

JEA BOARD MEETING AGENDA

May 28, 2019 • 9:00 a.m.

21 W. Church Street, 19th Floor



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

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	Mike Hightower, Chief Public & Shareholder Affairs Officer 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
E.	FWEA/FBC Benchmarking Award	Aaron Zahn, Managing Director/CEO

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:	Board Meeting Minutes March 26, 2019		Action
Appendix B:	Board Meeting Minutes April 2, 2019		Action
Appendix C:	FY2018 Annual Disclosure Reports		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:	Monthly Financial Statements		Information
Appendix B:	Monthly Financial and Operations Detail		Information
Appendix C:	Monthly FY19 Communications & Engagement Calendar and Plan Update		Information

	Appendix D:	Sole Source & Emergency Procurement/Procurement Appeals Board Report		Information
C.		Monthly Financials and Operations Dashboard	Melissa Dykes, Pres./COO	Information
D.		JEA's Procurement and Jacksonville Small and Emerging Business (JSEB) Program Report	John McCarthy, VP & Chief Supply Chain Officer	Information
E.		Hurricane Readiness Readout	Kerri Stewart, VP & Chief Customer Officer	Information
F.		Quarterly Report	Ryan Wannemacher, CFO	Information

IV.	STRATEGY (DISCUSSION ONLY)			
	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.	JEA's Last 10 Years & Status Quo Baseline		Melissa Dykes, Pres./COO; Ryan Wannemacher, CFO	

V.	SUBJECT MATTER EXPLORATION (OPPORTUNITIES & RISKS – PRESENTATION)			
	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 rd 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			

VI.	COMMITTEE REPORTS			
	Item(s)		Speaker/Title	Discussion/Action/Information
A.	Finance and Audit Committee		Kelly Flanagan, Committee Chair	
	1.	Agenda – May 20, 2019		Information
	2.	Draft Minutes – March 18, 2019		Information
	3.	FY2020 Budget Presentations		Information
	4.	Quarterly Audit Services Update		Information
	5.	Ethics Officer Quarterly Report		Information
	6.	Electric System and Water and Sewer System Reserve Fund Quarterly Report		Information
	7.	JEA Energy Market Risk Policy Report		Information
	8.	Next Meeting, August 19, 2019, 8:00 AM – 10:00 AM		Information
	9.	Committee Discussions a. Ernst & Young Engagement – Ted Hobson b. Ernst & Young – John DiSanto c. Director, Audit Services – Steve Tuten d. Council Auditor's Office – Jeff Rodda		Information
B.	Nominating Committee		April Green, Board Chair	
	1.	Resolution 2019 – 04 Amendment to Board Appointments		Action

VII. OTHER BUSINESS		
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

VIII. CLOSING CONSIDERATIONS		
Item(s)		
A.	Announcements – Next Board Meeting June 25, 2019	
B.	Adjournment	

Board Calendar	
<p>Board Meetings: 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 19, 2019 and December 17, 2019)</p> <p>Committees: Finance & Audit Committee: August 19, 2019</p> <p style="padding-left: 40px;">Compensation Committee: June 18, 2019</p> <p style="padding-left: 40px;">Government Affairs Committee:</p>	

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 appealable 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 subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.

**JEA BOARD MINUTES
March 26, 2019**

The JEA Board met in regular session on Tuesday, March 26, 2019, on the 19th 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 Aguero, 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. Aguero 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 2nd 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 19th 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

May 8, 2019

SUBJECT: JEA FY2018 ANNUAL DISCLOSURE REPORTS

FROM: Aaron F. Zahn, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Each year, JEA files with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") website Annual Disclosure Reports in compliance with JEA's continuing disclosure undertakings for certain of its bonds and various credit agreements. EMMA is the "central 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 May 28, 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 will be included on changed pages that will be distributed to the Members prior to the Board's May 28th meeting. Subsequent changes, if any, will be distributed at the Board's May 28th 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, as further revised by the additional changed pages distributed to Members prior to the Board's May 28th meeting, (ii) authorize the Managing Director and Chief Executive Officer of JEA in consultation with the Office of General Counsel and bond counsel to make additional corrective, clarifying and other non-material changes, as necessary, and (iii) authorize the filing and use of the Annual Disclosure Reports as described above.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/JEO/RLH



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

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

Filed with EMMA

Dated as of

[_____] , 2019

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

JEA OFFICIALS

BOARD MEMBERSHIP⁽¹⁾

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

MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel Vineyard Vinyard
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, Chief Legal Officer	Lynne Rhodes Rhode
Vice President, Legal Officer	Vacant
Vice President and Interim Chief Human Resources Officer	Angelia R. Hiers Jon
	Kendrick ³
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

⁽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.

⁽³⁾ [Angie 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 ⁽¹⁾	OCCUPATION	TERM
April Green Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
Frederick D. Newbill Vice Chair	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
Camille J. Lee-Johnson Vice Chair Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
Frederick D. Newbill Secretary	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
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 ⁽²⁾

(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.^(§**) 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.^(§§††) 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. McNall, Vice President of Energy and Water Planning. Mr. McNall is responsible for long-term planning for JEA's energy and water sectors, overseeing the development of a more than \$1



Michael J. Brost retired from his position of Vice President and General Manager of Electric Systems in January 2019.

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.

~~***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, Watseo, 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. 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.

Jon Kendrick, Interim Chief Human Resources Officer. Mr. Kendrick joined JEA in April 2019 after previously working as a Human Resources Business Partner from 2015 – 2017 who was instrumental in providing strategic direction for the JEA Customer Experience, Technology Services and Compliance business units.

Mr. Kendrick has more than 25 years of human resources experience that spans healthcare, financial services, transportation, utility and technology industries. He most recently served as the Human Resources Director for Yusen Logistics (Americas), Inc., in Jacksonville.

Mr. Kendrick holds certifications as a Senior Professional in Human Resources (SPHR) and as a Senior Certified Professional from the Society for Human Resource Management (SCP-SHRM). He has a bachelor's degree in Economics from the University of Florida and a Master of Divinity from New Orleans Baptist Theological Seminary

~~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. Mr. Kendrick was also a commissioned officer in the U.S. Coast Guard Reserve where he led an expeditionary unit and served in both Operation Enduring Freedom & Iraqi Freedom.~~

Shawn Eads, Vice President and Chief Information Officer.⁽⁺⁺⁺⁾ 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

⁽⁺⁺⁺⁾ Paul J. Cosgrave retired from his position of Vice President and Chief Information Officer in January 2019.

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~~ and the Actuarial Valuation as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") are available for viewing and downloading from the City's website link: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2017 Valuation or the October 1, 2018 Valuation, respectively, 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 beginning with Fiscal Year Ended September 30, 2018 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, ~~2017, 2018,~~ the aggregate unfunded actuarial accrued liability for the GEPP was ~~\$1,081,313,441, 1,175,135,210,~~ which represented an increase of ~~\$56,816,369 93,821,769~~ from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, ~~2017 of \$1,081,313,441.~~ 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 (i) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of \$565,792,869 (an increase of \$42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of \$1,175,135,210 and (ii) 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.

The SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2018, and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park

non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of service. Members with at least 10 years of service on the plant closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

~~The SJRP Plan is a single employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2016, number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRP. One consequence of these actions is that the annual required contribution is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRP Plan's assumed rate of return is 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017.~~

~~As of October 1, 2018, the SJRP Plan's actuarial value of assets was \$142,285,489, 150,969,730, the actuarial accrued liability entry-age normal was \$162,028,867, 174,666,326, the unfunded actuarial accrued liability was \$19,743,378, 4,001,546, the funded ratio was 87.886.4 percent, the covered payroll was \$15,489,302, 443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 127.5901.3 percent. As of October 1, 2017, the SJRP Plan's actuarial value of assets was \$152,797,764, the actuarial accrued liability entry-age normal was \$169,320,985, the unfunded actuarial accrued liability was \$16,523,221, the funded ratio was 90.2 percent, the covered payroll was \$11,988,122 and the unfunded actuarial accrued liability as a percentage of covered payroll was 137.8 percent. The SJRP Plan's assumed rate of return is 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 and later. The objective of the SJRP Plan is to establish and receive contributions that are intended to bring the plan's funding ratio to 100 percent by October 1, 2019, As of October 1, 2016, the SJRP Plan's actuarial value of assets was \$142,285,489, the actuarial accrued liability entry-age normal was \$162,028,867, the unfunded actuarial accrued liability was \$19,743,378, the funded ratio was 87.8 percent, the covered payroll was \$15,489,302 and the unfunded actuarial accrued liability as a percentage of covered payroll was 127.5 percent. In the current fiscal year, JEA intends to manage the SJRP plan to maintain a funded ratio consistent with fiscal years 2016-2018. JEA made \$26,408,861 in contributions during the Fiscal Year Ended September 30, 2018, satisfying its required employer contribution of \$8,422,270 for the Fiscal Year Ended September 30, 2019. After applying the available credit balance of \$12,585,746, its required employer contribution for the Fiscal Year Ended September 30, 2020 is \$4,582,219. The increase in the required total employer contribution to \$17,167,965 for the Fiscal Year Ended September 30, 2020 resulted from a combination of the Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and meeting this objective is the main source of volatility in employer contributions. the change in the assumed rate of return. See "ELECTRIC UTILITY SYSTEM – ELECTRIC~~

[UTILITY FUNCTIONS – St. John’s River Power Park – Early Termination of Power Park Joint Ownership Agreement](#) for additional information.

Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John’s River Power Park – *Early Termination of Power Park Joint Ownership Agreement*” for additional information.

See Note 12, Note 13 and pages 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~~[1,534,701](#) as of ~~July 1, 2017~~[2018](#). 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 ⁽¹⁾	1,122,750
2010	1,345,596
2017 <u>2018</u>	1,504,980 <u>1,534,701</u>

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	704,514 704,090	646,462 646,370	8.2	8.5	8.1
2013	708,926 709,351	659,390 659,773	7.0	7.2	7.4
2014	716,249 715,253	671,696 670,631	6.2	6.3	6.2
2015	719,195 719,098	680,930 680,375	5.3 5.4	5.5	5.3
2016	736,806 735,832	702,660 701,636	4.6	4.8	4.9
2017	762,141 760,298	732,140 729,627	3.9 4.0	4.1 4.2	4.0 4.4
2018	777,981 773,492	752,119 747,223	3.3 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	143,500 150,400	20.2 21.2
Professional and Business Services	109,000 108,000	15.4 15.2
Education and Health Services	107,700 107,500	15.2
Leisure and Hospitality	89,000 85,500	12.6 12.1
Government	77,100 77,000	10.9
Finance	69,600 67,000	9.8 9.5
Construction	46,100 45,400	6.5 6.4
Other Services ⁽¹⁾	35,800 36,300	5.0 5.1
Manufacturing	31,200 31,400	4.4
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	709,000 708,500	100.0

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 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	9,000
City of Jacksonville	Municipal Government	7,471 ⁽²⁾
St. Johns County School District	Public Education	5,039 ⁽³⁾
Clay County School Board	Public Education	5,000
St. Johns County School District	Public Education	4,534⁽³⁾
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 requirements and capital resources. These forward-looking statements are based on, among other things, JEA’s expectations and are subject to a number of risks and uncertainties, certain of which are beyond

~~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.

Strategic Planning

Energy sales for JEA have generally been flat to declining since 2007 and energy efficiency and solar power is expected to continue to further pressure JEA's sales. For these reasons, JEA is actively engaged in strategic planning. As part of its planning process, JEA is considering various options with respect to its business which may result in the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA has launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA has proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA has also increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION – Revolving Credit Facilities" for additional information. In February 2019, JEA retired \$100,090,000 of Electric System debt as part of this effort. Future redemptions or defeasance of Electric System debt is subject to availability of funds and Board approval. Furthermore, the ultimate outcome and recommendations of the planning process is unknown at this time and may have an impact on the approval and/or timing of future redemption or defeasance activity. JEA may modify this plan at any time.

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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

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~~ 11 commodity swap transactions with an aggregate notional quantity of ~~47,510,000~~ 52,410,000 ~~MMBtus~~ 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:⁽¹⁾

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
Total	\$494,505	\$1,965,595	\$2,460,100	\$(547,582)	\$(249,218)	\$1,663,300

(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 action~~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-ev-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.

Settlement Negotiations - JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

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.

2019, or when approved by FERC. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services division to share spinning reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

[JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. JEA is also subject to regulations set by the Nuclear Regulatory Commission regarding the protection of digital computer and communication systems and networks required for the operation of nuclear power plants. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.]

Power Sales and Transmission Contracts

JEA has a contract to supply the Beaches Energy Services with non-firm generation and transmission backup service. In accordance with a 36-month contract notice provision, the contract will terminate on November 30, 2019 unless renewed prior to its expiration. JEA does not receive a significant amount of revenue from this contract.

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. (“Cedar Bay”), the owner of a cogeneration facility within JEA’s service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA’s transmission system. Cedar Bay began using JEA’s transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA’s Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA’s transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

Transmission and Distribution System

JEA’s transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation’s termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

JEA owns a total of 744 Circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table shows the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total (Miles)</u>
69	113	46	159
138	204	3	207
230	299	4	303
500	<u>75</u>	<u>0</u>	<u>75</u>
Total	<u>691</u>	<u>53</u>	<u>744</u>

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System’s service area, in the vicinity of the urban core. The 207 miles of 138 kV lines interconnect substations in most of JEA’s high load and growth areas. The 304 miles of 230 kV lines form a semicircular

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.)	62.69 <u>66.10</u>	116.04 <u>119.20</u>	142.72 <u>145.75</u>	222.75 <u>225.40</u>
JACKSONVILLE (JEA)	58.72	111.76	138.29	217.85
Atlanta (GPC)	63.29	110.36	132.86	200.32
Tampa (Tampa Electric)	63.58	109.55	138.12	223.83
Tallahassee (Electric Dept.)	58.43	109.07	134.40	210.37
Orlando (Orlando Utilities Commission)	58.00	106.00	135.00	222.00
<u>Tampa (Tampa Electric)</u>	<u>59.23</u>	<u>102.41</u>	<u>129.27</u>	<u>209.85</u>
Lakeland (Utilities Dept.)	55.42	101.35	120.84	201.62
<u>Miami (FPL)</u>	<u>54.04</u>	<u>99.92</u>	<u>128.02</u>	<u>212.27</u>
Key West (Keys Energy Services)	49.50	99.00	123.75	198.00
Miami (FPL)	53.14	98.11	125.76	208.65

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:

City (Utility)	Non-Demand 1,500 kWh	Demand 150 kW 60,000 kWh	Demand 500 kW 200,000 kWh
Atlanta (GPC)	\$260.93 <u>281.21</u>	\$5,759.08 <u>5,916.15</u>	\$18,639.98 <u>21,270.70</u>
Gainesville (GRU)	220.90	7,327.00	23,774.70
Pensacola (Gulf Power Company)	187.69	5,430.53	18,700.80
St. Petersburg (Duke Energy Florida)	184.80 <u>196.65</u>	5,669.97 <u>5,818.38</u>	18,230.67 <u>18,729.46</u>
Pensacola (Gulf Power Company)	184.72	5,342.82	18,395.80
Ocala (Electric Dept.)	175.85	5,775.10	19,436.00
Orlando (OUC)	163.96	5,042.00	16,718.00
Tampa (Tampa Electric Company)	161.59	4,935.54	16,374.24
JACKSONVILLE (JEA)	155.64	5,345.20	17,619.00
Lakeland (Utilities Dept.)	149.52	4,913.39	16,553.98
Tampa (Tampa Electric Company)	149.10	4,563.24	15,140.24
Miami (FPL)	144.76 <u>147.69</u>	4,601.54 <u>4,716.44</u>	15,590.98 <u>15,953.98</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:

Fiscal Year Ending September 30,	Base Charges Discount	Fuel Charges Discount	Baseline Load
2012	100%	10%	lesser of Fiscal Year 2008 through Fiscal Year 2010
2013	100%	10%	
2014	75%	7.5%	
2015	50%	5%	
2016	25%	2.5%	
2017	100%	0%	greater of Fiscal Year 2008 through Fiscal Year 2016
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

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, CO₂ 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

threshold for GHGs of 75,000 tons per year CO₂, 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 (CO₂) 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 CO₂ 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 CO₂ 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, 2019~~ 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 CO₂ emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO₂ 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 CO₂ emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO₂ 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_{2.5}") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM_{2.5} standard and kept the annual average PM_{2.5} standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM_{2.5} rule on December 14, 2012, that reduced the annual PM_{2.5} standard from 15 µg/m³ to 12 µg/m³. The rule left the 24-hour PM_{2.5} standard of 35 µg/m³ unchanged. The change in the PM_{2.5} 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.

SO₂ and NO₂ NAAQS. During 2010, the EPA finalized new one-hour NAAQS for both SO₂ and nitrogen dioxide ("NO₂"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one hour primary SO₂ 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 SO₂ emissions to identify maximum one-hour SO₂ 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 SO₂ 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 SO₂-emitting sources in the State of Florida (including JEA's NGS and SJRPP boilers), and found that the one-hour SO₂ 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 an 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]~~[April 17, 2019](#). [EPA is in the process of reviewing the submitted comments and it is expected that EPA will issue a final rule at some time in the future.](#)

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

Other Environmental

On May 27, 2015, EPA and the U.S. Army Corps of Engineers (“USACE”) released the prepublication version of the final “Clean Water Rule: Definition of ‘Waters of the United States,’” (“WOTUS”) redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule 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. [In addition, municipal electric utilities may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed battery and electric storage resources, renewable distributed generation, customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer](#)

[participation in energy markets, and third-party provision of energy management software and solutions.](#)
These factors, and others, are discussed in more detail below in relation to how they affect JEA.

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

Future Legislation

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new generating facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Compliance with any future GHG emission reduction requirements could require JEA, at significant cost, to purchase allowances or offsets, change the type of boiler fuel JEA uses, retire high-emitting generation facilities and replace them with lower-emitting generation facilities, or implement carbon capture and sequestration technology. The estimation of costs of compliance with GHG legislation or with EPA rules is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS

Debt Relating to Electric Utility Functions

Electric System Bonds

As of September 30, 2018, \$1,089,315 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of the date of this Annual Disclosure Report, there is \$1,017,685,000 in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) \$458,530,000 in aggregate principal amount of variable rate Electric System Bonds and (b) \$559,155,000 in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

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 December 31, 2018 <u>March 31, 2019</u>	Fixed Rate of Interest	Variable Rate Index⁽¹⁾	Termination Date⁽²⁾
<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”) JPMorgan Chase Bank, N.A. (“JPMorgan”)	\$117,825,000	\$82,575,000	4.351%	BMA Municipal Swap Index	10/1/2039
		\$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.

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 declaratory judgment on the enforceability of~~ filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. MEAG filed its action in the United States District Court for the Northern District of Georgia, and 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 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.]~~ JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

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AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: _____ */s/ ~~April Green~~* _____
Chair

By: _____ */s/ Aaron F. Zahn* _____
Managing Director and Chief Executive Officer



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

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

Filed with EMMA

Dated as of

[_____], 2019

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

JEA OFFICIALS

BOARD MEMBERSHIP⁽¹⁾

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

MANAGEMENT

Managing Director and Chief Executive Officer	Aaron F. Zahn
President and Chief Operating Officer	Melissa H. Dykes
Chief Administrative Officer	Herschel Vineyard Vinyard
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, Chief Legal Officer	Lynne Rhodes Rhode
Vice President, Legal Officer	Vacant
Vice President and Interim Chief Human Resources Officer	Angelia R. Hiers Jon Kendrick ³
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

⁽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.

⁽³⁾ [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 ⁽¹⁾	OCCUPATION	TERM
April Green Chair	Chief Financial Officer/ Chief Operating Officer Bethel Baptist Institutional Church	December 1, 2017–February 28, 2021
Frederick D. Newbill Vice Chair	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
Camille J. Lee-Johnson Vice Chair Secretary	Chief Operating Officer Lee Wesley & Associates, LLC	July 25, 2018–February 28, 2020
Frederick D. Newbill Secretary	Pastor First Timothy Baptist Church	January 12, 2017–February 28, 2023
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 ⁽²⁾

(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

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.⁽³⁴⁾ 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.⁽⁴⁵⁾ 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. McNall, Vice President of Energy and Water Planning. Mr. McNall 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. McNall'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

⁽³⁴⁾ Michael J. Brost retired from his position of Vice President and General Manager of Electric Systems in January 2019.

⁽⁴⁵⁾ 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.

~~*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, Watseo, 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. 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.

Jon Kendrick, Interim Chief Human Resources Officer. Mr. Kendrick joined JEA in April 2019 after previously working as a Human Resources Business Partner from 2015 – 2017 who was instrumental in providing strategic direction for the JEA Customer Experience, Technology Services and Compliance business units.

Mr. Kendrick has more than 25 years of human resources experience that spans healthcare, financial services, transportation, utility and technology industries. He most recently served as the Human Resources Director for Yusen Logistics (Americas), Inc., in Jacksonville.

Mr. Kendrick holds certifications as a Senior Professional in Human Resources (SPHR) and as a Senior Certified Professional from the Society for Human Resource Management (SCP-SHRM). He has a bachelor's degree in Economics from the University of Florida and a Master of Divinity from New Orleans Baptist Theological Seminary

~~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.~~ Mr. Kendrick was also a commissioned officer in the U.S. Coast Guard Reserve where he led an expeditionary unit and served in both Operation Enduring Freedom & Iraqi Freedom.

Shawn Eads, Vice President and Chief Information Officer.^(s6) 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.

^(s6) Paul J. Cosgrave retired from his position of Vice President and Chief Information Officer in January 2019.

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 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 (as defined in the Electric ADR) employees referred to below), of which 599 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,553 were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,561 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”). 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~~ [and the Actuarial Valuation as of October 1, 2018 for the City’s GEPP \(the “2018 Actuarial Valuation Report”\) are](#) available for viewing and

downloading from the City's website link: <http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements> and selecting the October 1, 2017 Valuation or the October 1, 2018 Valuation, respectively, 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 beginning with Fiscal Year Ended September 30, 2018 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,175,135,210, which represented an increase of \$93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of \$1,081,313,441. 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 (i) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of \$565,792,869 (an increase of \$42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of \$1,175,135,210 and (ii) 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}~~1,534,701 as of ~~{July 1, 2017}~~2018. 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}~~

<u>Year</u>	<u>Population Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,122,750
2010	1,345,596
{2017} <u>2018</u>	{1,504,980} <u>1,534,701</u>

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.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
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	704,514 <u>704,090</u>	646,462 <u>646,370</u>	8.2	8.5	8.1
2013	708,926 <u>709,351</u>	659,390 <u>659,773</u>	7.0	7.2	7.4
2014	716,249 <u>715,253</u>	671,696 <u>670,631</u>	6.2	6.3	6.2
2015	719,195 <u>719,098</u>	680,930 <u>680,375</u>	5.3 <u>5.4</u>	5.5	5.3
2016	736,806 <u>735,832</u>	702,660 <u>701,636</u>	4.6	4.8	4.9
2017	762,141 <u>760,298</u>	732,140 <u>729,627</u>	3.9 <u>4.0</u>	4.1 <u>4.2</u>	4.0 <u>4.4</u>
2018	777,981 <u>773,492</u>	752,119 <u>747,223</u>	3.3 <u>3.4</u>	3.6	3.9

Source: Florida Research and Economic Information Database Application, <http://freida.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.

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Trade, Transportation and Utilities	143,500 <u>150,400</u>	20.2 <u>21.2</u>
Professional and Business Services	109,000 <u>108,000</u>	15.4 <u>15.2</u>
Education and Health Services	107,700 <u>107,500</u>	15.2
Leisure and Hospitality	89,000 <u>85,500</u>	12.6 <u>12.1</u>
Government	77,100 <u>77,000</u>	10.9
Finance	69,600 <u>67,000</u>	9.8 <u>9.5</u>
Construction	46,100 <u>45,400</u>	6.5 <u>6.4</u>
Other Services ⁽¹⁾	35,800 <u>36,300</u>	5.0 <u>5.1</u>
Manufacturing	31,200 <u>31,400</u>	4.4
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	<u>709,000<u>708,500</u></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 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	9,000
City of Jacksonville	Municipal Government	7,471 ⁽²⁾
St. Johns County School District	Public Education	5,039⁽³⁾
Clay County School Board	Public Education	5,000
St. Johns County School District	Public Education	4,534⁽³⁾
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 Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See, “WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System” herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. See “DISTRICT ENERGY SYSTEM - *FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM* - Debt Relating to the District Energy System” herein. For information regarding the Revolving Credit Facility, see “OTHER FINANCIAL INFORMATION - Revolving Credit Facilities” herein. As described under “INTRODUCTION - General” herein, and except as described under “WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*” herein, the debt of JEA relating to its Electric System, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, (a) except as described under “WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*” herein, the information contained in this Annual Disclosure Report relating to JEA’s Water and Sewer System is not relevant to the Electric System Bonds (as described in the Electric ADR), the Subordinated Electric System Bonds (as described in the Electric ADR), Power Park Issue Three Bonds (as described in the Electric ADR), Additional Bulk Power Supply System Bonds (as described in the Electric ADR) or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained in this Annual Disclosure Report relating to the District Energy System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

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.

Strategic Planning

JEA is actively engaged in strategic planning. As part of its planning process, JEA is considering various options with respect to its business which may result in the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA has launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA has proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA has also increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION – Revolving Credit Facilities" for additional information. In February 2019, JEA retired \$94,955,000 of Water and Sewer System debt as part of this effort. Future redemptions or defeasance of Water and Sewer System debt is subject to availability of funds and Board approval. Furthermore, the ultimate outcome and recommendations of the planning process is unknown at this time and may have an impact on the approval and/or timing of future redemption or defeasance activity. JEA may modify this plan at any time.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and

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⁽⁶⁷⁾, 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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⁽⁶⁷⁾ 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 2 (negative)	AAA (stable)
Outstanding Subordinated Water and Sewer System Bonds	AA (stable)	Aa 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.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of December 31, 2018<u>March 31, 2019</u>	Fixed Rate of Interest	Variable Rate Index⁽¹⁾	Termination Date⁽²⁾
<i>Water and Sewer System Revenue Bonds, 2006 Series B</i>	Morgan Stanley Capital Services, Inc.	\$38,730,000	\$24,850,000	3.96% <u>3.99%</u> -4.09%	CPI Index	10/1/ 2018 <u>2019</u> 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 declaratory judgment on the enforceability of the Additional Vogtle Units PPA. MEAG filed its action in the United States District Court for the Northern District of Georgia and JEA and the City filed their action in the Circuit Court, Fourth Judicial Circuit, Duval County, Florida which MEAG removed to the United States District Court for the Middle District of Florida. Both cases 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.]~~

~~[Remainder of page intentionally left blank]~~



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

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

Filed with EMMA

Dated as of

[_____] , 2019

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

JEA OFFICIALS

BOARD MEMBERSHIP⁽¹⁾

Chair
Vice Chair
Secretary

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

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
Interim 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 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 Rhode
Jon Kendrick⁽³⁾
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

⁽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.

⁽³⁾ ~~Angie 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.

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.

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 Institute of Electrical and Electronics Engineers \(“IEEE”\)](#), 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.^(**§) 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.^(***) 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~~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. McNall, Vice President of Energy and Water Planning. Mr. McNall 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. McNall'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

^(**§) Michael J. Brost retired from his position of Vice President and General Manager of Electric Systems in January 2019.

^(***) Brian J. Roche retired from his position of Vice President and General Manager of Water and Wastewater Systems in June 2018.

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.

Jon Kendrick, Interim Chief Human Resources Officer. ^(††) Mr. Kendrick joined JEA in April 2019 after previously working as a Human Resources Business Partner from 2015 – 2017 ~~wh~~[where he](#) was instrumental in providing strategic direction for the JEA Customer Experience, Technology Services and Compliance business units.

Mr. Kendrick has more than 25 years of human resources experience that spans healthcare, financial services, transportation, utility and technology industries. He most recently served as the Human Resources Director for Yusen Logistics (Americas), Inc., in Jacksonville.

Mr. Kendrick holds certifications as a Senior Professional in Human Resources (SPHR) and as a Senior Certified Professional from the Society for Human Resource Management (SCP-SHRM). He has a bachelor's degree in Economics from the University of Florida and a Master of Divinity from New Orleans Baptist Theological Seminary

Mr. Kendrick was also a commissioned officer in the U.S. Coast Guard Reserve where he led an expeditionary unit and served in both Operation Enduring Freedom & Iraqi Freedom.

Shawn Eads, Vice President and Chief Information Officer. ^(††) 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 advanced contract negotiation processes and a hurricane preparedness strategy for critical storm

^(††) [Angelia R. Hiers retired from her position as Chief Human Resources Officer in April 2019.](#)

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

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.

The SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2018, and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRPP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRPP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of years of service. Members with at least 10 years of service on the plant closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

The number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRPP. One consequence ~~of these actions~~ to JEA of the closure of the Power Park plant is that the annual required contribution to the SJRPP Plan is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRPP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return is 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017.

As of October 1, 2018, the SJRPP Plan's actuarial value of assets was \$150,969,730, the actuarial accrued liability entry-age normal was \$174,666,326, the unfunded actuarial accrued liability was \$4,001,546, the funded ratio was 86.4 percent, the covered payroll was \$443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent. As of October 1, 2017, the SJRPP Plan's actuarial value of assets was \$152,797,764, the actuarial accrued liability entry-age normal was \$169,320,985, the unfunded actuarial accrued liability was \$16,523,221, the funded ratio was 90.2 percent, the covered payroll was \$11,988,122 and the unfunded actuarial accrued liability as a percentage of covered payroll was 137.8 percent. As of October 1, 2016, the SJRPP Plan's actuarial value of assets was \$142,285,489, the actuarial accrued liability entry-age normal was \$162,028,867, the unfunded actuarial accrued liability was \$19,743,378, the funded ratio was 87.8 percent, the covered payroll was \$15,489,302 and the unfunded actuarial accrued liability as a percentage of covered payroll was 127.5 percent. In the current fiscal year, JEA intends to manage the SJRPP plan to maintain a funded ratio consistent with fiscal years 2016-2018. JEA made \$26,408,861 in contributions during the Fiscal Year Ended September 30,

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 requirements and capital resources. These forward-looking statements are based on, among other things, JEA's expectations and are subject to a number of risks and uncertainties, certain of which are beyond JEA's control. Actual results could differ materially from those anticipated by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that events anticipated by the forward-looking statements contained in this Annual Disclosure Report will in fact transpire.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to the forward-looking statements or financial forecasts presented herein and, accordingly, do not express an opinion or any other form of assurance on such forward-looking statements or financial forecasts.

Privatization of JEA

At the JEA Board meeting on November 28, 2017, JEA Board member Tom Petway requested that the JEA Board and the City consider the financial benefits that would result from a privatization of JEA's Electric System, Water and Sewer System and District Energy System and whether the customers of JEA and the people of the City would be better served by the private marketplace.

In response to Mr. Petway's request, Alan Howard, Chair of the JEA Board, authorized JEA staff to cause the necessary work to be done for the JEA Board to be able to consider the answer to these questions.

JEA commissioned Public Financial Management ("PFM") to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make 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.

Effective December 10, 2018, the 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 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.

Strategic Planning

Energy sales for JEA have generally been flat to declining since 2007 and energy efficiency and solar power is expected to continue to further pressure JEA's sales. For these reasons, JEA is actively engaged in strategic planning. As part of its [strategic](#) planning process, JEA is considering various options with respect to its business which may result in the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA has launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA has proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA has also increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION – *Revolving Credit Facilities*" for additional information. In February 2019, JEA retired \$100,090,000 of Electric System debt as part of this effort. Future redemptions or defeasance of Electric System debt is subject to availability of funds and Board approval. Furthermore, the ultimate outcome and recommendations of the [strategic](#) planning process is unknown at this time and may have an impact on the approval and/or timing of future redemption or defeasance activity. JEA may modify this plan at any time.

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, [prior to the cessation of operations of the Power Park on January 5, 2018](#), JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant (“Scherer Unit 4”), a coal-fired steam electric generating unit currently rated at 846 MW, net, located near Forsyth, Georgia and a proportionate ownership interest in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the “Scherer 4 Project”). The Scherer 4 Project entitles JEA to 200 MW, net, of the capacity of Scherer Unit 4. The Electric System is entitled to the capacity of the Scherer 4 Project and is required to pay for such capacity on a “take-or-pay” basis by making deposits into certain funds and accounts established pursuant to the Restated and Amended Bulk Power Supply System Resolution.

JEA is permitted under the resolution of JEA adopted on March 30, 1982, authorizing JEA’s Electric System Revenue Bonds (as heretofore amended, restated and supplemented, the “Electric System Resolution”) to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the cost of separate electric generating utilities as separate systems. The Power Park and the Scherer 4 Project constitute the only two such separate systems undertaken by JEA as of the date of this Annual Disclosure Report.

Pursuant to the Electric System Resolution, JEA’s obligation to make payments from the Electric System with respect to the Power Park is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Additionally, all costs of operating and maintaining the Scherer 4 Project are Contract Debts of the Electric System, payable as part of the Electric System’s Cost of Operation and Maintenance. See “ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Electric System Contract Debts*” herein.

JEA currently has no ownership interest in any nuclear power plant; however, it does have a purchase power agreement with Municipal Electric Authority of Georgia (“MEAG Power”) for electric energy to be produced from two under construction nuclear generating units (see “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*” herein). JEA also has an option to purchase an ownership interest in a to-be-constructed nuclear power plant (see “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Option to Purchase Interest in Lee Nuclear Station*” herein) [although plans to build such plant have been suspended](#).

Electric System

Power and Energy Resources

Electric power and energy sold by JEA to its customers is provided from the following sources: JEA’s interest in Scherer Unit 4 (see “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4” herein); the generating facilities owned by JEA as part of the Electric System (see subsection “*Electric System Generating Facilities*” below in this section); and various power purchase arrangements (see subsection “*Power Purchase Contracts*” below in this section). JEA’s interests in the Scherer Unit 4, the generating facilities of the Electric System and JEA’s various firm purchase power arrangements are committed and dispatched on an economic basis as necessary to serve JEA’s load. In addition, economy energy is purchased for JEA, by the joint power marketing alliance described below, from time to time when such energy is available at a lower cost than energy produced from JEA’s generating facilities. See subsection “*Participation in The Energy Authority*” below in this section.

Electric System Generating Facilities

General. The generating facilities of the Electric System are located at four plant sites - the J. Dillon Kennedy Generating Station (“Kennedy”), the Northside Generating Station (“Northside”), the

JEA has entered into three contracts to purchase prepaid natural gas supplies at specified volumes per day. The delivery period ~~will begin~~[began](#) on April 1, 2019 and will supply an average of 12,000 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 [and see “LITIGATION 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 ~~\$494.1 million. There is~~ \$553.2 million. Exclusive of the \$24.5 million set aside for the payment of capitalized interest on borrowings, there is no additional borrowing capacity ~~of~~

~~approximately \$83.6 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:⁽¹⁾

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
Total	\$494,505	\$1,965,595	\$2,460,100	\$(547,582)	\$(249,218)	\$1,663,300

(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 and under “LITIGATION” herein, on September 11, 2018, MEAG 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 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 suit against MEAG in the Circuit Court, Fourth Judicial Circuit, Duval County, Florida, ~~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. 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.

Settlement Negotiations – JEA and MEAG have commenced negotiations in an attempt to arrive at a mutually beneficial commercial resolution of their dispute. The ultimate outcome of this matter cannot be determined at this time.

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 which became fully operational on September 28, 2010. JEA makes all environmental attributes from this facility available to sell in order to lower rates for our customers.

2018, and the five PPAs were executed on February 8, 2019. EDF-DS will lease the land from JEA, and JEA will pay only for the energy produced. It is expected the first 50 MW facility will be completed in late 2019 – early 2020. The remaining facilities will be completed by 2022.

In 2009, JEA implemented a net metering program, which provided for full retail rate offset for customer-owned and generated solar power. At that time the cost of utility-scale solar power was higher than the retail rate. In 2016, JEA began to re-evaluate the fairness, reasonableness, and sustainability of JEA’s then-current rate structure that offset excess solar power at the full retail rate. After carefully considering and studying all the factors, engaging in stakeholder meetings and workshops, and holding public meetings, JEA amended its net metering program in October 2017, with an effective date of April 1, 2018. JEA’s amended net metering program is now contained within the JEA Distributed Generation Policy. Under the amended net metering program, a solar customer’s excess solar power offsets energy consumption at JEA’s fuel rate (i.e., the cost of electric generation saved by the solar customer’s excess power generation). This offset more accurately and fairly compensates the solar customer for his or her solar power generation without discriminating against non-solar power customers. In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors) 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. ~~Please refer to “LITIGATION” herein for a more detailed discussion of this action.~~

Participation in The Energy Authority

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is TEA, a Georgia nonprofit corporation. Subsequently, five additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities (“GRU”), City Utilities of the City of Springfield, Missouri, Public Utility District No.1 of Cowlitz County, Washington (“Cowlitz”) and American Municipal Power, Inc. became members of TEA. Effective December 31, 2018, Cowlitz transitioned from ownership status (member) to contract services status (partner). The main office of TEA is in the City. TEA’s board of directors consists of 10 directors. The board, all of whom are elected by the members, is composed of one director from each member and two non-voting directors who serve as the respective chairs of two standing committees.

TEA commenced operations in August 1997 and is engaged in buying and selling wholesale power and promoting the efficient use of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA transacts energy transactions among the members and external markets including arranging for any transmission services required to accommodate such transactions. TEA is the exclusive purchaser of short-term surplus energy from its members. Each member is responsible for having adequate firm generating capacity to serve its native load requirement plus operating reserve requirements. TEA has not engaged in the construction or ownership of generation or transmission assets. Additionally, the members have not engaged in other activities that are found in some power pools such as reserve sharing or dedication of all resources to serve the combined load.

TEA has managed a portion of JEA’s natural gas supply since 2001. See “*Fuel Contracts*” above.

Pursuant to an Electric Advance Agreement and a Natural Gas Advance Agreement among TEA and its members and a Member Advance Agreement between JEA and TEA, JEA supports TEA’s trading activities by the issuance of JEA guaranties and/or provision of cash advances as determined by TEA within the limits contained in such advance agreements. As of January 1, 2019, JEA is obligated to guaranty, directly or indirectly, certain of TEA’s electric trading activities in an amount up to \$28,929,000 and certain

of TEA's natural gas procurement and trading activities up to \$34,600,000, in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. The JEA Board has approved guaranties of up to \$34,286,000 for TEA's electric trading activities, up to \$60,000,000 (plus attorney's fees) for TEA's natural gas procurement and trading activities and up to \$50,000,000 for TEA's electric and natural gas activities solely for JEA's benefit (since 2014 none of this latter type of trading activity is being engaged in by TEA). The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA. For a discussion of JEA's investment in TEA and its commitments to TEA as of September 30, 2018, see Note 7 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Order No. 889 of the Federal Energy Regulatory Commission ("FERC") established certain standards of conduct for utilities that offer open access transmission services. The effect of these standards would have been to require JEA to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. JEA believes that the establishment of TEA satisfied that requirement at a cost to JEA that is substantially less than the cost that JEA would have incurred if it acted alone in establishing a wholesale marketing organization.

