ 48,141 |
| Ending Balance | $ 11,071 | $ 11,071 | $ 11,179 | N/A | $ 11,179 | $ 11,179 | $ 11,179 | $ 11,179 |

| *(In Thousands)* | Historical 2012 | 2013 | 2014 | 2015 | 2016 | Statistical Low | Median | Mean | High |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 12,505 | $ 15,440 | $ 15,914 | $ 10,749 | $ 10,937 | $ 10,749 | $ 12,505 | $ 13,109 | $ 15,914 |
| Additions: | | | | | | | | | |
| Employee Contributions | 6,147 | 5,893 | 4,573 | 5,447 | 5,460 | 4,573 | 5,460 | 5,504 | 6,147 |
| Retiree & Other Contributions | 6,910 | 5,701 | 5,188 | 5,141 | 5,694 | 5,141 | 5,694 | 5,727 | 6,910 |
| Employer Contributions | 21,155 | 20,629 | 14,252 | 22,220 | 24,231 | 14,252 | 21,155 | 20,497 | 24,231 |
| Sub-total | $ 34,212 | $ 32,223 | $ 24,013 | $ 32,808 | $ 35,385 | | | | |
| Deductions: | | | | | | | | | |
| Payments for Claims | 29,220 | 29,354 | 27,157 | 30,408 | 32,946 | 27,157 | 29,354 | 29,817 | 32,946 |
| Actuary & Other Payments | 2,057 | 2,395 | 2,021 | 2,212 | 2,197 | 2,021 | 2,197 | 2,176 | 2,395 |
| Sub-total | $ 31,277 | $ 31,749 | $ 29,178 | $ 32,620 | $ 35,143 | | | | |
| Ending balance | $ 15,440 | $ 15,914 | $ 10,749 | $ 10,937 | $ 11,179 | $ 10,749 | $ 11,179 | $ 12,844 | $ 15,914 |

Observations:
- Self Insurance for Employee Health Insurance began in July 2009.
- Projections are using the 8% rate of increase based on information obtained from the Actuarial Memorandum and Report.

Calendar year data is presented above in fiscal year format.

# Electric System Rate Stabilization - Fuel Management

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Bond Resolution and Pricing Policy
Metric: Targeted 15% of total annual projected energy costs

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 (a) the maximum 12-month historical fuel cost or (b) the projected 12-month 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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 180,115 | $ 180,115 | $ 180,115 | N/A | $ 150,742 | $ 127,960 | $ 85,227 | $ 76,362 |
| Additions: | | | | | | | | |
| Contributions | | | - | 37,705 | 85,979 | | | 10,792 |
| Sub-total | $ - | $ - | $ - | $ 37,705 | $ 85,979 | $ - | $ - | $ 10,792 |
| Withdrawals | 2,793 | 2,793 | 52,155 | | - | 42,733 | 8,865 | |
| Customer Fuel Rebate Credit | | | | - | 56,606 | | | |
| Sub-total | $ 2,793 | $ 2,793 | $ 52,155 | $ - | $ 56,606 | $ 42,733 | $ 8,865 | $ - |
| Ending Balance | $ 177,322 | $ 177,322 | $ 127,960 | N/A | $ 180,115 | $ 85,227 | $ 76,362 | $ 87,154 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 24,990 | $ 92,362 | $ 108,289 | $ 105,457 | $ 150,742 | $ 24,990 | $ 105,457 | $ 96,368 | $ 150,742 |
| Additions: | | - | | | | | | | |
| Contributions | 76,763 | 52,523 | 22,496 | 95,224 | 85,979 | 22,496 | 76,763 | 66,597 | 95,224 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 76,763 | $ 52,523 | $ 22,496 | $ 95,224 | $ 85,979 | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | 9,391 | | | | | 9,391 | 9,391 | 9,391 | 9,391 |
| Customer Fuel Rebate Credit | | 36,596 | 25,328 | 49,939 | 56,606 | 25,328 | 43,268 | 42,117 | 56,606 |
| | | | | | | - | - | - | - |
| Sub-total | $ 9,391 | $ 36,596 | $ 25,328 | $ 49,939 | $ 56,606 | | | | |
| Ending balance | $ 92,362 | $ 108,289 | $ 105,457 | $ 150,742 | $ 180,115 | $ 92,362 | $ 108,289 | $ 127,393 | $ 180,115 |

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

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

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: $0.50 per 1,000 kWh plus $0.01 per kWh residential conservation charge for consumption greater than 2,750 KWh monthly

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 3,515 | $ 3,515 | $ 3,515 | N/A | $ 2,886 | $ 3,235 | $ 2,848 | $ 2,461 |
| Additions: | | | | | | | | |
| Contributions | 1,456 | 1,456 | 6,891 | 7,200 | 7,232 | 6,817 | 6,817 | 6,817 |
| Other | | | | | | | | |
| Sub-total | $ 1,456 | $ 1,456 | $ 6,891 | $ 7,200 | $ 7,232 | $ 6,817 | $ 6,817 | $ 6,817 |
| Withdrawals | 1,238 | 1,238 | 7,171 | 8,117 | 6,603 | 7,204 | 7,204 | 7,204 |
| Sub-total | $ 1,238 | $ 1,238 | $ 7,171 | $ 8,117 | $ 6,603 | $ 7,204 | $ 7,204 | $ 7,204 |
| Ending Balance | $ 3,733 | $ 3,733 | $ 3,235 | N/A | $ 3,515 | $ 2,848 | $ 2,461 | $ 2,074 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 10,703 | $ 6,912 | $ 3,891 | $ 3,570 | $ 2,886 | $ 2,886 | $ 3,891 | $ 5,592 | $ 10,703 |
| Additions: | | | | | | | | | |
| Contributions | 6,657 | 6,683 | 6,929 | 7,059 | 7,232 | 6,657 | 6,929 | 6,912 | 7,232 |
| Transfer from Rev Fd | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 6,657 | $ 6,683 | $ 6,929 | $ 7,059 | $ 7,232 | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | 10,448 | 9,704 | 7,250 | 7,743 | 6,603 | 6,603 | 7,743 | 8,350 | 10,448 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 10,448 | $ 9,704 | $ 7,250 | $ 7,743 | $ 6,603 | | | | |
| Ending balance | $ 6,912 | $ 3,891 | $ 3,570 | $ 2,886 | $ 3,515 | $ 2,886 | $ 3,570 | $ 4,155 | $ 6,912 |

