

# JEA BOARD MEETING AGENDA

April 23, 2019 • 9:00 a.m.

21 W. Church Street, 19<sup>th</sup> Floor



I. WELCOME	
A.	Call to Order
B.	Time of Reflection
C.	Pledge to Flag
D.	<a href="#">Adoption of the Agenda – Action</a>
E.	Safety Briefing – Aaron Zahn, Managing Director/CEO
F.	<a href="#">Sunshine Law/Public Records Statement – Lawsikia Hodges, Office of General Counsel</a>

II. COMMENTS / PRESENTATIONS		
Item(s)	Speaker/Title	
A.	Comments from the Public	Public
B.	Council Liaison’s Comments	Council Member Matt Schellenberg
C.	JEA Linemen Rodeo Presentation	Caren Anders, VP/GM, Energy; Angel Vilchez, Mgr Energy Distribution Service Operations
D.	Kiss of Life Hall of Fame Inductee, J.D. Thompson & Museum Presentation	Mike Hightower, Chief Public & Shareholder Affairs Officer

III. OPERATIONS (DISCUSSION / ACTION)			
Definition: The “Operations” section of the Board Meeting is for business matters requiring Board discussion, Board action, or for matters being submitted to the Board as information only.			
Item(s)	Speaker/Title	Discussion Action/Information	
A.	Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.		
Consent Agenda Reference Material (Provided in Appendices)			
Appendix A:	<a href="#">Board Meeting Minutes March 26, 2019</a>		Action
Appendix B:	<a href="#">Board Meeting Minutes April 2, 2019</a>		Action
Appendix C:	<a href="#">Water Reuse Week</a>		Action
B.	Monthly Reports and Updates – The following monthly reports and updates are submitted to the Board as information only. These items require no explanation, discussion, presentation or action.		
Monthly Reports and Updates (Provided in Appendices)			
Appendix A:	<a href="#">Monthly Financial Statements</a>		Information
Appendix B:	<a href="#">Monthly Financial and Operations Detail</a>		Information
Appendix C:	<a href="#">Monthly FY19 Communications &amp; Engagement Calendar and Plan Update</a>		Information
Appendix D:	<a href="#">Sole Source &amp; Emergency Procurement/Procurement Appeals Board Report</a>		Information
C.	<a href="#">Monthly Financials and Operations Dashboard</a>	Melissa Dykes, Pres./COO	Information

D.	JEA FY2018 Annual Disclosure Reports	Ryan Wannemacher, CFO	Action
E.	JEA’s Procurement and Jacksonville Small and Emerging Business (JSEB) Program Report	John McCarthy, VP & Chief Supply Chain Officer	Information

<b>IV.</b>	<b>STRATEGY (DISCUSSION ONLY)</b>		
	Definition: The “Strategy” section of the Board Meeting is <u>only</u> for discussion & feedback to management on strategic initiatives of and for JEA.		
	Item(s)	Speaker/Title	
A.	N/A		

<b>V.</b>	<b>SUBJECT MATTER EXPLORATION (OPPORTUNITIES &amp; RISKS – PRESENTATION)</b>		
	Definition: The “Subject Matter Exploration” section of the Board Meeting will be used to brief the Board Members on market, environment, business or other generally important matters. Staff and/or 3 <sup>rd</sup> party experts will provide presentations on a specific subject and the Board will be afforded an opportunity for Q&A at the end.		
	Item(s)	Speaker/Title	
A.	N/A		

<b>VI.</b>	<b>COMMITTEE REPORTS</b>		
	Item(s)	Speaker/Title	Discussion Action/Information
A.	Nominating Committee	April Green, Board Chair	Amendment to Previously Adopted Motion Regarding Board Officer Positions

<b>VII.</b>	<b>OTHER BUSINESS</b>		
	Item(s)	Speaker/Title	
A.	Old Business		
B.	Other New Business		
C.	Open Discussion		
D.	Managing Director/CEO’s Report	Aaron Zahn, Managing Director/CEO	
E.	Chair’s Report	April Green, Board Chair	

<b>VIII.</b>	<b>CLOSING CONSIDERATIONS</b>		
	Item(s)		
A.	Announcements – Noticed Litigation Shade Meeting April 23, 2019; Next Board Meeting May 28, 2019		
B.	Adjournment		

## Board Calendar

**Board Meetings:** 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 19, 2019 and December 17, 2019)

**Committees:** Finance & Audit Committee: May 20, 2019  
Compensation Committee: May 28, 2019  
Government Affairs Committee:

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.

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.

**JEA BOARD MINUTES  
March 26, 2019**

**The JEA Board met in regular session on Tuesday, March 26, 2019, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Frederick Newbill, April Green, Camille Johnson and Kelly Flanagan. John Campion was absent and excused.**

**Agenda Item I – Welcome**

- A.** The meeting was **called to order** at 9:11 AM by Chair Howard.  
*\*\*At the discretion of the Chair, the agenda was called out of order, but the minutes will reflect the original order.*
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Howard.
- D.** **Adoption of Agenda** – The agenda was approved on **motion** by Ms. Green and second by Secretary Newbill. The Chair requested the Board approve an amended agenda to reflect that the Finance & Audit Committee lacked a quorum and therefore, under section VIII, numbers A.1&2, which call for action will be deferred back to committee for their subsequent meeting and items VIII. A. 11. Program Assessment will be referred to the full Board at this meeting for action, as it is an audit type item for cyber security. On **motion** by Secretary Newbill and second by Ms. Green, the amended agenda was approved.
- E.** The **Safety Briefing** was given by Aaron Zahn, Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Lawsikia Hodges, Office of General Counsel (OGC), 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.

**Agenda Item II – Public Hearing**

- A.** **Call to Order and Comments from the Public** – The Chair called the Public Hearing to order at 9:00 AM.
- B.** **Staff Presentations and Board Discussion** – Ryan Wannemacher, Chief Financial Officer advised the Board that staff was requesting several changes to the electric tariff and rate document, some of which would allow for the implementation and continuation of two strategic initiatives, the Residential Demand Rate Pilot and SolarMax. Mr. Wannemacher summarized the changes that were previously provided to the Board.
- Change name of rate from SmartSavings to JEA Flex Pricing
  - Offering two rates, Dual Flex, based on the two highest 60-minutes of usage during a peak and anytime demand period and Daily Flex, based on the average of the daily 60-minutes anytime demand period
  - Remove the expiration date, which will allow the rider to remain in place and open for large corporate customers' participation as the new solar centers come online.
- Mr. Wannemacher provided details of the SolarMax program to the Board and advised that staff recommends, pending the outcome of the public rate hearing, that the Board adopt Resolution 2019-01 and its attachments (Exhibits I, II and III) prepared by staff and approved by the Office of General Counsel, to document the action taken. All changes proposed to be effective June 1, 2019.

**RESOLUTION 2019-01**  
**A RESOLUTION REGARDING RATE SCHEDULE**  
**CHANGES AND ADDITIONS TO THE EXISTING**  
**ELECTRIC TARIFF DOCUMENTATION; CONDUCTING**  
**A PUBLIC HEARING AND FINDING THE**  
**MODIFICATIONS TO THE ELECTIRC TARIFF**  
**DOCUMENTATION TO BE REASONABLE; IMPOSING**  
**THE MODIFICATIONS TO THE ELECTIRC TARIFF**  
**DOCUMENTATION FOLLOWING THE PUBLIC**  
**HEARING; PROVIDING FOR THE IMPLEMENTATION**  
**OF THE MODIFICATIONS TO THE ELECTIRC TARIFF**  
**DOCUMENTATION; PROVIDING FOR AN EFFECTIVE**  
**DATE.**

- C. **Comments from the Public** – none
- D. **Adjourn Public Hearing**

**Agenda Items III – Action on Public Hearing**

- A. **Public Hearing to Modify the Electric Tariff Documentation and Rate Hearing -**  
On **motion** by Secretary Newbill and second by Ms. Johnson, Resolution 2019-01 approving the rate changes was approved.

*The Public Rate Hearing was adjourned at 9:11 AM.*

**Agenda IV – Comments/Presentations**

- A. **Comments from the Public** – none
- B. **Council Liaison’s Comments** - none

**Agenda Item V – Operations (Discussion / Action)**

- A. **Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Ms. Green and second by Ms. Johnson, Appendix A, B and D were unanimously approved and Appendix C and E were received for information.

**Appendix A: Special Board Meeting Minutes February 5, 2019** – approved

**Appendix B: Board Meeting Minutes February 26, 2019** – approved

**Appendix C: Monthly Financial Statements** – received for information

**Appendix D: Water Conservation Month** – approved

**Appendix E: Monthly FY19 Communications & Engagement Calendar and Plan Update** – received for information

- B. **Monthly Financial and Operations Dashboard** – Melissa Dykes, President & Chief Operating Officer updated the Board on key metrics from JEA’s four values:

Customer Value: Estimated Time of Restoration (ETR) is tracking above the FY19 goal and is one of the reasons that JEA was recently recognized with Chartwell’s 2019 Outage Communications Silver Medal for Midsize Utilities. JEA is providing outstanding reliability to customers, which is reflected in the remaining metrics.

Financial Value – Generational fleet reliability is down due to continued issues with one of the Northside units, metric will not be met. The unit is currently in a planned outage and JEA should be on track moving forward, but the smoking gun was never found. O&M goal will be a challenge due to a number of one time issues that have occurred and the bargaining unit contracts.

Community Impact Value – JSEB spend is on track to meet the stretch goal. We were not able to identify enough JSEB contractors to shelter the upcoming septic tank phase-out, but there is enough JSEB percentage within the project to continue to push up the numbers.

Environmental – nitrogen to the river is way below goal and this is the lowest rolling twelve months of nitrogen to the river in JEA history.

Ms. Dykes was asked to remind the Board of the timeline for FEMA reimbursement, which is related to a number of variables and can take years. Ms. Dykes was also asked about recruitment for JSEB program and she advised the Board of outreach and of success rate with providing companies opportunities to graduate from the program.

This item was received for information.

- C. Annual Disclosure Report** - Ryan Wannemacher, Chief Financial Officer advised the Board that the documents would be provided electronically for the first time. Mr. Wannemacher further advised the Board of the requirements of the annual disclosure report and the requirements set for the Board by the Securities & Exchange Commission. Mr. Wannemacher further advised of all of the procedures that are required and attested that they have occurred and offered time for Board Members who may have questions. The Chair advised of training available from the bond counsel and that they would be asked their availability to attend this 1-1½ hour training. This item was received for information.
- D. Fiscal Year 2019 Operating Budget Line Item Transfers** - Ryan Wannemacher, Chief Financial Officer advised the Board of line item transfers related to STAR Debt Retirement and the City Contribution Agreement, calling for \$15 million in additional septic tank phase-out funds. Mr. Wannemacher further advised of the policy related to line item transfers in excess of \$5 million dollars, which require ratification by the Board after the fact. On **motion** by Secretary Newbill and second by Ms. Green, the Board ratified the line item transfers.

#### **Agenda Item VI – Strategy (Discussion Only)**

- A. JEA Real Estate Optimization Initiative** – Steve McInall, VP & Chief Energy & Water Planning, advised the Board of efforts to monetize JEA-owned properties with no associated current or anticipated need. These properties include the Downtown Headquarters, Talleyrand (part of Kennedy Generating Station), corner of Atlantic and Southside (the former Coggin automobile dealership) and property at Cecil Commerce Center. Mr. McInall advised that further property would become available once demolition has been completed at the SJRPP site and the land has been parceled and made available for sale. Mr. McInall provided the Board with potential sale amounts versus book value and advised of the Surplus Property Sales Process. A quick look at the properties was provided and the Board advised of how property is acquired and how land is parceled out and made available for sale. Once SJRPP and other properties beyond these four are made available, this initiative will generate more than \$100 million in revenue and reduce the annual O&M cost for carrying properties on the

books. Mr. McInall responded to questions from the Board. This item was received for information.

### **Agenda Item VII – Subject Matter Exploration (Opportunities & Risks – Presentation)**

- A. Year In Review** – Aaron Zahn, Managing Director/CEO, Melissa Dykes, President & Chief Operating Officer and Ryan Wannemacher, Chief Financial Officer delivered a presentation to the Board which covered the year in review, reflecting on the accomplishments of the team. Ms. Dykes presented a timeline which demonstrated the transition of JEA from April 2018 to October 2018 and the setting of our foundation, direction and the finalization of the senior leadership team from November 2018 to March 2019. Ms. Dykes also provided a quick summary of the financial metrics and results for energy and water since April 2018. Mr. Wannemacher provided the year in results with a review of historical financial metrics and a demonstration of the key metrics in energy and water showing “what we said in December 2017” and “what we did in FY18”. Mr. Zahn indicated that it is time for change and to pivot the business. Mr. Zahn provided the new strategic framework, guiding principles and the five focus areas for future success, which are as follows:

**Priority One: Develop an adaptive culture**

**Priority Two: Align to a pervasive commitment to profitability and value**

**Priority Three: De-risk the business**

**Priority Four: Be a platform for customer choice**

**Priority Five: 10-year strategic plan in line with our guiding principles**

As part of the presentation for Priority Four, Julio Romero Agüero, Chief Innovation Officer advised of the challenges of the industry going forward and introduced Kerri Stewart, VP & Chief Customer Officer, who discussed the demand rate study and the use of enabling technology and electrification. Deryle Calhoun, VP/GM Water Wastewater Systems discussed Integrated Water Resource Plan (IWRP), organic recycling, renewable natural gas and water purification. Mr. Agüero introduced the new VP & Chief Information Officer, Shawn Eads, who will be a critical resource as JEA becomes a digital utility.

Mr. Zahn discussed the strategic plan and advised that Herschel Vinyard would be joining the team as the Chief Administrative Officer, taking over the Compliance, Regulatory and Legal teams and Lynne Rhode will be joining JEA as the new Chief Legal Officer. Mr. Zahn also advised of the new organization of the senior leadership team and the charges applied to each one. Further steps, including agreeing on the path forward and measuring the baseline were discussed and reviewed and strategic planning deliverables were shared with the Board.

Mr. Zahn thanked the Chair for his time and support and presented him with a gift from JEA. This item was presented for information.

### **Agenda Item VIII – Committee Reports**

- A. Finance & Audit Committee** – Ms. Flanagan, Committee Chair presented to the Board the following items:
1. Adoption of the Agenda – deferred back to the committee for its next meeting
  2. Approval of Minutes – December 3, 2018 – deferred back to the committee for its next meeting

3. FY2020 Budget Assumptions – received for information
4. JEA Annual Disclosure Policy Report – received for information
5. Quarterly Audit Services Update – received for information
6. Ethics Officer Quarterly Report – received for information
7. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information
8. STAR Plan Early Debt Retirement Phase 1 Update – received for information
9. Investment Policy Revision – On **motion** by Committee Chair Flanagan and second by Secretary Newbill the Board approved the Investment Policy to be revised to reflect the Intergovernmental Investment Pool be changed from up to 15% to up to 20%.
10. JEA Energy Market Risk Management Policy Report – received for information
11. Program Assessment – On **motion** by Committee Chair Flanagan and second by Secretary Newbill, the Board approved staff's recommendation to authorize the Board Chair to finalize and approve a direct contract with E&Y to provide a written report consisting of a comprehensive, independent and detailed assessment of JEA's cybersecurity program.
12. Next Meeting, May 20, 2019 8:00-10:00 AM – received for information
13. Committee Discussion Session
  - a. Governance Discussion – Aaron Zahn
  - b. Ernst & Young – John DiSanto
  - c. Director, Audit Services – Steve Tuten
  - d. Council Auditor's Office – Jeff Rodda

**B. Nominating Committee**

1. JEA Board of Directors – Slate of Officers – Chair Howard presented the slate of officers as submitted by the Nominating Committee:

Chair – April Green

Vice Chair – Camille Johnson

Secretary – Frederick Newbill

On **motion** by Secretary Newbill and second by Ms. Flanagan the slate of officers was approved and the new officers will begin their terms at the April Board meeting.

**Agenda Item IX – Other Business**

- A. **Old Business** – N/A
- B. **Other New Business** – N/A
- C. **Open Discussion** – Chair Howard advised the Board of the rating agency trip, applauded staff on their presentations and provided his impressions of the meetings' results. The Chair further advised of the April 2<sup>nd</sup> Board Meeting regarding the new headquarters.

**D. Managing Director/CEO's Report – Aaron Zahn, Managing Director/CEO**

Mr. Zahn thanked the senior leadership team once again for their efforts in pivoting the business.

**E. Chair's Report** – Chair Howard covered the following items:

- 1) He thanked the Board for their time and efforts during his tenure.
- 2) He thanked Mr. Zahn, Mr. McElroy, Ms. Dykes and past and present SLT for their patience and their contributions to his knowledge of the industry and utility.
- 3) He acknowledged the three areas of his tenure that required the most time and effort: privatization discussion, leadership transition and Plant Vogtle issue and made reflections on each.
- 4) He commented on the changing industry and his confidence in the CEO and SLT in tackling the challenges.

**Agenda Item X – Closing Considerations**

**A. Announcements** – Next Board Meeting – April 23, 2019

**B. Adjournment**

*With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 10:43 AM.*

APPROVED BY:

\_\_\_\_\_  
SECRETARY

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

Board Meeting recorded by:

\_\_\_\_\_  
Cheryl W. Mock, Executive Assistant

**JEA BOARD MINUTES  
April 2, 2019**

**The JEA Board held a special Board meeting on Tuesday, April 2, 2019, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Frederick Newbill, April Green and Camille Johnson. Kelly Flanagan recused herself due to her position with one of the bidding organizations. John Campion was absent and excused.**

**Agenda Item I – Welcome**

- A. The meeting was **called to order** at 2:00 PM by Chair Howard.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Chair Howard.
- D. **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Newbill and second by Ms. Green.
- E. The **Safety Briefing** was given by Aaron Zahn, Managing Director/Chief Executive Officer.
- F. **Sunshine Law/Public Records Statement** – Lawkisia Hodges, Office of General Counsel (OGC), 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.

**Agenda Item II – Operations (Discussion/Action)**

- A. **Corporate Headquarters** – Alan Howard, Board Chair, thanked those involved in the four year process that brought JEA to this point.
- B. **Overview and Evaluation to Date** – Nancy Veasey, Director, Special Projects provided an overview of the responses and the short-list milestones. Ms. Veasey further provided a location overview with the current location and the three short-listed candidates compared as to site, layout, parking and other factors. Ms. Veasey presented a comparison of the three short-listed candidates as relates to local labor, Local, Small, Women-owned & Disadvantaged Business Enterprise (LSMWDBE) participation and Jacksonville Small & Emerging Business (JSEB) goals. A criteria summary was presented with the categories of Qualitative Summary, Presentation & Interview and Quantitative Summary. The rankings in the categories were as follows:

**Qualitative Summary:** Adams Street, Lot J and Kings Avenue

**Presentation and Interview:** Adams Street, Lot J and Kings Avenue

**Quantitative Summary:** Lot J, Kings Avenue and Adams Street

**Total Points Pending Board Scoring:** Adams Street, Lot J, Kings Avenue

Michael Harrell, CBRE, discussed the cost summary for the quantitative scores and advised that adjustments were made to create a level playing field including adjusting for a 190K square footage facility, and a 15-year lease.

David Edwards, Edwards Cohen, discussed the lease negotiations process and reviewed the lease issue summary, identifying significant issues and a number of major issues that would need to be addressed prior to execution.

Stewart Green, CBRE, discussed critical milestones from negotiations start to occupancy and CBRE's role in the process.

**C. Comments from the Public**

- 1) Sarah Boren – discussed LEED certification for JEA's new location
- 2) Michael Balanky – one of the bidders completed a speaker card but agreed to speak at the time appointed for them

**D. Questions & Answers**

The Board engaged in a question and answer session, first asking questions of Nancy Veasey and CBRE and then with each of the bidding organizations. Representing the organizations were Paul Hardin from Cornish regarding Lot J, Mike Balanky for Kings Avenue and Doug Dieck from Ryan Companies for Adams Street.

**E. Board Scoring Instructions and Scoring**

Chair Howard provided instructions for Board scoring and opened discussions on the process. The Chair advised the Board Member Flanagan was not present due to her employment with one of the bidding organizations. The Board Members reflected on the proposals and provided their scores to Juli Crawford, Director, Financial Planning & Analysis and Elaine Selders, Senior Purchasing Agent for tabulation and compilation with the scoring from staff.

Nancy Veasey announced the following scores:

Lot J – Board Score: 69.25 – Final Score: 568.25

Kings Avenue – Board Score: 63.25 – Final Score: 534.25

Adams Street – Board Score 78.70 – Final Score: 585.75

Juli Crawford concurred with the findings.

**F. Board Authorization to Proceed with Negotiations with Highest Ranked Firm and Other Decisions**

**Resolution 2019-03**

**A RESOLUTION OF THE JEA APPROVING THE FINAL RANKINGS FOR INVITATION TO NEGOTIATE NO. 010-19 ISSUED ON OCTOBER 15, 2018: AUTHORIZING AND DIRECTING THE CEO AND MANAGING DIRECTOR OF JEA, OR HIS DESIGNEE, TO NEGOTIATE A LEASE WITH THE HIGHEST RANKED FIRM BASED ON THE FINAL RANKINGS, SUBJECT TO CERTAIN FEES AND CONDITIONS.**

On **motion** from Secretary Newbill and second by Ms. Johnson, Resolution 2019-03 was approved, authorizing negotiations to begin with Ryan Companies representing the Adams Street location.

**Agenda Item VIII – Closing Considerations**

**A. Announcements** – Next Board Meeting – April 23, 2019

**B. Adjournment**

*With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 4:52 PM.*

APPROVED BY:

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

Board Meeting recorded by:

\_\_\_\_\_  
Cheryl W. Mock, Executive Assistant



**INTER-OFFICE MEMORANDUM**

April 23, 2019

**SUBJECT: WATER REUSE WEEK**

**FROM:** Aaron F. Zahn, Managing Director/CEO

**TO:** JEA Board of Directors

**Background**

The State designates May 19-25, 2019 as Florida Water Reuse Week. JEA partners with the State and St. Johns River Water Management District in promoting water reuse.

**Discussion**

Water reuse provides a key means of conserving and augmenting our primary water supply, the Floridan Aquifer. Water Reuse Week provides an additional opportunity to highlight this important practice.

**Recommendation**

Staff recommends that Resolution 2019-04 be adopted by the Board to highlight and support May 19-25, 2019 as Water Reuse Week.

\_\_\_\_\_  
Aaron F. Zahn, Managing Director/CEO

AFZ/PKS/

Resolution 2019-04

RESOLUTION OF THE JEA BOARD OF DIRECTORS TO HIGHLIGHT AND SUPPORT MAY 19-25, 2019 AS WATER REUSE WEEK

**WHEREAS**, safe, clean and sustainable water resources are essential to Florida's environment, economy, citizens, and visitors; and

**WHEREAS**, water reuse provides a means for conserving and augmenting Florida's precious water resources and is key to the State and JEA's sustainable water future; and

**WHEREAS**, Florida encourages and promotes water reuse as state objectives in Chapters 373 and 403, Florida Statutes, and

**WHEREAS**, JEA has an expansive reclaimed water system and a program to encourage efficient and effective use of reclaimed water. The 360 miles of pipe spanning three counties delivers approximately 19 million gallons of reclaimed water per day; and

**WHEREAS**, JEA has joined with the Florida Department of Environmental Protection, the St. Johns River Water Management District and WaterReuse Florida in proclaiming the week of May 19-25, 2019 as Florida Water Reuse Week to encourage and promote water reuse and conservation; and

**NOW, THEREFORE**, be it resolved that by virtue of the authority vested in me as the Chair of the Board of Directors of JEA hereby proclaim May 19-25, 2019, as:

**WATER REUSE WEEK**

Adopted this 23<sup>rd</sup> day of April, 2019.

JEA

\_\_\_\_\_  
April Green, Chair

Form Approved:

\_\_\_\_\_  
Lawsikia Hodges



Monthly Financial  
Statements

March 2019

Monthly Financial Statements

March 2019

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**JEA**  
**Statements of Net Position**  
**(in thousands)**

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	<b>March 2019</b>	<b>September 2018</b>
	<b>(unaudited)</b>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 221,893	\$ 441,206
Investments	248,733	85,310
Customer accounts receivable, net of allowance (\$1,556 in March 2019 and \$1,733 in September 2018)	176,298	232,858
Miscellaneous accounts receivable	15,869	15,459
Interest receivable	2,596	2,831
Inventories:		
Fuel - Electric System	32,006	31,597
Fuel - Plant Scherer	3,128	5,274
Materials and supplies - Water and Sewer	54,643	56,350
Materials and supplies - Electric System	385	665
Materials and supplies - Plant Scherer	2,284	2,189
Total current assets	<u>757,835</u>	<u>873,739</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	121,931	114,576
Investments	395,998	731,627
Accounts and interest receivable	51	62
Total restricted assets	<u>517,980</u>	<u>846,265</u>
Costs to be recovered from future revenues	791,730	808,096
Investment in The Energy Authority	7,075	7,030
Other assets	20,387	15,656
Total noncurrent assets	<u>1,337,172</u>	<u>1,677,047</u>
Capital assets:		
Land and easements	194,605	194,552
Plant in service	11,483,253	11,231,096
Less accumulated depreciation	<u>(6,680,817)</u>	<u>(6,518,751)</u>
Plant in service, net	4,997,041	4,906,897
Construction work in progress	387,254	473,362
Net capital assets	<u>5,384,295</u>	<u>5,380,259</u>
Total assets	<u>7,479,302</u>	<u>7,931,045</u>
<b>Deferred outflows of resources</b>		
Unrealized pension contributions and losses	171,367	171,367
Unamortized deferred losses on refundings	138,265	143,722
Accumulated decrease in fair value of hedging derivatives	112,315	86,356
Unrealized asset retirement obligation	27,250	29,173
Unrealized OPEB contributions and losses	4,078	4,078
Total deferred outflows of resources	<u>453,275</u>	<u>434,696</u>
Total assets and deferred outflows of resources	<u>\$ 7,932,577</u>	<u>\$ 8,365,741</u>

**JEA**  
**Statements of Net Position**  
**(in thousands)**

Page 3

	<b>March 2019</b>	<b>September 2018</b>
	<b>(unaudited)</b>	
<b>Liabilities</b>		
Current liabilities:		
Accounts and accrued expenses payable	\$ 105,275	\$ 126,655
Customer deposits	60,544	59,883
City of Jacksonville payable	9,822	9,733
Utility taxes and fees payable	6,714	9,550
Compensated absences due within one year	2,659	1,423
Total current liabilities	<u>185,014</u>	<u>207,244</u>
Current liabilities payable from restricted assets:		
Debt due within one year	192,555	185,790
Renewal and replacement reserve	50,686	54,370
Interest payable	64,918	73,737
Construction contracts and accounts payable	20,743	53,369
Total current liabilities payable from restricted assets	<u>328,902</u>	<u>367,266</u>
Noncurrent liabilities:		
Net pension liability	544,203	544,203
Asset retirement obligation	7,429	22,526
Compensated absences due after one year	27,766	29,431
Net OPEB liability	18,835	18,835
Environmental liabilities	16,808	16,818
Other liabilities	2,535	2,978
Total noncurrent liabilities	<u>617,576</u>	<u>634,791</u>
Long-term debt:		
Debt payable, less current portion	3,428,080	3,813,680
Unamortized premium, net	128,872	152,891
Fair value of debt management strategy instruments	112,315	86,356
Total long-term debt	<u>3,669,267</u>	<u>4,052,927</u>
Total liabilities	<u>4,800,759</u>	<u>5,262,228</u>
<b>Deferred inflows of resources</b>		
Revenues to be used for future costs	255,986	286,832
Unrealized pension gains	50,124	50,124
Unrealized OPEB gains	8,712	8,712
Accumulated increase in fair value of hedging derivatives	4,353	2,536
Total deferred inflows of resources	<u>319,175</u>	<u>348,204</u>
<b>Net position</b>		
Net investment in capital assets	2,242,545	1,856,725
Restricted for:		
Debt service	97,156	187,374
Other purposes	168,592	354,663
Unrestricted	304,350	356,547
Total net position	<u>2,812,643</u>	<u>2,755,309</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,932,577</u>	<u>\$ 8,365,741</u>

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

	Month		Year-to-Date	
	2019	2018	2019	2018
<b>Operating revenues</b>				
Electric - base	\$ 61,678	\$ 60,477	\$ 377,161	\$ 390,198
Electric - fuel and purchased power	33,254	25,659	205,008	255,436
Water and sewer	36,478	36,009	211,750	206,427
District energy system	561	574	3,777	3,905
Other	2,608	2,464	16,161	69,822
Total operating revenues	134,579	125,183	813,857	925,788
<b>Operating expenses</b>				
Operations and maintenance:				
Fuel	23,507	23,987	166,319	213,544
Purchased power	13,336	7,181	62,463	50,595
Maintenance and other operating expenses	32,881	43,254	195,865	233,605
Depreciation	30,301	28,829	183,140	188,996
State utility and franchise taxes	5,015	5,110	34,336	34,671
Recognition of deferred costs and revenues, net	1,040	323	9,846	3,086
Total operating expenses	106,080	108,684	651,969	724,497
Operating income	28,499	16,499	161,888	201,291
<b>Nonoperating revenues (expenses)</b>				
Interest on debt	(12,156)	(12,325)	(71,637)	(81,298)
Debt management strategy	(900)	(1,124)	(5,593)	(7,147)
Investment income	6,287	(2,014)	22,524	3,154
Allowance for funds used during construction	1,231	916	7,036	4,867
Other nonoperating income, net	641	992	3,854	4,531
Earnings from The Energy Authority	(13)	(137)	743	2,541
Other interest, net	(114)	(57)	(944)	(706)
Total nonoperating expenses, net	(5,024)	(13,749)	(44,017)	(74,058)
Income before contributions	23,475	2,750	117,871	127,233
<b>Contributions (to) from</b>				
General Fund, City of Jacksonville, Florida	(9,804)	(9,719)	(73,979)	(58,310)
Developers and other	8,631	5,058	40,029	31,003
Reduction of plant cost through contributions	(6,288)	(2,924)	(26,587)	(19,331)
Total contributions, net	(7,461)	(7,585)	(60,537)	(46,638)
Change in net position	16,014	(4,835)	57,334	80,595
Net position, beginning of period	2,796,629	2,714,252	2,755,309	2,628,822
Net position, end of period	\$ 2,812,643	\$ 2,709,417	\$ 2,812,643	\$ 2,709,417

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

	Year-to-Date	
	March	
	2019	2018
<b>Operating activities</b>		
Receipts from customers	\$ 823,239	\$ 920,588
Payments to suppliers	(377,089)	(439,427)
Payments to employees	(121,115)	(145,859)
Other operating activities	19,464	63,877
Net cash provided by operating activities	344,499	399,179
<b>Noncapital and related financing activities</b>		
Contribution to General Fund, City of Jacksonville, Florida	(73,890)	(58,253)
Net cash used in noncapital financing activities	(73,890)	(58,253)
<b>Capital and related financing activities</b>		
Defeasance of debt	(195,045)	(993,690)
Proceeds received from debt	2,000	821,000
Acquisition and construction of capital assets	(212,755)	(171,170)
Interest paid on debt	(91,243)	(104,646)
Repayment of debt principal	(185,790)	(229,095)
Capital contributions	13,442	11,672
Other capital financing activities	(8,851)	41,811
Net cash used in capital and related financing activities	(678,242)	(624,118)
<b>Investing activities</b>		
Purchase of investments	(371,356)	(672,493)
Proceeds from sale and maturity of investments	552,831	746,222
Investment income	13,502	4,907
Distributions from The Energy Authority	698	2,785
Net cash provided by investing activities	195,675	81,421
Net change in cash and cash equivalents	(211,958)	(201,771)
Cash and cash equivalents, beginning of year	555,782	614,034
Cash and cash equivalents, end of period	\$ 343,824	\$ 412,263
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 161,888	\$ 201,291
Adjustments:		
Depreciation and amortization	183,758	189,644
Recognition of deferred costs and revenues, net	9,846	3,086
Other nonoperating income, net	384	991
Changes in noncash assets and noncash liabilities:		
Accounts receivable	57,222	72,910
Inventories	3,629	5,896
Other assets	(1,851)	2,945
Accounts and accrued expenses payable	(38,717)	(35,476)
Current liabilities payable from restricted assets	(2,453)	76
Other noncurrent liabilities and deferred inflows	(29,207)	(42,184)
Net cash provided by operating activities	\$ 344,499	\$ 399,179
<b>Noncash activity</b>		
Contribution of capital assets from developers	\$ 26,587	\$ 19,331
Unrealized gains (losses) on fair value of investments, net	\$ 9,268	\$ (856)

**Combining Statement of Net Position**  
**(in thousands - unaudited) March 2019**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 116,287	\$ 61,108	\$ -	\$ 177,395	40,278	\$ 4,220	\$ 221,893
Investments	197,500	6,910	-	204,410	44,323	-	248,733
Customer accounts receivable, net of allowance (\$1,556)	126,770	-	-	126,770	49,191	337	176,298
Miscellaneous accounts receivable	14,094	462	(2,545)	12,011	3,858	-	15,869
Interest receivable	1,698	12	-	1,710	886	-	2,596
Inventories:							
Fuel inventory - Electric System	32,006	-	-	32,006	-	-	32,006
Fuel inventory - Plant Scherer	3,128	-	-	3,128	-	-	3,128
Materials and supplies - Water and Sewer	-	-	-	-	54,643	-	54,643
Materials and supplies - Electric System	-	385	-	385	-	-	385
Materials and supplies - Plant Scherer	2,284	-	-	2,284	-	-	2,284
<b>Total current assets</b>	<b>493,767</b>	<b>68,877</b>	<b>(2,545)</b>	<b>560,099</b>	<b>193,179</b>	<b>4,557</b>	<b>757,835</b>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	201	89,565	-	89,766	29,781	2,384	121,931
Investments	226,132	10,882	-	237,014	158,984	-	395,998
Accounts and interest receivable	7	36	-	43	8	-	51
<b>Total restricted assets</b>	<b>226,340</b>	<b>100,483</b>	<b>-</b>	<b>326,823</b>	<b>188,773</b>	<b>2,384</b>	<b>517,980</b>
Costs to be recovered from future revenues	296,959	254,177	-	551,136	240,568	26	791,730
Investment in The Energy Authority	7,075	-	-	7,075	-	-	7,075
Other assets	16,864	-	-	16,864	3,514	9	20,387
<b>Total noncurrent assets</b>	<b>547,238</b>	<b>354,660</b>	<b>-</b>	<b>901,898</b>	<b>432,855</b>	<b>2,419</b>	<b>1,337,172</b>
Capital assets:							
Land and easements	123,626	6,660	-	130,286	61,268	3,051	194,605
Plant in service	5,563,730	1,316,043	-	6,879,773	4,546,093	57,387	11,483,253
Less accumulated depreciation	(3,165,795)	(1,312,764)	-	(4,478,559)	(2,175,481)	(26,777)	(6,680,817)
Plant in service, net	2,521,561	9,939	-	2,531,500	2,431,880	33,661	4,997,041
Construction work in progress	140,687	-	-	140,687	246,241	326	387,254
<b>Net capital assets</b>	<b>2,662,248</b>	<b>9,939</b>	<b>-</b>	<b>2,672,187</b>	<b>2,678,121</b>	<b>33,987</b>	<b>5,384,295</b>
<b>Total assets</b>	<b>3,703,253</b>	<b>433,476</b>	<b>(2,545)</b>	<b>4,134,184</b>	<b>3,304,155</b>	<b>40,963</b>	<b>7,479,302</b>
<b>Deferred outflows of resources</b>							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	81,206	4,079	-	85,285	52,792	188	138,265
Accumulated decrease in fair value of hedging derivatives	89,771	-	-	89,771	22,544	-	112,315
Unrealized asset retirement obligation	-	27,250	-	27,250	-	-	27,250
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
<b>Total deferred outflows of resources</b>	<b>257,114</b>	<b>65,567</b>	<b>-</b>	<b>322,681</b>	<b>130,406</b>	<b>188</b>	<b>453,275</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,960,367</b>	<b>\$ 499,043</b>	<b>\$ (2,545)</b>	<b>\$ 4,456,865</b>	<b>\$ 3,434,561</b>	<b>\$ 41,151</b>	<b>\$ 7,932,577</b>

**Combining Statement of Net Position**  
**(in thousands - unaudited) March 2019**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	\$ 70,331	\$ 20,521	\$ (241)	\$ 90,611	\$ 14,633	\$ 31	\$ 105,275
Customer deposits	44,586	-	-	44,586	15,958	-	60,544
City of Jacksonville payable	7,746	-	-	7,746	2,076	-	9,822
Utility taxes and fees payable	6,714	-	-	6,714	-	-	6,714
Compensated absences due within one year	1,622	-	-	1,622	1,014	23	2,659
Total current liabilities	130,999	20,521	(241)	151,279	33,681	54	185,014
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	-	136,160	54,705	1,690	192,555
Renewal and replacement reserve	-	50,686	-	50,686	-	-	50,686
Interest payable	32,206	5,564	-	37,770	26,483	665	64,918
Construction contracts and accounts payable	6,036	2,973	(2,304)	6,705	14,038	-	20,743
Total current liabilities payable from restricted assets	160,622	73,003	(2,304)	231,321	95,226	2,355	328,902
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	-	7,429	-	7,429	-	-	7,429
Compensated absences due after one year	19,731	-	-	19,731	8,017	18	27,766
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Environmental liabilities	16,808	-	-	16,808	-	-	16,808
Other liabilities	2,314	-	-	2,314	221	-	2,535
Total noncurrent liabilities	372,227	23,952	-	396,179	221,379	18	617,576
Long-term debt:							
Debt payable, less current portion	1,796,880	265,105	-	2,061,985	1,332,960	33,135	3,428,080
Unamortized premium (discount), net	62,505	1,953	-	64,458	64,445	(31)	128,872
Fair value of debt management strategy instruments	89,771	-	-	89,771	22,544	-	112,315
Total long-term debt	1,949,156	267,058	-	2,216,214	1,419,949	33,104	3,669,267
Total liabilities	2,613,004	384,534	(2,545)	2,994,993	1,770,235	35,531	4,800,759
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	215,833	10,624	-	226,457	29,529	-	255,986
Unrealized pension gains	26,250	7,091	-	33,341	16,783	-	50,124
Unrealized OPEB gains	5,314	-	-	5,314	3,398	-	8,712
Accumulated increase in fair value of hedging derivatives	4,353	-	-	4,353	-	-	4,353
Total deferred inflows of resources	251,750	17,715	-	269,465	49,710	-	319,175
<b>Net position</b>							
Net investment in capital assets	792,719	(4,137)	-	788,582	1,454,582	(619)	2,242,545
Restricted for:							
Debt service	60,653	7,056	-	67,709	28,602	845	97,156
Other purposes	68,048	25,698	2,304	96,050	71,669	873	168,592
Unrestricted	174,193	68,177	(2,304)	240,066	59,763	4,521	304,350
Total net position	1,095,613	96,794	-	1,192,407	1,614,616	5,620	2,812,643
Total liabilities, deferred inflows of resources, and net position	\$ 3,960,367	\$ 499,043	\$ (2,545)	\$ 4,456,865	\$ 3,434,561	\$ 41,151	\$ 7,932,577

**Combining Statement of Net Position**  
**(in thousands) September 2018**

	<b>Electric System and Bulk Power Supply System</b>	<b>SJRPP System</b>	<b>Elimination of Intercompany transactions</b>	<b>Total Electric Enterprise Fund</b>	<b>Water and Sewer Enterprise Fund</b>	<b>District Energy System Fund</b>	<b>Total JEA</b>
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 285,611	\$ 65,840	\$ -	\$ 351,451	\$ 86,219	\$ 3,536	\$ 441,206
Investments	83,268	2,042	-	85,310	-	-	85,310
Customer accounts receivable, net of allowance (\$1,733)	180,731	-	-	180,731	51,267	860	232,858
Miscellaneous accounts receivable	14,509	778	(1,912)	13,375	2,084	-	15,459
Interest receivable	1,801	12	-	1,813	1,018	-	2,831
<b>Inventories:</b>							
Fuel inventory - Electric System	30,582	1,015	-	31,597	-	-	31,597
Fuel inventory - Plant Scherer	5,274	-	-	5,274	-	-	5,274
Materials and supplies - Water and Sewer	-	-	-	-	56,350	-	56,350
Materials and supplies - Electric System	-	665	-	665	-	-	665
Materials and supplies - Plant Scherer	2,189	-	-	2,189	-	-	2,189
<b>Total current assets</b>	<b>603,965</b>	<b>70,352</b>	<b>(1,912)</b>	<b>672,405</b>	<b>196,938</b>	<b>4,396</b>	<b>873,739</b>
<b>Noncurrent assets:</b>							
<b>Restricted assets:</b>							
Cash and cash equivalents	203	74,113	-	74,316	36,842	3,418	114,576
Investments	419,536	23,330	-	442,866	288,761	-	731,627
Accounts and interest receivable	7	47	-	54	8	-	62
<b>Total restricted assets</b>	<b>419,746</b>	<b>97,490</b>	<b>-</b>	<b>517,236</b>	<b>325,611</b>	<b>3,418</b>	<b>846,265</b>
Costs to be recovered from future revenues	301,805	261,277	-	563,082	244,987	27	808,096
Investment in The Energy Authority	7,030	-	-	7,030	-	-	7,030
Other assets	11,813	-	-	11,813	3,843	-	15,656
<b>Total noncurrent assets</b>	<b>740,394</b>	<b>358,767</b>	<b>-</b>	<b>1,099,161</b>	<b>574,441</b>	<b>3,445</b>	<b>1,677,047</b>
<b>Capital assets:</b>							
Land and easements	123,626	6,660	-	130,286	61,215	3,051	194,552
Plant in service	5,426,682	1,316,043	-	6,742,725	4,431,995	56,376	11,231,096
Less accumulated depreciation	(3,072,611)	(1,312,559)	-	(4,385,170)	(2,108,027)	(25,554)	(6,518,751)
Plant in service, net	2,477,697	10,144	-	2,487,841	2,385,183	33,873	4,906,897
Construction work in progress	174,527	-	-	174,527	297,681	1,154	473,362
<b>Capital assets, net</b>	<b>2,652,224</b>	<b>10,144</b>	<b>-</b>	<b>2,662,368</b>	<b>2,682,864</b>	<b>35,027</b>	<b>5,380,259</b>
<b>Total assets</b>	<b>3,996,583</b>	<b>439,263</b>	<b>(1,912)</b>	<b>4,433,934</b>	<b>3,454,243</b>	<b>42,868</b>	<b>7,931,045</b>
<b>Deferred outflows of resources</b>							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	85,165	4,185	-	89,350	54,178	194	143,722
Accumulated decrease in fair value of hedging derivatives	70,103	-	-	70,103	16,253	-	86,356
Unrealized asset retirement obligation	-	29,173	-	29,173	-	-	29,173
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
<b>Total deferred outflows of resources</b>	<b>241,405</b>	<b>67,596</b>	<b>-</b>	<b>309,001</b>	<b>125,501</b>	<b>194</b>	<b>434,696</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,237,988</b>	<b>\$ 506,859</b>	<b>\$ (1,912)</b>	<b>\$ 4,742,935</b>	<b>\$ 3,579,744</b>	<b>\$ 43,062</b>	<b>\$ 8,365,741</b>