Mutual Aid Alliance

JEA has entered into an agreement with six other electric utilities located in Florida and Georgia (the "Participating Utilities") to provide mutual aid in the form of energy and price commitments in the event of an extended outage of certain designated baseload generating units of the Participating Utilities. Under this agreement, each Participating Utility agrees to make available, from its own capacity and only to the extent it has capacity available in excess of its native load and firm sales commitments, energy to replace energy unavailable due to unplanned outages of the designated units in excess of 60 days ("Replacement Power"). Each Participating Utility is obligated to provide such Replacement Power for up to 365 days from the outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

Interconnections

JEA is interconnected with the Georgia Integrated Transmission System through two 500 kV lines. These lines are jointly owned by JEA and FPL. The lines are located in the western section of the Electric System's service area and extend north to the interconnect point with Georgia Integrated Transmission System at the Florida-Georgia state line.

JEA is a member of the Florida Reliability Coordinating Council ("FRCC"), which is one of eight Regional Entities of the North American Electric Reliability Corporation. Under a Delegation Agreement with NERC, the FRCC acts as JEA's Compliance Enforcement authority for FERC Approved Electric Reliability Standards. This Compliance Enforcement responsibility is transferring to SERC effective July 1, 2019, or when approved by FERC. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services division to share spinning reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. JEA is also subject to regulations set by the Nuclear Regulatory Commission regarding the protection of digital computer and communication systems

and networks required for the operation of nuclear power plants. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.†

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Power Sales and Transmission Contracts

JEA has a contract to supply the Beaches Energy Services with non-firm generation and transmission backup service. In accordance with a 36-month contract notice provision, the contract will terminate on November 30, 2019 unless renewed prior to its expiration. JEA does not receive a significant amount of revenue from this contract.

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. (“Cedar Bay”), the owner of a cogeneration facility within JEA’s service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA’s transmission system. Cedar Bay began using JEA’s transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA’s Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA’s transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

Transmission and Distribution System

JEA’s transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation’s termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

JEA owns a total of 744 Circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table shows the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total (Miles)</u>
69	113	46	159
138	204	3	207
230	299	4	303
500	<u>75</u>	<u>0</u>	<u>75</u>
Total	<u>691</u>	<u>53</u>	<u>744</u>

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System’s service area, in the vicinity of the urban core. The 207 miles of 138 kV lines interconnect substations in most of JEA’s high load and growth areas. The 304 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 90 substations in the JEA service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between the FPL Duval Substation and the GPC system at the Florida state line.

In the southeast portion of JEA’s service territory, new load growth is occurring as a result of new large residential and commercial developments. JEA is currently designing a new nine-mile overhead

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~~ remains outstanding and was not defeased in connection with the Closing.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses, debt service on the Power Park Issue Two Bonds and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

The current estimate for decommissioning St. Johns River Power Park is \$68 million. JEA will pay 80 percent of the decommissioning cost for a total of \$54.4 million. The Demolition and Soil Remediation contract is for \$17,737,420. The contractor retains the salvage value for process equipment which is estimated to be \$18,000,000.

The total demolition is scheduled to be completed by December 31, 2019. The soil and groundwater remediation is scheduled to be complete by April 30, 2020. At that time final closing will occur and all land and real property assets will be transferred to JEA.

Management

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In all cases, the JEA member of each committee is the lead manager in executing the functions of that committee. JEA provides all management and staffing below the committee level, unless otherwise agreed to by JEA and FPL. Since the date that JEA and FPL entered into the Power Park Joint Ownership Agreement, there has been only one case of disagreement, which subsequently was resolved. JEA is lead on the decommissioning of the Power Park. FPL and JEA executed a Service Management Agreement for any specific requirements for managing the decommissioning.

Operation

The following table shows the total plant capacity factors for the Power Park since 2014. The capacity factor is a measure of the actual output as a percentage of the theoretical maximum output of a generating plant, or an individual unit, as the case may be.

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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 CO₂ emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO₂ 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 CO₂ emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO₂ 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/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.

Particulate Matter NAAQS. The EPA finalized the NAAQS Fine Particulate Matter (“PM_{2.5}”) standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM_{2.5} standard and kept the annual average PM_{2.5} standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM_{2.5} rule on December 14, 2012, that reduced the annual PM_{2.5} standard from 15 µg/m³ to 12 µg/m³. The rule left the 24-hour PM_{2.5} standard of 35

Bond” within the meaning of the Subordinated Electric System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain “events of default” on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain “ratings triggers” contained in such standby bond purchase agreements giving rise to such an event of default, see “OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes” herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration dates of the standby bond purchase agreements range from October 2, 2020 to August 20, 2021.

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 in the First Power Park Resolution) in each year sufficient to allow JEA to pay or provide for the payment of all amounts payable out of such Revenues, including debt service on the bonds issued pursuant to the First Power Park Resolution; *provided, however*, that during any suspension of FPL's right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale, as described in the preceding paragraph, FPL was obligated only to pay its share of the debt service on the bonds issued pursuant to the First Power Park Resolution and the administrative fees and expenses incurred under the First Power Park Resolution.

A summary of certain provisions of the First Power Park Resolution is attached to this Annual Disclosure Report as APPENDIX D. In addition, a summary of certain provisions of the Power Park Joint Ownership Agreement is attached to this Annual Disclosure Report as APPENDIX G.

Power Park Issue Three Bonds

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds." As of September 30, 2018, \$280,605,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. As of the date of this Annual Disclosure Report, \$278,885,000 in aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. See the subsection "*Power Park Issue Two Bonds*" above in this section for a discussion of JEA's interest in the Power Park and certain obligations of FPL by reason of FPL's ownership interest in the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System regardless of whether the Power Park is operational. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

A summary of certain provisions of the Second Power Park Resolution, including a description of the amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX E.

Bulk Power Supply System Bonds

JEA financed the acquisition of a portion of its ownership in the Scherer 4 Project through the issuance of its bonds (the "Original Bulk Power Supply System Bonds") issued pursuant to a resolution of JEA adopted on February 5, 1991, as amended and supplemented (the "Original Bulk Power Supply System Resolution"). Pursuant to the Original Bulk Power Supply System Resolution, the Electric System was entitled to the entire capacity of the Scherer 4 Project and was required to pay for such capacity on a "take-or-pay" basis. During its Fiscal Year ended September 30, 1999, JEA caused all the remaining Original Bulk Power Supply System Bonds to be retired in advance of the scheduled due dates from certain

Loans Among Utility Systems

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

No Default Certificates

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 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

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, [including litigation relating to the Additional Vogtle Units PPA described below and described above under "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS – Electric System - Litigation and Regulatory Proceedings"](#) and described in Note 10 of the financial statements of JEA. On September 11, 2018, MEAG



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

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

Filed with EMMA

Dated as of

[____], 2019

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

JEA OFFICIALS

BOARD MEMBERSHIP⁽¹⁾

Chair
Vice Chair
Secretary

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

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
Interim 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 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 Rhode
Jon Kendrick³
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

⁽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.

⁽³⁾ ~~Ms. Hiers announced her retirement on April 12, 2019, to be effective April 26, 2019.~~

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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 Institute of Electrical and Electronics Engineers \(“IEEE”\)](#), 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.⁽⁴³⁾ 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.⁽⁵⁴⁾ 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~~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. McNall, Vice President of Energy and Water Planning. Mr. McNall 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. McNall'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 MW to 34 MW, with another 5 MW plant under construction and 5-50 MW facilities (250 MW) in the contract stage. He is also responsible for real estate acquisitions and sales.

Mr. McNall has been with JEA since 2011, serving as the Director of the Electric Production Resource Planning Department, with oversight of the Electric Generation Planning, Fuels Management Services, Natural Gas Commercial Services and Byproducts Production Services areas, and as the Manager of Nuclear Generation Business.

⁽⁴³⁾ Michael J. Brost retired from his position of Vice President and General Manager of Electric Systems in January 2019.

⁽⁵⁴⁾ Brian J. Roche retired from his position of Vice President and General Manager of Water and Wastewater Systems in June 2018.

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 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.

Jon Kendrick, Interim Chief Human Resources Officer. ⁽⁵⁾ Mr. Kendrick joined JEA in April 2019 after previously working as a Human Resources Business Partner from 2015 – 2017 ~~who~~ where he was

⁵ [Angelia R. Hiers retired from her position as Chief Human Resources Officer in April 2019.](#)

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 requirements and capital resources. These forward-looking statements are based on, among other things, JEA's expectations and are subject to a number of risks and uncertainties, certain of which are beyond JEA's control. Actual results could differ materially from those anticipated by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that events anticipated by the forward-looking statements contained in this Annual Disclosure Report will in fact transpire.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to the forward-looking statements or financial forecasts presented herein and, accordingly, do not express an opinion or any other form of assurance on such forward-looking statements or financial forecasts.

Privatization of JEA

At the JEA Board meeting on November 28, 2017, JEA Board member Tom Petway requested that the JEA Board and the City consider the financial benefits that would result from a privatization of JEA's Electric System, Water and Sewer System and District Energy System and whether the customers of JEA and the people of the City would be better served by the private marketplace.

In response to Mr. Petway's request, Alan Howard, Chair of the JEA Board, authorized JEA staff to cause the necessary work to be done for the JEA Board to be able to consider the answer to these questions.

JEA commissioned Public Financial Management ("PFM") to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make 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.~~



Monthly Financial
Statements

April 2019

Monthly Financial Statements

April 2019

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JEA
Statements of Net Position
(in thousands)

	April 2019 (unaudited)	September 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 185,002	\$ 441,206
Investments	278,603	85,310
Customer accounts receivable, net of allowance (\$1,476 and \$1,830, respectively)	176,699	232,858
Miscellaneous accounts receivable	14,210	15,459
Interest receivable	2,365	2,831
Inventories:		
Fuel - Electric System	33,982	31,597
Fuel - Plant Scherer	3,360	5,274
Materials and supplies - Water and Sewer	54,683	56,350
Materials and supplies - Electric System	349	665
Materials and supplies - Plant Scherer	2,287	2,189
Total current assets	<u>751,540</u>	<u>873,739</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	119,779	114,576
Investments	350,595	731,627
Accounts and interest receivable	62	62
Total restricted assets	<u>470,436</u>	<u>846,265</u>
Costs to be recovered from future revenues	789,191	808,096
Investment in The Energy Authority	6,904	7,030
Other assets	18,001	15,656
Total noncurrent assets	<u>1,284,532</u>	<u>1,677,047</u>
Capital assets:		
Land and easements	195,435	194,552
Plant in service	11,504,874	11,231,096
Less accumulated depreciation	<u>(6,708,357)</u>	<u>(6,518,751)</u>
Plant in service, net	4,991,952	4,906,897
Construction work in progress	404,160	473,362
Net capital assets	<u>5,396,112</u>	<u>5,380,259</u>
Total assets	<u>7,432,184</u>	<u>7,931,045</u>
Deferred outflows of resources		
Unrealized pension contributions and losses	171,367	171,367
Unamortized deferred losses on refundings	137,355	143,722
Accumulated decrease in fair value of hedging derivatives	112,315	86,356
Unrealized asset retirement obligation	46,502	29,173
Unrealized OPEB contributions and losses	4,078	4,078
Total deferred outflows of resources	<u>471,617</u>	<u>434,696</u>
Total assets and deferred outflows of resources	<u>\$ 7,903,801</u>	<u>\$ 8,365,741</u>

JEA
Statements of Net Position
(in thousands)

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	April 2019	September 2018
	(unaudited)	
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 97,501	\$ 126,655
Customer deposits	60,659	59,883
City of Jacksonville payable	9,826	9,733
Utility taxes and fees payable	6,649	9,550
Compensated absences due within one year	2,659	1,423
Total current liabilities	<u>177,294</u>	<u>207,244</u>
Current liabilities payable from restricted assets:		
Debt due within one year	192,555	185,790
Renewal and replacement reserve	49,885	54,370
Interest payable	12,580	73,737
Construction contracts and accounts payable	23,986	53,369
Total current liabilities payable from restricted assets	<u>279,006</u>	<u>367,266</u>
Noncurrent liabilities:		
Net pension liability	544,203	544,203
Asset retirement obligation	32,764	22,526
Compensated absences due after one year	28,297	29,431
Net OPEB liability	19,160	18,835
Environmental liabilities	16,808	16,818
Other liabilities	2,377	2,978
Total noncurrent liabilities	<u>643,609</u>	<u>634,791</u>
Long-term debt:		
Debt payable, less current portion	3,428,080	3,813,680
Unamortized premium, net	127,081	152,891
Fair value of debt management strategy instruments	112,315	86,356
Total long-term debt	<u>3,667,476</u>	<u>4,052,927</u>
Total liabilities	<u>4,767,385</u>	<u>5,262,228</u>
Deferred inflows of resources		
Revenues to be used for future costs	251,612	286,832
Unrealized pension gains	50,124	50,124
Unrealized OPEB gains	8,712	8,712
Accumulated increase in fair value of hedging derivatives	2,984	2,536
Total deferred inflows of resources	<u>313,432</u>	<u>348,204</u>
Net position		
Net investment in capital assets	2,250,480	1,856,725
Restricted for:		
Capital projects	123,355	331,157
Debt service	113,023	187,172
Other purposes	35,042	23,708
Unrestricted	301,084	356,547
Total net position	<u>2,822,984</u>	<u>2,755,309</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,903,801</u>	<u>\$ 8,365,741</u>

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

	Month		Year-to-Date	
	2019	April	2019	April
Operating revenues				
Electric - base	\$ 60,682	\$ 57,289	\$ 437,843	\$ 447,487
Electric - fuel and purchased power	33,163	25,127	238,171	280,562
Water and sewer	36,454	35,174	248,204	241,601
District energy system	619	616	4,396	4,521
Other	3,003	2,536	19,164	72,358
Total operating revenues	133,921	120,742	947,778	1,046,529
Operating expenses				
Operations and maintenance:				
Fuel	23,890	18,573	190,209	232,117
Purchased power	12,725	9,296	75,188	59,890
Maintenance and other operating expenses	35,295	28,167	231,160	261,772
Depreciation	29,931	28,414	213,071	217,410
State utility and franchise taxes	5,059	4,954	39,395	39,625
Recognition of deferred costs and revenues, net	1,751	194	11,597	3,279
Total operating expenses	108,651	89,598	760,620	814,093
Operating income	25,270	31,144	187,158	232,436
Nonoperating revenues (expenses)				
Interest on debt	(11,113)	(11,877)	(82,750)	(93,175)
Debt management strategy	(909)	(998)	(6,502)	(8,145)
Investment income	1,899	1,635	24,423	4,789
Allowance for funds used during construction	1,299	979	8,335	5,846
Other nonoperating income, net	697	625	4,551	5,156
Earnings from The Energy Authority	181	(91)	924	2,450
Other interest, net	(43)	(525)	(987)	(1,231)
Total nonoperating expenses, net	(7,989)	(10,252)	(52,006)	(84,310)
Income before contributions	17,281	20,892	135,152	148,126
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,804)	(9,719)	(83,783)	(68,029)
Developers and other	11,509	7,505	51,538	38,508
Reduction of plant cost through contributions	(8,645)	(5,407)	(35,232)	(24,738)
Total contributions, net	(6,940)	(7,621)	(67,477)	(54,259)
Change in net position	10,341	13,271	67,675	93,867
Net position, beginning of period	2,812,643	2,709,418	2,755,309	2,628,822
Net position, end of period	\$ 2,822,984	\$ 2,722,689	\$ 2,822,984	\$ 2,722,689

Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date	
	April	
	2019	2018
Operating activities		
Receipts from customers	\$ 941,518	\$ 1,045,318
Payments to suppliers	(432,812)	(505,573)
Payments to employees	(137,850)	(162,424)
Other operating activities	25,840	74,774
Net cash provided by operating activities	<u>396,696</u>	<u>452,095</u>
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(83,690)	(67,985)
Net cash used in noncapital financing activities	<u>(83,690)</u>	<u>(67,985)</u>
Capital and related financing activities		
Defeasance of debt	(195,045)	(993,690)
Proceeds received from debt	2,000	821,000
Acquisition and construction of capital assets	(249,959)	(202,693)
Interest paid on debt	(156,431)	(170,182)
Repayment of debt principal	(185,790)	(229,095)
Capital contributions	16,306	13,769
Other capital financing activities	(8,767)	41,913
Net cash used in capital and related financing activities	<u>(777,686)</u>	<u>(718,978)</u>
Investing activities		
Purchase of investments	(390,160)	(740,885)
Proceeds from sale and maturity of investments	587,166	805,196
Investment income	15,622	6,272
Distributions from The Energy Authority	1,051	2,723
Net cash provided by investing activities	<u>213,679</u>	<u>73,306</u>
Net change in cash and cash equivalents	(251,001)	(261,562)
Cash and cash equivalents, beginning of year	555,782	614,034
Cash and cash equivalents, end of period	<u>\$ 304,781</u>	<u>\$ 352,472</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 187,158	\$ 232,436
Adjustments:		
Depreciation and amortization	213,790	218,162
Recognition of deferred costs and revenues, net	11,597	3,279
Other nonoperating income, net	481	1,023
Changes in noncash assets and noncash liabilities:		
Accounts receivable	52,615	86,049
Inventories	1,413	3,322
Other assets	847	1,512
Accounts and accrued expenses payable	(40,164)	(48,601)
Current liabilities payable from restricted assets	(3,251)	(1,597)
Other noncurrent liabilities and deferred inflows	(27,790)	(43,490)
Net cash provided by operating activities	<u>\$ 396,696</u>	<u>\$ 452,095</u>
Noncash activity		
Contribution of capital assets from developers	\$ 35,232	\$ 24,738
Unrealized gains (losses) on fair value of investments, net	\$ 9,268	\$ (856)

Combining Statement of Net Position
(in thousands - unaudited) April 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
Assets							
Current assets:							
Cash and cash equivalents	\$ 88,192	\$ 61,754	\$ -	\$ 149,946	33,571	\$ 1,485	\$ 185,002
Investments	222,023	6,910	-	228,933	49,670	-	278,603
Customer accounts receivable, net of allowance (\$1,476)	127,113	-	-	127,113	49,194	392	176,699
Miscellaneous accounts receivable	12,216	7,038	(9,283)	9,971	4,239	-	14,210
Interest receivable	1,380	16	-	1,396	969	-	2,365
Inventories:							
Fuel inventory - Electric System	33,982	-	-	33,982	-	-	33,982
Fuel inventory - Plant Scherer	3,360	-	-	3,360	-	-	3,360
Materials and supplies - Water and Sewer	-	-	-	-	54,683	-	54,683
Materials and supplies - Electric System	-	349	-	349	-	-	349
Materials and supplies - Plant Scherer	2,287	-	-	2,287	-	-	2,287
Total current assets	490,553	76,067	(9,283)	557,337	192,326	1,877	751,540
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	85,605	-	85,605	29,477	4,697	119,779
Investments	196,045	10,881	-	206,926	143,669	-	350,595
Accounts and interest receivable	7	47	-	54	8	-	62
Total restricted assets	196,052	96,533	-	292,585	173,154	4,697	470,436
Costs to be recovered from future revenues	296,324	252,994	-	549,318	239,846	27	789,191
Investment in The Energy Authority	6,904	-	-	6,904	-	-	6,904
Other assets	14,630	-	-	14,630	3,364	7	18,001
Total noncurrent assets	513,910	349,527	-	863,437	416,364	4,731	1,284,532
Capital assets:							
Land and easements	124,456	6,660	-	131,116	61,268	3,051	195,435
Plant in service	5,566,792	1,316,043	-	6,882,835	4,564,652	57,387	11,504,874
Less accumulated depreciation	(3,181,037)	(1,312,798)	-	(4,493,835)	(2,187,538)	(26,984)	(6,708,357)
Plant in service, net	2,510,211	9,905	-	2,520,116	2,438,382	33,454	4,991,952
Construction work in progress	160,759	-	-	160,759	242,876	525	404,160
Net capital assets	2,670,970	9,905	-	2,680,875	2,681,258	33,979	5,396,112
Total assets	3,675,433	435,499	(9,283)	4,101,649	3,289,948	40,587	7,432,184
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	80,546	4,061	-	84,607	52,561	187	137,355
Accumulated decrease in fair value of hedging derivatives	89,771	-	-	89,771	22,544	-	112,315
Unrealized asset retirement obligation	26,426	20,076	-	46,502	-	-	46,502
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
Total deferred outflows of resources	282,880	58,375	-	341,255	130,175	187	471,617
Total assets and deferred outflows of resources	\$ 3,958,313	\$ 493,874	\$ (9,283)	\$ 4,442,904	\$ 3,420,123	\$ 40,774	\$ 7,903,801

Combining Statement of Net Position
(in thousands - unaudited) April 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
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 68,027	\$ 15,003	\$ (1,123)	\$ 81,907	\$ 15,559	\$ 35	\$ 97,501
Customer deposits	44,668	-	-	44,668	15,991	-	60,659
City of Jacksonville payable	7,746	-	-	7,746	2,080	-	9,826
Utility taxes and fees payable	6,649	-	-	6,649	-	-	6,649
Compensated absences due within one year	1,622	-	-	1,622	1,014	23	2,659
Total current liabilities	128,712	15,003	(1,123)	142,592	34,644	58	177,294
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	-	49,885	-	49,885	-	-	49,885
Interest payable	6,693	927	-	7,620	4,849	111	12,580
Construction contracts and accounts payable	10,085	2,976	(2,391)	10,670	13,166	150	23,986
Total current liabilities payable from restricted assets	139,158	67,568	(2,391)	204,335	72,720	1,951	279,006
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	25,800	6,964	-	32,764	-	-	32,764
Compensated absences due after one year	20,190	-	-	20,190	8,088	19	28,297
Net OPEB liability	11,681	-	-	11,681	7,479	-	19,160
Environmental liabilities	16,808	5,769	(5,769)	16,808	-	-	16,808
Other liabilities	2,296	-	-	2,296	81	-	2,377
Total noncurrent liabilities	398,660	29,256	(5,769)	422,147	221,443	19	643,609
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	61,550	1,867	-	63,417	63,695	(31)	127,081
Fair value of debt management strategy instruments	89,771	-	-	89,771	22,544	-	112,315
Total long-term debt	1,948,201	266,972	-	2,215,173	1,419,199	33,104	3,667,476
Total liabilities	2,614,731	378,799	(9,283)	2,984,247	1,748,006	35,132	4,767,385
Deferred inflows of resources							
Revenues to be used for future costs	211,369	10,624	-	221,993	29,619	-	251,612
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	2,984	-	-	2,984	-	-	2,984
Total deferred inflows of resources	245,917	17,715	-	263,632	49,800	-	313,432
Net position							
Net investment in capital assets	797,784	(5,276)	-	792,508	1,458,751	(779)	2,250,480
Restricted for:							
Capital projects	51,179	(1,756)	-	49,423	70,332	3,600	123,355
Debt service	70,662	8,223	-	78,885	33,152	986	113,023
Other purposes	2,086	27,763	2,391	32,240	2,802	-	35,042
Unrestricted	175,954	68,406	(2,391)	241,969	57,280	1,835	301,084
Total net position	1,097,665	97,360	-	1,195,025	1,622,317	5,642	2,822,984
Total liabilities, deferred inflows of resources, and net position	\$ 3,958,313	\$ 493,874	\$ (9,283)	\$ 4,442,904	\$ 3,420,123	\$ 40,774	\$ 7,903,801

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
Assets							
Current assets:							
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 (\$1,830)	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
Inventories:							
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
Total current assets	603,965	70,352	(1,912)	672,405	196,938	4,396	873,739
Noncurrent assets:							
Restricted assets:							
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
Total restricted assets	419,746	97,490	-	517,236	325,611	3,418	846,265
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
Total noncurrent assets	740,394	358,767	-	1,099,161	574,441	3,445	1,677,047
Capital assets:							
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
Capital assets, net	2,652,224	10,144	-	2,662,368	2,682,864	35,027	5,380,259
Total assets	3,996,583	439,263	(1,912)	4,433,934	3,454,243	42,868	7,931,045
Deferred outflows of resources							
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
Total deferred outflows of resources	241,405	67,596	-	309,001	125,501	194	434,696
Total assets and deferred outflows of resources	\$ 4,237,988	\$ 506,859	\$ (1,912)	\$ 4,742,935	\$ 3,579,744	\$ 43,062	\$ 8,365,741

**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
Liabilities							
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
Deferred inflows of resources							
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
Net position							
Net investment in capital assets	530,479	2,138	-	532,617	1,325,600	(1,492)	1,856,725
Restricted for:							
Capital projects	190,132	(1,760)	-	188,372	141,707	1,078	331,157
Debt service	129,870	1,843	-	131,713	53,799	1,660	187,172
Other purposes	(3,302)	26,081	1,116	23,895	(187)	-	23,708
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 April 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
Operating revenues								
Electric - base	\$ 60,916	\$ -	\$ -	\$ 60,916	\$ -	\$ -	\$ (234)	\$ 60,682
Electric - fuel and purchased power	34,016	2,158	(2,131)	34,043	-	-	(880)	33,163
Water and sewer	-	-	-	-	36,472	-	(18)	36,454
District energy system	-	-	-	-	-	619	-	619
Other	1,973	161	-	2,134	1,146	-	(277)	3,003
Total operating revenues	96,905	2,319	(2,131)	97,093	37,618	619	(1,409)	133,921
Operating expenses								
Operations and maintenance:								
Fuel	23,760	130	-	23,890	-	-	-	23,890
Purchased power	14,856	-	(2,131)	12,725	-	-	-	12,725
Maintenance and other operating expenses	23,259	(136)	-	23,123	13,288	293	(1,409)	35,295
Depreciation	16,609	34	-	16,643	13,081	207	-	29,931
State utility and franchise taxes	4,181	-	-	4,181	878	-	-	5,059
Recognition of deferred costs and revenues, net	(133)	1,172	-	1,039	712	-	-	1,751
Total operating expenses	82,532	1,200	(2,131)	81,601	27,959	500	(1,409)	108,651
Operating income	14,373	1,119	-	15,492	9,659	119	-	25,270
Nonoperating revenues (expenses)								
Interest on debt	(5,931)	(869)	-	(6,800)	(4,201)	(112)	-	(11,113)
Debt management strategy	(727)	-	-	(727)	(182)	-	-	(909)
Investment income	1,103	288	-	1,391	495	13	-	1,899
Allowance for funds used during construction	479	-	-	479	818	2	-	1,299
Other nonoperating income, net	362	28	-	390	307	-	-	697
Earnings from The Energy Authority	181	-	-	181	-	-	-	181
Other interest, net	(42)	-	-	(42)	(1)	-	-	(43)
Total nonoperating revenues, net	(4,575)	(553)	-	(5,128)	(2,764)	(97)	-	(7,989)
Income before contributions	9,798	566	-	10,364	6,895	22	-	17,281
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	902	-	-	902	10,607	-	-	11,509
Reduction of plant cost through contributions	(902)	-	-	(902)	(7,743)	-	-	(8,645)
Total contributions, net	(7,746)	-	-	(7,746)	806	-	-	(6,940)
Change in net position	2,052	566	-	2,618	7,701	22	-	10,341
Net position, beginning of period	1,095,613	96,794	-	1,192,407	1,614,616	5,620	-	2,812,643
Net position, end of period	\$ 1,097,665	\$ 97,360	\$ -	\$ 1,195,025	\$ 1,622,317	\$ 5,642	\$ -	\$ 2,822,984

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended April 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
Operating revenues								
Electric - base	\$ 57,565	\$ -	\$ -	\$ 57,565	\$ -	\$ -	\$ (276)	\$ 57,289
Electric - fuel and purchased power	26,177	1,189	(1,203)	26,163	-	-	(1,036)	25,127
Water and sewer	-	-	-	-	35,231	-	(57)	35,174
District energy system	-	-	-	-	-	645	(29)	616
Other	1,646	119	-	1,765	1,020	-	(249)	2,536
Total operating revenues	85,388	1,308	(1,203)	85,493	36,251	645	(1,647)	120,742
Operating expenses								
Operations and maintenance:								
Fuel	18,097	476	-	18,573	-	-	-	18,573
Purchased power	10,499	-	(1,203)	9,296	-	-	-	9,296
Maintenance and other operating expenses	16,739	1,120	-	17,859	11,661	294	(1,647)	28,167
Depreciation	16,293	34	-	16,327	11,883	204	-	28,414
State utility and franchise taxes	4,087	-	-	4,087	867	-	-	4,954
Recognition of deferred costs and revenues, net	(226)	(63)	-	(289)	483	-	-	194
Total operating expenses	65,489	1,567	(1,203)	65,853	24,894	498	(1,647)	89,598
Operating income	19,899	(259)	-	19,640	11,357	147	-	31,144
Nonoperating revenues (expenses)								
Interest on debt	(6,355)	(877)	-	(7,232)	(4,531)	(114)	-	(11,877)
Debt management strategy	(816)	-	-	(816)	(182)	-	-	(998)
Investment income	854	153	-	1,007	619	9	-	1,635
Allowance for funds used during construction	322	-	-	322	652	5	-	979
Other nonoperating income, net	365	31	-	396	229	-	-	625
Earnings from The Energy Authority	(91)	-	-	(91)	-	-	-	(91)
Other interest, net	(396)	-	-	(396)	(129)	-	-	(525)
Total nonoperating expenses, net	(6,117)	(693)	-	(6,810)	(3,342)	(100)	-	(10,252)
Income before contributions	13,782	(952)	-	12,830	8,015	47	-	20,892
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,096)	-	-	(9,719)
Developers and other	279	-	-	279	7,226	-	-	7,505
Reduction of plant cost through contributions	(279)	-	-	(279)	(5,128)	-	-	(5,407)
Total contributions, net	(7,623)	-	-	(7,623)	2	-	-	(7,621)
Change in net position	6,159	(952)	-	5,207	8,017	47	-	13,271
Net position, beginning of period, as restated	1,027,317	139,856	-	1,167,173	1,537,090	5,155	-	2,709,418
Net position, end of period	\$ 1,033,476	\$ 138,904	\$ -	\$ 1,172,380	\$ 1,545,107	\$ 5,202	\$ -	\$ 2,722,689

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the seven months ended April 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
Operating revenues								
Electric - base	\$ 439,718	\$ -	\$ -	\$ 439,718	\$ -	\$ -	\$ (1,875)	\$ 437,843
Electric - fuel and purchased power	243,758	17,925	(16,459)	245,224	-	-	(7,053)	238,171
Water and sewer	-	-	-	-	248,507	-	(303)	248,204
District energy system	-	-	-	-	-	4,571	(175)	4,396
Other	13,226	618	-	13,844	7,264	3	(1,947)	19,164
Total operating revenues	696,702	18,543	(16,459)	698,786	255,771	4,574	(11,353)	947,778
Operating expenses								
Operations and maintenance:								
Fuel	185,629	4,580	-	190,209	-	-	-	190,209
Purchased power	91,647	-	(16,459)	75,188	-	-	-	75,188
Maintenance and other operating expenses	147,010	2,083	-	149,093	91,065	2,355	(11,353)	231,160
Depreciation	124,113	239	-	124,352	87,289	1,430	-	213,071
State utility and franchise taxes	33,356	-	-	33,356	6,039	-	-	39,395
Recognition of deferred costs and revenues, net	(1,034)	8,202	-	7,168	4,429	-	-	11,597
Total operating expenses	580,721	15,104	(16,459)	579,366	188,822	3,785	(11,353)	760,620
Operating income	115,981	3,439	-	119,420	66,949	789	-	187,158
Nonoperating revenues (expenses)								
Interest on debt	(44,591)	(6,088)	-	(50,679)	(31,285)	(786)	-	(82,750)
Debt management strategy	(5,320)	-	-	(5,320)	(1,182)	-	-	(6,502)
Investment income	13,621	2,176	-	15,797	8,540	86	-	24,423
Allowance for funds used during construction	2,873	-	-	2,873	5,442	20	-	8,335
Other nonoperating income, net	2,498	200	-	2,698	1,853	-	-	4,551
Earnings from The Energy Authority	924	-	-	924	-	-	-	924
Other interest, net	(916)	-	-	(916)	(71)	-	-	(987)
Total nonoperating expenses, net	(30,911)	(3,712)	-	(34,623)	(16,703)	(680)	-	(52,006)
Income before contributions	85,070	(273)	-	84,797	50,246	109	-	135,152
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(54,222)	-	-	(54,222)	(29,561)	-	-	(83,783)
Developers and other	3,026	-	-	3,026	48,512	-	-	51,538
Reduction of plant cost through contributions	(3,026)	-	-	(3,026)	(32,206)	-	-	(35,232)
Total contributions, net	(54,222)	-	-	(54,222)	(13,255)	-	-	(67,477)
Change in net position	30,848	(273)	-	30,575	36,991	109	-	67,675
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	\$ 1,097,665	\$ 97,360	\$ -	\$ 1,195,025	\$ 1,622,317	\$ 5,642	\$ -	\$ 2,822,984

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the seven months ended April 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
Operating revenues								
Electric - base	\$ 449,467	\$ -	\$ -	\$ 449,467	\$ -	\$ -	\$ (1,980)	\$ 447,487
Electric - fuel and purchased power	259,665	77,219	(48,874)	288,010	-	-	(7,448)	280,562
Water and sewer	-	-	-	-	241,940	-	(339)	241,601
District energy system	-	-	-	-	-	4,720	(199)	4,521
Other	12,685	55,044	-	67,729	6,182	-	(1,553)	72,358
Total operating revenues	721,817	132,263	(48,874)	805,206	248,122	4,720	(11,519)	1,046,529
Operating expenses								
Operations and maintenance:								
Fuel	182,783	49,334	-	232,117	-	-	-	232,117
Purchased power	108,764	-	(48,874)	59,890	-	-	-	59,890
Maintenance and other operating expenses	132,036	55,605	-	187,641	83,240	2,410	(11,519)	261,772
Depreciation	120,649	10,825	-	131,474	84,543	1,393	-	217,410
State utility and franchise taxes	33,610	-	-	33,610	6,015	-	-	39,625
Recognition of deferred costs and revenues, net	(1,588)	2,379	-	791	2,488	-	-	3,279
Total operating expenses	576,254	118,143	(48,874)	645,523	176,286	3,803	(11,519)	814,093
Operating income	145,563	14,120	-	159,683	71,836	917	-	232,436
Nonoperating revenues (expenses)								
Interest on debt	(43,883)	(15,912)	-	(59,795)	(32,580)	(800)	-	(93,175)
Debt management strategy	(6,573)	-	-	(6,573)	(1,572)	-	-	(8,145)
Investment income	2,885	261	-	3,146	1,595	48	-	4,789
Allowance for funds used during construction	1,835	-	-	1,835	3,978	33	-	5,846
Other nonoperating income, net	2,532	914	-	3,446	1,710	-	-	5,156
Earnings from The Energy Authority	2,450	-	-	2,450	-	-	-	2,450
Other interest, net	(1,008)	-	-	(1,008)	(223)	-	-	(1,231)
Total nonoperating expenses, net	(41,762)	(14,737)	-	(56,499)	(27,092)	(719)	-	(84,310)
Income before contributions	103,801	(617)	-	103,184	44,744	198	-	148,126
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(53,359)	-	-	(53,359)	(14,670)	-	-	(68,029)
Developers and other	941	-	-	941	37,567	-	-	38,508
Reduction of plant cost through contributions	(941)	-	-	(941)	(23,797)	-	-	(24,738)
Total contributions, net	(53,359)	-	-	(53,359)	(900)	-	-	(54,259)
Change in net position	50,442	(617)	-	49,825	43,844	198	-	93,867
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	\$ 1,033,476	\$ 138,904	\$ -	\$ 1,172,380	\$ 1,545,107	\$ 5,202	\$ -	\$ 2,722,689