Observations:

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

# Electric System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Bond Resolution and Pricing Policy
Metric: $0.62 per 1,000 kWh

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge ($0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 29,975 | $ 29,975 | $ 29,975 | N/A | $ 23,430 | $ 35,950 | $ 42,050 | $ 46,930 |
| Additions: | | | | | | | | |
| Contributions | 1,672 | 1,672 | 7,422 | 7,564 | 7,700 | 7,320 | 7,320 | 7,320 |
| Sub-total | $ 1,672 | $ 1,672 | $ 7,422 | $ 7,564 | $ 7,700 | $ 7,320 | $ 7,320 | $ 7,320 |
| Withdrawals | | | 1,447 | 2,078 | 1,155 | 1,220 | 2,440 | 3,660 |
| Sub-total | $ - | $ - | $ 1,447 | $ 2,078 | $ 1,155 | $ 1,220 | $ 2,440 | $ 3,660 |
| Ending Balance | $ 31,647 | $ 31,647 | $ 35,950 | N/A | $ 29,975 | $ 42,050 | $ 46,930 | $ 50,590 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 4,232 | $ 5,343 | $ 10,023 | $ 16,639 | $ 23,430 | $ 4,232 | $ 10,023 | $ 11,933 | $ 23,430 |
| Additions: | | | | | | | | | |
| Contributions | 2,436 | 5,650 | 7,395 | 7,586 | 7,700 | 2,436 | 7,395 | 6,153 | 7,700 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 2,436 | $ 5,650 | $ 7,395 | $ 7,586 | $ 7,700 | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | 1,325 | 970 | 779 | 795 | 1,155 | 779 | 970 | 1,005 | 1,325 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 1,325 | $ 970 | $ 779 | $ 795 | $ 1,155 | | | | |
| Ending balance | $ 5,343 | $ 10,023 | $ 16,639 | $ 23,430 | $ 29,975 | $ 5,343 | $ 16,639 | $ 17,082 | $ 29,975 |

Observations:
- Rate Stabilization Fund for Environmental began in June 2010.

# Electric System Rate Stabilization - Debt Management

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

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 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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 42,126 | $ 42,126 | $ 42,126 | N/A | $ 42,126 | $ 29,884 | $ 29,884 | $ 29,884 |
| Additions: | | | | | | | | |
| Contributions | | | | N/A | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Withdrawals | | | 12,242 | | - | | | |
| | | | - | | | | | |
| Sub-total | $ - | $ - | $ 12,242 | $ - | $ - | $ - | $ - | $ - |
| Ending Balance | $ 42,126 | $ 42,126 | $ 29,884 | N/A | $ 42,126 | $ 29,884 | $ 29,884 | $ 29,884 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 35,930 | $ 41,611 | $ 42,126 | $ 42,126 | $ 42,126 | $ 35,930 | $ 42,126 | $ 40,784 | $ 42,126 |
| Additions: | | | | | | | | | |
| Contributions | 5,681 | 6,581 | | | | 5,681 | 6,131 | 6,131 | 6,581 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 5,681 | $ 6,581 | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | | 6,066 | | | | 6,066 | 6,066 | 6,066 | 6,066 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ 6,066 | $ - | $ - | $ - | | | | |
| Ending balance | $ 41,611 | $ 42,126 | $ 42,126 | $ 42,126 | $ 42,126 | $ 41,611 | $ 42,126 | $ 42,023 | $ 42,126 |

Observations:

- Rate Stabilization Fund for Debt Management began in May 2009.

# Electric System Rate Stabilization - Non-Fuel Purchased Power

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

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.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 34,400 | $ 34,400 | $ 34,400 | N/A | $ 38,000 | $ 26,194 | $ 14,449 | $ - |
| Additions: | | | | | | | | |
| Contributions | | | | - | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Withdrawals | 1,540 | 1,540 | 8,206 | 9,232 | 3,600 | 11,745 | 14,449 | |
| Sub-total | $ 1,540 | $ 1,540 | $ 8,206 | $ 9,232 | $ 3,600 | $ 11,745 | $ 14,449 | $ - |
| Ending Balance | $ 32,860 | $ 32,860 | $ 26,194 | N/A | $ 34,400 | $ 14,449 | $ - | $ - |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ - | $ - | $ - | $ 12,000 | $ 38,000 | $ - | $ - | $ 10,000 | $ 38,000 |
| Additions: | | - | | | | - | - | - | - |
| Contributions | | | 12,000 | 26,000 | | 12,000 | 19,000 | 19,000 | 26,000 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ 12,000 | $ 26,000 | $ - | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | | | | | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ 3,600 | | | | |
| Ending balance | $ - | $ - | $ 12,000 | $ 38,000 | $ 34,400 | $ - | $ 12,000 | $ 16,880 | $ 38,000 |

Observations:

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

# Electric System Environmental Reserve

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| | Current | | 2017 | 2017 | Prior Year | | | |
| *(In Thousands)* | Quarter | Year -to-Date | Forecast | Budget | Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 18,556 | $ 18,556 | $ 18,556 | N/A | $ 18,662 | $ 18,556 | $ 18,556 | $ 18,556 |
| Additions: | | | | | | | | |
| Contributions | | | - | N/A | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Withdrawals | | | - | N/A | 106 | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ 106 | $ - | $ - | $ - |
| Ending Balance | $ 18,556 | $ 18,556 | $ 18,556 | N/A | $ 18,556 | $ 18,556 | $ 18,556 | $ 18,556 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 20,899 | $ 18,359 | $ 18,662 | $ 18,662 | $ 18,662 | $ 18,359 | $ 18,662 | $ 19,049 | $ 20,899 |
| Additions: | | - | | | | | | | |
| Contributions | | 970 | | | | 970 | 970 | 970 | 970 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ 970 | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | 2,540 | 667 | | | 106 | 106 | 667 | 1,104 | 2,540 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 2,540 | $ 667 | $ - | $ - | $ 106 | | | | |
| Ending balance | $ 18,359 | $ 18,662 | $ 18,662 | $ 18,662 | $ 18,556 | $ 18,359 | $ 18,662 | $ 18,580 | $ 18,662 |

Observations:

- The Environmental Reserve began in FY 2008.