**Combining Statement of Net Position  
(in thousands) September 2018**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	\$ 100,614	\$ 7,668	\$ (796)	\$ 107,486	\$ 19,070	\$ 99	\$ 126,655
Customer deposits	44,267	-	-	44,267	15,616	-	59,883
City of Jacksonville payable	7,622	-	-	7,622	2,111	-	9,733
Utility taxes and fees payable	9,550	-	-	9,550	-	-	9,550
Compensated absences due within one year	1,115	-	-	1,115	304	4	1,423
Total current liabilities	163,168	7,668	(796)	170,040	37,101	103	207,244
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	-	132,410	51,720	1,660	185,790
Renewal and replacement reserve	-	54,370	-	54,370	-	-	54,370
Interest payable	37,613	5,603	-	43,216	29,841	680	73,737
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,886	261	53,369
Total current liabilities payable from restricted assets	184,899	63,435	(1,116)	247,218	117,447	2,601	367,266
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	-	22,526	-	22,526	-	-	22,526
Compensated absences due after one year	20,868	-	-	20,868	8,529	34	29,431
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Environmental liabilities	16,818	-	-	16,818	-	-	16,818
Other liabilities	2,658	-	-	2,658	320	-	2,978
Total noncurrent liabilities	373,718	39,049	-	412,767	221,990	34	634,791
Long-term debt:							
Debt payable, less current portion	2,019,350	278,885	-	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	76,748	2,474	-	79,222	73,703	(34)	152,891
Fair value of debt management strategy instruments	70,103	-	-	70,103	16,253	-	86,356
Total long-term debt	2,166,201	281,359	-	2,447,560	1,570,576	34,791	4,052,927
Total liabilities	2,887,986	391,511	(1,912)	3,277,585	1,947,114	37,529	5,262,228
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	249,085	10,624	-	259,709	27,123	-	286,832
Unrealized pension gains	26,250	7,091	-	33,341	16,783	-	50,124
Unrealized OPEB gains	5,314	-	-	5,314	3,398	-	8,712
Accumulated increase in fair value of hedging derivatives	2,536	-	-	2,536	-	-	2,536
Total deferred inflows of resources	283,185	17,715	-	300,900	47,304	-	348,204
<b>Net position</b>							
Net investment in capital assets	530,479	2,138	-	532,617	1,325,600	(1,492)	1,856,725
Restricted for:							
Debt service	130,072	1,843	-	131,915	53,799	1,660	187,374
Other purposes	186,628	24,321	1,116	212,065	141,520	1,078	354,663
Unrestricted	219,638	69,331	(1,116)	287,853	64,407	4,287	356,547
Total net position	1,066,817	97,633	-	1,164,450	1,585,326	5,533	2,755,309
Total liabilities, deferred inflows of resources, and net position	\$ 4,237,988	\$ 506,859	\$ (1,912)	\$ 4,742,935	\$ 3,579,744	\$ 43,062	\$ 8,365,741

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands - unaudited) for the month ended March 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 61,943	\$ -	\$ -	\$ 61,943	\$ -	\$ -	\$ (265)	\$ 61,678
Electric - fuel and purchased power	34,094	2,582	(2,423)	34,253	-	-	(999)	33,254
Water and sewer	-	-	-	-	36,516	-	(38)	36,478
District energy system	-	-	-	-	-	588	(27)	561
Other	1,846	73	-	1,919	964	2	(277)	2,608
Total operating revenues	97,883	2,655	(2,423)	98,115	37,480	590	(1,606)	134,579
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	23,081	426	-	23,507	-	-	-	23,507
Purchased power	15,759	-	(2,423)	13,336	-	-	-	13,336
Maintenance and other operating expenses	21,017	212	-	21,229	12,956	302	(1,606)	32,881
Depreciation	17,642	34	-	17,676	12,418	207	-	30,301
State utility and franchise taxes	4,175	-	-	4,175	840	-	-	5,015
Recognition of deferred costs and revenues, net	(133)	1,171	-	1,038	2	-	-	1,040
Total operating expenses	81,541	1,843	(2,423)	80,961	26,216	509	(1,606)	106,080
Operating income	16,342	812	-	17,154	11,264	81	-	28,499
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(6,674)	(870)	-	(7,544)	(4,499)	(113)	-	(12,156)
Debt management strategy	(738)	-	-	(738)	(162)	-	-	(900)
Investment income	3,553	182	-	3,735	2,539	13	-	6,287
Allowance for funds used during construction	413	-	-	413	817	1	-	1,231
Other nonoperating income, net	363	29	-	392	249	-	-	641
Earnings from The Energy Authority	(13)	-	-	(13)	-	-	-	(13)
Other interest, net	(111)	-	-	(111)	(3)	-	-	(114)
Total nonoperating expenses, net	(3,207)	(659)	-	(3,866)	(1,059)	(99)	-	(5,024)
Income before contributions	13,135	153	-	13,288	10,205	(18)	-	23,475
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	143	-	-	143	8,488	-	-	8,631
Reduction of plant cost through contributions	(143)	-	-	(143)	(6,145)	-	-	(6,288)
Total contributions, net	(7,746)	-	-	(7,746)	285	-	-	(7,461)
Change in net position	5,389	153	-	5,542	10,490	(18)	-	16,014
Net position, beginning of period	1,090,224	96,641	-	1,186,865	1,604,126	5,638	-	2,796,629
Net position, end of period	\$ 1,095,613	\$ 96,794	\$ -	\$ 1,192,407	\$ 1,614,616	\$ 5,620	\$ -	\$ 2,812,643

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands - unaudited) for the month ended March 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 60,389	\$ -	\$ -	\$ 60,389	\$ -	\$ -	\$ 88	\$ 60,477
Electric - fuel and purchased power	29,566	(1,917)	(2,319)	25,330	-	-	329	25,659
Water and sewer	-	-	-	-	36,061	-	(52)	36,009
District energy system	-	-	-	-	-	603	(29)	574
Other	1,613	200	-	1,813	869	-	(218)	2,464
Total operating revenues	91,568	(1,717)	(2,319)	87,532	36,930	603	118	125,183
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	23,656	331	-	23,987	-	-	-	23,987
Purchased power	9,500	-	(2,319)	7,181	-	-	-	7,181
Maintenance and other operating expenses	24,755	7,015	-	31,770	11,034	332	118	43,254
Depreciation	16,310	17	-	16,327	12,302	200	-	28,829
State utility and franchise taxes	4,229	-	-	4,229	881	-	-	5,110
Recognition of deferred costs and revenues, net	(227)	(63)	-	(290)	613	-	-	323
Total operating expenses	78,223	7,300	(2,319)	83,204	24,830	532	118	108,684
Operating income	13,345	(9,017)	-	4,328	12,100	71	-	16,499
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(6,617)	(876)	-	(7,493)	(4,718)	(114)	-	(12,325)
Debt management strategy	(903)	-	-	(903)	(221)	-	-	(1,124)
Investment income	(569)	(366)	-	(935)	(1,086)	7	-	(2,014)
Allowance for funds used during construction	295	-	-	295	616	5	-	916
Other nonoperating income, net	371	413	-	784	208	-	-	992
Earnings from The Energy Authority	(137)	-	-	(137)	-	-	-	(137)
Other interest, net	(55)	-	-	(55)	(2)	-	-	(57)
Total nonoperating expenses, net	(7,615)	(829)	-	(8,444)	(5,203)	(102)	-	(13,749)
Income before contributions	5,730	(9,846)	-	(4,116)	6,897	(31)	-	2,750
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,096)	-	-	(9,719)
Developers and other	23	-	-	23	5,035	-	-	5,058
Reduction of plant cost through contributions	(23)	-	-	(23)	(2,901)	-	-	(2,924)
Total contributions, net	(7,623)	-	-	(7,623)	38	-	-	(7,585)
Change in net position	(1,893)	(9,846)	-	(11,739)	6,935	(31)	-	(4,835)
Net position, beginning of period, as restated	1,029,210	149,701	-	1,178,911	1,530,155	5,186	-	2,714,252
Net position, end of period	\$ 1,027,317	\$ 139,855	\$ -	\$ 1,167,172	\$ 1,537,090	\$ 5,155	\$ -	\$ 2,709,417

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands - unaudited) for the six months ended March 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 378,802	\$ -	\$ -	\$ 378,802	\$ -	\$ -	\$ (1,641)	\$ 377,161
Electric - fuel and purchased power	209,742	15,767	(14,328)	211,181	-	-	(6,173)	205,008
Water and sewer	-	-	-	-	212,035	-	(285)	211,750
District energy system	-	-	-	-	-	3,952	(175)	3,777
Other	11,253	457	-	11,710	6,118	3	(1,670)	16,161
Total operating revenues	599,797	16,224	(14,328)	601,693	218,153	3,955	(9,944)	813,857
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	161,869	4,450	-	166,319	-	-	-	166,319
Purchased power	76,791	-	(14,328)	62,463	-	-	-	62,463
Maintenance and other operating expenses	123,751	2,219	-	125,970	77,777	2,062	(9,944)	195,865
Depreciation	107,504	205	-	107,709	74,208	1,223	-	183,140
State utility and franchise taxes	29,175	-	-	29,175	5,161	-	-	34,336
Recognition of deferred costs and revenues, net	(901)	7,030	-	6,129	3,717	-	-	9,846
Total operating expenses	498,189	13,904	(14,328)	497,765	160,863	3,285	(9,944)	651,969
Operating income	101,608	2,320	-	103,928	57,290	670	-	161,888
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(38,660)	(5,219)	-	(43,879)	(27,084)	(674)	-	(71,637)
Debt management strategy	(4,593)	-	-	(4,593)	(1,000)	-	-	(5,593)
Investment income	12,518	1,888	-	14,406	8,045	73	-	22,524
Allowance for funds used during construction	2,394	-	-	2,394	4,624	18	-	7,036
Other nonoperating income, net	2,136	172	-	2,308	1,546	-	-	3,854
Earnings from The Energy Authority	743	-	-	743	-	-	-	743
Other interest, net	(874)	-	-	(874)	(70)	-	-	(944)
Total nonoperating expenses, net	(26,336)	(3,159)	-	(29,495)	(13,939)	(583)	-	(44,017)
Income before contributions	75,272	(839)	-	74,433	43,351	87	-	117,871
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(46,476)	-	-	(46,476)	(27,503)	-	-	(73,979)
Developers and other	2,124	-	-	2,124	37,905	-	-	40,029
Reduction of plant cost through contributions	(2,124)	-	-	(2,124)	(24,463)	-	-	(26,587)
Total contributions, net	(46,476)	-	-	(46,476)	(14,061)	-	-	(60,537)
Change in net position	28,796	(839)	-	27,957	29,290	87	-	57,334
Net position, beginning of year	1,066,817	97,633	-	1,164,450	1,585,326	5,533	-	2,755,309
Net position, end of period	\$ 1,095,613	\$ 96,794	\$ -	\$ 1,192,407	\$ 1,614,616	\$ 5,620	\$ -	\$ 2,812,643

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands - unaudited) for the six months ended March 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues</b>								
Electric - base	\$ 391,902	\$ -	\$ -	\$ 391,902	\$ -	\$ -	\$ (1,704)	\$ 390,198
Electric - fuel and purchased power	233,488	76,030	(47,670)	261,848	-	-	(6,412)	255,436
Water and sewer	-	-	-	-	206,709	-	(282)	206,427
District energy system	-	-	-	-	-	4,075	(170)	3,905
Other	11,039	54,925	-	65,964	5,162	-	(1,304)	69,822
Total operating revenues	636,429	130,955	(47,670)	719,714	211,871	4,075	(9,872)	925,788
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	164,686	48,858	-	213,544	-	-	-	213,544
Purchased power	98,265	-	(47,670)	50,595	-	-	-	50,595
Maintenance and other operating expenses	115,297	54,485	-	169,782	71,579	2,116	(9,872)	233,605
Depreciation	104,356	10,791	-	115,147	72,660	1,189	-	188,996
State utility and franchise taxes	29,523	-	-	29,523	5,148	-	-	34,671
Recognition of deferred costs and revenues, net	(1,362)	2,443	-	1,081	2,005	-	-	3,086
Total operating expenses	510,765	116,577	(47,670)	579,672	151,392	3,305	(9,872)	724,497
Operating income	125,664	14,378	-	140,042	60,479	770	-	201,291
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(37,528)	(15,035)	-	(52,563)	(28,049)	(686)	-	(81,298)
Debt management strategy	(5,757)	-	-	(5,757)	(1,390)	-	-	(7,147)
Investment income	2,031	108	-	2,139	976	39	-	3,154
Allowance for funds used during construction	1,513	-	-	1,513	3,326	28	-	4,867
Other nonoperating income, net	2,167	883	-	3,050	1,481	-	-	4,531
Earnings from The Energy Authority	2,541	-	-	2,541	-	-	-	2,541
Other interest, net	(612)	-	-	(612)	(94)	-	-	(706)
Total nonoperating expenses, net	(35,645)	(14,044)	-	(49,689)	(23,750)	(619)	-	(74,058)
Income before contributions	90,019	334	-	90,353	36,729	151	-	127,233
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(45,736)	-	-	(45,736)	(12,574)	-	-	(58,310)
Developers and other	662	-	-	662	30,341	-	-	31,003
Reduction of plant cost through contributions	(662)	-	-	(662)	(18,669)	-	-	(19,331)
Total contributions, net	(45,736)	-	-	(45,736)	(902)	-	-	(46,638)
Change in net position	44,283	334	-	44,617	35,827	151	-	80,595
Net position, beginning of year, as restated	983,034	139,521	-	1,122,555	1,501,263	5,004	-	2,628,822
Net position, end of period	\$ 1,027,317	\$ 139,855	\$ -	\$ 1,167,172	\$ 1,537,090	\$ 5,155	\$ -	\$ 2,709,417

**Combining Statement of Cash Flows**  
(in thousands - unaudited) for the six months ended March 2019

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating activities</b>								
Receipts from customers	\$ 609,954	\$ 16,084	\$ (15,516)	\$ 610,522	\$ 216,516	\$ 4,475	\$ (8,274)	\$ 823,239
Payments to suppliers	(341,159)	(8,139)	15,516	(333,782)	(51,412)	(1,839)	9,944	(377,089)
Payments to employees	(87,246)	(12)	-	(87,258)	(33,561)	(296)	-	(121,115)
Other operating activities	16,019	457	-	16,476	4,655	3	(1,670)	19,464
Net cash provided by operating activities	197,568	8,390	-	205,958	136,198	2,343	-	344,499
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(46,353)	-	-	(46,353)	(27,537)	-	-	(73,890)
Net cash used in noncapital financing activities	(46,353)	-	-	(46,353)	(27,537)	-	-	(73,890)
<b>Capital and related financing activities</b>								
Defeasance of debt	(100,090)	-	-	(100,090)	(94,955)	-	-	(195,045)
Proceeds received from debt	-	-	-	-	2,000	-	-	2,000
Acquisition and construction of capital assets	(126,187)	-	-	(126,187)	(86,142)	(426)	-	(212,755)
Interest paid on debt	(50,028)	(5,601)	-	(55,629)	(34,934)	(680)	-	(91,243)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Capital contributions	-	-	-	-	13,442	-	-	13,442
Other capital financing activities	(6,038)	172	-	(5,866)	(2,985)	-	-	(8,851)
Net cash used in capital and related financing activities	(413,033)	(7,149)	-	(420,182)	(255,294)	(2,766)	-	(678,242)
<b>Investing activities</b>								
Purchase of investments	(217,499)	(85,713)	-	(303,212)	(68,144)	-	-	(371,356)
Proceeds from sale and maturity of investments	302,060	93,336	-	395,396	157,435	-	-	552,831
Investment income	7,233	1,856	-	9,089	4,340	73	-	13,502
Distributions from The Energy Authority	698	-	-	698	-	-	-	698
Net cash provided by investing activities	92,492	9,479	-	101,971	93,631	73	-	195,675
Net change in cash and cash equivalents	(169,326)	10,720	-	(158,606)	(53,002)	(350)	-	(211,958)
Cash and cash equivalents, beginning of year	285,814	139,953	-	425,767	123,061	6,954	-	555,782
Cash and cash equivalents, end of period	\$ 116,488	\$ 150,673	\$ -	\$ 267,161	\$ 70,059	\$ 6,604	\$ -	\$ 343,824
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 101,608	\$ 2,320	\$ -	\$ 103,928	\$ 57,290	\$ 670	\$ -	\$ 161,888
Adjustments:								
Depreciation and amortization	107,504	205	-	107,709	74,826	1,223	-	183,758
Recognition of deferred costs and revenues, net	(901)	7,030	-	6,129	3,717	-	-	9,846
Other nonoperating income, net	77	-	-	77	307	-	-	384
Changes in noncash assets and noncash liabilities:								
Accounts receivable	56,080	317	-	56,397	302	523	-	57,222
Inventories	627	1,295	-	1,922	1,707	-	-	3,629
Other assets	(1,552)	-	-	(1,552)	(290)	(9)	-	(1,851)
Accounts and accrued expenses payable	(34,889)	(324)	-	(35,213)	(3,456)	(48)	-	(38,717)
Current liabilities payable from restricted assets	-	(2,453)	-	(2,453)	-	-	-	(2,453)
Other noncurrent liabilities and deferred inflows	(30,986)	-	-	(30,986)	1,795	(16)	-	(29,207)
Net cash provided by operating activities	\$ 197,568	\$ 8,390	\$ -	\$ 205,958	\$ 136,198	\$ 2,343	\$ -	\$ 344,499
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 2,124	\$ -	\$ -	\$ 2,124	\$ 24,463	\$ -	\$ -	\$ 26,587
Unrealized gains on fair value of investments, net	\$ 5,388	\$ 43	\$ -	\$ 5,431	\$ 3,837	\$ -	\$ -	\$ 9,268

**Combining Statement of Cash Flows**  
(in thousands - unaudited) for the six months ended March 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating activities</b>								
Receipts from customers	\$ 651,287	\$ 84,075	\$ (24,390)	\$ 710,972	\$ 213,902	\$ 4,282	\$ (8,568)	\$ 920,588
Payments to suppliers	(338,319)	(79,590)	24,390	(393,519)	(53,930)	(1,850)	9,872	(439,427)
Payments to employees	(83,083)	(30,765)	-	(113,848)	(31,718)	(293)	-	(145,859)
Other operating activities	4,910	54,925	-	59,835	5,346	-	(1,304)	63,877
Net cash provided by operating activities	234,795	28,645	-	263,440	133,600	2,139	-	399,179
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(45,802)	-	-	(45,802)	(12,451)	-	-	(58,253)
Net cash used in noncapital financing activities	(45,802)	-	-	(45,802)	(12,451)	-	-	(58,253)
<b>Capital and related financing activities</b>								
Defeasance of debt	(405,105)	(128,280)	-	(533,385)	(460,305)	-	-	(993,690)
Proceeds received from debt	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and construction of capital assets	(88,619)	-	-	(88,619)	(82,366)	(185)	-	(171,170)
Interest paid on debt	(53,810)	(11,083)	-	(64,893)	(39,062)	(691)	-	(104,646)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Capital contributions	-	-	-	-	11,672	-	-	11,672
Other capital financing activities	24,044	(7,157)	-	16,887	24,924	-	-	41,811
Net cash used in capital and related financing activities	(274,755)	(187,850)	-	(462,605)	(158,997)	(2,516)	-	(624,118)
<b>Investing activities</b>								
Purchase of investments	(293,758)	(212,982)	-	(506,740)	(165,753)	-	-	(672,493)
Proceeds from sale and maturity of investments	183,146	403,266	-	586,412	159,810	-	-	746,222
Investment income	4,710	(3,132)	-	1,578	3,290	39	-	4,907
Distributions from The Energy Authority	2,785	-	-	2,785	-	-	-	2,785
Net cash provided by (used in) investing activities	(103,117)	187,152	-	84,035	(2,653)	39	-	81,421
Net change in cash and cash equivalents	(188,879)	27,947	-	(160,932)	(40,501)	(338)	-	(201,771)
Cash and cash equivalents, beginning of year	340,063	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents, end of period	\$ 151,184	\$ 148,974	\$ -	\$ 300,158	\$ 105,408	\$ 6,697	\$ -	\$ 412,263
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 125,664	\$ 14,378	\$ -	\$ 140,042	\$ 60,479	\$ 770	\$ -	\$ 201,291
Adjustments:								
Depreciation and amortization	104,356	10,791	-	115,147	73,308	1,189	-	189,644
Recognition of deferred costs and revenues, net	(1,362)	2,443	-	1,081	2,005	-	-	3,086
Other nonoperating income (loss), net	57	701	-	758	233	-	-	991
Changes in noncash assets and noncash liabilities:								
Accounts receivable	63,628	7,344	-	70,972	1,731	207	-	72,910
Inventories	1,797	8,464	-	10,261	(4,365)	-	-	5,896
Other assets	2,837	-	-	2,837	116	(8)	-	2,945
Accounts and accrued expenses payable	(16,709)	(13,999)	-	(30,708)	(4,729)	(39)	-	(35,476)
Current liabilities payable from restricted assets	-	76	-	76	-	-	-	76
Other noncurrent liabilities and deferred inflows	(45,473)	(1,553)	-	(47,026)	4,822	20	-	(42,184)
Net cash provided by operating activities	\$ 234,795	\$ 28,645	\$ -	\$ 263,440	\$ 133,600	\$ 2,139	\$ -	\$ 399,179
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 662	\$ -	\$ -	\$ 662	\$ 18,669	\$ -	\$ -	\$ 19,331
Unrealized gains (losses) on fair value of investments, net	\$ (2,769)	\$ 4,164	\$ -	\$ 1,395	\$ (2,251)	\$ -	\$ -	\$ (856)

	Month		Year-to-Date	
	2019	2018	2019	2018
<b>Electric System</b>				
Senior debt service coverage, (annual minimum 1.20x)	5.29 x	5.20 x	5.35 x	6.76 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	2.30 x	1.82 x	2.30 x	2.36 x
<b>Bulk Power Supply System</b>				
Debt service coverage, (annual minimum 1.15x)	1.76 x	7.27 x	2.26 x	3.23 x
<b>St. Johns River Power Park, Second Resolution</b>				
Debt service coverage, (semi-annual minimum 1.15x)	1.16 x	1.21 x	1.17 x	1.20 x
<b>Water and Sewer System</b>				
Senior debt service coverage, (annual minimum 1.25x)	3.54 x	3.60 x	3.26 x	3.22 x
Senior and subordinated debt service coverage excluding capacity fees <sup>(1)</sup>	2.71 x	2.79 x	2.50 x	2.49 x
Senior and subordinated debt service coverage including capacity fees <sup>(1)</sup>	2.97 x	3.02 x	2.74 x	2.70 x
<b>District Energy System</b>				
Debt service coverage, (annual minimum 1.15x)	1.19 x	1.10 x	1.30 x	1.32 x

<sup>(1)</sup> Annual minimum coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

	Month March			Year-to-Date March		
	2019	2018	Variance	2019	2018	Variance
<b>Electric revenues sales (000s omitted):</b>						
Residential	\$ 42,554	\$ 41,316	3.00%	\$ 274,127	\$ 285,484	-3.98%
Commercial	30,764	30,127	2.11%	179,326	182,061	-1.50%
Industrial	16,411	15,750	4.20%	93,448	96,184	-2.84%
Public street lighting	1,089	1,066	2.16%	6,531	6,414	1.82%
Sales for resale - territorial	-	-		-	3,775	-100.00%
Electric revenues - territorial	90,818	88,259	2.90%	553,432	573,918	-3.57%
Sales for resale - off system	99	112	-11.61%	2,371	887	167.31%
Electric revenues	90,917	88,371	2.88%	555,803	574,805	-3.31%
Rate stabilization & recovery	5,235	1,675	-212.54%	33,395	50,967	34.48%
Allowance for doubtful accounts	(115)	(91)	26.37%	(654)	(382)	71.20%
<b>Net electric revenues</b>	<b>96,037</b>	<b>89,955</b>	<b>6.76%</b>	<b>588,544</b>	<b>625,390</b>	<b>-5.89%</b>
<b>MWh sales</b>						
Residential	366,048	355,805	2.88%	2,381,049	2,488,118	-4.30%
Commercial	313,422	311,383	0.65%	1,823,396	1,856,096	-1.76%
Industrial	226,832	217,475	4.30%	1,284,850	1,304,795	-1.53%
Public street lighting	4,592	4,785	-4.03%	28,948	29,755	-2.71%
Sales for resale - territorial	-	-		-	38,640	-100.00%
Total MWh sales - territorial	910,894	889,448	2.41%	5,518,243	5,717,404	-3.48%
Sales for resale - off system	1,514	1,962	-22.83%	60,646	17,844	239.87%
Total MWh sales	912,408	891,410	2.36%	5,578,889	5,735,248	-2.73%
<b>Number of accounts (1)</b>						
Residential	418,637	409,748	2.17%	416,499	408,120	2.05%
Commercial	52,987	52,342	1.23%	52,818	52,212	1.16%
Industrial	195	196	-0.51%	196	198	-1.01%
Public street lighting	3,847	3,760	2.31%	3,828	3,758	1.86%
Sales for resale - territorial	-	-		-	1	-100.00%
<b>Total average accounts</b>	<b>475,666</b>	<b>466,046</b>	<b>2.06%</b>	<b>473,341</b>	<b>464,289</b>	<b>1.95%</b>
<b>Residential averages</b>						
Revenue per account - \$	101.65	100.83	0.81%	658.17	699.51	-5.91%
kWh per account	874	868	0.69%	5,717	6,097	-6.23%
Revenue per kWh - ¢	11.63	11.61	0.17%	11.51	11.47	0.35%
<b>Degree days</b>						
Heating degree days	130	202	(72)	933	1,068	(135)
Cooling degree days	58	40	18	584	590	(6)
<b>Total degree days</b>	<b>188</b>	<b>242</b>	<b>(54)</b>	<b>1,517</b>	<b>1,658</b>	<b>(141)</b>
Degree days - 30 year average	210		1,651			

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

	Month			Year-to-Date		
	2019	2018	Variance	2019	2018	Variance
<b>Water</b>						
<i>Revenues (000s omitted):</i>						
Residential	\$ 8,086	\$ 7,880	2.61%	\$ 45,765	\$ 44,937	1.84%
Commercial and industrial	4,169	3,907	6.71%	23,488	23,425	0.27%
Irrigation	2,443	2,972	-17.80%	14,327	15,164	-5.52%
Total water revenues	14,698	14,759	-0.41%	83,580	83,526	0.06%
Less: rate stabilization	(390)	(269)	44.98%	(936)	(1,982)	-52.77%
Less: allowance for doubtful accounts	(23)	(20)	15.00%	(94)	(116)	-18.97%
Net water revenues	\$ 14,285	\$ 14,470	-1.28%	\$ 82,550	\$ 81,428	1.38%
<i>Kgal sales (000s omitted)</i>						
Residential	1,440,908	1,516,391	-4.98%	8,101,801	8,175,877	-0.91%
Commercial and industrial	1,203,356	1,153,925	4.28%	6,759,953	6,848,406	-1.29%
Irrigation	369,702	520,503	-28.97%	2,179,747	2,421,567	-9.99%
Total kgal sales	3,013,966	3,190,819	-5.54%	17,041,501	17,445,850	-2.32%
<i>Number of accounts (1):</i>						
Residential	292,110	285,007	2.49%	290,651	283,572	2.50%
Commercial and industrial	25,992	25,680	1.21%	25,887	25,620	1.04%
Irrigation	37,118	37,033	0.23%	37,102	36,974	0.35%
Total average accounts	355,220	347,720	2.16%	353,640	346,166	2.16%
<i>Residential averages:</i>						
Revenue per account - \$	27.68	27.65	0.11%	157.46	158.47	-0.64%
Kgals per account	4.93	5.32	-7.33%	27.87	28.83	-3.33%
Revenue per kgals - \$	5.61	5.20	7.88%	5.65	5.50	2.73%
<b>Sewer</b>						
<i>Revenues (000s omitted):</i>						
Residential	\$ 12,244	\$ 11,965	2.33%	\$ 69,382	\$ 68,149	1.81%
Commercial and industrial	9,397	8,805	6.72%	54,641	54,113	0.98%
Total sewer revenues	21,641	20,770	4.19%	124,023	122,262	1.44%
Less: rate stabilization	(608)	(402)	51.24%	(1,469)	(3,048)	-51.80%
Less: allowance for doubtful accounts	(32)	(30)	6.67%	(140)	(173)	-19.08%
Net sewer revenues	21,001	20,338	3.26%	122,414	119,041	2.83%
<i>Kgal sales (000s omitted)</i>						
Residential	1,239,456	1,280,439	-3.20%	7,101,509	7,054,064	0.67%
Commercial and industrial	1,006,041	944,545	6.51%	5,890,956	5,866,708	0.41%
Total kgal sales	2,245,497	2,224,984	0.92%	12,992,465	12,920,772	0.55%
<i>Number of accounts (1):</i>						
Residential	258,986	252,163	2.71%	257,562	250,775	2.71%
Commercial and industrial	18,533	18,325	1.14%	18,455	18,299	0.85%
Total average accounts	277,519	270,488	2.60%	276,017	269,074	2.58%
<i>Residential averages:</i>						
Revenue per account - \$	47.28	47.45	-0.36%	269.38	271.75	-0.87%
kgals per account	4.79	5.08	-5.71%	27.57	28.13	-1.99%
Revenue per kgals - \$	9.88	9.34	5.78%	9.77	9.66	1.14%
<b>Reuse</b>						
<i>Revenues (000s omitted):</i>						
Reuse revenues	\$ 1,230	\$ 1,253	-1.84%	\$ 7,071	\$ 6,240	13.32%
<i>Kgal sales (000s omitted)</i>						
Reuse sales (kgals)	252,014	286,318	-11.98%	1,451,809	1,444,461	0.51%
<i>Number of accounts (1):</i>						
Reuse accounts	14,174	11,360	24.77%	13,558	10,903	24.35%
<b>Rainfall</b>						
	Diff in inches			Diff in inches		
Normal	3.95	3.95		19.28	19.28	
Actual	2.04	2.14	(0.10)	19.71	16.55	3.16
Rain Days	10	8	2	57	43	14

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

# Appendix

**Schedule of Cash and Investments**  
(in thousands - unaudited) March 2019

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 62,224	\$ 48,805	\$ 111,029	\$ 39,115	\$ 1,483	\$ 151,627
Rate stabilization:						
Fuel	44,208	-	44,208	-	-	44,208
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	44,138	-	44,138	15,319	-	59,457
Purchased Power	47,564	-	47,564	-	-	47,564
DSM/Conservation	4,197	-	4,197	-	-	4,197
Total rate stabilization funds	169,991	-	169,991	29,528	2,737	202,256
Customer deposits	44,543	-	44,543	15,958	-	60,501
General reserve	-	19,213	19,213	-	-	19,213
Self insurance reserve funds:						
Self funded health plan	10,221	-	10,221	-	-	10,221
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,221	-	20,221	-	-	20,221
Environmental liability reserve	16,808	-	16,808	-	-	16,808
Total unrestricted cash and investments	\$ 313,787	\$ 68,018	\$ 381,805	\$ 84,601	\$ 4,220	\$ 470,626
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 65,955	\$ 48,931	\$ 114,886	\$ 38,856	\$ 873	\$ 154,615
Debt service reserve account	65,433	11,444	76,877	63,442	-	140,319
Debt service funds	92,658	12,619	105,277	53,663	1,511	160,451
Environmental funds	-	-	-	533	-	533
Construction funds	201	-	201	29,781	-	29,982
Subtotal	224,247	72,994	297,241	186,275	2,384	485,900
Unrealized holding gain (loss) on investments	2,086	98	2,184	2,490	-	4,674
Other funds	-	27,355	27,355	-	-	27,355
Total restricted cash and investments	\$ 226,333	\$ 100,447	\$ 326,780	\$ 188,765	\$ 2,384	\$ 517,929

## JEA

**Schedule of Cash and Investments**  
(in thousands) September 2018

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 86,294	\$ 49,416	\$ 135,710	\$ 43,480	\$ 799	\$ 179,989
Rate stabilization:						
Fuel	74,376	-	74,376	-	-	74,376
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	42,163	-	42,163	12,914	-	55,077
Purchased Power	53,493	-	53,493	-	-	53,493
DSM/Conservation	3,470	-	3,470	-	-	3,470
Total rate stabilization funds	203,386	-	203,386	27,123	2,737	233,246
Customer deposits	44,242	-	44,242	15,616	-	59,858
General reserve	-	18,466	18,466	-	-	18,466
Self insurance reserve funds:						
Self funded health plan	8,139	-	8,139	-	-	8,139
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	18,139	-	18,139	-	-	18,139
Environmental liability reserve	16,818	-	16,818	-	-	16,818
Total unrestricted cash and investments	\$ 368,879	\$ 67,882	\$ 436,761	\$ 86,219	\$ 3,536	\$ 526,516
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 189,922	\$ 52,610	\$ 242,532	\$ 141,415	\$ 1,078	\$ 385,025
Debt service reserve account	65,433	11,307	76,740	102,850	-	179,590
Debt service funds	167,483	7,446	174,929	81,242	2,340	258,511
Construction funds	203	-	203	284	-	487
Environmental funds	-	-	-	1,159	-	1,159
Subtotal	423,041	71,363	494,404	326,950	3,418	824,772
Unrealized holding gain (loss) on investments	(3,302)	66	(3,236)	(1,347)	-	(4,583)
Other funds	-	26,014	26,014	-	-	26,014
Total restricted cash and investments	\$ 419,739	\$ 97,443	\$ 517,182	\$ 325,603	\$ 3,418	\$ 846,203

**JEA**  
**INVESTMENT PORTFOLIO REPORT**  
**March 2019**  
**(unaudited)**  
**All Funds**

<u>INVESTMENT</u>	<u>BOOK VALUE</u>	<u>YIELD</u>	<u>% OF TOTAL</u>
* Treasuries	<u>\$ 102,367,706</u>	<u>2.33%</u>	<u>10.41%</u>
<u>Agencies</u>			
Federal Farm Credit Bank	40,037,165	1.66%	4.07%
Federal Home Loan Bank	<u>224,765,892</u>	<u>2.29%</u>	<u>22.85%</u>
Total	<u>264,803,057</u>	<u>2.19%</u>	<u>26.92%</u>
Municipal Bonds	<u>201,136,793</u>	<u>2.72%</u>	<u>20.45%</u>
Commercial Paper	<u>71,730,777</u>	<u>2.70%</u>	<u>7.29%</u>
U.S. Treasury Money Market Funds (1)	<u>50,088,573</u>	<u>2.33%</u>	<u>5.09%</u>
Agency Money Market Funds (2)	<u>47,725,000</u>	<u>2.37%</u>	<u>4.85%</u>
FEITF Money Market Fund	<u>7,500,000</u>	<u>2.56%</u>	<u>0.76%</u>
Florida Prime Fund	<u>157,596,000</u>	<u>2.64%</u>	<u>16.02%</u>
Wells Fargo Bank Accounts (3)			
Electric, Scherer	<u>42,272,035</u>	<u>2.28%</u>	<u>4.30%</u>
SJRPP	<u>8,121,551</u>	<u>2.28%</u>	<u>0.83%</u>
Water & Sewer, DES	<u>30,385,488</u>	<u>2.28%</u>	<u>3.09%</u>
Total Portfolio	<u>\$ 983,726,981</u>	<u>2.46%</u>	<u>100.00%</u>

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

Weighted Avg. Annual Yield for March 2019, Excluding Bank & Money Market Funds: 2.44%

Weighted Avg. Annual Yield for March 2019, Including Bank & Money Market Funds: 2.46%

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

- (1) Fidelity Treasury Fund
- (2) State Street Government Fund
- (3) Month-end bank balances

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Electric System - Fixed Rate Bonds</b>				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 D - BABs	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2019	5,070,000	5,070,000
Series Three 2010 C	4.500%	2031	1,290,000	-
Series Three 2010 D	4.250 - 5.000%	2020-2038	1,205,000	-
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2027-2033	16,210,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	725,000
Series Three 2013A	3.000 - 5.000%	2019-2026	49,050,000	8,990,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.600 - 5.000%	2019-2030	10,555,000	1,700,000
Series Three 2014A	3.500 - 5.000%	2019-2034	9,350,000	1,285,000
Series Three 2015A	3.000 - 5.000%	2019-2041	59,005,000	155,000
Series Three 2015B	3.375 - 5.000%	2019-2031	17,225,000	6,945,000
Series Three 2017A	5.000%	2019	18,670,000	18,670,000
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095,000	-
<b>Total Fixed Rate Senior Bonds</b>			<b>559,155,000</b>	<b>43,540,000</b>
2009 Series F - BABs	4.900 - 6.406%	2019-2034	62,155,000	1,550,000
2009 Series G	4.000 - 5.000%	2019	14,665,000	14,665,000
2010 Series B	4.000 - 5.000%	2019-2020	3,115,000	960,000
2010 Series D - BABs	4.150 - 5.582%	2019-2027	42,050,000	2,705,000
2012 Series A	3.250 - 5.000%	2019-2033	55,515,000	2,655,000
2012 Series B	3.250 - 5.000%	2019-2037	50,030,000	2,215,000
2013 Series A	3.000 - 5.000%	2019-2030	37,330,000	2,780,000
2013 Series B	3.000 - 5.000%	2019-2026	17,165,000	2,870,000
2013 Series C	1.375 - 5.000%	2019-2038	74,750,000	885,000
2013 Series D	4.375 - 5.250%	2019-2035	50,115,000	20,830,000
2014 Series A	4.000 - 5.000%	2019-2039	94,265,000	14,635,000
2017 Series A	3.000%	2019	1,290,000	1,290,000
2017 Series B	3.375 - 5.000%	2019-2034	171,700,000	1,055,000
<b>Total Fixed Rate Subordinated Bonds</b>			<b>674,145,000</b>	<b>69,095,000</b>
<b>Total Fixed Rate Electric System Bonds/4.551%</b>			<b>1,233,300,000</b>	<b>112,635,000</b>
<b>Electric System - Variable Rate Bonds</b>				
	Current Interest Rates (1)			
Series Three 2008 A - Weekly	1.690%	2027-2036	51,680,000	-
Series Three 2008 B-1 - Weekly	2.116%	2019-2040	59,620,000	425,000
Series Three 2008 B-2 - Weekly	1.690%	2025-2040	41,900,000	-
Series Three 2008 B-3 - Weekly	1.690%	2024-2036	37,000,000	-
Series Three 2008 B-4 - Weekly	2.116%	2019-2036	49,010,000	425,000
Series Three 2008 C-1 - Weekly	1.704%	2024-2034	44,145,000	-
Series Three 2008 C-2 - Weekly	1.704%	2024-2034	43,900,000	-
Series Three 2008 C-3 - Flex	1.877%	2030-2038	25,000,000	-
Series Three 2008 D-1 - Weekly	2.116%	2019-2036	106,275,000	2,745,000
<b>Total Variable Rate Senior Bonds</b>			<b>458,530,000</b>	<b>3,595,000</b>
Series 2000 A - Flex	1.848%	2021-2035	30,965,000	-
Series 2000 F-1 - Flex	1.850%	2026-2030	37,200,000	-
Series 2000 F-2 - Flex	1.881%	2026-2030	24,800,000	-
Series 2008 D - Daily	1.600%	2024-2038	39,455,000	-
<b>Total Variable Rate Subordinated Bonds</b>			<b>132,420,000</b>	-
<b>Total Variable Rate Bonds</b>			<b>590,950,000</b>	<b>3,595,000</b>
<b>Total Electric System Bonds</b>			<b>1,824,250,000</b>	<b>116,230,000</b>
<b>St. Johns River Power Park - Fixed Rate Bonds</b>				
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4 - BABs	4.700 - 5.450%	2019-2028	20,690,000	1,775,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	5,680,000
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	4,120,000
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	2,205,000
<b>Total Fixed Rate St. Johns River Power Park Bonds/4.014%</b>			<b>278,885,000</b>	<b>13,780,000</b>
<b>Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds</b>				
Series 2010A - BABs	4.800 - 5.920%	2019-2030	34,355,000	2,140,000
Series 2014A	2.000 - 4.125%	2019-2038	60,655,000	4,010,000
<b>Total Fixed Rate Bulk Power Supply System Bonds/4.324%</b>			<b>95,010,000</b>	<b>6,150,000</b>
<b>Weighted Average Cost(2) / Total Outstanding Debt</b>		3.423%	<b>\$ 2,198,145,000</b>	<b>\$ 136,160,000</b>

(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 excludes variable debt liquidity/remarketing fees and interest rate swap payments.