Combining Statement of Cash Flows
(in thousands - unaudited) for the seven months ended April 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
Operating activities								
Receipts from customers	\$ 698,879	\$ 11,694	\$ (17,763)	\$ 692,810	\$ 253,074	\$ 5,040	\$ (9,406)	\$ 941,518
Payments to suppliers	(398,126)	(1,997)	17,763	(382,360)	(59,720)	(2,085)	11,353	(432,812)
Payments to employees	(99,279)	51	-	(99,228)	(38,285)	(337)	-	(137,850)
Other operating activities	21,439	618	-	22,057	5,727	3	(1,947)	25,840
Net cash provided by operating activities	222,913	10,366	-	233,279	160,796	2,621	-	396,696
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(54,099)	-	-	(54,099)	(29,591)	-	-	(83,690)
Net cash used in noncapital financing activities	(54,099)	-	-	(54,099)	(29,591)	-	-	(83,690)
Capital and related financing activities								
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	(147,072)	-	-	(147,072)	(102,413)	(474)	-	(249,959)
Interest paid on debt	(82,459)	(11,165)	-	(93,624)	(61,462)	(1,345)	-	(156,431)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Capital contributions	-	-	-	-	16,306	-	-	16,306
Other capital financing activities	(5,954)	172	-	(5,782)	(2,985)	-	-	(8,767)
Net cash used in capital and related financing activities	(466,265)	(12,713)	-	(478,978)	(295,229)	(3,479)	-	(777,686)
Investing activities								
Purchase of investments	(234,322)	(85,713)	-	(320,035)	(70,125)	-	-	(390,160)
Proceeds from sale and maturity of investments	324,446	93,336	-	417,782	169,384	-	-	587,166
Investment income	8,654	2,130	-	10,784	4,752	86	-	15,622
Distributions from The Energy Authority	1,051	-	-	1,051	-	-	-	1,051
Net cash provided by investing activities	99,829	9,753	-	109,582	104,011	86	-	213,679
Net change in cash and cash equivalents	(197,622)	7,406	-	(190,216)	(60,013)	(772)	-	(251,001)
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	\$ 88,192	\$ 147,359	\$ -	\$ 235,551	\$ 63,048	\$ 6,182	\$ -	\$ 304,781
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 115,981	\$ 3,439	\$ -	\$ 119,420	\$ 66,949	\$ 789	\$ -	\$ 187,158
Adjustments:								
Depreciation and amortization	124,113	239	-	124,352	88,008	1,430	-	213,790
Recognition of deferred costs and revenues, net	(1,034)	8,202	-	7,168	4,429	-	-	11,597
Other nonoperating income, net	74	-	-	74	407	-	-	481
Changes in noncash assets and noncash liabilities:								
Accounts receivable	58,253	(6,231)	-	52,022	124	469	-	52,615
Inventories	(1,585)	1,331	-	(254)	1,667	-	-	1,413
Other assets	1,093	-	-	1,093	(239)	(7)	-	847
Accounts and accrued expenses payable	(37,493)	(129)	-	(37,622)	(2,497)	(45)	-	(40,164)
Current liabilities payable from restricted assets	-	(3,251)	-	(3,251)	-	-	-	(3,251)
Other noncurrent liabilities and deferred inflows	(36,489)	6,766	-	(29,723)	1,948	(15)	-	(27,790)
Net cash provided by operating activities	\$ 222,913	\$ 10,366	\$ -	\$ 233,279	\$ 160,796	\$ 2,621	\$ -	\$ 396,696
Noncash activity								
Contribution of capital assets from developers	\$ 3,026	\$ -	\$ -	\$ 3,026	\$ 32,206	\$ -	\$ -	\$ 35,232
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 seven months ended April 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
Operating activities								
Receipts from customers	\$ 734,474	\$ 92,972	\$ (25,757)	\$ 801,689	\$ 248,942	\$ 4,653	\$ (9,966)	\$ 1,045,318
Payments to suppliers	(398,981)	(79,649)	25,757	(452,873)	(62,107)	(2,112)	11,519	(505,573)
Payments to employees	(95,022)	(30,766)	-	(125,788)	(36,306)	(330)	-	(162,424)
Other operating activities	14,708	55,044	-	69,752	6,575	-	(1,553)	74,774
Net cash provided by operating activities	255,179	37,601	-	292,780	157,104	2,211	-	452,095
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(53,425)	-	-	(53,425)	(14,560)	-	-	(67,985)
Net cash used in noncapital financing activities	(53,425)	-	-	(53,425)	(14,560)	-	-	(67,985)
Capital and related financing activities								
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	(107,865)	-	-	(107,865)	(94,445)	(383)	-	(202,693)
Interest paid on debt	(87,569)	(16,685)	-	(104,254)	(64,557)	(1,371)	-	(170,182)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Capital contributions	-	-	-	-	13,769	-	-	13,769
Other capital financing activities	24,144	(7,158)	-	16,986	24,927	-	-	41,913
Net cash used in capital and related financing activities	(327,660)	(193,453)	-	(521,113)	(194,471)	(3,394)	-	(718,978)
Investing activities								
Purchase of investments	(318,497)	(212,982)	-	(531,479)	(209,406)	-	-	(740,885)
Proceeds from sale and maturity of investments	218,732	408,187	-	626,919	178,277	-	-	805,196
Investment income	5,537	(2,989)	-	2,548	3,676	48	-	6,272
Distributions from The Energy Authority	2,723	-	-	2,723	-	-	-	2,723
Net cash provided by (used in) investing activities	(91,505)	192,216	-	100,711	(27,453)	48	-	73,306
Net change in cash and cash equivalents	(217,411)	36,364	-	(181,047)	(79,380)	(1,135)	-	(261,562)
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	\$ 122,652	\$ 157,391	\$ -	\$ 280,043	\$ 66,529	\$ 5,900	\$ -	\$ 352,472
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 145,563	\$ 14,120	\$ -	\$ 159,683	\$ 71,836	\$ 917	\$ -	\$ 232,436
Adjustments:								
Depreciation and amortization	120,649	10,825	-	131,474	85,295	1,393	-	218,162
Recognition of deferred costs and revenues, net	(1,588)	2,379	-	791	2,488	-	-	3,279
Other nonoperating income (loss), net	68	700	-	768	255	-	-	1,023
Changes in noncash assets and noncash liabilities:								
Accounts receivable	70,243	15,053	-	85,296	820	(67)	-	86,049
Inventories	(1,380)	9,420	-	8,040	(4,718)	-	-	3,322
Other assets	1,069	-	-	1,069	449	(6)	-	1,512
Accounts and accrued expenses payable	(31,855)	(11,746)	-	(43,601)	(4,954)	(46)	-	(48,601)
Current liabilities payable from restricted assets	-	(1,597)	-	(1,597)	-	-	-	(1,597)
Other noncurrent liabilities and deferred inflows	(47,590)	(1,553)	-	(49,143)	5,633	20	-	(43,490)
Net cash provided by operating activities	\$ 255,179	\$ 37,601	\$ -	\$ 292,780	\$ 157,104	\$ 2,211	\$ -	\$ 452,095
Noncash activity								
Contribution of capital assets from developers	\$ 941	\$ -	\$ -	\$ 941	\$ 23,797	\$ -	\$ -	\$ 24,738
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
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	4.79 x	6.09 x	5.27 x	6.66 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	2.08 x	2.17 x	2.27 x	2.33 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	3.66 x	(0.31) x	2.46 x	2.73 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (semi-annual minimum 1.15x)	1.26 x	1.30 x	1.18 x	1.21 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	3.55 x	3.39 x	3.30 x	3.24 x
Senior and subordinated debt service coverage excluding capacity fees ⁽¹⁾	2.66 x	2.61 x	2.53 x	2.51 x
Senior and subordinated debt service coverage including capacity fees ⁽¹⁾	2.97 x	2.83 x	2.78 x	2.72 x
District Energy System				
Debt service coverage, (annual minimum 1.15x)	1.35 x	1.43 x	1.31 x	1.34 x

⁽¹⁾ 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 April			Year-to-Date April		
	2019	2018	Variance	2019	2018	Variance
Electric revenues sales (000s omitted):						
Residential	\$ 42,872	\$ 38,873	10.29%	\$ 316,999	\$ 324,357	-2.27%
Commercial	30,106	29,151	3.28%	209,432	211,212	-0.84%
Industrial	15,530	15,414	0.75%	108,978	111,598	-2.35%
Public street lighting	1,103	1,078	2.32%	7,634	7,492	1.90%
Sales for resale - territorial	-	-		-	3,775	-100.00%
Electric revenues - territorial	89,611	84,516	6.03%	643,043	658,434	-2.34%
Sales for resale - off system	294	314	-6.37%	2,665	1,201	121.90%
Electric revenues	89,905	84,830	5.98%	645,708	659,635	-2.11%
Rate stabilization & recovery	5,141	(971)	629.45%	38,536	49,996	22.92%
Allowance for doubtful accounts	(114)	(117)	-2.56%	(768)	(499)	53.91%
Net electric revenues	94,932	83,742	13.36%	683,476	709,132	-3.62%
MWh sales						
Residential	371,000	334,539	10.90%	2,752,049	2,822,657	-2.50%
Commercial	307,237	296,993	3.45%	2,130,633	2,153,089	-1.04%
Industrial	218,766	218,582	0.08%	1,503,616	1,523,377	-1.30%
Public street lighting	4,883	5,102	-4.29%	33,831	34,857	-2.94%
Sales for resale - territorial	-	-		-	38,640	-100.00%
Total MWh sales - territorial	901,886	855,216	5.46%	6,420,129	6,572,620	-2.32%
Sales for resale - off system	4,089	9,680	-57.76%	64,735	27,524	135.19%
Total MWh sales	905,975	864,896	4.75%	6,484,864	6,600,144	-1.75%
Number of accounts (1)						
Residential	419,370	410,176	2.24%	416,909	408,413	2.08%
Commercial	53,058	52,457	1.15%	52,852	52,247	1.16%
Industrial	195	196	-0.51%	195	198	-1.52%
Public street lighting	3,856	3,775	2.15%	3,832	3,761	1.89%
Total average accounts	476,479	466,604	2.12%	473,788	464,619	1.97%
Residential averages						
Revenue per account - \$	102.23	94.77	7.87%	760.36	794.19	-4.26%
kWh per account	885	816	8.46%	6,601	6,911	-4.49%
Revenue per kWh - ¢	11.56	11.62	-0.52%	11.52	11.49	0.26%
Degree days						
Heating degree days	39	35	4	972	1,103	(131)
Cooling degree days	172	112	60	756	702	54
Total degree days	211	147	64	1,728	1,805	(77)
Degree days - 30 year average	168		1,819			

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

	Month			Year-to-Date		
	April			April		
	2019	2018	Variance	2019	2018	Variance
Water						
<i>Revenues (000s omitted):</i>						
Residential	\$ 7,940	\$ 7,843	1.24%	\$ 53,705	\$ 52,780	1.75%
Commercial and industrial	3,748	3,821	-1.91%	27,236	27,246	-0.04%
Irrigation	2,968	2,851	4.10%	17,295	18,015	-4.00%
Total water revenues	14,656	14,515	0.97%	98,236	98,041	0.20%
Rate stabilization	(36)	(249)	-85.54%	(975)	(2,233)	-56.34%
Allowance for doubtful accounts	(17)	(19)	-10.53%	(111)	(135)	-17.78%
Net water revenues	\$ 14,603	\$ 14,247	2.50%	\$ 97,150	\$ 95,673	1.54%
<i>Kgal sales (000s omitted)</i>						
Residential	1,492,052	1,448,160	3.03%	9,593,853	9,624,037	-0.31%
Commercial and industrial	1,038,886	1,078,419	-3.67%	7,798,839	7,926,825	-1.61%
Irrigation	514,680	479,693	7.29%	2,694,427	2,901,260	-7.13%
Total kgals sales	3,045,618	3,006,272	1.31%	20,087,119	20,452,122	-1.78%
<i>Number of accounts (1):</i>						
Residential	292,769	285,495	2.55%	290,954	283,846	2.50%
Commercial and industrial	26,004	25,722	1.10%	25,903	25,634	1.05%
Irrigation	37,177	37,049	0.35%	37,112	36,985	0.34%
Total average accounts	355,950	348,266	2.21%	353,969	346,465	2.17%
<i>Residential averages:</i>						
Revenue per account - \$	27.12	27.47	-1.27%	184.58	185.95	-0.74%
Kgals per account	5.10	5.07	0.59%	32.97	33.91	-2.77%
Revenue per kgals - \$	5.32	5.42	-1.85%	5.60	5.48	2.19%
Sewer						
<i>Revenues (000s omitted):</i>						
Residential	\$ 12,085	\$ 11,857	1.92%	\$ 81,467	\$ 80,006	1.83%
Commercial and industrial	8,466	8,323	1.72%	63,107	62,436	1.07%
Total sewer revenues	20,551	20,180	1.84%	144,574	142,442	1.50%
Rate stabilization	(54)	(367)	-85.29%	(1,520)	(3,413)	-55.46%
Allowance for doubtful accounts	(26)	(30)	-13.33%	(166)	(203)	-18.23%
Net sewer revenues	20,471	19,783	3.48%	142,888	138,826	2.93%
<i>Kgal sales (000s omitted)</i>						
Residential	1,281,235	1,257,925	1.85%	8,382,744	8,311,989	0.85%
Commercial and industrial	897,207	865,097	3.71%	6,788,163	6,731,805	0.84%
Total kgals sales	2,178,442	2,123,022	2.61%	15,170,907	15,043,794	0.84%
<i>Number of accounts (1):</i>						
Residential	259,596	252,662	2.74%	257,853	251,044	2.71%
Commercial and industrial	18,534	18,360	0.95%	18,467	18,308	0.87%
Total average accounts	278,130	271,022	2.62%	276,320	269,352	2.59%
<i>Residential averages:</i>						
Revenue per account - \$	46.55	46.93	-0.81%	315.94	318.69	-0.86%
kgals per account	4.94	4.98	-0.80%	32.51	33.11	-1.81%
Revenue per kgals - \$	9.43	9.43	0.00%	9.72	9.63	0.93%
Reuse						
<i>Revenues (000s omitted):</i>						
Reuse revenues	\$ 1,398	\$ 1,201	16.40%	\$ 8,469	\$ 7,441	13.82%
<i>Kgal sales (000s omitted)</i>						
Reuse sales (kgals)	300,173	251,423	19.39%	1,751,982	1,695,884	3.31%
<i>Number of accounts (1):</i>						
Reuse accounts	14,408	11,551	24.73%	13,679	10,996	24.40%
Rainfall						
	Diff in inches			Diff in inches		
Normal	2.64	2.64		21.92	21.92	
Actual	2.58	5.23	(2.65)	22.29	21.78	0.51
Rain Days	9	6	3	66	49	17

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

Appendix

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

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 62,710	\$ 49,450	\$ 112,160	\$ 37,632	\$ 1,485	\$ 151,277
Rate stabilization:						
Fuel	39,447	-	39,447	-	-	39,447
Debt management	29,884	-	29,884	14,209	-	44,093
Environmental	44,626	-	44,626	15,409	-	60,035
Purchased Power	46,611	-	46,611	-	-	46,611
DSM/Conservation	4,283	-	4,283	-	-	4,283
Total rate stabilization funds	164,851	-	164,851	29,618	-	194,469
Customer deposits	44,626	-	44,626	15,991	-	60,617
General reserve	-	19,214	19,214	-	-	19,214
Self insurance reserve funds:						
Self funded health plan	11,220	-	11,220	-	-	11,220
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,220	-	21,220	-	-	21,220
Environmental liability reserve	16,808	-	16,808	-	-	16,808
Total unrestricted cash and investments	\$ 310,215	\$ 68,664	\$ 378,879	\$ 83,241	\$ 1,485	\$ 463,605
Restricted assets						
Renewal and replacement funds	\$ 51,172	\$ 48,129	\$ 99,301	\$ 40,847	\$ 3,600	\$ 143,748
Debt service reserve account	65,432	11,444	76,876	63,442	-	140,318
Debt service funds	77,355	9,150	86,505	36,578	1,097	124,180
Environmental funds	-	-	-	312	-	312
Construction funds	-	-	-	29,477	-	29,477
Subtotal	193,959	68,723	262,682	170,656	4,697	438,035
Unrealized holding gain (loss) on investments	2,086	97	2,183	2,490	-	4,673
Other funds	-	27,666	27,666	-	-	27,666
Total restricted cash and investments	\$ 196,045	\$ 96,486	\$ 292,531	\$ 173,146	\$ 4,697	\$ 470,374

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
Unrestricted cash and investments						
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
Restricted assets						
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
April 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>11.03%</u>
<u>Agencies</u>			
Federal Farm Credit Bank	35,037,165	1.70%	3.78%
Federal Home Loan Bank	219,765,892	2.28%	23.68%
Total	<u>254,803,057</u>	<u>2.20%</u>	<u>27.45%</u>
Municipal Bonds	<u>191,168,393</u>	<u>2.73%</u>	<u>20.60%</u>
Commercial Paper	<u>76,166,915</u>	<u>2.67%</u>	<u>8.21%</u>
U.S. Treasury Money Market Funds (1)	<u>48,246,573</u>	<u>2.37%</u>	<u>5.20%</u>
Agency Money Market Funds (2)	<u>48,525,000</u>	<u>2.37%</u>	<u>5.23%</u>
FEITF Money Market Fund	<u>7,500,000</u>	<u>2.56%</u>	<u>0.81%</u>
Florida Prime Fund	<u>176,796,000</u>	<u>2.64%</u>	<u>19.05%</u>
<u>Wells Fargo Bank Accounts (3)</u>			
Electric, Scherer	<u>12,497,673</u>	<u>2.46%</u>	<u>1.35%</u>
SJRPP	<u>6,655,751</u>	<u>2.46%</u>	<u>0.72%</u>
Water & Sewer, DES	<u>3,348,691</u>	<u>2.46%</u>	<u>0.36%</u>
Total Portfolio	<u>\$ 928,075,759</u>	<u>2.47%</u>	<u>100.00%</u>

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

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

Weighted Avg. Annual Yield for April 2019, Including Bank & Money Market Funds: 2.47%

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
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 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	-
Total Fixed Rate Senior Bonds			559,155,000	43,540,000
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
Total Fixed Rate Subordinated Bonds			674,145,000	69,095,000
Total Fixed Rate Electric System Bonds/4.551%			1,233,300,000	112,635,000
Electric System - Variable Rate Bonds				
	Current Interest Rates (1)			
Series Three 2008 A - Weekly	1.921%	2027-2036	51,680,000	-
Series Three 2008 B-1 - Weekly	2.301%	2019-2040	59,620,000	425,000
Series Three 2008 B-2 - Weekly	1.921%	2025-2040	41,900,000	-
Series Three 2008 B-3 - Weekly	1.921%	2024-2036	37,000,000	-
Series Three 2008 B-4 - Weekly	2.301%	2019-2036	49,010,000	425,000
Series Three 2008 C-1 - Weekly	1.844%	2024-2034	44,145,000	-
Series Three 2008 C-2 - Weekly	1.844%	2024-2034	43,900,000	-
Series Three 2008 C-3 - Flex	1.823%	2030-2038	25,000,000	-
Series Three 2008 D-1 - Weekly	2.301%	2019-2036	106,275,000	2,745,000
Total Variable Rate Senior Bonds			458,530,000	3,595,000
Series 2000 A - Flex	1.960%	2021-2035	30,965,000	-
Series 2000 F-1 - Flex	1.825%	2026-2030	37,200,000	-
Series 2000 F-2 - Flex	1.964%	2026-2030	24,800,000	-
Series 2008 D - Daily	1.883%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			132,420,000	-
Total Variable Rate Bonds			590,950,000	3,595,000
Total Electric System Bonds			1,824,250,000	116,230,000
St. Johns River Power Park - Fixed Rate Bonds				
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
Total Fixed Rate St. Johns River Power Park Bonds/4.014%			278,885,000	13,780,000
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
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
Total Fixed Rate Bulk Power Supply System Bonds/4.324%			95,010,000	6,150,000
Weighted Average Cost(2) / Total Outstanding Debt		3.467%	\$ 2,198,145,000	\$ 136,160,000

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

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

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Electric Enterprise Func	66.8%	71.1%	63.9%
	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	103,865,000	
• Remaining Senior Refunding Authorizator	\$ 1,022,837,381	250,810,000	
• Remaining Subordinated Refunding Authorizator	\$ 634,898,000	n/a	

JEA
Water and Sewer System
Schedule of Outstanding Indebtedness
April 2019
(unaudited)

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.7500%	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	-
Total Fixed Rate Senior Bonds			996,685,000	38,610,000
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	-
Total Fixed Rate Subordinated Bonds			118,685,000	8,155,000
Total Fixed Rate Bonds/4.528%			1,115,370,000	46,765,000
Variable Rate Bonds		Current Interest Rates (1)		
2006 Series B - CPI Bonds	2.533% (2)	2019-2022	24,850,000	5,740,000
2008 Series A-2 - Weekly	1.827%	2028-2042	51,820,000	-
2008 Series B - Weekly	1.824%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			161,960,000	5,740,000
2008 Series A-1 - Daily	1.833%	2019-2038	48,850,000	2,200,000
2008 Series A-2 - Weekly	1.825%	2030-2038	25,600,000	-
2008 Series B-1 - Weekly	1.893%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			105,335,000	2,200,000
Total Variable Rate Bonds			267,295,000	7,940,000
Other Obligations				
Revolving Credit Agreement	3.648%	2021	5,000,000	-
Total Other Obligations			5,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt			3.634%	\$ 1,387,665,000

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

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	46.4%	51.5%	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
April 2019
(unaudited)

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

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

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

**JEA
Interest Rate Swap Position Report
April 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	9/16/2033	\$ 84,800,000	\$ -	3.717	1.701	2.016	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.791	2.560	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,200,000	-	3.661	1.701	1.960	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.701	2.015	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	24,850,000	4.039	2.533	1.506	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.791	2.116	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.791	2.104	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.791	2.045	n/a	SIFMA
Total				<u>\$ 406,410,000</u>	<u>\$ 110,140,000</u>	Wtd Avg Spread		2.099		

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

	Month			Year-to-Date		
	2019	April 2018	Variance	2019	April 2018	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ 22,737	\$ -		\$ 346,861	\$ 4,331,122	-91.99%
Barrels #6 oil consumed	210	-		3,157	40,030	-92.11%
\$/ per barrel consumed	\$ 108.27	\$ -		\$ 109.87	\$ 108.20	1.55%
kWh oil generated (1)	127,421	-		1,220,155	23,686,188	-94.85%
Cost per MWh - oil	\$ 178.44	\$ -		\$ 284.28	\$ 182.85	55.47%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 6,267,916	\$ 4,592,344	36.49%	\$ 35,139,670	\$ 23,324,002	50.66%
MMBTU's consumed	2,163,391	1,580,300	36.90%	10,301,915	7,228,406	42.52%
\$/ per MMBTU consumed	\$ 2.90	\$ 2.91	-0.30%	\$ 3.41	\$ 3.23	5.71%
kWh - gas generated (1)	208,464,392	141,593,155	47.23%	959,797,541	659,954,373	45.43%
Cost per MWh - gas	\$ 30.07	\$ 32.43	-7.30%	\$ 36.61	\$ 35.34	3.59%
Cost per MWh - gas & oil - steam	\$ 30.16	\$ 32.43	-7.02%	\$ 36.93	\$ 40.45	-8.72%
<i>Coal</i>						
Coal expense	\$ 1,947,575	\$ 1,685,554	15.55%	\$ 15,202,617	\$ 14,683,129	3.54%
kWh generated	54,125,461	49,854,503	8.57%	378,616,856	430,220,124	-11.99%
Cost per MWh - coal	\$ 35.98	\$ 33.81	6.43%	\$ 40.15	\$ 34.13	17.65%
<i>Pet coke and limestone</i>						
Expense	\$ 3,330,308	\$ 3,546,352	-6.09%	\$ 24,640,526	\$ 29,128,131	-15.41%
kWh generated	98,383,168	80,576,272	22.10%	679,939,022	766,869,507	-11.34%
Cost per MWh - pet coke and limestone	\$ 33.85	\$ 44.01	-23.09%	\$ 36.24	\$ 37.98	-4.59%
Cost per MWh - coal & petcoke - steam	\$ 34.61	\$ 40.11	-13.72%	\$ 37.64	\$ 36.60	2.84%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 97,315	\$ 77,621	25.37%	\$ 1,018,682	\$ 3,117,756	-67.33%
Barrels #2 oil consumed	677	472	43.43%	7,553	33,730	-77.61%
\$/ per barrel consumed	\$ 143.74	\$ 164.45	-12.59%	\$ 134.87	\$ 92.43	45.91%
kWh - oil generated	128,848	111,359	15.71%	2,529,148	13,508,679	-81.28%
Cost per MWh - oil	\$ 755.27	\$ 697.03	8.35%	\$ 402.78	\$ 230.80	74.52%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 1,018,516	\$ 142,452	614.99%	\$ 3,013,199	\$ 1,328,997	126.73%
MMBTU's consumed	352,893	44,549	692.15%	884,235	394,568	124.10%
\$/ per MMBTU consumed	\$ 2.89	\$ 3.20	-9.74%	\$ 3.41	\$ 3.37	1.17%
kWh - gas generated (1)	32,037,525	3,252,666	884.96%	76,785,912	31,634,604	142.73%
Cost per MWh - gas	\$ 31.79	\$ 43.80	-27.41%	\$ 39.24	\$ 42.01	-6.59%
Gas expense BB simple - variable	\$ 915,498	\$ 130,070	603.85%	\$ 3,040,761	\$ 1,275,508	138.40%
MMBTU's consumed	\$ 317,723	\$ 49,474	542.20%	\$ 890,786	\$ 395,720	125.11%
\$/ per MMBTU consumed	\$ 2.88	\$ 2.63	9.60%	\$ 3.41	\$ 3.22	5.90%
kWh - gas generated (1)	29,279,080	3,983,963	634.92%	79,332,147	32,627,939	143.14%
Cost per MWh - gas simple	\$ 31.27	\$ 32.65	-4.23%	\$ 38.33	\$ 39.09	-1.95%
Gas expense BB combined - variable	\$ 2,734	\$ 6,459,901	-99.96%	\$ 43,655,875	\$ 50,826,814	-14.11%
MMBTU's consumed	376	2,486,760	-99.98%	11,950,486	16,671,663	-28.32%
\$/ per MMBTU consumed	\$ 7.27	\$ 2.60	179.91%	\$ 3.65	\$ 3.05	19.82%
kWh - gas generated (1)	(1,005,509)	357,591,101	-100.28%	1,745,614,027	2,372,909,031	-26.44%
Cost per MWh - gas combined	\$ (2.72)	\$ 18.07	-115.05%	\$ 25.01	\$ 21.42	16.76%
Gas expense GEC simple - variable	\$ 2,101,835	\$ 423,098	396.77%	\$ 5,541,742	\$ 6,090,280	-9.01%
MMBTU's consumed	729,050	177,174	311.49%	1,846,603	1,272,372	45.13%
\$/ per MMBTU consumed	\$ 2.88	\$ 2.39	20.73%	\$ 3.00	\$ 4.79	-37.30%
kWh - gas generated	67,521,225	14,670,848	360.24%	165,544,118	111,558,041	48.39%
Cost per MWh - gas simple	\$ 31.13	\$ 28.84	7.94%	\$ 33.48	\$ 54.59	-38.68%
Cost per MWh - gas & oil ct	\$ 32.32	\$ 19.05	69.63%	\$ 27.19	\$ 24.45	11.20%
Natural gas expense - fixed	\$ 2,685,279	\$ 2,993,077	-10.28%	\$ 23,217,419	\$ 22,408,378	3.61%
Total generated power:						
Fuels expense	\$ 18,389,713	\$ 20,050,469	-8.28%	\$ 154,817,352	\$ 156,514,117	-1.08%
kWh generated	489,061,611	651,633,867	-24.95%	4,089,378,926	4,442,968,486	-7.96%
Cost per MWh	\$ 37.60	\$ 30.77	22.21%	\$ 37.86	\$ 35.23	7.47%

(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	\$ 22,737	\$ -		\$ 346,861	\$ 4,331,122
Natural gas units #1-3 with landfill - variable	6,267,916	4,592,344		35,139,670	23,324,002
Coal	1,947,575	1,685,554		15,202,617	14,683,129
Petcoke	3,330,308	3,546,352		24,640,526	29,128,131
Fuel oil #2	97,315	77,621		1,018,682	3,117,756
Natural gas - simple cycle (BB & GEC) - variable	4,035,849	695,620		11,595,702	8,694,785
Natural gas - combined (BB) - variable	2,734	6,459,901		43,655,875	50,826,814
Natural gas - fixed	2,685,279	2,993,077		23,217,419	22,408,378
Total	\$ 18,389,713	\$ 20,050,469		\$ 154,817,352	\$ 156,514,117

	Month			Year-to-Date		
	2019	2018	Variance	2019	2018	Variance
Production Statistics (Continued)						
Purchased power:						
<i>Plant Scherer</i>						
Purchases	\$ 7,619,737	\$ 1,478,593	415.34%	\$ 39,960,288	\$ 34,553,499	15.65%
kWh purchased	110,715,000	-		835,446,000	577,688,000	44.62%
Cost per MWh	\$ 68.82			\$ 47.83	\$ 59.81	-20.03%
<i>TEA & other</i>						
Purchases	\$ 12,724,491	\$ 9,296,168	36.88%	\$ 75,187,370	\$ 59,890,725	25.54%
kWh purchased	337,413,369	242,874,099	38.93%	1,810,388,247	1,278,149,071	41.64%
Cost per MWh	\$ 37.71	\$ 38.28	-1.47%	\$ 41.53	\$ 46.86	-11.37%
<i>SJRPP</i>						
Purchases	\$ 2,131,418	\$ 1,203,156	77.15%	\$ 16,459,426	\$ 48,873,553	-66.32%
kWh purchased	-	-		-	539,759,000	-100.00%
Cost per MWh				\$ 90.55		
Total purchased power:						
Purchases	\$ 22,475,646	\$ 11,977,917	87.64%	\$ 131,607,084	\$ 143,317,777	-8.17%
kWh purchased	448,128,369	242,874,099	84.51%	2,645,834,247	2,395,596,071	10.45%
Cost per MWh	\$ 50.15	\$ 49.32	1.70%	\$ 49.74	\$ 59.83	-16.86%
Subtotal - generated and purchased power:	\$ 40,865,359	\$ 32,028,386	27.59%	\$ 286,424,436	\$ 299,831,894	-4.47%
Fuel interchange sales	(240,892)	(265,661)	-9.32%	(2,309,310)	(854,219)	170.34%
Earnings of The Energy Authority	(181,331)	90,771	-299.77%	(926,766)	(2,454,539)	-62.24%
Realized and Unrealized (Gains) Losses	134,540	(3,989,440)	-103.37%	(3,741,840)	(2,036,580)	83.73%
Fuel procurement and handling	1,516,579	1,109,489	36.69%	7,890,165	6,450,545	22.32%
By product reuse	641,925	927,445	-30.79%	4,105,244	7,589,129	-45.91%
Total generated and net purchased power:						
Cost, net	42,736,180	29,900,990	42.93%	291,441,929	308,526,230	-5.54%
kWh generated and purchased	937,189,980	894,507,966	4.77%	6,735,213,173	6,838,564,557	-1.51%
Cost per MWh	\$ 45.60	\$ 33.43	36.42%	\$ 43.27	\$ 45.12	-4.09%
Reconciliation:						
Generated and purchased power per above	\$ 42,736,180	\$ 45.60		\$ 291,441,929	\$ 43.27	
<i>SJRPP operating expenses:</i>						
SJRPP O & M	(9,879)	(0.01)		(2,324,197)	(0.35)	
SJRPP debt service	(1,864,172)	(1.99)		(12,344,086)	(1.83)	
SJRPP R & R	(257,367)	(0.27)		(1,791,143)	(0.27)	
<i>Scherer operating expenses:</i>						
Scherer power production	(1,840,932)	(1.96)		(5,242,918)	(0.78)	
Scherer R & R	(2,091,921)	(2.23)		(7,964,616)	(1.18)	
Scherer transmission	(503,815)	(0.54)		(3,432,133)	(0.51)	
Scherer taxes	(105,624)	(0.11)		(762,528)	(0.11)	
Florida and other capacity	(1,338,083)	(1.43)		(9,272,465)	(1.38)	
MEAG	(952,762)	(1.02)		(6,882,047)	(1.02)	
Rounding	1	0.00		1	0.00	
Energy expense per budget page	\$ 33,771,626	\$ 36.03		\$ 241,425,797	\$ 35.85	

Electric System	Month				Prior Year Month	
	Budget vs. Actual	BUDGET	BUDGET	ACTUAL	Variance	ACTUAL
April 2019 and 2018 (unaudited)	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
Fuel Related Revenues & Expenses	2018-19	2018-19	2018-19	%	2017-18	%
Fuel Rate Revenues	\$ 422,782,362	\$ 30,778,586	\$ 29,052,585	-5.61%	\$ 27,536,740	5.50%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	25,528,026	20,682,757		18,097,964	
Fuel Expense - SJRPP	1,554,666	-	-		292,731	
Other Purchased Power	108,921,904	8,895,654	13,088,869		7,513,196	
Subtotal Energy Expense	438,299,202	34,423,680	33,771,626	1.89%	25,903,891	-30.37%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(3,697,942)	(4,760,648)		1,588,424	
Fuel Related Uncollectibles	634,173	52,848	41,607		44,425	
Total	422,782,362	30,778,586	29,052,585	5.61%	27,536,740	-5.50%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	59,124,821	55,988,607		52,518,948	
Conservation Charge Revenue	1,000,000	72,800	16,710		16,922	
Environmental Charge Revenue	8,039,817	585,299	549,817		525,091	
Investment Income	11,600,594	966,716	1,102,840		852,479	
Natural Gas Revenue Pass Through	2,464,374	205,365	57,262		45,713	
Other Revenues	136,958,120	2,355,274	2,265,880		1,946,101	
Total	972,216,258	63,310,275	59,981,116	-5.26%	55,905,254	7.29%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	16,515,487	17,654,291		14,863,951	
DSM / Conservation O&M	8,126,797	669,931	359,258		515,461	
Environmental O&M	3,071,529	179,195	62,879		79,779	
Rate Stabilization - DSM	(536,783)	(44,732)	85,571		(78,411)	
Rate Stabilization - Environmental	4,968,288	490,789	486,938		445,312	
Natural Gas Expense Pass Through	2,418,255	200,718	60,506		51,888	
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	6,588,395		7,441,634	
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	97,583		102,226	
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	6,755,214		2,739,353	
Total Nonfuel Expenses	972,216,258	54,350,637	57,000,143	-4.87%	50,731,656	-12.36%
Non-Fuel Balance	-	8,959,638	2,980,973		5,173,598	
Total Balance	-	8,959,638	2,980,973		5,173,598	
Total Revenues	1,394,998,620	94,088,861	89,033,701	-5.37%	83,441,994	6.70%
Total Expenses	1,394,998,620	85,129,223	86,052,728	-1.08%	78,268,396	-9.95%
KWH Sold - Territorial	13,180,028,000	959,506,995	901,886,099	-6.01%	855,215,707	5.46%
KWH Sold - Off System	-	-	4,089,000	-	9,680,000	-
	13,180,028,000	959,506,995	905,975,099	-5.58%	864,895,707	4.75%

* Gross debt service

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

Electric System Budget vs. Actual April 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 %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 422,782,362	\$ 223,302,282	\$ 206,772,956	-7.40%	\$ 211,597,368	-2.28%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	176,014,979	163,070,921		168,517,210	
Fuel Expense - SJRPP	1,554,666	1,554,666	-		30,640,582	
Other Purchased Power	108,921,904	62,046,225	78,354,876		59,624,249	
Subtotal Energy Expense	438,299,202	239,615,870	241,425,797	-0.76%	258,782,041	6.71%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(16,683,523)	(34,929,310)		(47,365,851)	
Fuel Related Uncollectibles	634,173	369,935	276,469		181,178	
Total	422,782,362	223,302,282	206,772,956	7.40%	211,597,368	2.28%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	428,957,578	399,966,710		409,968,677	
Conservation Charge Revenue	1,000,000	528,173	259,909		453,518	
Environmental Charge Revenue	8,039,817	4,246,415	3,929,101		4,028,373	
Investment Income	11,600,594	6,767,013	8,230,620		5,645,060	
Natural Gas Revenue Pass Through	2,464,374	1,437,552	422,031		329,284	
Other Revenues	136,958,120	125,181,749	123,968,906		14,781,862	
Total	972,216,258	567,118,480	536,777,277	-5.35%	435,206,774	23.34%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	132,468,119	126,141,243		109,718,008	
DSM / Conservation O&M	8,126,797	4,733,329	2,736,610		3,399,292	
Environmental O&M	3,071,529	2,166,601	1,466,246		328,199	
Rate Stabilization - DSM	(536,783)	(313,123)	812,911		384,738	
Rate Stabilization - Environmental	4,968,288	2,523,293	2,462,855		3,700,174	
Natural Gas Expense Pass Through	2,418,255	1,409,845	474,461		393,301	
Debt Principal - Energy System	116,230,000	67,800,833	67,800,833		72,810,357	
Debt Interest - Energy System	87,438,843	51,005,991	49,229,228		52,346,435	
Bond Buy-Back - Energy System	108,694,829	108,694,829	108,694,829		-	
R&R - Energy System	64,447,700	37,594,492	37,594,492		38,271,800	
Operating Capital Outlay	183,115,980	35,000,000	35,000,000		52,000,000	
City Contribution Expense	92,952,147	54,222,086	54,222,086		53,358,547	
Taxes & Uncollectibles	1,437,599	838,599	657,697		475,677	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	8,038,333	8,038,333		7,096,302	
* SJRPP D/S Interest	11,127,870	6,491,258	6,290,814		7,266,855	
** Other Non-Fuel Purchased Power	48,656,831	28,383,152	34,338,032		34,076,927	
Total Nonfuel Expenses	972,216,258	541,057,637	535,960,670	0.94%	435,626,612	-23.03%
Non-Fuel Balance	-	26,060,843	816,607		(419,838)	
Total Balance	-	26,060,843	816,607		(419,838)	
Total Revenues	1,394,998,620	790,420,762	743,550,233	-5.93%	646,804,142	14.96%
Total Expenses	1,394,998,620	764,359,919	742,733,626	2.83%	647,223,980	-14.76%
KWH Sold - Territorial	13,180,028,000	6,961,336,877	6,420,128,824	-7.77%	6,572,618,801	-2.32%
KWH Sold - Off System	-	-	64,735,000	-6.84%	27,524,000	-1.75%
	13,180,028,000	6,961,336,877	6,484,863,824		6,600,142,801	

* Gross debt service

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

Water and Sewer System

Budget vs. Actual April 2019 and 2018 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2018-19	BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
REVENUES						
Water & Sewer Revenues	\$ 457,315,688	\$ 38,177,301	\$ 35,727,432		\$ 35,030,214	
Capacity & Extension Fees	24,500,000	2,375,147	2,863,818		2,092,115	
Capital Contributions	-	-	-		4,960	
Investment Income	6,318,534	526,544	495,454		618,173	
Other Income	139,432,982	3,511,442	3,919,682		2,668,428	
Total	627,567,204	44,590,434	43,006,386	-3.55%	40,413,890	6.41%
EXPENSES						
O & M Expenses	161,824,556	13,197,028	13,103,446		11,621,571	
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	4,893,924		5,447,206	
Bond Buy-Back - Water & Sewer	99,188,560	-	-		-	
Rate Stabilization - Environmental	-	-	90,014		616,864	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	141,031,641	12,192,287	12,192,287		11,630,993	
Operating Capital Outlay - Capacity/Extension	24,500,000	2,041,666	2,863,818		2,092,115	
Operating Capital Outlay - Contributions	-	-	-		4,960	
Operating Capital Outlay - Environmental	15,431,798	1,283,056	712,521		483,254	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	43,273		49,000	
Interlocal Agreements	15,521,392	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	627,567,204	42,803,141	42,478,678	0.76%	40,391,114	-5.17%
Total Balance	\$ -	\$ 1,787,293	\$ 527,708		\$ 22,776	
Sales kgals						
Water	42,000,000	3,554,963	3,045,618	-14.33%	3,006,272	1.31%
Sewer	34,650,000	2,905,034	2,478,615	-14.68%	2,374,445	4.39%
Total	76,650,000	6,459,997	5,524,233	-14.49%	5,380,717	2.67%