# Electric System Customer Deposits

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

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.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 41,084 | $ 41,084 | $ 41,084 | N/A | $ 42,389 | $ 41,863 | $ 41,863 | $ 41,863 |
| Additions: | | | | | | | | |
| Net Customer Activity | 779 | 779 | 779 | N/A | - | | | |
| Loan Repayment to ES Revenue Fund | | | | | - | | | |
| Sub-total | $ 779 | $ 779 | $ 779 | $ - | $ - | $ - | $ - | $ - |
| Net Customer Activity | | | - | | 1,305 | | | |
| Loan to ES Revenue Fund | | | | N/A | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ 1,305 | $ - | $ - | $ - |
| Ending Balance | $ 41,863 | $ 41,863 | $ 41,863 | N/A | $ 41,084 | $ 41,863 | $ 41,863 | $ 41,863 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 42,767 | $ 43,454 | $ 44,882 | $ 42,688 | $ 42,389 | $ 42,389 | $ 42,767 | $ 43,236 | $ 44,882 |
| Additions: | | - | | | | | | | |
| Net Customer Activity | 905 | 1,430 | | | | 905 | 1,168 | 1,168 | 1,430 |
| Loan Repayment to ES Revenue Fund | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 905 | $ 1,430 | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Net Customer Activity | 218 | 2 | 2,194 | 299 | 1,305 | 2 | 299 | 804 | 2,194 |
| Loan to ES Revenue Fund | | | | | | - | - | - | - |
| Sub-total | $ 218 | $ 2 | $ 2,194 | $ 299 | $ 1,305 | | | | |
| Ending balance | $ 43,454 | $ 44,882 | $ 42,688 | $ 42,389 | $ 41,084 | $ 41,084 | $ 42,688 | $ 42,899 | $ 44,882 |

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits starting in Fiscal Year 2014.

# Electric System Debt Service Sinking Fund

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Bond Resolution
Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 136,232 | $ 136,232 | $ 136,232 | N/A | $ 134,927 | $ 168,025 | $ 161,153 | $ 149,799 |
| Additions: | | | | | | | | |
| Revenue Fund Deposits | 42,572 | 42,572 | 217,612 | | 177,847 | 210,807 | 201,948 | 141,059 |
| Bond funded interest | | | | | - | | | |
| Sub-total | $ 42,572 | $ 42,572 | $ 217,612 | $ - | $ 177,847 | $ 210,807 | $ 201,948 | $ 141,059 |
| Principal and Int Payments | 137,066 | 137,066 | 185,819 | N/A | 176,542 | 217,679 | 213,302 | 199,191 |
| Sub-total | $ 137,066 | $ 137,066 | $ 185,819 | $ - | $ 176,542 | $ 217,679 | $ 213,302 | $ 199,191 |
| Ending Balance | $ 41,738 | $ 41,738 | $ 168,025 | N/A | $ 136,232 | $ 161,153 | $ 149,799 | $ 91,667 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 125,988 | $ 107,754 | $ 101,305 | $ 120,458 | $ 134,927 | $ 101,305 | $ 120,458 | $ 118,086 | $ 134,927 |
| Additions: | | - | | | | | | | |
| Revenue Fund Deposits | 159,724 | 159,072 | 167,340 | 181,006 | 177,847 | 159,072 | 167,340 | 168,998 | 181,006 |
| Bond funded interest | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 159,724 | $ 159,072 | $ 167,340 | $ 181,006 | $ 177,847 | | | | |
| Deductions: | | | | | | | | | |
| Principal and Int Payments | 177,958 | 165,521 | 148,187 | 166,537 | 176,542 | 148,187 | 166,537 | 166,949 | 177,958 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 177,958 | $ 165,521 | $ 148,187 | $ 166,537 | $ 176,542 | | | | |
| Ending balance | $ 107,754 | $ 101,305 | $ 120,458 | $ 134,927 | $ 136,232 | $ 101,305 | $ 120,458 | $ 120,135 | $ 136,232 |

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).

# Electric System Debt Service Reserve Account

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Bond Resolution
Metric: Maximum interest payable on outstanding senior Electric System bonds as required by the Bond Resolutions

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.

| | Actual as of 12/31/2016 | | Full Year Budget Amounts | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 60,582 | $ 60,582 | $ 60,582 | N/A | $ 64,595 | $ 60,582 | $ 60,582 | $ 60,582 |
| Additions: | | | | | | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Release to Revenue Fund | | | | N/A | 4,013 | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ 4,013 | $ - | $ - | $ - |
| Ending Balance | $ 60,582 | $ 60,582 | $ 60,582 | N/A | $ 60,582 | $ 60,582 | $ 60,582 | $ 60,582 |

| | Historical Actuals | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 72,226 | $ 72,226 | $ 64,841 | $ 64,841 | $ 64,595 | $ 64,595 | $ 64,841 | $ 67,746 | $ 72,226 |
| Additions: | | | | | | | | | |
| Proceeds from Bonds | | | | - | - | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Defeasance | | 7,385 | | 246 | 4,013 | 246 | 4,013 | 3,881 | 7,385 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ 7,385 | $ - | $ 246 | $ 4,013 | | | | |
| Ending balance | $ 72,226 | $ 64,841 | $ 64,841 | $ 64,595 | $ 60,582 | 60,582 | 64,841 | 65,417 | 72,226 |

Observations:

- This report does not include any Scherer debt service reserves.
- In FY 2007, the debt service reserve requirement was satisfied 100% by the use of debt service reserve surety policies. In accordance with the bond resolution, beginning in FY 2008, cash/investments replaced the downgraded sureties due to their downgrade by the rating agencies. Sureties of $67.6 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- The debt service reserve account balance is currently in excess of the the debt service reserve requirement under the bond resolution by $8.0 million. The excess will be used, if needed, to (1) fund an increase in the reserve requirement caused by a future issuance of new money bonds and/or variable to fixed refunding bonds, (2) help satisfy cash reserve targets instituted by the rating agencies, and/or (3) redeem bonds, in accordance with applicable tax laws.