• Debt Ratio - Electric Enterprise Func	Current YTD 67.5%	Prior YTD 71.1%	Year End Target 63.9%
• Remaining New Money Authorization	\$ 465,160,992	Electric System	Power Park Issue Three
• Remaining Senior Refunding Authorizator	\$ 1,022,837,381		103,865,000
• Remaining Subordinated Refunding Authorizator	\$ 634,898,000		250,810,000
			n/a

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Fixed Rate Bonds</b>				
2009 Series B	3.7500%	2019	\$ 8,915,000	\$ 8,915,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	5.200 - 5.700%	2019-2025	12,110,000	1,730,000
2010 Series D	4.000 - 5.000%	2019-2039	24,125,000	5,015,000
2010 Series E	4.000 - 5.000%	2023-2039	8,570,000	-
2010 Series F - BABs	3.900 - 5.887%	2019-2040	42,095,000	2,395,000
2012 Series A	3.000 - 5.000%	2019-2041	153,175,000	1,070,000
2012 Series B	2.250 - 5.000%	2019-2037	73,270,000	1,280,000
2013 Series A	4.500 - 5.000%	2019-2027	17,575,000	12,580,000
2014 Series A	2.000 - 5.000%	2019-2040	212,960,000	5,625,000
2017 Series A	3.125 - 5.000%	2022-2041	360,775,000	-
<b>Total Fixed Rate Senior Bonds</b>			<b>996,685,000</b>	<b>38,610,000</b>
2010 Series A	5.000%	2019	2,790,000	2,790,000
2010 Series B	4.000 - 5.000%	2023-2025	2,060,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2019-2029	25,210,000	5,365,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
<b>Total Fixed Rate Subordinated Bonds</b>			<b>118,685,000</b>	<b>8,155,000</b>
<b>Total Fixed Rate Bonds/4.528%</b>			<b>1,115,370,000</b>	<b>46,765,000</b>
<b>Variable Rate Bonds</b>		Current Interest Rates (1)		
2006 Series B - CPI Bonds	3.931% (2)	2019-2022	24,850,000	5,740,000
2008 Series A-2 - Weekly	1.633%	2028-2042	51,820,000	-
2008 Series B - Weekly	1.696%	2023-2041	85,290,000	-
<b>Total Variable Rate Senior Bonds</b>			<b>161,960,000</b>	<b>5,740,000</b>
2008 Series A-1 - Daily	1.420%	2019-2038	48,850,000	2,200,000
2008 Series A-2 - Weekly	1.633%	2030-2038	25,600,000	-
2008 Series B-1 - Weekly	1.668%	2030-2036	30,885,000	-
<b>Total Variable Rate Subordinated Bonds</b>			<b>105,335,000</b>	<b>2,200,000</b>
<b>Total Variable Rate Bonds</b>			<b>267,295,000</b>	<b>7,940,000</b>
<b>Other Obligations</b>				
Revolving Credit Agreement	3.644%	2021	5,000,000	-
<b>Total Other Obligations</b>			<b>5,000,000</b>	<b>-</b>
<b>Weighted Average Cost(3) / Total Outstanding Debt</b>			<b>3.595%</b>	<b>\$ 1,387,665,000 \$ 54,705,000</b>

(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 excludes variable debt liquidity/restructuring fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	46.6%	51.6%	44.0%
• Remaining New Money Authorization	\$ 218,078,023		
• Remaining Refunding Authorization	\$ 794,813,942		

JEA  
District Energy System  
Principal Amount of Debt Outstanding and Average Interest Rates  
March 2019  
(unaudited)

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Fixed Rate Bonds</b>				
2013 Series A/4.184%	2.065 - 4.538%	2019-2034	\$ 34,825,000	\$ 1,690,000
<b>Weighted Average Cost(1) / Total Outstanding Debt</b>			<b>4.188%</b>	<b>\$ 34,825,000 \$ 1,690,000</b>

(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  
Interest Rate Swap Position Report  
March 2019  
(unaudited)**

**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	1.693	2.024	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.616	2.734	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,200,000	-	3.661	1.693	1.968	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.693	2.023	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	24,850,000	4.039	3.931	0.108	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.616	2.291	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.616	2.279	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.616	2.220	n/a	SIFMA
Total				<u>\$ 406,410,000</u>	<u>\$ 110,140,000</u>	Wtd Avg Spread		2.130		

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

	Month			Year-to-Date						
	2019	March	2018	Variance	2019	March	2018	Variance		
<b>Generated power:</b>										
<b>Steam:</b>										
<i>Fuel oil</i>										
Fuel expense	\$	187,721	\$	51,420	265.07%	\$	324,124	\$	4,331,122	-92.52%
Barrels #6 oil consumed		1,733		475	264.84%		2,947		40,030	-92.64%
\$/ per barrel consumed	\$	108.32	\$	108.25	0.06%	\$	109.98	\$	108.20	1.65%
kWh oil generated (1)		-		-			1,092,734		23,686,188	-95.39%
Cost per MWh - oil	\$	-	\$	-		\$	296.62	\$	182.85	62.22%
<i>Natural gas units #1-3</i>										
Gas expense - variable	\$	7,001,591	\$	5,926,444	18.14%	\$	28,871,754	\$	18,731,658	54.13%
MMBTU's consumed		2,373,117		1,853,448	28.04%		8,138,524		5,648,106	44.09%
\$/ per MMBTU consumed	\$	2.95	\$	3.20	-7.73%	\$	3.55	\$	3.32	6.97%
kWh - gas generated (1)		223,820,448		172,554,904	29.71%		751,333,149		518,361,218	44.94%
Cost per MWh - gas	\$	31.28	\$	34.35	-8.92%	\$	38.43	\$	36.14	6.34%
Cost per MWh - gas & oil - steam	\$	32.12	\$	34.64	-7.28%	\$	38.80	\$	42.55	-8.80%
<i>Coal</i>										
Coal expense	\$	2,043,792	\$	1,838,507	11.17%	\$	13,255,042	\$	12,997,575	1.98%
kWh generated		57,236,968		59,514,999	-3.83%		324,491,395		380,365,621	-14.69%
Cost per MWh - coal	\$	35.71	\$	30.89	15.59%	\$	40.85	\$	34.17	19.54%
<i>Pet coke and limestone</i>										
Expense	\$	3,061,501	\$	3,213,701	-4.74%	\$	21,310,218	\$	25,581,779	-16.70%
kWh generated		85,531,834		80,056,729	6.84%		581,555,854		686,293,235	-15.26%
Cost per MWh - pet coke and limestone	\$	35.79	\$	40.14	-10.83%	\$	36.64	\$	37.28	-1.70%
Cost per MWh - coal & petcoke - steam	\$	35.76	\$	36.20	-1.21%	\$	38.15	\$	36.17	5.48%
<b>Combustion turbine:</b>										
<i>Fuel oil</i>										
Fuel expense	\$	83,932	\$	172,299	-51.29%	\$	921,367	\$	3,040,135	-69.69%
Barrels #2 oil consumed		465		1,551	-70.02%		6,876		33,258	-79.33%
\$/ per barrel consumed	\$	180.50	\$	111.09	62.48%	\$	134.00	\$	91.41	46.59%
kWh - oil generated		97,915		584,833	-83.26%		2,400,300		13,397,320	-82.08%
Cost per MWh - oil	\$	857.19	\$	294.61	190.96%	\$	383.85	\$	226.92	69.16%
<i>Natural gas (includes landfill)</i>										
Gas expense Kennedy & landfill - variable	\$	354,318	\$	40,318	778.81%	\$	1,994,683	\$	1,186,545	68.11%
MMBTU's consumed		122,328		10,516	1063.26%		531,342		350,019	51.80%
\$/ per MMBTU consumed	\$	2.90	\$	3.83	-24.45%	\$	3.75	\$	3.39	10.74%
kWh - gas generated (1)		11,081,764		503,634	2100.36%		44,748,387		28,381,938	57.67%
Cost per MWh - gas	\$	31.97	\$	80.05	-60.06%	\$	44.58	\$	41.81	6.62%
Gas expense BB simple - variable	\$	16,287	\$	42,615	-61.78%	\$	2,125,263	\$	1,145,438	85.54%
MMBTU's consumed		11,276		15,679	-28.08%		573,063		346,246	65.51%
\$/ per MMBTU consumed	\$	1.44	\$	2.72	-46.86%	\$	3.71	\$	3.31	12.10%
kWh - gas generated (1)		697,664		1,031,900	-32.39%		50,053,067		28,643,976	74.74%
Cost per MWh - gas simple	\$	23.35	\$	41.30	-43.47%	\$	42.46	\$	39.99	6.18%
Gas expense BB combined - variable	\$	(586,111)	\$	6,595,729	-108.89%	\$	43,653,141	\$	44,366,913	-1.61%
MMBTU's consumed		108,252		2,380,506	-95.45%		11,950,110		14,184,903	-15.75%
\$/ per MMBTU consumed	\$	(5.41)	\$	2.77	-295.41%	\$	3.65	\$	3.13	16.79%
kWh - gas generated (1)		16,928,485		335,024,943	-94.95%		1,746,619,536		2,015,317,930	-13.33%
Cost per MWh - gas combined	\$	(34.62)	\$	19.69	-275.86%	\$	24.99	\$	22.01	13.53%
Gas expense GEC simple - variable	\$	293,344	\$	225,038	30.35%	\$	3,439,907	\$	5,667,182	-39.30%
MMBTU's consumed		93,801		56,903	64.84%		1,117,553		1,095,198	2.04%
\$/ per MMBTU consumed	\$	3.13	\$	3.95	-20.92%	\$	3.08	\$	5.17	-40.52%
kWh - gas generated		8,363,881		4,842,307	72.73%		98,022,893		96,887,193	1.17%
Cost per MWh - gas simple	\$	35.07	\$	46.47	-24.53%	\$	35.09	\$	58.49	-40.00%
Cost per MWh - gas & oil ct	\$	4.35	\$	20.69	-78.97%	\$	26.85	\$	25.39	5.76%
Natural gas expense - fixed	\$	4,337,248	\$	3,058,561	41.81%	\$	20,532,140	\$	19,415,301	5.75%
<b>Total generated power:</b>										
Fuels expense	\$	16,793,623	\$	21,164,632	-20.65%	\$	136,427,639	\$	136,463,648	-0.03%
kWh generated		403,758,959		654,114,249	-38.27%		3,600,317,315		3,791,334,619	-5.04%
Cost per MWh	\$	41.59	\$	32.36	28.55%	\$	37.89	\$	35.99	5.28%

(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**

Fuel oil #6	\$	187,721	\$	51,420		\$	324,124	\$	4,331,122
Natural gas units #1-3 with landfill - variable		7,001,591		5,926,444			28,871,754		18,731,658
Coal		2,043,792		1,838,507			13,255,042		12,997,575
Petcoke		3,061,501		3,213,701			21,310,218		25,581,779
Fuel oil #2		83,932		172,299			921,367		3,040,135
Natural gas - simple cycle (BB & GEC) - variable		663,949		307,971			7,559,853		7,999,165
Natural gas - combined (BB) - variable		(586,111)		6,595,729			43,653,141		44,366,913
Natural gas - fixed		4,337,248		3,058,561			20,532,140		19,415,301
<b>Total</b>	<b>\$</b>	<b>16,793,623</b>	<b>\$</b>	<b>21,164,632</b>		<b>\$</b>	<b>136,427,639</b>	<b>\$</b>	<b>136,463,648</b>

	Month March			Year-to-Date March		
	2019	2018	Variance	2019	2018	Variance
<b>Production Statistics (Continued)</b>						
<b>Purchased power:</b>						
<i>Plant Scherer</i>						
Purchases	\$ 5,684,106	\$ 6,877,294	-17.35%	\$ 32,340,551	\$ 33,074,906	-2.22%
kWh purchased	144,103,000	24,382,000	491.02%	724,731,000	577,688,000	25.45%
Cost per MWh	\$ 39.44	\$ 282.06	-86.02%	\$ 44.62	\$ 57.25	-22.06%
<i>TEA &amp; other</i>						
Purchases	\$ 13,336,206	\$ 7,180,210	85.74%	\$ 62,462,879	\$ 50,594,557	23.46%
kWh purchased	360,127,779	225,474,865	59.72%	1,472,974,878	1,035,274,972	42.28%
Cost per MWh	\$ 37.03	\$ 31.84	16.29%	\$ 42.41	\$ 48.87	-13.23%
<i>SJRPP</i>						
Purchases	\$ 2,422,532	\$ 2,319,293	4.45%	\$ 14,328,008	\$ 47,670,397	-69.94%
kWh purchased	-	-		-	539,759,000	-100.00%
Cost per MWh				\$ 88.32		
<b>Total purchased power:</b>						
Purchases	\$ 21,442,844	\$ 16,376,797	30.93%	\$ 109,131,438	\$ 131,339,860	-16.91%
kWh purchased	504,230,779	249,856,865	101.81%	2,197,705,878	2,152,721,972	2.09%
Cost per MWh	\$ 42.53	\$ 65.54	-35.12%	\$ 49.66	\$ 61.01	-18.61%
Subtotal - generated and purchased power:	\$ 38,236,467	\$ 37,541,429	1.85%	\$ 245,559,077	\$ 267,803,508	-8.31%
Fuel interchange sales	(46,359)	(64,122)	-27.70%	(2,068,418)	(588,558)	251.44%
Earnings of The Energy Authority	12,979	141,195	-90.81%	(745,435)	(2,545,310)	-70.71%
Realized and Unrealized (Gains) Losses	761,820	(10,920)	-7076.37%	(3,876,380)	1,952,860	-298.50%
Fuel procurement and handling	927,053	1,182,675	-21.61%	6,373,586	5,341,056	19.33%
By product reuse	596,658	1,222,157	-51.18%	3,463,319	6,661,684	-48.01%
Total generated and net purchased power:						
Cost, net	40,488,618	40,012,414	1.19%	248,705,749	278,625,240	-10.74%
kWh generated and purchased	907,989,738	903,971,114	0.44%	5,798,023,193	5,944,056,591	-2.46%
Cost per MWh	\$ 44.59	\$ 44.26	0.74%	\$ 42.89	\$ 46.87	-8.49%
<b>Reconciliation:</b>						
Generated and purchased power per above	\$ 40,488,618	\$ 44.59		\$ 248,705,749	\$ 42.89	
<i>SJRPP operating expenses:</i>						
SJRPP O & M	(264,813)	(0.29)		(2,314,318)	(0.40)	
SJRPP debt service	(1,902,089)	(2.09)		(10,479,914)	(1.81)	
SJRPP R & R	(255,629)	(0.28)		(1,533,776)	(0.26)	
<i>SCHERER operating expenses:</i>						
Scherer power production	(538,066)	(0.59)		(3,401,986)	(0.59)	
Scherer R & R	(535,270)	(0.59)		(5,872,695)	(1.01)	
Scherer transmission	(503,815)	(0.55)		(2,928,318)	(0.51)	
Scherer taxes	(105,624)	(0.12)		(656,904)	(0.11)	
Florida and other capacity	(1,330,764)	(1.47)		(7,934,382)	(1.37)	
MEAG	(1,016,124)	(1.12)		(5,929,285)	(1.02)	
Rounding	(1)	(0.00)		(1)	(0.00)	
Energy expense per budget page	\$ 34,036,423	\$ 37.49		\$ 207,654,170	\$ 35.81	

Electric System	Month				Prior Year Month		
	Budget vs. Actual	BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	March 2019 and 2018 (unaudited)	2018-19	2018-19	2018-19	%	2017-18	%
<b>Fuel Related Revenues &amp; Expenses</b>							
Fuel Rate Revenues	\$ 422,782,362	\$ 30,994,814	\$ 29,346,920	-5.32%	\$ 28,619,649	2.54%	
Fuel Expense and Purchased Power:							
Fuel Expense - Energy System	327,822,632	25,219,477	19,079,155		23,558,544		
Fuel Expense - SJRPP	1,554,666	-	-		207,345		
Other Purchased Power	108,921,904	10,084,414	14,957,268		5,731,197		
Subtotal Energy Expense	438,299,202	35,303,891	34,036,423	3.59%	29,497,086	-15.39%	
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(4,361,925)	(4,737,751)		(910,535)		
Fuel Related Uncollectibles	634,173	52,848	48,248		33,098		
<b>Total</b>	<b>422,782,362</b>	<b>30,994,814</b>	<b>29,346,920</b>	<b>5.32%</b>	<b>28,619,649</b>	<b>-2.54%</b>	
Fuel Balance	-	-	-		-		
<b>Nonfuel Related Revenues</b>							
Base Rate Revenues	812,153,353	59,540,190	56,896,059		55,012,210		
Conservation Charge Revenue	1,000,000	73,312	16,676		19,180		
Environmental Charge Revenue	8,039,817	589,411	558,720		545,690		
Investment Income	11,600,594	966,716	1,371,145		1,407,585		
Natural Gas Revenue Pass Through	2,464,374	205,365	60,048		54,051		
Other Revenues	136,958,120	2,355,274	2,139,149		1,917,155		
<b>Total</b>	<b>972,216,258</b>	<b>63,730,268</b>	<b>61,041,797</b>	<b>-4.22%</b>	<b>58,955,871</b>	<b>3.54%</b>	
<b>Nonfuel Related Expenses</b>							
Non-Fuel O&M	221,286,372	16,348,655	18,441,332		16,729,098		
DSM / Conservation O&M	8,126,797	669,931	465,027		732,226		
Environmental O&M	3,071,529	161,292	14,963		29,670		
Rate Stabilization - DSM	(536,783)	(44,732)	(23,972)		(282,159)		
Rate Stabilization - Environmental	4,968,288	490,789	543,758		516,021		
Natural Gas Expense Pass Through	2,418,255	200,718	60,308		53,938		
Debt Principal - Energy System	116,230,000	9,685,833	9,685,833		10,433,929		
Debt Interest - Energy System	87,438,843	7,286,570	7,336,851		7,792,737		
Bond Buy-Back - Energy System	108,694,829	-	-		-		
R&R - Energy System	64,447,700	5,370,642	5,370,642		5,467,400		
Operating Capital Outlay	183,115,980	-	-		-		
City Contribution Expense	92,952,147	7,746,012	7,746,012		7,622,650		
Taxes & Uncollectibles	1,437,599	119,800	110,940		81,118		
Emergency Reserve	5,000,000	-	-		-		
<i>Nonfuel Purchased Power:</i>							
* SJRPP D/S Principal	13,780,000	1,148,333	1,148,333		143,333		
* SJRPP D/S Interest	11,127,870	927,323	898,688		903,151		
** Other Non-Fuel Purchased Power	48,656,831	4,054,736	4,179,491		9,243,525		
<b>Total Nonfuel Expenses</b>	<b>972,216,258</b>	<b>54,165,902</b>	<b>55,978,206</b>	<b>-3.35%</b>	<b>59,466,637</b>	<b>5.87%</b>	
Non-Fuel Balance	-	9,564,366	5,063,591		(510,766)		
<b>Total Balance</b>	<b>-</b>	<b>9,564,366</b>	<b>5,063,591</b>		<b>(510,766)</b>		
<b>Total Revenues</b>	<b>1,394,998,620</b>	<b>94,725,082</b>	<b>90,388,717</b>	<b>-4.58%</b>	<b>87,575,520</b>	<b>3.21%</b>	
<b>Total Expenses</b>	<b>1,394,998,620</b>	<b>85,160,716</b>	<b>85,325,126</b>	<b>-0.19%</b>	<b>88,086,286</b>	<b>3.13%</b>	
<b>KWH Sold - Territorial</b>	<b>13,180,028,000</b>	<b>966,247,811</b>	<b>910,893,960</b>	<b>-5.73%</b>	<b>889,447,835</b>	<b>2.41%</b>	
<b>KWH Sold - Off System</b>	<b>-</b>	<b>-</b>	<b>1,514,000</b>		<b>1,962,000</b>		
	<b>13,180,028,000</b>	<b>966,247,811</b>	<b>912,407,960</b>	<b>-5.57%</b>	<b>891,409,835</b>	<b>2.36%</b>	

\* Gross debt service

\*\* Includes transmission capacity, SJRPP and Scherer R &amp; R, O &amp; M and Investment Income.

Electric System Budget vs. Actual March 2019 and 2018 (unaudited)	Year-to-Date				Prior Year-to-Date	
	ANNUAL BUDGET 2018-19	BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
<b>Fuel Related Revenues &amp; Expenses</b>						
Fuel Rate Revenues	\$ 422,782,362	\$ 192,523,696	\$ 177,720,371	-7.69%	\$ 184,060,628	-3.44%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	150,486,952	142,388,164		150,419,247	
Fuel Expense - SJRPP	1,554,666	1,554,666	-		30,347,851	
Other Purchased Power	108,921,904	53,150,571	65,266,006		52,111,053	
Subtotal Energy Expense	438,299,202	205,192,189	207,654,170	-1.20%	232,878,151	10.83%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(12,985,580)	(30,168,662)		(48,954,276)	
Fuel Related Uncollectibles	634,173	317,087	234,863		136,753	
Total	422,782,362	192,523,696	177,720,371	7.69%	184,060,628	3.44%
Fuel Balance	-	-	-		-	
<b>Nonfuel Related Revenues</b>						
Base Rate Revenues	812,153,353	369,832,757	343,978,103		357,449,729	
Conservation Charge Revenue	1,000,000	455,373	243,199		436,596	
Environmental Charge Revenue	8,039,817	3,661,116	3,379,284		3,503,282	
Investment Income	11,600,594	5,800,297	7,127,781		4,792,581	
Natural Gas Revenue Pass Through	2,464,374	1,232,187	364,769		283,571	
Other Revenues	136,958,120	122,826,475	121,703,026		12,835,761	
Total	972,216,258	503,808,205	476,796,162	-5.36%	379,301,520	25.70%
<b>Nonfuel Related Expenses</b>						
Non-Fuel O&M	221,286,372	116,172,288	108,486,952		94,854,056	
DSM / Conservation O&M	8,126,797	4,063,398	2,377,352		2,883,831	
Environmental O&M	3,071,529	1,767,750	1,403,367		248,420	
Rate Stabilization - DSM	(536,783)	(268,391)	727,340		463,150	
Rate Stabilization - Environmental	4,968,288	2,032,503	1,975,917		3,254,862	
Natural Gas Expense Pass Through	2,418,255	1,209,127	413,954		341,413	
Debt Principal - Energy System	116,230,000	58,115,000	58,115,000		62,376,429	
Debt Interest - Energy System	87,438,843	43,719,421	42,640,833		44,904,802	
Bond Buy-Back - Energy System	108,694,829	108,694,829	108,694,829		-	
R&R - Energy System	64,447,700	32,223,850	32,223,850		32,804,400	
Operating Capital Outlay	183,115,980	35,000,000	35,000,000		52,000,000	
City Contribution Expense	92,952,147	46,476,074	46,476,074		45,735,897	
Taxes & Uncollectibles	1,437,599	718,799	560,114		373,448	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	6,890,000	6,890,000		6,952,969	
* SJRPP D/S Interest	11,127,870	5,563,935	5,392,126		6,363,703	
** Other Non-Fuel Purchased Power	48,656,831	24,328,416	27,582,818		31,337,575	
Total Nonfuel Expenses	972,216,258	486,706,999	478,960,526	1.59%	384,894,954	-24.44%
Non-Fuel Balance	-	17,101,206	(2,164,364)		(5,593,434)	
<b>Total Balance</b>	-	17,101,206	(2,164,364)		(5,593,434)	
<b>Total Revenues</b>	<b>1,394,998,620</b>	<b>696,331,901</b>	<b>654,516,533</b>	<b>-6.01%</b>	<b>563,362,148</b>	<b>16.18%</b>
<b>Total Expenses</b>	<b>1,394,998,620</b>	<b>679,230,695</b>	<b>656,680,897</b>	<b>3.32%</b>	<b>568,955,582</b>	<b>-15.42%</b>
<b>KWH Sold - Territorial</b>	<b>13,180,028,000</b>	<b>6,001,829,883</b>	<b>5,518,242,725</b>	<b>-8.06%</b>	<b>5,717,403,094</b>	<b>-3.48%</b>
<b>KWH Sold - Off System</b>	<b>-</b>	<b>-</b>	<b>60,646,000</b>	<b>-7.05%</b>	<b>17,844,000</b>	<b>-2.73%</b>
	<b>13,180,028,000</b>	<b>6,001,829,883</b>	<b>5,578,888,725</b>		<b>5,735,247,094</b>	

\* Gross debt service

\*\* Includes transmission capacity, SJRPP and Scherer R &amp; R, O &amp; M and Investment Income.

## Water and Sewer System

Budget vs. Actual March 2019 and 2018 (unaudited)	ANNUAL BUDGET 2018-19	Month			Prior Year Month	
		BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 457,315,688	\$ 37,396,608	\$ 36,726,813		\$ 35,900,323	
Capacity & Extension Fees	24,500,000	2,110,824	2,343,615		2,134,013	
Investment Income	6,318,534	526,544	741,423		797,771	
Other Income	139,432,982	2,705,848	3,111,342		13,157,528	
<b>Total</b>	<b>627,567,204</b>	<b>42,739,824</b>	<b>42,923,193</b>	<b>0.43%</b>	<b>51,989,635</b>	<b>-17.44%</b>
<b>EXPENSES</b>						
O & M Expenses	161,824,556	13,097,334	12,650,590		10,746,575	
Debt Principal - Water & Sewer	54,705,000	4,558,750	4,558,750		4,310,000	
Debt Interest - Water & Sewer	65,430,545	5,452,545	5,166,914		5,672,944	
Bond Buy-Back - Water & Sewer	99,188,560	-	-		-	
Rate Stabilization - Environmental	-	-	998,356		670,719	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	141,031,641	12,823,398	12,823,398		23,289,430	
Operating Capital Outlay - Capacity/Extension	24,500,000	2,041,666	2,343,615		2,134,013	
Operating Capital Outlay - Contributions	-	-	-		-	
Operating Capital Outlay - Environmental	15,431,798	1,283,056	1,887		612,922	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	53,441		49,900	
Interlocal Agreements	15,521,392	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
<b>Total Expenses</b>	<b>627,567,204</b>	<b>43,334,558</b>	<b>42,617,596</b>	<b>1.65%</b>	<b>51,621,654</b>	<b>17.44%</b>
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ (594,734)</b>	<b>\$ 305,597</b>		<b>\$ 367,981</b>	
<b>Sales kgals</b>						
<b>Water</b>	42,000,000	3,388,163	3,013,966	-11.04%	3,190,819	-5.54%
<b>Sewer</b>	34,650,000	2,832,357	2,497,511	-11.82%	2,511,302	-0.55%
<b>Total</b>	<b>76,650,000</b>	<b>6,220,520</b>	<b>5,511,477</b>	<b>-11.40%</b>	<b>5,702,121</b>	<b>-3.34%</b>

Budget vs. Actual March 2019 and 2018 (unaudited)	ANNUAL BUDGET 2018-19	Year-To-Date			Prior Year to Date	
		BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 457,315,688	\$ 217,610,046	\$ 209,512,353		\$ 206,879,435	
Capacity & Extension Fees	24,500,000	10,784,675	13,412,029		11,657,478	
Capital Contributions	-	-	29,759		14,879	
Investment Income	6,318,534	3,159,267	4,205,561		3,206,322	
Other Income	139,432,982	115,837,426	118,483,751		18,740,106	
<b>Total</b>	<b>627,567,204</b>	<b>347,391,414</b>	<b>345,643,453</b>	<b>-0.50%</b>	<b>240,498,220</b>	<b>43.72%</b>
<b>EXPENSES</b>						
O & M Expenses	161,824,556	79,885,394	75,737,244		69,132,286	
Debt Principal - Water & Sewer	54,705,000	27,352,500	27,352,500		25,860,000	
Debt Interest - Water & Sewer	65,430,545	32,715,273	31,575,968		33,000,951	
Bond Buy-Back - Water & Sewer	99,188,560	99,188,560	99,188,560		-	
Rate Stabilization - Environmental	-	-	2,404,883		5,029,521	
R&R - Water & Sewer	23,552,350	11,776,175	11,776,175		12,236,900	
Operating Capital Outlay	141,031,641	57,569,361	50,332,584		66,352,440	
Operating Capital Outlay - Capacity/Extension	24,500,000	12,250,001	13,412,029		11,657,478	
Operating Capital Outlay - Contributions	-	-	29,759		14,879	
Operating Capital Outlay - Environmental	15,431,798	7,698,335	3,716,825		2,005,238	
City Contribution Expense	24,695,388	12,347,694	12,347,694		12,574,010	
Uncollectibles & Fees	685,974	342,987	233,712		288,900	
Interlocal Agreements	15,521,392	15,521,392	15,521,392		346,727	
Emergency Reserve	1,000,000	-	-		-	
<b>Total Expenses</b>	<b>627,567,204</b>	<b>356,647,672</b>	<b>343,629,325</b>	<b>3.65%</b>	<b>238,499,330</b>	<b>-44.08%</b>
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ (9,256,258)</b>	<b>\$ 2,014,128</b>		<b>\$ 1,998,890</b>	
<b>Sales kgals</b>						
<b>Water</b>	42,000,000	19,360,697	17,041,501	-11.98%	17,445,850	-2.32%
<b>Sewer</b>	34,650,000	16,245,300	14,444,274	-11.09%	14,365,233	0.55%
<b>Total</b>	<b>76,650,000</b>	<b>35,605,997</b>	<b>31,485,775</b>	<b>-11.57%</b>	<b>31,811,083</b>	<b>-1.02%</b>

## District Energy System

Budget vs. Actual March 2019 and 2018 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2018-19	BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
<b>REVENUES</b>						
Revenues	\$ 9,256,655	\$ 613,925	\$ 588,986		\$ 602,780	
Investment Income	-	-	12,993		7,203	
Total	9,256,655	613,925	601,979	-1.95%	609,983	-1.31%
<b>EXPENSES</b>						
O & M Expenses	5,127,648	350,569	300,917		349,354	
Debt Principal - DES	1,690,000	140,833	140,833		138,333	
Debt Interest - DES	1,330,449	110,871	110,871		113,257	
R&R - DES	442,950	36,913	36,913		36,404	
Operating Capital Outlay	665,608	-	-		-	
Total Expenses	9,256,655	639,186	589,534	7.77%	637,348	7.50%
<b>Total Balance</b>	\$ -	\$ (25,261)	\$ 12,445		\$ (27,365)	

Budget vs. Actual March 2019 and 2018 (unaudited)	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2018-19	BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
<b>REVENUES</b>						
Revenues	\$ 9,256,655	\$ 4,278,531	\$ 3,954,437		\$ 4,075,160	
Investment Income	-	-	72,994		39,010	
Total	9,256,655	4,278,531	4,027,431	-5.87%	4,114,170	-2.11%
<b>EXPENSES</b>						
O & M Expenses	5,127,648	2,237,260	2,058,470		2,123,960	
Debt Principal - DES	1,690,000	845,000	845,000		830,000	
Debt Interest - DES	1,330,449	665,225	665,224		679,542	
R&R - DES	442,950	221,475	221,475		218,425	
Operating Capital Outlay	665,608	-	-		-	
Total Expenses	9,256,655	3,968,960	3,790,169	4.50%	3,851,927	1.60%
<b>Total Balance</b>	\$ -	\$ 309,571	\$ 237,262		\$ 262,243	



**BOARD OF  
DIRECTORS MEETING  
OPERATIONS UPDATE**  
as of March 31, 2019

# Financial Update



# FY2019 Key Financial Metrics:

Our key financial metrics are being impacted by the implementation of the Strategic & Timely Asset Realignment (STAR) Plan

- ▶ The STAR Plan is being implemented in two phases
- ▶ Phase One is complete
  - \$195 million was defeased in February
  - \$100 million for Energy
  - \$95 million for Water/Wastewater
- ▶ Phase Two is set to be completed in August of 2019
- ▶ Despite what the decrease in our days liquidity and days cash metrics might indicate, the STAR plan will actually increase cash flow by an average of ~\$80 million annually through 2023



Energy System	Year-to-Date		FY2019 Full Year		Result
	FY2018	FY2019	Forecast	Target	
Debt Service Coverage	2.4x	2.3x	2.8x	≥ 2.2x	●
Days Liquidity	317	315	279	150 to 250 <sup>1</sup>	●
Days Cash on Hand	219	152	112		●
Debt to Asset %	71%	68%	64%	61% <sup>2</sup>	●

Water/Wastewater System	Year-to-Date		FY2019 Full Year		Result
	FY2018	FY2019	Forecast	Target	
Debt Service Coverage	2.7x	2.7x	2.9x	≥ 1.8x	●
Days Liquidity	590	360	295		●
Days Cash on Hand	496	212	145	150 to 250 <sup>4</sup>	●
Debt to Asset %	52%	47%	44%	49% <sup>3</sup>	●

<sup>1</sup> Moody's Aa benchmark: 150 to 250 **days liquidity**; per Moody's Rating Methodology: "U.S. Public Power Electric Utilities with Generation Ownership Exposure, Nov. 2017"

<sup>2</sup> Long-term target is 60.9%; per Moody's Sector In-Depth Report Public Power Medians: "Stability Continues Amid Low Energy Prices, Clean Energy Shift, Sep. 2018"

<sup>3</sup> Long-term target is 49%; calculated peer group per "Moody's 214 Aa rated public water-sewer utilities, Dec. 2016"

<sup>4</sup> Moody's Aa benchmark: 150 to 250 **days cash**; per Moody's Rating Methodology: "U.S. Municipal Utility Revenue Debt, Oct. 2017"

# FY2019 Combined Debt Outstanding:

## Energy System (ES, BPSS, SJRPP):

- ▶ Debt outstanding: \$2,198
  - \$133 decrease due to October 1st principal payments
  - \$100 decrease due to Feb 2019 defeasance
- ▶ Total variable rate debt: \$591

## Water/Wastewater System:

- ▶ Debt outstanding: \$1,388
  - \$49 decrease due to October 1st principal payments
  - \$95 decrease due to Feb 2019 defeasance
- ▶ Total variable rate debt: \$272

## Interest Rates:

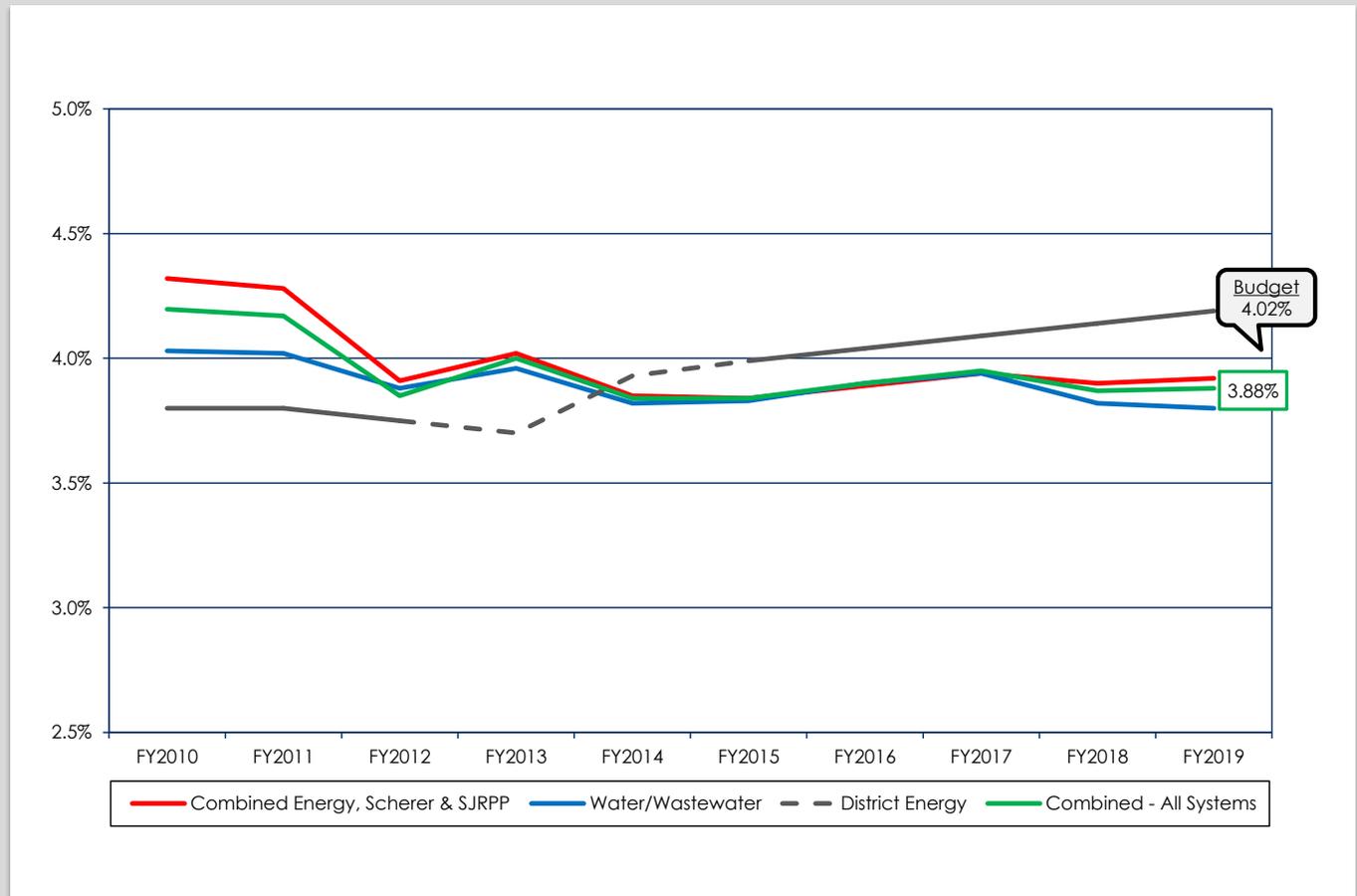
- ▶ Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2018	Principal Mar 2019	Change	Mar 2019 Weighted Average Interest Rates
<b>Energy System (ES)</b>				
Fixed rate bonds	\$1,455	\$1,233	\$(222)	4.00%
Hedged variable rate bonds	407	406	(1)	4.42%
Unhedged variable rate bonds	187	185	(2)	2.34%
Revolving credit agreement	--	--	--	--
<i>Total</i>	\$2,049	\$1,824	\$(225)	3.93%
<b>Bulk Power Supply System (BPSS)</b>				
Fixed rate bonds	\$101	\$95	(6)	3.78%
<i>Total</i>	\$101	\$95	(6)	3.78%
<b>SJRPP</b>				
Fixed rate bonds	\$281	\$279	\$(2)	3.91%
Revolving credit agreement	--	--	--	--
<i>Total</i>	\$281	\$279	\$(2)	3.91%
<b>Combined ES, BPSS and SJRPP</b>	<b>\$2,431</b>	<b>\$2,198</b>	<b>\$(233)</b>	<b>3.92%</b>
<b>Water/Wastewater System</b>				
Fixed rate bonds	\$1,254	\$1,116	\$(138)	3.99%
Hedged variable rate bonds	116	110	(6)	4.28%
Unhedged variable rate bonds	159	157	(2)	2.06%
Revolving credit agreement	3	5	2	3.64%
<i>Total</i>	\$1,532	\$1,388	\$(144)	3.80%
<b>District Energy System</b>				
Fixed rate bonds	\$36	\$35	\$(1)	4.19%
<i>Total</i>	\$36	\$35	\$(1)	4.19%
<b>Total JEA Debt</b>	<b>\$3,999</b>	<b>\$3,621</b>	<b>\$(378)</b>	<b>3.88%</b>

# FY2019 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 FY2010 – FY2013 DES was funded with variable rate debt at an average of 1 percent



# FY2019 Variable Debt Risk Analysis:

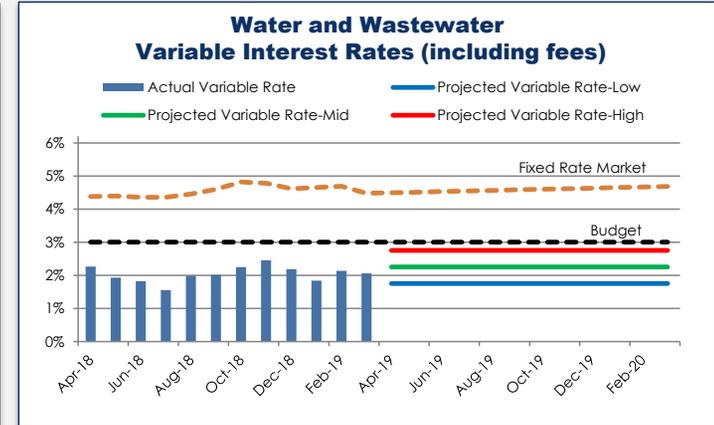
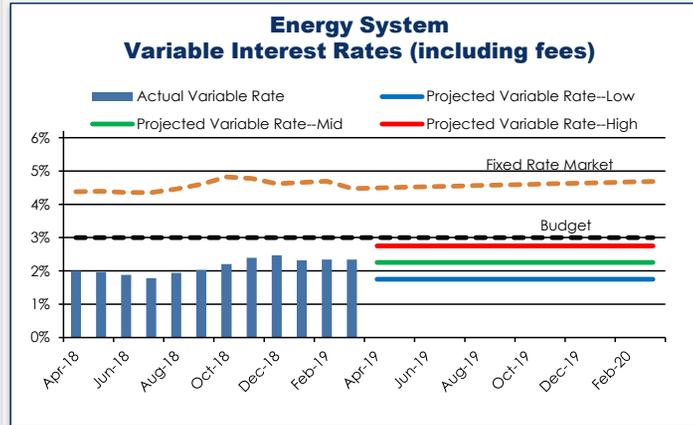
## Variable debt as a percentage of total debt:

- ▶ Unhedged variable at 8% for Energy and 12% for Water/Wastewater
- ▶ Hedged variable at 18% for Energy and 8% for Water/Wastewater

## Other Items Of Interest:

- ▶ Liquidity facilities / direct purchase bonds are with highly rated providers
- ▶ Wells Fargo renewed in Dec 2018
- ▶ Next liquidity renewal in May 2020
- ▶ Variable rate reserve to mitigate risk of higher rates – \$44 million

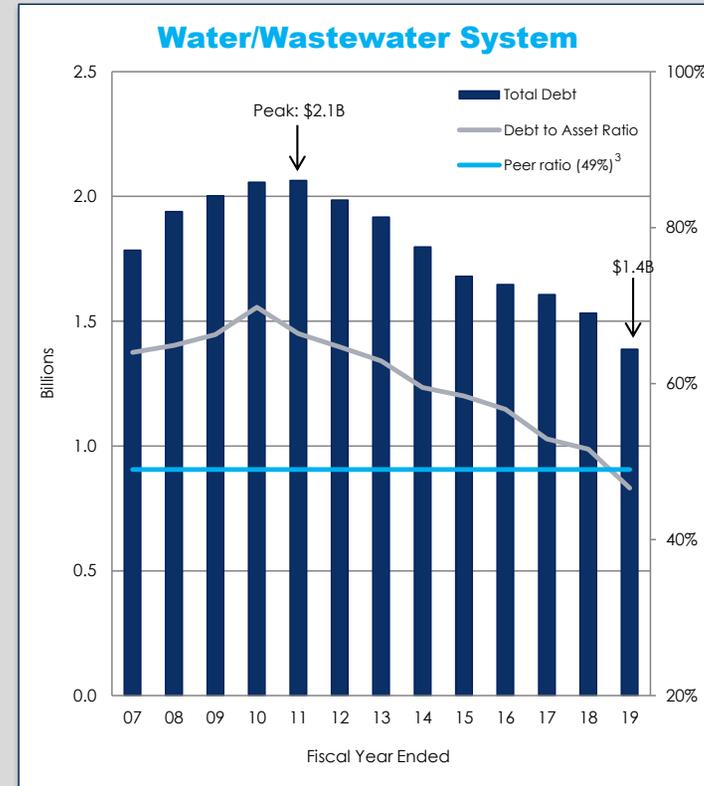
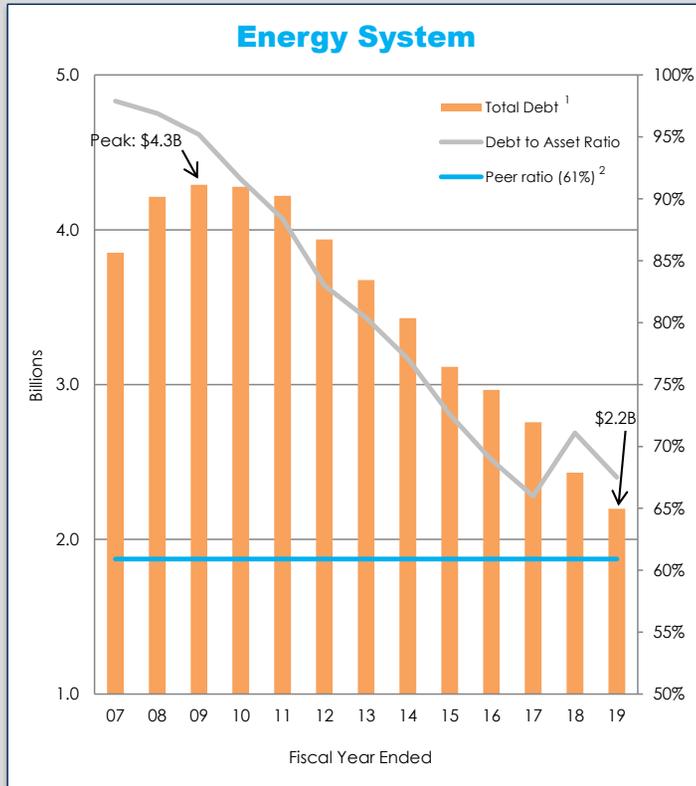
**Total variable rate debt of \$863MM with \$516MM swapped to fixed rate**



Liquidity Facilities and Direct Purchase Bonds (DPBs)			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/A+/AA-	\$215	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	199	24
Royal Bank of Canada	A2/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA-	144	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total Variable Rate Debt		\$834	

Swap Providers			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$171	33
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	124	24
Merrill Lynch	A3/A-/A+	85	17
Total Swapped to Fixed Rate		\$516	

# Debt & Debt To Asset Ratios



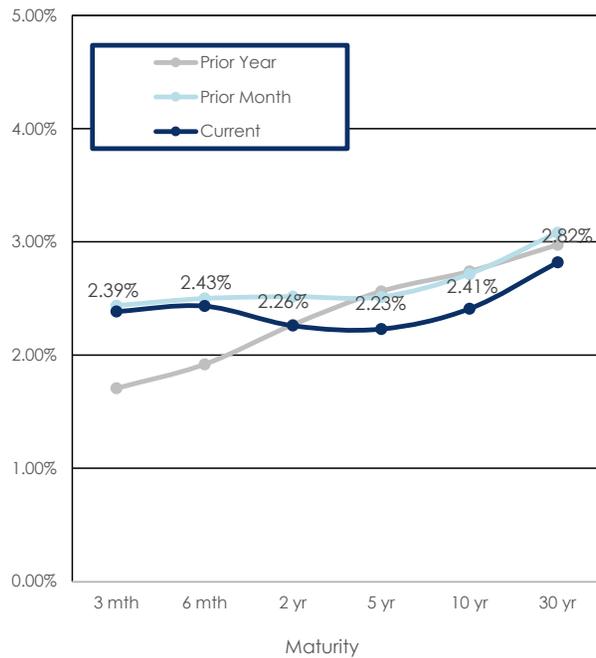
<sup>1</sup> Includes JEA, Scherer and SJRPP

<sup>2</sup> Per Moody's Sector In-Depth Report "Public Power Medians: Stability Continues Amid Low Energy Prices, Clean Energy Shift", Sept. 2018