Budget vs. Actual April 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 %
REVENUES						
Water & Sewer Revenues	\$ 457,315,688	\$ 255,787,346	\$ 245,239,787		\$ 241,909,648	
Capacity & Extension Fees	24,500,000	13,159,822	16,275,846		13,749,594	
Capital Contributions	-	-	29,759		19,839	
Investment Income	6,318,534	3,685,811	4,701,015		3,824,495	
Other Income	139,432,982	119,348,868	122,403,434		21,408,533	
Total	627,567,204	391,981,847	388,649,841	-0.85%	280,912,109	38.35%
EXPENSES						
O & M Expenses	161,824,556	93,082,422	88,840,690		80,753,857	
Debt Principal - Water & Sewer	54,705,000	31,911,250	31,911,250		30,170,000	
Debt Interest - Water & Sewer	65,430,545	38,167,818	36,469,892		38,448,157	
Bond Buy-Back - Water & Sewer	99,188,560	99,188,560	99,188,560		-	
Rate Stabilization - Environmental	-	-	2,494,897		5,646,386	
R&R - Water & Sewer	23,552,350	13,738,871	13,738,871		14,276,383	
Operating Capital Outlay	141,031,641	69,761,648	62,524,870		77,983,432	
Operating Capital Outlay - Capacity/Extension	24,500,000	14,291,667	16,275,846		13,749,594	
Operating Capital Outlay - Contributions	-	-	29,759		19,839	
Operating Capital Outlay - Environmental	15,431,798	8,981,391	4,429,346		2,488,491	
City Contribution Expense	24,695,388	14,405,643	14,405,643		14,669,678	
Uncollectibles & Fees	685,974	400,151	276,985		337,900	
Interlocal Agreements	15,521,392	15,521,392	15,521,392		346,727	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	627,567,204	399,450,813	386,108,001	3.34%	278,890,444	-38.44%
Total Balance	\$ -	\$ (7,468,966)	\$ 2,541,840		\$ 2,021,665	
Sales kgals						
Water	42,000,000	22,915,660	20,087,119	-12.34%	20,452,122	-1.78%
Sewer	34,650,000	19,150,334	16,922,889	-11.63%	16,739,678	1.09%
Total	76,650,000	42,065,994	37,010,008	-12.02%	37,191,800	-0.49%

District Energy System

Budget vs. Actual April 2019 and 2018 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2018-19	BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
REVENUES						
Revenues	\$ 9,256,655	\$ 615,303	\$ 619,233		\$ 645,164	
Investment Income	-	-	13,315		8,839	
Total	9,256,655	615,303	632,548	2.80%	654,003	-3.28%
EXPENSES						
O & M Expenses	5,127,648	354,491	292,242		293,105	
Debt Principal - DES	1,690,000	140,833	140,833		138,333	
Debt Interest - DES	1,330,449	110,871	110,871		113,257	
Rate Stabilization - Debt Management	-	-	(2,737,164)		-	
R&R - DES	442,950	36,913	36,913		36,404	
Operating Capital Outlay	665,608	-	2,737,164		-	
Total Expenses	9,256,655	643,108	580,859	9.68%	581,099	0.04%
Total Balance	\$ -	\$ (27,805)	\$ 51,689		\$ 72,904	

Budget vs. Actual April 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 %
REVENUES						
Revenues	\$ 9,256,655	\$ 4,893,834	\$ 4,573,670		\$ 4,720,324	
Investment Income	-	-	86,309		47,849	
Total	9,256,655	4,893,834	4,659,979	-4.78%	4,768,173	-2.27%
EXPENSES						
O & M Expenses	5,127,648	2,591,751	2,350,711		2,417,065	
Debt Principal - DES	1,690,000	985,833	985,833		968,333	
Debt Interest - DES	1,330,449	776,095	776,095		792,799	
Rate Stabilization - Debt Management	-	-	(2,737,164)		-	
R&R - DES	442,950	258,388	258,388		254,829	
Operating Capital Outlay	665,608	-	2,737,164		-	
Total Expenses	9,256,655	4,612,067	4,371,027	5.23%	4,433,026	1.40%
Total Balance	\$ -	\$ 281,767	\$ 288,952		\$ 335,147	



**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 ¹	●
Days Cash on Hand	219	152	112		●
Debt to Asset %	71%	68%	64%	61% ²	●

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 ⁴	●
Debt to Asset %	52%	47%	44%	49% ³	●

¹ 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"

² 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"

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

⁴ 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:

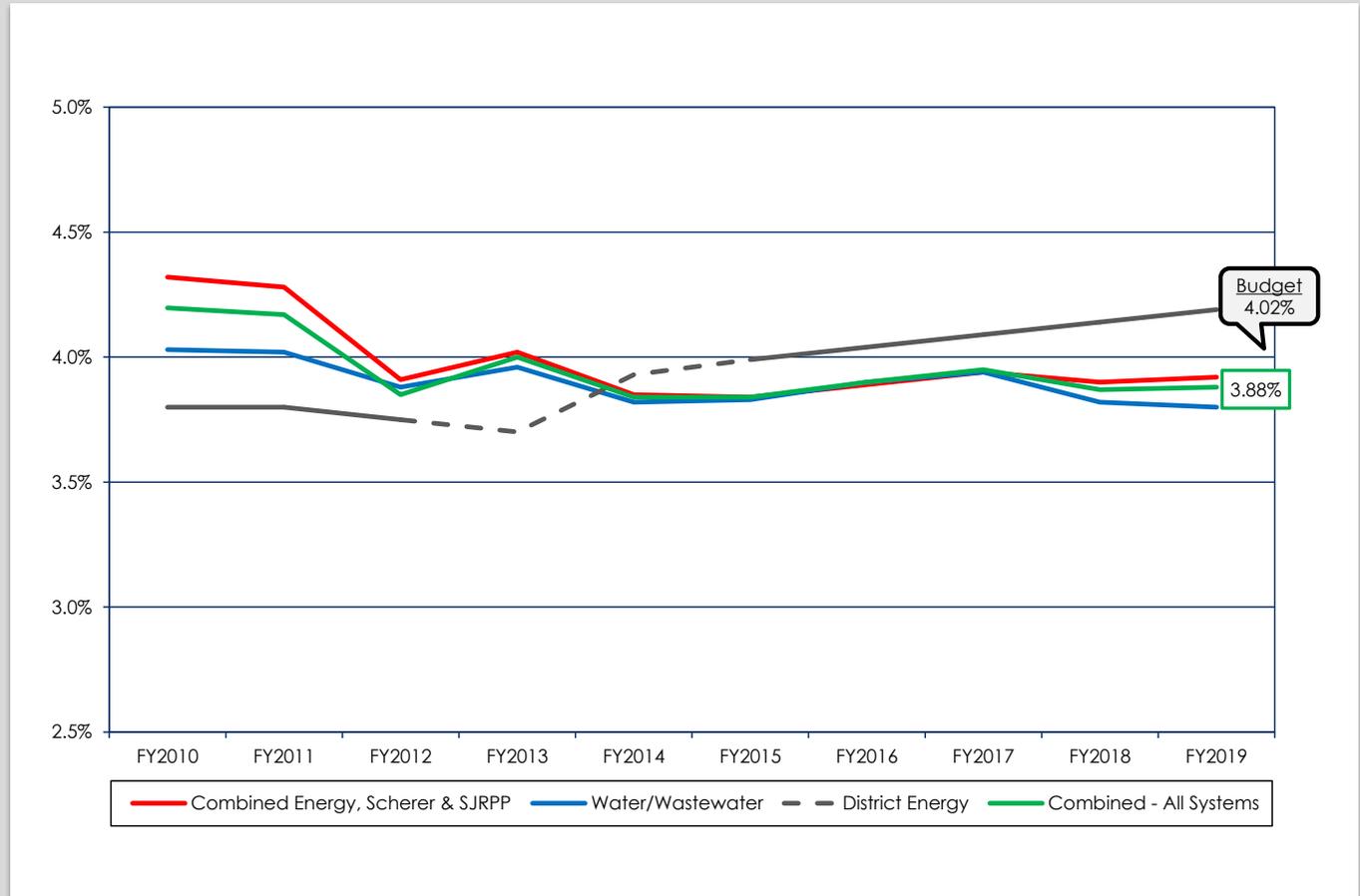
- ▶ Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2018	Principal Mar 2019	Change	Mar 2019 Weighted Average Interest Rates
Energy System (ES)				
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%
Bulk Power Supply System (BPSS)				
Fixed rate bonds	\$101	\$95	(6)	3.78%
<i>Total</i>	\$101	\$95	(6)	3.78%
SJRPP				
Fixed rate bonds	\$281	\$279	\$(2)	3.91%
Revolving credit agreement	--	--	--	--
<i>Total</i>	\$281	\$279	\$(2)	3.91%
Combined ES, BPSS and SJRPP	\$2,431	\$2,198	\$(233)	3.92%
Water/Wastewater System				
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%
District Energy System				
Fixed rate bonds	\$36	\$35	\$(1)	4.19%
<i>Total</i>	\$36	\$35	\$(1)	4.19%
Total JEA Debt	\$3,999	\$3,621	\$(378)	3.88%

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:

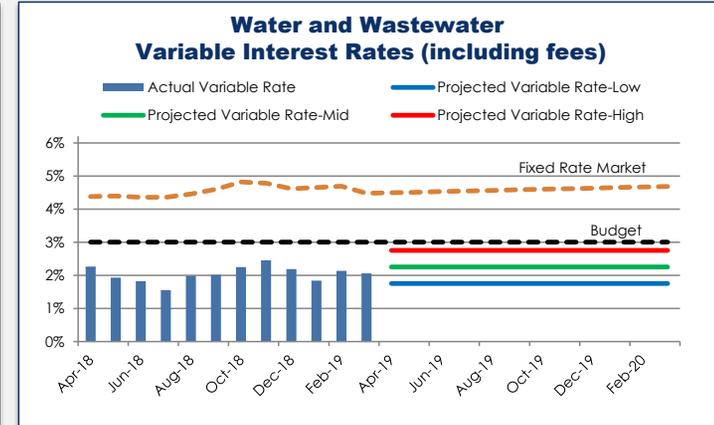
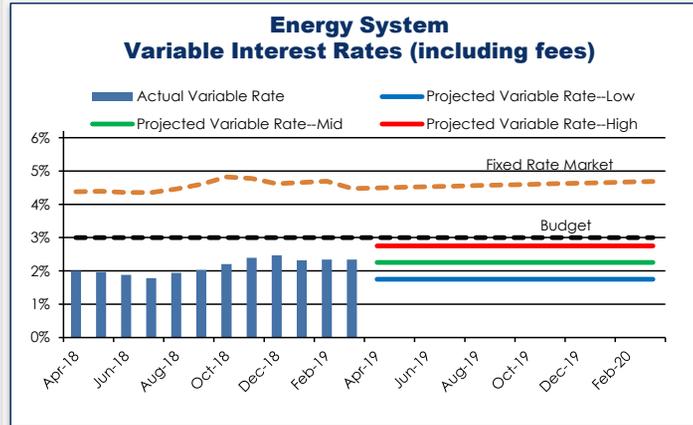
Variable debt as a percentage of total debt:

- ▶ 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

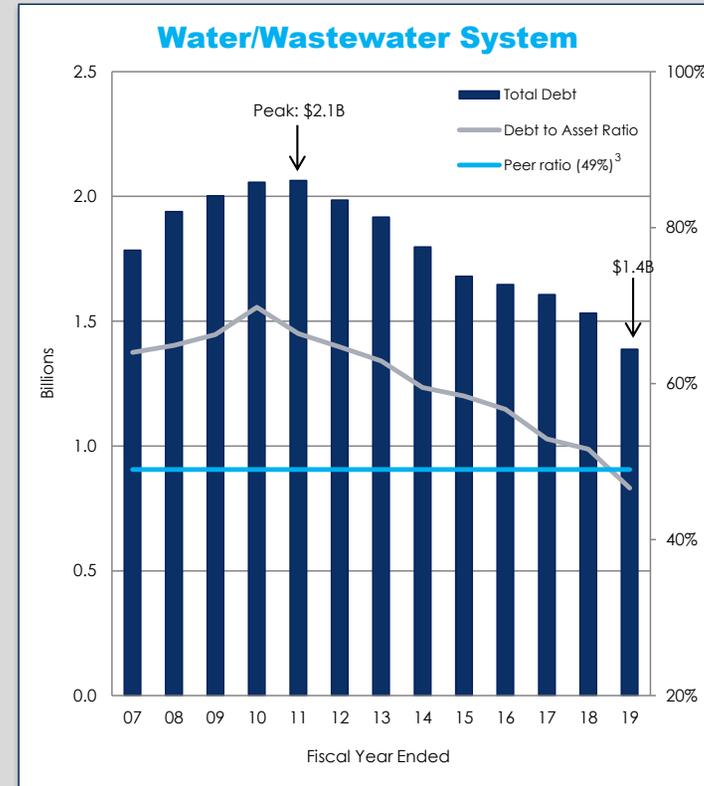
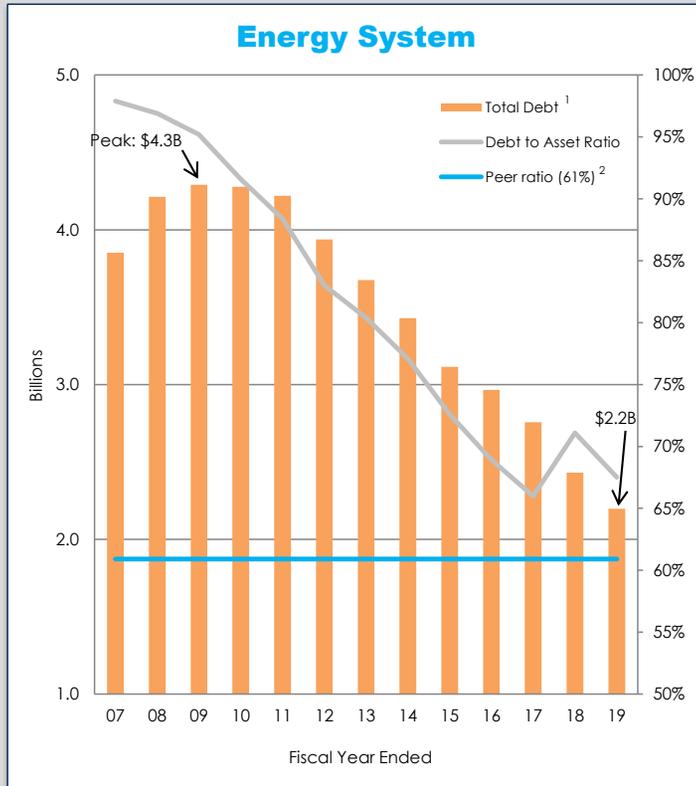
Total variable rate debt of \$863MM with \$516MM swapped to fixed rate



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



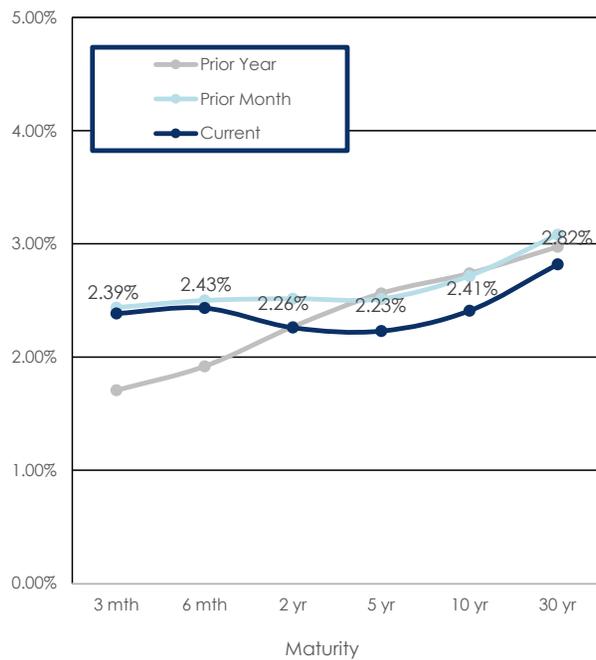
¹ Includes JEA, Scherer and SJRPP

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

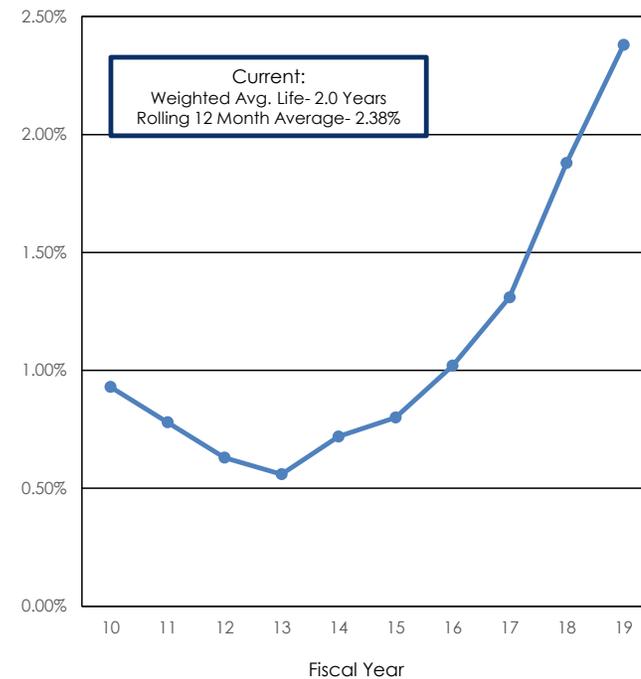
³ As calculated from Moody's Municipal Financial Ratio Analysis database of 209 Aa rated public water-sewer utilities, Jan. 10, 2017

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 (%)
Revenues					
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%)
Total Revenues	\$1,207,623	\$1,227,114	\$1,194,371	(\$13,251)	(1.1%)
Select Expenses					
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 ³	73,565	94,213	(\$46,362)	(33.0%)
Net Revenues	\$449,544	\$507,272	\$464,758	\$15,213	3.4%
Capital Expenditures	\$174,320	\$334,588 ¹	\$301,206 ²	\$126,886	(72.8%)
Debt Service	\$196,288	\$190,618	\$181,095	(\$15,193)	(7.7%)

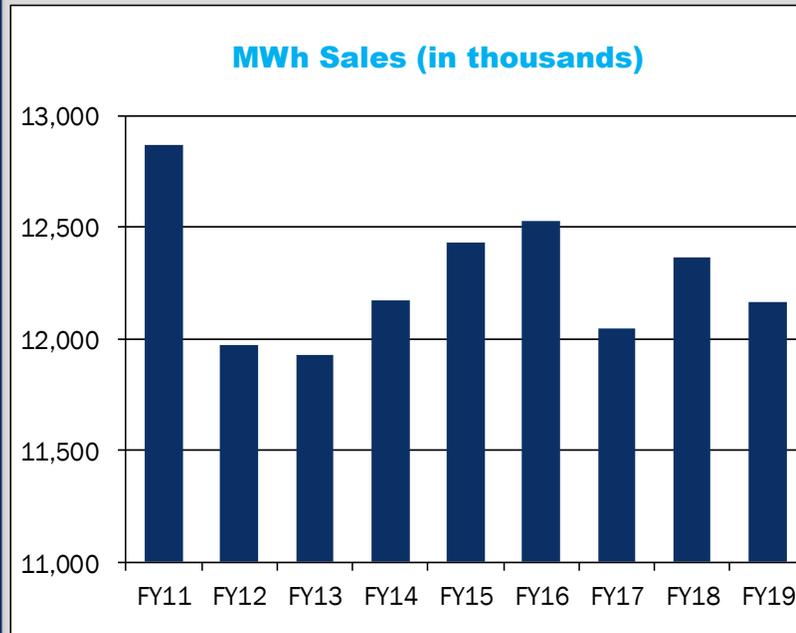
	Beginning Balance	Forecasted Surplus/(Deficit)	Forecasted Ending Balance	Forecasted Percent of Annual Fuel Expense
Fuel Fund	\$74.4	(\$25.8)	\$48.6	9.7%

¹ Council approved limit for capital expenditures in FY19 is \$335 million
² Includes \$57 million for Brandy Branch upgrades and \$8 million for Solar Land purchase
³ 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%
YTD	5,518,243	5,717,404	(3.5%)
Apr		855,216	
May		1,050,255	
Jun		1,124,820	
Jul		1,170,996	
Aug		1,249,276	
Sep		1,196,374	
Forecast/Total	12,165,179	12,364,341	

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	●
T&D Grid Performance Customer Outage				
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	●
Generating Plant Performance				
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

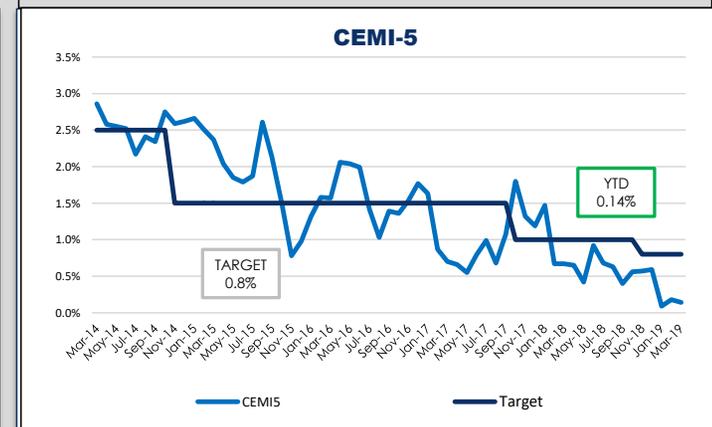
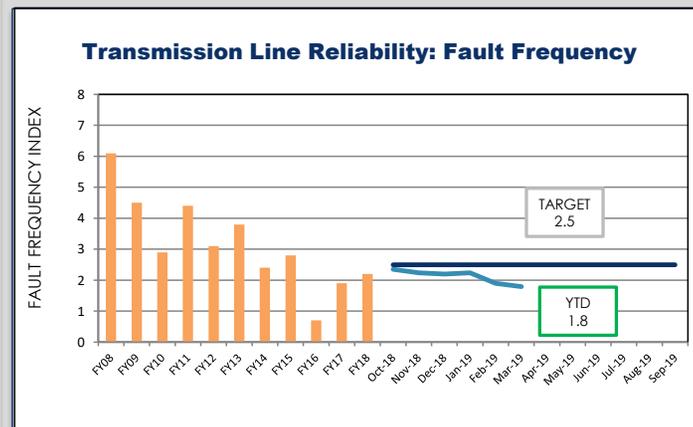
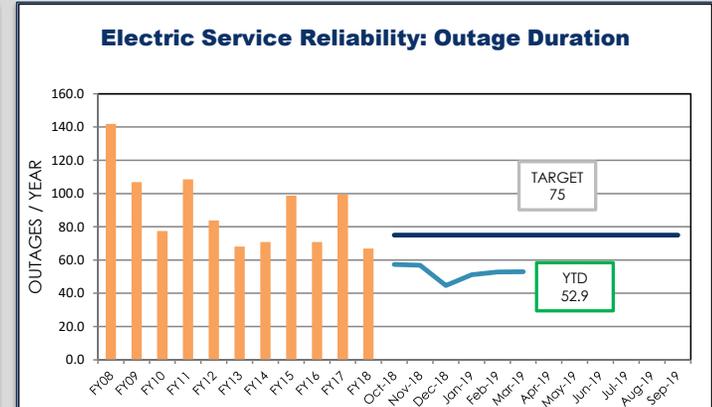
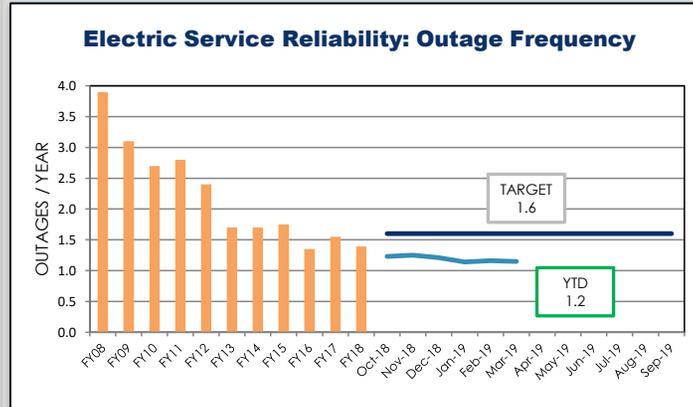
Transmission Line Reliability

- ▶ 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 ₅	% Customers > 5 outages per yr	1.07%	0.4%	0.8%	0.14%

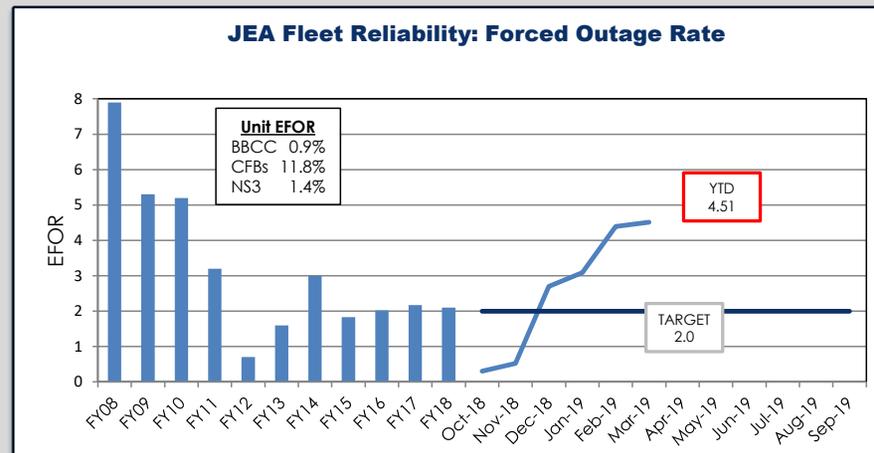
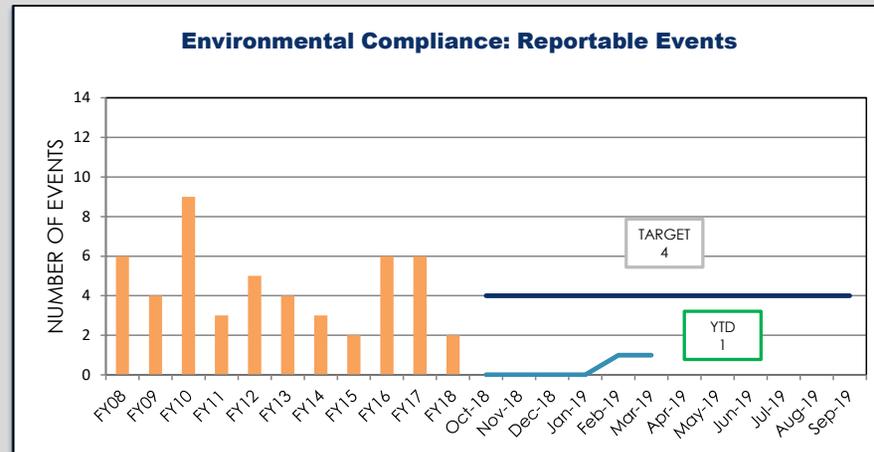
FY2019 Energy System Reliability Metrics:

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

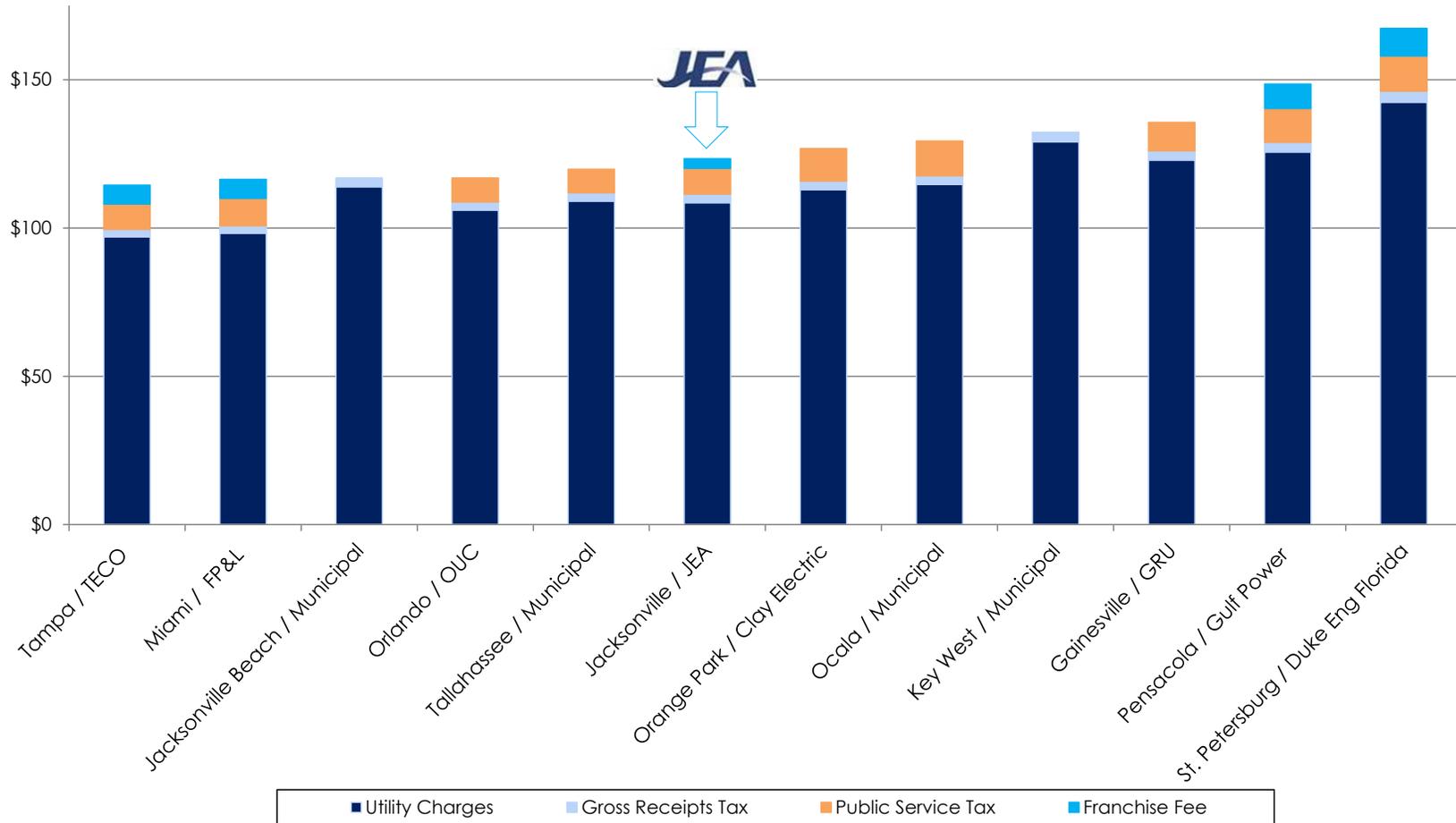
- ▶ The JEA Fleet Forced Outage Rate is higher than target through Q2 due to extended unit recovery on NS Unit 2 as a result of excess ash build up



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

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

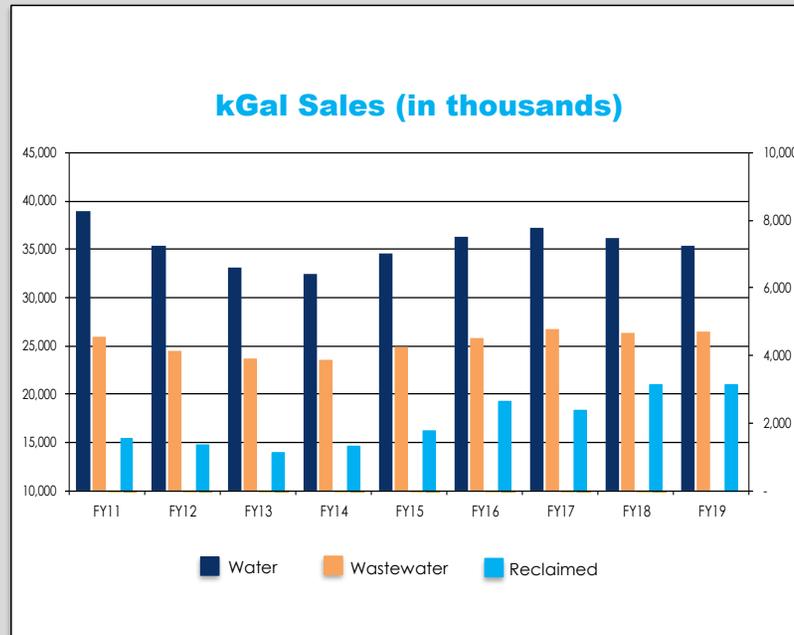
Water Wastewater System	FY18 Actual	FY19 Budget	FY19 Forecast	FY19 vs FY18 (\$)	FY19 vs FY18 (%)
Revenues					
Water & Sewer Revenues	\$421,937	\$444,081	\$425,082	\$3,145	0.7%
Other Revenue	70,902	71,063	\$77,109	\$6,207	8.8%
Total Revenues	\$492,839	\$515,144	\$502,191	\$9,352	1.9%
Select Expenses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

¹ 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%)
YTD	17,040	17,446	(2.3%)
Apr		3,006	
May		3,270	
Jun		3,001	
Jul		3,133	
Aug		3,157	
Sep		3,174	
Forecast/Total	35,351	36,187	

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

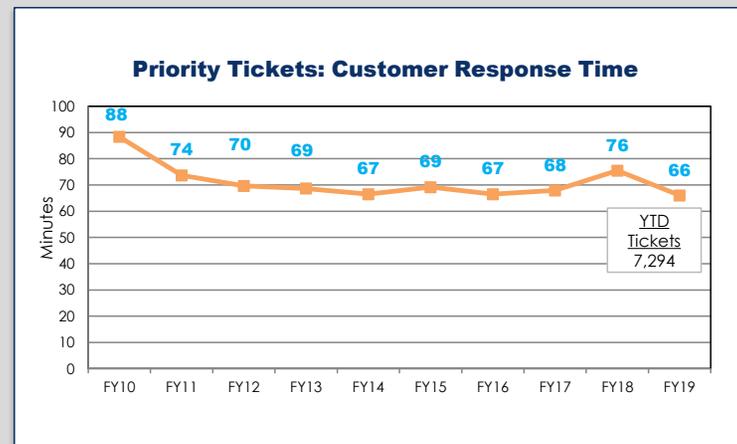
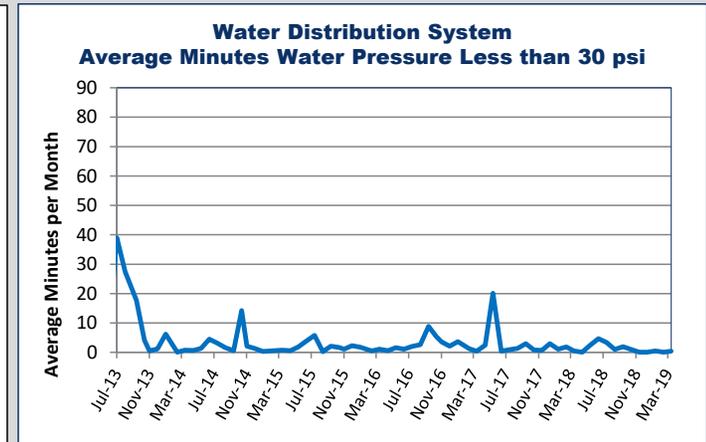
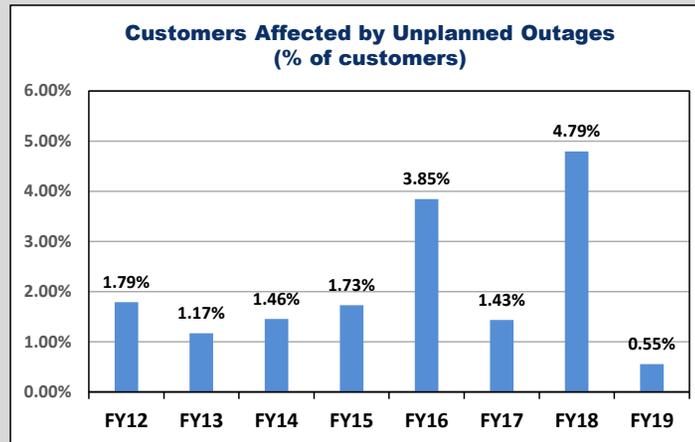
- ▶ Percentage of customers affected by unplanned outages

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



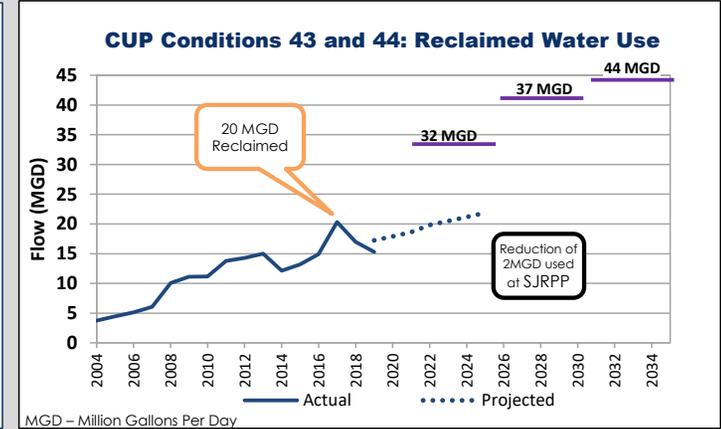
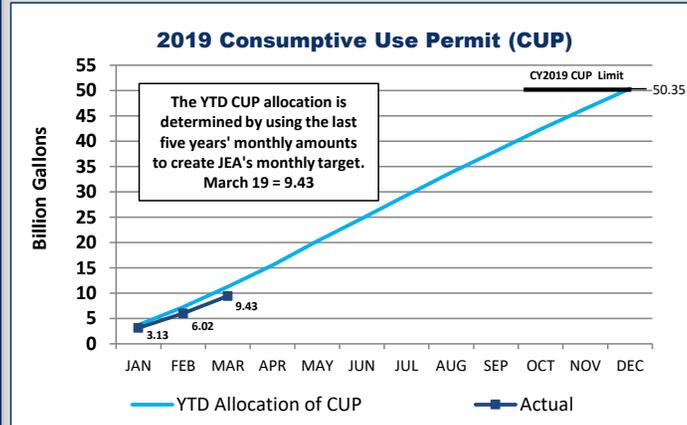
FY2019 Water System Consumptive Use Permit: St. Johns River Water Management District CUP

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
Subtotal	27.05	25.69	25.43	28.83	26.78	25.87	20
Other Wellfields	23.18	20.92	22.07	24.12	21.85	20.48	19.35
Total South Grid	50.23	46.61	47.5	52.95	48.63	46.35	39.35
Total System ADF MGD	138	104	107	112	114	112	101

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:

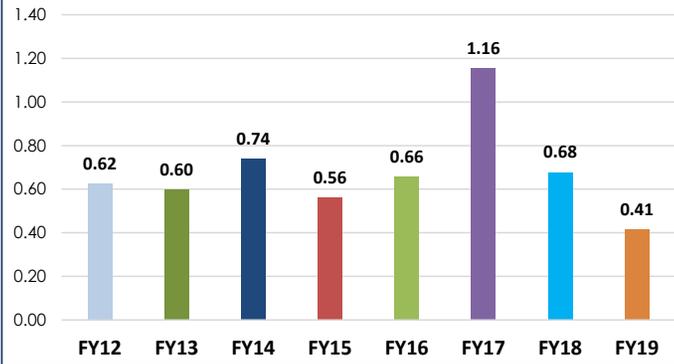
Sanitary Sewer Overflows (SSOs to US Waters)

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

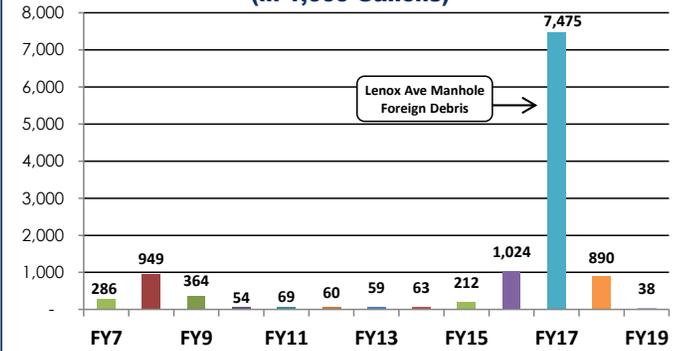
Nitrogen Discharge to St. Johns River

- ▶ 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)

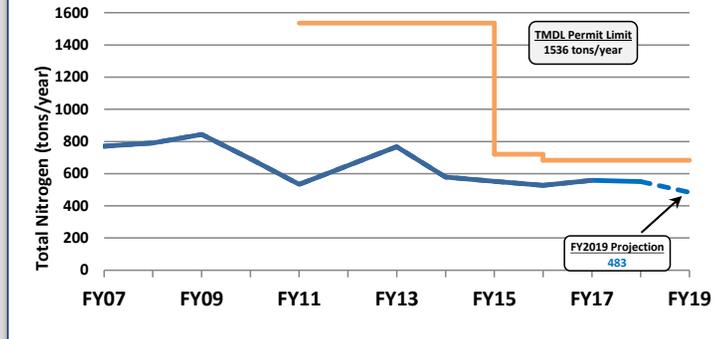


SSO Volume Impacting Waters of the US by Fiscal Year*
(in 1,000 Gallons)



*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.