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

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Electric System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Electric System 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 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 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.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 192,179 | $ 192,179 | $ 192,179 | N/A | $ 145,711 | $ 173,665 | $ 163,340 | $ 146,327 |
| Additions: | | | | | | | | |
| R&R/OCO Contribution | 47,153 | 47,153 | 170,000 | | 200,692 | 150,112 | 151,178 | 108,781 |
| Loans betw Capital Fds | | | | - | - | | | |
| Other | 152 | 152 | 15,624 | - | 3,744 | 18,590 | | |
| Sub-total | $ 47,305 | $ 47,305 | $ 185,624 | $ - | $ 204,436 | $ 168,702 | $ 151,178 | $ 108,781 |
| Deductions: | | | | | | | | |
| Capital Expenditures | 27,643 | 27,643 | 149,221 | | 157,201 | 179,027 | 168,191 | 113,893 |
| Transfers betw Capital Fds | | | | - | 765 | | | |
| R&R/OCO Contribution | | | | | | | | |
| Debt Defeasance | | | 37,150 | - | - | | | |
| Other | 7,767 | 7,767 | 17,767 | | | | | |
| Sub-total | $ 35,410 | $ 35,410 | $ 204,138 | $ - | $ 157,966 | $ 179,027 | $ 168,191 | $ 113,893 |
| Ending Balance | $ 204,074 | $ 204,074 | $ 173,665 | N/A | $ 192,181 | $ 163,340 | $ 146,327 | $ 141,215 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 73,727 | $ 105,235 | $ 140,486 | $ 146,910 | $ 145,711 | $ 73,727 | $ 140,486 | $ 122,414 | $ 146,910 |
| Additions: | | | | | | | | | |
| R&R/OCO Contribution | 142,822 | 124,630 | 85,639 | 110,351 | 200,692 | 85,639 | 124,630 | 132,827 | 200,692 |
| Loans betw Capital Fds | - | - | - | | | - | - | - | - |
| Other | 943 | 2,423 | 4,014 | 970 | 3,744 | 943 | 2,423 | 2,419 | 4,014 |
| Sub-total | $ 143,765 | $ 127,053 | $ 89,653 | $ 111,321 | $ 204,436 | | | | |
| Deductions: | | | | | | | | | |
| Capital Expenditures | 112,257 | 91,802 | 82,889 | 112,483 | 157,201 | 82,889 | 112,257 | 111,326 | 157,201 |
| Bond Buy Back | - | | | | 2 | - | 1 | 1 | 2 |
| Transfer to Scherer | | | | | | | | | |
| Loans betw Capital Fds | | | 340 | 37 | 765 | | | | |
| Other | | - | | - | | - | - | - | - |
| Sub-total | $ 112,257 | $ 91,802 | $ 83,229 | $ 112,520 | $ 157,968 | | | | |
| Ending balance | $ 105,235 | $ 140,486 | $ 146,910 | $ 145,711 | $ 192,179 | $ 105,235 | $ 145,711 | $ 146,104 | $ 192,179 |

Observations:

- Other includes the Oracle Financing and Sale of Property.
- Includes $47 million for Maximum Annual Debt Service calculation.

# Electric Construction / Bond Fund

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Bond Resolution
Metric: Target = Capital expenditures per year minus internal funding available

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ - | $ - | $ - | N/A | $ 4 | $ - | $ - | $ - |
| Additions: | | | | | | | | |
| Bond Proceeds | | | | - | - | | | |
| Line of Credit | | | | - | - | | | |
| Transfers b/w Capital Fds | - | | | - | - | | | |
| Other | | | | - | 2 | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ 2 | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Capital Expenditures | | | | | 6 | - | - | - |
| Bond Funded Interest | | | | - | - | | | |
| Transfers b/w Capital Fds | | | | | - | | | |
| Other | | | - | - | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ 6 | $ - | $ - | $ - |
| Ending Balance | $ - | $ - | $ - | N/A | $ - | $ - | $ - | $ - |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| (In Thousands) | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 63,915 | $ 40,034 | $ 5,184 | $ 42 | $ 4 | $ - | $ 2,613 | $ 18,197 | $ 63,915 |
| Additions: | | | | | | | | | |
| Bond Proceeds | | 1,550 | | | | 1,550 | 1,550 | 1,550 | 1,550 |
| Line of Credit | | | | | | - | - | - | - |
| Transfers b/w Capital Fds | | | 3,091 | | | 3,091 | 3,091 | 3,091 | 3,091 |
| Other | | 34 | 340 | 37 | 2 | 2 | 36 | 103 | 340 |
| Sub-total | $ - | $ 1,584 | $ 3,431 | $ 37 | $ 2 | | | | |
| Deductions: | | | | | | | | | |
| Capital Expenditures | 23,385 | 35,253 | 4,821 | 75 | 6 | 6 | 4,821 | 12,708 | 35,253 |
| Bond Funded Interest | | | | | | - | - | - | - |
| Line of Credit | | | | | | | | | |
| Transfers b/w Capital Fds | | 35 | 3,091 | | | 35 | 1,563 | 1,563 | 3,091 |
| Other | 496 | 1,146 | 661 | | | 496 | 661 | 768 | 1,146 |
| Sub-total | $ 23,881 | $ 36,434 | $ 8,573 | $ 75 | $ 6 | | | | |
| Ending balance | $ 40,034 | $ 5,184 | $ 42 | $ 4 | $ - | $ - | $ 42 | $ 9,053 | $ 40,034 |

Observations:
- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017 - 2019 projection period.

1,550

# Water and Sewer Debt Management Reserve

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt.