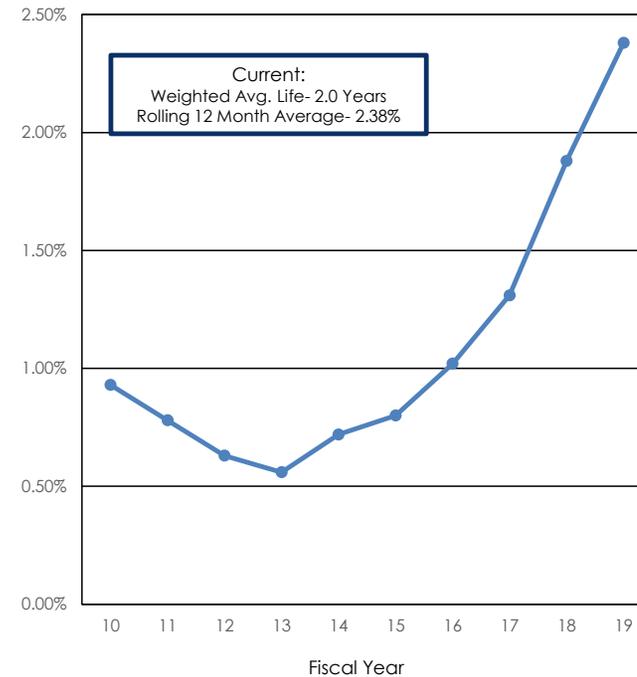
<sup>3</sup> As calculated from Moody's Municipal Financial Ratio Analysis database of 209 Aa rated public water-sewer utilities, Jan. 10, 2017

# Treasury Yield Curve and Investment Portfolio Return

## U. S. Treasury Yield Curve



## Investment Portfolio Return



# Energy System Update



# FY2019 Energy System Financial Results

## Forecasted Cost Metrics:

Debt Coverage: **2.8x**

Days Liquidity: **279 days**

Days Cash on Hand: **112 days**

Debt to Asset Ratio: **64%**

Total Debt: **\$2.14B**

Energy System	FY18 Actual	FY19 Budget	FY19 Forecast	FY19 vs FY18 (\$)	FY19 vs FY18 (%)
<b>Revenues</b>					
Fuel Revenue	\$398,293	\$402,650	\$390,937	(\$7,356)	(1.8%)
Base Revenue	772,155	782,136	761,769	(\$10,386)	(1.3%)
Other Revenue	37,174	42,328	41,665	\$4,490	(12.1%)
<b>Total Revenues</b>	\$1,207,623	\$1,227,114	\$1,194,371	(\$13,251)	(1.1%)
<b>Select Expenses</b>					
Fuel Expense	\$455,633	\$418,167	\$416,715	(\$38,918)	(8.5%)
Fuel Fund Transfers	(57,339)	(15,517)	(25,777)	\$31,562	
O & M Expense	207,551	233,767	232,293	\$24,741	(11.9%)
Non-fuel Purchased Power	140,575 <sup>3</sup>	73,565	94,213	(\$46,362)	(33.0%)
<b>Net Revenues</b>	\$449,544	\$507,272	\$464,758	\$15,213	3.4%
Capital Expenditures	\$174,320	\$334,588 <sup>1</sup>	\$301,206 <sup>2</sup>	\$126,886	(72.8%)
Debt Service	\$196,288	\$190,618	\$181,095	(\$15,193)	(7.7%)

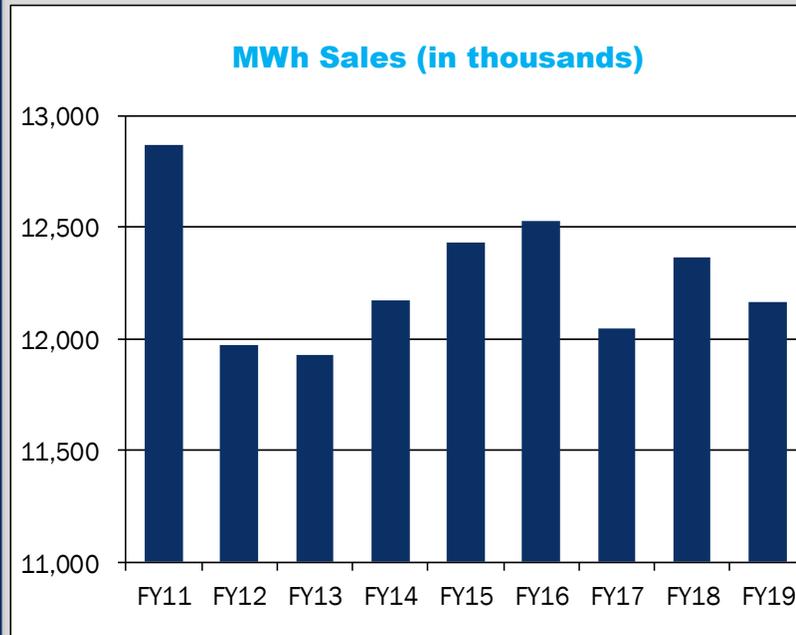
	Beginning Balance	Forecasted Surplus/(Deficit)	Forecasted Ending Balance	Forecasted Percent of Annual Fuel Expense
<b>Fuel Fund</b>	\$74.4	(\$25.8)	\$48.6	9.7%

<sup>1</sup> Council approved limit for capital expenditures in FY19 is \$335 million  
<sup>2</sup> Includes \$57 million for Brandy Branch upgrades and \$8 million for Solar Land purchase  
<sup>3</sup> Includes \$18 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

# FY2019 Energy System MWh Sales

## Unit Sales Drivers:

- FY2019 MWh decrease due to warmer weather, evidenced by a 9% decrease in Degree Days



YTD Degree Days		
30-yr. Avg.	FY19	FY18
1,651	1,517	1,658

YTD Customer Accounts		
FY19	FY18	%
473,341	464,289	1.95%

Month	FY19	FY18	%
Oct	1,018,615	1,065,925	(4.4%)
Nov	898,455	833,994	7.7%
Dec	939,381	989,619	(5.1%)
Jan	992,410	1,205,005	(17.6%)
Feb	758,488	733,718	3.4%
Mar	910,894	889,143	2.4%
<b>YTD</b>	<b>5,518,243</b>	<b>5,717,404</b>	<b>(3.5%)</b>
Apr		855,216	
May		1,050,255	
Jun		1,124,820	
Jul		1,170,996	
Aug		1,249,276	
Sep		1,196,374	
<b>Forecast/Total</b>	<b>12,165,179</b>	<b>12,364,341</b>	

Total System	(3.5%)
Residential	(4.3%)
Comm./ Industrial	(2.2%)
Interruptible	1.6%
Wholesale (FPU)	(100%)

## March 2019 Significant Occurrences or Concerns This Month:

- ▶ The JEA Fleet Forced Outage Rate is higher than target through Q2 due to extended unit recovery on NS Unit 2 as a result of excess ash build up
- ▶ CEMI-5 continues to be well below target in Q2, with only 521 customers experiencing more than 5 outages in the last 12 months
- ▶ ETR, Frequency, and Duration all performing better than goal

## Energy Monthly Operations Scorecard

Energy System	FY2018	FY2019 Goal	FY2019 YTD	Status
JEA Safety RIR	1.48	1.40	1.25	●
Sales Forecast (million MWh)	12.4	12.4	12.2	●
<b>T&amp;D Grid Performance Customer Outage</b>				
Frequency (outages/year)	1.4	1.8	1.15	●
Electric Outage Duration (minutes/year)	67	80	52.9	●
Transmission Line Faults (# per 100 miles)	2.2	2.5	1.8	●
CEMI5 (% cust. > 5 outages/year)	0.4	0.8	0.14	●
<b>Generating Plant Performance</b>				
Generation Fleet Reliability (forced outages rate)	2.1	2.0	4.51	●
Environmental Compliance (permit exceedances)	2	4	0	●

# FY2019 Energy System Reliability Metrics:

## Electric Service Reliability

- ▶ Outage frequency and duration have been reduced significantly over the last 9 years; running flat over last several years
- ▶ The typical JEA customer sees 1.2 outages per year and a total outage duration of about 53 minutes

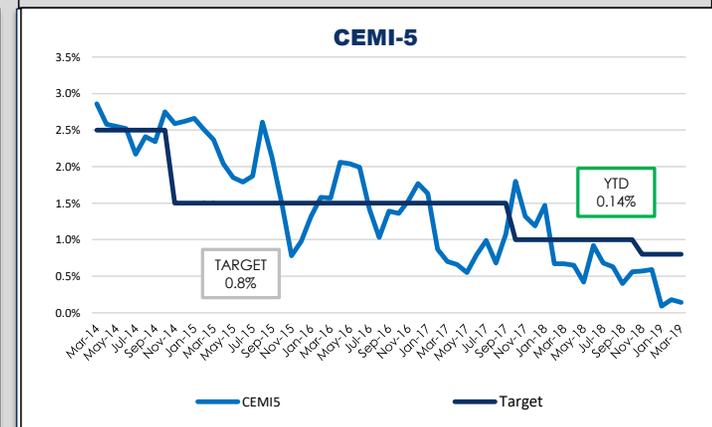
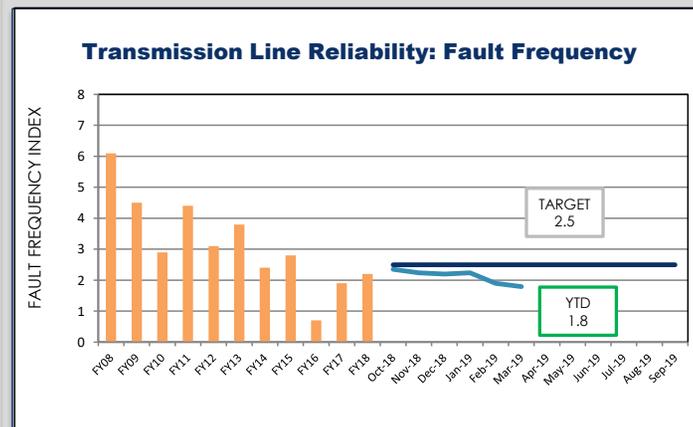
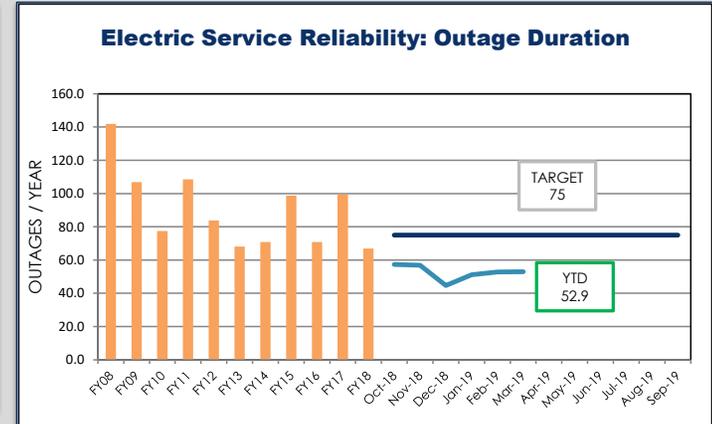
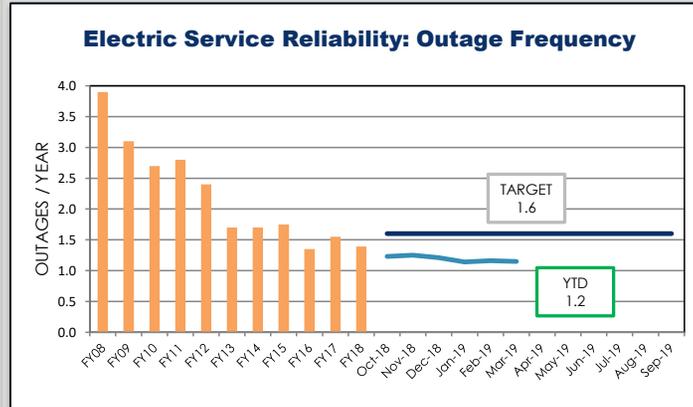
## Transmission Line Reliability

- ▶ Overall downward trend over the last eight years
- ▶ FY19 (1.8) is better than target

## CEMI-5

- ▶ Improvement trend over past three years for CEMI5. 521 (0.14%) of our customers have experienced more than 5 outages in the past 12 months

**JEA continues to show favorable trends over time across all other operational metrics**



T&D Grid Performance	Metric	FY2017	FY2018	FY2019 Target	FY2019 YTD
Customer Outage Frequency	# of Outages per Year	1.55	1.39	1.6	1.15
Electric Outage Duration	# of Minutes out per Year	99.5	66.9	75	52.9
Transmission Line Faults	# of Faults per 100 miles	1.9	2.2	2.5	1.8
CEMI <sub>5</sub>	% Customers > 5 outages per yr	1.07%	0.4%	0.8%	0.14%

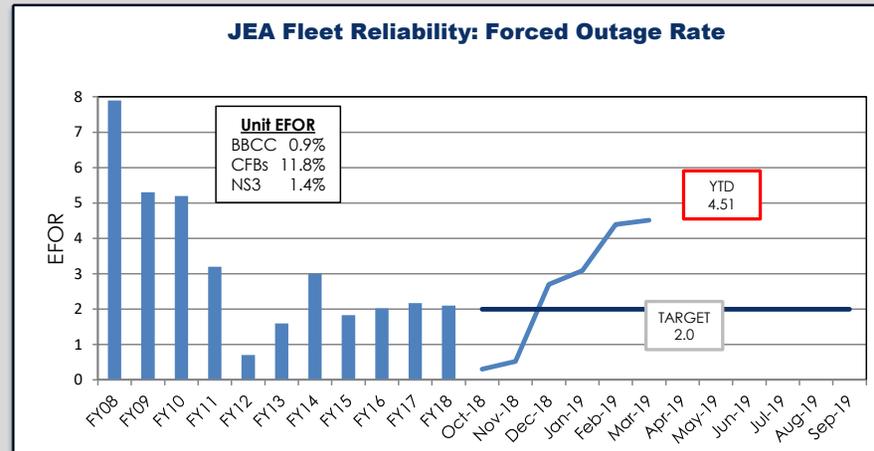
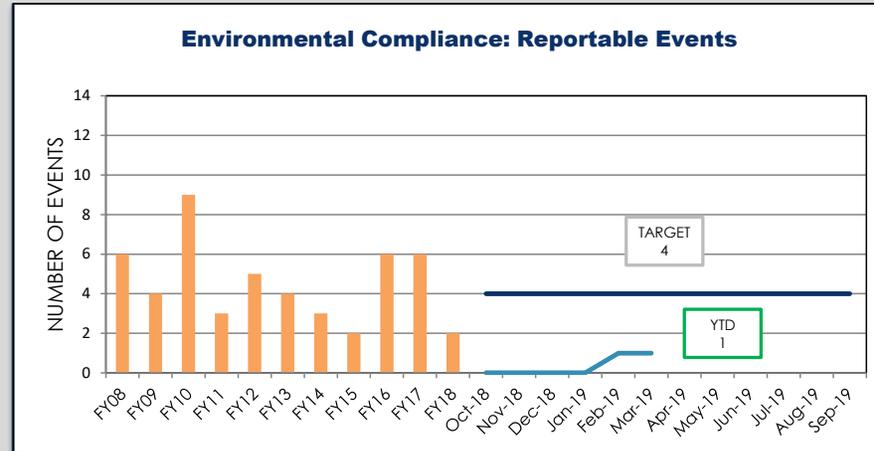
# FY2019 Energy System Reliability Metrics:

## Environmental Compliance

- ▶ We have experienced 1 reportable event thus far during FY2019
- ▶ JEA remains actively engaged in and preparing for all new and emerging environmental regulations

## Generating Fleet Reliability

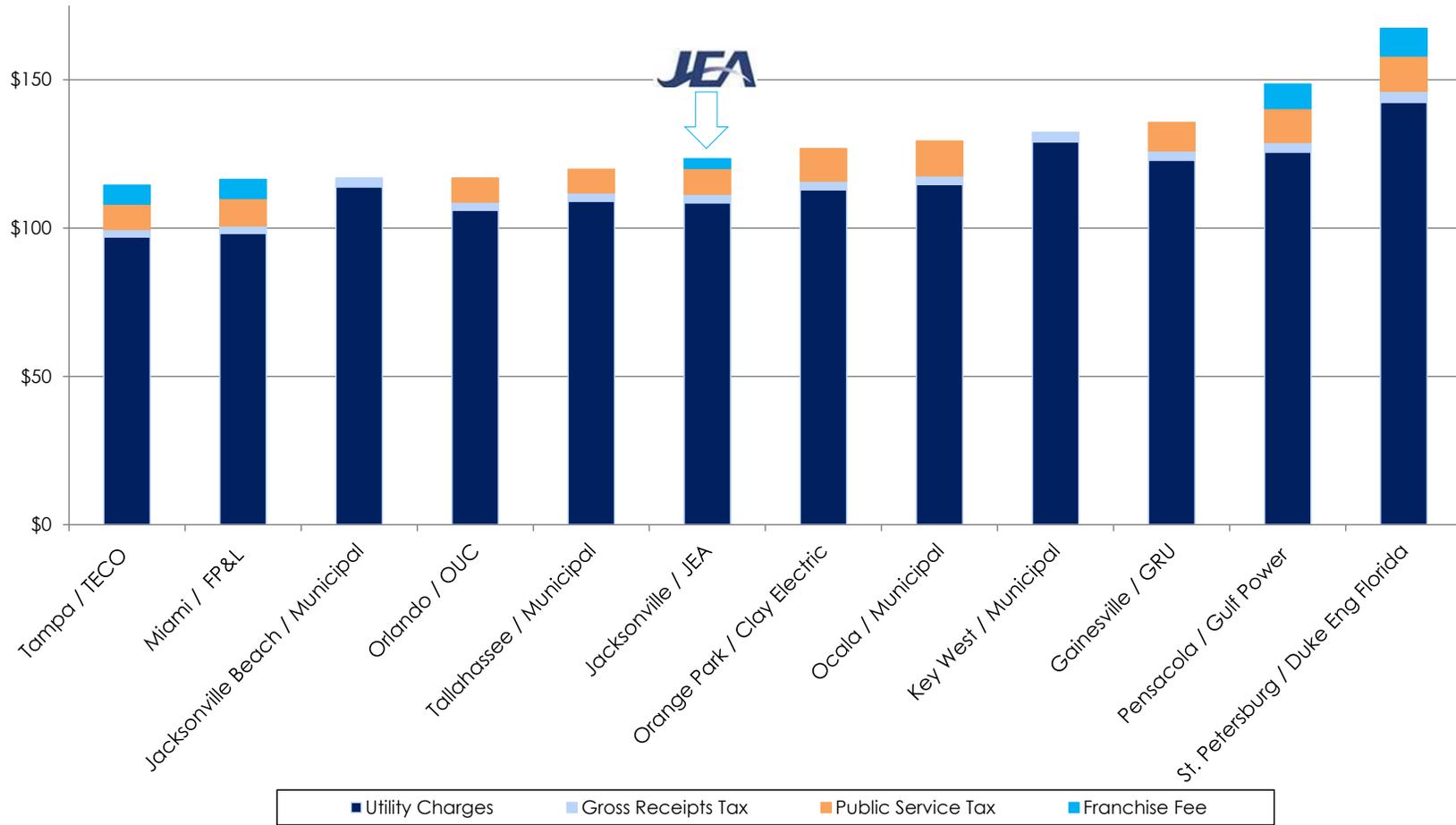
- ▶ The JEA Fleet Forced Outage Rate is higher than target through Q2 due to extended unit recovery on NS Unit 2 as a result of excess ash build up



Generating Plant Performance	Metric	FY2017	FY2018	FY2019 Target	FY2019 YTD
Generation Fleet Reliability	Forced Outages Rate	2.17	2.1	2.0	<b>4.51</b>
Environmental Compliance	Permit Exceedances	6	2	4	<b>1</b>

# Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)  
Residential Rates as of March 2019



# Water/Wastewater System Update



# FY2019

## Water/Wastewater System Financial Results & Cost Metrics

### Forecasted Cost Metrics:

Debt Coverage: 2.9x

Days Liquidity: 295 days

Days Cash on Hand: 145 days

Debt to Asset Ratio: 44%

Total Debt: \$1.34B

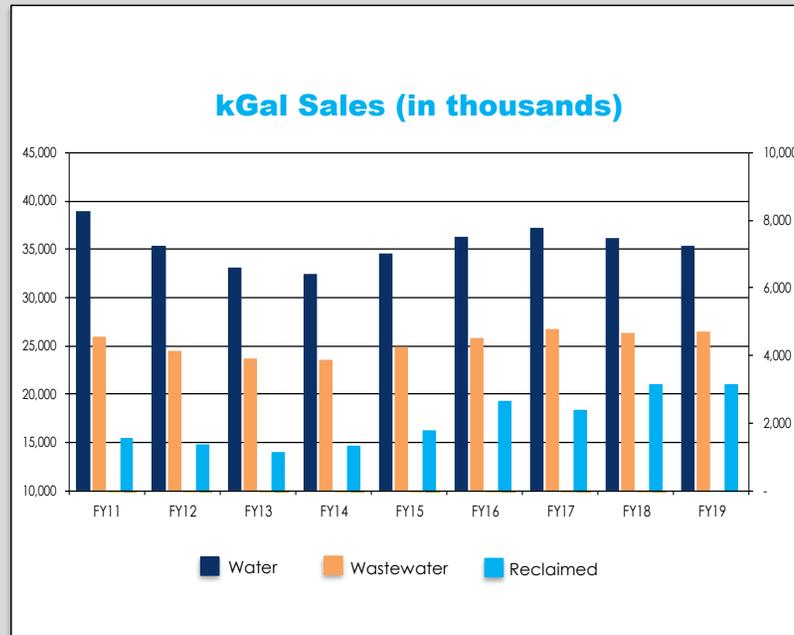
Water Wastewater System	FY18 Actual	FY19 Budget	FY19 Forecast	FY19 vs FY18 (\$)	FY19 vs FY18 (%)
<b>Revenues</b>					
Water & Sewer Revenues	\$421,937	\$444,081	\$425,082	\$3,145	0.7%
Other Revenue	70,902	71,063	\$77,109	\$6,207	8.8%
<b>Total Revenues</b>	\$492,839	\$515,144	\$502,191	\$9,352	1.9%
<b>Select Expenses</b>					
O&M Expense	\$147,334	\$161,825	\$159,431	\$12,097	8.2%
<b>Net Revenues</b>	\$362,470	\$352,654	\$342,010	(\$20,459)	(5.6%)
Capital Expenditures	\$199,314	\$248,461 <sup>1</sup>	\$224,996	\$25,682	12.9%
Debt Service	\$112,791	\$115,964	\$109,904	(\$2,887)	(2.6%)

<sup>1</sup> Council approved limit for capital expenditures in FY19 is \$248 million

# FY2019 Water/Wastewater System kgal Sales:

## Unit Sales Drivers:

- ▶ FY19 rain days up 14 days
- ▶ Reclaimed accounts for FY19 up 24.4% versus FY18



YTD Customer Accounts			
	FY19	FY18	%
Water	353,640	346,166	2.2%
Sewer	276,017	269,074	2.6%
Reclaimed	13,558	10,903	24.4%

YTD Rainfall			
	30-Yr. Avg.	FY19	FY18
Inches	19.3	21.1	16.5
Days	46.5	57.0	43.0

Month	FY19	FY18	%
Oct	3,212	2,992	7.4%
Nov	2,862	3,037	(5.8%)
Dec	2,792	2,883	(3.2%)
Jan	2,724	2,790	(2.4%)
Feb	2,436	2,553	(4.6%)
Mar	3,014	3,191	(5.5%)
<b>YTD</b>	<b>17,040</b>	<b>17,446</b>	<b>(2.3%)</b>
Apr		3,006	
May		3,270	
Jun		3,001	
Jul		3,133	
Aug		3,157	
Sep		3,174	
<b>Forecast/Total</b>	<b>35,351</b>	<b>36,187</b>	

Total System	(2.3%)
Residential	(0.9%)
Comm./ Industrial	(1.3%)
Irrigation	(10.0%)

## March 2019 Significant Occurrences or Concerns This Month:

- ▶ Zero (0) OSHA recordable safety incidents for JEA in the month of March
- ▶ Unplanned Water Main Outages: 390 customers experienced an outage in the month of March
- ▶ CUP: Average daily flow of 105 MGD was 24% below CY limit of 138 MGD; reclaimed usage at 15 MGD
- ▶ Nitrogen to River: 231 tons YTD; JEA has a limit of 683 tons per year and provides the COJ with 37 tons
- ▶ SSO's Impacting Waters of the US: 21 YTD, root cause analysis is performed on each SSO - exploring other options for inspections of system

## Water/Wastewater Monthly Operations Scorecard

Water/Wastewater System	FY2018	FY2019 Goal	FY2019 YTD	Status
JEA Safety RIR	2.0	1.40	1.25	●
Water Sales Forecast (kgal in 1000's)	36,187	37,615	35,351	●
Water Unplanned Outages (# cust.)	4.79%	2%	0.55%	●
CUP Compliance	Yes	Yes	Yes	●
Nitrogen to the River (tons)	550	616	231	●
Sanitary Sewer Overflows (SSO's per 100 miles of pipe)	0.63	0.58	0.41	●

# FY2019 Water/Wastewater System Customer Reliability:

## Unplanned Water Outages

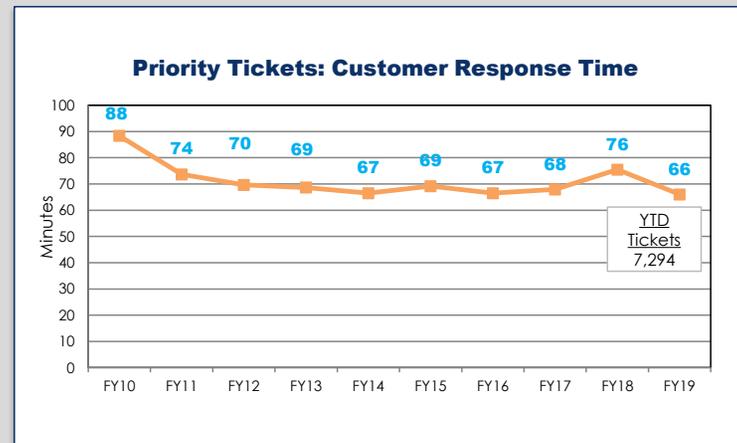
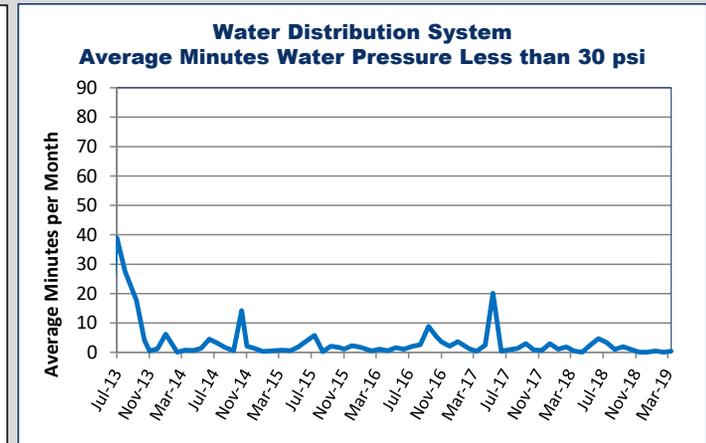
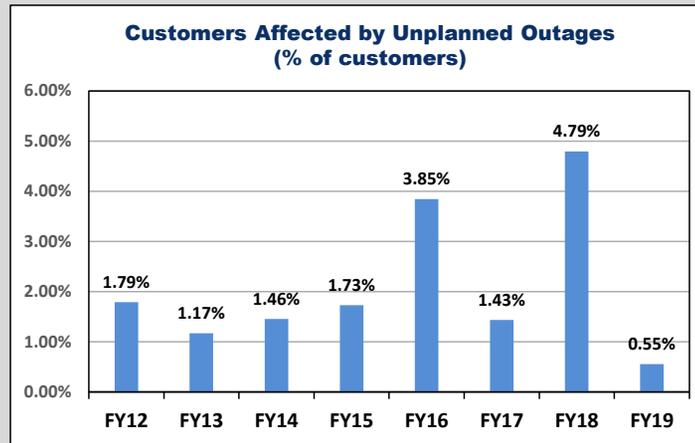
- ▶ Percentage of customers affected by unplanned outages

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

- ▶ Measured by 137 pressure monitoring stations in the distribution system. Pressure must be greater than 30 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 outage in the past 12 months



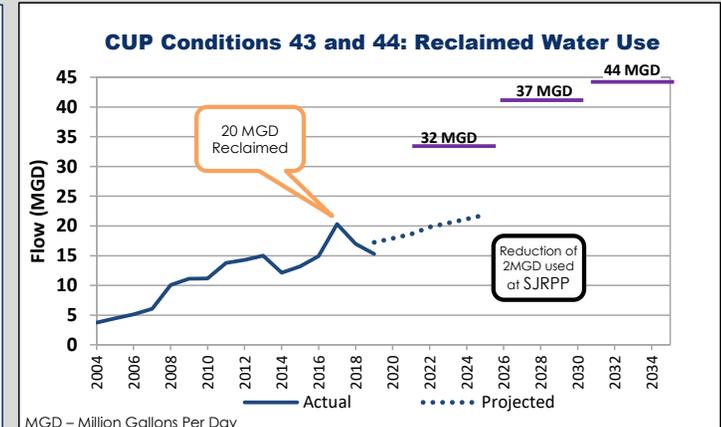
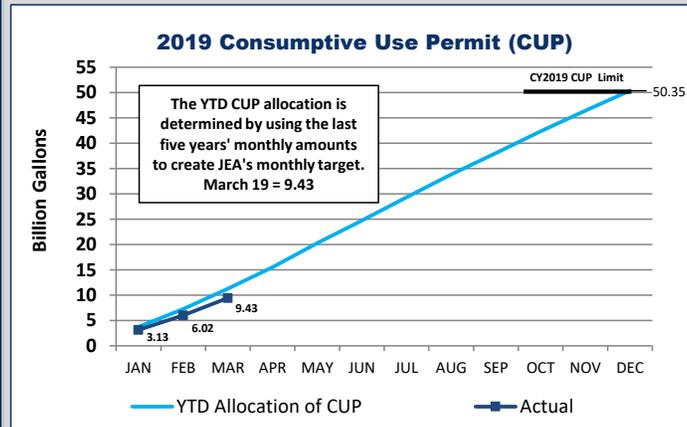
# FY2019 Water System Consumptive Use Permit: St. Johns River Water Management District CUP

## YTD CUP Allocation

- ▶ The YTD CUP allocation is determined by using the last five years' monthly amounts to create JEA's monthly target
- ▶ March 2019 = 9.43

## Condition 18

- ▶ YTD average daily flow is 24% below CY limit of 138 MGD



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

Critical Wellfields	Permit Limit	Actuals					
	Post 2014	2014	2015	2016	2017	2018	YTD 2019
Deerwood III	7.00	7.01	6.67	7.88	7.64	7.17	4.33
Ridenour	6.85	6.39	6.66	7.64	6.68	6.54	5.51
Oakridge	5.65	6.23	4.99	5.79	5.49	5.55	4.23
Greenland	4.53	1.53	4.27	4.16	3.99	4.18	4.03
Brierwood	3.02	4.53	2.84	3.36	2.98	2.43	1.9
<b>Subtotal</b>	<b>27.05</b>	<b>25.69</b>	<b>25.43</b>	<b>28.83</b>	<b>26.78</b>	<b>25.87</b>	<b>20</b>
Other Wellfields	23.18	20.92	22.07	24.12	21.85	20.48	19.35
<b>Total South Grid</b>	<b>50.23</b>	<b>46.61</b>	<b>47.5</b>	<b>52.95</b>	<b>48.63</b>	<b>46.35</b>	<b>39.35</b>
<b>Total System ADF MGD</b>	<b>138</b>	<b>104</b>	<b>107</b>	<b>112</b>	<b>114</b>	<b>112</b>	<b>101</b>

Compliance	Metric – CY Basis	2016	2017	2018	2019 Target	CY2019
Water	CUP Limits (MGD)	112 (131 limit)	114 (133 limit)	112 (135 limit)	138 limit	105
South Grid	Wellfield Allocation (MGD)	52.95 (<50.23 limit)	48.62 (<50.23 limit)	46.35 (<50.23 limit)	< 50.23 limit	41.93
Reclaim	Usage (MGD)	16	20	17	19	15.30

# FY2019 Wastewater System Environmental Compliance:

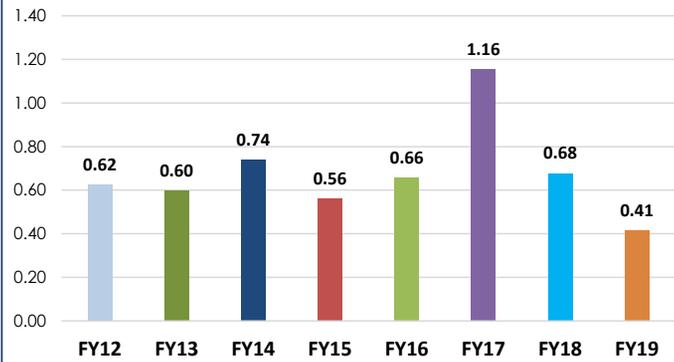
## Sanitary Sewer Overflows (SSOs to US Waters)

- ▶ FY04 – FY07: 54 per year average
- ▶ FY08 – FY18: 33 per year average
- ▶ Twenty-One (21) SSO's impacting US Waters during FY19

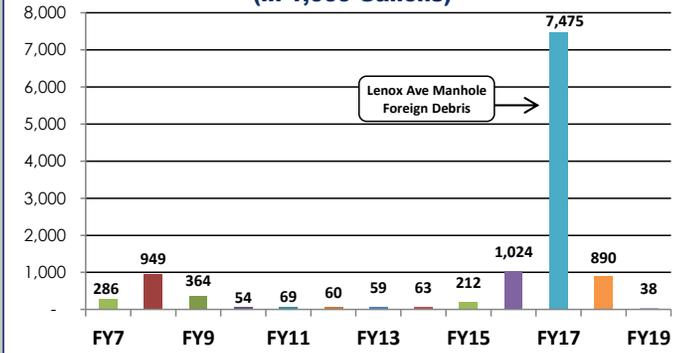
## Nitrogen Discharge to St. Johns River

- ▶ Total Maximum Daily Load (TMDL) is 683 tons (rolling 12 month total)
- ▶ FY19 projection is 483 tons

SSOs Impacting Waters of the US (per 100 miles of pipe)

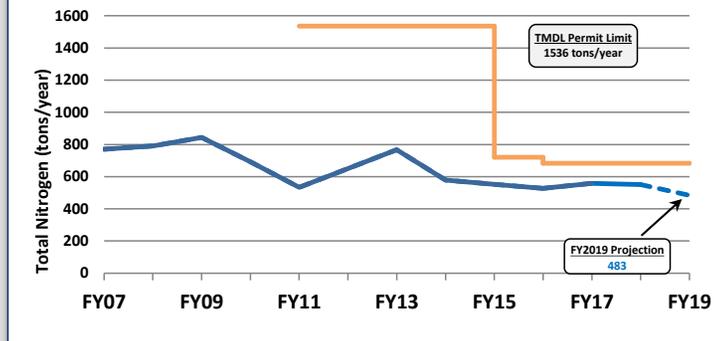


SSO Volume Impacting Waters of the US by Fiscal Year\*  
(in 1,000 Gallons)



\*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.

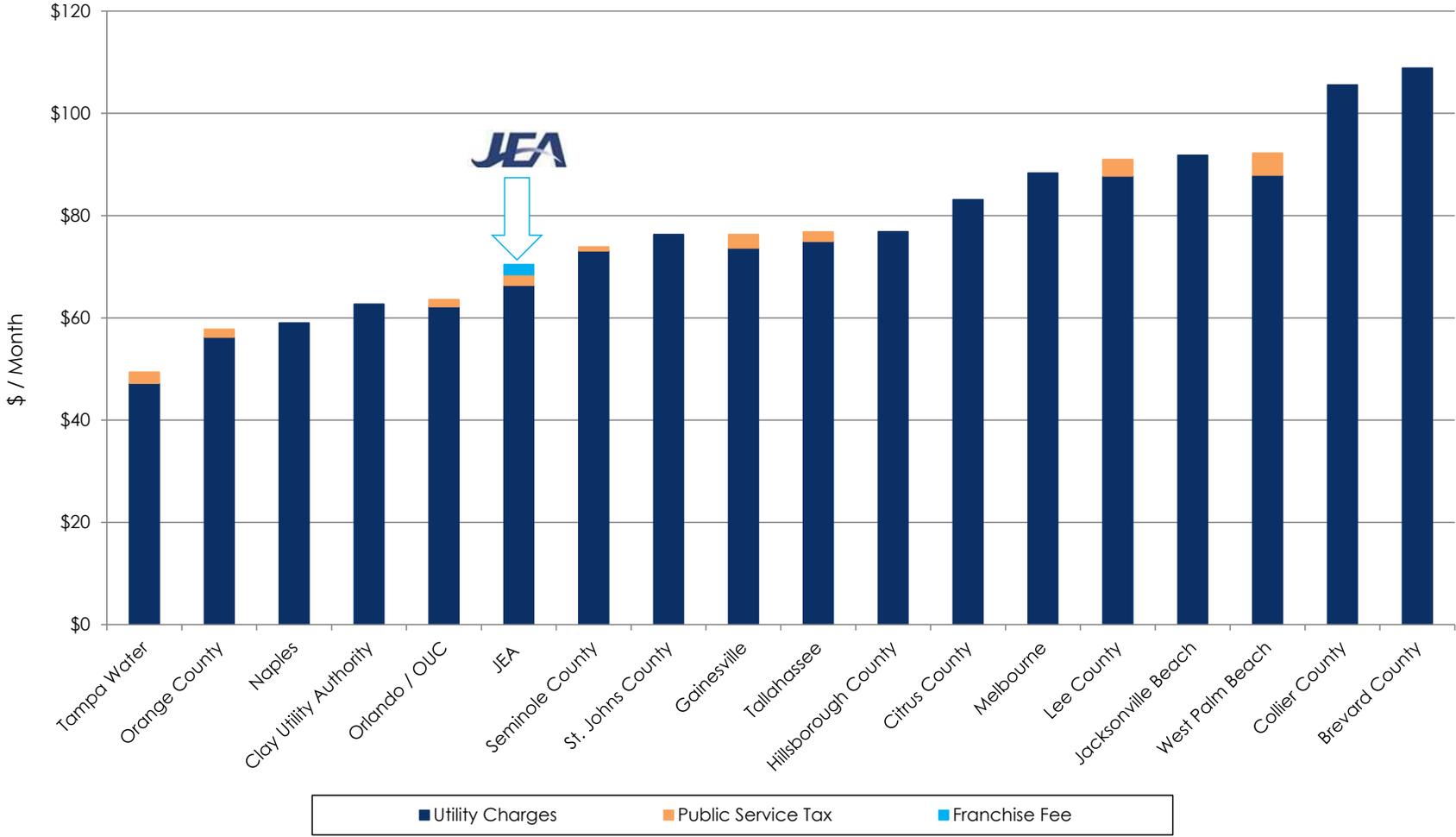
Total Nitrogen Discharge to St. Johns River



Compliance	Metric – CY Basis	2017	2018	2019 Target	CY2019
Sewer	Nitrogen (N) Tons – FY basis	527 (TMDL of 683*)	550 (TMDL of 683*)	616	231
Sewer	SSOs – US Waters (per 100 miles of pipe)	1.15	0.68	0.58	0.41

# Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgal of Consumption  
Residential Rates as of March 2019



# Safety Update



# FY2019 Consolidated Safety Performance:

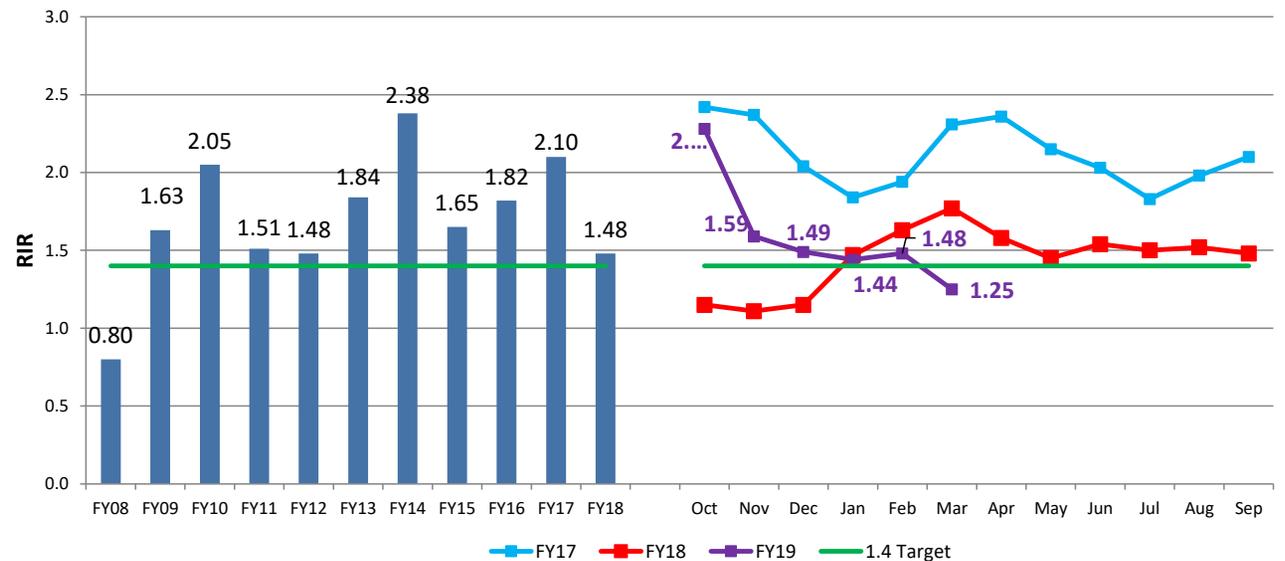
## FY2018

- ▶ RIR = 1.48
- ▶ # of Recordables = 31

## FY2019

- ▶ March Recordables = 0
- ▶ March Lost Time Incidents = 0
- ▶ Continuing to "Plan for Zero"
- ▶ Maintain focus on:
  - Complacency
  - Hand/Finger
  - 0-5 Year Employees
  - PPE Use
  - Strains, Sprains, Slip/Trip/Fall
  - Repeat Occurrences
  - Job Briefings
  - Training
- ▶ Industry Benchmark\* RIR – 5.0
- ▶ APPA – 3<sup>rd</sup> Place, Group H CY 2018

## Safety Recordable Incident Rate (RIR)



Units	FY2017	FY2018	FY2019 Target	FY2019 YTD
Recordable Incident Rate (RIR)	2.10	1.48	1.40	1.25



# Customer Experience Update



## Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017	FY2018	FY2019	Status
JDP Customer Satisfaction Index - Residential	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	●
JDP Customer Satisfaction Index - Business	1 <sup>st</sup> Q	1 <sup>st</sup> Q	1 <sup>st</sup> Q	3 <sup>rd</sup> Q	●
Overall First Contact Resolution Index	79.4%	79.4%	78.9%	80.5%	●
Self Service Utilization	76.0%	79.6%	82.0%	83.6%	●
Net Write-Offs	0.14%	0.15%	0.13%	0.14%	●