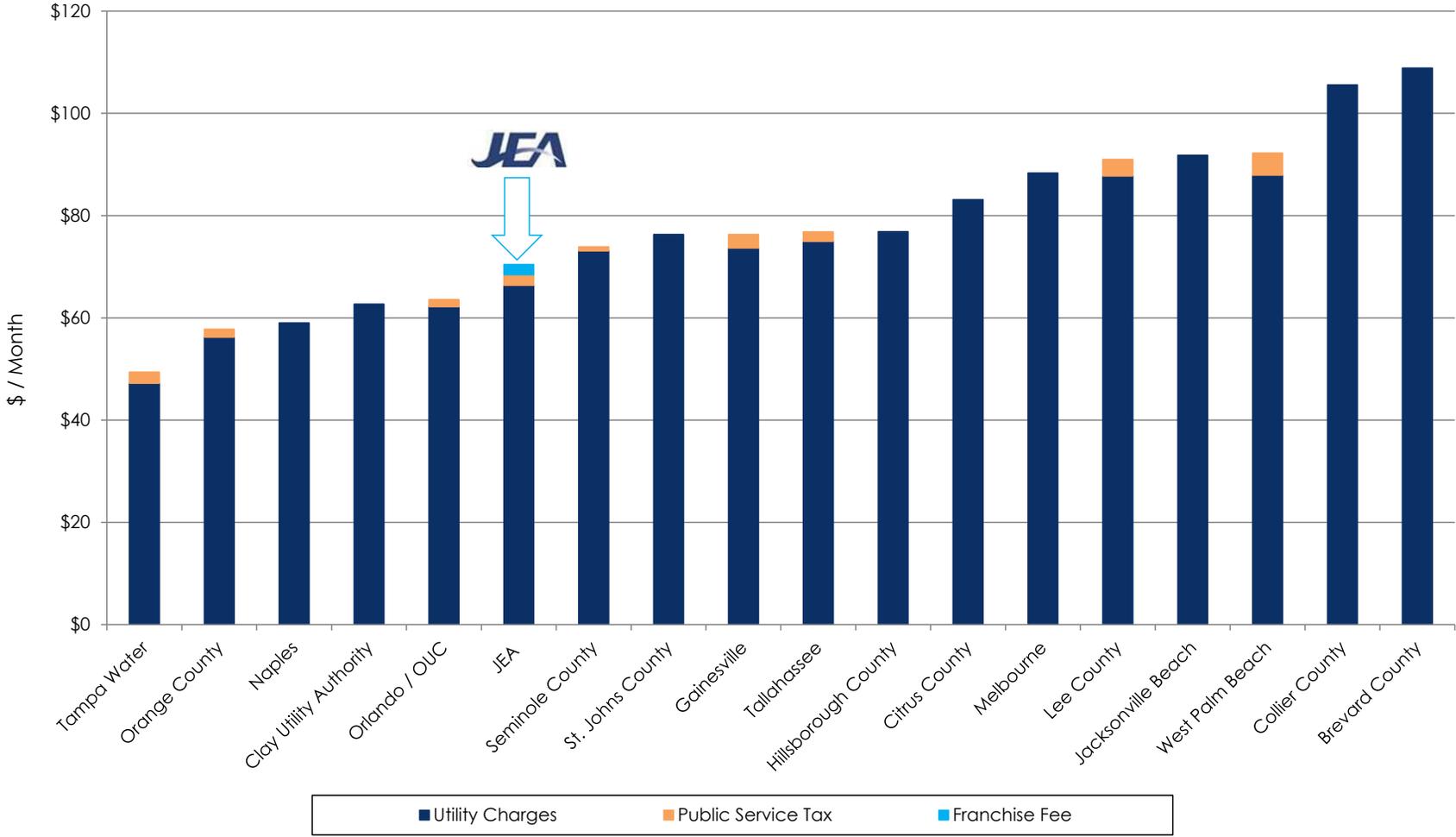
Total Nitrogen Discharge to St. Johns River



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:

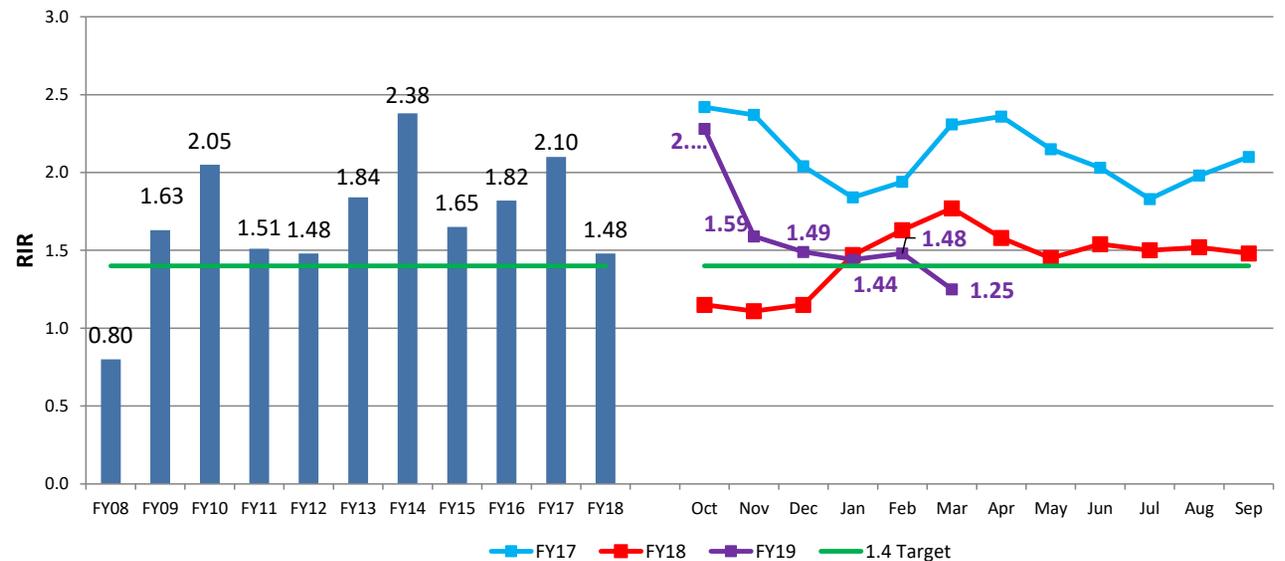
FY2018

- ▶ 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 – 3rd 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 nd Q	1 st Q	2 nd Q	1 st Q	●
JDP Customer Satisfaction Index - Business	1 st Q	1 st Q	1 st Q	3 rd 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

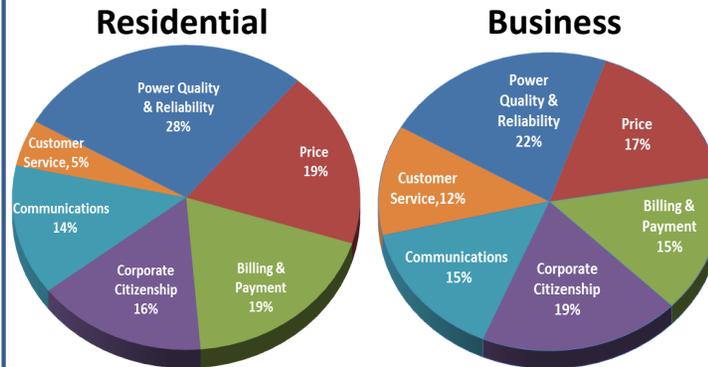
Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

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= 2nd quartile 3Q = 3rd quartile 4Q = 4th 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

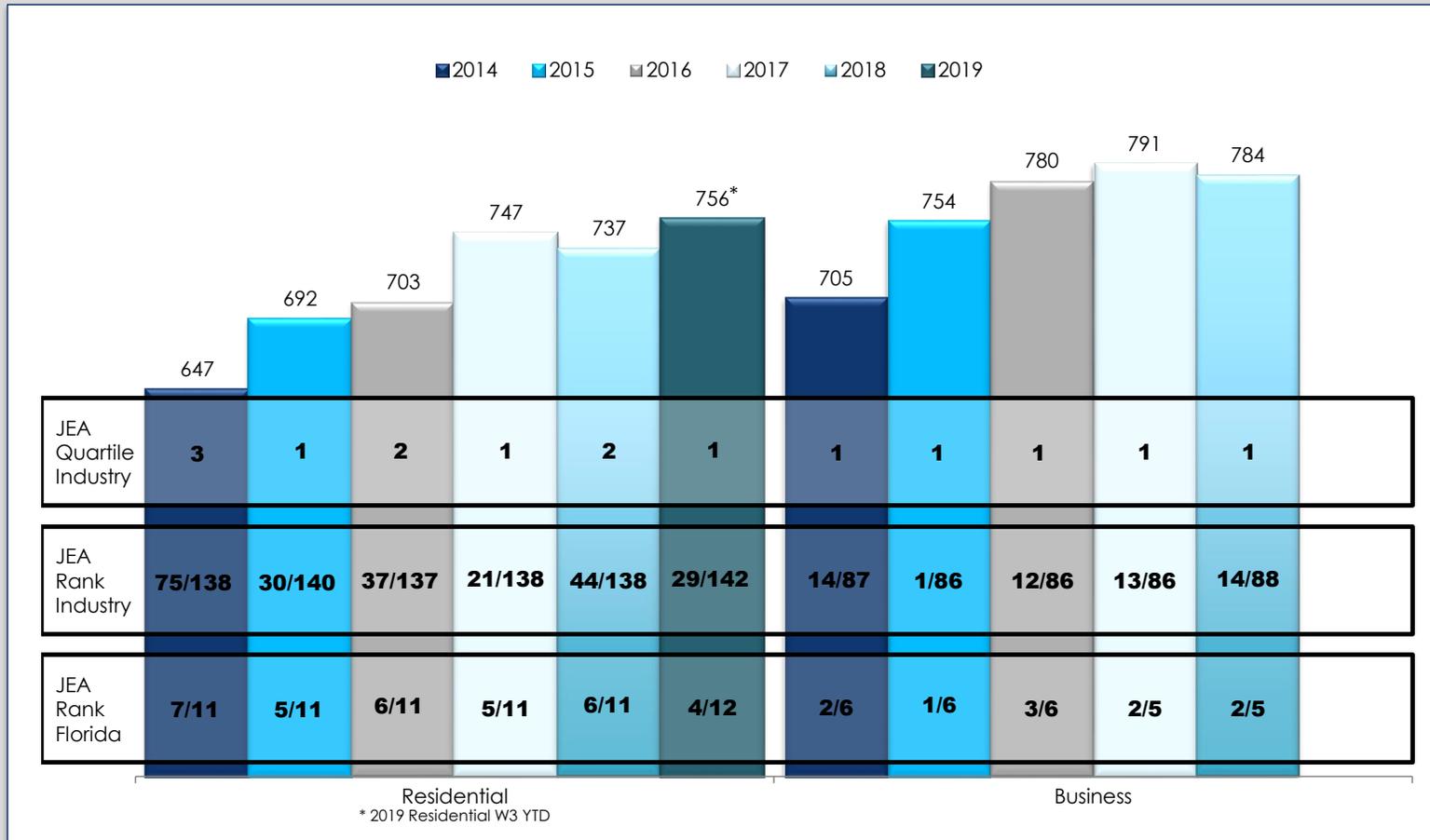
Demonstrate Community Responsibility

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



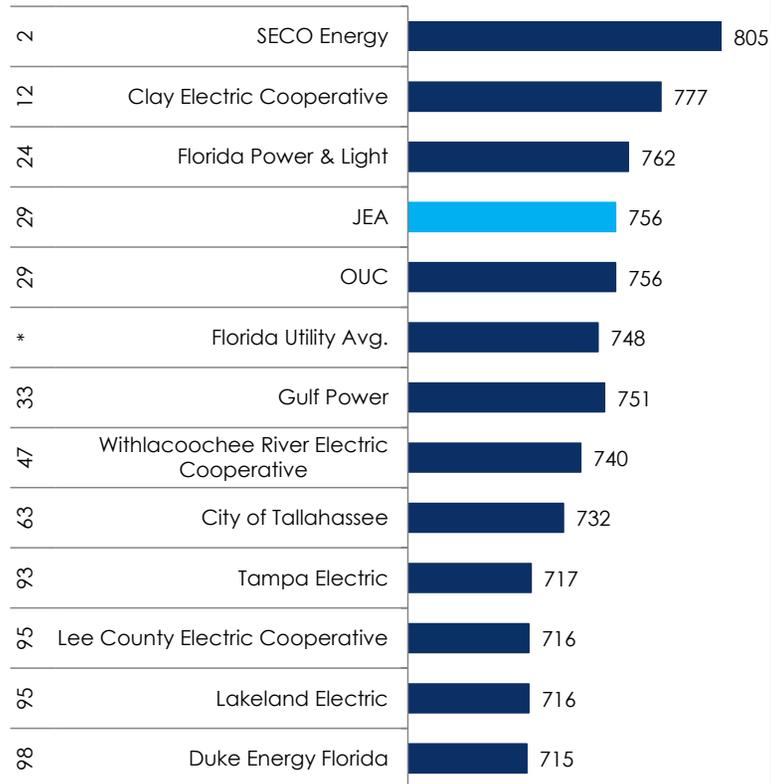
Customer Satisfaction Index Scores



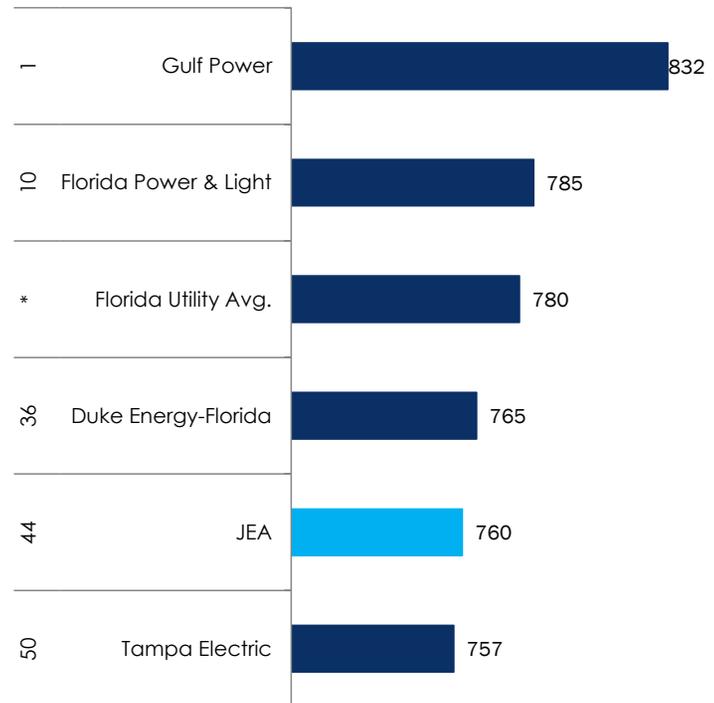
Customer Satisfaction Index Score

Florida Utilities

Residential 2019 WV1 & WV2



Business 2018 W2 (FY19)



JEA Community Engagement Calendar - April - June 2019

Date	Event/Activity	Location	Time	Type
Apr-19				
4/3/2019	Health & Wellness Fair	John E Ford Elem.	6pm	Ambassador Event
4/4/2019	Westside High Career Fair	5530 Firestone Rd.	10am	Ambassador Event
4/5 - 4/6/2019	Arbor Day Festival & Greenscape Tree Giveaway	Jessie Ball DuPont Park under the Treaty Oak	9am	Volunteer Activity
4/5/2019	Neptune Bch Elem Career Day	1515 Florida Ave.	8:30am	Ambassador Event
4/5/2019	UNF Engineering Class	Buckman Plant Tour	9am	Ambassador Facility Tour
4/5/2019	JEB Stuart Career Fair	4415 Wesconnet Ave.	9am	Ambassador Event
4/5/2019	Elected Officilas	Blair Rd. Solar Farm	8am	Ambassador Facility Tour
4/6/2019	Eden Gardens	9179 Gardens St.	8:30am	Volunteer Activity
4/8/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
4/9 - 4/10/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
4/10/2019	Catholic Charities	2110 Blue Ave., 32209	9:30am	Volunteer Activity
4/10/2019	HR Team Project	Jacksonville Zoo & Gardens	8:30am	Volunteer Activity
4/11/2019	BEAM Food Bank	6th Ave.	1:00pm	Volunteer Activity
4/12/2019	Senior Walk for Wellness	TIAA Field	8am	Volunteer Activity
4/12/2019	Catty Shack Team Activity	Starratt Rd.	10am	Volunteer Activity
4/12/2019	UNF Engineering Class	Buckman Plant	10am	Ambassador facility Tour
4/12/2019	John E Ford Elem. Transportation Career Fair	1531 Winthrop St	8:30am	Ambassador Event
4/13/2019	FCNMHP Pet Food Bank	Cassat Ave.	9am	Volunteer Activity
4/13/2019	Int'l Migratory Bird Day	Ft. Caroline National Park	9am	Volunteer Activity
4/15/2019	Wolfons High	Mandarin Plant Tour	8am	Ambassador Facility Tour
4/17/2019	DLC N&L Easter Egg Hunt	Edgewood Ave.	9:30am	Volunteer Activity
4/17/2019	Arlington Middle Career Fair	8141 Lone Star Rd.	9am	Ambassador Event
4/18/2019	Farm Share	1502 Jessie St.	9am	Volunteer Activity

JEA Community Engagement Calendar - April - June 2019

Date	Event/Activity	Location	Time	Type
4/19/2019	FSCJ Environmental Workforce Group	Main St Lab	10:30am	Ambassador facility Tour
4/19/2019	Tulsa Welding	Starratt Rd Solar Tour	9am	Ambassador Facility Tour
4/22/2019	Sodexo Earth Fair	601 Riverside Ave.	11am	Ambassador Speaker
4/22/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
4/22/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
4/22 - 4/25/2019	PACE Center for Girls	University Blvd.	9am	Volunteer Activity
4/23/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
4/24/2019	Biscayne Elem. Career Fair	12230 Biscayne Blvd.	8:30am	Ambassador Event
4/24/2019	CARM Class	Cjilled Water Plant Tour	8:30am	Ambassador Facility Tour
4/24 - 4/25/2019	Eden Gardens	9179 Gardens St.	8:30am	Volunteer Activity
4/25/2019	Annual Pastors Lunch	Main St Library	11am	Ambassador Event
4/25/2019	Cathedral Terrace Café	Newnan St.	11am	Volunteer Activity
4/25/2019	Power Pals	Tiger Academy	1pm	Ambassador Instructors
4/25/2019	JEA Bring Your Child to Work	JEA Tower	11am	Ambassador Event
4/26-4/27/2019	Tree Hill Butterfly Festival	Tree Hill Center	9am	Volunteer Activity
4/26/2019	KIPP Academy STEM Fair	1440 N McDuff Ave	12pm	Ambassador Speakers
4/26/2019	Habijax Builds	Hubbard St.	7:30am	Volunteer Activity
4/26/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
4/26/2019	Catty Shack	Starratt Rd.	10am	Volunteer Activity
4/27/2019	8th Annual JASMYN Strides for Pride	Riverside Area	8am	Volunteer Activity
4/29/2019	Power Pals	Henry Kite Elem.	9:30am	Ambassador Instructors
4/29/2019	Enterprise Learning Academy	8085 Old Middleburg	10am	Ambasador Event
May-19				
5/1/2019	Deusche Bank Earth Day	5022 Gate Parkway	10am	Ambassador Event
5/1/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/2 - 5/3/2019	Arts4All Fest	Cummer Art & Gardens	8am	Volunteer Activity
5/2/2019	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructors

JEA Community Engagement Calendar - April - June 2019

Date	Event/Activity	Location	Time	Type
5/2 - 5/3/2019	Catty Shack Team Activity	Starratt Rd.	10am	Volunteer Activity
5/3/2019	Rufus Payne Elem. Career day	6025 Hema Rd	9am	Ambassador Event
5/4/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
5/6/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
5/7 - 5/8/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
5/7/2019	JEA Power Pals	Kite Elem.	9:30am	Ambassador Instructors
5/8/2019	Catholic Charities	2110 Blue Ave., 32209	11am	Volunteer Activity
5/8/2019	BEAM Food Bank	6th Ave.	1pm	Volunteer Activity
5/8/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/9/2019	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructors
5/10/2019	Recovered Treasures	Normandy Blvd.	12:30 PM	Volunteer Activity
5/10/2019	Matthew Gilbert Middle Career Fair	1424 Franklin St	9:30am	Ambassador Event
5/11 - 5/17/2019	Stamp Out Hunger with Farm Share	Multiple Locations	Multiple Shifts	Volunteer Activity
5/13/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30PM	Volunteer Activity
5/13/2019	JEA Power Pals	Henry Kite Elem.	9:30am	Ambassador Instructors
5/14/2019	Catty Shack Team Activity	Starratt Rd.	10am	Volunteer Activity
5/14/2019	r Achievement School Takeove	Greenland Pines Elem.	8:30am	Ambassador Instructors
5/14/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/15/2019	Bulls Bay Preserve Trail Maintenance	8017 Old Plank Rd., JAX, 32220	8am	Volunteer Activity
5/15/2019	Normandy Village Elem. Career Day	8257 Herlong Rd.	9am	Ambassador Event
5/16/2019	Black Hammock Island Trail Maintenance	15770 Sawpit Rd., JAX, 32226	8am	Volunteer Activity
5/16/2019	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructors
5/16/2019	St Clair Evans Career Fair	5443 Moncrief Rd	9am	Ambassador Event
5/17/2019	Catty Shack	Starratt Rd.	10am	Volunteer Activity

JEA Community Engagement Calendar - April - June 2019

Date	Event/Activity	Location	Time	Type
5/17/2019	25th Annual Miracle on Ashley Street	Ashley St.	10am	Volunteer Activity
5/17/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
5/18/2019	FCNMHP Pet Food Bank	Cassat Ave.	8am	Volunteer Activity
5/18/2019	Wild Amelia Nature Festival	Omni Amelia Island	9am	Volunteer Activity
5/18/2019	Walk for Wishes	Metropolitan Park	7am	Volunteer Activity
5/18/2019	Eden Gardens	9179 Gardens St.	9am	Volunteer Activity
5/18/2019	Clay County Touch a Truck	Orange Pk Mall	9am	Ambassador Event
5/18/2019	Panama Park Neighborhood Fair	6912 Buffalo Ave	5pm	Ambassador Event
5/20/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
5/20/2019	JEA Power Pals	Henry Kite Elem.	9:30am	Ambassador Instructors
5/22/2019	Salvation Army Food Pantry	West Adams St.	8am	Volunteer Activity
5/22/2019	Riverside Park Apts.	750 Oak St.	2pm	Ambassador Speakers
5/22/2019	Holiday Hills Elem. Career Fair	6900 Altama Rd	9am	Ambassador Event
5/23/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
5/23 - 5/24/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
5/24 - 5/26/2019	Jacksonville Jazz Fest.	Downtown	Multiple Shifts	Volunteer Activity
5/24/2019	Tiger Academy Career Day	6079 Bagley Rd.	8:30am	Ambassador Event
5/24/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/29 - 5/30/2019	PACE Center for Girls	University Blvd.	9am	Volunteer Activity
5/30/2019	Cathedral Terrace Café	Newnan St.	11am	Volunteer Activity
5/30/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
5/31/2019	Habijax Builds	Hubbard St.	7:30am	Volunteer Activity
Jun-19				
6/7/2019	VA Resource Fair	1536 Jefferson St	10am	Ambassador Event
6/8/2019	Annual Housing & Resource Expo	5310 Lenox Ave.	10am	Ambassador Event
6/12/2019	Tote Maritime Safety Fair	10401 Deerwood Pk. Blvd.	12pm	Ambassador Event

JEA Community Engagement Calendar - April - June 2019

Date	Event/Activity	Location	Time	Type
6/14/2019	COJ Men's Health Fair	Legends Center 5050 Soutel Dr.	10am	Ambassador Event
6/20/2019	ARC Summer Program	3601 Kernan Blvd.	10am	Ambassador Speaker
6/21/2019	STEM Conference	UNF Conference Center	9am	Ambassador Event
6/21/2019	Girls Inc. Career fair	900 Acorn St.	12pm	Ambassador Event



Customer & Community Engagement Overview and Update May FY19

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

Customer Communications

We are excited to announce that a new customer communications and advertising campaign began this month and will continue over the next two months. The campaign promotes JEA's three key "messaging pillars" that, as we continue to evolve as an organization, will help define us to our community going forward:

1. Innovation – Driving innovation, developing new products and services, being an industry and thought leader
2. Corporate Citizenship – Promoting economic development, volunteerism and environmental stewardship
3. Customer Relationship – Being a trusted advisor to our customers – when, how and where they need us

These three pillars promote a message that we are one team, with one purpose (to improve lives) for the one community we serve. You will see this theme of "one" throughout the campaign to reinforce to our community that we are all in this together.

This full multimedia campaign will run on TV, radio, social media, web and digital billboards. Three different TV commercials will run on all major networks and cable, especially during primetime and sports events. You will notice several JEA employees in the commercials, and we thank them for their participation.

Community Engagement

JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of April, with Ambassadors participating in 29 activities and volunteers serving 539 hours in the community.

JEA Ambassadors

April was a busy month for Ambassadors with a new session of the spring Power Pals Program beginning and multiple community events. Throughout the month JEA Ambassadors taught the Power Pals program to 1st graders at Tiger Academy, Kite Elementary, and SP Livingston Elementary Schools. Ambassadors also participated in Westside High School's Career Fair, the John Love Elementary Resource Night and Arlington Middle's Career Day.

Facility tours were conducted for FSCJ and Tulsa Welding School students. Ambassadors were requested to speak to groups which included Sodexo, KIPP Academy and San Jose Rotary.

Employee Volunteerism

In April, 138 JEA employees volunteered 539 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities. From volunteering at the Arbor Day Fest and Greenscape Tree Giveaway to assisting in the JAX Zoo Nature Trail Cleanup, JEA employees gave generously of their time and talents for the benefit of our community.

JEA employees also volunteered time at USO No Dough Dinner, USO Food Pantry to Serve Military, Farm Share, Catty Shack Ranch, Walk for Seniors, BEAM Food Bank, 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, FCNMHP Food Bank, PACE Prom Boutique, Eden Gardens, Sulzbacher Center and the Gate River Run.

JEA employees take great pride in the Ambassador and Volunteer programs, which are a tangible demonstration for our customers and our community of the "Heart of JEA."



INTER-OFFICE MEMORANDUM

April 1, 2019

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

FROM: Aaron Zahn, Managing Director/CEO

TO: JEA Board of Directors

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

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

Informal Awards	Number	%	Dollar Amount	%
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.

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	Sole Source: 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.
Total	\$2,516,100.99				

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
Total	\$0.00				

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 April 30, 2019

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
Customer Value										
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	-
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Decile	3rd Quartile	Top Decile	-				
Customer Response Time (min.)- W/WW System	70	69	67	69	67	68	76	65	65	0%
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.0%	80.4%	80.0%	1%
Estimated Time of Restoration Accuracy	-	-	88%	85%	89%	82%	80%	89%	80%	11%
Grid Performance: Frequency (outages/year)	2.4	1.7	1.7	1.7	1.4	1.6	1.4	1.27	1.6	21%
Grid Performance: Outage Duration (minutes/year)	84	68	71	99	71	99.5	67	58	75	23%
Grid Performance: CEMIS (% cust. > 5 outages/year)	n/a	n/a	2.34	2.10	1.40	1.07	0.40	0.20	0.80	75%
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%	0.63%	2%	69%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8	0.40	2.0	80%
Financial Value										
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%	0.15%	0.18%	17%
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%	5.0%	2.0%	-149%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%	99%	95%	-4%
Cost Reduction Metric (\$000)	n/a	n/a	n/a	n/a	\$25,156	\$10,087	\$10,495	\$7,932	\$9,100	TBD
Community Impact Value										
Capital Invested (\$000)	\$273,774	\$234,718	\$158,392	\$204,708	\$298,045	\$307,918	\$374,456	\$235,476	\$437,774 - \$574,578	TBD
Safety (RIIR)	1.48	1.84	2.38	1.65	1.82	2.10	1.48	1.23	1.40	12%
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities	3,989 Hours	4,800 Hours	TBD
JSEB Spend (\$000)	\$9,168	\$10,121	\$7,302	\$9,318	\$9,983	\$13,365	\$15,760	\$10,510	\$15,000	TBD
Environmental Value										
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2	0	4	TBD
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes						
Nitrogen to the River (tons)	650	767	579	553	527	558	550	266	616	TBD
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.62	0.60	0.74	0.56	0.66	1.16	0.68	0.45	0.58	TBD

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Financial Value								
Change in Net Position (\$000)	\$182,642	\$79,975	\$156,269	\$323,008	\$210,016	\$254,620	\$126,488	\$193,168
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%	54%
City Contribution (\$000)	\$104,188	\$106,687	\$109,188	\$111,688	\$129,187	\$115,823	\$116,620	\$132,648
Electric Sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364	12,212
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187	35,538
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340	26,558
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120	3,223
Community Impact Value								
Utility Scale Solar Energy (000's MWh)	21	21	20	21	21	26	55	65
New Partnerships and Student Programs	N/A	50% Complete						
Voluntary Attrition	46	36	44	32	33	35	35	22
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4	3
Environmental Value								
Reclaimed Water Customer Growth*	35%	40%	43%	31%	27%	25%	22%	24%

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Customer Value								
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%	98.6%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%	92.0%
Financial Value								
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%	10.1%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%	5.0%
Unlevered Free Cash Flow: EBITDA less CAPEX (\$000)	\$606,131	\$532,872	\$632,212	\$591,925	\$547,897	\$573,259	\$367,007	\$342,931
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	\$2,948,477
City Contribution NPV	-	-	-	-	-	-	\$1,998,311	\$1,998,311
Electric Credit Ratings	Aa2/AA-/AA-	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/A+/AA	A2/A+/AA
W/WW Credit Ratings	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AAA/AA	Aa2/AAA/AA	Aa2/AAA/AA	A2/AAA/AA
Community Impact Value								
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%	-
Environmental Value								
CO ₂ Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516	1,552
CO ₂ Emissions Mass(10 ³ Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731	7,652
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	111
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75	73

*May contain reclaimed customers temporarily supplied with potable water

MANAGEMENT DISCUSSION

Financial

Electric Enterprise:

- FY19 sales down 2.3% compared to Apr FY18 YTD
- Sales per customer are down 4.2% compared to Apr FY18 YTD
- Degreed days are down 4.3% compared to Apr FY18 YTD
- Total customers are up 2.0% compared to Apr FY18 YTD
- Revenues decreased \$52m vs. FY18 driven by SIRPP decreases, lower sales, and lower fuel stabilization withdrawals.
- Expenses decreased \$66m 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 net lower costs and over volume.

Water and Sewer:

- Water sales are down 1.8% compared to Apr FY18 YTD
- Sewer sales are up 0.8% compared to Apr FY18 YTD
- Reclaimed sales are up 3.3% compared to Apr FY18 YTD
- Sales per customer down 3.1% compared to Apr FY18 YTD
- Rain days are up 34.7% (17 days) compared to Apr FY18 YTD, irrigation down 7.1% versus Apr FY18 YTD
- Total customers are up 2.7% compared to Apr FY18 YTD
- Revenues increased by \$6m vs. FY18 due to increased customer accounts, rate/mix, higher enviro stabilization transfers, partially offset by lower sales.
- Expenses increased \$13m vs. FY18 driven by an increase in O&M (compensation, professional services), higher environmental regulatory expenses, and depreciation due to increase in depreciable base.

DES

- Stable, minimal change from FY18

FEMA reimbursement:

- Matthew - \$7m of \$9m received
- Irma - \$0.04m of \$15m received

Operations

Two (2) OSHA recordable safety incidents for JEA in the month of April.

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 increased slightly in the month of April but still performing better than goal.

Water/Sewer:

- Unplanned Water Main Outages: 185 customers experienced an outage in the month of April
- CUP: Average daily flow of 108 MGD was 22% below CY19 limit of 138 MGD; reclaimed usage at 16 MGD
- Nitrogen to River: FY19 Forecast is 478 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: 23YTD, root cause analysis is performed on each SSO - exploring other options for inspections of system



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:

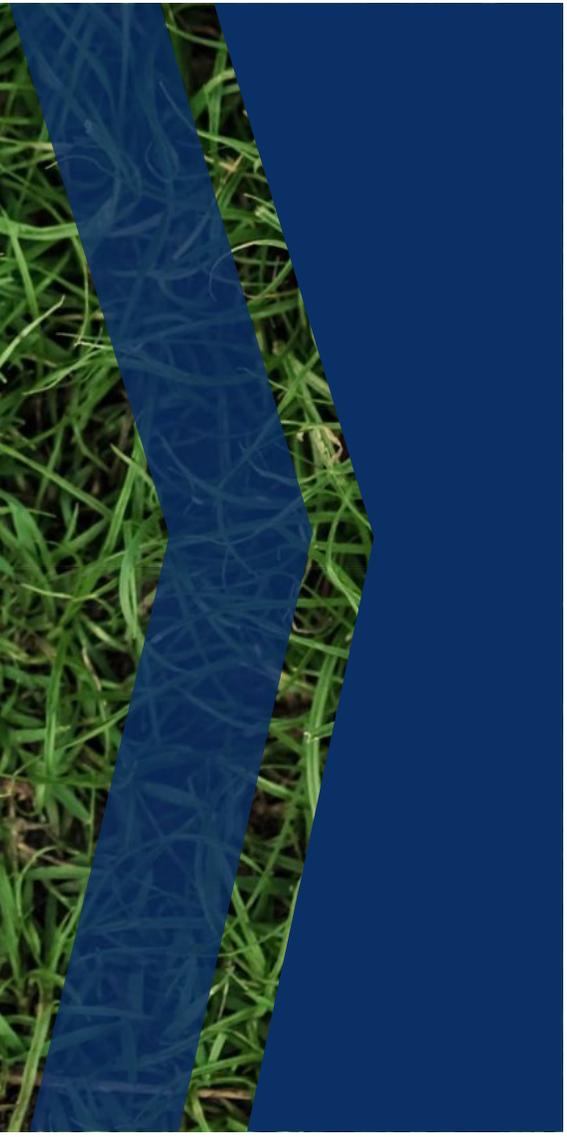
No action is required by the Board. This item is presented for information only.