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ - | $ - | $ - | N/A | $ - | $ - | $ - | $ - |
| Additions: | | | | | | | | |
| Contributions | | | | | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Withdrawals | | | | | - | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Ending Balance | $ - | $ - | $ - | N/A | $ - | $ - | $ - | $ - |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 6,458 | $ 6,458 | $ 304 | $ 304 | $ - | $ - | $ 304 | $ 2,705 | $ 6,458 |
| Additions: | | - | | | | | | | |
| Contributions | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | | 6,154 | | 304 | | 304 | 3,229 | 3,229 | 6,154 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ 6,154 | $ - | $ 304 | $ - | | | | |
| Ending balance | $ 6,458 | $ 304 | $ 304 | $ - | $ - | $ - | $ 304 | $ 1,413 | $ 6,458 |

Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- $6 million was used in Sept 2013 for a defeasance.

# Water and Sewer Rate Stabilization Debt Management

**For the Fiscal Quarter Ending December 31, 2016**
Reserve/Fund Authorization: Bond Resolution and Pricing Policy
Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt.

Definitions and Goals: TheWater & Sewer 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 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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 20,290 | $ 20,290 | $ 20,290 | N/A | $ 20,290 | $ 14,209 | $ 14,209 | $ 14,209 |
| Additions: | | | | | | | | |
| Contributions | - | - | - | N/A | - | | | |
| Financial Statement Rounding | | | | | | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Withdrawals | | | 6,081 | | | | | |
| Sub-total | $ - | $ - | $ 6,081 | $ - | $ - | $ - | $ - | $ - |
| Ending Balance | $ 20,290 | $ 20,290 | $ 14,209 | N/A | $ 20,290 | $ 14,209 | $ 14,209 | $ 14,209 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 17,560 | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 | $ 17,560 | $ 20,290 | $ 19,744 | $ 20,290 |
| Additions: | | | | | | | | | |
| Contributions | 2,730 | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 2,730 | $ - | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ - | | | | |
| Ending balance | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 | $ 20,290 |

Observations:
- Contributions began in June 2009.

# Water & Sewer System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

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.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 1,699 | $ 1,699 | $ 1,699 | N/A | $ - | $ 1,497 | $ 2,148 | $ 1,331 |
| Additions: | | | | | | | | |
| Contributions | 5,907 | 5,907 | 23,321 | | - | 23,979 | 24,064 | 24,155 |
| Regulatory Receivable | | | | | | | | |
| Sub-total | $ 5,907 | $ 5,907 | $ 23,321 | $ - | $ - | $ 23,979 | $ 24,064 | $ 24,155 |
| Deductions: | | | | | | | | |
| Withdrawals | 4,634 | 4,634 | 23,523 | | - | 23,328 | 24,881 | 24,651 |
| Regulatory Receivable | | | | | | | | |
| Sub-total | $ 4,634 | $ 4,634 | $ 23,523 | $ - | $ - | $ 23,328 | $ 24,881 | $ 24,651 |
| Ending Balance | $ 2,972 | $ 2,972 | $ 1,497 | N/A | $ - | $ 2,148 | $ 1,331 | $ 835 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Additions: | | | | | | | | | |
| Contributions | | | | | 23,635 | 23,635 | 23,635 | 23,635 | 23,635 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ 23,635 | | | | |
| Deductions: | | | | | | | | | |
| Withdrawals | | | | | 21,936 | 21,936 | 21,936 | 21,936 | 21,936 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ - | $ - | $ - | $ 21,936 | | | | |
| Ending balance | $ - | $ - | $ - | $ - | $ 1,699 | $ - | $ - | $ 340 | $ 1,699 |

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

# Water and Sewer System Customer Deposits

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| *(In Thousands)* | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 13,910 | $ 13,910 | $ 13,910 | N/A | $ 13,255 | $ 13,911 | $ 13,911 | $ 13,911 |
| Additions: | | | | | | | | |
| Allocated from Electric | 1 | 1 | 1 | N/A | 655 | | | |
| Loan Repayment | | | - | | | | | |
| Sub-total | $ 1 | $ 1 | $ 1 | $ - | $ 655 | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Allocated from Electric | | | - | | - | | | |
| Loan to W&S Operations | | | - | N/A | | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Ending Balance | $ 13,911 | $ 13,911 | $ 13,911 | N/A | $ 13,910 | $ 13,911 | $ 13,911 | $ 13,911 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 9,727 | $ 12,627 | $ 13,860 | $ 12,787 | $ 13,255 | $ 9,727 | $ 12,787 | $ 12,451 | $ 13,860 |
| Additions: | | | - | | | | | | |
| Allocated from Electric | 2,900 | 1,233 | | 468 | 655 | 468 | 562 | 562 | 655 |
| Loan Repayment | 1,000 | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 3,900 | $ 1,233 | $ - | $ 468 | $ 655 | | | | |
| Deductions: | | | | | | | | | |
| Allocated from Electric | | | 1,073 | | | 1,073 | 1,073 | 1,073 | 1,073 |
| Loan to W&S Operations | 1,000 | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 1,000 | $ - | $ 1,073 | $ - | $ - | | | | |
| Ending balance | $ 12,627 | $ 13,860 | $ 12,787 | $ 13,255 | $ 13,910 | $ 12,627 | $ 13,255 | $ 13,288 | $ 13,910 |

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits at some future date.

# Water and Sewer Debt Service Sinking Fund

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

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.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 65,410 | $ 65,410 | $ 65,410 | N/A | $ 67,720 | $ 82,870 | $ 82,725 | $ 84,744 |
| Additions: | | | | | | | | |
| Revenue fund deposits | 28,596 | 28,596 | 119,016 | | 97,077 | 119,433 | 122,454 | 122,763 |
| Sub-total | $ 28,596 | $ 28,596 | $ 119,016 | $ - | $ 97,077 | $ 119,433 | $ 122,454 | $ 122,763 |
| Deductions: | | | | | | | | |
| Principal and interest payments | 65,692 | 65,692 | 101,556 | N/A | 99,387 | 119,578 | 120,435 | 121,219 |
| Sub-total | $ 65,692 | $ 65,692 | $ 101,556 | $ - | $ 99,387 | $ 119,578 | $ 120,435 | $ 121,219 |
| Ending Balance | $ 28,314 | $ 28,314 | $ 82,870 | N/A | $ 65,410 | $ 82,725 | $ 84,744 | $ 86,288 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| (In Thousands) | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 80,936 | $ 81,675 | $ 80,317 | $ 75,019 | $ 67,720 | $ - | $ 77,668 | $ 64,278 | $ 81,675 |
| Additions: | | | | | | | | | |
| Revenue fund deposits | 125,160 | 119,535 | 117,444 | 102,789 | 97,077 | 97,077 | 117,444 | 112,401 | 125,160 |
| Bond funded interest | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 125,160 | $ 119,535 | $ 117,444 | $ 102,789 | $ 97,077 | | | | |
| Deductions: | | | | | | | | | |
| Principal and interest payments | 124,421 | 120,893 | 122,742 | 110,088 | 99,387 | 99,387 | 120,893 | 115,506 | 124,421 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ 124,421 | $ 120,893 | $ 122,742 | $ 110,088 | $ 99,387 | | | | |
| Ending balance | $ 81,675 | $ 80,317 | $ 75,019 | $ 67,720 | $ 65,410 | $ 65,410 | $ 75,019 | $ 74,028 | $ 81,675 |