## FY19 Customer Satisfaction Goal

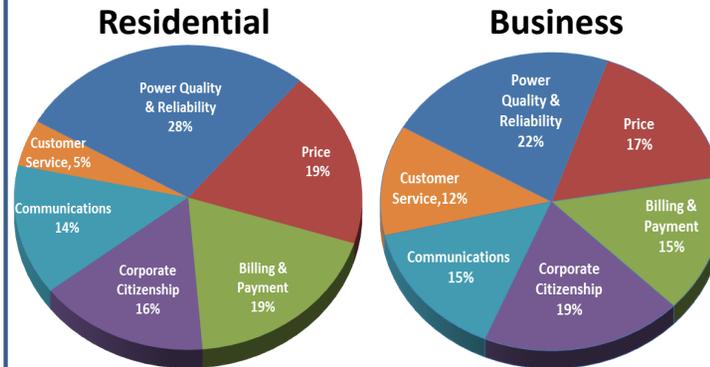
Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

### Residential (R)

FY17	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
1Q 747	2Q 737	2Q 750	1Q 765	1Q 754		1Q 756

### Business (B)

FY17	FY18	Per 1	Per 2	YTD 19
1Q 779	1Q 802	3Q 760		3Q 760



FY19 Residential # of companies ranked: 142  
 FY19 Business # of companies ranked: 88

1Q= 1st quartile 2Q= 2<sup>nd</sup> quartile 3Q = 3<sup>rd</sup> quartile 4Q = 4<sup>th</sup> quartile

## Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

### Customer Service

	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
R	2Q 788	1Q 849	1Q 818	2Q 824		1Q 830
B	1Q 843	2Q 811				2Q 811

### Power Quality & Reliability

	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
R	2Q 781	2Q 792	1Q 819	2Q 798		1Q 803
B	1Q 823	3Q 795				3Q 795

## Empower Customers to Make Informed Decisions

### Billing & Payment

	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
R	2Q 794	2Q 811	1Q 823	2Q 798		1Q 811
B	1Q 844	3Q 803				3Q 803

### Communication

	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
R	1Q 696	2Q 695	1Q 728	1Q 707		1Q 710
B	1Q 796	3Q 728				3Q 728

### Price

	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
R	2Q 675	1Q 706	1Q 702	1Q 707		1Q 705
B	1Q 760	2Q 722				2Q 722

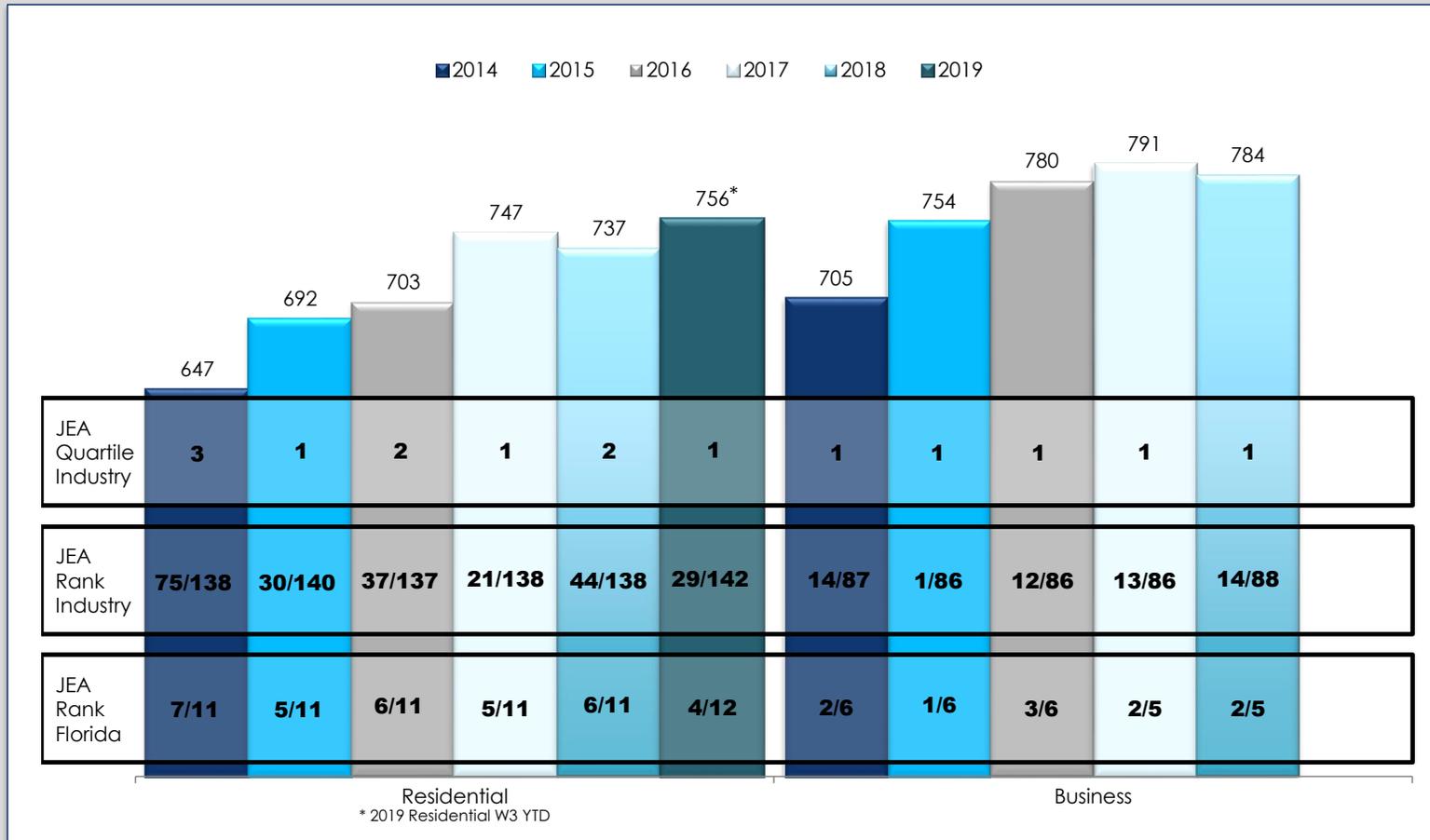
## Demonstrate Community Responsibility

### Corporate Citizenship

	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
R	2Q 684	2Q 682	2Q 697	1Q 698		2Q 692
B	1Q 765	3Q 721				3Q 721



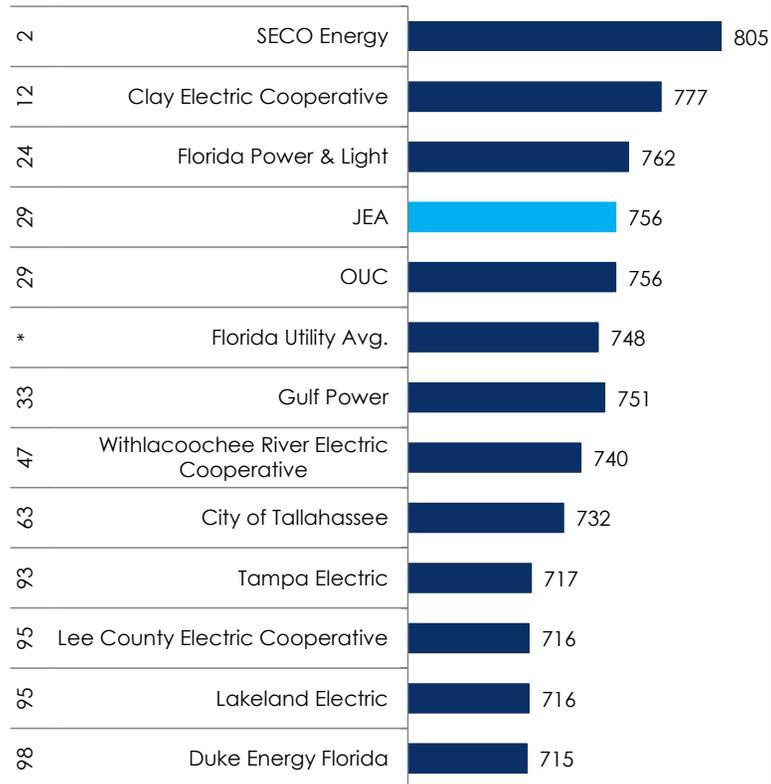
# Customer Satisfaction Index Scores



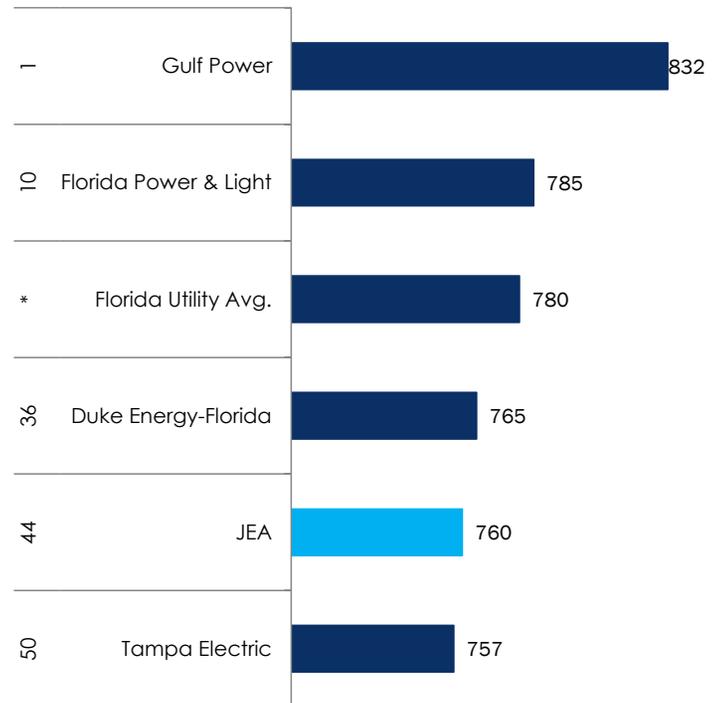
# Customer Satisfaction Index Score

Florida Utilities

## Residential 2019 WV1 & WV2



## Business 2018 W2 (FY19)



## JEA Community Engagement Calendar - March - June 2019

	A	B	C	D	E
1	Date	Event/Activity	Location	Time	Type
2	<b>Mar-19</b>				
3	3/1/2019	City of Jax Beach WWTP	Mandarin Plant	9am	Ambassador Facility Tour
4	3/1/2019	Buckman Bridge Unitarian Church	8447 Manresa Ave.	7pmn	Ambassador Speaker
5	2/28 - 3/3/2019	2019 Spring Home & Patio Show	Prime Osborn	10am - 9pm	Ambassador Event
6	3/2/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
7	3/2/2019	Jax Science Fest	Seawalk Pavilion	10am - 2pm	Ambassador Event
8	3/2/2019	FCNMHP Pet Food Bank	Cassat Ave.	9am - 12 pm	
9	3/4/2019	JEA Power Pals	Rufus Payne Elem.	1:45pm	Ambassador Instructor
10	3/4/2019	IEEE IAS Electrical Safety Group	NGS Tour	8am	Ambassador Facility Tour
11	3/4/2019	Twin Lakes Middle	Main St Lab	10:30am	Ambassador Facility Tour
12	3/6/2019	JEA Power Pals	North Shore Elem.	10am	Ambassador Instructor
13	3/7/2019	JEA Power Pals	St Clair Evans Elem.	10am	Ambassador Instructor
14	3/7/2019	St Johns Tech High	Mandarin Plant Tour	10am	Ambassador facility Tour
15	3/7 - 3/8/2019	GATE River Run Expo	Jax. Fairgrounds	Multiple Shifts	Volunteer Activity
16	3/8/2019	Barkin' Biscuits	Berry Good Farms	9am	Volunteer Activity
17	3/9/2019	JEA Water Station GATE Run	2 mi. mark Riverplace Blvd.	6am	Volunteer Activity
18	3/11/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
19	3/11/2019	JEA Power Pals	Rufus Payne Elem.	1:45pm	Ambassador Instructor
20	3/11/2019	USO No Dough Dinner	Mayport Blvd.	10am	Volunteer Activity
21	3/13/2019	Catholic Charities	134 E. Church St.	9:30am	Volunteer Activity
22	3/13/2019	JEA Power Pals	North Shore Elem.	10am	Ambassador Instructor
23	3/14/2019	Brentwood Neighborhood Job Fair	3465 Village Center Dr.	10am	Ambassador Event
24	3/15/2019	Catty Shack	1860 Starratt Rd.	10am	Volunteer Activity
25	3/15/2019	Girls Inc. Career fair	900 Scorn St	12pm	Ambassador Event

## JEA Community Engagement Calendar - March - June 2019

	A	B	C	D	E
	Date	Event/Activity	Location	Time	Type
26					
27	3/15 - 3/16/2019	St. Johns River Cleanup	Northside & Northwest JAX	9am	Volunteer Activity
28	3/18/2019	JEA Power Pals	Rufus Payne Elem.	1:45pm	Ambassador Instructor
29	3/19/2019	Moosehaven Lodge	1701 Park St	11am	Ambassador Speaker
30	3/20/2019	JEA Power Pals	North Shore Elem.	10am	Ambassador Instructor
31	3/20/2019	Mayport Middle Career fair	2900 Mayport Rd.	10am	Ambassador Event
32	3/21/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
33	3/21/2019	Farm Share	1502 Jessie St.	9am	Volunteer Activity
34	3/21/2019	Sandalwood High Career Fair	4049 Woodcock Rd	9am	Ambassador Event
35	3/22/2019	Fish-A-Thon	Hanna Park	8am	Volunteer Activity
36	3/22/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
37	3/22/2019	Tulsa Welding and Victory Christian Academy	Old Plank Solar Farm Tour	9:30am	Ambassador Facility Tour
38	3/25/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
39	3/25/2019	USO No Dough Dinner	Mayport Blvd.	10am	Volunteer Activity
40	3/27/2019	Girl Scout Troop	Oakleaf Elem.	3:30pm	Ambassador Speaker
41	3/28/2019	Cathedral Terrace Café	Newnan St.	11am	Volunteer Activity
42	3/29/2019	Abess Park Elem. Career Day	12731 Abess Blvd.	9am	Ambassador Speaker
43	3/29/2019	UNF Engineering Class	Ridenour Plant	10am	Ambassador facility Tour
44	3/29/2019	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
45	3/29/2019	Disco Spring Fling for Seniors	Morocco Shrine	9am	Volunteer Activity
46	3/30/2019	Northside Church of God Resource Fair	4736 Avenue B	10am	Ambassador Event
47	<b>Apr-19</b>				
48	4/3/2019	Health & Wellness Fair	John E Ford Elem.	6pm	Ambassador Event
49	4/4/2019	Westside High Career Fair	5530 Firestone Rd.	10am	Ambassador Event
50	4/5 - 4/6/2019	Arbor Day Festival & Greenscape Tree Giveaway	Jessie Ball DuPont Park under the Treaty Oak	9am	Volunteer Activity
51					

## JEA Community Engagement Calendar - March - June 2019

	A	B	C	D	E
52	Date	Event/Activity	Location	Time	Type
53	4/5/2019	Neptune Bch Elem Career Day	1515 Florida Ave.	8:30am	Ambassador Event
54	4/5/2019	UNF Engineering Class	Buckman Plant Tour	9am	Ambassador Facility Tour
55	4/5/2019	JEB Stuart Career Fair	4415 Wesconnet Ave.	9am	Ambassador Event
56	4/5/2019	Elected Officilas	Blair Rd. Solar Farm	8am	Ambassador Facility Tour
57	4/6/2019	Eden Gardens	9179 Gardens St.	8:30am	Volunteer Activity
58	4/8/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
59	4/9 - 4/10/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
60	4/10/2019	Catholic Charities	2110 Blue Ave., 32209	9:30am	Volunteer Activity
61	4/10/2019	HR Team Project	Jacksonville Zoo & Gardens	8:30am	Volunteer Activity
62	4/11/2019	BEAM Food Bank	6th Ave.	1:00pm	Volunteer Activity
63	4/12/2019	Senior Walk for Wellness	TIAA Field	8am	Volunteer Activity
64	4/12/2019	Catty Shack Team Activity	Starratt Rd.	10am	Volunteer Activity
65	4/12/2019	UNF Engineering Class	Buckman Plant	10am	Ambassador facility Tour
66	4/12/2019	John E Ford Elem. Transportation Career Fair	1531 Winthrope St	8:30am	Ambassador Event
67	4/13/2019	FCNMHP Pet Food Bank	Cassat Ave.	9am	Volunteer Activity
68	4/13/2019	Int'l Migratory Bird Day	Ft. Caroline National Park	9am	Volunteer Activity
69	4/15/2019	Wolfons High	Mandarin Plant Tour	8am	Ambassador Facility Tour
70	4/17/2019	DLC N&L Easter Egg Hunt	Edgewood Ave.	9:30am	Volunteer Activity
71	4/17/2019	Arlington Middle Career Fair	8141 Lone Star Rd.	9am	Ambassador Event
72	4/18/2019	Farm Share	1502 Jessie St.	9am	Volunteer Activity
73	4/19/2019	FSCJ Environmental Workforce Group	Main St Lab	10:30am	Ambassador facility Tour
74	4/22/2019	Sodexco Earth Fair	601 Riverside Ave.	11am	Ambassador Speaker
75	4/22/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
76	4/22/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
77	4/22 - 4/25/2019	PACE Center for Girls	University Blvd.	9am	Volunteer Activity
78	4/23/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
79	4/24/2019	Biscayne Elem. Career Fair	12230 Biscayne Blvd.	8:30am	Ambassador Event

## JEA Community Engagement Calendar - March - June 2019

	A	B	C	D	E
	Date	Event/Activity	Location	Time	Type
80					
81	4/24 - 4/25/2019	Eden Gardens	9179 Gardens St.	8:30am	Volunteer Activity
82	4/25/2019	Annual Pastors Lunch	Main St Library	11am	Ambassador Event
83	4/25/2019	Cathedral Terrace Café	Newnan St.	11am	Volunteer Activity
84	4/26-4/27/2019	Tree Hill Butterfly Festival	Tree Hill Center	9am	Volunteer Activity
85	4/26/2019	KIPP Academy STEM Fair	1440 N McDuff Ave	12pm	Ambassador Speakers
86	4/26/2019	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
87	4/26/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
88	4/26/2019	Catty Shack	Starratt Rd.	10am	Volunteer Activity
89	4/27/2019	8th Annual JASMYN Strides for Pride	Riverside Area	8am	Volunteer Activity
90	<b>May-19</b>				
91	5/2 - 5/3/2019	Arts4All Fest	Cummer Art & Gardens	8am	Volunteer Activity
92	5/4/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
93	5/7 - 5/8/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
94	5/8/2019	Catholic Charities	2110 Blue Ave., 32209	11am	Volunteer Activity
95	5/8/2019	BEAM Food Bank	6th Ave.	1pm	Volunteer Activity
96	5/10/2019	Recovered Treasures	Normandy Blvd.	12:30 PM	Volunteer Activity
97	5/11 - 5/17/2019	Stamp Out Hunger with Farm Share	Multiple Locations	Multiple Shifts	Volunteer Activity
98	5/14/2019	r Achievement School Takeove	Greenland Pines Elem.	8:30am	Ambassador Instructors
99	5/15/2019	Normandy Village Elem. Career Day	8257 Herlong Rd.	9am	Ambassador Event
100	5/22/2019	Riverside Park Apts.	750 Oak St.	2pm	Ambassador Speakers
101	5/24 - 5/26/2019	Jacksonville Jazz Fest.	Downtown	Multiple Shifts	Volunteer Activity
102	5/24/2019	Tiger Academy Career Day	6079 Bagley Rd.	8:30am	Ambassador Event
103	<b>Jun-19</b>				
104	6/7/2019	VA Resource Fair	1536 Jefferson St	10am	Ambassador Event
105	6/14/2019	COJ Men's Health Fair	Legends Center 5050 Soutel Dr.	10am	Ambassador Event



## **Customer & Community Engagement Overview and Update April FY19**

Each month, we update the Board on past, present and future Customer & Community Engagement monthly activities. The purpose is to keep you informed of these efforts, so that you are knowledgeable about JEA's attempts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

### **Customer Communications**

#### **Protecting Our Environment**

In March, we focused our messaging on environmental efforts that help protect the environment—including keeping our air fresh, waterways clean and greenspace sustainable. We all have a role to play in protecting our environment, so our messaging includes ways customers can do their part.

#### **Water Conservation**

In March we launched our spring educational campaign on JEA's water services. With April being Water Conservation month, our focus is awareness of our conservation efforts and sharing customer tips they can use to help us preserve our "one water." This theme carries across all customer communications in print (bill inserts) as well as online (jea.com and social media).

#### **Call Before You Dig**

April is National Safe Digging Month so we will be sharing messages with customers emphasizing the importance of calling before they begin any projects that include digging. This simple call on our customers' part gives JEA and other utilities a chance to locate underground lines and pipes that may prevent personal injury and damages.

### **Community Engagement**

JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of February. Ambassadors participated in 29 activities and volunteers served 836 hours in the community.

#### **JEA Ambassadors**

March was a busy month for Ambassadors with the continuation of the spring Power Pals Program and multiple community events. Throughout the month, JEA Ambassadors taught the Power Pals program to first-graders at North Shore, St. Clair Evans, and Rufus Payne Elementary Schools. Ambassadors also participated in Touch a Truck, the Northside Church of God Resource Fair, Abess Park Elementary Career Fair and Mayport Elementary Career Day.

Facility tours were conducted for students at Twin Lakes Academy, Tulsa Welding School and engineering students from UNF. Ambassadors spoke to groups at Moosehaven, Girls Inc. and Pace Center for Girls.

## **Employee Volunteerism**

In March, 139 JEA employees volunteered 767 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities. From volunteering at the Annual St. Johns River Cleanup to assisting the Disco Spring Fling for Seniors, JEA employees gave generously of their time and talents to benefit our community.

JEA employees also volunteered time at USO No Dough Dinner, Farm Share, Catty Shack Ranch, Cathedral Terrace Café, HabiJax Builds, Callahan Food Distribution, Barkin' Biscuits at Berry Good Farms, Fish-a-Thon, Catholic Charities Food Pantry, Feeding NE FL Food Bank, Eden Gardens, Sulzbacher Center and the Gate River Run.

JEA employees take great pride in the Ambassador and Volunteer programs, which demonstrate tangible ways for our customers and our community to see the "Heart of JEA."



**INTER-OFFICE MEMORANDUM**

April 1, 2019

**SUBJECT: SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT  
APPEALS BOARD REPORT**

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**FROM:** Aaron Zahn, Managing Director/CEO

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**TO:** JEA Board of Directors

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**BACKGROUND:**

Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Procurement Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

**DISCUSSION:**

This report is submitted for the quarter ending March 31, 2019. Summary information for all awards is provided below. A detailed listing for the Formal Sole Source and Emergency Awards is attached. Detailed back-up information for all other awards is retained by the Chief Procurement Officer and is available upon request. There were no Procurement Appeals Board (PAB) actions this quarter.

**Quarter Ending March 31, 2019**

<b>Formal Awards</b>	<b>Number</b>	<b>%</b>	<b>Dollar Amount</b>	<b>%</b>
Total	73		\$ 98,541,526	
Sole Source Awards	0	0.00%	\$ 0	0.00%
Emergency Awards	0	0.00%	\$ 0	0.00%

<b>Informal Awards</b>	<b>Number</b>	<b>%</b>	<b>Dollar Amount</b>	<b>%</b>
Total	1985		\$ 21,218,518	
Sole Source Awards	0	0.00%	\$ 0	0.00%
Emergency Awards	0	0.00%	\$ 0	0.00%

**RECOMMENDATION:**

This item is submitted for information. No action by the Board is required.

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Aaron Zahn, Managing Director/CEO

AFZ/JPM/JGM

**Formal Sole Source Awards by Department - Detailed Listing**

12 months ending March 31, 2019

**Sole Source Awards (1 Items totaling \$2,516,100.99)**

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
8/23/2018	\$2,516,100.99	Steve Selders (Information Technology)	Cologix, Inc.	JEA Primary Data Center Relocation & Emergency Operational Location Office Space	<b>Sole Source:</b> JEA has negotiated a five (5) year leasing agreement with Cologix to relocate JEA's primary data center and to continue to utilize JEA's existing emergency operational office space lease for emergency events. JEA will relocate the primary data center from the current downtown 21 W Church St. location to the offsite Category 5 rated Cologix location at 4800 Spring Park Rd., to reduce risk to JEA and increase accessibility during emergency events. This request is also to continue the existing emergency operational office space lease with Cologix for emergency events.
<b>Total</b>	<b>\$2,516,100.99</b>				

**Formal Emergency Awards by Department - Detailed Listing**

12 months ending March 31, 2019

**Emergency Awards (0 Items totaling \$0.0)**

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
<b>Total</b>	<b>\$0.00</b>				

# Total Sole Source & Emergency Procurement Actions

	FY18 Q3	FY18 Q4	FY19 Q1	FY19 Q2
Total Awards	\$95.49M	\$103.20M	\$256.33M	\$119.76M
Sole Source (\$)	\$0.00M	\$2.52M	\$0.00M	\$0.00M
Sole Source (%)	0%	2.44%	0%	0%
Emergency (\$)	\$0.11M	\$0.00M	\$0.06M	\$0.00M
Emergency (%)	0.12%	0%	0.02%	0.00%
Combined SS/E (%)	0.12%	2.44%	0.02%	0.00%



## Corporate Metrics Dashboard

As of March 31, 2019

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
<b>Customer Value</b>							
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Decile				
Customer Response Time (min.): W/WW System	70	69	67	69	67	68	76
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.0%
Estimated Time of Restoration Accuracy	-	-	88%	85%	89%	82%	80%
Grid Performance: Frequency (outages/year)	2.4	1.7	1.7	1.7	1.4	1.6	1.4
Grid Performance: Outage Duration (minutes/year)	84	68	71	99	71	99.5	67
Grid Performance: CEMIS (% cust. > 5 outages/year)	n/a	n/a	2.34	2.10	1.40	1.07	0.40
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8
<b>Financial Value</b>							
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%
Cost Reduction Metric (\$000)	n/a	n/a	n/a	n/a	\$25,156	\$10,087	\$10,495
<b>Community Impact Value</b>							
Capital Invested (\$'000)	\$273,774	\$234,718	\$158,392	\$204,708	\$298,045	\$307,918	\$374,456
Safety (RIIR)	1.48	1.84	2.38	1.65	1.82	2.10	1.48
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities
JSEB Spend (\$000)	\$9,168	\$10,121	\$7,302	\$9,318	\$9,983	\$13,365	\$15,760
<b>Environmental Value</b>							
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2
Consumptive Use Permit Compliance	Yes						
Nitrogen to the River (tons)	650	767	579	553	527	558	550
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.62	0.60	0.74	0.56	0.66	1.16	0.68

2019 YTD	2019 Goal	Variance
1st Quartile	1st Quartile	-
3rd Quartile	Top Decile	-
66	65	-2%
80.5%	80.0%	1%
90%	80%	12%
1.15	1.6	28%
53	75	29%
0.14%	0.80	100%
0.55%	2%	73%
0.36	2.0	82%
0.14%	0.18%	22%
4.5%	2.0%	-126%
98%	95%	-3%
\$7,965	\$9,100	TBD
\$194,754	\$437,774 - \$574,578	TBD
1.25	1.40	11%
3,423 Hours	4,800 Hours	TBD
\$8,948	\$15,000	TBD
1	4	TBD
Yes	Yes	Yes
231	616	TBD
0.41	0.58	TBD

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
<b>Financial Value</b>							
Change in Net Position (\$000)	\$182,642	\$79,975	\$156,269	\$323,008	\$210,016	\$254,620	\$126,488
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%
City Contribution (\$000)	\$104,188	\$106,687	\$109,188	\$111,688	\$129,187	\$115,823	\$116,620
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120
<b>Community Impact Value</b>							
Utility Scale Solar Energy (000's MWh)	21	21	20	21	21	26	55
New Partnerships and Student Programs	N/A						
Voluntary Attrition	46	36	44	32	33	35	35
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4
<b>Environmental Value</b>							
Reclaimed Water Customer Growth*	35%	40%	43%	31%	27%	25%	22%

2019 Forecast
\$190,905
\$4%
\$132,648
12,165
35,351
26,493
3,135
66
25% Complete
20
100%
2
24%

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
<b>Customer Value</b>							
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%
<b>Financial Value</b>							
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%
Unlevered Free Cash Flow: EBITDA less CAPEX (\$000)	\$606,131	\$532,872	\$632,212	\$591,925	\$547,897	\$573,259	\$367,007
Net Position (Book Value of Equity) (\$000)	\$1,991,311	\$2,071,286	\$2,196,006	\$2,166,909	\$2,376,928	\$2,631,545	\$2,755,310
City Contribution NPV	-	-	-	-	-	-	\$1,998,311
Electric Credit Ratings	Ao2/AA-/AA-	Ao2/AA-/AA	Ao2/AA-/AA	Ao2/AA-/AA	Ao2/AA-/AA	Ao2/AA-/AA	Ao2/A+/AA
W/WW Credit Ratings	Ao2/AA/AA	Ao2/AA/AA	Ao2/AA/AA	Ao2/AA/AA	Ao2/AAA/AA	Ao2/AAA/AA	Ao2/AAA/AA
<b>Community Impact Value</b>							
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%
<b>Environmental Value</b>							
CO <sub>2</sub> Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,478
Aquifer Withdrawal Limit	104	100	103	107	112	114	112
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75

\*May contain included customers temporarily supplied with potable water

## MANAGEMENT DISCUSSION

### Financial

#### Electric Enterprise:

- FY19 sales down 3.5% compared to Mar FY18 YTD
- Sales per customer are down 5.3% compared to Mar FY18 YTD
- Degree days are down 8.5% compared to Mar FY18 YTD
- Total customers are up 1.9% compared to Mar FY18 YTD
- Revenues decreased \$63m vs. FY18 driven by SIRPP decreases, lower sales, and lower fuel stabilization withdrawals.
- Expenses decreased \$82m vs. FY18 with decreases in SIRPP and fuel and purchased power, partially offset by higher O&M (professional services, compensation, maintenance, industrial svcs) and depreciation due to increase in depreciable base. Decrease in fuel and purchased power was driven by lower costs and net lower volume.

#### Water and Sewer:

- Water sales are down 2.3% compared to Mar FY18 YTD
- Sewer sales are up 0.6% compared to Mar FY18 YTD
- Reclaimed sales are up 0.5% compared to Mar FY18 YTD
- Sales per customer down 3.7% compared to Mar FY18 YTD
- Rain days are up 32.6% (14 days) compared to Mar FY18 YTD. Irrigation down 10.0% versus Mar FY18 YTD
- Total customers are up 2.7% compared to Mar FY18 YTD
- Revenues increased by \$5m vs. FY18 due to increased customer accounts, rate/mix, higher enviro stabilization transfers, partially offset by lower sales.
- Expenses increased \$10m vs. FY18 driven by an increase in O&M (compensation, industrial and professional services), higher environmental regulatory expenses, and depreciation due to increase in depreciable base.

### DES

- Stable, minimal change from FY18

### FEMA reimbursement:

- Matthew - \$5.4m of \$8.8m received
- Irma - \$0.07m of \$19m received

### Operations

Zero (0) OSHA recordables safety incidents for JEA in the month of March.

### Electric:

- The JEA fleet Forced Outage Rate is running higher than target due to NS Unit 2 having to be derated and held at 215 mw due to a cyclone return joint rupture which is requiring the unit to be held steady at a constant temperature. NS Unit 1 experienced a slight derate during the month caused by a high pressure feed water heater leak that required the heater to be taken out of service. NS Unit 3 tripped off line while conducting a weekly valve test on the #1 control valve.
- CEMI-5, ETR, Frequency, and Duration all performing better than goal.

### Water/Sewer:

- Unplanned Water Main Outages: 390 customers experienced an outage in the month of March
- CUP: Average daily flow of 105 MGD was 24% below CY19 limit of 138 MGD; reclaimed usage at 15 MGD
- Nitrogen to River: FY19 Forecast is 483 tons this includes the deletion of 45 additional tons possible during the aeration basin project at Buckman, the project has been deferred. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- SSO's Impacting Waters of the US: 21YTD, root cause analysis is performed on each SSO - exploring other options



## INTER-OFFICE MEMORANDUM

April 18, 2019

**SUBJECT: JEA FY2018 ANNUAL DISCLOSURE REPORTS**

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**FROM:** Aaron F. Zahn, Managing Director/CEO

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**TO:** JEA Board of Directors

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### **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 electronic 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 is 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 Board 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 its respective 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, 2018, 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.

The Annual Disclosure Reports for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for the fiscal year ended September 30, 2018, are expected to be filed with EMMA on or around April 23, 2019. Drafts of the Annual Disclosure Reports for the Systems were distributed electronically to Members on March 26, 2019. Changes from the March 26th draft are included with this item. Subsequent changes, if any, will be distributed at the Board's April 23rd meeting.

All documents have been reviewed by the Office of General Counsel.

**RECOMMENDATION:**

Staff recommends that the Board (i) approve and authorize the Annual Disclosure Reports for the Systems in substantially the forms distributed to Members on March 26, 2019, with additional changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) authorize the filing and use of the Annual Disclosure Reports as described above.

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Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/JEO/RLH



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**ANNUAL DISCLOSURE REPORT  
FOR  
ELECTRIC UTILITY SYSTEM  
FOR  
FISCAL YEAR  
ENDED  
SEPTEMBER 30, 2018**

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**(Prepared pursuant to certain  
continuing disclosure undertakings  
relating to the Bonds listed  
in APPENDIX I hereto)**

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**Filed with EMMA**

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**Dated as of**

**[ \_\_\_\_\_ ], 2019**

**JEA**  
**21 W. CHURCH STREET**  
**JACKSONVILLE, FLORIDA 32202**  
**(904) 665-7410**  
**(<http://www.jea.com>)**

**JEA OFFICIALS**

**BOARD MEMBERSHIP<sup>(1)</sup>**

Chair  
Vice Chair  
  
Secretary

April Green  
~~Camille J. Frederick D.~~  
~~Lee Johnson Newbill~~  
~~Frederick D. Camille J.~~  
~~Newbill Lee-Johnson~~  
John Campion  
Kelly Flanagan  
G. Alan Howard<sup>(2)</sup>

**MANAGEMENT**

Managing Director and Chief Executive Officer  
President and Chief Operating Officer  
Chief Administrative Officer  
Chief Financial Officer  
Chief Innovation and Transformation Officer  
Chief Public and Stakeholder Affairs Officer  
Vice President and General Manager, Energy  
Vice President and General Manager of Water and Wastewater Systems  
Vice President of Energy and Water Planning  
Vice President and Chief Customer Officer  
Vice President and Chief Compliance Officer  
Vice President, Chief Legal Officer  
Vice President, Legal Officer  
Vice President and Chief Human Resources Officer  
Vice President and Chief Information Officer  
Vice President and Chief Supply Chain Officer  
Vice President and Chief Environmental Services Officer  
Treasurer

Aaron F. Zahn  
Melissa H. Dykes  
~~Herschel Vineyard Vinyard~~  
Ryan F. Wannemacher  
Julio Romero Agüero  
Michael R. Hightower  
Caren B. Anders  
Deryle I. Calhoun  
Steven G. McInall  
Kerri Stewart  
Ted E. Hobson  
~~Lynne Rhodes Rhode~~  
Vacant  
Angelia R. Hiers<sup>3</sup>  
Shawn Eads  
John P. McCarthy  
Paul K. Steinbrecher  
Joseph E. Orfano

**GENERAL COUNSEL**

Jason R. Gabriel, Esq.  
General Counsel of the City of Jacksonville  
Jacksonville, Florida

<sup>(1)</sup> There is currently one vacancy on the JEA Board.

<sup>(2)</sup> Mr. Howard's term has expired, but he continues to serve until his successor has been appointed and qualified.

<sup>(3)</sup> Ms. Hiers announced her retirement on April 12, 2019, to be effective April 26, 2019.

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§§ All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER <sup>(1)</sup>	OCCUPATION	TERM
April Green Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
<u>Frederick D. Newbill</u> <u>Vice Chair</u>	<u>Pastor</u> <u>First Timothy Baptist Church</u>	<u>January 12, 2017–February 28, 2023</u>
Camille J. Lee-Johnson Vice Chair <del>Secretary</del>	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
Frederick D. Newbill Secretary	<del>Pastor</del> <del>First Timothy Baptist Church</del>	<del>January 12, 2017–February 28, 2023</del>
John Campion	Co-founder & Chairman APR Energy	July 25, 2018–February 28, 2022
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015–February 28, 2020
G. Alan Howard	Founder & President Milam Howard Nicandri Gillam & Renner P.A.	November 25, 2015–February 28, 2019 <sup>(2)</sup>

(1) There is currently one vacancy on the JEA Board.

(2) Mr. Howard's term has expired, but he continues to serve until his successor has been appointed and qualified.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State of Florida. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act. JEA may develop other separate bulk power supply systems in connection with future generation and/or transmission projects. JEA has launched several initiatives to provide revenue diversity. Included in these initiatives are natural gas sales to commercial and industrial customers (See "ELECTRIC UTILITY

treasury, financial reporting, budgeting, supply chain management, and shared services, and had lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA.

Prior to joining JEA, Ms. Dykes was CFO at a portfolio company of a large energy private equity firm and a principal in a renewable energy development company, where she was responsible for origination, commercial structuring, development and capital raising for renewable energy projects. She also was Vice President of Investment Banking at JPMorgan, where she was responsible for providing capital solutions for clients, including more than \$26 billion in financings for many municipal electric and water systems across the country, risk management product delivery and mergers and acquisitions. Prior to joining JPMorgan, Ms. Dykes worked for The World Bank Group, where she researched and published on private participation in infrastructure industries in developing countries. She is a graduate of the University of Florida and holds a certificate in Advanced Management from the Tuck School of Business at Dartmouth. Ms. Dykes serves on the Boards of Directors of the United Way of Northeast Florida, the Association of Edison Illuminating Companies, the Florida Coordinating Group, and the Florida Reliability Coordinating Council (where she serves as Secretary/Treasurer and Chair of the Corporate Compliance and Finance and Audit Committee).

*Herschel Vineyard/Vinyard, Chief Administrative Officer. ~~{Bio to be provided.}~~ Mr. Vinyard has 25 years of environmental law, business, and government experience and comes to JEA from the law firm of Foley & Lardner where he was a member of the Environmental Regulation and Government & Public Policy practices.*

He also served a four-year term as Secretary of the Florida Department of Environmental Protection (DEP) during Governor Rick Scott's first term, where he was involved in environmental permitting, water rights, and real estate development. He has been a champion for the state's waterways and natural springs including restoration of the Everglades.

Under his leadership, the Florida Park Service received the National Gold Medal Award for Excellence in the management of state park systems from the National Recreation and Park Association.

Prior to serving the State of Florida, Mr. Vinyard was the director of business operations responsible for strategic planning, business development, and regulatory and government affairs for the Southeast Shipyards division of BAE Systems.

Mr. Vinyard obtained both his law and bachelor's degrees from Louisiana State University.

**Ryan F. Wannemacher, Chief Financial Officer.** Mr. Wannemacher serves as JEA's Chief Financial Officer. He provides leadership to ensure fiscal responsibility for the long-term financial health of JEA, resulting in access to capital at low cost for JEA's customers. He is responsible for all aspects of JEA's finances, including treasury, financial reporting, financial planning and analysis, and budgeting. He has lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA. Mr. Wannemacher currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to his current role at JEA, Mr. Wannemacher served as JEA's Director of Financial Planning and Analysis from April 2015 to 2018. Prior to joining JEA, Mr. Wannemacher was Vice President of Investment Banking at JPMorgan. While at JPMorgan, Mr. Wannemacher was responsible for providing capital solutions for clients, including over \$20 billion in financings for many municipal electric, water and natural gas systems across the country, risk management product delivery, and mergers and acquisitions. Mr. Wannemacher holds a B.B.A. in Financial Consulting from Southern Methodist University graduating Magna Cum Laude.

In 2006, Leadership Florida's leaders appointed Mr. Hightower to the Florida Energy Commission. The nine-member panel was charged with making recommendations to the Florida Legislature on ways to secure Florida's energy future.

In 2010, Florida's legislative leadership appointed Mr. Hightower to the Public Service Commission Nominating Council, charged with interviewing and recommending qualified candidates for gubernatorial appointment to the Florida Public Service Commission.

Mr. Hightower, a 1972 graduate of Jacksonville University, resides in Jacksonville. He was a third term 2003, 2005, 2007 University of Florida Graduate School adjunct instructor, "Principles of Lobbying."

**Caren B. Anders, Vice President and General Manager, Energy.**<sup>(§\*\*)</sup> Ms. Anders has lead responsibility for producing and delivering electricity to JEA's 485,000 electric customers in a safe, reliable and cost-competitive manner, and in full compliance with regulatory objectives. In this role, she and her team are responsible for planning, constructing, operating and maintaining JEA's electric system, including generation plants and the transmission, substations and distribution systems.

Ms. Anders joined JEA in January 2019 from Duke Energy. She brings operational leadership, financial acumen, strategy and innovation, and compliance and risk management to her leadership role at JEA. At both Duke and Exelon Corp., she led high-performing teams across the energy spectrum, including Generation, Transmission, Distribution, Emerging Technologies, and Shared Services. Along with her vast electric experience, she also has expertise in new technologies, strategic business performance, compliance, financial management, employee engagement and customer satisfaction.

Ms. Anders has served on the boards of PT Holding Company LLC, Peak Tower LLC, SERC Reliability Corp. and the Florida Reliability Coordination Council. She has also served her community as a board member for Junior Achievement, Central Carolinas and United Way, Greater Triangle N.C. She earned a bachelor's degree in engineering from the University of Pennsylvania and a master's degree in finance from Drexel University and is a licensed Professional Engineer in the state of Pennsylvania.

**Deryle Calhoun, Vice President and General Manager of Water and Wastewater Systems.**<sup>(§\*\*††)</sup> Deryle Calhoun is responsible for leading JEA's water and wastewater operations, construction and strategy execution, and delivering exceptional service to JEA customers across a four-county area. Each day, JEA delivers over 110 MGD (millions of gallons a day) of potable water and 20 MGD of reclaimed water and collects and treats almost 80 MGD of wastewater. The Water/Wastewater System is comprised of 38 water treatment plants, 11 wastewater plants and over 1,400 wastewater pump stations. Mr. Calhoun is currently leading a resiliency program that will improve water, wastewater and district energy system reliability during extreme weather events like hurricanes.

Mr. Calhoun began his career in water/wastewater in 1993 with the City of Jacksonville Public Utilities as a project engineer and joined JEA in 1997 when the city's water and wastewater services were transferred to JEA. Mr. Calhoun served at the director level for 20 years, first with the Distribution and Collection team and most recently with Water, Wastewater and Reuse Treatment and District Energy Services.

Mr. Calhoun holds a Bachelor of Science degree in Environmental Engineering from the University of Florida and is a registered Professional Engineer in the State of Florida.

**Steven G. McInall, Vice President of Energy and Water Planning.** Mr. McInall is responsible for long-term planning for JEA's energy and water sectors, overseeing the development of a more than \$1

<sup>(§\*\*)</sup> Michael J. Brost retired from his position of Vice President and General Manager of Electric Systems in January 2019.

<sup>(§\*\*††)</sup> Brian J. Roche retired from his position of Vice President and General Manager of Water and Wastewater Systems in June 2018.

School of Business with a bachelor's degree in Business Administration, double-majoring in Marketing and Management.

***Ted E. Hobson, Vice President and Chief Compliance Officer.*** Mr. Hobson joined JEA in 1973 and has overall responsibility for development, implementation and maintenance of JEA's Compliance Programs including NERC Electrical Standards, NERC Critical Infrastructure Protection ("CIP") standards, FACTA regulations and other related federal and state regulations. He is also responsible for JEA's Physical Security department as well as Audit Services and Enterprise Risk Management. Mr. Hobson is currently on the Board of Directors of TEA and is JEA's representative on the TEA Settlement and Operating Committee. Mr. Hobson is JEA's alternate board member for the Florida Electric Reliability Coordinating Council ("FRCC") and the alternate board member for the Florida Electric Coordinating Group ("FCG"). Additionally, Mr. Hobson currently serves on the Board of Directors of the Jacksonville Museum of Science and History.