Aaron F. Zahn, Interim Managing Director/CEO

AFZ/MHD/JPM



**JSEB PROGRAM
Q2 REPORT**



FY19 JSEB Scorecard

as of QTR2

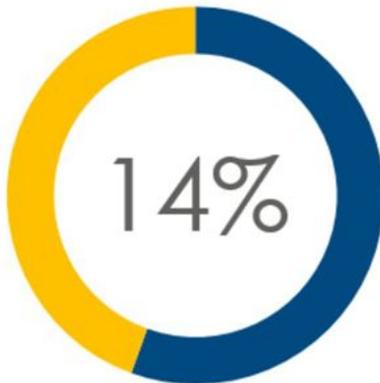
Available Project Spend

AVAILABLE SPEND

\$65,000,000

GOAL = 23%

\$15,000,000

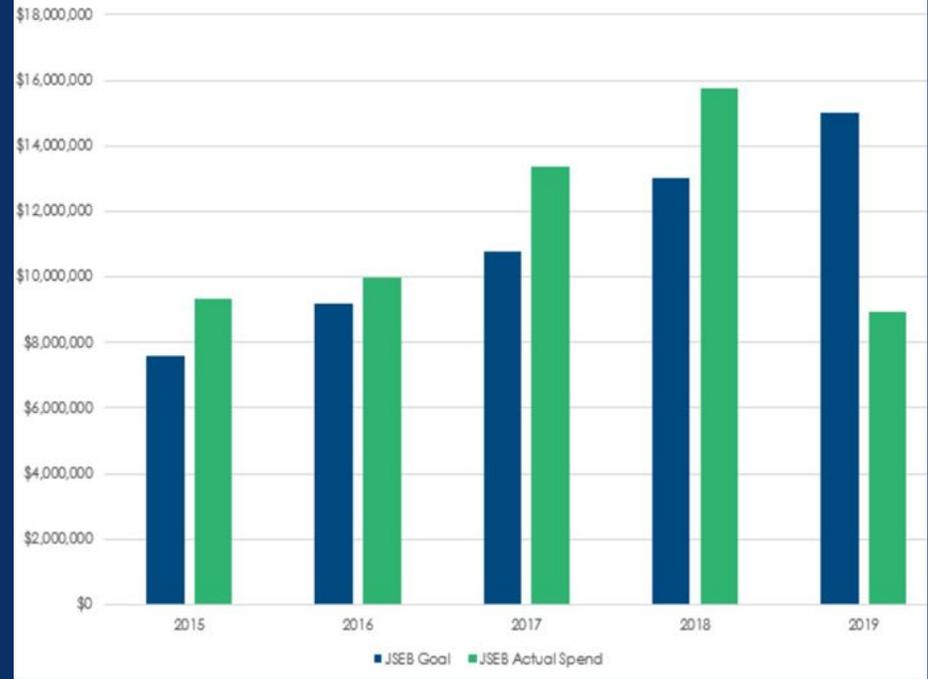


JSEB SPEND

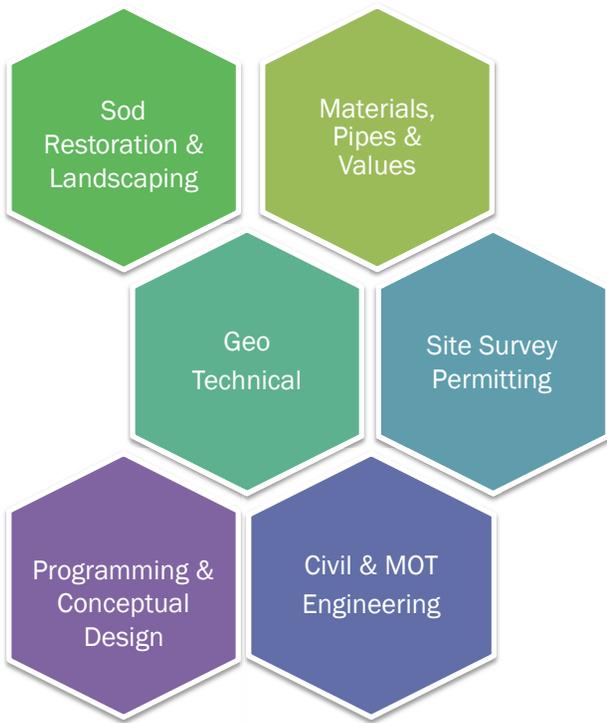
\$8,948,961

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



3rd Thursday of the Month



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**

FY19 JSEB Opportunities

Septic Tank Phase Out

Outreach efforts to increase JSEB pool

- February 21st 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
- Advertised – Bids due May 21



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

Tree Removal, Irrigation and Mulch (TRIM)
 Total Project Value \$390K
 20% JSEB Goal
 \$78K JSEB Opportunity
 Sub-Contracting Work: Tree Removal
 3 Proposals Received - Evaluating

Westlake Substation T3 Addition
 Total Project Value \$570K
 17% JSEB Goal
 \$96K JSEB Opportunity
 Sub-Contracting Work: Survey & Materials
 Awarded to C&C Power Line on May 16

Cecil Commerce Substation Transmission
 Total Project Value \$859K
 5% JSEB Goal
 \$43K JSEB Opportunity
 Sub-Contracting Work: Site Restoration, Hauling & Excavation
 6 Proposals Received - Evaluating

Small Diameter Pipe
 Total Project Value \$1.3M
 JSEB Sheltered Opportunity
 (Plan to award 2 Prime contracts)
 Prime work: Eng Design for Small Diameter Pipe & Manhole Inspections
 4 Proposals Received – Evaluating

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 Inspection
 Bids due May 21

**JSEB
Target
Outreach**



**FY19
JSEB OUTREACH**

FY19 Q3 JSEB Outreach





INTER-OFFICE MEMORANDUM

May 8, 2019

SUBJECT: JEA HURRICANE READINESS & COMMUNICATION

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

TO: JEA Board of Directors

BACKGROUND:

JEA's hurricane preparedness activities are critical to JEA's ability to sustain operations and recover from threats and natural disasters while supporting Duval and the surrounding County's Emergency Operation Centers.

DISCUSSION:

A report on JEA's hurricane readiness and communication process provides pertinent information in preparation for the 2019 Atlantic hurricane season that officially begins on June 1, 2019.

The report provides information on the different elements of JEA's hurricane preparedness including:

- (1) JEA's annual hurricane readiness exercise held earlier this month
- (2) JEA's system hardening programs for our Energy and Water and Wastewater systems
- (3) JEA's Customer Communications process known as Restoration 1-2-3.

RECOMMENDATION:

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

Aaron F. Zahn, Interim Managing Director/CEO

AFZ/MHD/JPM



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HURRICANE READINESS
PREPARED FOR 2019



Continuous Storm Hardening

- Advanced equipment allows for better visibility into outages from control center, improving restoration times
- Pole replacements, tree trimming and other hardening programs help make the system more resilient
- Continuing *undergrounding program* to improve awareness in those neighborhoods choosing to underground their overhead electric services



Outage Duration Reduction Program

- Continuing the \$30M program, in the second of four year program
- Will reduce the time it takes JEA staff to identify the location of a fault, isolate it, and complete restoration work
- Program components include monitored and controlled Automatic Reclosers and Switches, Fault Current Indicators and Trip Savers



2-WAY METERS = BETTER DATA

ONE TO TWO

Upgrading *1-Way Meters* to current technology of *2-Way Meters* allows JEA to improve visibility of outages on a customized, individual basis



ENERGY

PROGRESS

We have converted approximately 78% of all meters and are on track to achieve 100% by 2020

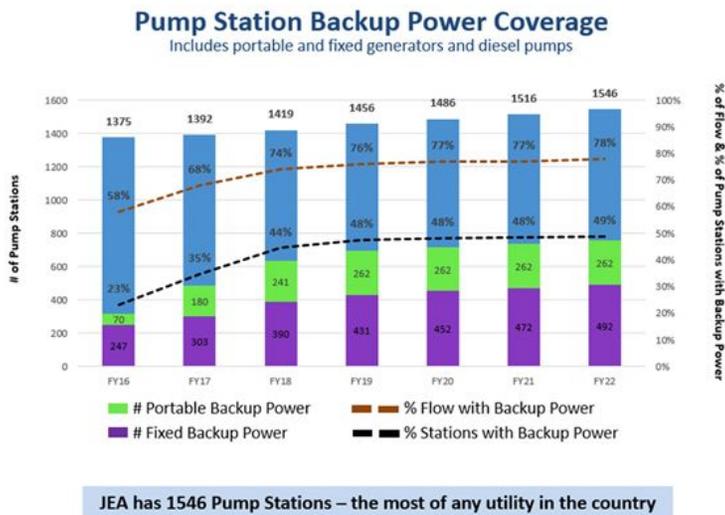
OUTCOME

In addition to improved outage information, the newer technology meters support:

- Pre-paid service
- Remote connect/disconnect
- Outage & Abnormal Voltage/Tampering Reporting
- Demand Rate (future)

Storm Hardening

JEA resiliency program is hardening electric service to pump stations to make it less likely an outage will occur and expanding backup capability



- Hardened service through vegetation management and strategic service line improvements – 48 services have been relocated underground
- Our system has 1,448 pump stations, more than any other wastewater system in the country
 - 174 fixed and 45 portable units (generators and diesel pumps)
 - 150 portable pumps and generators leased during hurricane season
 - 78% of wastewater flow covered by backup power
 - Customer communications encourage customers to minimize potable water use to reduce wastewater flow



Hurricane Loss of Power Influence on Pump Stations

Loss of Line Power is a major contributor to sewer overflows at pump stations.

- Locations of Loss of Power varies based on the storm characteristics
- Loss of power is typically tree canopy related

JEA has mitigated the potential for Loss of Power

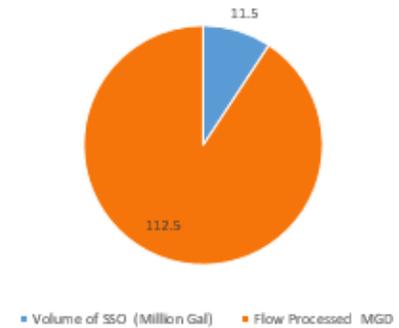
- Aggressive Tree Mitigation
- Undergrounding services at heavily wooded sites
- Additional back up power added to critical stations
- Prioritization of electrical restoration with Electric Utility

Results: Reduction of SSO Volume from Hurricane Matthew to Hurricane Irma

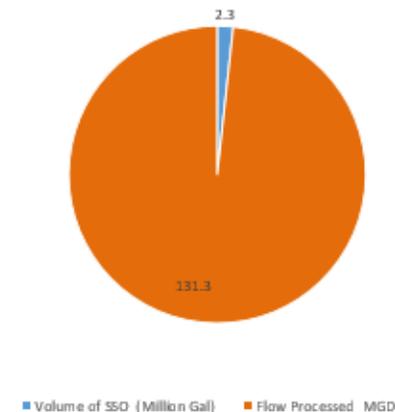
- Normal treatment flow is 75 MGD
- Hurricane Matthew flow was 112.5 MGD
- Hurricane Irma flow was 131 MGD

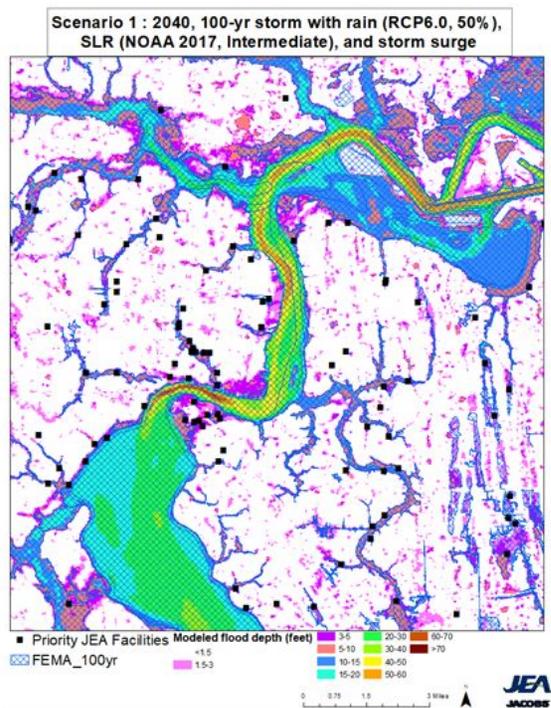
JEA Pump Station Performance – Hurricanes

Hurricane Matthew:
112 mGAL Flow Processed



Hurricane Irma
131 mGAL Flow Processed

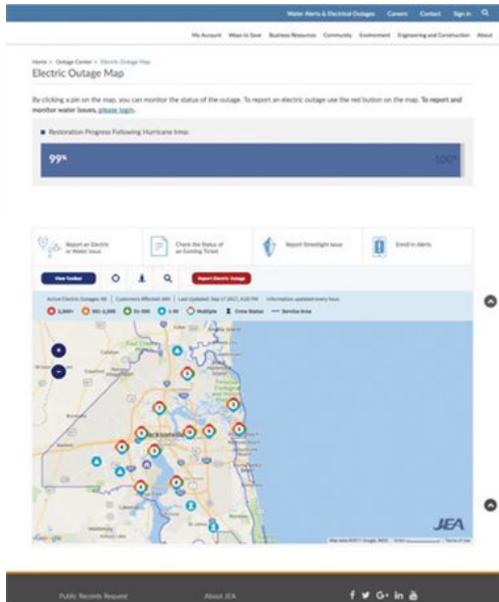




Establish Extreme Weather Scenarios

- Results of modeling has been workshopped
- Identify and prioritize mitigation for critical facilities (e.g., serving a hospital)
- Identify and Prioritize JEA Facilities with the Highest Flood Risk
- Over 170 facilities inspected to better Understand Facilities most Vulnerable to Severe Weather Impacts and Climate-related Hazards:
 - Compare asset elevations (e.g. pumps, motors, electrical panels) to modeled flood elevations

EMERGENCY PLANNING



NEW FOR 2019

Technology Improvements

- Provide better information to customers through jea.com applications on outages in their area
- Cologix Cat 5 rated facility for JEA's primary data center and EOC
- Storm GEO online weather forecasting service
- Augmented Operational Intelligence (AOI) geospatial interactive 3D map providing real time operational data for JEA's W/WW assets

Restoration 1-2-3

1

JEA repairs its facilities and restores power to hospitals, shelters and critical public safety locations

2

JEA ready to accept outage reports from individual customers; repairs circuits that will return power to the most customers

3

JEA completes power restoration, targeting smaller outages where a handful of customers may still be without power



Intensive Employee Training

- Mandatory online training required for *all employees*
- Focused training in critical grey sky areas (CCCs, Field Ops, Ticket Processors, Bus Acct. Reps, etc.)
- SLT and ICT Leadership exercises and EOC Training



//////

**CUSTOMERS ENGAGEMENT
& ACTION ITEMS**

Calls to Action

- Make a personal plan and prepare for storm season
- Update account contact information
- Download and read the JEA Storm Recovery Guide featuring Restoration 1-2-3
- Sign up for Outage Alert Preferences
- Once a storm subsides, visit the *jea.com* outage map for information and updates



Multimedia Campaign

- 15/30-second television and radio spots
- Digital outdoor boards
- Partnering with City of Jax on Storm Season Guide, sending out to 416,000 residences
- Digital media advertising
- Social media posts
- Customer Service Center Handouts
- Earned Media/News
- Ambassador and Volunteer Events



Establishing a
Baseline:

“Status Quo”

JEA[®]

Disclaimer

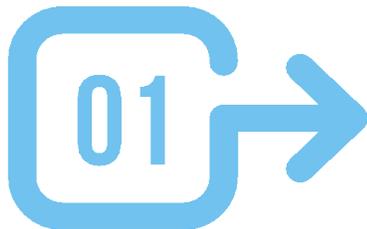
The following **“Status Quo Baseline”** financial projections are presented solely for JEA Board of Directors planning and action in connection with the development of a strategic plan. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are a mathematical representation of a status quo business case and do not reflect numerous likely future events and future JEA actions that will likely cause actual results to differ materially from this business case. The presentation should be viewed in its entirety with individual slides or sections of the presentation having no greater or reduced significance relative to other slides or sections of the presentation

Focused More Than Ever on Remaining Relevant to Our Customers

Internal Stakeholder Alignment (Board, Leadership, Appointed Employees, Unions)



We Are Here



TRANSITION

Stabilize JEA, develop strategic framework, Guiding Principles, corporate dashboard, financial tools



ESTABLISH BASE LINE

Assess current "business as usual" organizational health and financial projection
"Status Quo"



STRATEGY DEVELOPMENT

Design multiple strategies to meet future targets / challenges:
1) Mgmt response
2) Unconstrained plan



FINALIZE EXECUTABLE PLAN

Publish long-term plan with specific tactics and targets



POSITION FOR LONG TERM

Align JEA stakeholders and charter with long-term plan to maximize value:
1) Customer
2) Financial
3) Environmental
4) Community Impact

LAUNCH 'NO REGRETS' INITIATIVES



External Stakeholder Feedback (City of Jax, Community Leaders, Customers)

Strategic Planning Process Status

Planning Step	Purpose / Deliverables	Status
Step 1	Transition	
	Guiding Principles – Long Term Guide Headline Priorities – Short Term Focus	Complete Complete
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	OHI – Measure of Baseline for JEA’s Culture Last 10 Years – Refocus of Impact of Technology Disruption on JEA Strategic Plan #1: Status Quo Baseline – JEA operates without change	Complete Complete Complete
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	Strategic Plan #2: Status Quo 2 – Management Response without Charter Change Map of Constraints Impeding Growth of JEA’s Corporate Measures of Value <u>Establish Corporate Tools to Drive Change</u> Corporate Organization Total Compensation Philosophy and Plan Cultural Development Strategy & Initiatives Corporate Innovation & Change Management Process Strategic Plan #3: Unconstrained Strategic Plan	In Process In Process In Process In Process In Process In Process After Strategic Plan #2
Step 4	Finalize JEA’s Executable Strategic Plan	
	Board Approve Strategic Plan Board and City Council Approve Budget Board and City Council Approve Necessary Policies to Implement Strategic Plan	After Step 3 TBD TBD
Step 5	Position JEA for Long Term and Begin Execution of 2030 Strategic Plan	

Approach to the Status Quo Baseline

What the status quo baseline IS...



- A projection of JEA's finances through 2030 based on current plans only, reflecting the impact of external market forces on JEA
- A tool for JEA to develop a strategy and action plan to succeed in light of market forces

... and IS NOT



- A financial forecast or most likely scenario for JEA
- A forecast that reflects potential JEA actions/initiatives
- A forecast that reflects likely changes to laws or regulations
- A tool for making specific resource planning or investment decisions
- A substitute for or input into the IRP / IWRP



Guiding Principles



JEA Vision

Improve lives by accelerating innovation

Mission

Our mission is to provide the best service by becoming the center of our customers' energy and water experience

Corporate Measures

Our mission will be guided by and evaluated against how we as employees drive these four Corporate Measures of JEA's Value



Headline Priorities

Five focus areas of JEA necessary for future success

- 1) Create an Adaptive Culture
- 2) Align to a pervasive commitment to profitability and value
- 3) Create platform for customer choice
- 4) De-Risk business
- 5) 10-Year strategic plan in line with Guiding Principles



Accelerating Water Innovation



Integrated Water Resource Planning

Beneficial Reuse of Byproducts

Conserving our Water Resource

Organics Recycling

Purified Water

Protecting the St. Johns River

Renewable Natural Gas

IMPROVING LIVES BY



ACCELERATING INNOVATION

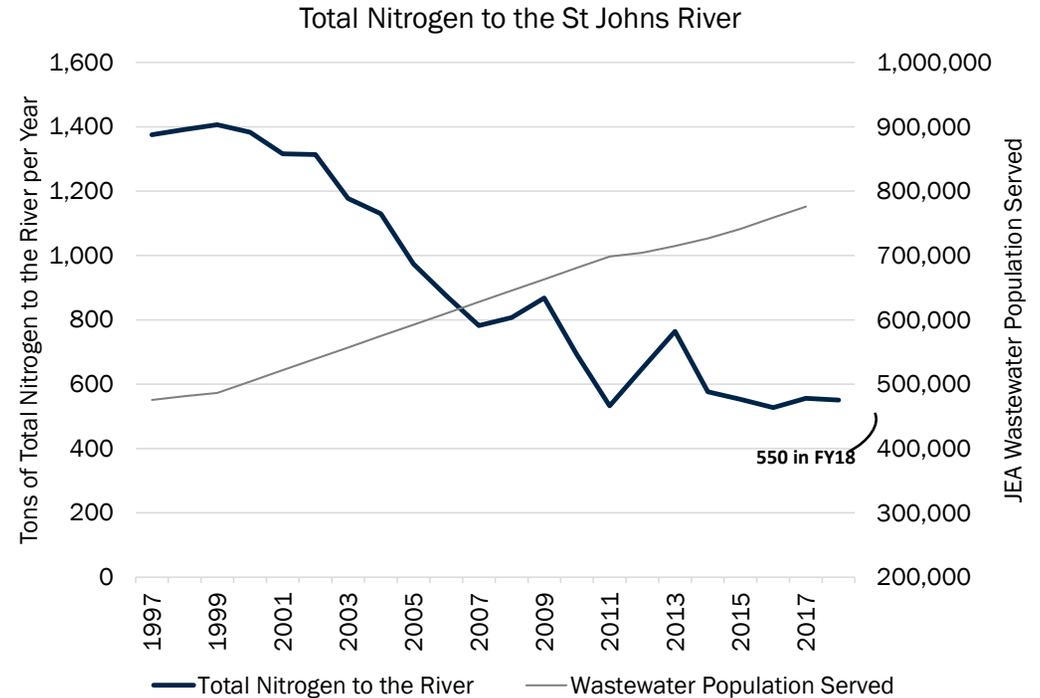


JEA Reduced Nitrogen Discharge by 60% While Population Grew by 37%

- Improve treatment at regional facilities
- Phase out old technology
- Build reclaimed system



Lowest in JEA's History



JEA's SUCCESSFUL STRATEGY

SOURCE: JEA historical operational data

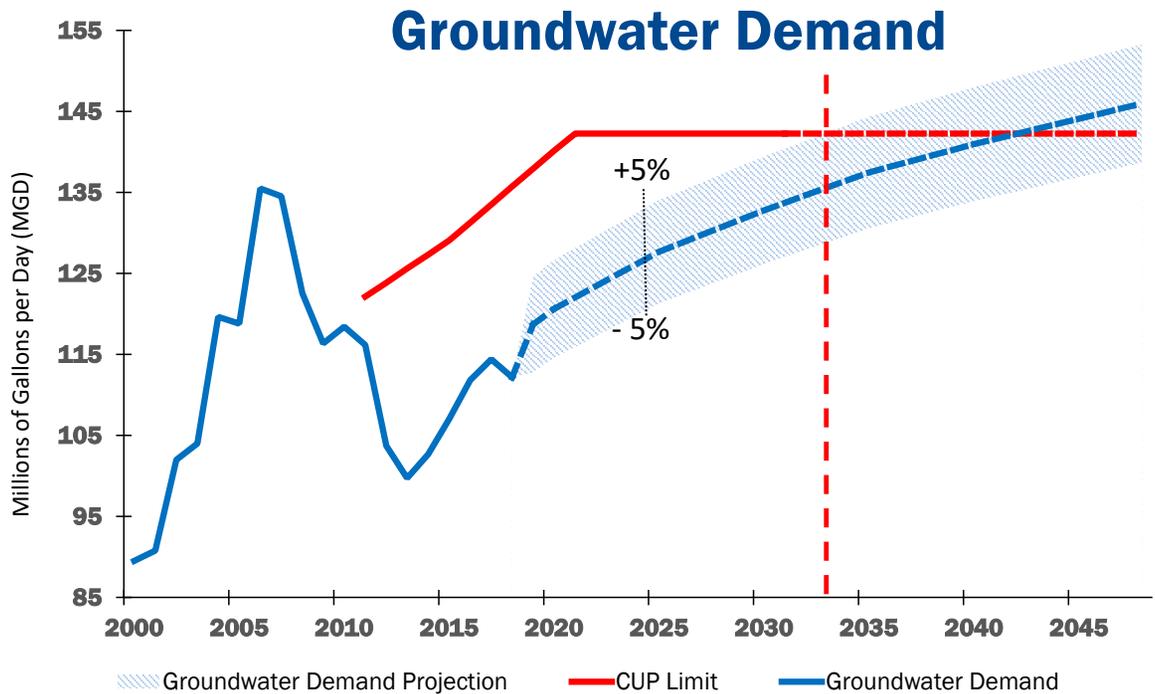
Protecting the Aquifer through Conservation

Groundwater Allocation

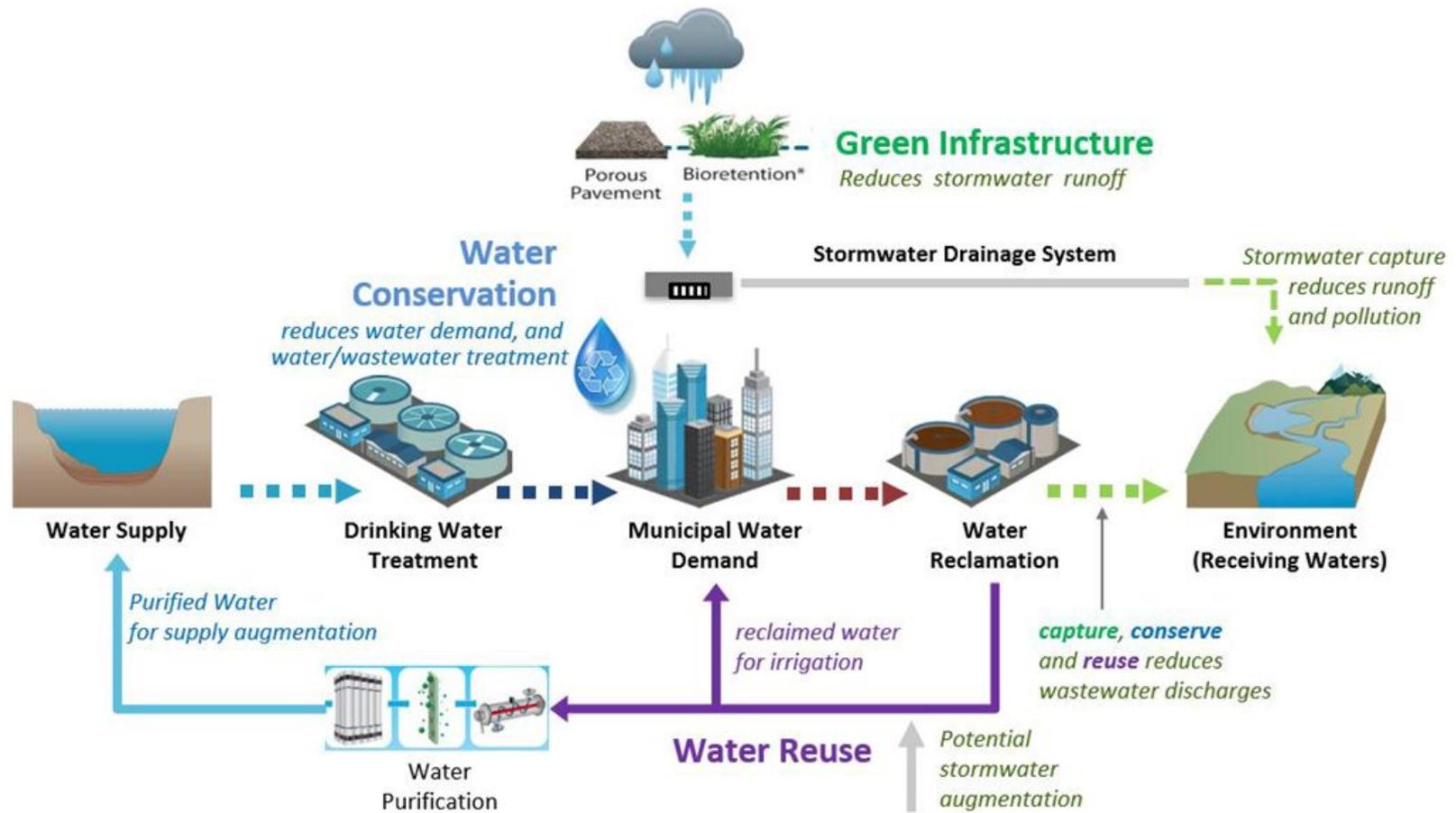
- Consumptive Use Permit expires in 2031
- Capacity is limited to 142 MGD

Water Conservation

- Expansion of reclaimed system
- Tiered rates
- Public messaging/conservation efforts
- Housing fixture efficiencies







INTEGRATED WATER RESOURCE PLAN (IWRP)

Investing in Our Water Evolution



ACCELERATING INNOVATION

SOURCE: JEA financial data, capital planning budget

Accelerating Energy Innovation



Smart Buildings

Waste to Energy

Solar

Big Data

Multi-Energy Station

Battery Storage Systems

Microgrids

Intelligent Transportation

Blockchain

Electric Bus

Sustainable Development

EV Car Sharing

Smart House

IMPROVING LIVES BY
JEA
ACCELERATING INNOVATION

AUGUST 8, 2005

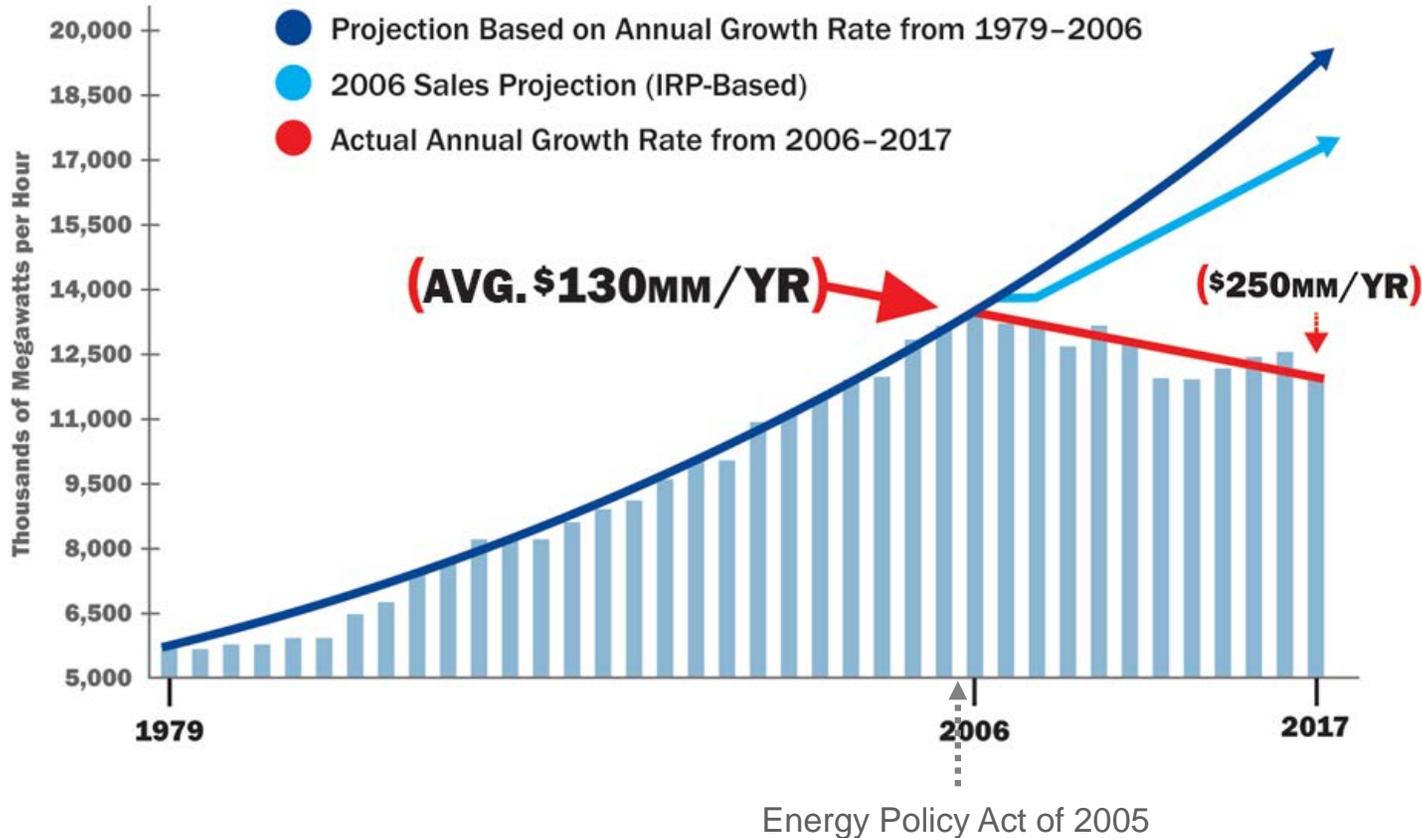


**Energy Efficiency
2000's Technology Trend**



ENERGY POLICY ACT OF 2005

2007-to-2017: Loss Of \$1.4 Billion in Free Cash Flow

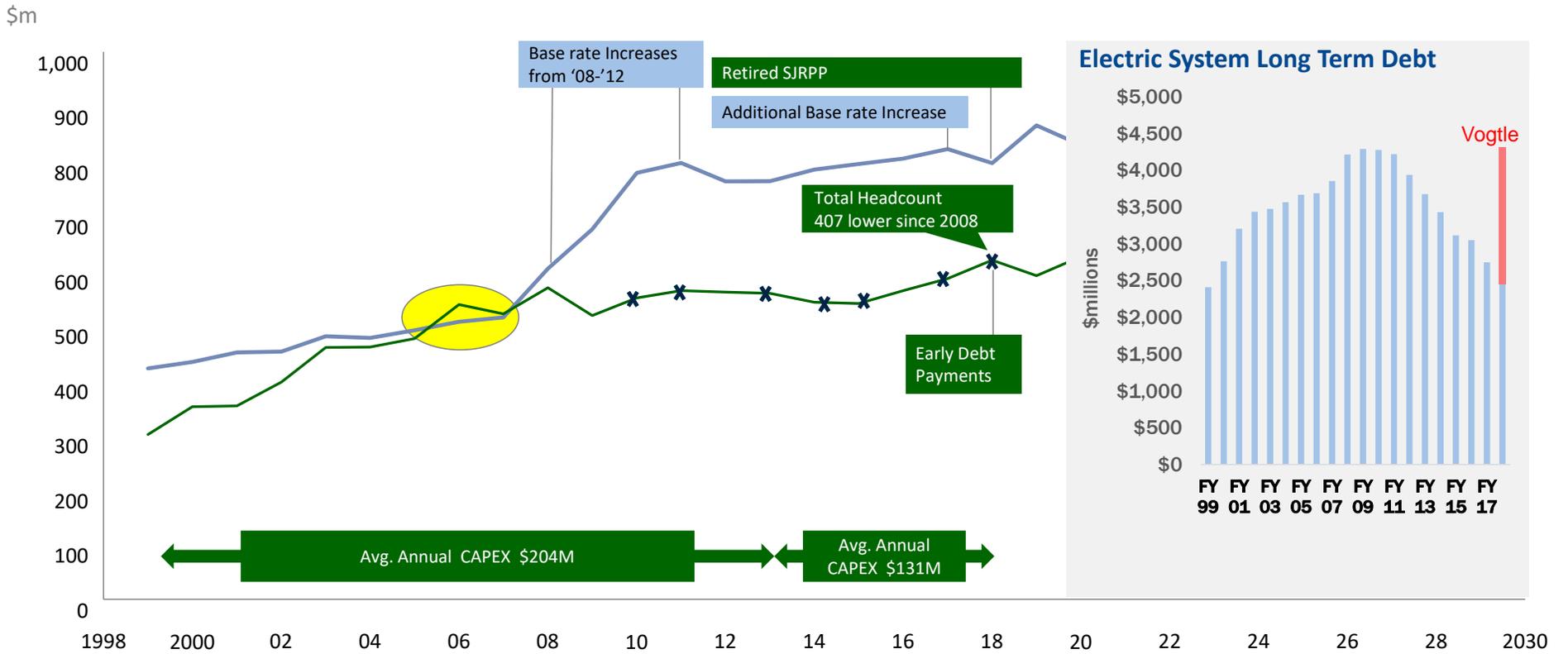


Energy Efficiency Impact

- Efficiency accounts for >90% of reduction in electric sales
- 30% lower sales in 2017 than forecasted back in 2006
- City contribution would have been \$80 million per year higher

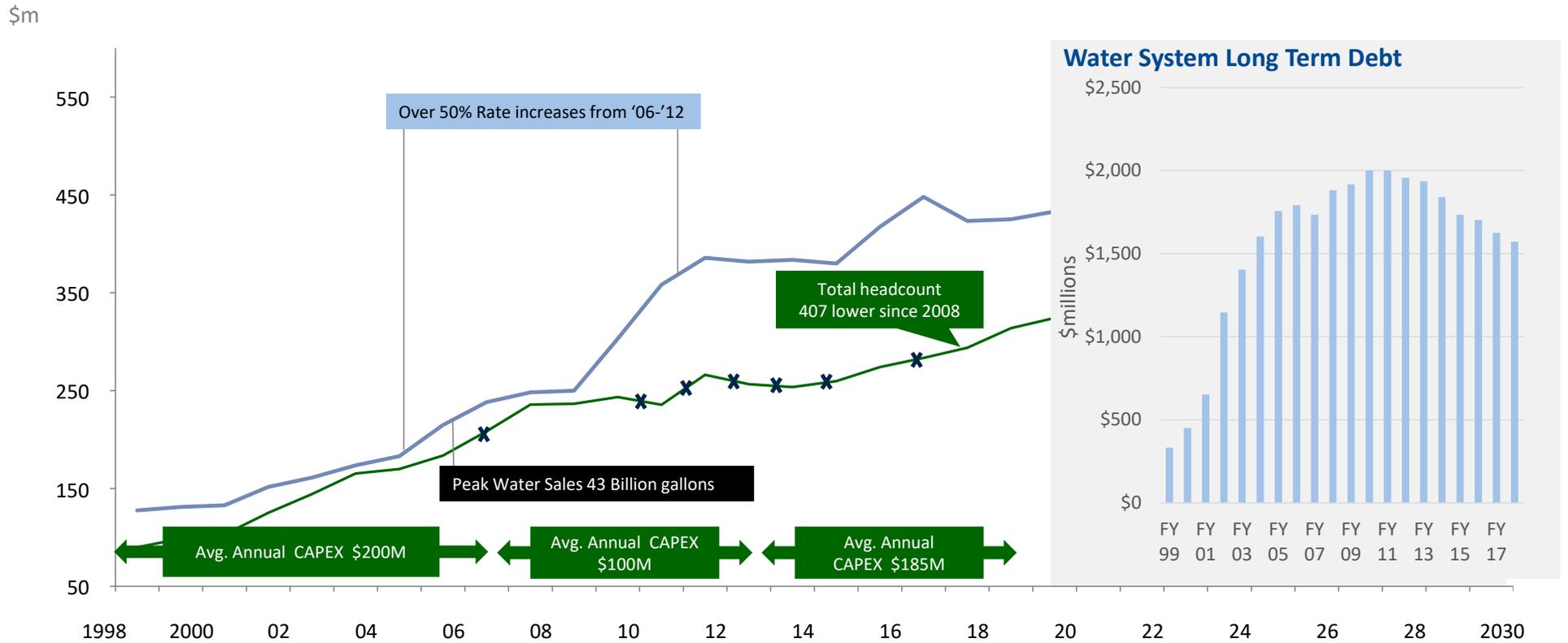
Energy: JEA Took Action to Respond

- x Debt Defeasances
- Non-fuel revenues
- Non-fuel operating expenses



Water: JEA Took Action to Respond

- x Debt Defeasances
- Gross Revenue (Water/Sewer/Reclaimed)
- Operating expenses



Impact of the Last Decade of Business Disruption

	2006 Actual	2018 Actual	Change	Change %
Rates (\$ yield per MWh)	36	62	26	71%
Unit Sales (MWh)	13,440,900	12,364,340	(1,076,560)	(8)%
# of Energy Customers	402,142	466,411	64,269	16%
Rates (\$ yield per kgal)	3.74	6.45	2.71	72%
Unit Sales (kgal)	57,463,877	65,646,920	8,183,043	14%
# of Water Customers	293,689	348,159	54,470	19%
Annual City Contribution	88,688	116,620	27,932	31%
Total JEA Headcount	2,598 ¹	2,191	(407)	(16)%
Total Long-term Debt ('000) ²	\$6,386,000	\$3,335,000	(\$3,051,628)	(48)%
Total Maintenance and Other Operating Exp.	\$282,282	\$445,953	\$163,671	58%

¹ Reflects headcount from 2008 ²Peak JEA Long-term debt in 2010 compared to October 2019 balances.