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).

# Water and Sewer Debt Service Reserve Account

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution

Metric: 125% of average annual debt service on outstanding senior fixed and variable rate bonds plus subordinated fixed rate bonds as required by the Bond Resolutions

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.

| | **Actual as of 12/31/2016** | | **Full Year** | | | **Projection** | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 108,086 | $ 108,086 | $ 108,086 | N/A | $ 108,849 | $ 107,488 | $ 107,488 | $ 107,488 |
| Additions: | | | | | | | | |
| Construction reserve fund/bond issues | | | - | N/A | - | | | |
| Revenue fund | | | - | N/A | - | | | |
| Rounding | | | - | | | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Revenue fund | 598 | 598 | 598 | | 763 | | | |
| Sub-total | $ 598 | $ 598 | $ 598 | $ - | $ 763 | $ - | $ - | $ - |
| Ending Balance | $ 107,488 | $ 107,488 | $ 107,488 | N/A | $ 108,086 | $ 107,488 | $ 107,488 | $ 107,488 |

| | **Historical** | | | | | **Statistical** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 102,214 | $ 119,131 | $ 119,915 | $ 116,829 | $ 108,849 | $ 102,214 | $ 116,829 | $ 113,388 | $ 119,915 |
| Additions: | | - | | | | | | | |
| Construction reserve fund/bond issues | 10,917 | 784 | | | | 784 | 5,851 | 5,851 | 10,917 |
| Revenue fund | 6,000 | 3,821 | | | | 3,821 | 4,911 | 4,911 | 6,000 |
| | | | | | | - | - | - | - |
| Sub-total | $ 16,917 | $ 4,605 | $ - | $ - | $ - | | | | |
| Deductions: | | | | | | | | | |
| Revenue fund | | 3,821 | 3,086 | 7,980 | 763 | 763 | 3,454 | 3,913 | 7,980 |
| | | | | | | - | - | - | - |
| | | | | | | - | - | - | - |
| Sub-total | $ - | $ 3,821 | $ 3,086 | $ 7,980 | $ 763 | | | | |
| Ending balance | $ 119,131 | $ 119,915 | $ 116,829 | $ 108,849 | $ 108,086 | $ 108,086 | $ 116,829 | $ 114,562 | $ 119,915 |

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.

# Water and Sewer Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Water and Sewer System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

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.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 76,020 | $ 76,020 | $ 76,020 | N/A | $ 37,337 | $ 48,660 | $ 43,793 | $ 17,530 |
| Additions: | | | | | | | | |
| R&R/OCO Contribution | 32,893 | 32,893 | 106,924 | - | 124,574 | 130,975 | 109,385 | 110,363 |
| Transfer from Capital Fds | | | | - | - | | | |
| Other | 1,853 | 1,853 | 10,467 | - | 30,889 | 8,600 | 8,600 | 8,600 |
| Sub-total | $ 34,746 | $ 34,746 | $ 117,391 | $ - | $ 155,463 | $ 139,575 | $ 117,985 | $ 118,963 |
| Deductions: | | | | | | | | |
| Capital Expenditures | 30,183 | 30,183 | 144,677 | - | 116,674 | 144,442 | 144,248 | 125,774 |
| Transfer to Capacity Fund | 74 | 74 | 74 | - | - | | | |
| Transfer to Construction Fund | | | | | | | | |
| R&R/OCO Contribution | | | | - | 106 | - | | |
| Sub-total | $ 30,257 | $ 30,257 | $ 144,751 | $ - | $ 116,780 | $ 144,442 | $ 144,248 | $ 125,774 |
| Ending Balance | $ 80,509 | $ 80,509 | $ 48,660 | N/A | $ 76,020 | $ 43,793 | $ 17,530 | $ 10,719 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 28,840 | $ 64,260 | $ 78,689 | $ 59,295 | $ 37,337 | $ 28,840 | $ 59,295 | $ 53,684 | $ 78,689 |
| Additions: | | | | | | | | | |
| R&R/OCO Contribution | 76,157 | 91,245 | 48,373 | 62,793 | 124,574 | 48,373 | 76,157 | 80,628 | 124,574 |
| Loans betw Capital Fds | - | - | | 22 | | - | - | 7 | 22 |
| Other (incl septic tank) | 5,771 | 1,539 | 1,614 | 653 | 30,889 | 653 | 1,614 | 8,093 | 30,889 |
| Sub-total | $ 81,928 | $ 92,784 | $ 49,987 | $ 63,468 | $ 155,463 | | | | |
| Deductions: | | | | | | | | | |
| Capital Expenditures | 46,508 | 68,355 | 67,488 | 85,426 | 116,674 | 46,508 | 68,355 | 76,890 | 116,674 |
| Loan Repayment | - | - | - | | | - | - | - | - |
| Transfer to Constr. Fund | - | 10,000 | 1,893 | | 106 | - | 1,000 | 3,000 | 10,000 |
| Other (incl septic tank) | - | - | - | - | - | - | - | - | - |
| Sub-total | $ 46,508 | $ 78,355 | $ 69,381 | $ 85,426 | $ 116,780 | | | | |
| Ending balance | $ 64,260 | $ 78,689 | $ 59,295 | $ 37,337 | $ 76,020 | $ 37,337 | $ 64,260 | $ 63,120 | $ 78,689 |

Observations:

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019
- Includes $20 million for Maximum Annual Debt Service calculation.
- $57 million is projected to be withdrawn from this capital balance in FY 2016-2017 to support the capital program with lower Net Revenues as planned with the June 2012 approved reduction in the October 1, 2012 rate increase.