Mr. Hobson's previous position was Director of Energy Delivery, where he was responsible for all electric field activities including overhead and underground line work, system protection and controls, substation maintenance and the 24-hour operation of the JEA power system including generation commitment and dispatch, transmission operation and security and interchange services with other utilities. During his over 40 years with JEA, he has worked in the areas of distribution, engineering, trouble dispatching, system operations and system planning. Mr. Hobson has served as JEA's representative to the FRCC for over 15 years and was chair of the Operating Committee for the past six years. He also served on various North American Electric Reliability Corporation ("NERC") committees and subcommittees and is a member and past chair of the NERC Compliance and Certification Committee.

Mr. Hobson holds a BSEE from the University of Florida, and is a registered Professional Engineer in the State of Florida.

***Lynne Rhodes, Vice President, Legal Officer.*** ~~*Bio to be provided.*~~ ***Rhode, Vice President, Chief Legal Officer.*** Ms. Rhode has 14 years of legal experience in the public and private sectors, primarily in environmental and natural resources law and also in administrative, civil litigation, general corporate, lobbying and government affairs, and zoning law. She has most recently practiced transactional, regulatory and corporate law with a prominent Jacksonville law firm.

Ms. Rhode is employed with the City's Office of General Counsel and is the lead attorney assigned exclusively to JEA. Pursuant to the Charter, the Office of General Counsel is responsible for providing and overseeing all legal services to JEA. The Office of General Counsel represents the City's consolidated city-county government, which includes the independent agencies, constitutional officers, City Council members, Mayor, executive branch departments and over 30 boards, commissions, and agencies. Ms. Rhode provides counsel to JEA on various legal matters and oversees JEA's outside counsel engagements.

Prior to relocating to Jacksonville, Ms. Rhode served as Senior Assistant Attorney General and Section Chief of the Environmental and Natural Resources Division of the Virginia Attorney General's Office. She led a team of eight attorneys and staff providing counsel to the environmental health, environmental and natural resources agencies of the Commonwealth of Virginia: advising on administrative, compliance, contract, enforcement, labor and employment, permitting, procurement, rulemaking, and other legislative issues.

Ms. Rhode has served as a guest professor at the William and Mary School of Law Coastal Policy Clinic and on the Virginia Department of Environmental Quality's Combustion Regulatory Advisory Panel and Small Solar Working Group.

Ms. Rhode is a member of the Florida and Virginia bars. She is a graduate of the North Carolina Fellows Leadership Program and the Sorenson Institute Political Leaders Program. She holds a Bachelor of Arts in Economics from the University of North Carolina at Chapel Hill, where she was a John Motley Morehead Scholar; a Juris Doctor degree from the University of Virginia; and a Master of Science in Regulation from the London School of Economics and Political Science.

*The ~~other~~ position of Vice President, Legal Officer is currently vacant.*

**Angelia R. Hiers, Vice President and Chief Human Resources Officer.** Ms. Hiers is a career human resource professional, with industry knowledge and experience at strategic and tactical levels, in all aspects of human resources and organizational development. During her career, she has been responsible for employee and labor relations, compensation, benefits, recruiting, training and development, safety and wellness, diversity and inclusion. Throughout her career, Ms. Hiers has leveraged her collaborative, energetic and creative style to build successful human resource strategies and business solutions.

Prior to joining JEA, Ms. Hiers was the Vice President, Human Resources for Baker Distributing Company, a subsidiary of the publicly traded company, Watsco, Inc. She also served as Human Resources Director for CSX Technology and Senior Vice President/Managing Director, Right Management Consultants in Jacksonville, Florida. Prior to joining Right Management Consultants, Ms. Hiers held leadership positions in operations and human resources for Barnett Bank.

Ms. Hiers is a graduate of Edward Waters College with a Bachelor of Arts - Organizational Management and Jacksonville University with a Master of Business Administration.

**Shawn Eads, Vice President and Chief Information Officer.**<sup>(†††)</sup> Mr. Eads is Vice President and Chief Information Officer. In this role, he is responsible for JEA's information technology (IT) strategy and the computer systems required to support the organization's unique objectives and goals.

Mr. Eads has over 22 years of experience in the IT industry. Most recently, he served as Senior Director for IT at GE Appliances, where he led various responsibilities including Oracle ERP, Risk & Compliance, Predictive Analytics, Engineering Systems, Vendor Management, Enterprise Architecture, Innovation and New Product Introduction. While working in the Home Appliances industry, Mr. Eads spent time developing solutions for home energy management. One example includes integrating smart meters via the cloud with home appliances to respond to time of use pricing and demand management events. Prior to his 13-year career at GE Appliances, Mr. Eads held IT roles with Accenture and GE Aircraft Engines.

Mr. Eads holds a Bachelor of Science degree in Chemical Engineering from Rose-Hulman Institute of Technology, and earned his MBA at Xavier University.

**John P. McCarthy, Vice President and Chief Supply Chain Officer.** Mr. McCarthy is responsible for leading JEA's supply chain strategy and operations. His responsibilities include JEA's facilities, fleet, real estate, procurement, inventory management, investment recovery, emergency management planning and recovery and utility locates groups. The team ensures JEA's material readiness is at the highest levels and lowest cost, while ensuring corporate funds are committed under ethical standards to deliver the greatest value to JEA in compliance with state and local laws.

Mr. McCarthy joined JEA in 2002 after a successful 20-year career as a U.S. Navy Supply Officer. During his 16 years at JEA, he has served in various leadership roles within the procurement and logistics groups including an initial assignment as a Procurement Project Coordinator where he

<sup>(†††)</sup> Paul J. Cosgrave retired from his position of Vice President and Chief Information Officer in January 2019.

developed an aggregated sourcing model adopted by seven different utility companies. This resulted in the strategic sourcing of over \$400 million over a ten-year period. Other notable roles include JEA's Chief Procurement Officer and Incident Command Logistics Section Chief where he implemented advanced contract negotiation processes and a hurricane preparedness strategy for critical storm materials, providing 100 percent on-site material availability for the restoration periods following Hurricanes Matthew and Irma. He also served as JEA's United Way Campaign Chairman.

Mr. McCarthy received his B.S. degree from the U.S. Naval Academy, and an M.B.A. degree from The Ohio State University. He is a member of Leadership Jacksonville, class of 2013, and holds advance certificates in executive contract negotiations and supply chain strategy and management from the Massachusetts Institute of Technology Sloan School of Management.

***Paul K. Steinbrecher, Vice President and Chief Environmental Services Officer.*** Mr. Steinbrecher is responsible for leading JEA's Environmental Services group. Core group functions include environmental permitting and compliance assistance for JEA's numerous electric and water business facilities, environmental incident response and reporting, due diligence, waste management and remediation, wetlands and wildlife issues, industrial pretreatment and other programs in which JEA serves as an environmental regulatory agency, and full service environmental laboratory functions to support the enterprise's extensive monitoring and environmental reporting activities. In this role he leads the organization in ensuring the highest levels of environmental compliance and incorporation of sustainability into all JEA's planning activities.

Mr. Steinbrecher's career has focused on finding and advancing cost effective environmental and engineering solutions for utilities, business and industry and governments. Mr. Steinbrecher joined JEA in 2001. He is highly active on Florida environmental policy and regulatory issues, currently serving as President of the Florida Water Environment Association Utility Council and as a national board member of the WaterReuse Association. He is also a long term member of the Florida Electric Power Coordinating Group Environmental Committee. Based on his prior experience, he also helps lead the utility in forward thinking water resource solutions.

Prior to joining JEA Mr. Steinbrecher was a process engineer and program manager for CH2M Hill, designing water and wastewater systems and assisting industries and municipalities with environmental projects worldwide. Mr. Steinbrecher holds BS and MS degrees in Civil Engineering from Valparaiso University and the University of Arkansas, respectively. He is a registered professional engineer in Florida and a member of the Leadership Jacksonville, class of 2015.

#### ***Legal Counsel (Office of General Counsel)***

~~Pursuant to the Charter, the Office of General Counsel is responsible for overseeing JEA's legal services. The Office of General Counsel represents the City's consolidated city-county local government, which includes six independent agencies, in addition to JEA, five constitutional officers, the Mayor and 10 executive branch departments, 19 City Council members and over 30 boards, commissions, and agencies. Jason Gabriel serves as General Counsel for the City and was appointed by the Mayor and confirmed by City Council in 2015. Mr. Gabriel oversees over 35 attorneys combined that are specialized in the primary practice areas of: legislative affairs; governments operations; general litigation; tort and employment; and regulatory and constitutional law.~~

~~The Office of General Counsel provides day to day and long term counsel to JEA on various legal matters related to its utility systems operations, including, but not limited to, counsel of federal and state regulations, public finance, government procurement, real estate, contracts, employment, risk management and local charter provisions. JEA has several assigned attorneys who are experienced in government operations and litigation matters. These assigned attorneys are Office of General Counsel employees. In~~

~~addition to these assigned attorneys, the Office of General Counsel has retained several reputable law firms to assist JEA with special projects or specialized legal services.~~

### ***Employees***

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2018, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,553 were budgeted to the Electric System, 599 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,561 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees (“AFSCME”), the International Brotherhood of Electrical Workers (“IBEW”), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers’ International Union of North America (“LIUNA”), all of which are affiliated with the AFL-CIO, and by a professional employees’ association (the “PEA,” Professional Employees Association) and a supervisors’ association (the “JSA,” Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2019.

### ***Pension***

Substantially all of JEA’s employees participate in the City’s general employees pension plan (“GEPP”). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA’s Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City’s plan. The Actuarial Valuation as of October 1, 2017 for the City’s GEPP (the “2017 Actuarial Valuation Report”) is available for viewing and downloading from the City’s website link: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2017 Valuation under “General Employees Retirement Plan.”

For the five Fiscal Years ended September 30, 2014, 2015, 2016, 2017 and 2018, JEA contributed \$34,544,000, \$40,179,000, \$43,156,000, \$48,942,000, and \$35,459, 523, to the GEPP.

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP’s unfunded actuarial accrued liability. JEA expects that the GEPP’s unfunded actuarial accrued liability and JEA’s portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

amounts due to be deposited into the SJRPP Plan. See “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John’s River Power Park – *Early Termination of Power Park Joint Ownership Agreement*” for additional information.

See Note 12, Note 13 and pages 111-118 of JEA’s Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, “other post-employment benefit” plan and actuarial accrued liability.

**Certain Demographic Information**

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area (“MSA”) is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering {3,202} square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of {1,504,980} as of {July 1, 2017} 2017. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA. ~~{JULY 1, 2018 POPULATION ESTIMATES AVAILABLE MID MARCH 2019}~~

<b>Population</b>	
<u>Year</u>	<u>Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 <sup>(1)</sup>	1,122,750
2010	1,345,596
{2017}	{1,504,980}

Source: United States Census Bureau  
 (1) Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League’s Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent 10 years ended December ~~{2018} [TO BE UPDATED FOLLOWING RELEASE OF FINAL 2018 STATISTICS IN MID MARCH 2019] 2018.~~

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Jacksonville MSA Labor Force				Unemployment Rate (%)	
Year	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
2009	681,026	612,993	10.0	10.4	9.3
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	<del>704,514</del> 704,090	<del>646,462</del> 646,370	8.2	8.5	8.1
2013	<del>708,926</del> 709,351	<del>659,390</del> 659,773	7.0	7.2	7.4
2014	<del>716,249</del> 715,253	<del>671,696</del> 670,631	6.2	6.3	6.2
2015	<del>719,195</del> 719,098	<del>680,930</del> 680,375	<del>5.3</del> 5.4	5.5	5.3
2016	<del>736,806</del> 735,832	<del>702,660</del> 701,636	4.6	4.8	4.9
2017	<del>762,141</del> 760,298	<del>732,140</del> 729,627	<del>3.9</del> 4.0	<del>4.1</del> 4.2	<del>4.0</del> 4.4
2018	<del>777,981</del> 773,492	<del>752,119</del> 747,223	<del>3.3</del> 3.4	{3.6}	{3.9}

Source: Florida Research and Economic Information Database Application, <http://freida.labormarketinfo.com/default.asp>.

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The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the twelve months ended December calendar year 2018.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	<del>143,500</del> 150,400	<del>20.2</del> 21.2
Professional and Business Services	<del>109,000</del> 108,000	<del>15.4</del> 15.2
Education and Health Services	<del>107,700</del> 107,500	15.2
Leisure and Hospitality	<del>89,000</del> 85,500	<del>12.6</del> 12.1
Government	<del>77,100</del> 77,000	10.9
Finance	<del>69,600</del> 67,000	<del>9.8</del> 9.5
Construction	<del>46,100</del> 45,400	<del>6.5</del> 6.4
Other Services <sup>(1)</sup>	<del>35,800</del> 36,300	<del>5.0</del> 5.1
Manufacturing	<del>31,200</del> 31,400	<del>4.4</del>
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	<del>709,000</del> 708,500	<del>100.0</del>

Source: United States Department of Labor.

(1) Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

Name of Employer	Product or Service	Approximate No. of Employees
Baptist Health System	Healthcare	10,500
Bank of America / Merrill Lynch	Banking	8,000
Florida Blue	Health Insurance	7,000
Mayo Clinic	Healthcare	6,000
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,300
Citibank	Banking	4,200
JP Morgan Chase	Banking	3,900
UF Health Jacksonville	Healthcare	3,600
Wells Fargo	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	19,800
Duval County Public Schools	Public Education	11,876 <sup>(1)</sup>
Naval Air Station, Mayport	United States Navy	9,000
City of Jacksonville	Municipal Government	7,471 <sup>(2)</sup>
<u>St. Johns County School District</u>	<u>Public Education</u>	<u>5,039<sup>(3)</sup></u>
Clay County School Board	Public Education	5,000
<del>St. Johns County School District</del>	<del>Public Education</del>	<del>4,534<sup>(3)</sup></del>
Fleet Readiness Center	Maintenance / Repair Overhaul	3,850
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

(1) Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>)

(2) City of Jacksonville Annual Budget 2018-19

([http://www.coj.net/departments/finance/docs/budget/fy-2018-2019-annual-budget-\(1\).aspx](http://www.coj.net/departments/finance/docs/budget/fy-2018-2019-annual-budget-(1).aspx))-<http://www.coj.net/departments/finance/docs/budget/fy18-19-proposed-budget-website.aspx>)

(3) St. Johns County School District website (<http://www.stjohns.k12.fl.us/about/>).

#### Indebtedness of JEA

The indebtedness of JEA relating to its Electric Utility Functions as of the date of this Annual Disclosure Report consists of Electric System Bonds, Subordinated Electric System Bonds, Power Park Issue Three Bonds, Bulk Power Supply System Bonds and borrowings outstanding under the Revolving Credit Facility (as defined herein) for the account of the Electric System. All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP. See “ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Early Termination of Power Park Joint Ownership Agreement.” See “ELECTRIC UTILITY SYSTEM - FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS - Debt Relating to Electric Utility Functions” herein. For information regarding the Revolving Credit Facility, see “OTHER FINANCIAL INFORMATION - Revolving Credit Facilities” herein. As described under “INTRODUCTION - General” herein, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, the information contained in this Annual Disclosure Report relating to JEA’s Electric Utility Functions is not relevant to the Water and Sewer System Bonds (as described in the Water and Sewer System/DES ADR), the Subordinated Water and Sewer System Bonds (as described in the Water and Sewer/DES ADR) or the District Energy System Bonds (as described in the Water and Sewer/DES ADR) and should not be taken into account in evaluating such debt.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2018, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

#### Forward-Looking Statements and Associated Risks

This Annual Disclosure Report contains forward-looking statements, including statements regarding, among other items, (a) anticipated trends in JEA’s business and (b) JEA’s future capital

conditions of any action to sell more than ten percent of JEA. On November 6, 2018 voters overwhelmingly approved the referendum item.

On ~~Effective~~ December 10, 2018, the ~~Charter was~~ Council amended the Charter to require referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private and ~~which~~ has been approved by the Council.

At this time, JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA's bonds may be impacted by any actions that the Council, the City or the JEA Board may take in connection with a possible sale of JEA.

JEA also cannot determine what additional action, if any, may be taken by the JEA Board, the Council or the City relating to the privatization of JEA.

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## **ELECTRIC UTILITY SYSTEM**

### ***ELECTRIC UTILITY FUNCTIONS***

#### **General**

In 2017, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year Ended September 30, 2018, the Electric System served an average of 466,411 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein, JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA's total energy sales in the Fiscal Year ended September 30, 2018, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.4 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2018, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage" herein)), were approximately \$1,288,954,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, seven dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two of the seven CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed capacity of the Electric System's generating units is 2,573 megawatts ("MW"), net, summer and 2,906 MW, net, winter (see

on a blend of petroleum coke (petcoke), coal, and natural gas. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2018, JEA purchased approximately 57 percent of its petcoke requirements from TCP Petcoke Corporation, approximately 31 percent from KOMSA Sarl (Koch Minerals SA), and approximately 12 percent from Tricon International LTD. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2018, JEA supplied approximately 77 percent of its coal requirements by transferring approximately 333,000 tons of coal remaining at SJRPP to the Northside units and purchased approximately 23 percent from Coal Marketing Company. JEA has commitments to purchase approximately 88 percent of the expected coal requirements for JEA's ownership share of Scherer Unit 4 in 2019. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights for the majority of its solid fuel supply.

JEA maintains diesel inventory at Brandy Branch, Kennedy, Greenland, and Northside. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that ends in 2021. The agreement with Shell Energy supplied 39 percent of JEA's natural gas needs for Fiscal Year 2018 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

As of September 30, 2018, JEA had 11 commodity swap transactions with an aggregate notional quantity of 47,510,000 MMBtus ~~MMBtu~~ in place with two counterparties to hedge JEA's exposure to natural gas prices. Based on information provided by the counterparties, those swaps had a total mark-to market value of approximately \$2.5 million at that date. As of March 31, 2019, JEA had ~~11~~ commodity swap transactions with an aggregate notional quantity of ~~47,510,000~~ MMBtus 52,410,000 MMBtu with two counterparties in place having a mark-to-market value of ~~approximately \$2.5 million~~ approximately \$4.4 million.

JEA has entered into three contracts to purchase prepaid natural gas supplies at specified volumes per day. The delivery period will begin on April 1, 2019 and will supply an average of 12,000 ~~mmBtu~~ MMBtu/day of prepaid gas from locations that JEA has access to with firm natural gas transportation. Those prepayments expire at various dates in 2039, 2048 and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

### ***Natural Gas Sales***

In March 2015, JEA made the decision to market natural gas to commercial and industrial customers within its service area as allowed under Article 21 of the Charter and JEA's Fuel Management Services Procurement Directive. JEA supplies natural gas under TECO Peoples Gas Natural Choice Program, which gives commercial and industrial customers the option to choose their gas supplier. JEA receives a number of benefits from its participation in the Natural Choice program. Natural gas sales generate marginal net revenues, reported as "other revenues" under the Electric Enterprise Fund. JEA will become a complete energy provider within its service territory for businesses that select JEA to be their natural gas supplier. Through Fiscal Year 2018, this program has signed approximately 150 customers, including The Hyatt, Jacksonville Zoo, YMCA, Jacksonville Housing Authority, First Baptist Church of Jacksonville, Dresser Equipment, a division of GE, and several restaurants.

### ***Power Purchase Contracts***

#### ***Overview***

As a result of an earlier 2008 Board policy establishing a 10 percent of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the "Additional Vogtle Units PPA") with the Municipal Electric Authority of Georgia ("MEAG") for 206 MW of capacity and related energy from MEAG's interest in two additional nuclear generating units (the "Additional Vogtle Units" or "Plant Vogtle Units 3 and 4") under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company ("Georgia Power"), Oglethorpe Power Corporation ("Oglethorpe"), MEAG and the City of Dalton, Georgia (collectively, the "Owners" or "Vogtle Co-Owners"). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 13 percent of JEA's total energy requirements in the year 2023.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, and whether or not its output is suspended, reduced or the like or terminated in whole or in part), except that JEA is not obligated to pay the "margin" referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

On September 11, 2018, MEAG filed a complaint in the United States District Court for the Northern District of Georgia seeking a declaratory judgement that the Additional Vogtle Units PPA is lawful and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's

cooperation clause, and ordering specific performance from JEA with the terms of the Additional Vogtle Units PPA. On the same day, JEA and the City, as co-plaintiffs, filed a complaint in the Fourth Judicial Circuit Court of Florida seeking a declaratory judgment that the Additional Vogtle Units PPA violates the Florida Constitution, the Charter, and the laws and public policy of the state of Florida and is therefore ultra vires, void ab initio, and unenforceable. For additional information about such litigation, see “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* – Electric System - *Litigation and Regulatory Proceedings*” herein.

### ***Financing and In-Service Costs***

MEAG created three separate “projects” (the “Vogtle Units 3 and 4 Project Entities”) for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG’s ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as “Project J.” MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately \$6.485 billion, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. MEAG has additionally provided that its total financing needs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately \$6.975 billion. Based on information provided by MEAG, (i) the portion of the total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J is approximately \$2.715 billion and (ii) the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$203 million resulting in total financing needs of approximately \$2.918 billion.

**Financing for Project J** – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued approximately \$1.248 billion of its Plant Vogtle Units 3 and 4 Project J Bonds (the “2010 PPA Bonds”) on March 11, 2010. Of the total 2010 PPA Bonds, approximately \$1.224 billion were issued as Federally Taxable – Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35 percent of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2018 for the current fiscal year through fiscal year 2027. The exact amount of such reduction is determined on or about the beginning of the federal government’s fiscal year, or October 1, and is subject to adjustment thereafter. The current reduction amount of 6.2 percent became effective on October 1, 2018. MEAG issued approximately \$185.2 million of additional Project J tax-exempt bonds on September 9, 2015 (together with the 2010 PPA bonds, the “Project J Bonds”).

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy (“DOE”) for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175 percent of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG’s ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the “Project J Entity”).

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank (“FFB”) an aggregate amount of approximately \$577.7 million. To date, the Project J Entity has received proceeds from borrowings under the loan guarantee agreement in an aggregate principal amount of approximately ~~\$341.4494.1~~ million. There is additional borrowing capacity of approximately ~~\$236.383.6~~ million under the Project J Entity’s existing DOE-guaranteed loan. On September 28, 2017,

DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of \$414.7 million. On September 17, 2018, the DOE extended the expiration date of such conditional commitment to March 31, 2019. Subject to satisfaction of the conditions contained in such conditional commitment, it is expected that the Project J Entity will obtain from FFB such additional lending commitment in the amount of \$111.5 million. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414.7 million. The Project J Entity's portion of the \$414.7 million in additional DOE loan guarantees is \$111.5 million and this amount currently remains undrawn. While MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets, in the event that the JEA litigation challenging its obligations under the Additional Vogtle Units PPA materially impedes access to capital markets for MEAG, Georgia Power has agreed to provide certain funding as described below under Note 10 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Based on information provided by MEAG Power, JEA's portion of the debt service to maturity on the outstanding Project J debt as of September 30, 2018 is summarized as follows:<sup>(1)</sup>

Fiscal Year Ending September 30,	Debt Service (000's omitted)					
	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2019	\$ 12,750	\$ 98,800	\$ 111,550	\$ (27,612)	\$ (71,188)	\$ 12,750
2020	16,183	97,995	114,178	(27,392)	(70,603)	16,183
2021	19,952	97,058	117,010	(27,100)	(69,958)	19,952
2022	20,706	95,983	116,689	(26,790)	(33,262)	56,637
2023	22,100	94,842	116,942	(26,466)	(4,207)	86,269
2024	22,967	93,642	116,609	(26,129)	—	90,480
2025	23,819	92,385	116,204	(25,776)	—	90,428
2026	24,685	91,079	115,764	(25,409)	—	90,355
2027	25,570	89,721	115,291	(25,026)	—	90,265
2028	26,538	88,311	114,849	(24,626)	—	90,223
2029	27,511	86,844	114,355	(24,209)	—	90,146
2030	28,528	85,318	113,846	(23,774)	—	90,072
2031	29,586	83,733	113,319	(23,320)	—	89,999
2032	30,661	82,084	112,745	(22,847)	—	89,898
2033	31,842	80,370	112,212	(22,353)	—	89,859
2034	33,035	78,587	111,622	(21,838)	—	89,784
2035	34,272	76,733	111,005	(21,301)	—	89,704
2036	28,275	74,805	103,080	(20,740)	—	82,340
2037	16,223	72,799	89,022	(20,155)	—	68,867
2038	10,905	70,713	81,618	(19,545)	—	62,073
2039	6,973	68,543	75,516	(18,909)	—	56,607
2040	1,424	66,250	67,674	(18,246)	—	49,428
2041	—	63,866	63,866	(17,553)	—	46,313
2042	—	31,076	31,076	(9,217)	—	21,859
2043	—	4,058	4,058	(1,249)	—	2,809
<b>Total</b>	<b>\$494,505</b>	<b>\$1,965,595</b>	<b>\$2,460,100</b>	<b>\$(547,582)</b>	<b>\$(249,218)</b>	<b>\$1,663,300</b>

(1) At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process for the current fiscal year and reductions may continue in subsequent fiscal years. The exact amount of such reduction is determined on or about the beginning of the federal government's fiscal year, or October 1, and is subject to adjustment thereafter. The current reduction amount of 6.2 percent became effective on October 1, 2018.

### ***Construction Arrangements for the Additional Vogtle Units***

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

- Bechtel Power Corporation (“Bechtel”) will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the “Construction Agreement”), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.
- The Vogtle Co-Owners recently approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the “Vogtle Joint Ownership Agreements”) that limit the circumstances under which the holders of at least 90 percent of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including a delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.
- Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J’s share of the Additional Vogtle Units have significantly increased from the original project budget of approximately \$1.4 billion to the current estimate of approximately \$2.9 billion. In addition, significant delays in the project’s construction schedule have resulted in the original placed in service dates for Vogtle Unit 3 of April 2016 and for Vogtle Unit 4 of April 2017 being revised to the current projected placed in service dates for Vogtle Unit 3 and for Vogtle Unit 4 of November 2021 and November 2022, respectively.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project or to approve increases in construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Vogtle Units PPA. See “Overview” and “Financing and In-Service Costs” above and “Litigation and Regulatory Proceedings” below for a further description of JEA’s obligations under the Additional Vogtle Units PPA and for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

See Note 10 to the financial statements of JEA set forth in APPENDIX A attached hereto for a more detailed description of the history of and the construction arrangements for the Additional Vogtle Units.

### ***Litigation and Regulatory Proceedings***

**Litigation** – As noted under “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* – Electric System - *Overview*” herein, on September 11, 2018, both MEAG and JEA filed court actions seeking declaratory judgment on the enforceability of the Additional Vogtle Units PPA. MEAG filed its action in the United States District Court for filed suit against JEA in the Northern District of Georgia; Civil Action No.: 1:18-CV-04295-MHC and alleging claims for (i) a declaratory judgment that the Additional

Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City of Jacksonville filed their ~~actions~~suit against MEAG in the Circuit Court, Fourth Judicial Circuit, Duval County, Florida, Case No.: 16-2018-CA-006197-XXXX-CV-G, which MEAG removed to the United States District Court for seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida, Case No.: 3:18-cv-174-J-39JRK. Both cases are engaged in extensive. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. MEAG has filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals. The parties are presently engaged in procedural litigation over the forum in which the substantive issues will be tried. JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation.

**Regulatory Proceedings** – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission (“FERC”) seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act (“FPA”) over the Additional Vogtle Units PPA (FERC Petition).

Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA will not be seeking FERC's reconsideration of the order.

**Other Renewable Sources.** JEA entered into a 20-year agreement (the “Wind Generation Agreement”) with Nebraska Public Power District (“NPPD”) in 2004 to participate in a wind generation project located in Ainsworth, Nebraska. JEA's participation in NPPD's wind generation project allowed JEA to receive environmental credits (“Green Tags”) associated with this Green Power alternative. Under the Wind Generation Agreement, JEA agreed to purchase over a 20-year period 10 MW of capacity from NPPD's wind generation facility for an estimated net cost of \$2,280,958. In turn, NPPD buys back the energy at specified on/off peak charges. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers. JEA has sold environmental credits for specified periods from this project thereby reducing but not eliminating JEA's net cost for this resource for that period.

With the expansion of JEA's renewable portfolio within the State of Florida, additional landfill gas generation and new solar facilities, JEA exercised its right to terminate this contract. JEA and NPPD have agreed to terminate the agreement effective December 31, 2019.

JEA signed a Power Purchase Agreement with Trail Ridge Energy, LLC (“TRE”) in 2006 to purchase energy and environmental attributes from a 9.6 MW landfill gas-to-energy facility at the City's Trail Ridge Landfill (the “Phase One Purchase”). The facility is one of the largest landfill gas-to-energy facilities in the Southeast. It achieved commercial operation in December 2008 for the Phase One Purchase. JEA and TRE executed an amendment to the Power Purchase Agreement in 2011 to purchase up to an additional 9.6 MW through TRE. Six MW of this additional 9.6 MW is being supplied to JEA from a landfill gas-to-energy facility in Sarasota, Florida. Cost to JEA is the same as negotiated for Trail Ridge. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers.

JEA signed a power purchase contract with Jacksonville Solar LLC in 2009 for the purchase for 30 years of all of the electricity and renewable energy credits generated by a 12.6 MW solar power facility

A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of ~~November 2018~~, January 2019, is shown in the following table, arranged by price of 1,000 kWh:

<u>City (Utility)</u>	<u>500 kWh</u>	<u>1,000 kWh</u>	<u>1,250 kWh</u>	<u>2,000 kWh</u>
Pensacola (Gulf Power Company)	\$73.61	\$128.00	\$155.20	\$236.80
Gainesville (GRU)	66.86	122.87	154.87	250.88
St. Petersburg (Duke Energy Florida)	64.81	120.78	154.84	257.01
Ocala (Electric Dept.)	<del>62.69</del> <u>66.1</u>	<del>116.04</del> <u>119.2</u>	<del>142.72</del> <u>145.7</u>	<del>222.75</del> <u>225.4</u>
<b>JACKSONVILLE (JEA)</b>	<b>58.72</b>	<b>111.76</b>	<b>138.29</b>	<b>217.85</b>
Atlanta (GPC)	63.29	110.36	132.86	200.32
<del>Tampa (Tampa Electric)</del>	<del>63.58</del>	<del>109.55</del>	<del>138.12</del>	<del>223.83</del>
Tallahassee (Electric Dept.)	58.43	109.07	134.40	210.37
Orlando (Orlando Utilities Commission)	58.00	106.00	135.00	222.00
<del>Tampa (Tampa Electric)</del>	<del>59.23</del>	<del>102.41</del>	<del>129.27</del>	<del>209.85</del>
Lakeland (Utilities Dept.)	55.42	101.35	120.84	201.62
<del>Miami (FPL)</del>	<del>54.04</del>	<del>99.92</del>	<del>128.02</del>	<del>212.27</del>
Key West (Keys Energy Services)	49.50	99.00	123.75	198.00
<del>Miami (FPL)</del>	<del>53.14</del>	<del>98.11</del>	<del>125.76</del>	<del>208.65</del>

Source: JEA's "Quarterly Residential Rate Comparison (~~October 2018~~, January 2019).

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A comparison of non-residential rates in selected major regional cities for certain classifications of service for ~~November 2018~~ January 2019 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

<u>City (Utility)</u>	<u>Non-Demand 1,500 kWh</u>	<u>Demand 150 kW 60,000 kWh</u>	<u>Demand 500 kW 200,000 kWh</u>
Atlanta (GPC)	<del>\$260.93</del> <u>281.21</u>	<del>\$5,759.08</del> <u>5,916.15</u>	<del>\$18,639.98</del> <u>21,270.70</u>
Gainesville (GRU)	220.90	7,327.00	23,774.70
<del>Pensacola (Gulf Power Company)</del>	<del>187.69</del>	<del>5,430.53</del>	<del>18,700.80</del>
St. Petersburg (Duke Energy Florida)	<del>184.80</del> <u>196.6</u> <u>5</u>	<del>5,669.97</del> <u>5,818.3</u> <u>8</u>	<del>18,230.67</del> <u>18,729.4</u> <u>6</u>
<del>Pensacola (Gulf Power Company)</del>	<del>184.72</del>	<del>5,342.82</del>	<del>18,395.80</del>
Ocala (Electric Dept.)	175.85	5,775.10	19,436.00
Orlando (OUC)	163.96	5,042.00	16,718.00
<del>Tampa (Tampa Electric Company)</del>	<del>161.59</del>	<del>4,935.54</del>	<del>16,374.24</del>
<b>JACKSONVILLE (JEA)</b>	<b>155.64</b>	<b>5,345.20</b>	<b>17,619.00</b>
Lakeland (Utilities Dept.)	149.52	4,913.39	16,553.98
<del>Tampa (Tampa Electric Company)</del>	<del>149.10</del>	<del>4,563.24</del>	<del>15,140.24</del>
Miami (FPL)	<del>144.76</del> <u>147.6</u> <u>9</u>	<del>4,601.54</del> <u>4,716.4</u> <u>4</u>	<del>15,590.98</del> <u>15,953.9</u> <u>8</u>
Tallahassee (Electric Dept.)	140.00	5,233.38	17,154.78

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (~~November 2018~~ January 2019); for Atlanta, GPC (~~December 2018~~ January 2019).

In June 2011, the JEA Board approved a 10 year Incremental Economic Development Program (IEDP) designed to provide an incentive for large industrial customers to increase electric consumption. IEDP discounts on incremental consumption in excess of a predetermined consumption baseline are described in the following table:

<u>Fiscal Year Ending September 30,</u>	<u>Base Charges Discount</u>	<u>Fuel Charges Discount</u>	<u>Baseline Load</u>
2012	100%	10%	lesser of <b>Fiscal Year 2008</b> through <b>Fiscal Year 2010</b>
2013	100%	10%	
2014	75%	7.5%	
2015	50%	5%	
2016	25%	2.5%	
2017	100%	0%	greater of <b>Fiscal Year 2008</b> through <b>Fiscal Year 2016</b>
2018	100%	0%	
2019	75%	0%	
2020	50%	0%	
2021	25%	0%	
2022 and thereafter	0%	0%	

In August 2013, the JEA Board approved an Economic Development Program (the "EDP") designed to provide a financial incentive for new and existing commercial or industrial customers who, upon meeting certain eligibility criteria, expand their business and add jobs within the JEA service area. In January 2015

the JEA Board amended the EDP to create an increased level of incentive for customers expanding their business and adding jobs within designated areas where JEA has underutilized existing transmission and distribution capacity (Load Density Improvement areas). In August 2018, the JEA Board approved an extension of the EDP program application date to September 30, 2021. The EDP discount schedule is described in the following table:

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<u>Year</u>	<u>Base Charges Discount</u>	<u>Discount in Load Density Improvement Areas</u>
Year 1	30%	35%
Year 2	25%	30%
Year 3	20%	25%
Year 4	15%	20%
Year 5	10%	15%
Year 6	5%	10%
Year 7	0%	0%

On November 15, 2016, the JEA Board approved an Economic Stimulus Rider designed to provide a financial incentive for new commercial or industrial customers to locate within the JEA service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

- (i) Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of the rider, the new load would not be served by JEA; and
- (ii) Documentation demonstrating to JEA’s satisfaction that there is a viable lower cost alternative to the customers taking electric service from JEA.

***Regulation***

Municipal electric utilities in the State of Florida, including JEA, are not subject to state regulation except for certain environmental matters, power plant and large transmission line siting, rate structures, certain conservation activities, certain safety standards and certain provisions of the Grid Power Bill. Section 366.04(5), Florida Statutes, a part of the Grid Power Bill, states that the PSC “shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities.” In 1974, the Florida legislature enacted a statute which confers jurisdiction on the PSC to regulate “rate structures” of all utilities, including municipal utilities. In 1975, the PSC ruled that the statute does not confer ratemaking jurisdiction over municipal electric systems by distinguishing between “rates,” as relating to determination of the revenues required by the utility, and “rate structures,” as relating to the method by which revenues are generated.

The Florida legislature, in 1986, amended Section 366.04, Florida Statutes, which authorizes the PSC to prescribe and enforce safety standards for transmission and distribution facilities owned and operated by investor-owned electric utilities (“IOU’s”) and municipal- and cooperatively-owned electric utilities within the State of Florida. The PSC has adopted the National Electric Safety Code as its standard in this regard, and JEA believes it is currently in full compliance.

The Florida Electric Power Plant Siting Act, administered by the Florida Department of Environmental Protection (the “FDEP”), gives the PSC exclusive authority to determine the need for electric

power plants. The Florida Transmission Line Siting Act, also administered by the FDEP, gives the PSC exclusive authority to determine the need for all transmission lines with voltages of 230 kV or greater which cross county lines. The Florida Department of Transportation (“FDOT”) regulates the construction of new transmission and distribution lines which cross FDOT rights-of-way. The FDEP must approve the construction of transmission and distribution lines across FDEP-protected lands. Transmission and distribution lines which cross navigable waters are regulated by the Army Corps of Engineers, the FDEP and the SJRWMD.

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Existing and proposed interconnection agreements with IOU’s are subject to review and approval by FERC. The Energy Policy Act of 1992 conferred on FERC the power to order any “transmitting utility” to perform wheeling services. The term “transmitting utility” is defined to include municipal utilities, such as JEA. In addition, “transmitting utilities” are subject to FERC reporting requirements.

***Capital Program***

The Electric System’s capital program consists of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA’s annual resource planning process and (b) JEA’s remaining capital requirements for transmission and distribution facilities and other capital items. The projected total amount of the capital program for the five-year period ending September 30, 2023 is shown in the following table.

**Electric System Capital Program  
(000’s omitted)**

<b>Fiscal Year Ending September 30,</b>	<b><u>Amount</u></b>
2019	\$275,000
2020	236,000
2021	146,000
2022	118,000
2023	<u>122,000</u>
Total	\$897,000

The total amount of the capital program for the five-year period ending September 30, 2023 is estimated to be approximately \$897 million. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the Electric System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters” and “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Factors Affecting the Electric Utility Industry” herein.

St. Johns River Power Park

***General Description***

The St. Johns River Power Park, a coal- and petcoke-fired steam electric generating station, is located on an approximately 1,900-acre site in the northeast section of the City and consists of two units, each having a current average net capability of 638 MW. The two units are essentially identical in design and share certain common facilities, including fuel handling and storage facilities, four on-site water wells, a

demineralized water treatment system, a wastewater treatment facility, switchyards and miscellaneous buildings.

The term “Power Park” is used in this Annual Disclosure Report to mean the Joint Facilities, as that term is defined in the “Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2” dated as of April 2, 1982, as amended (the “Power Park Joint Ownership Agreement”), between JEA and FPL. The Joint Facilities are defined in the Power Park Joint Ownership Agreement to mean a coal-fired, steam electric generating facility consisting of two units, together with their associated improvements.

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### ***Ownership***

The Power Park is owned and operated by JEA and FPL pursuant to the provisions of the Power Park Joint Ownership Agreement. A summary of certain provisions of the Power Park Joint Ownership Agreement is attached hereto as APPENDIX G. JEA owns an undivided 80 percent interest in the Power Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

### ***Early Termination of Power Park Joint Ownership Agreement***

On March 21, 2017, JEA’s Board was informed by staff of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. The agreement in principle between JEA and FPL was subject to negotiation, execution and delivery of mutually satisfactory definitive agreements between JEA and FPL and final approval from JEA’s Board, FPL’s governing body and regulatory agencies. JEA and FPL executed a term sheet on March 21, 2017 in connection with the proposed transaction.

JEA and FPL obtained all required approvals, including those of the JEA Board, FPL’s Board, and the Florida PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement dated as of May 17, 2017. FPL obtained Florida PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

JEA completed Regulated Material Study and Environmental Site Assessments on August 25, 2017. The JEA Procurement Awards Committee approved a Demolition and Soil Remediation contract on November 16, 2017.

Upon the ceasing of commercial operation of the Power Park (the “Closing”), FPL made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On January 5, 2018, FPL and JEA deposited amounts, which together with funds on deposit in the debt service reserve fund, were sufficient to defease all outstanding debt issued under the First Power Park Resolution. As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution is currently expected to remain outstanding and was not defeased in connection with the Closing.

In 2010, the JEA Board established a target of up to 30 percent of JEA's energy requirements to be met with nuclear energy by 2030. This policy was amended and restated in October 2017 to establish a target of up to 30 percent of JEA's energy requirements to be met with carbon-free, or carbon-neutral energy by 2030. This modification allows energy from solar, wind, biomass, landfill gas and other renewable sources, as well as nuclear, to meet the target.

JEA is in the process of performing an Integrated Resource Plan ("IRP") analysis. The purpose of the IRP is to comprehensively evaluate the performance and economic impacts of multiple classes of resource options for meeting future capacity needs resulting from load growth and/or from the potential retirement of the JEA Northside Unit 3 generating unit. The IRP will analyze the cost, benefit and present worth value of all potential resource options with and without the retirement of Northside Unit 3. The conventional resource capacity options under evaluation include natural-gas fired spark ignition reciprocating internal combustion engines (RICE), aeroderivate combustion turbine engine-generators (Aero CT), F-class and advanced-class large frame simple-cycle combustion turbines (SCCTs), large-frame F-class and advanced-class combined-cycle combustion turbines (CCCTs) and conversion of (2) existing GE 7FA.03 assets (GEC CT1 and CT2) to 2x1 7FA.05 combined-cycle configuration. The addition of renewable generation including solar PV and battery storage is also being evaluated. Sensitivities to the base case include retirement of Northside Unit 3, retirement of Northside CTs, high and low load growth, high and low natural gas prices and high resource capital costs. Three alternate scenarios will be evaluated to assess the robustness of the base load resource plan in cases of extreme disruption. These alternate scenarios include a Load Erosion case with decreasing energy sales due to customer-side solar PV, an Increased Electrification case with high penetration of plug-in electric vehicles (PEVs), and a Green Economy case with high PEV penetration, high demand-side management, high customer-side solar, CO<sub>2</sub> cost and 100% solid fuel retirement by 2030. ~~Presentation of preliminary~~ Preliminary IRP results is scheduled for were presented in late March 2019, with final issue of the IRP draft expected in late spring ~~the~~ summer of 2019.

#### ***Option to Purchase Interest in Lee Nuclear Station***

On February 1, 2011 JEA entered into an option agreement with Duke Energy Carolinas, LLC ("Duke Carolinas"), a wholly-owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than five percent and not more than 20 percent of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 & 2 to be constructed at a site in Cherokee County, South Carolina (the "Lee Project"). The Lee Project is currently planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was \$7.5 million. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30 percent of JEA's energy requirements from nuclear sources by 2030.

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA's exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the combined construction and operating license for the Lee Project (such approval was obtained on December 21, 2016) and (ii) executes an engineering, procurement and construction agreement for the Lee Project. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and

pre-construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optionable portion of the projected Lee Project capacity. Such alternative resources are to be available to JEA in a substantially similar timeframe (i.e., within two years of the projected on-line date) as currently planned for the Lee Project. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

**System Load**

From 2014 to 2018, the peak demand for power on JEA's Electric System increased at a compound annual rate of 2.2 percent per year. From 2014 to 2018, energy output increased at a compound annual rate of 0.5 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

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<u>Fiscal Year</u>	<u>System Peak Demand (MW)<sup>(1)</sup></u>	<u>Percent Change From Previous Year</u>	<u>Annual Net Energy For Load (GWh)<sup>(2)</sup></u>	<u>Percent Change From Previous Year</u>
2014	2,823	8.7	12,572	2.0
2015	2,863	1.4	12,866	2.3
2016	2,763	(3.5)	13,053	1.5
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6

- (1) The highest 60-minute net integrated peak demand for that year.
- (2) Does not include the FPL-Power Park Sale or other off-system sales.

JEA's peak load forecast, which is based on weather-normalized load and energy data, together with JEA's projections for available generation and firm power purchases, is shown in the following tables.

**PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS<sup>(1)</sup>**  
(MW)

<u>Fiscal Year</u>	<u>Firm Winter Peak Demand<sup>(2)</sup></u>	<u>Capacity Reserves</u>	<u>Firm Winter Peak Demand Plus Capacity Reserves<sup>(3)</sup></u>		<u>Electric System Capacity<sup>(4)</sup></u>	<u>Firm Power Purchases<sup>(5)</sup></u>	<u>Scherer Unit 4</u>	<u>Installed Capacity and Net Firm Power Purchases<sup>(3)</sup></u>	<u>Available Capacity Surplus<sup>(3)</sup></u>
			<u>Capacity Reserves</u>	<u>Firm Winter Peak Demand Plus Capacity Reserves<sup>(3)</sup></u>					
2019	2,715	407	3,122	2,907	215	198	3,320	197	
2020	2,736	410	3,146	2,940	40	198	3,178	31	
2021	2,752	413	3,165	2,940	40	198	3,178	13	
2022	2,769	415	3,184	2,940	115	198	3,258	68	
2023	2,787	418	3,205	2,940	215	198	3,353	148	

<u>Fiscal Year</u>	<u>Firm Summer Peak Demand<sup>(2)</sup></u>	<u>Capacity Reserves</u>	<u>Firm Summer Peak Demand Plus Capacity Reserves<sup>(3)</sup></u>	<u>Electric System Capacity<sup>(4)</sup></u>	<u>Firm Power Purchases<sup>(5)</sup></u>	<u>Scherer Unit 4</u>	<u>Installed Capacity and Net Firm Power Purchases<sup>(3)</sup></u>	<u>Available Capacity Surplus<sup>(3)</sup></u>
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threshold for GHGs of 75,000 tons per year CO<sub>2</sub>, which would determine whether a source that triggers PSD for conventional pollutants is required to conduct a BACT analysis for GHGs. EPA accepted comments on the revisions until December 16, 2016. Consistent with the ruling, the EPA is no longer requiring PSD permitting based on GHG emissions. JEA cannot determine the impact of this rule or any future related regulatory actions on its facilities at this time.

On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO<sub>2</sub>) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), applicable to existing fossil fuel-fired electric EGUs.
- The Final Carbon Pollution Standards Rule (CPS), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA issued an Advanced Notice of Proposed Rulemaking to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO<sub>2</sub> regulation under the Clean Air Act. On August 31, 2018, EPA issued a proposed rule to replace the CPP, which is entitled the Affordable Clean Energy ("ACE") rule. The proposed ACE rule requires states to set CO<sub>2</sub> performance standards for each individual affected generating unit based on heat rate improvements that can be made at each specific unit. In addition, the ACE proposal would adopt reforms to the New Source Review ("NSR") program that are designed to remove the current regulatory barriers to implementing efficiency measures as well as other reliability, maintenance and safety projects at existing power plants. The compliance requirements of the proposed ACE rule are significantly less stringent than those of the CPP. JEA anticipates the ability to comply with ACE without significant new investment. EPA accepted written comments on the proposed ACE rule until October 31, 2018. EPA plans to issue a final ACE rule in [March, Spring 2019]. The D.C. Circuit court continues to hold the CPP litigation in abeyance while EPA moves forward to repeal and replace the CPP. The CPP becomes repealed essentially when the ACE becomes "final".

On December 6, 2018, EPA issued a proposed rule to replace the CPS by revising the new source performance standards ("NSPS") for CO<sub>2</sub> emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO<sub>2</sub> performance standards for new coal-fired power plants, replacing the current standard based on carbon capture and storage with a more achievable standard based on high-efficiency generating technologies in combination with best operating practices. EPA's current plan is to finalize the rule by June of 2019. Similar to the ACE, the proposed NSPS for CO<sub>2</sub> emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO<sub>2</sub> emissions without significant incremental investment should it ever decide to construct a new EGU or modify an existing one.

#### ***National Ambient Air Quality Standards***

National Ambient Air Quality Standard ("NAAQS") are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with

provisions of the Clean Air Act. If the EPA determines that a state's air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

*Ozone NAAQS.* On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion ("ppb"), which is more stringent than the 75 ppb standard set in 2008. The Clean Air Act mandates that EPA publish initial area designations within two years of the promulgation of a new standard (i.e., by October 2017), but allows for a one-year extension if the Administrator determines he "has insufficient information to promulgate the designations." On November 16, 2017, EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone EPA, designating 2,646 counties (including all counties in Florida) as "attainment/unclassifiable." EPA is designating areas as "attainment/unclassifiable" where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan ("SIP") outlining strategy and emission control measures to achieve compliance. In November, 2017, Duval County was deemed unclassifiable pending acceptable monitoring results expected at the end of 2018. Duval County is projected to be in attainment of the revised standard. In the event that Duval County was to become a non-attainment area, JEA's power plants (e.g., Northside and Brandy Branch) could be required to comply with additional emission control requirements (e.g., increased usage of ammonia in their Selective catalytic reduction/~~SNCR~~ Selective non-catalytic reduction ("SCR/SNCR")) for nitrogen oxides and volatile organic compounds which are precursors to ozone formation. The nature and consequences of a non-attainment designation cannot be predicted at this time.

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*Particulate Matter NAAQS.* The EPA finalized the NAAQS Fine Particulate Matter ("PM<sub>2.5</sub>") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM<sub>2.5</sub> standard and kept the annual average PM<sub>2.5</sub> standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM<sub>2.5</sub> rule on December 14, 2012, that reduced the annual PM<sub>2.5</sub> standard from 15 µg/m<sup>3</sup> to 12 µg/m<sup>3</sup>. The rule left the 24-hour PM<sub>2.5</sub> standard of 35 µg/m<sup>3</sup> unchanged. The change in the PM<sub>2.5</sub> has not resulted in non-attainment designation for Duval County and has not had a material adverse effect on the operations of JEA's generating facilities.

*SO<sub>2</sub> and NO<sub>2</sub> NAAQS.* During 2010, the EPA finalized new one-hour NAAQS for both SO<sub>2</sub> and nitrogen dioxide ("NO<sub>2</sub>"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one hour primary SO<sub>2</sub> NAAQS. Parts of two Florida counties, including Nassau County, which is adjacent to JEA's service territory, were initially designated as being nonattainment areas. Duval County was not designated at this time. On August 10, 2015, EPA issued a final rule directing states to provide data to characterize current air quality in areas with large sources of sulfur dioxide SO<sub>2</sub> emissions to identify maximum one-hour SO<sub>2</sub> concentrations in ambient air. The air quality data developed by the states in accordance with the final rule will be used by EPA in future rounds of area designations for the 2010 one-hour SO<sub>2</sub> NAAQS. A March 2015 court order requires EPA to complete designations of all areas by the end of 2020. The FDEP conducted dispersion modeling studies of several large SO<sub>2</sub>-emitting sources in the State of Florida (including JEA's NGS and SJRPP boilers), and found that the one-hour SO<sub>2</sub> NAAQS is being met in Duval County using either allowable emission rates

or actual emission rates (for the past three years). EPA completed its review and issued a final rule on February 25, 2019 to maintain the one-hour standard at 75 ppb.

*State Implementation Plans.* The Clean Air Act requires states to develop a general plan to attain and maintain the NAAQS in all areas of the country and a specific plan to attain the standards for each area designated nonattainment for a NAAQS. These plans, known as State Implementation Plans or SIPs, are developed by state and local air quality management agencies and submitted to EPA for approval.

On June 12, 2015, EPA published a final rule concerning how provisions in EPA-approved SIPs treat excess emissions during periods of startup, shutdown or malfunction (“SSM”).

The final rule updates EPA’s SSM Policy as it applies to SIP provisions and clarifies, restates, and revises EPA’s guidance concerning its interpretation of the Clean Air Act requirements with respect to treatment in SIPs of excess emissions that occur during periods of SSM. The EPA issued a “SIP call” for Florida and 35 other states requiring them to submit corrective SIP revisions by November 22, 2016. Florida submitted its SSM SIP revision on November 22, 2016. It is expected that most of existing SSM permit conditions for JEA’s sources will not be affected, but a few permit modifications could be required with additional work practice standards during SSM events.

#### **MATS**

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards (“MATS”) Rule is intended to regulate four categories of hazardous air pollutants (“HAPs”) emitted by coal- or oil-fired EGUs with a capacity of 25 MW or greater, namely mercury, HAP metals, acid gases and organic HAP.

Affected sources had until April 2015 to be in compliance, subject to a one-year extension. In June 2015, the U.S. Supreme Court determined that EPA’s rule did not properly consider costs in developing MATS and directed EPA to address costs. On December 1, 2015, the EPA published a proposed supplemental finding and request for comment regarding the costs of the MATS rule, in response to the Supreme Court’s decision. On December 15, 2015, the D.C. Circuit remanded MATS back to the EPA without vacatur, leaving MATS in effect and giving the EPA to opportunity to properly complete “supplemental findings” associated with the MATS rulemaking. In April, 2016, EPA’s supplemental findings determined that it is still “appropriate and necessary” to regulate hazardous air pollutants (“HAPs”) from coal-fired power plants.

Reports indicate that EPA will issue a proposed rule that may obviate the appropriate and necessary finding (obviating the need for the MATS rule) as well as the residual risk and technology review that EPA must complete in order to determine whether a tightening of the current MATS emission limits is necessary. The proposed rule package was sent to the U.S. Office of Management and Budget in October 2018 for interagency review. EPA published its MATS proposal on February 7, 2019 in the *Federal Register*. The proposal states that regulation of HAPS is not appropriate or necessary after reconsidering costs but that coal- and oil-fired EGUs would not be delisted from regulation under Section 112 of the Clean Air Act, and the 2012 MATS rule would remain in place. The comment period ~~ended~~ on [April 8, 2019].

Because of the controls already installed at JEA’s EGUs, JEA did not need to install any new or additional control equipment in order to comply with the MATS rule, as dependent on fuel type. JEA does not anticipate a need for any new costs in order to comply with MATS regardless of whether it stays in place or if it is determined to not be appropriate and necessary.

("WOTUS") redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule contains many specific exemptions for connecting surface water features that are portions of the City's existing stormwater management system permitted under the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Stormwater Sewer System ("MS4") permits. Also, this rule specifically exempts JEA's permitted NPDES wastewater treatment ponds and potentially exempts identified NPDES Stormwater ponds from being considered as waters of the U.S., although discharges from such ponds would continue to be regulated.

The rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, EPA and the USACE finalized a proposed rule that would postpone the effective date of the 2015 WOTUS rule for a period of two years. During the two-year period, the agencies were directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule. On December 11, 2018, EPA and the USACE issued a proposed rule that would be consistent with the opinion of Justice Antonin Scalia as directed by President Trump in his February 28, 2017, Executive Order. JEA and other affected parties have begun to evaluate the proposed rule in regards to potential additional wetland mitigation requirements for future infrastructure projects.

JEA's electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA's system are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the units in operation, under construction or contemplated will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in increased costs of operating units, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

JEA cannot predict at this time whether any additional legislation or rules will be enacted which will affect JEA's operations, and if such laws or rules are enacted, what the costs to JEA might be in the future because of such action.

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## Factors Affecting the Electric Utility Industry

### *General*

The electric utility industry has been, and in the future may be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the Electric System. These factors likely would affect individual utilities in different ways. Such factors include, among others: (i) effects of compliance with changing environmental, licensing and regulatory requirements, (ii) regulatory changes and changes that might result from a national energy policy, (iii) uncertain access to low cost capital for replacement of aging fixed assets, (iv) increases in operating costs, (v) effects of competition from other suppliers of electricity and (vi) issues relating to the reliability of electric transmission systems and grids. These factors, and others, are discussed in more detail below in relation to how they affect JEA.

The future financial condition of the Electric System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of electric service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated Electric System Bonds to refund outstanding Electric System Bonds and/or Subordinated Electric System Bonds from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Electric System Bonds and/or Subordinated Electric System Bonds in order to enable it to finance its Electric System capital program.

A summary of certain provisions of the Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008C-1, Series Three 2008C-2 and Series Three 2008C-3 (collectively, the "Senior Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2020 to August 22, 2022.

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agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration dates of the standby bond purchase agreements range from October 2, 2020 to August 20, 2021.

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### ***Power Park Issue Two Bonds***

As of September 30, 2018, no aggregate principal amount of bonds (the “Power Park Issue Two Bonds”) issued pursuant to a resolution adopted by JEA on March 30, 1982 entitled “St. Johns River Power Park System Revenue Bond Resolution” (as amended and supplemented, the “First Power Park Resolution”) were outstanding. As of the date of this Annual Disclosure Report, no Power Park Issue Two Bonds are outstanding under the First Power Park Resolution.

All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the cessation of commercial operations of the Power Park. See “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John’s River Power Park – *Early Termination of Power Park Joint Ownership Agreement*” for additional information. The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

The First Power Park Resolution provided for the issuance of additional bonds (a) to finance the completion of construction of the initial facilities of the Power Park, (b) to finance the Cost of Acquisition and Construction of any Additional Facilities (as such terms are defined in the First Power Park Resolution) of the Power Park and (c) to refund Power Park Issue Two Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION - Additional Power Park Bonds” in APPENDIX D attached hereto. JEA will not issue additional bonds under the First Power Park Resolution.

The First Power Park Resolution required that JEA allocate to the Electric System a portion of the output and capacity of its ownership interest in the Power Park and that JEA make payments from the Electric System therefor on a “take-or-pay” basis. Pursuant to the Electric System Resolution, JEA’s obligation to make payments from the Electric System with respect to the Power Park, including its share of debt service on the Power Park Issue Two Bonds, was a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Such payments were payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection “*Electric System Contract Debts*” below in this section.

Pursuant to the Power Park Joint Ownership Agreement, JEA and FPL entered into the FPL-Power Park Sale, pursuant to which JEA has agreed to sell, and FPL agreed to purchase, on a “take-or-pay” basis, 37.5 percent of JEA’s 80 percent share of the generating capacity of the Power Park and related energy until the Power Park Joint Ownership Agreement expires, which was expected to have been in 2022, subject to the limitation that FPL’s right to receive such capacity and related energy would have been suspended if and when the receipt by FPL of any additional amount of energy from such sale would have resulted in FPL having received energy from such sale in excess of 25 percent of the product of (a) the nameplate capacity of JEA’s 80 percent ownership interest in the Power Park, without any reduction for reserves or other unutilized capacity, and (b) the number of years (including fractions) from the date FPL first took energy pursuant to such sale until the latest maturity date of the bonds issued pursuant to the First Power Park Resolution. FPL’s right to receive such capacity and related energy terminated with the cessation of Power Park commercial operations on January 5, 2018.

Pursuant to the Power Park Joint Ownership Agreement, both JEA and FPL were obligated to make payments for the output, capacity, use and services of JEA’s interest in the Power Park which payments were due on such dates and in such aggregate amounts as shall be sufficient to provide Revenues (as defined

Management's Discussion of Electric System Operations

***Electric System Schedules of Debt Service Coverage***

***Revenues.*** Total revenues decreased \$23.0 million, or 1.8 percent, for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, primarily related to an increase in amounts paid from the revenue fund into the rate stabilization fund offset, in part, by higher electric revenues.

Total MWh sales increased 1.6 percent for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, to 12,399,769 MWh from 12,200,770 MWh, primarily related to territorial sales increasing 2.6 percent to 12,364,340 MWh for the Fiscal Year ended September 30, 2018 from 12,050,135 MWh for the Fiscal Year ended September 30, 2017.

***Operating Expenses.*** Total operating expenses increased \$42.0 million, or 5.3 percent, for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017. Total fuel and purchased power expenses increased \$35.0 million, or 6.5 percent, for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, primarily related to a 29.6 percent increase in fuel expense offset, in part, by a 14.0 percent decrease in purchased power expense. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. Total MWh power generated and purchased increased 1.6 percent for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, to 12,874,102 MWh from 12,667,351 MWh, with an increase of 25.6 percent for MWh generated and a decrease of 28.2 percent for MWh purchased. The cost per MWh of power generated increased 5.8 percent while cost per MWh of purchased power increased 19.0 percent.

***Net Revenues.*** Net revenues available for debt service decreased \$65.0 million, or 12.6 percent, to \$451.8 million for the Fiscal Year ended September 30, 2018 from \$516.8 million for the Fiscal Year ended September 30, 2017. Total revenues decreased \$23.0 million, or 1.8 percent, and total operating expenses increased \$42.0 million, or 5.3 percent, for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, as stated above. The decrease in net revenues available for debt service is primarily related to the increase in the amounts paid from the revenue fund into the rate stabilization fund and the increase in fuel and purchased power expenses offset, in part, by higher electric revenues.

***Debt Service on Electric System Bonds.*** The debt service requirement on Electric System Bonds increased 0.5 percent for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017.

During the Fiscal Year ended September 30, 2018, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2017B	Refunding <sup>(1)</sup>	December 2017	\$198,095,000	\$210,030,000

(1) Fixed rate bonds issued to refund fixed rate bonds.

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(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)

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The Days of Liquidity computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility\*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)

\* Allocated share of available Revolving Credit Facility at September 30, 2018 was approximately \$247.4 million and approximately \$245.7 million at September 30, 2017; however, total available balance of \$297 million could have been drawn.

#### ***APPLICATION OF ELECTRIC SYSTEM REVENUES***

The following charts shows a summary of the major components of the application of revenues under the Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution prior to the discharge of the First Power Park Resolution and after the discharge of the First Power Park Resolution, respectively. The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see the subsection "FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Proposed Amendments to the Electric System Resolution*"- *May 1998 Amending Resolution*" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - *Proposed Amendments to the Electric System Resolution* - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

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substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below “BBB” by S&P and below “Baa2” by Moody’s to (y) below “A-” by S&P and below “A3” by Moody’s.

As of September 30, 2018, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was \$86,356,000, of which \$70,103,000 was attributable to interest rate swap transactions entered into for the account of the Electric System. As of ~~December 31, 2018~~ March 31, 2019, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions was ~~[\$100,883,000]~~ \$112,315,000, of which ~~[\$81,235,000]~~ \$89,771,000 was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA’s bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of		Fixed Rate of Interest	Variable Rate Index <sup>(1)</sup>	Termination Date <sup>(2)</sup>
			December 31, 2018	March 2019			
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008A</i>	Goldman Sachs Mitsui Marine Derivative Products, L.P. (“GSMMDP”)	\$100,000,000		\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4</i>	Morgan Stanley Capital Services Inc. (“MSCS”)	\$117,825,000		\$82,575,000	4.351%	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. (“JPMorgan”)	\$116,425,000		\$85,200,000	3.661%	68% of 1 month LIBOR	10/1/2035
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2</i>	GSMMDP	\$174,000,000		\$84,800,000	3.717%	68% of 1 month LIBOR	9/16/2033
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008D-1</i>	MSCS	\$98,375,000		\$62,980,000	3.907%	SIFMA Municipal Swap Index	10/1/2031
<i>Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D</i>	JPMorgan	\$40,875,000		\$39,175,000	3.716%	68% of 1 month LIBOR	10/1/2037

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

(2) Unless earlier terminated.

### Debt Management Policy

JEA’s debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA’s debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has \$5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

#### Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

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#### No Default Certificates

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 716.3 of the First Power Park Resolution, Section 715.2 of the Second Power Park Resolution, and Section 714.2 of the Restated and Amended Bulk Power Supply System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the First Power Park Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, respectively, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

As required by the First Power Park Resolution JEA has filed with U.S. Bank National Association, as Trustee, within 120 days after the end of JEA's Fiscal Year Ended September 30, 2017, a certificate signed by an Authorized Officer (as defined in the First Power Park Resolution) of JEA which states that to the best of his knowledge and belief JEA has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the First Power Park Resolution and that there does not exist on the date of such certificate any default by JEA under the First Power Park Resolution or any Event of Default (as defined in the First Power Park Resolution) which, with the lapse of time specified in the applicable section of the First Power Park Resolution, would become an Event of Default.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution.

## LITIGATION

[TO BE REVIEWED BY THE OFFICE OF GENERAL COUNSEL OF THE CITY] In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Electric System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report. ~~{On September 11, 2018, both MEAG and JEA filed court actions seeking filed suit against JEA in the Northern District of Georgia Civil Action No.: 1:18-CV-04295-MHC alleging claims for (i) a declaratory judgment on the enforceability of that the Additional Vogtle Units PPA. MEAG filed its action in the United States District Court for the Northern District of Georgia, and is enforceable against JEA. (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City of Jacksonville filed their actions suit against MEAG in the Circuit Court, Fourth Judicial Circuit, Duval County, Florida, which MEAG removed to the United States District Court for Case No.: 16-2018-CA-006197-XXXX-CV-G, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. Both cases are engaged in extensive~~ On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. MEAG has filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals. The parties are presently engaged in procedural litigation over the forum in which the substantive issues will be tried. JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation.} [In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors) and the League of Women Voters of Florida, Inc. filed an action for declaratory judgment and injunctive relief challenging the legality of JEA's amended net metering policy and alleging that the policy fails to provide a net metering program as required by Section 366.91, Florida Statutes. JEA has answered the complaint and set forth numerous affirmative defenses. JEA believes that it has good and meritorious defenses, and will continue to vigorously defend the claim.]

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**ANNUAL DISCLOSURE REPORT  
FOR  
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM  
FOR  
FISCAL YEAR  
ENDED  
SEPTEMBER 30, 2018**

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**(Prepared pursuant to certain  
continuing disclosure undertakings  
relating to the Bonds listed  
in APPENDIX E hereto)**

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**Filed with EMMA**

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**Dated as of**

**[\_\_\_\_\_] , 2019**

JEA  
21 W. CHURCH STREET  
JACKSONVILLE, FLORIDA 32202  
(904) 665-7410  
(<http://www.jea.com>)

#### JEA OFFICIALS

#### BOARD MEMBERSHIP<sup>(1)</sup>

Chair	April Green
Vice Chair	<del>Camille J. Frederick D.</del>
	<del>Lee Johnson</del> <u>Newbill</u>
Secretary	<del>Frederick D. Camille J.</del>
	<del>Newbill</del> <u>Lee-Johnson</u>
	John Campion
	Kelly Flanagan
	G. Alan Howard <sup>(2)</sup>

#### MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel <del>Vineyard</del> <u>Vinyard</u>
Chief Financial Officer	Ryan F. Wannemacher
Chief Innovation and Transformation Officer	Julio Romero Agüero
Chief Public and Stakeholder Affairs Officer	Michael R. Hightower
Vice President and General Manager, Energy	Caren B. Anders
Vice President and General Manager of Water and Wastewater Systems	Deryle I. Calhoun
Vice President of Energy and Water Planning	Steven G. McInall
Vice President and Chief Customer Officer	Kerri Stewart
Vice President and Chief Compliance Officer	Ted E. Hobson
Vice President, <u>Chief Legal Officer</u>	Lynne <del>Rhodes</del> <u>Rhode</u>
Vice President, Legal Officer	Vacant
Vice President and Chief Human Resources Officer	Angelia R. Hiers <sup>3</sup>
Vice President and Chief Information Officer	Shawn Eads
Vice President and Chief Supply Chain Officer	John P. McCarthy
Vice President and Chief Environmental Services Officer	Paul K. Steinbrecher
Treasurer	Joseph E. Orfano

#### GENERAL COUNSEL

Jason R. Gabriel, Esq.  
General Counsel of the City of Jacksonville  
Jacksonville, Florida

<sup>(1)</sup> There is currently one vacancy on the JEA Board.

<sup>(2)</sup> Mr. Howard's term has expired, but he continues to serve until his successor has been appointed and qualified.

<sup>(3)</sup> Ms. Hiers announced her retirement on April 12, 2019, to be effective April 26, 2019.

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Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER <sup>(1)</sup>	OCCUPATION	TERM
April Green Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
<del>Frederick D. Newbill Vice Chair</del>	<del>Pastor First Timothy Baptist Church</del>	<del>January 12, 2017–February 28, 2023</del>
Camille J. Lee-Johnson <del>Vice Chair</del> Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
<del>Frederick D. Newbill Secretary</del>	<del>Pastor First Timothy Baptist Church</del>	<del>January 12, 2017–[February 28, 2023]</del>
John Campion	Co-founder & Chairman APR Energy	July 25, 2018–February 28, 2022
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015–February 28, 2020
G. Alan Howard	Founder & President Milam Howard Nicandri Gillam & Renner P.A.	November 25, 2015–February 28, 2019 <sup>(2)</sup>

(1) There is currently one vacancy on the JEA Board.

(2) Mr. Howard's term has expired, but he continues to serve until his successor has been appointed and qualified.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

solutions for clients, including more than \$26 billion in financings for many municipal electric and water systems across the country, risk management product delivery and mergers and acquisitions. Prior to joining JPMorgan, Ms. Dykes worked for The World Bank Group, where she researched and published on private participation in infrastructure industries in developing countries. She is a graduate of the University of Florida and holds a certificate in Advanced Management from the Tuck School of Business at Dartmouth. Ms. Dykes serves on the Boards of Directors of the United Way of Northeast Florida, the Association of Edison Illuminating Companies, the Florida Coordinating Group, and the Florida Reliability Coordinating Council (where she serves as Secretary/Treasurer and Chair of the Corporate Compliance and Finance and Audit Committee).

***Herschel Vineyard/Vinyard, Chief Administrative Officer.*** ~~*Bio to be provided.*~~ Mr. Vinyard has 25 years of environmental law, business, and government experience and comes to JEA from the law firm of Foley & Lardner where he was a member of the Environmental Regulation and Government & Public Policy practices.

He also served a four-year term as Secretary of the Florida Department of Environmental Protection (DEP) during Governor Rick Scott's first term, where he was involved in environmental permitting, water rights, and real estate development. He has been a champion for the state's waterways and natural springs including restoration of the Everglades.

Under his leadership, the Florida Park Service received the National Gold Medal Award for Excellence in the management of state park systems from the National Recreation and Park Association.

Prior to serving the State of Florida, Mr. Vinyard was the director of business operations responsible for strategic planning, business development, and regulatory and government affairs for the Southeast Shipyards division of BAE Systems.

Mr. Vinyard obtained both his law and bachelor's degrees from Louisiana State University.

***Ryan F. Wannemacher, Chief Financial Officer.*** Mr. Wannemacher serves as JEA's Chief Financial Officer. He provides leadership to ensure fiscal responsibility for the long-term financial health of JEA, resulting in access to capital at low cost for JEA's customers. He is responsible for all aspects of JEA's finances, including treasury, financial reporting, financial planning and analysis, and budgeting. He has lead responsibility for ensuring compliance with all reporting, regulatory and tax requirements for JEA. Mr. Wannemacher currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to his current role at JEA, Mr. Wannemacher served as JEA's Director of Financial Planning and Analysis from April 2015 to 2018. Prior to joining JEA, Mr. Wannemacher was Vice President of Investment Banking at JPMorgan. While at JPMorgan, Mr. Wannemacher was responsible for providing capital solutions for clients, including over \$20 billion in financings for many municipal electric, water and natural gas systems across the country, risk management product delivery, and mergers and acquisitions. Mr. Wannemacher holds a B.B.A. in Financial Consulting from Southern Methodist University graduating Magna Cum Laude.

***Julio Romero Agüero, Chief Innovation and Transformation Officer.*** Dr. Agüero provides leadership in the identification, development, evaluation, and adoption of emerging technologies, business models, services, processes, and industry leading practices to improve overall enterprise performance and sustainability, and achieve digital transformation. He has 23 years of industry experience in the areas of technology and business strategy, grid modernization, smart grid, utility of the future, distribution systems analysis, planning, and operations, and integration of distributed generation, energy storage, microgrids and electric vehicles. He has developed solutions in these areas for electric utilities and

regulatory boards in the USA, Canada, Latin America, the Caribbean and Asia. He has published over 40 articles in topics pertaining to these areas and is a frequent speaker in industry events.

[Remainder of page intentionally left blank]

Before joining JEA he served as Vice President of Strategy and Business Innovation at Quanta Technology, where he led high performing teams in the development of pioneering methodologies and concepts for planning and analysis of modern and future power distribution systems, grid modernization, and distributed energy resources. He has been Adjunct Professor at University of North Carolina at Charlotte and University of Houston. He is a former Commissioner of the National Energy Commission of Honduras. He is a Senior Member of the IEEE, and has served as Chair of the IEEE Distribution Subcommittee, Chair of the IEEE Working Group on Distributed Resources Integration, Editor of IEEE Transactions on Power Delivery, and Editor of IEEE Transactions on Smart Grid. He is a member of the Advisory Committee of DistribuTECH.

He holds PhD, MBA and BSEE degrees from National University of San Juan (Argentina), North Carolina State University and National Autonomous University of Honduras, respectively.

***Michael R. Hightower, Chief Public and Stakeholder Affairs Officer.*** Mr. Hightower joined JEA in 2015, bringing over 35 years of governmental and legislative relations experience. He also previously served 16 years on JEA's Board of Directors including two two-year terms as JEA Chair.

Mr. Hightower joined Blue Cross and Blue Shield of Florida (now Florida Blue) in 1981 as the Director of Governmental and Legislative Relations and in 1985 was named its Vice President of Governmental and Legislative Relations. He worked closely with key political leaders in the federal, state and local government and, after three decades of a successful career at Florida Blue, retired in late 2014. He then joined the international law firm of Holland & Knight LLP as a Senior Policy Advisor before joining the JEA senior leadership team.

In addition to his professional accomplishments, Mr. Hightower has dedicated his time, talents and leadership to numerous boards and commissions over the last 38 years. He is immediate past chair of the Florida Governor's Mansion Foundation and the Florida Association of Professional Lobbyists. Mr. Hightower is in his second year as Vice President, Florida House and Florida's embassy in Washington, D.C. He also serves as an active board member of the Florida State College Foundation, Florida Association of Professional Lobbyists, Florida Ounce of Prevention, and Vice Chair, Five Star Veterans Center.

Prior to joining JEA, Mr. Hightower chaired the following organizations and civic and trade associations: United States Naval Academy; Jacksonville Chamber of Commerce; Florida House, Florida's Embassy in Washington, D.C.; Associated Industries of Florida; Florida Insurance Council; Florida News Service; Florida College System Foundation; Jacksonville Library Foundation; Jacksonville Political Leadership Institute; JaxBiz; Duval County Republican Party and the Cecil Field Base Closure Commission.

Throughout the state, he is well-known for his political leadership, having served as chair or finance chair for more than 580 successful local, state, and/or federal candidates since 1972. He has assisted in raising more than \$136.3 million for charitable, candidate and political party campaigns since 1981.

In 2006, Leadership Florida's leaders appointed Mr. Hightower to the Florida Energy Commission. The nine-member panel was charged with making recommendations to the Florida Legislature on ways to secure Florida's energy future.

In 2010, Florida's legislative leadership appointed Mr. Hightower to the Public Service Commission Nominating Council, charged with interviewing and recommending qualified candidates for gubernatorial appointment to the Florida Public Service Commission.

Mr. Hightower, a 1972 graduate of Jacksonville University, resides in Jacksonville. He was a third term 2003, 2005, 2007 University of Florida Graduate School adjunct instructor, "Principles of Lobbying."

**Caren B. Anders, Vice President and General Manager, Energy.**<sup>(44)</sup> Ms. Anders has lead responsibility for producing and delivering electricity to JEA's 485,000 electric customers in a safe, reliable and cost-competitive manner, and in full compliance with regulatory objectives. In this role, she and her team are responsible for planning, constructing, operating and maintaining JEA's electric system, including generation plants and the transmission, substations and distribution systems.

Ms. Anders joined JEA in January 2019 from Duke Energy. She brings operational leadership, financial acumen, strategy and innovation, and compliance and risk management to her leadership role at JEA. At both Duke and Exelon Corp., she led high-performing teams across the energy spectrum, including Generation, Transmission, Distribution, Emerging Technologies, and Shared Services. Along with her vast electric experience, she also has expertise in new technologies, strategic business performance, compliance, financial management, employee engagement and customer satisfaction.

Ms. Anders has served on the boards of PT Holding Company LLC, Peak Tower LLC, SERC Reliability Corp. and the Florida Reliability Coordination Council. She has also served her community as a board member for Junior Achievement, Central Carolinas and United Way, Greater Triangle N.C. She earned a bachelor's degree in engineering from the University of Pennsylvania and a master's degree in finance from Drexel University and is a licensed Professional Engineer in the state of Pennsylvania.

**Deryle Calhoun, Vice President and General Manager of Water and Wastewater Systems.**<sup>(45)</sup> Deryle Calhoun is responsible for leading JEA's water and wastewater operations, construction and strategy execution, and delivering exceptional service to JEA customers across a four-county area. Each day, JEA delivers over 110 MGD (millions of gallons a day) of potable water and 20 MGD of reclaimed water and collects and treats almost 80 MGD of wastewater. The Water/Wastewater System is comprised of 38 water treatment plants, 11 wastewater plants and over 1,400 wastewater pump stations. Mr. Calhoun is currently leading a resiliency program that will improve water, wastewater and district energy system reliability during extreme weather events like hurricanes.

Mr. Calhoun began his career in water/wastewater in 1993 with the City of Jacksonville Public Utilities as a project engineer and joined JEA in 1997 when the city's water and wastewater services were transferred to JEA. Mr. Calhoun served at the director level for 20 years, first with the Distribution and Collection team and most recently with Water, Wastewater and Reuse Treatment and District Energy Services.

Mr. Calhoun holds a Bachelor of Science degree in Environmental Engineering from the University of Florida and is a registered Professional Engineer in the State of Florida.

**Steven G. McInall, Vice President of Energy and Water Planning.** Mr. McInall is responsible for long-term planning for JEA's energy and water sectors, overseeing the development of a more than \$1 billion capital program. Mr. McInall's groups are responsible for the Integrated Resource Plans for both the electric and water systems. He is responsible for JEA's renewable energy portfolio, including landfill gas and solar photovoltaic (PV). During his tenure, JEA's solar PV portfolio has grown from 12

<sup>(44)</sup> Michael J. Brost retired from his position of Vice President and General Manager of Electric Systems in January 2019.

<sup>(45)</sup> Brian J. Roche retired from his position of Vice President and General Manager of Water and Wastewater Systems in June 2018.

Programs including NERC Electrical Standards, NERC Critical Infrastructure Protection (“CIP”) standards, FACTA regulations and other related federal and state regulations. He is also responsible for JEA’s Physical Security department as well as Audit Services and Enterprise Risk Management. Mr. Hobson is currently on the Board of Directors of TEA and is JEA’s representative on the TEA Settlement and Operating Committee. Mr. Hobson is JEA’s alternate board member for the Florida Electric Reliability Coordinating Council (“FRCC”) and the alternate board member for the Florida Electric Coordinating Group (“FCG”). Additionally, Mr. Hobson currently serves on the Board of Directors of the Jacksonville Museum of Science and History.

Mr. Hobson’s previous position was Director of Energy Delivery, where he was responsible for all electric field activities including overhead and underground line work, system protection and controls, substation maintenance and the 24-hour operation of the JEA power system including generation commitment and dispatch, transmission operation and security and interchange services with other utilities. During his over 40 years with JEA, he has worked in the areas of distribution, engineering, trouble dispatching, system operations and system planning. Mr. Hobson has served as JEA’s representative to the FRCC for over 15 years and was chair of the Operating Committee for the past six years. He also served on various North American Electric Reliability Corporation (“NERC”) committees and subcommittees and is a member and past chair of the NERC Compliance and Certification Committee.

Mr. Hobson holds a BSEE from the University of Florida, and is a registered Professional Engineer in the State of Florida.

~~Lynne Rhodes, Vice President, Legal Officer. [Bio to be provided.] Rhode, Vice President, Chief Legal Officer.~~ Ms. Rhode has 14 years of legal experience in the public and private sectors, primarily in environmental and natural resources law and also in administrative, civil litigation, general corporate, lobbying and government affairs, and zoning law. She has most recently practiced transactional, regulatory and corporate law with a prominent Jacksonville law firm.

Ms. Rhode is employed with the City’s Office of General Counsel and is the lead attorney assigned exclusively to JEA. Pursuant to the Charter, the Office of General Counsel is responsible for providing and overseeing all legal services to JEA. The Office of General Counsel represents the City’s consolidated city-county government, which includes the independent agencies, constitutional officers, City Council members, Mayor, executive branch departments and over 30 boards, commissions, and agencies. Ms. Rhode provides counsel to JEA on various legal matters and oversees JEA’s outside counsel engagements.

Prior to relocating to Jacksonville, Ms. Rhode served as Senior Assistant Attorney General and Section Chief of the Environmental and Natural Resources Division of the Virginia Attorney General’s Office. She led a team of eight attorneys and staff providing counsel to the environmental health, environmental and natural resources agencies of the Commonwealth of Virginia; advising on administrative, compliance, contract enforcement, labor and employment, permitting, procurement, rulemaking, and other legislative issues.

Ms. Rhode has served as a guest professor at the William and Mary School of Law Coastal Policy Clinic and on the Virginia Department of Environmental Quality’s Combustion Regulatory Advisory Panel and Small Solar Working Group.

Ms. Rhode is a member of the Florida and Virginia bars. She is a graduate of the North Carolina Fellows Leadership Program and the Sorenson Institute Political Leaders Program. She holds a Bachelor of Arts in Economics from the University of North Carolina at Chapel Hill, where she was a John

Motley Morehead Scholar: a Juris Doctor degree from the University of Virginia; and a Master of Science in Regulation from the London School of Economics and Political Science.

*The other position of Vice President, Legal Officer is currently vacant.*

**Angelia R. Hiers, Vice President and Chief Human Resources Officer.** Ms. Hiers is a career human resource professional, with industry knowledge and experience at strategic and tactical levels, in all aspects of human resources and organizational development. During her career, she has been responsible for employee and labor relations, compensation, benefits, recruiting, training and development, safety and wellness, diversity and inclusion. Throughout her career, Ms. Hiers has leveraged her collaborative, energetic and creative style to build successful human resource strategies and business solutions.

Prior to joining JEA, Ms. Hiers was the Vice President, Human Resources for Baker Distributing Company, a subsidiary of the publicly traded company, Watsco, Inc. She also served as Human Resources Director for CSX Technology and Senior Vice President/Managing Director, Right Management Consultants in Jacksonville, Florida. Prior to joining Right Management Consultants, Ms. Hiers held leadership positions in operations and human resources for Barnett Bank.

Ms. Hiers is a graduate of Edward Waters College with a Bachelor of Arts - Organizational Management and Jacksonville University with a Master of Business Administration.

**Shawn Eads, Vice President and Chief Information Officer.**<sup>(56)</sup> Mr. Eads is Vice President and Chief Information Officer. In this role, he is responsible for JEA's information technology (IT) strategy and the computer systems required to support the organization's unique objectives and goals.

Mr. Eads has over 22 years of experience in the IT industry. Most recently, he served as Senior Director for IT at GE Appliances, where he led various responsibilities including Oracle ERP, Risk & Compliance, Predictive Analytics, Engineering Systems, Vendor Management, Enterprise Architecture, Innovation and New Product Introduction. While working in the Home Appliances industry, Mr. Eads spent time developing solutions for home energy management. One example includes integrating smart meters via the cloud with home appliances to respond to time of use pricing and demand management events. Prior to his 13-year career at GE Appliances, Mr. Eads held IT roles with Accenture and GE Aircraft Engines.

Mr. Eads holds a Bachelor of Science degree in Chemical Engineering from Rose-Hulman Institute of Technology, and earned his MBA at Xavier University.

**John P. McCarthy, Vice President and Chief Supply Chain Officer.** Mr. McCarthy is responsible for leading JEA's supply chain strategy and operations. His responsibilities include JEA's facilities, fleet, real estate, procurement, inventory management, investment recovery, emergency management planning and recovery and utility locates groups. The team ensures JEA's material readiness is at the highest levels and lowest cost, while ensuring corporate funds are committed under ethical standards to deliver the greatest value to JEA in compliance with state and local laws.

Mr. McCarthy joined JEA in 2002 after a successful 20-year career as a U.S. Navy Supply Officer. During his 16 years at JEA, he has served in various leadership roles within the procurement and logistics groups including an initial assignment as a Procurement Project Coordinator where he developed an aggregated sourcing model adopted by seven different utility companies. This resulted in the strategic sourcing of over \$400 million over a ten-year period. Other notable roles include JEA's Chief Procurement Officer and Incident Command Logistics Section Chief where he implemented

<sup>(56)</sup> Paul J. Cosgrave retired from his position of Vice President and Chief Information Officer in January 2019.

advanced contract negotiation processes and a hurricane preparedness strategy for critical storm materials, providing 100 percent on-site material availability for the restoration periods following Hurricanes Matthew and Irma. He also served as JEA's United Way Campaign Chairman.

Mr. McCarthy received his B.S. degree from the U.S. Naval Academy, and an M.B.A. degree from The Ohio State University. He is a member of Leadership Jacksonville, class of 2013, and holds advance certificates in executive contract negotiations and supply chain strategy and management from the Massachusetts Institute of Technology Sloan School of Management.

***Paul K. Steinbrecher, Vice President and Chief Environmental Services Officer.*** Mr. Steinbrecher is responsible for leading JEA's Environmental Services group. Core group functions include environmental permitting and compliance assistance for JEA's numerous electric and water business facilities, environmental incident response and reporting, due diligence, waste management and remediation, wetlands and wildlife issues, industrial pretreatment and other programs in which JEA serves as an environmental regulatory agency, and full service environmental laboratory functions to support the enterprise's extensive monitoring and environmental reporting activities. In this role he leads the organization in ensuring the highest levels of environmental compliance and incorporation of sustainability into all JEA's planning activities.

Mr. Steinbrecher's career has focused on finding and advancing cost effective environmental and engineering solutions for utilities, business and industry and governments. Mr. Steinbrecher joined JEA in 2001. He is highly active on Florida environmental policy and regulatory issues, currently serving as President of the Florida Water Environment Association Utility Council and as a national board member of the WaterReuse Association. He is also a long term member of the Florida Electric Power Coordinating Group Environmental Committee. Based on his prior experience, he also helps lead the utility in forward thinking water resource solutions.

Prior to joining JEA Mr. Steinbrecher was a process engineer and program manager for CH2M Hill, designing water and wastewater systems and assisting industries and municipalities with environmental projects worldwide. Mr. Steinbrecher holds BS and MS degrees in Civil Engineering from Valparaiso University and the University of Arkansas, respectively. He is a registered professional engineer in Florida and a member of the Leadership Jacksonville, class of 2015.

#### ***Legal Counsel (Office of General Counsel)***

~~Pursuant to the Charter, the Office of General Counsel is responsible for overseeing JEA's legal services. The Office of General Counsel represents the City's consolidated city county local government, which includes six independent agencies, in addition to JEA, five constitutional officers, the Mayor and 10 executive branch departments, 19 City Council members and over 30 boards, commissions, and agencies. Jason Gabriel serves as General Counsel for the City and was appointed by the Mayor and confirmed by City Council in 2015. Mr. Gabriel oversees over 35 attorneys combined that are specialized in the primary practice areas of: legislative affairs; governments operations; general litigation; tort and employment; and regulatory and constitutional law.~~

~~The Office of General Counsel provides day to day and long term counsel to JEA on various legal matters related to its utility systems operations, including, but not limited to, counsel of federal and state regulations, public finance, government procurement, real estate, contracts, employment, risk management and local charter provisions. JEA has several assigned attorneys who are experienced in government operations and litigation matters. These assigned attorneys are Office of General Counsel employees. In addition to these assigned attorneys, the Office of General Counsel has retained several reputable law firms to assist JEA with special projects or specialized legal services.~~

For the Fiscal Year ended September 30, 2017, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,081,313,441, which represented an increase of \$56,816,369 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2016 of \$1,024,497,072. JEA has been informed by the City that the actuary for the GEPP has calculated JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2017 of \$523,376,547 (an increase of \$28,552,073 from JEA's allocated share for Fiscal Year 2016) of the aggregate amount of \$1,081,313,441. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also provides a medical benefits plan that it makes available to its retirees.