- Customer rates increased 71% in the electric system (*went from lowest in the state to median*) and 72% in the water system
- 407 jobs eliminated since 2008
- ~\$3 billion of debt repaid from 2010-2019



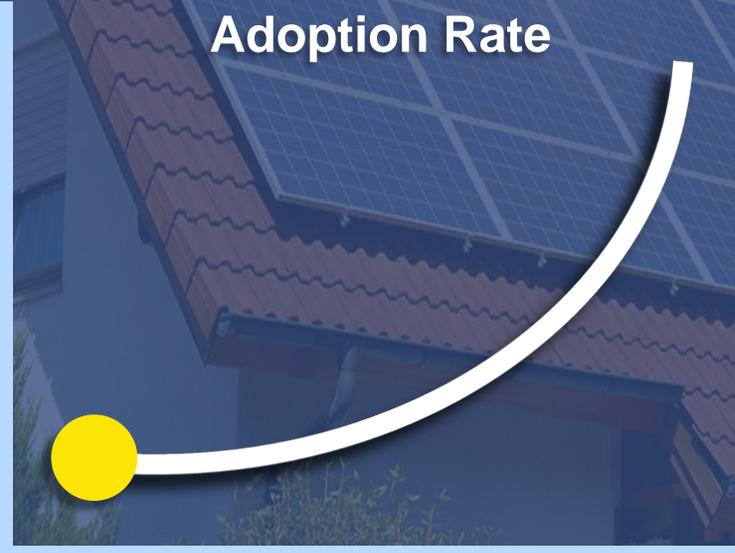
JEA[®]



**IMPACT OF
ONGOING
DISRUPTION**

SOLAR & OTHER (2010's tech trend)

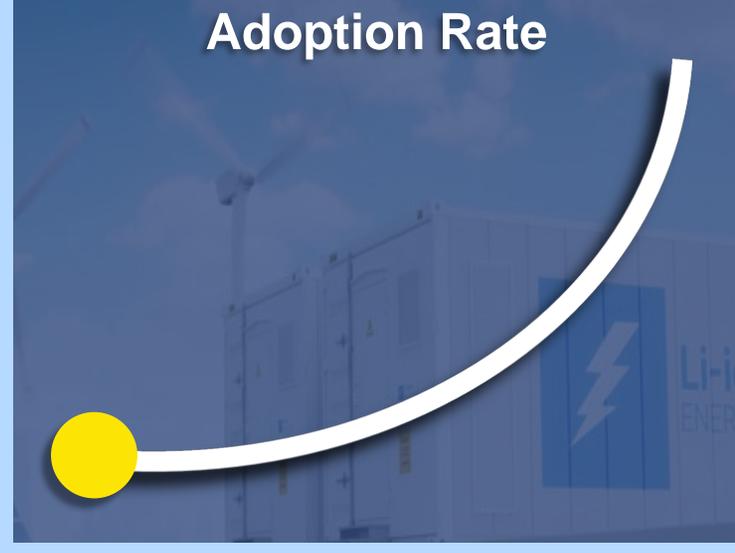
Adoption Rate



- Solar growth increasing in JEA territory 67% CAGR since FY 14
- >\$2.5MM of Net Income lost to distributed generation annually

BATTERIES (2020's tech trend)

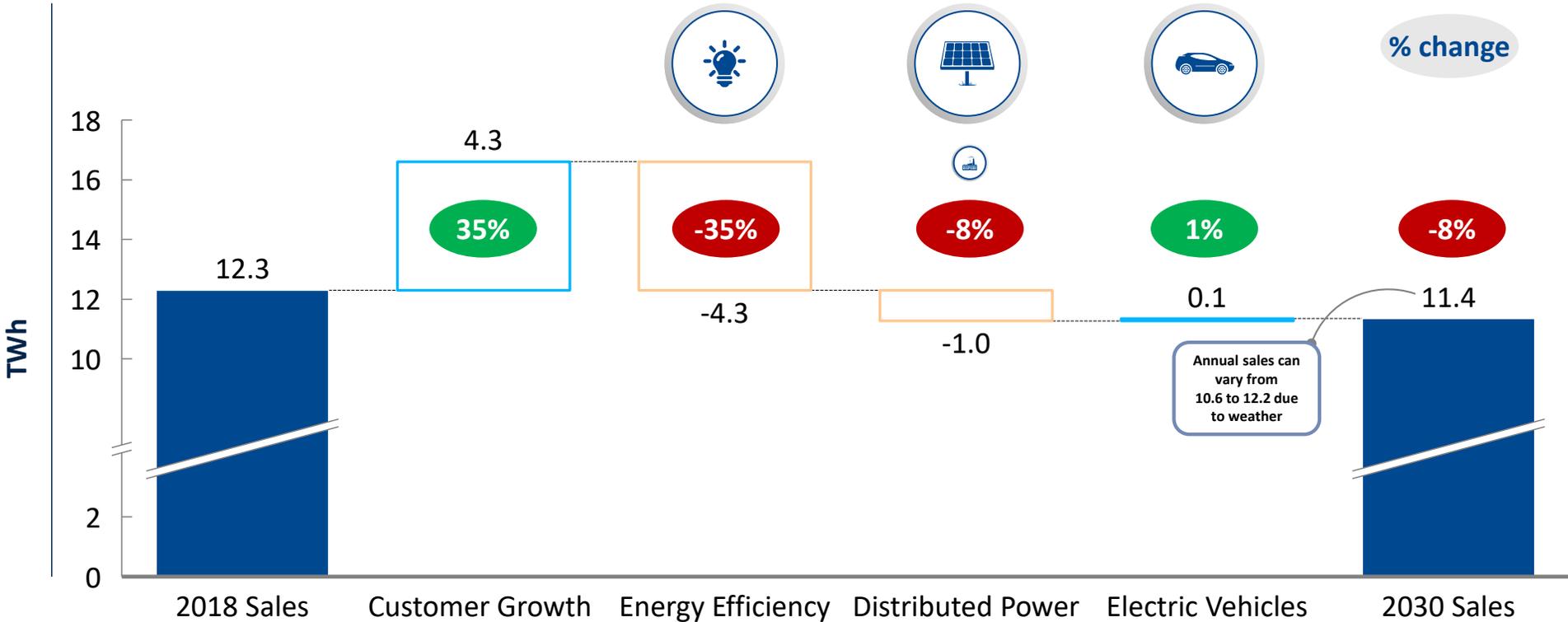
Adoption Rate



- Similar cost / performance trends to Distributed Generation (DG)
- DG + Storage will be at cost parity with utility by ~2025

By 2030 JEA's Customers May Likely Increase 16% and Energy Sales May Likely Fall by 8%

2030 JEA projected energy sales, TWh



SOURCE: Moody's, JEA forecasts, EPA, GTM, 2018 Storage cost model, 2018 EV growth model

Energy Sales

- 1 Customer growth
- 2 Energy efficiency
- 3 Distributed generation (DG) (solar)
 - Cost
 - Value
 - Adoption
- 4 DG (non-solar)
- 5 Electric vehicles (EV)

	2019	2020	2021	Notes / Assumptions
Revenue	1,000	1,000	1,000	
Operating expenses	500	500	500	
Operating income	500	500	500	
Depreciation	100	100	100	
Interest expense	50	50	50	
Income tax expense	25	25	25	
Net income	225	225	225	
Operating assets	1,000	1,000	1,000	
Operating liabilities	500	500	500	
Operating equity	500	500	500	

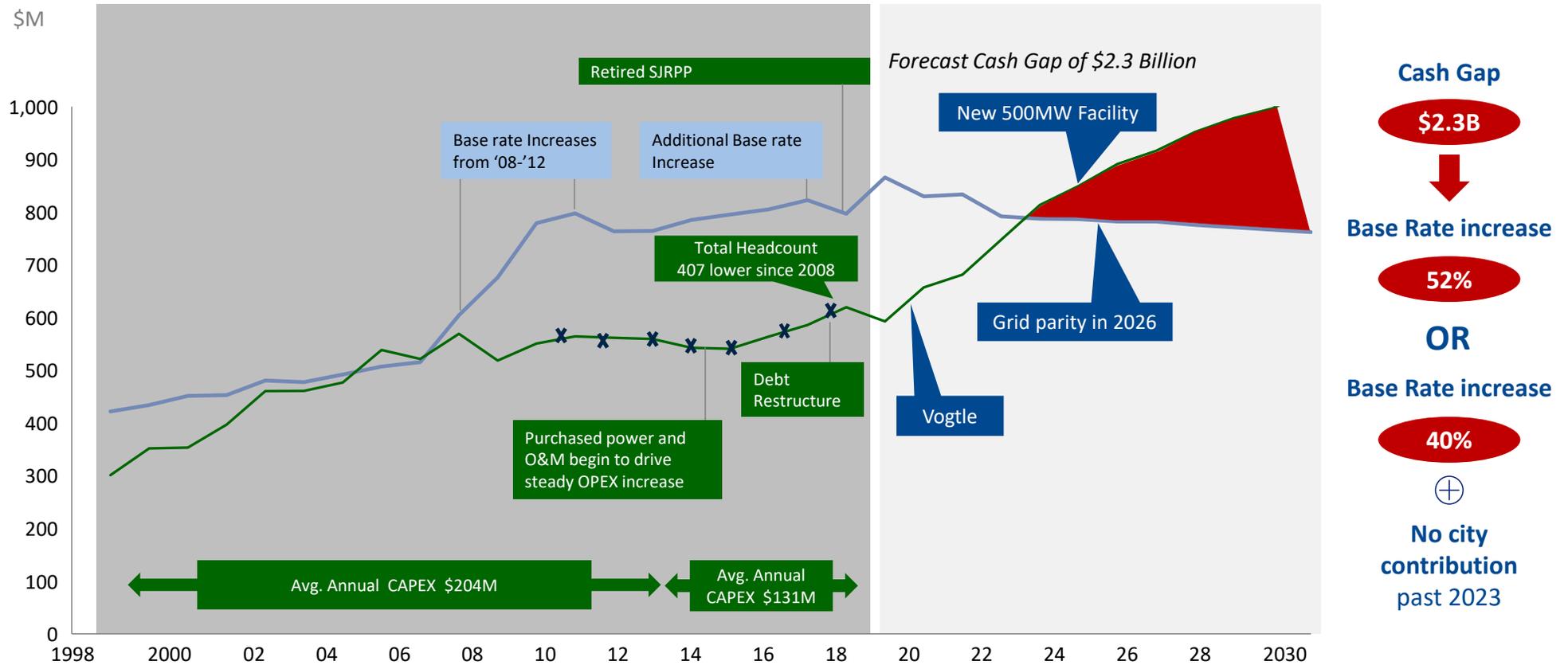
Energy sales projections based on:

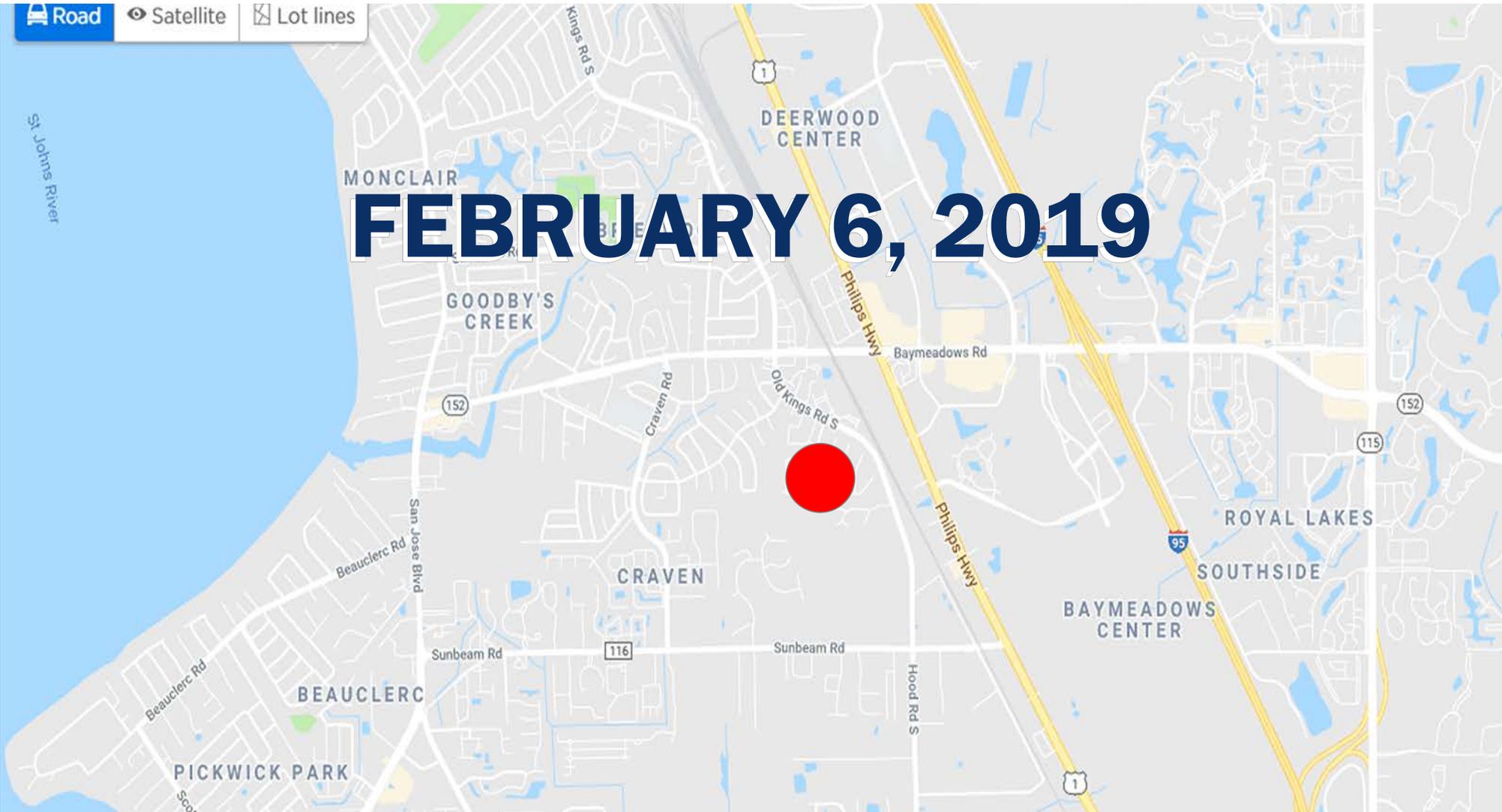
- Moody's economic forecasts
- External benchmark projections
- Historical real world customer data
- Historical trends in region

1 Assumes battery part of most installs

Energy: Rising Costs and Lower Sales Lead to Deficit

- x Debt Defeasances
- Non-fuel revenues
- non-fuel opex - status quo 1





FEBRUARY 6, 2019

SOUTHSIDE JACKSONVILLE

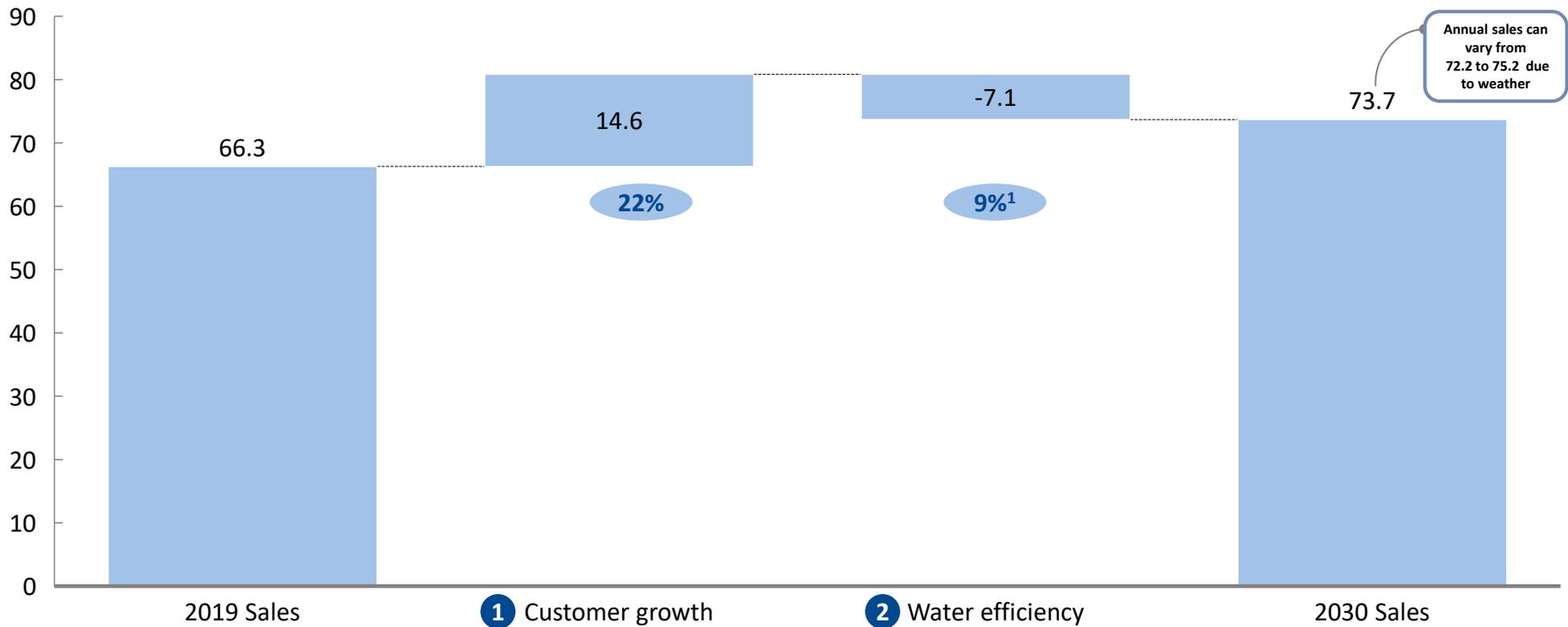
- 1,900 sq ft, Built 1993
- 3 bedrooms, 2 bathrooms
- Estimated value: \$250,000



Water Sales Growth Driven by Population and Tempered by Efficiency

Water

Water sales, million kGal/year

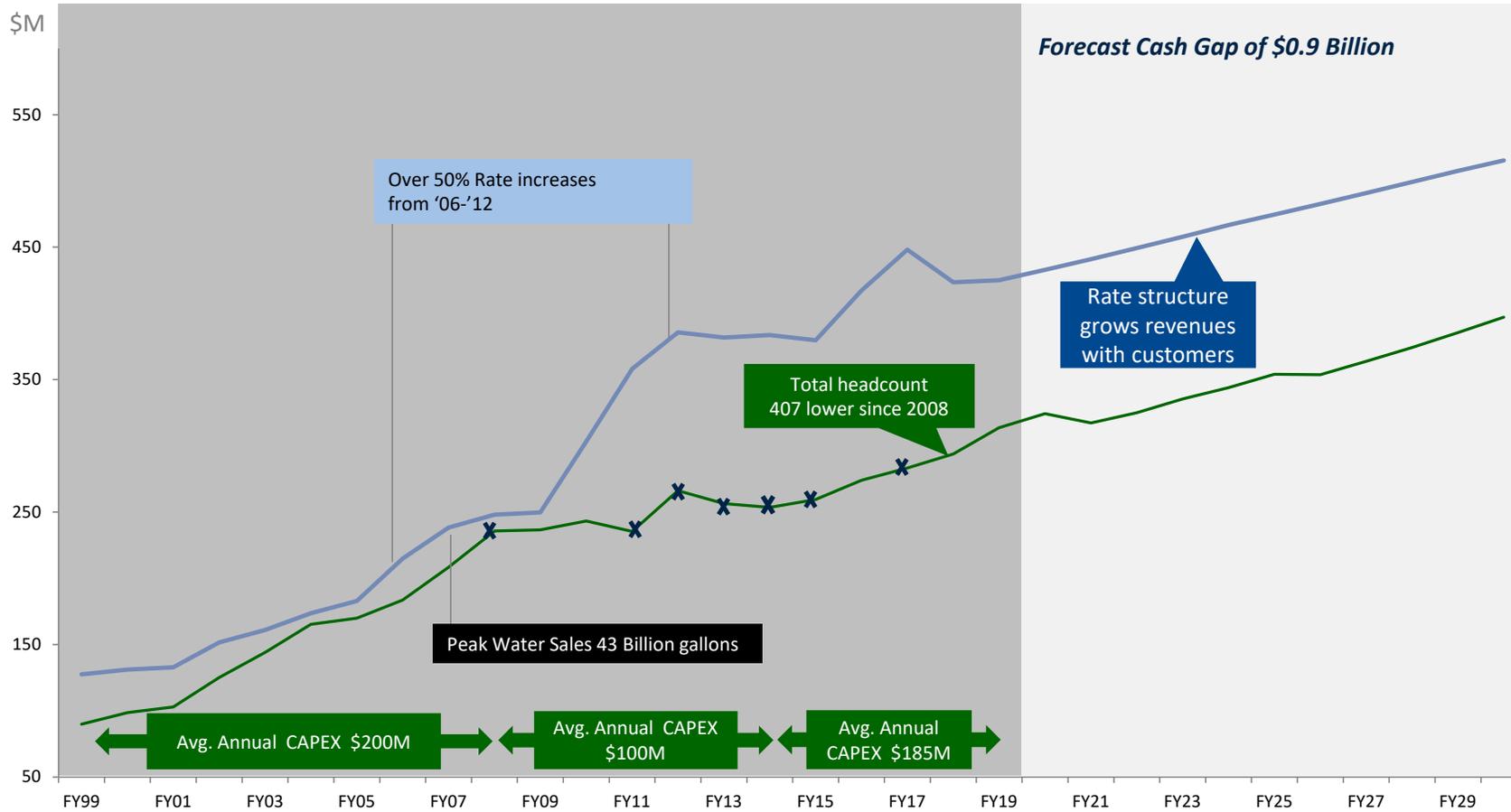


¹ No change as water efficiency applies to indoor use water

DRAFT 5/28/2019

Water: Financially Sustainable with Rate Increases

x Debt Defeasances
— Gross Revenue (W/S/R)
— OPEX – Status Quo I



Cash Gap

\$0.9B

↓

Rate increase

15%

OR

Rate increase

9%

⊕

No city contribution past 2023

Projected Impact of the Next Decade of Business Disruption

	2018 Actual	2030 Projection	Change	Change %
Rates (\$ yield per MWh)	62	94	32	52%
Unit Sales (MWh)	12,364,340	11,382,447	(981,893)	(8)%
# of Customers - Energy	466,411	542,502	76,091	16%
Rates (\$ yield per kgal)	6.45	7.42	0.97	15%
Unit Sales (kgal)	65,646,920	73,695,324	8,048,404	12%
# of Customers – Water	348,159	416,470	68,311	20%
Total Annual City Contribution	116,620	131,256	14,636	13%
Total JEA Headcount	2,191	2,191	0	0%
Total Long-Term Debt plus Contract Debt ('000) ¹	\$5,110,000	\$4,834,000	(\$276,000)	(5)%
Total Maintenance and Other Operating Exp.	\$393,657 ²	\$737,376	\$343,719	87%

¹ JEA Long-term debt in October 2019 2018 ²Actual Maintenance and Other Operating Exp adjusted to exclude SJRPP

- Customer rates increase 52% in the electric system
- Customer rates increase 15% in the water system
- \$276 million of debt repaid, leaving \$4.8 billion of direct + contract debt outstanding
 - Contract debt amortizes through 2062, JEA obligation to pay debt service for all contract debt through 2043

Imagine the Impacts...

Customer: ↓



Financial: ↓



Community: ↓



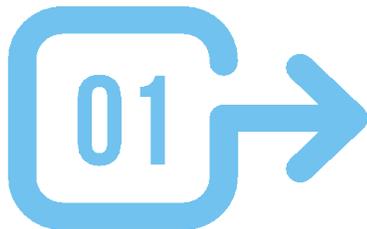
Environmental: ↓



Focused More Than Ever on Remaining Relevant to Our Customers

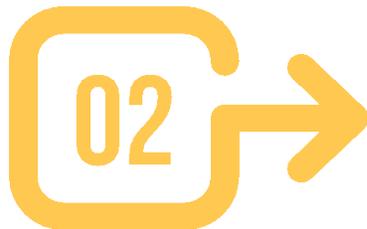
Internal Stakeholder Alignment (Board, Leadership, Appointed Employees, Unions)

Next Steps



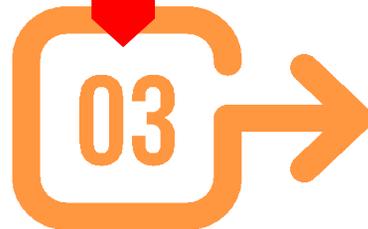
TRANSITION

Stabilize JEA, develop strategic framework, Guiding Principles, corporate dashboard, financial tools



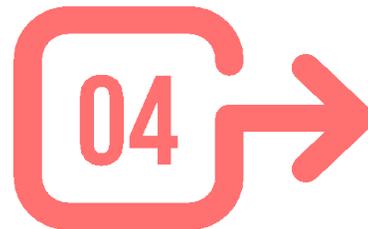
ESTABLISH BASE LINE

Assess current "business as usual" organizational health and financial projection
"Status Quo"



STRATEGY DEVELOPMENT

Design multiple strategies to meet future targets / challenges:
1) Mgmt response
2) Unconstrained plan



FINALIZE EXECUTABLE PLAN

Publish long-term plan with specific tactics and targets



POSITION FOR LONG TERM

Align JEA stakeholders and charter with long-term plan to maximize value:
1) Customer
2) Financial
3) Environmental
4) Community Impact

LAUNCH 'NO REGRETS' INITIATIVES

External Stakeholder Feedback (City of Jax, Community Leaders, Customers)

Strategic Planning Process Status

Planning Step	Purpose / Deliverables	Status
Step 1	Transition	
	Guiding Principles – Long Term Guide Headline Priorities – Short Term Focus	Complete Complete
Step 2	Establish Baseline	
	OHI – Measure of Baseline for JEA’s Culture Last 10 Years – Refocus of Impact of Technology Disruption on JEA Strategic Plan #1: Status Quo Baseline – JEA operates without change	Complete Complete Complete
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Step 5	Position JEA for Long Term and Begin Execution of 2030 Strategic Plan	



IMPROVING LIVES BY ACCELERATING INNOVATION



**JEA
FINANCE & AUDIT COMMITTEE AGENDA**

DATE: May 20, 2019
TIME: 8:00 – 10:00 AM
PLACE: 21 W. Church Street
 8th Floor Conference Room

			Responsible Person	Action (A) Info (I)	Total Time
I.	OPENING CONSIDERATIONS		Kelly Flanagan		
	A.	Call to Order			
	B.	Adoption of Agenda		A	
	C.	Approval of Minutes – March 18, 2019	Madricka Jones	A	
II.	NEW BUSINESS				
	A.	FY2020 Budget Presentation	Juli Crawford	I	45 mins.
	B.	Quarterly Audit Services Update	Steve Tuten	I	5 mins.
	C.	Ethics Officer Quarterly Report	Walette Stanford	I	5 mins.
	D.	Electric System and Water and Sewer System Reserve Fund Quarterly Report	Ryan Wannemacher	I	5 mins.
	E.	JEA Energy Market Risk Policy Report	Caren Anders	I	5 mins.
	G.	Announcements			
	1.	Next Meeting, August 19, 2019, 8:00 AM – 10:00 AM			
	G.	Committee Discussion Sessions			
	1.	Ernst & Young Engagement	Ted Hobson	I	5 mins.
	2.	Ernst & Young	John DiSanto	I	5 mins.
	3.	Director, Audit Services	Steve Tuten	I	5 mins.
	4.	Council Auditor’s Office	Jeff Rodda	I	5 mins.
	H.	Adjournment			

JEA FINANCE & AUDIT COMMITTEE MINUTES
March 18, 2019

The Finance & Audit Committee of JEA met on Monday, March 18, 2019, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Committee Chair Kelly Flanagan called the meeting to order at 8:01 AM. In attendance were Aaron Zahn, Ryan Wannemacher, Caren Anders, John McCarthy, Joe Orfano, Walette Stanford, Gregory Taggart, Steven Tuten, Kristina Quarterman, Gina Kyle, Gerri Boyce

Due to a lack of quorum physically present, agenda items were received for information only. Action items will be brought before the full Board for action at the Board of Directors meeting on March 26, 2019.

- B. Adoption of Agenda – Due to a lack of quorum, the agenda was received for information
- C. Approval of Minutes – Due to a lack of quorum, the December 3, 2018 Minutes were received for information.

Agenda Item II – New Business

- A. FY2020 Budget Assumptions – Juli Crawford, Direct, Financial Planning & Analysis presented and reviewed the FY2020 Budget Assumptions and process, requesting Committee feedback and discussion. Items covered included key strategic issues, risks, major challenges, and assumptions. Ms. Crawford stated strategic issues focus on emphasizing business excellence opportunities, workforce readiness, financial performance and flexibility, with risks relating to evolution of the electric industry and constraints in the electric generation, water resource management and the health of the St. Johns River. Key assumptions relate to revenue projections, fuel and purchased power costs, and labor costs. Ms. Crawford, provided information on FY2020 Electric and Water and Sewer System Budget Assumptions, including customer bill by expense category, revenue drivers, fuel rate, operating expenses, capital funding, debt service, and government transfers. Ms. Crawford stated staff will prepare a draft budget for review at the May 20, 2019 Finance and Audit Committee meeting. This presentation was received for information.
- B. JEA Annual Disclosure Policy Report – Ryan Wannemacher, Chief Financial Officer, presented JEA’s Disclosure Policies and Procedures require that the Chief Financial Officer shall provide the Finance and Audit Committee each year with a report regarding the compliance with those policies in the preceding twelve-month period and to present recommendations, if any, for changes to those policies. Mr. Wannemacher stated staff is in the process of preparing the Annual Disclosure Reports for the fiscal year ended September 30, 2018, and plans to seek the Board’s approval and authorization to disseminate those reports at its April 23, 2019 Board Meeting. This item was received for information.
- C. Quarterly Audit Services Update – Steve Tuten, Director, Audit Services, provided a report on Enterprise Risk Management (ERM) and its future state. He also discussed Internal Audit highlights, including the progress of the team’s FY19 Plan, and open audit and investigation report issues. Mr. Tuten also reported on 1Q19 investigative case statistics and closed cases. He stated that the Ethics Investigations & Audit Team is now the Forensic Audit & Investigations Team; the new name better correlates with the work that the team performs. This presentation was received for information.

- D. Ethics Officer Quarterly Reports –Walette Stanford, Ethics Officer and Director, Workforce Strategies, provided an update regarding ethics inquiries and the FY19/20 gift registry. Ms. Stanford stated there would be a quarterly newsletter this quarter with this quarter focusing on fraud. Ms. Stanford stated JEA’s company-wide Business Ethics training begins March 1, 2019 for 100% completion no later than March 31, 2019. Ms. Stanford is looking to revamp tracking mechanisms and is currently working with Audit Services on a Nepotism review. The Nepotism review is planned for completion by March 31, 2019. This presentation was received for information.
- E. Treasury:
1. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
 2. STAR Plan Early Debt Retirement Phase 1 Update – Joe Orfano, Treasurer, presented that on February 21, 2019, staff utilized Electric System Revenue Funds and Renewal and Replacement Funds to defease \$34,930,000 in Electric System bonds and \$65,160,000 in Subordinated Electric System bonds and Water and Sewer Renewal and Replacement Funds to defease \$82,970,000 in Water and Sewer System bonds and \$11,985,000 in Subordinated Water and Sewer System bonds for combined early debt retirements totaling \$195,045,000. This item was submitted for information only as part of staff’s responsibility to periodically report early debt retirement activities to the Board.
- F. Investment Policy Revision – Joe Orfano, Treasurer, presented that Section 7.0, Authorized Investments, refers to Table 1, Investment Limitations and lists the percentage limitations for the various investment types held in the investment portfolio. The eligible investments are based primarily on the investments allowed per each system’s bond resolution.
- Staff is proposing an increase to the percentage limit for intergovernmental pools from 15% to 20% of the investment portfolio. The intergovernmental pools provide the highest yield among the options available to JEA to meet overnight liquidity needs. As the investment portfolio has decreased in size, increasing the percentage limit would help maintain the dollar amount allowed to be invested in the intergovernmental pools. The pools include the Florida Education Investment Trust Fund (“FEITF”) managed by PFM, and Florida Prime, managed by Federated Investors and administered by the Florida State Board of Administration. Both pools are rated AAA by Standard and Poor’s. Staff recommended that the Finance and Audit Committee and the Board approve the revision to Table 1 of the Investment Policy.
- G. JEA Energy Market Risk Management Policy Report – Caren Anders, VP/Chief Energy Officer reviewed the Energy Market Risk Management Policy Report, which was received for information.
- H. Program Assessment, Ted Hobson, VP/Chief Compliance officer presented that the Finance and Audit Committee requested staff facilitate the performance of an Independent Cybersecurity Program Assessment for JEA, using the services of Ernst and Young. In December the Compliance group in cooperation with Technology Services began discussions with E&Y on a scope of services for this assessment. JEA has concluded the discussions and has a draft Statement of Work (“SOW”) with E&Y. This SOW encompasses a broad scope of work, which will provide a comprehensive, independent and detailed assessment of JEA’s cybersecurity program in the form of a written report. The SOW also includes a timeline for the work, and a proposed fixed fee for the services. The form of action is for the Board 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; inclusive of such terms, services and

conditions as deemed appropriate by the Board Chair in consultation with JEA staff, for a fixed cost not to exceed the amount of \$475,000 plus 15% (i.e., \$71,250) for direct expenses.

Due to a lack of quorum, this item was received for information and will be presented at the March 26, 2019 Board Meeting for action.

I. Announcements

1. The next Finance and Audit Committee meeting will be held on May 20, 2019, at 8:00 AM.

J. Committee Discussion Sessions

1. There were no committee discussions at the conclusion of this meeting.

Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 8:55AM

APPROVED BY:

Kelly Flanagan, Committee Chair

Date: _____

Submitted by:

Madricka Jones
Executive Assistant



INTER-OFFICE MEMORANDUM

April 26, 2019

SUBJECT: FY2020 BUDGET PRESENTATION

FROM: Aaron F. Zahn, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
April Green
John Campion

BACKGROUND:

Annually, JEA staff recommends and, after the JEA Board's review and action, transmits JEA's recommended Energy System, Water and Wastewater System, and District Energy System operating and capital budgets to the Jacksonville City Council for final action. By law, JEA must submit its proposed budget to the City Council by July 1, 2019.

DISCUSSION:

Staff will present key strategic initiatives and major budget assumptions for the FY2020 operating and capital budgets. Budget assumptions include: no rate adjustments for Energy or Water and Wastewater systems; and financial metrics that are within Pricing Policy targets. The proposed budgets include considerable internal funding for the capital program in an effort to support the "pay-go" philosophy for all recurring capital expenditures. The proposed budgets address key strategic initiatives that support the acceleration of innovation and will continue to support the quality of service delivery, Total Water Resource Plan, regulatory compliance, workforce readiness, communications, conservation, sewer resiliency, septic tank phase-out, and customer satisfaction initiatives. In addition, the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$118.8 million. The operating and capital budget schedules that will be transmitted to the City Council upon JEA Board approval are attached as Schedules A and B. As required by the City of Jacksonville, JEA transmits its Five-Year Capital Improvement Program during the annual budget process and is attached as Schedule C.

The proposed budgets include the following:

1. Consolidated Operating Budget and Capital Budget Schedules
The proposed budgets include considerable internal funding for the capital program in an effort to support the "pay-go" philosophy for all recurring capital expenditures.
2. Energy System
There are no planned rate increases in FY2020. The FY2020 operating budget includes a \$36.8 million decrease from FY2019. Budget assumptions include an \$11.9 million decrease in Fuel and Purchased Power along with stable Non-Fuel Purchased Power. Debt service decreased \$65.6 million from FY2019, mostly due to the execution of Phase 1 of the Strategic and Timely Asset Realignment (STAR) plan.
3. Water and Wastewater System
There are no planned rate increases in FY2020. The FY2020 operating budget includes a \$33.9 million decrease from FY2019. Operating revenues and expenses have decreased due to an

estimated lower volume of sales for the Water, Wastewater, and Reclaimed Water Systems. Debt service decreased \$41.6 million from FY2019. This is also in part due to successful execution of the aforementioned STAR plan.

4. Government Transfers

The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$118.8 million.

5. Regulatory Accounting

In connection with the Pricing Policy, the budget was prepared using the Utility Basis, resulting in the inclusion of regulatory accounting items such as Pension, Demand-side Management (DSM)/ Conservation, Debt Management, Environmental, Fuel, Purchased Power and Self-Funded Health Plan.

On January 5, 2018 the St. Johns River Power Park (SJRPP) was decommissioned. The JEA Board will continue to approve the annual operating budget for JEA's ownership interest in SJRPP. The SJRPP budget is not approved by the City Council. Schedule D, attached, summarizes JEA's share of the proposed FY2020 operating budget for SJRPP, which includes debt service costs.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant (Scherer Unit 4). As with SJRPP, JEA's share of the operating and capital budgets for this unit is a component of the JEA Energy System fuel and purchased power expense. Decisions regarding the operation of Unit 4 are made by majority vote of the co-owners. The JEA Board approves JEA's share of the annual budget for Scherer Unit 4, but the City Council does not review or approve the Plant Scherer budget. Schedule D, attached, summarizes JEA's share of the FY2020 operating and capital budgets for Plant Scherer. Note that this budget is subject to approval by the other co-owners.

RECOMMENDATION:

Staff recommends that the Finance and Audit Committee provide feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2020 operating and capital budgets including revenue, O&M expense levels, interest rates and debt structure, financial metrics, and regulatory accounting items. Staff also recommends that the Finance and Audit Committee provide feedback and direction, in its report or staff presentation to the Board, at the May 2019 meeting for final Board approval at the June 2019 meeting.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/KMQ



JEA[®]
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FY2020 Budget

FY2020 BUDGET AGENDA

Part One: Budget Process Summary

Part Two: FY2020 Strategy & Initiatives Included in Budget

Part Three: Budget Summary & Consolidated Schedules

Part Four: Energy System Budget Assumptions

Part Five: Water/Wastewater Budget Assumptions

Part Six: District Energy Budget Assumptions

Part Seven: Rate Stabilization Funds

Part Eight: Budget Timeline & Action Items

Part Nine: Supplemental Schedules

1

BUDGET
PROCESS SUMMARY

Budget Process Summary:

Overview

- ▶ JEA budget development is a continuous process where the annual budget is constructed for the following fiscal year beginning each fall, a full year prior to the budget being in effect
- ▶ The annual budget process follows the timeline to the right, with many ongoing activities occurring intermittently throughout the process
- ▶ JEA's CEO, CFO, Legislative Affairs Team and Director of Financial Planning and Analysis meet individually with the Council Finance Committee members to review JEA's Financial Plan and proposed JEA Board approved budget



2

FY2020 STRATEGY & INITIATIVES
INCLUDED IN BUDGET

The proposed budgets address key strategic initiatives that support the acceleration of innovation to improve the lives of each and every customer for the benefit of the community as whole

The proposed budgets will continue to address:

- ▶ Quality of service delivery
- ▶ Total Water Resource Plan
- ▶ Regulatory compliance
- ▶ Workforce readiness
- ▶ Communications
- ▶ Conservation
- ▶ Sewer resiliency
- ▶ Septic tank phase-out
- ▶ Customer satisfaction initiatives

The proposed budgets will also support new JEA initiatives to include:

- ▶ Developing an adaptive culture
- ▶ Aligning to a pervasive commitment to profitability and value
- ▶ De-risking the business
- ▶ Becoming a platform for customer choice

Developing Our Strategy For Success

- STEP 1** Agree on how to measure success- measure what matters to JEA and the Community
- STEP 2** Get the right team for the job- Senior Leadership Team transformation
- STEP 3** Organize for success- leadership designed to accelerate innovation
- STEP 4** Agree on path forward- transparent, inclusive, and thoughtful process
- STEP 5** Measure the baseline- Where are we now? What does the future look like absent action?
- STEP 6** Establish long-term goals- Where do we want to be in 2030? 2050?
- STEP 7** Publish plan and steps to future- What do we need to do first to ensure success?