# Water and Sewer Capacity Fees / State Revolving Fund Loans

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Florida Statute and Rate Tariff

Metric: Tariff rate

Definitions and Goals: 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 addition, the Water and Sewer System has received funds from the State Revolving Fund (SRF) program for the construction of water and wastewater treatment facilities. SRF loans are subordinated to all Water and Sewer System Revenue Bonds and Water and Sewer System Subordinated Revenue Bonds.

| | Actual as of 12/31/2016 | | Full Year | | | Projection | | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | Current Quarter | Year -to-Date | 2017 Forecast | 2017 Budget | Prior Year Actual | 2018 | 2019 | 2020 |
| Opening Balance | $ 103,411 | $ 103,411 | $ 103,411 | N/A | $ 90,912 | $ 75,921 | $ 53,597 | $ 46,641 |
| Additions: | | | | | | | | |
| Capacity Fees | 4,579 | 4,579 | 18,829 | - | 21,995 | 19,190 | 19,382 | |
| State Revolving Fd Loan | | | | - | - | | | |
| Transfer from R&R/OCO Fund | 74 | 74 | 589 | - | 145 | 650 | 650 | |
| Other | | | | - | - | | | |
| Sub-total | $ 4,653 | $ 4,653 | $ 19,418 | $ - | $ 22,140 | $ 19,840 | $ 20,032 | $ - |
| Deductions: | | | | | | | | |
| Capital Expenditures | 4,820 | 4,820 | 46,908 | - | 9,648 | 42,164 | 26,988 | |
| Other | | | | - | - | | | |
| | | | | - | - | | | |
| Sub-total | $ 4,820 | $ 4,820 | $ 46,908 | $ - | $ 9,648 | $ 42,164 | $ 26,988 | $ - |
| Ending Balance | $ 103,244 | $ 103,244 | $ 75,921 | N/A | $ 103,404 | $ 53,597 | $ 46,641 | $ 46,641 |

| | Historical | | | | | Statistical | | | |
|---|---|---|---|---|---|---|---|---|---|
| (In Thousands) | 2012 | 2013 | 2014 | 2015 | 2016 | Low | Median | Mean | High |
| Opening Balance | $ 41,025 | $ 45,454 | $ 60,360 | $ 76,887 | $ 90,912 | $ 41,025 | $ 60,360 | $ 62,928 | $ 90,912 |
| Additions: | | | | | | | | | |
| Capacity Fees | 10,820 | 17,394 | 18,298 | 19,579 | 21,995 | 10,820 | 18,298 | 17,617 | 21,995 |
| State Revolving Fd Loan | 3,798 | - | - | | | - | - | 1,266 | 3,798 |
| Loan Repayments | - | - | - | 246 | 145 | - | - | 78 | 246 |
| Other | - | 12 | - | 5 | 7 | - | 5 | 5 | 12 |
| Sub-total | $ 14,618 | $ 17,406 | $ 18,298 | $ 19,830 | $ 22,147 | | | | |
| Deductions: | | | | | | | | | |
| Capital Expenditures | 7,096 | 2,270 | 1,758 | 5,805 | 9,648 | 1,758 | 5,805 | 5,315 | 9,648 |
| Loans betw Capital Fds | - | | | | | - | - | - | - |
| Other | 3,093 | 230 | 13 | | | 13 | 230 | 1,112 | 3,093 |
| | - | - | - | - | | | | | |
| Sub-total | $ 10,189 | $ 2,500 | $ 1,771 | $ 5,805 | $ 9,648 | | | | |
| Ending balance | $ 45,454 | $ 60,360 | $ 76,887 | $ 90,912 | $ 103,411 | $ 45,454 | $ 76,887 | $ 75,405 | $ 103,411 |

Observations:

# Water and Sewer Environmental

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Pricing Policy

Metric: Unit tariff rates times consumption

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) | Actual as of 12/31/2016 Current Quarter | Actual as of 12/31/2016 Year -to-Date | Full Year 2017 Forecast | Full Year 2017 Budget | Full Year Prior Year Actual | Projection 2018 | Projection 2019 | Projection 2020 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 2,659 | $ 2,659 | $ 2,659 | N/A | $ - | $ 294 | $ - | $ - |
| Additions: | | | | | | | | |
| Environmental Contributions | 2,374 | 2,374 | 13,692 | - | 15,539 | 11,116 | 12,148 | 13,611 |
| Loans betw Capital Fds | | | | - | - | | | |
| Other | | | | - | - | | | |
| Sub-total | $ 2,374 | $ 2,374 | $ 13,692 | $ - | $ 15,539 | $ 11,116 | $ 12,148 | $ 13,611 |
| Deductions: | | | | | | | | |
| Capital Expenditures | 3,577 | 3,577 | 16,057 | - | 12,880 | 11,410 | 12,148 | 13,611 |
| Septic Tank Phase Out | | | | - | - | | | |
| Other | - | | | - | - | | | |
| Sub-total | $ 3,577 | $ 3,577 | $ 16,057 | $ - | $ 12,880 | $ 11,410 | $ 12,148 | $ 13,611 |
| Ending Balance | $ 1,456 | $ 1,456 | $ 294 | N/A | $ 2,659 | $ - | $ - | $ - |