See Note 12, Note 13 and pages 111-118 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

#### Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering {3,202} square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of {1,504,980} as of {July 1, 2017}. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA. ~~{JULY 1, 2018 POPULATION ESTIMATES AVAILABLE MID MARCH 2019}~~

Population	
Year	Jacksonville MSA
1980	722,252
1990	906,727
2000 <sup>(1)</sup>	1,122,750
2010	1,345,596
{2017}	{1,504,980}

Source: United States Census Bureau

(1) Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous

golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

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The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent 10 years ended December ~~{2018}~~ ~~[TO BE UPDATED FOLLOWING RELEASE OF FINAL 2018 STATISTICS IN MID-MARCH 2019]~~ 2018.

Year	Jacksonville MSA Labor Force			Unemployment Rate (%)	
	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
2009	681,026	612,993	10.0	10.4	9.3
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	<del>704,514</del> <u>704,090</u>	<del>646,462</del> <u>646,370</u>	8.2	8.5	8.1
2013	<del>708,926</del> <u>709,351</u>	<del>659,390</del> <u>659,773</u>	7.0	7.2	7.4
2014	<del>716,249</del> <u>715,253</u>	<del>671,696</del> <u>670,631</u>	6.2	6.3	6.2
2015	<del>719,195</del> <u>719,098</u>	<del>680,930</del> <u>680,375</u>	<del>5.3</del> <u>5.4</u>	5.5	5.3
2016	<del>736,806</del> <u>735,832</u>	<del>702,660</del> <u>701,636</u>	4.6	4.8	4.9
2017	<del>762,141</del> <u>760,298</u>	<del>732,140</del> <u>729,627</u>	<del>3.9</del> <u>4.0</u>	<del>4.1</del> <u>4.2</u>	<del>4.0</del> <u>4.4</u>
2018	<del>{777,981}</del> <u>773,492</u>	<del>{752,119}</del> <u>747,223</u>	<del>{3.3}</del> <u>3.4</u>	{3.6}	{3.9}

Source: Florida Research and Economic Information Database Application, <http://frcida.labormarketinfo.com/default.asp>.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the ~~twelve months ended December~~ calendar year 2018.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	<del>443,500</del> <u>450,400</u>	<del>20.2</del> <u>21.2</u>
Professional and Business Services	<del>109,000</del> <u>108,000</u>	<del>15.4</del> <u>15.2</u>
Education and Health Services	<del>107,700</del> <u>107,500</u>	15.2
Leisure and Hospitality	<del>89,000</del> <u>85,500</u>	<del>12.6</del> <u>12.1</u>
Government	<del>77,100</del> <u>77,000</u>	10.9
Finance	<del>69,600</del> <u>67,000</u>	<del>9.8</del> <u>9.5</u>
Construction	<del>46,100</del> <u>45,400</u>	<del>6.5</del> <u>6.4</u>
Other Services <sup>(1)</sup>	<del>35,800</del> <u>36,300</u>	<del>5.0</del> <u>5.1</u>
Manufacturing	<del>31,200</del> <u>31,400</u>	<del>4.4</del> <u>4.4</u>
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	<del>709,000</del> <u>708,500</u>	<u>100.0</u>

Source: United States Department of Labor.

(1) Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,500
Bank of America / Merrill Lynch	Banking	8,000
Florida Blue	Health Insurance	7,000
Mayo Clinic	Healthcare	6,000
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,300
Citibank	Banking	4,200
JP Morgan Chase	Banking	3,900
UF Health Jacksonville	Healthcare	3,600
Wells Fargo	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

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The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	19,800
Duval County Public Schools	Public Education	11,876 <sup>(1)</sup>
Naval Air Station, Mayport	United States Navy	9,000
City of Jacksonville	Municipal Government	7,471 <sup>(2)</sup>
<u>St. Johns County School District</u>	<u>Public Education</u>	<u>5,039<sup>(3)</sup></u>
Clay County School Board	Public Education	5,000
<del>St. Johns County School District</del>	<del>Public Education</del>	<del>4,534<sup>(3)</sup></del>
Fleet Readiness Center	Maintenance / Repair Overhaul	3,850
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, fall 2012, as partially amended through December 2018.

- (1) Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>)
- (2) City of Jacksonville Annual Budget 2018-19 (<http://www.coj.net/departments/finance/docs/budget/fy18-19-proposed-budget-website.aspx>) (<http://www.coj.net/departments/finance/docs/budget/fy18-19-proposed-budget-website.aspx>)
- (3) St. Johns County School District website (<http://www.stjohns.k12.fl.us/about/>)

## Indebtedness of JEA

The indebtedness of JEA relating to its Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See, "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System" herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. See "DISTRICT ENERGY SYSTEM - FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM - Debt Relating to

any decisions regarding JEA's future. A copy of that report, entitled "The Future of JEA: Opportunities and Considerations," dated February 14, 2018 (the "Report"), has been filed with the MSRB, through the MSRB's EMMA website currently located at <http://emma.msrb.org>.

JEA provided the Report to the holders of its bonds for general information purposes only. The Report does not include every item which may be of interest, nor does it purport to present full and fair disclosure with respect to any of JEA's bond programs within the meaning of the federal securities laws. PFM prepared the Report with a view to informing JEA's Board, the City and the public concerning the matters it covers, and PFM did not prepare the Report with a view to informing the holders of JEA's bonds or with a view to informing any person concerning an investment decision in JEA's bonds. Accordingly, the Report is not suitable for informing any person in the making of an investment decision in any of JEA's bonds. The Report does not purport to, and does not, inform any person concerning how any sale of JEA or any other action taken in response to the Report may impact the holders of JEA's bonds. In addition, the valuation-related statements in the Report regarding JEA are not prepared with a view to assess the value of JEA's bonds.

On March 20, 2018, the JEA Board held a workshop to discuss the issues related to a potential sale and to examine next steps as the JEA Board continues to consider the benefits and risks of a potential sale of JEA's Electric System, Water and Sewer System and District Energy System.

Any potential sale of JEA's Electric System, Water and Sewer System and District Energy System would require the approval of the Council. In early 2018, the Council appointed a special committee ("Special Committee") consisting of the 19 members of the Council to examine and understand all aspects and implications of a potential sale of JEA and to gather the relevant facts the Council should consider in any decisions related to a potential sale of JEA. The Special Committee met regularly through July 25, 2018 to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA.

On April 26, 2018, Mayor Curry stated that he will not submit any JEA privatization plan to the Council. In April 2018, the Council enacted an ordinance setting up a public straw poll ballot vote referendum as to whether the Council should call for a binding referendum approving the terms and conditions of any action to sell more than ten percent of JEA. On November 6, 2018 voters overwhelmingly approved the referendum item.

On ~~Effective~~ December 10, 2018, the ~~Charter was~~ Council amended ~~the Charter~~ to require referendum approval of the terms and conditions of the sale of any function or operation which comprises more than ten percent of the total of the JEA utilities system to any other utility, public or private and ~~which~~ has been approved by the Council.

At this time, JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA's bonds may be impacted by any actions that the Council, the City or the JEA Board may take in connection with a possible sale of JEA.

JEA also cannot determine what additional action, if any, may be taken by the JEA Board, the Council or the City relating to the privatization of JEA.

Julington Creek Plantation (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	<u>0.24</u>
Total	<u>36.09</u>

**Customers and Sales**

***Water System***

During the Fiscal Year ended September 30, 2018, the Water System served an average of 348,159 customer accounts and 11,498 reuse water customers, respectively. Water System revenues, including revenues from environmental charges, sales of water, expressed in 1,000 gallons (“kgal”) and the average number of Water System customer accounts, all by customer classification, for the Fiscal Year ended September 30, 2014 through 2018 are shown in the following table:

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	<b>Fiscal Year Ended September 30</b>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Water Revenues (000's omitted):</b>					
Residential	\$ 91,954	\$ 96,615	\$ 89,946	\$ 86,215	\$ 83,014
Commercial and Industrial	47,494	47,969	46,212	45,078	43,647
Irrigation	<u>32,004</u>	<u>36,836</u>	<u>34,846</u>	<u>32,681</u>	<u>30,088</u>
Subtotal	\$171,452	\$181,420	\$171,004	\$163,974	\$156,749
Reuse Water	<u>13,659</u>	<u>13,216</u>	<u>10,267</u>	<u>7,378</u>	<u>5,533</u>
TOTAL	\$185,111	\$194,636	\$181,271	\$171,352	\$162,282
<b>Water Sales (kgals):</b>					
Residential	16,932,812	17,624,952	17,086,586	16,271,698	15,507,752
Commercial and Industrial	14,023,130	13,402,094	13,343,376	12,870,984	12,131,400
Irrigation	<u>5,230,617</u>	<u>6,218,142</u>	<u>5,927,957</u>	<u>5,415,602</u>	<u>4,829,184</u>
Subtotal	36,186,559	37,245,188	36,357,919	34,558,284	32,468,336
Reuse Water	<u>3,119,739</u>	<u>3,290,311</u>	<u>2,644,046</u>	<u>1,783,730</u>	<u>1,300,838</u>
TOTAL	39,306,298	40,535,499	39,001,965	36,342,014	33,769,174
<b>Average Number of Accounts:</b>					
Residential	285,404	278,838	272,157	265,373	259,159
Commercial and Industrial	25,702	25,423	24,698	23,951	23,722
Irrigation	<u>37,053</u>	<u>36,755</u>	<u>36,284</u>	<u>36,028</u>	<u>35,827</u>
Subtotal	348,159	341,016	333,139	325,352	318,708
Reuse Water	<u>11,498</u>	<u>9,391</u>	<u>7,498</u>	<u>5,891</u>	<u>4,501</u>
TOTAL	359,657	350,407	340,637	331,243	323,209

[Remainder of page intentionally left blank] ***Sewer System***

During the Fiscal Year ended September 30, 2018, the Sewer System served an average of 270,871 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2014 through 2018 are shown in the following table:

**Fiscal Year Ended September 30**

	2018	2017	2016	2015	2014
<b>Sewer Revenues (000's omitted):</b>					
Residential	\$139,174	\$143,967	\$135,288	\$129,976	\$125,526
Commercial and Industrial	<u>108,126</u>	<u>107,446</u>	<u>103,731</u>	<u>101,910</u>	<u>97,339</u>
TOTAL	\$247,300	\$251,413	\$239,019	\$231,886	\$222,865
<b>Volume (kgals):</b>					
Residential	14,623,682	15,225,124	14,614,026	13,935,981	13,269,638
Commercial and Industrial	<u>11,716,940</u>	<u>11,487,646</u>	<u>11,203,632</u>	<u>10,987,160</u>	<u>10,257,338</u>
TOTAL	26,340,622	26,712,770	25,817,658	24,922,141	23,526,976
<b>Average Number of Accounts:</b>					
Residential	252,531	246,187	239,738	233,203	227,216
Commercial and Industrial	<u>18,340</u>	<u>18,149</u>	<u>17,981</u>	<u>17,771</u>	<u>17,620</u>
TOTAL	270,871	264,336	257,719	250,974	244,836

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### Largest Customers

#### *Water System*

The 10 highest consumption customers served by the Water System composed 6.2 percent of total Water System consumption during the Fiscal Year ended September 30, 2018. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2018.

<u>Customer Account</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
City of Jacksonville	570,571	1.5
St. Johns County Utility	456,884	1.2
Duval County Public Schools	261,446	0.7
Southern Baptist Hospital	220,688	0.6
The American Bottling Company	207,853	0.5
Mayo Clinic Jacksonville	163,766	0.4
St. Vincent's Health Systems	149,339	0.4
WWF Operating Company	115,470	0.3
Twin Creeks Development Associates LLC	110,750	0.3
Johnson & Johnson Vision Care	<u>109,568</u>	<u>0.3</u>
Total	<u>2,366,335</u>	<u>6.2</u>

#### *Sewer System*

The 10 customers with the highest usage level served by the Sewer System composed 5.9 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2018. The following table sets forth the 10 customers with the highest usage level, by volume of wastewater treatment billed, during the Fiscal Year ended September 30, 2018.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2012 and remain in effect as of September 30, 2018 and as of the date of this Annual Disclosure Report.

**Rates for Monthly Service**

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2012:

**Water Rates**

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

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**Water System  
Monthly Service Availability Charge**

<u>Meter Size</u>	<u>Residential</u>	<u>Residential Irrigation</u>	<u>Commercial</u>	<u>Multi-Family</u>	<u>Multi-Family Irrigation; Commercial Irrigation</u>
5/8"	\$ 12.60	\$ 12.60	\$ 12.60	\$ 18.41	\$ 12.60
3/4"	18.90	18.90	18.90	27.62	18.90
1"	31.50	31.50	31.50	46.03	31.50
1 1/2"	63.00	63.00	63.00	92.05	63.00
2"	100.80	100.80	100.80	147.28	100.80
3"	201.60	201.60	201.60	294.56	201.60
4"	-	-	315.00	460.25	315.00
6"	-	-	630.00	920.50	630.00
8"	-	-	1,008.00	1,472.80	1,008.00
10"	-	-	1,974.55	2,117.15	-
12"	-	-	3,691.55	3,958.15	-
20"	-	-	7,726.50	8,284.50	-

**Water System  
Unit Charge (per kgal)**

<u>Non-Irrigation</u>						<u>Irrigation</u>				
<u>Residential</u>			<u>Commercial</u>		<u>Multi-Family</u>		<u>Residential</u>		<u>Multi-Family; Commercial</u>	
<u>Tiers (kgal)</u>			<u>Meter Size</u>		<u>Meter Size</u>		<u>Tiers (kgal)</u>		<u>Tiers (kgal)</u>	
<u>1-6</u>	<u>7-20</u>	<u>&gt;20</u>	<u>&lt; 8"</u>	<u>&gt; 8"</u>	<u>&lt; 8"</u>	<u>&gt; 8"</u>	<u>1-14</u>	<u>&gt;14</u>	<u>1-14</u>	<u>&gt;14</u>
\$0.93	\$2.60	\$5.60	\$1.49	\$1.24	\$1.00	\$1.00	\$2.60	\$5.60	\$3.44	\$3.96

**Water System  
Environmental Charge (per kgal)**

Water	\$0.37
Irrigation	0.37

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On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows (“SSO”) consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each fiscal year are typically adjudicated on an annual to bi-annual basis. In October 2016, Northeast Florida experienced the effects of Hurricane Matthew. In September of 2017, Northeast Florida experienced the effects of a second hurricane, Hurricane Irma. The sustained winds and flooding from those storms caused a number of extended power outages, resulting in SSOs during these extreme weather events. As a result of SSOs that occurred in Fiscal Year 2017 and during Hurricanes Matthew and Irma, JEA was assessed a penalty of \$413,996 by FDEP. In lieu of paying the penalty, JEA has opted to spend at least \$620,994 on an environmental improvement project as approved by FDEP. JEA expects to be assessed a penalty of \$127,000 by FDEP for Fiscal Year 2018 SSOs. To further reduce the frequency of SSOs in the future, JEA is undertaking an extreme weather resiliency plan to evaluate and implement processes or physical projects to reduce the likelihood of SSOs even during extreme weather events.

**Capital Program**

The Water and Sewer System’s projected capital program for the five-year period ending September 30, 2023 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility from 14.0 mgd to 18.0 mgd, expansion of the Nassau Regional Water Reclamation Facility from 2.0 mgd to 4.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 6.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility and construction of a 6.0 mgd Water Treatment Plant to serve customers in the southwestern part of JEA’s service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to meeting the three-part program described in “Regulation - *Public Water Supply System*” above to maintain sustainable water supply for JEA’s customers.

**Water and Sewer System Capital Program  
(000’s omitted)**

<b>Fiscal Year Ending September 30,</b>	<b><u>Amount</u></b>
2019	\$ 200,000
2020	210,000
2021	210,000
2022	210,000
2023	<u>210,000</u>
Total	\$1,040,000

The total amount of the capital program for the five-year period is estimated to be approximately \$1,040 million. It is expected that the total amount of the capital program for this period will be provided from Water and Sewer System revenues (including capacity charges) and no new debt. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See “Regulation” above.

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**FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM**

**Debt Relating to Water and Sewer System**

2.5 percent increase in sewer accounts and a 22.4 percent increase in reuse accounts.

Water sales volume, measured in thousands of gallons (kgals), decreased 1,058,629 kgals, or 2.8 percent, to 36,186,559 kgals for the Fiscal Year ended September 30, 2018 from 37,245,188 kgals for the Fiscal Year ended September 30, 2017. Sewer sales volume decreased 372,148 kgals, or 1.4 percent, to 26,340,622 kgals for the Fiscal Year ended September 30, 2018 from 26,712,770 kgals for the Fiscal Year ended September 30, 2017. Reuse sales volume decreased 170,572 kgals, or 5.2 percent, to 3,119,739 kgals for the Fiscal Year ended September 30, 2018 from 3,290,311 kgals for the Fiscal Year ended September 30, 2017.

Amounts paid from the rate stabilization fund into the revenue fund decreased \$10.7 million, or 39.9 percent, primarily related to a withdrawal during the Fiscal Year ended September 30, 2017 from the debt management stabilization fund in order to legally defease certain Water and Sewer System Subordinated Revenue Bonds.

**Operating and Maintenance Expenses.** Operating and maintenance expenses increased \$8.1 million, or 5.3 percent, for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, primarily related to a \$4.7 million increase in professional services, industrial services and compensation, a \$2.9 million increase in interfund charges and a \$0.5 million net increase in miscellaneous other operating expenses.

**Net Revenues.** Net revenues available for debt service decreased \$26.5 million, or 7.9 percent, to \$311.0 million for the Fiscal Year ended September 30, 2018 from \$337.5 million for the Fiscal Year ended September 30, 2017. Total revenues decreased \$18.4 million, or 3.8 percent, and total operating expenses increased \$8.1 million, or 5.3 percent, for the Fiscal Year ended September 30, 2018 as compared to the Fiscal Year ended September 30, 2017, as described above.

**Debt Service on Water and Sewer System Bonds.** Debt service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2018 decreased \$1.9 million, or 2.0 percent, as compared to the Fiscal Year ended September 30, 2017, primarily related to lower interest as a result of the December 2017 bond refunding.

During the Fiscal Year ended September 30, 2018, JEA issued Water and Sewer System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2017 Series A	Refunding <sup>(1)</sup>	December 2017	\$378,220,000	\$394,335,000

(1) Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Water and Sewer System Bonds during the Fiscal Year ended September 30, 2017.

**Debt Service Coverage on Water and Sewer System Bonds.** The debt service coverage ratio on Water and Sewer System Bonds decreased to 3.33 times for the Fiscal Year ended September 30, 2018 as compared to the debt service coverage ratio of 3.54 times for the Fiscal Year ended September 30, 2017, as a result of the 7.9 percent decrease in net revenues available for debt service being proportionately greater than the 2.0 percent decrease in debt service on Water and Sewer System Bonds between such periods.

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## DISTRICT ENERGY SYSTEM

### *DISTRICT ENERGY FUNCTIONS*

#### **General**

The District Energy System provides chilled water to customers for air-conditioning. The facilities for the chilled water business consist of chilled water plants to generate chilled water and underground piping to distribute the chilled water to buildings located within the respective districts served by the plants and certain ancillary equipment. JEA's first chilled water facility became fully operational in March 2003.

The establishment of the District Energy System was approved by the Jacksonville City Council in September 2004. Effective as of October 1, 2004, the District Energy System was established as a separate utility system for its local district energy facilities, including the chilled water activities, and any local district heating facilities JEA may develop in the future. Since its commencement of operations, JEA has added three new chilled water facilities.

#### **Chilled Water Facilities**

Chilled water systems air condition buildings by circulating cold water in a continuous flow to the building. A central chilled water plant provides chilled water to buildings through an underground loop, rather than the customer installing and operating its own chiller equipment. JEA has entered into agreements with the City to provide chilled water systems to the baseball park, the arena, the Duval County Courthouse, the library and other government buildings. JEA also has contracts with private entities to serve institutional buildings and residential condominiums.

JEA's first chilled water facility, the Hogan's Creek Plant, located on Hogan Street in downtown Jacksonville, became fully operational in March 2003. At this time, the plant is serving the Baseball Grounds of Jacksonville (310 ton contract demand) and the Jacksonville Veteran's Memorial Arena (2,350 ton contract demand). The facility includes three 2,100 ton chillers, two 1,700 ton cooling towers and a one million gallon chilled water storage tank for peak demand capacity.

A second chilled water facility located on Duval Street serves five City of Jacksonville buildings including the Court House, State Attorney's Office, Library, City Hall Annex and a City garage for a total contract demand of 5,870 tons. The plant also serves the JEA downtown complex with a demand of 700 tons. The facility includes three 2,400 ton chillers, one 800 ton standby chiller and a 7,200 ton cooling tower.

JEA's third chilled water facility is located at 2103 Boulevard Avenue in the Springfield neighborhood. The Springfield facility currently serves eight locations on the UF Health Jacksonville complex. The total contracted demand for the facility is 6,500 tons. The facility includes six 1,500 ton chillers, an 8,100 ton cooling tower and a 3,000 ton cooling tower. The second cooling tower was added in 2018.

A fourth chilled water facility is located on Riverplace Boulevard with two 400 ton air-cooled chillers. The total contracted demand is 594 tons at this facility, and there are no plans to pursue other customers for this facility.

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**Customers and Sales**

The District Energy System currently has contracts to provide 17 locations with chilled water. Total District Energy System revenues for the Fiscal Year Ended September 30, 2018 were approximately \$8,756,000.

**Customer Billing Procedures**

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. Customers who meet JEA’s credit criteria are not assessed a deposit. Customers who do not meet JEA’s credit criteria, or do not maintain a good payment record, are assessed a deposit which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days.

**Rates**

District Energy System revenues are derived from two basic types of charges: (a) a demand charge based upon the customer’s estimated expected yearly cooling load requirements and (b) a consumption charge based upon the actual amount of chilled water consumed by the customer. JEA has sole discretion to set rate levels and revenue requirements for the District Energy System.

Standard rates for chilled water services are based on the customer’s demand and consumption of chilled water and a standard 2,400 Equivalent Full Load Hour (“EFLH”) profile. EFLH is defined as the annual ton-hours of chilled water required divided by the chiller’s design capacity in tons.

The following schedule reflects the rates for chilled water service:

Contract Size	Charge	Rate Effective on December 1, 2016	Rate Effective on February 1, 2016	Rate Effective on October 1, 2015	Rate Effective on July 1, 2012
> 200 tons @ ≤ 2,400 EFLH	Demand Charge Consumption Charge	\$20.00/ ton \$0.10569/ ton-hour	\$20.00/ ton \$0.10973/ ton-hour	\$20.00/ ton \$0.11624/ ton-hour	\$20.00/ ton \$0.11754/ ton-hour
> 200 tons @ > 2,400 EFLH	Demand Charge Consumption Charge	\$20.00/ ton \$0.08869/ ton-hour	\$20.00/ ton \$0.09273/ ton-hour	\$20.00/ ton \$0.09924/ ton-hour	\$20.00/ ton \$0.10054/ ton-hour
< 200 tons @ ≤ 2,400 EFLH	Demand Charge Consumption Charge	NONE \$0.19569/ ton-hour	NONE \$0.19973/ ton-hour	NONE \$0.20624/ ton-hour	NONE \$0.20754/ ton-hour
< 200 tons @ > 2,400 EFLH	Demand Charge Consumption Charge	NONE \$0.08869/ ton-hour	NONE \$0.09273/ ton-hour	NONE \$0.09924/ ton-hour	NONE \$0.10054/ ton-hour

**Permits, Licenses and Approvals**

All permits, licenses and approvals required for the operation of all of the District Energy System facilities have been obtained, and all of the facilities are operating in compliance with such permits, licenses and approvals.

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## Capital Program

The District Energy System's capital program consists of capital requirements for renewal and replacement and improvements to existing facilities. The District Energy System's projected capital program for the five-year period ending September 30, 2023 is summarized below.

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### District Energy System Capital Program (000's omitted)

<b>Fiscal Year Ending September 30.</b>	<b>Amount</b>
2019	\$ 3,070
2020	1,350
2021	1,780
2022	1,350
2023	<u>1,350</u>
Total	\$8,900

The total amount of the capital program for the Fiscal Years 2019 through 2023 is estimated to be approximately \$8.9 million, which includes approximately \$2.5 million for a new backup power generator at the Springfield facility. This facility primarily serves the UF Health Jacksonville medical campus. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the District Energy System.

## ***FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM***

### **Debt Relating to the District Energy System**

#### ***District Energy System Bonds***

As of September 30, 2018, \$36,485,000 in aggregate principal amount of bonds (the "District Energy System Bonds") issued pursuant to the resolution of JEA adopted on June 15, 2004, as amended and supplemented (the "District Energy System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$34,825,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

District Energy System Bonds may be issued to finance any lawful purpose of JEA relating to the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION - Additional Bonds" in APPENDIX D attached hereto.

Pursuant to the District Energy System Resolution and the laws of the State of Florida, the amount of District Energy System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the District Energy System Resolution.

Pursuant to a previous Council approval, JEA currently is authorized to issue additional District Energy System Bonds for the purpose of financing the costs of additions, extensions and improvements to the District Energy System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$54,321,245. JEA expects that such authorization will be adequate to enable JEA to maintain its District Energy System capital improvement program as projected through the Fiscal Year ending

September 30, 2023. See “DISTRICT ENERGY SYSTEM - *DISTRICT ENERGY SYSTEM FUNCTIONS - Capital Program*” herein. In the future, JEA will continue to seek authorization as needed from the Council to issue additional District Energy System Bonds in order to enable it to finance its District Energy System capital program.

JEA also has received approvals from the Council for the issuance of District Energy System Bonds for the purpose of refunding outstanding District Energy System Bonds. JEA may issue additional District Energy System Bonds to refund outstanding District Energy System Bonds from time to time as it deems economical or advantageous.

A summary of certain provisions of the District Energy System Resolution is attached to this Annual Disclosure Report as APPENDIX D.

#### ***District Energy System Contract Debts***

Contract Debts, a component of the District Energy System’s Operation and Maintenance Expenses, is defined by the District Energy System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the District Energy System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the District Energy System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the District Energy System, including the District Energy System Bonds.

#### **Schedules of Debt Service Coverage**

The following table sets forth Schedules of the Debt Service Coverage for the District Energy System for the years ended September 30, 2018 and September 30, 2017, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA’s 2018 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto.

JEA did not issue any District Energy System Bonds during the Fiscal Year ended September 30, 2018.

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## OTHER FINANCIAL INFORMATION

### General

JEA maintains separate accounting records for the Water and Sewer System and the District Energy System. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park<sup>(67)</sup>, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2018 (which consist of the statement of net position of JEA as of September 30, 2018 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2018 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2018 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses, and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2018 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2018 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2018 Financial Statements include all of the assets of the Water and Sewer System, Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets include all expenses (e.g., interest charges, operating and maintenance expenses, fuel expenses) of the Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

Except as described under the caption "INTRODUCTION - General" herein, for financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (i.e., (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM FUNCTIONS - Debt Relating to Water and Sewer System Functions - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). Accordingly, potential purchasers of the Water and Sewer System and District Energy System Bonds are advised that the information in JEA's 2018 Financial Statements relating to JEA's Electric System is not relevant to a decision to purchase the Water and Sewer System and District Energy System Bonds.

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<sup>(67)</sup> The Power Park ceased operations on January 5, 2018.

triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA’s ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	Fitch Ratings	Moody’s	S&P
Outstanding Water and Sewer System Bonds	AA (stable)	Aa <del>A</del> 2 (negative)	AAA (stable)
Outstanding Subordinated Water and Sewer System Bonds	AA (stable)	Aa <del>A</del> 2 (negative)	AA+ (stable)

***Liquidity Support for JEA’s Variable Rate Bonds***

In particular, JEA has entered into a credit agreement, standby bond purchase agreements and letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Water and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the “Liquidity Supported Bonds”). As of the date of this Annual Disclosure Report, there is \$137,110,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer Bonds outstanding and \$105,335,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding. The standby bond purchase agreements and reimbursement agreements, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain “events of default” with respect to JEA under such standby bond purchase agreement or such reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, the credit agreement and each standby bond purchase agreement and reimbursement agreement, as applicable, provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which the credit agreement or such standby bond purchase agreement or such reimbursement agreement, as applicable, relates, without giving effect to any third-party credit enhancement, fall below “BBB-” by Fitch Ratings, “Baa3” by Moody’s Investors Service (“Moody’s”) and / or “BBB-” by Standard & Poor’s, a business of Standard & Poor’s Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware (“S&P”), or are suspended or withdrawn (generally for credit-related reasons).

**Interest Rate Swap Transactions**

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see “Debt Management Policy” below) and its investment policies (see “Investment Policies” below), which interest rate swap transactions may be for the account of the Water and Sewer System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$522,470,000 as of September 30, 2018, of which \$115,660,000 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) “Debt Management Policy” below, (b) “Investment Policies” below and (c) Notes 1(k) and 8 to JEA’s 2018 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain “events of default” and upon the occurrence of certain “termination events.” One of such “termination events” with

respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below “BBB” by S&P and below “Baa2” by Moody’s to (y) below “A-” by S&P and below “A3” by Moody’s.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG (“MLDP”) for the account of the Water and Sewer System contains an automatic transfer provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or Merrill Lynch Derivative Products AG. Under certain circumstances if the rating on JEA’s senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of Merrill Lynch Derivative Products AG were to fall below the double-A category, all rights and obligations of Merrill Lynch Derivative Products AG under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. (“MLCS”). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP to “A+” on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2018, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was \$86,356,000, of which \$16,253,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System. As of ~~December 31, 2018~~ March 31, 2019, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions was ~~[\$100,883,000]~~ 112,315,000, of which ~~[\$19,648,000]~~ 22,544,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA’s bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<b>Related Bonds</b>	<b>Counterparty</b>	<b>Initial Notional Amount</b>	<b>Notional Amount as of <u>December 31, 2018</u> <u>March 31, 2019</u></b>	<b>Fixed Rate of Interest</b>	<b>Variable Rate Index<sup>(1)</sup></b>	<b>Termination Date<sup>(2)</sup></b>
<i>Water and Sewer System Revenue Bonds, 2006 Series B</i>	Morgan Stanley, Capital Services, Inc.	\$38,730,000	\$24,850,000	<del>3.963%</del> -4.09%	CPI Index	10/1/2018 <del>to 10/1/2020</del> to 10/1/2022
<i>Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B</i>	Merrill Lynch Capital Services, Inc.	\$85,290,000	\$85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.  
(2) Unless earlier terminated.

## Debt Management Policy

Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has \$5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

### Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

### No Default Certificates

Section 714.2 of the Water and Sewer System Resolution and Section 7.07 of the Subordinated Water and Sewer Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution, respectively, and if so, the nature of such default. Section 713.2 of the District Energy System Resolution requires that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the District Energy System Resolution, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Water and Sewer System Resolution, Subordinated Water and Sewer Resolution and the District Energy System Resolution.

## LITIGATION

[TO BE REVIEWED BY THE OFFICE OF GENERAL COUNSEL OF THE CITY] In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Water and Sewer System or the District Energy System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

[DISCUSS WHETHER THIS IS NEEDED IN THE W&S ADR] With respect to the Electric System, on September 11, 2018, ~~both MEAG and JEA filed court actions seeking~~ filed suit against JEA in the Northern District of Georgia Civil Action No.: 1:18-CV-04295-MHC alleging claims for (i) a declaratory judgment on the enforceability of that the Additional Vogtle Units PPA. MEAG filed its action in the United States District Court for the Northern District of Georgia and is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City of Jacksonville filed their actions ~~suit against MEAG in the Circuit~~

Court, Fourth Judicial Circuit, Duval County, Florida which MEAG removed to the United States District Court for Case No.: 16-2018-CA-006197-XXXX-CV-G, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. Both cases On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. MEAG has filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals. The parties are presently engaged in extensive procedural litigation over the forum in which the substantive issues will be tried. JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation.} [In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors) and the League of Women Voters of Florida, Inc. filed an action for declaratory judgment and injunctive relief challenging the legality of JEA's amended net metering policy for its Electric System and alleging that the policy fails to provide a net metering program as required by Section 366.91, Florida Statutes. JEA has answered the complaint and set forth numerous affirmative defenses. JEA believes that it has good and meritorious defenses, and will continue to vigorously defend the claim.]

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**INTER-OFFICE MEMORANDUM**

April 10, 2019

**SUBJECT:** JEA'S JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB)  
PROGRAM REPORT

**FROM:** Aaron F. Zahn, Managing Director/CEO

**TO:** JEA Board of Directors

**BACKGROUND:**

This report reviews JEA's JSEB performance during the first 6 months of FY19.

At the board's request, JEA staff will provide quarterly reports to monitor procurement results and identify key opportunities to further develop JSEB capacity and available spend.

**DISCUSSION:**

JEA's JSEB performance during the first 6 months of FY19 has exceeded established goals. Details are provided in the attachments and summary information is provided below.

- JSEB spend was \$8,948,961 vs. the \$7,500,000 pro-rated goal.
  - The FY19 goal was set at 23% of available spend vs. the 20% goal per city ordinance.
  - JEA determines its available spend by reviewing competitively sourced JEA services that can be performed by the current pool of JSEB certified firms.
  - JEA's actual JSEB spend was 27.5% of its pro-rated available spend.
  
- JEA also has a goal to add at least 5 new JSEB companies during FY19.
  - JEA has identified potential areas for JSEB opportunities and is working with key stakeholders on targeted outreach efforts to further grow capacity.
  - During the first 6 months of FY19, JEA has contracted with 5 new JSEB companies that did not provide services to JEA in FY18.

**RECOMMENDATION:**

No action is required by the Board. This item is presented for information only.

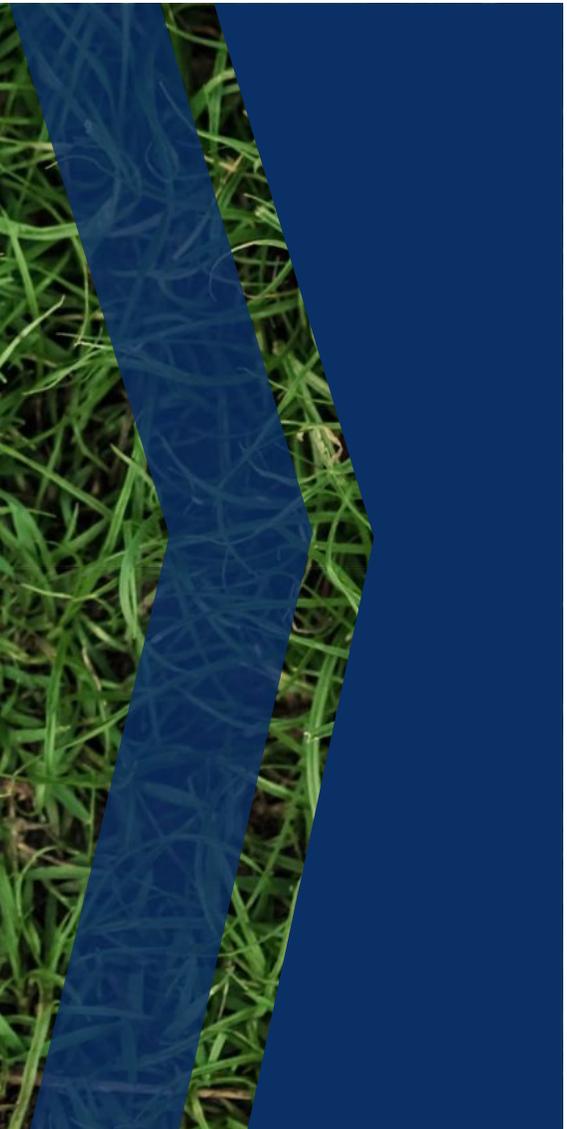
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Aaron F. Zahn, Interim Managing Director/CEO

AFZ/MHD/JPM



**JSEB PROGRAM  
Q2 REPORT**



# FY19 JSEB Scorecard

as of QTR2

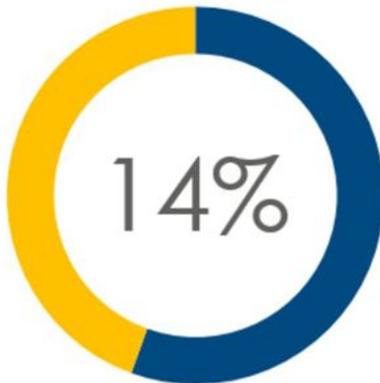
## Available Project Spend

AVAILABLE SPEND

\$65,000,000

GOAL = 23%

\$15,000,000

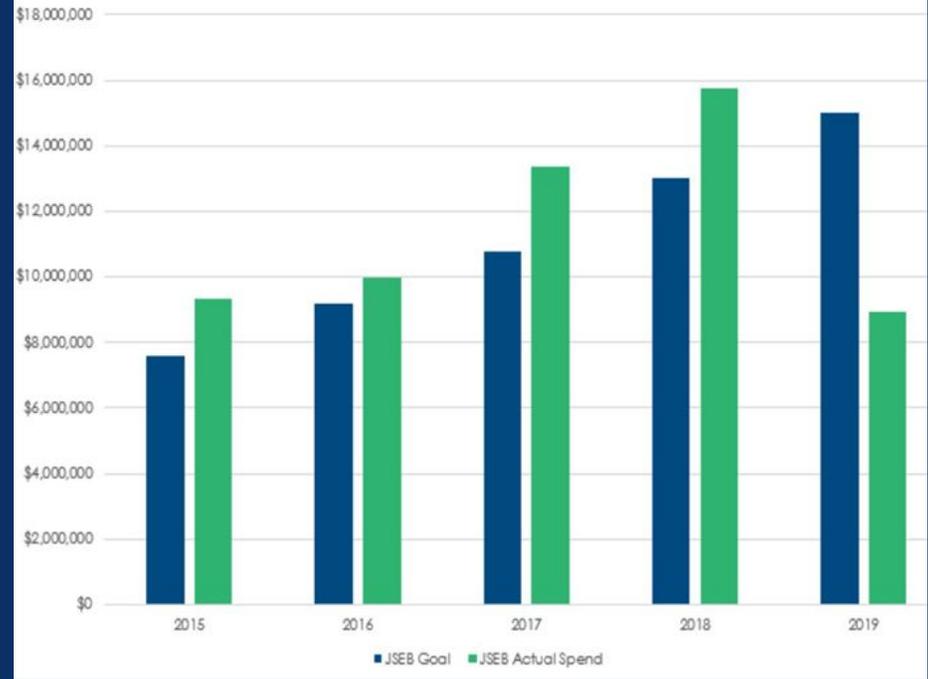


JSEB SPEND

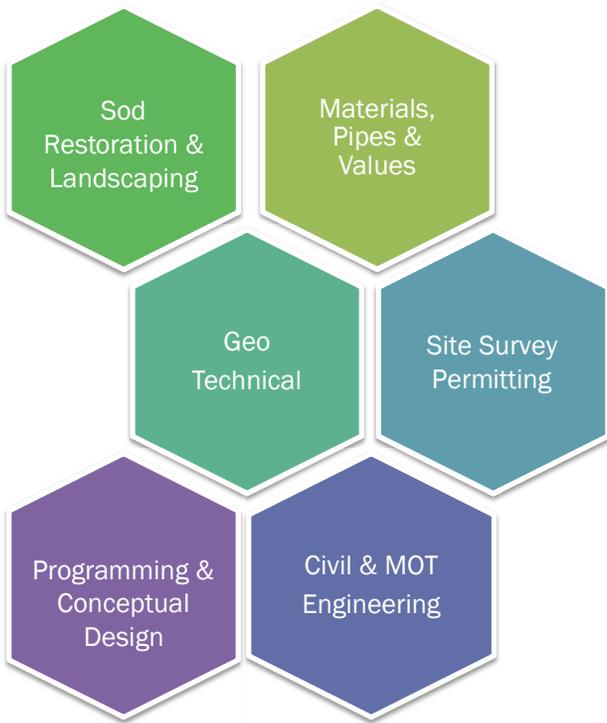
\$8,948,961

QTR1 JSEB SPEND	\$4,969,216
QTR2 JSEB SPEND	\$3,979,744
QTR3 JSEB SPEND	\$0
QTR4 JSEB SPEND	\$0

Past 5 Years  
JSEB Goal Vs. Actual Spend



# FY19 JSEB SCORECARD Q2



**FY19  
JSEB TOP VENDORS**

# FY19 Top JSEB Vendors

JSEB Vendors	Spend
JB Materials, Inc.	\$2,401,311
Donna J. Hamilton, Inc.	\$970,137
J & D Maintenance and Services	\$848,179
Complete Services Well Drilling, Inc.	\$645,215
R. E. Holland & Associates, Inc.	\$491,322
DAK Resources, Inc.	\$429,282
Overstreet & Associates, Inc.	\$304,453
J. Collins Engineering Associates, LLC	\$273,581
American Construction Enterprises of NE FL, Inc.	\$211,311
I-Tech Resources, Inc.	\$210,241

# FY19 Q2 JSEB Outreach



**01.15.19**  
Meeting with COJ Official  
Councilman Terrance  
Freeman

**01.24.19**  
Meeting with COJ Official  
Councilman Reginald  
Gaffney

**02.05.19**  
Jaxport's Small Emerging  
Business Appreciation Day  
- Hosted by Jaxport

**02.06.19**  
African American Small  
Business Forum  
- Hosted by Florida Blue &  
121 Financial Credit Union

**02.21.19**  
STPO Construction Services  
Biltmore C Workshop  
- Hosted by JEA

**02.28.19**  
Minority-Owned Business  
Leaders Group Meeting  
- Hosted by Councilman  
Reginald Gaffney



**FY19  
JSEB OUTREACH**

## Septic Tank Phase Out

### Outreach efforts to increase JSEB pool

- February 21<sup>st</sup> hosted a STPO Construction Services for Biltmore C Workshop
  - Targeted Plumbers, Haulers, Sod/Pavement Restoration, Material Suppliers and General Contractors
- Polled several vendors by sending the scope of work and minimum requirements for the plumbing work:
  - JSEB Plumbers
  - Local Plumbers
  - Plumber Associations
- Construction Services Project Value \$16M
  - JSEB Goal 20% or higher
- Solicitation will advertise in April

# Remaining FY19 JSEB Opportunities

### Security Fencing

Total Project Value \$2M  
10% JSEB Goal  
\$200K JSEB Opportunity  
Sub-Contracting Work:  
Electrical or Landscaping  
Solicitation will advertise in April

### Westlake Substation T3 Addition

Total Project Value \$1.6M  
5% JSEB Goal  
\$80K JSEB Opportunity  
Sub-Contracting Work: Site Restoration, Hauling,  
Excavation  
Bids due May 7

### Dinsmore Substation Interconnect

Total Project Value \$379K  
5% JSEB Goal  
\$19K JSEB Opportunity  
Sub-Contracting Work: Site Restoration,  
Hauling, Excavation  
Bids due May 14

### Cecil Commerce Substation Transmission

Total Project Value \$859K  
5% JSEB Goal  
\$43K JSEB Opportunity  
Sub-Contracting Work: Site Restoration, Hauling, Excavation  
Bids due May 15

### Small Diameter Pipe

Total Project Value \$1.3M  
JSEB Sheltered Opportunity  
(Plan to award 2 Prime contracts)  
Prime work: Engr Design for Small  
Diameter Pipe & Manhole Inspections  
Bids due May 7

### Construction, Engineering, Inspection Svcs

Total Project Value \$10M  
10% JSEB Goal  
\$1M JSEB Opportunity  
(Plan to award 2 Prime contracts)  
Sub-Contracting or Prime work: WWW Constructability Review & Inspection  
Bids due May 14

**JSEB  
Target  
Outreach**



**FY19  
JSEB OUTREACH**

# FY19 Q3 JSEB Outreach