| (In Thousands) | Historical 2012 | Historical 2013 | Historical 2014 | Historical 2015 | Historical 2016 | Statistical Low | Statistical Median | Statistical Mean | Statistical High |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 9,795 | $ (8,158) | $ (9,857) | $ 5,299 | $ - | $ (9,857) | $ - | $ (584) | $ 9,795 |
| Additions: | | | | | | | | | |
| Environmental Contributions | 21,747 | 21,193 | 21,018 | 22,056 | 15,539 | 15,539 | 21,193 | 20,311 | 22,056 |
| Loans betw Capital Fds | - | - | - | | | - | - | - | - |
| Other | | | | | | - | - | - | - |
| Sub-total | $ 21,747 | $ 21,193 | $ 21,018 | $ 22,056 | $ 15,539 | | | | |
| Deductions: | | | | | | | | | |
| Capital Expenditures | 39,700 | 22,892 | 5,862 | 7,318 | 12,880 | 5,862 | 12,880 | 17,730 | 39,700 |
| Septic Tank Phase Out | | | | 203 | | 203 | 203 | 203 | 203 |
| Other | | | | 19,834 | | 19,834 | 19,834 | 19,834 | 19,834 |
| Sub-total | $ 39,700 | $ 22,892 | $ 5,862 | $ 27,355 | $ 12,880 | | | | |
| Ending balance | $ (8,158) | $ (9,857) | $ 5,299 | $ - | $ 2,659 | $ (9,857) | $ - | $ (2,011) | $ 5,299 |

Observations:

# Water and Sewer Construction / Bond Fund

**For the Fiscal Quarter Ending December 31, 2016**

Reserve/Fund Authorization: Bond Resolution

Metric: Capital expenditures per year minus internal funding available

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) | Actual as of 12/31/2016 Current Quarter | Actual as of 12/31/2016 Year -to-Date | Full Year 2017 Forecast | Full Year 2017 Budget | Full Year Prior Year Actual | Projection 2018 | Projection 2019 | Projection 2020 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 152 | $ 152 | $ 152 | N/A | $ 664 | $ - | $ - | $ - |
| Additions: | | | | | | | | |
| Bond Proceeds | | | - | - | - | | | |
| Line of Credit | | | - | - | - | | | |
| Transfer from R&R/OCO Fund | | | | - | - | | | |
| Other | | | | - | 17 | | | |
| Sub-total | $ - | $ - | $ - | $ - | $ 17 | $ - | $ - | $ - |
| Deductions: | | | | | | | | |
| Capital Expenditures | | | | - | - | | | |
| Bond Proceeds | | | | - | - | | | |
| Other | | | 152 | - | 529 | | | |
| Sub-total | $ - | $ - | $ 152 | $ - | $ 529 | $ - | $ - | $ - |
| Ending Balance | $ 152 | $ 152 | $ - | N/A | $ 152 | $ - | $ - | $ - |

| (In Thousands) | Historical 2012 | Historical 2013 | Historical 2014 | Historical 2015 | Historical 2016 | Statistical Low | Statistical Median | Statistical Mean | Statistical High |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 29,622 | $ 7,419 | $ 2,305 | $ 326 | $ 664 | $ 326 | $ 2,305 | $ 8,067 | $ 29,622 |
| Additions: | | | | | | | | | |
| Bond Proceeds | - | 486 | - | | | - | - | 162 | 486 |
| Line of Credit | - | - | - | | | - | - | - | - |
| Loans/trnsf btw CapFds | - | 10,000 | 1,893 | | | - | 1,893 | 3,964 | 10,000 |
| Other | - | 3 | 476 | 344 | 17 | - | 17 | 168 | 476 |
| Sub-total | $ - | $ 10,489 | $ 2,369 | $ 344 | $ 17 | | | | |
| Deductions: | | | | | | | | | |
| Capital Expenditures | 20,243 | 14,855 | 3,784 | 6 | | 6 | 9,320 | 9,722 | 20,243 |
| Bond Proceeds | - | 411 | 48 | | | - | 48 | 153 | 411 |
| Line of Credit | - | - | - | | | - | - | - | - |
| Loans/trnsf btw CapFds | - | 337 | 516 | | | - | 337 | 284 | 516 |
| Other | 1,960 | - | - | | 529 | - | 265 | 622 | 1,960 |
| Sub-total | $ 22,203 | $ 15,603 | $ 4,348 | $ 6 | $ 529 | | | | |
| Ending balance | $ 7,419 | $ 2,305 | $ 326 | $ 664 | $ 152 | $ 152 | $ 664 | $ 2,173 | $ 7,419 |

Observations:

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017-2019 projection.

IV. B. 1.

Approval of Nominating Committee Minutes January 27, 2017

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JEA NOMINATING COMMITTEE MINUTES
January 27, 2017

The Nominating Committee of JEA met on Friday, January 27, 2017, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

A. Call to Order – Committee Chair Petway called the meeting to order at 10:02 AM with Members Ed Burr and Alan Howard in attendance. Also present were Paul McElroy, Mike Hightower, Jody Brooks, Judi Spann, Gerri Boyce and Valerie Gutierrez.

B. Adoption of Agenda – The Agenda was adopted on **motion** by Mr. Howard and second by Mr. Burr.

**Agenda Item II – New Business**

A. JEA Board of Directors – Slate of Officers – Jody Brooks, Chief Legal Counsel, advised the Committee of the terms officers may hold as defined by the JEA By-Laws. Ms. Brooks further advised that new officers would be voted in during the March 21, 2017 JEA Board of Directors meeting and would assume office at the April JEA Board of Directors meeting.

   Upon **motion** by Committee Chair Petway and second by Mr. Howard, the Committee unanimously voted to recommend Ed Burr as the new Board Chair.

   Upon **motion** by Committee Chair Petway and second by Mr. Burr, the Committee unanimously voted to recommend Alan Howard as the new Board Vice Chair.

   Upon **motion** by Committee Chair Petway and second by Mr. Burr, the Committee unanimously voted to recommend Delores Kesler for a second term as the Board Secretary.

   The meeting was suspended at 10:18 AM for Mr. McElroy to contact Ms. Kesler to determine her availability to serve a second term. The meeting was called back to order at 10:22 AM at which time Mr. McElroy advised the Board that Ms. Kesler accepted the nomination.

B. Other New Business – Mr. McElroy will contact the remaining Board Members to advise them of the nominations today.

C. Announcements –

   1. The meeting scheduled for February 6, 2017 will be cancelled.

D. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 10:24 AM.

APPROVED BY:

________________________________
Tom Petway, Board Chair
Date: ________________

Submitted by:

________________________________
Cheryl Mock
Executive Assistant