3

BUDGET SUMMARY & CONSOLIDATED SCHEDULES

FY2020 Budget Snapshot

Energy System					
Revenue	FY2020B	FY2019B	Δ	FY19F	
(in millions)	\$1,250	\$1,286	(\$36)	\$1,194^A	
Unit Sales Growth					
<ul style="list-style-type: none"> ▶ 2.8% decrease to system sales from FY2019B to properly align sales with accurate growth assumptions and trends ▶ 5.0% weather contingency 					
COJ Transfer	FY07	FY17	FY18	FY19F	FY20P
Total (\$ in millions)	\$121	\$192	\$195	\$195	\$196
O&M Expenses					
Increases by \$47.2m or 20.2% versus prior year's budget					
<ul style="list-style-type: none"> ▶ Includes bargaining unit step increases per contractual agreements and estimated general increases. ▶ Includes funding for strategic initiatives and enterprise asset management 					
Capital (millions)	FY19F	FY20*	FY21	FY22	
Depreciation	\$194	\$193	\$203	\$211	
Expenditures	\$275	\$261	\$349	\$409	
Funding	FY19F	FY20*			
R&R	\$64	\$64			
OCO	\$108	\$177			
Prior	\$103	\$20			
Debt	\$0	\$0			
	\$275	\$261			
*FY20 Budget Includes 10% contingency					
Metrics	FY20B	Pricing Policy			
Coverage	3.9x	≥ 2.2x			
Debt to Asset	53%	≤ 60%			
Days of Liquidity	270	150-250 days			
Total Debt	\$2.06bn	--			
Change in Debt	(\$236m)	--			

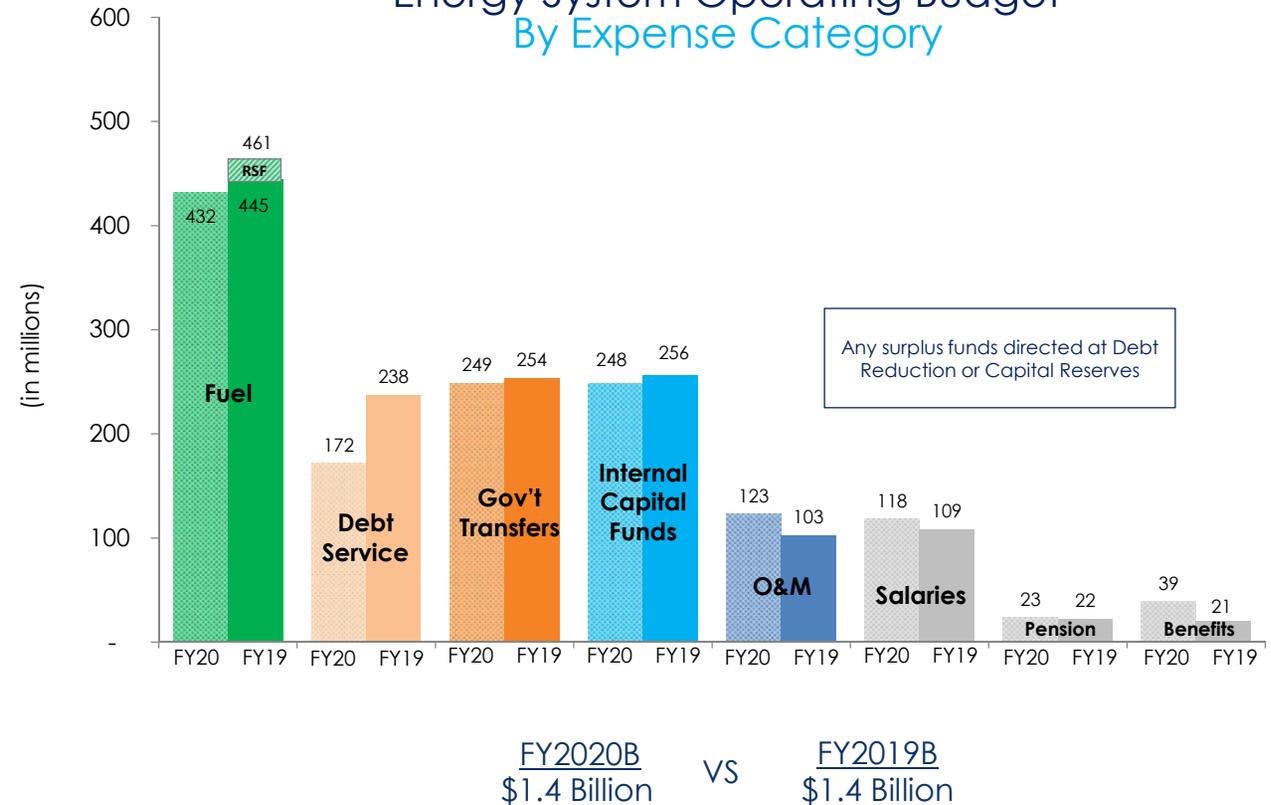
Water/Wastewater System					
Revenue	FY2020B	FY2019B	Δ	FY19F	
(in millions)	\$494	\$528	(\$34)	\$502^A	
Unit Sales Growth					
<ul style="list-style-type: none"> ▶ 4.7% unit sales reduction to properly align sales with accurate growth assumptions and trends ▶ 5.0% weather contingency 					
COJ Transfer	FY07	FY17	FY18	FY19F	FY20P
Total (\$ in millions)	\$27	\$49	\$50	\$50	\$51
O&M Expenses					
Increases by \$23.8m or 14.7% versus over prior year's budget					
<ul style="list-style-type: none"> ▶ Includes bargaining unit step increases per contractual agreements and estimated general increases. ▶ Includes funding for strategic initiatives and increased benefit costs 					
Capital (millions)	FY19F	FY20*	FY21	FY22	
Depreciation	\$144	\$145	\$151	\$156	
Expenditures	\$198	\$260	\$249	\$254	
Funding	FY19F	FY20*			
R&R	\$24	\$25			
OCO/Capacity	\$150	\$165			
Environmental	\$14	\$14			
Prior	\$10	\$56			
Debt	\$0	\$0			
	\$198	\$260			
*FY20 Budget Includes 10% contingency					
Metrics	FY20B	Pricing Policy			
Coverage	4.3x	≥ 1.8x			
Debt to Asset	43.4%	≤ 50%			
Days of Liquidity	280	--			
Total Debt	\$1.38bn	--			
Change in Debt	(\$148m)	--			

^Does not include \$100m debt defeasance for the Energy System or \$95m for the Water and Sewer System

FY2020 Budget: Energy System Operating Budget

- ▶ Fuel includes Scherer transmission and capacity expenses
- ▶ SJRPP and Scherer non-fuel purchased power expenses included in Debt Service and Internal Capital. Scherer also included in O&M
- ▶ O&M Salaries, Benefits, and Pension are net of capital
- ▶ FY2020 O&M includes \$1M Natural Gas retail sale operations
- ▶ Internal Capital Funds include JEA Energy System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required
- ▶ FY2020 Debt Service decrease reflects debt restructuring in FY2017 and the STAR plan defeasance of \$100m in debt in February 2019, approximately \$5m of which impacts FY2020
- ▶ Internal capital funds for FY2020 are greater than annual depreciation but less than the estimated capital budget for FY20 of \$261m
- ▶ Any surplus funds directed at debt reduction or capital reserves

Energy System Operating Budget By Expense Category



FY2020 ENERGY SYSTEM BUDGET

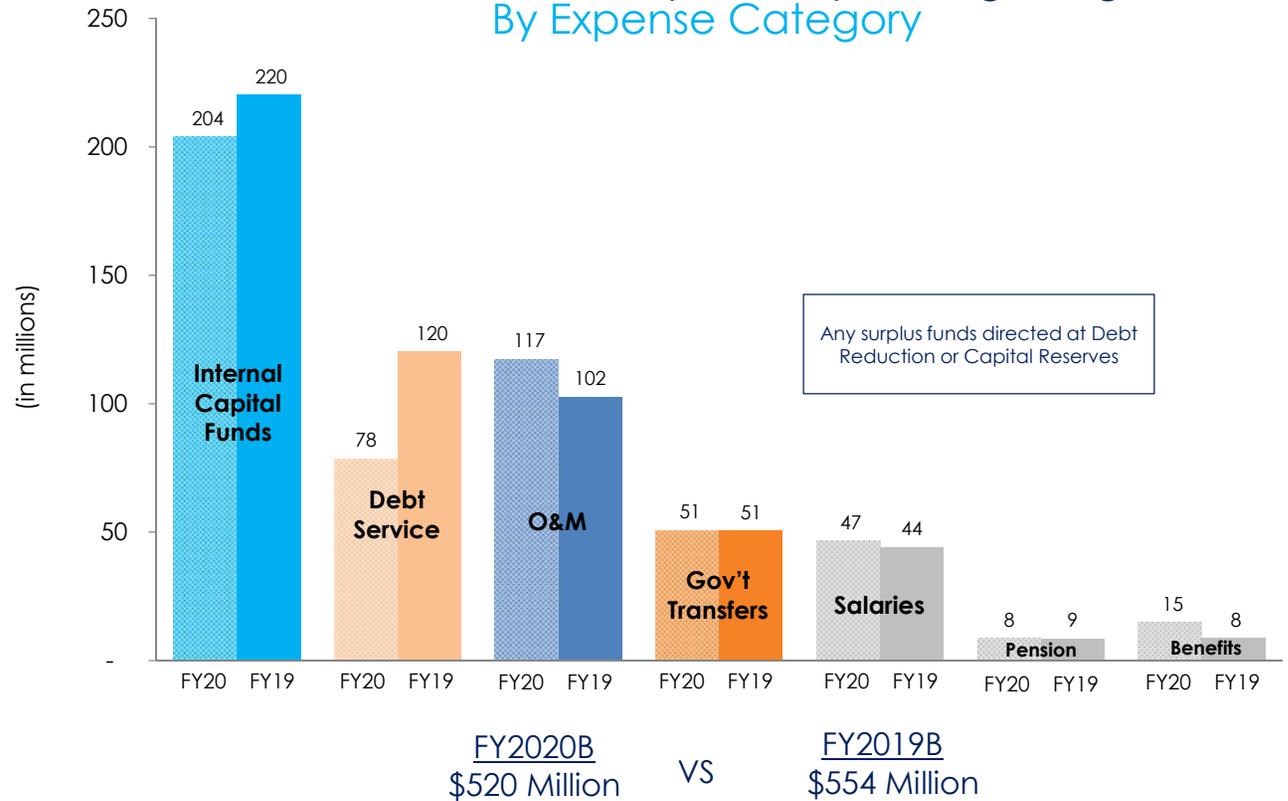
Non-Fuel Purchased Power

SJRPP <small>(Shut down 1/5/18)</small>	FY2020	FY2019	Variance	Explanation
Debt Service	\$23,467,292	\$24,563,886	(\$1,096,594)	Scheduled principal maturities
R&R	2,933,411	3,070,486	(137,075)	Due to lower debt service
<i>Subtotal SJRPP</i>	\$26,400,703	\$27,634,372	(\$1,233,669)	
Scherer	FY2020	FY2019	Variance	Explanation
O&M	\$11,867,990	\$8,230,693	\$3,637,297	Increased outage costs
Debt Service	10,099,696	9,484,637	615,059	
R&R	4,436,000	5,849,000	(1,413,000)	Decreased capital program
Transmission	5,500,000	5,500,000	0	
<i>Subtotal Scherer</i>	\$31,903,686	\$29,064,330	\$2,839,356	
Other	FY2020	FY2019	Variance	Explanation
Other Capacity	\$15,434,000	\$16,866,000	(\$1,432,000)	PPA for additional power
Vogtle Debt Service	21,607,556	14,327,360	7,280,196	Planned D/S payment
Rate Stabilization	(21,607,556)	(14,327,360)	(7,280,196)	
<i>Subtotal Other</i>	\$15,434,000	\$16,866,000	(\$1,432,000)	
Total	\$73,738,389	\$73,564,702	\$173,687	

FY2020 Budget: Water/Wastewater System Operating Budget

- ▶ Government Transfers include City Contribution, COJ Public Service Tax, and COJ Franchise Fee
- ▶ O&M Salaries, Benefits, and Pension are net of capital
- ▶ The FY2020 capital program is partially funded by \$204m in internal capital funds
- ▶ FY2020 Debt Service decrease reflects the STAR plan defeasance of \$95m in debt in February 2019, approximately \$41m of which impacts FY2020
- ▶ Internal capital funds for FY2020 are greater than annual depreciation but less than the estimated capital budget for FY2020 of \$260m
- ▶ Any surplus funds directed at debt reduction or capital reserves

Water/Wastewater System Operating Budget By Expense Category



FY2020 Budget: Total JEA Labor Costs

Discussion & Analysis

- ▶ Base payroll expense for FY2020 increases 1.5% vs FY2019 budget
- ▶ Benefits includes increases for health insurance costs and proposed total market compensation strategy
- ▶ Payroll Expense includes Bargaining Unit step increases per contractual agreements and estimated general increases
 - FY20 contracts are currently up for negotiation

(\$ in millions)	FY2018	Budget FY2019	Budget FY2020	Budget FY2020 vs FY2019
Payroll Expense ¹	\$190.4	\$190.5	\$193.3	1.5%
Benefits	32.7	35.7	58.9	65.0%
Subtotal	\$223.1	\$226.2	\$252.2	11.5%
Pension	38.0	36.1	36.3	0.6%
<i>Subtotal</i>	<i>\$261.1</i>	<i>\$262.3</i>	<i>\$288.5</i>	<i>10.0%</i>

Current JEA Salary Adjustment Summary ²							
	General Increase – Prior Period			General Increase – Current Contract			Pending
Unit	FY14	FY15	FY16	FY17	FY18	FY19	FY20
IBEW	0.0%	3.0%	2.0%	4.5%	4.5%	4.5%	TBD
JSA	0.0%	3.0%	2.0%	3.0%	3.0%	3.0%	TBD
LIUNA	0.0%	2.0%	2.0%	4.5%	5.0%	4.5%	TBD
AFSCME	0.0%	1.5%	0.0%	2.5%	2.5%	3.0%	TBD
M&C	0.0%	0.0%	2.0%	3.0%	3.0%	2.5%	TBD
PEA	0.0%	3.0%	3.0%	5.0%	3.0%	3.0%	TBD
Appointed	0.0%	0.0%	0.0%-6.0%, avg 2.0%	0.0%-5.0%, avg 3.0%	0.0%-4.3%, avg 3.0%	0.0%-5.5%, avg 2.7%	TBD

Notes

1) Payroll expense includes salary, wages, temporary and contract for the Energy, Water and DES systems. Does not include Succession Planning of \$3.1m FY2016; and \$3.6m in FY2017 through FY2019

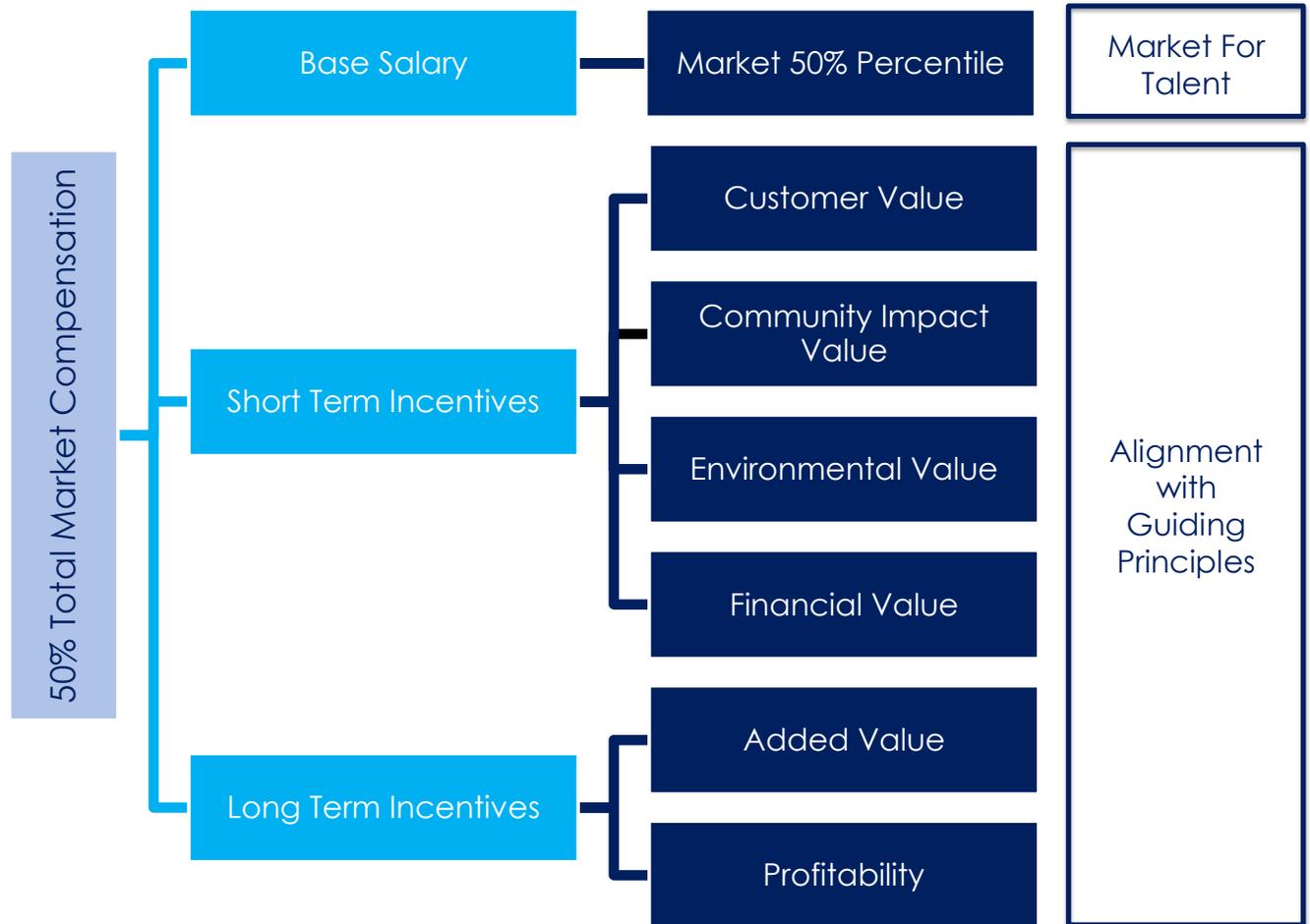
2) Total JEA salary adjustments are for both Energy and Water/Wastewater Systems, appointed adjustments per market study

FY2020 Budget: Total Compensation Plan*

Discussion & Analysis

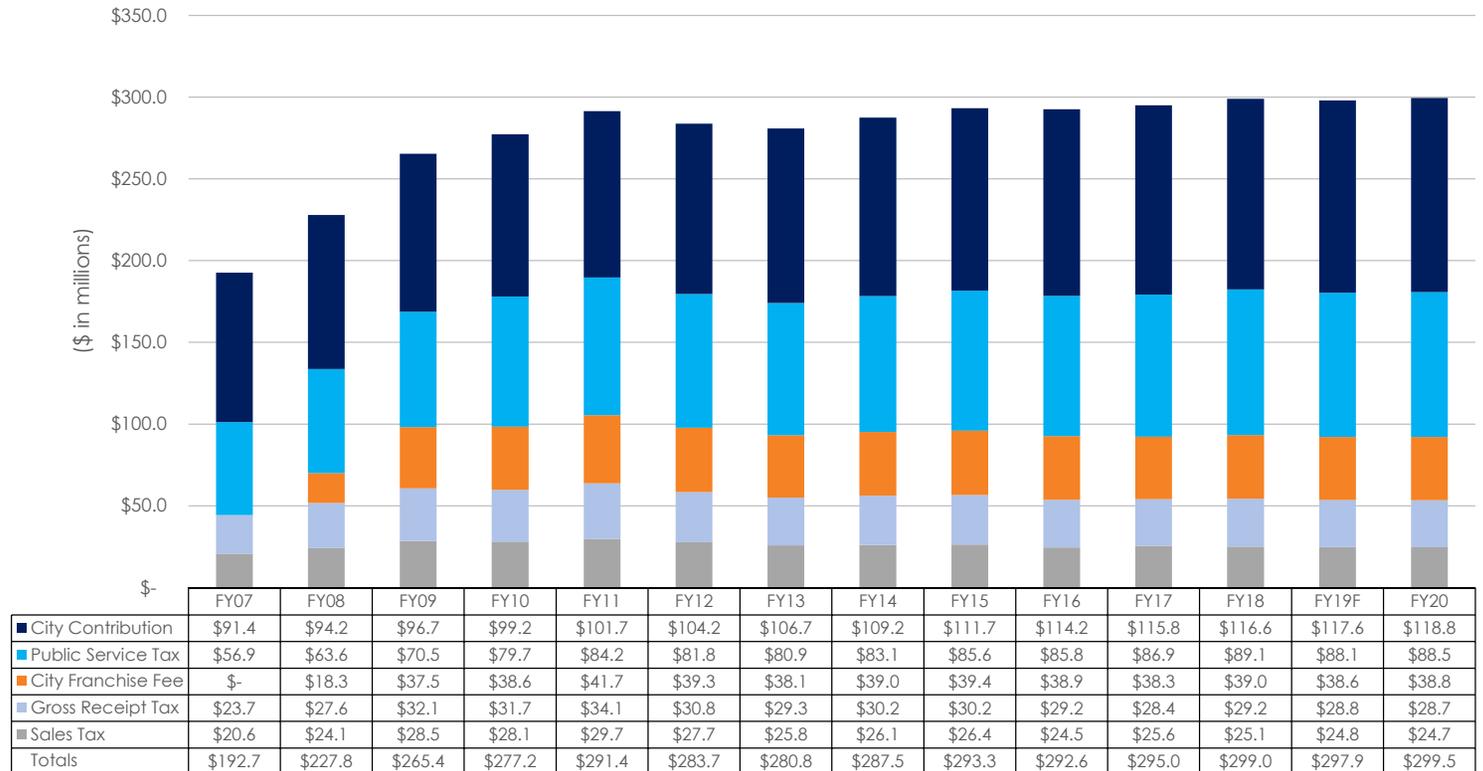
- ▶ JEA's current total compensation structure does not reward value creation
- ▶ JEA's proposed total compensation plan would include base salary, short term incentives, and long term incentives
 - Short term and long term incentives would align to and drive JEA's corporate measures of value
 - Currently, JEA's short term incentives fall significantly short of meeting the market
 - Unlike the market, JEA does not have any long term incentives in place at this time
- ▶ The purpose of the total compensation strategy is to establish a formal compensation policy to align with the talent market and JEA's guiding principles
- ▶ A placeholder for this proposed plan is being accounted for in the FY2020 budget for both systems

*pending Board approval



FY2020 Budget Government Transfers Via the JEA Bill

- ▶ Paid to COJ:
 - City Contribution
 - Public Service Tax
 - City Franchise Fee
- ▶ Paid to State of Florida:
 - Gross Receipt Tax
- ▶ Paid to COJ & State:
 - Sales Tax
- ▶ JEA transfers to the City of Jacksonville have increased to \$246 million
- ▶ FY2020 shows a 55.4% increase in total contributions as compared to FY2007
- ▶ The City Contribution Agreement has been extended through FY2023



4 ENERGY SYSTEM BUDGET ASSUMPTIONS

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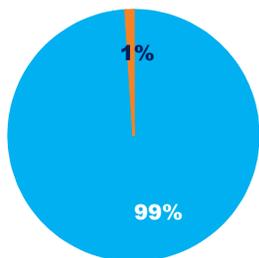
Energy System
Operating Budget

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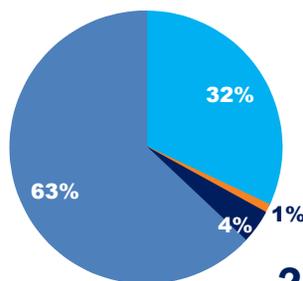
Energy System
Capital Budget

Energy Fuel Mix

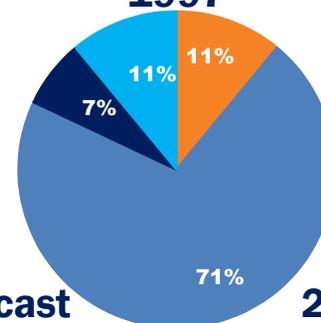
1977



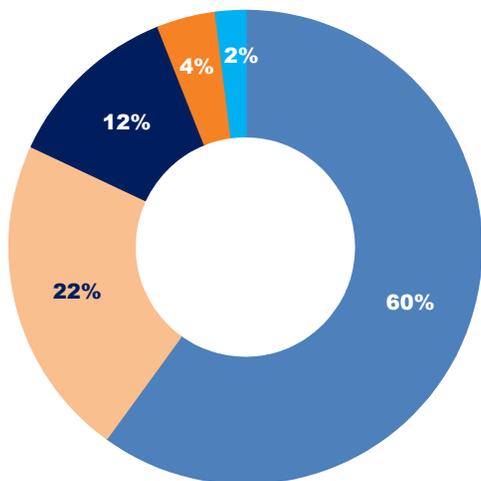
1987



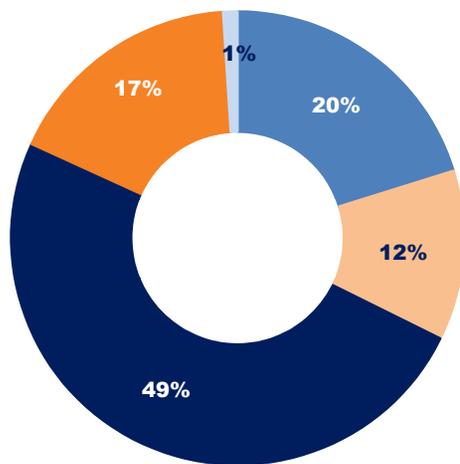
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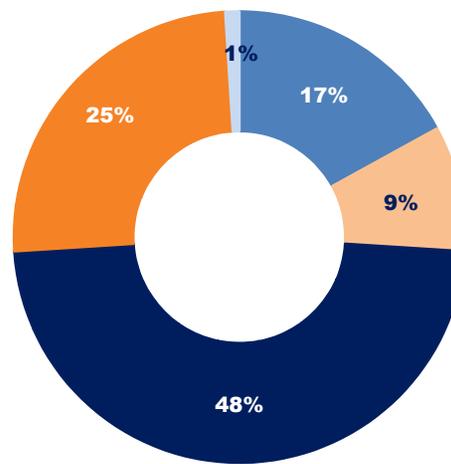
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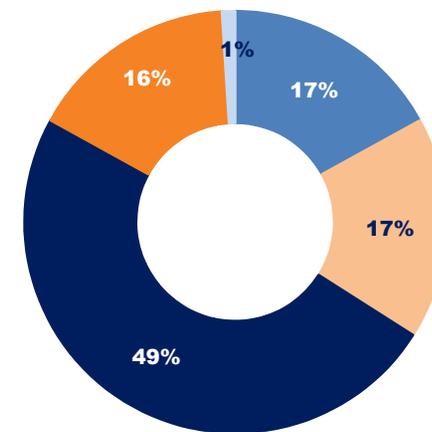
2018



2019 Forecast



2020 Budget



■ Coal
 ■ Pet Coke
 ■ Gas
 ■ Oil
 ■ Renewables
 ■ Purchased Power

Fuel Rate per MWh

Variable Fuel Rate per MWh	FY2018	FY2019F	FY2020B	FY2021
Fuel Rate Budgeted per \$/MWh	\$32.50	\$32.50	\$32.50	\$32.50
Reserve as a % of Target Expense	12%	10%	15%	20%
Annual Fuel Cost (millions)	\$456	\$417	\$391	\$387

Discussion and Analysis

- ▶ The Fuel Fund Rate Stabilization Reserve is currently at 10% of the maximum fiscal year fuel cost in the preceding five fiscal years
- ▶ Current projections are based on the NYMEX natural gas price forecasts and assume no major market disruption due to regulations

ENERGY SYSTEM Operating Expenses

Strategic Issues Included in Budget:

FOR FY2020

Generating Unit Outages	14.0
Succession Planning Staffing Risks	2.6
Enterprise Asset Management	3.0
5 to 5 Innovation Incentive Program	1.5
Corporate Strategy and Innovation	3.6 ²
Total Market Compensation Strategy	10.3 ³
Total	\$35.0

FOR FY2019

Generating Unit Outages	16.2
Succession Planning Staffing Risks	2.6
Enterprise Asset Management	3.0
Total Market Compensation Strategy	-
Total	\$21.8

(\$ in millions)	FY2020 Budget ¹	FY2019 Budget ¹	Variance	Explanation
Salaries	\$135.2	\$129.4	\$5.98	Includes bargaining unit step increases per contractual agreements and estimated general increases.
Benefits	69.3	50.7	18.6	Includes increased health insurance costs and funding for total market compensation strategy
Other Services	140.5	114.6	25.9	5 to 5 incentive program, legal costs, corporate strategy and innovation, new building, landscaping, vehicle maintenance
Materials & Supplies	17.1	17.1	0.0	
Other	20.8	18.9	1.9	Insurance Premium Increase, Interest on Customer Deposits
Credits – Shared Services	(63.6)	(53.9)	(9.7)	Increase to Water Billing Credit due to increased W/WW expenses
Credits – Capitalization	(34.6)	(40.3)	5.7	Lower overall capitalization percentages
Credits – Other	(14.8)	(15.2)	0.4	Decrease in SJRPP Service Level Agreement
Total	\$269.9	\$221.3	\$48.6	

¹Excludes Customer Benefit, Environmental, and Retail Natural Gas

² \$3M for McKinsey Consulting Contract and \$600,000 for other innovation & transformation strategies and initiatives

³ This is a placeholder amount pending the completion of Tower Watson study & estimate revision. Board approval would also still be needed after completion of Tower Watson Study.

- ▶ FY2020 Budget: \$68,740,000
- ▶ FY2019 Budget: \$113,000,000

- ▶ FY2020 Budget: \$140,556,000
- ▶ FY2019 Budget: \$137,221,000

- ▶ FY2020 Budget: \$51,704,000
- ▶ FY2019 Budget: \$84,367,000

ENERGY SYSTEM

FY2020 Capital Budget

Sources of Funds

- ▶ **\$20** MILLION CARRYOVER INTERNAL FUNDS
- ▶ **\$177** MILLION OTHER CAPITAL OUTLAY
- ▶ **\$64** MILLION RENEWAL & REPLACEMENT

Uses of Funds

- ▶ **\$214** MILLION SYSTEM MAINTENANCE
 - Renewal & Replacement
 - Distribution
 - Facilities, Fleet, & Technology
- ▶ **\$47** MILLION SYSTEM EXPANSION
 - New or Expanded Generation
 - New Transmission Lines
 - New or Expanded Substations

Total FY2020 Budget: \$261 Million

ENERGY SYSTEM

Capital Budget Discussion & Analysis



FY2019 capital plan budget was \$334.5 million, current forecast is \$275 million

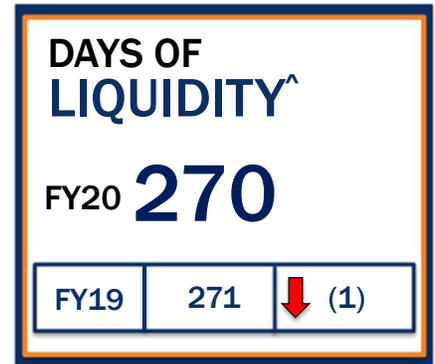
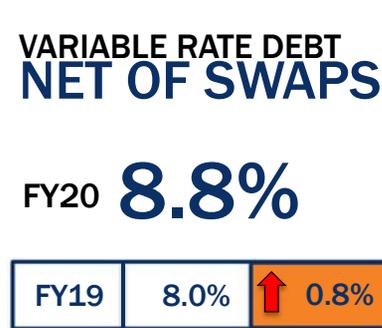
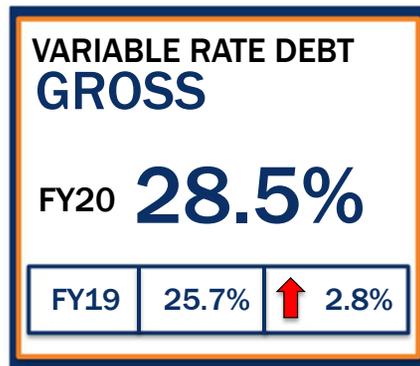
FY2020 capital funding plan utilizes existing capital cash balances to fund qualifying projects, resulting in no new debt issuance for FY2020



FY2020 capital program is projected to be \$261 million

Focus on FY2020 key initiatives related to technology with a \$15.5 million 2-Way Meter Conversion and \$11 million on SAIDI improvement plan





[^]Days of liquidity is being positively impacted by revolver

Energy System Bond Rating: A2/A+/AA

5 WATER/WASTEWATER SYSTEM BUDGET ASSUMPTIONS

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Operating Budget

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Capital Budget

Water/Wastewater System Operating Expenses

Strategic Issues Included in Budget:

FOR FY2020

Integrated Water Resource Plan/Water Purification	\$0.8
Succession Planning Staffing Risks	1.0
Enterprise Asset Management	1.0
Storm Generators and Pumps	1.3
Storm Resiliency Assessment	1.2
Total Market Compensation Strategy	4.7 ²
Total	\$10.0

FOR FY2019

Integrated Water Resource Plan/Water Purification	\$0.8
Succession Planning Staffing Risks	1.0
Enterprise Asset Management	1.0
Storm Generators and Pumps	1.5
Storm Resiliency Assessment	1.6
Total Market Compensation Strategy	-
Total	\$5.9

(\$ in millions)	FY2020 Budget ¹	FY2019 Budget ¹	Variance	Explanation
Salaries	\$54.7	\$53.8	\$0.9	Includes bargaining unit step increases per contractual agreements and estimated general increases.
Benefits	27.9	20.4	7.5	Includes increased health insurance costs and funding for total market compensation strategy
Other Services	34.5	31.8	2.7	Includes storm generator lease, water/sewer resiliency assessment
Materials & Supplies	15.1	14.6	0.5	Increased cost of supplies and materials
Shared Services	63.5	53.8	9.7	Increase to Water Billing Credit Expense
Other	4.0	3.6	0.4	Insurance premium increase
Credits – Capitalization	(18.9)	(20.5)	1.6	Lower capitalization
Total	\$180.8	\$157.5	\$23.3	

¹Excludes Customer Benefit, Environmental, and Retail Natural Gas

² This is a placeholder amount pending the completion of Tower Watson study & estimate revision. Board approval would also still be needed after completion of Tower Watson Study.

- ▶ FY2020 Budget: \$74,581,000
- ▶ FY2019 Budget: \$71,300,000

- ▶ FY2020 Budget: \$161,716,000
- ▶ FY2019 Budget: \$144,657,000

- ▶ FY2020 Budget: \$23,703,000
- ▶ FY2019 Budget: \$32,504,000

WATER/WASTEWATER SYSTEM

FY2020 Capital Budget

Sources of Funds

- ▶ **\$56** MILLION CARRYOVER INTERNAL FUNDS
- ▶ **\$165** MILLION OTHER CAPITAL OUTLAY
- ▶ **\$25** MILLION RENEWAL & REPLACEMENT
- ▶ **\$14** MILLION ENVIRONMENTAL

Uses of Funds

- ▶ **\$182** MILLION SYSTEM MAINTENANCE
 - Renewal & Replacement
 - Distribution
 - Facilities, Fleet, & Technology
 - ▶ **\$63** MILLION SYSTEM EXPANSION
 - New or Expanded Treatment
 - New Transmission Lines
 - New or Expanded Master Pumps
 - ▶ **\$15** MILLION ENVIRONMENTAL
 - BMAP*/TMDL**/Reclaim
 - Total Water Management Plan
 - Major Environmental Initiatives
- *Basin Management Action Plan
**Total Maximum Daily Limit of Nitrogen

Total FY2020 Budget: \$260 Million

WATER/WASTEWATER SYSTEM

Capital Budget Discussion & Analysis



FY2019 capital plan budget was \$248.5 million, current forecast is \$198 million

FY2020 capital funding plan utilizes existing capital cash balances to fund qualifying projects, resulting in no new debt issuance for FY2020

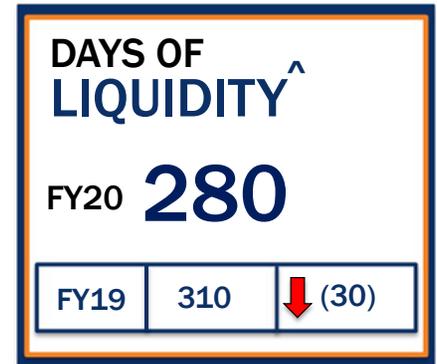
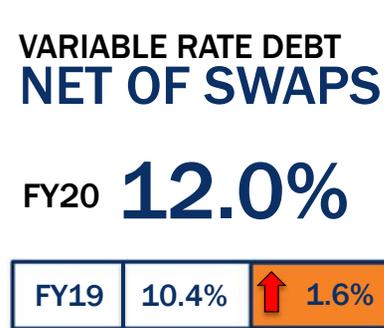


FY2020 \$42m in resiliency work which will include storm hardening improvements

Engineering on the Greenland WRF is underway. Overall project budget is \$83 million, FY20 budget is \$13.5 million



FY2020 capital program is projected to be \$260 million



[^]Days of liquidity is being positively impacted by revolver

W/WW System Bond Rating: A2/AAA/AA

6 DISTRICT ENERGY SYSTEM BUDGET ASSUMPTIONS

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Operating Budget

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Capital Budget

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RATE STABILIZATION
FUNDS

Rate Stabilization Funds*

	FY2018	Forecast FY2019			Budget FY2020		
(\$ in thousands)	Ending Balance	Deposits	Withdrawals	Ending Balance	Deposits	Withdrawals	Ending Balance
Energy System							
DSM/Conservation	\$3,470	\$6,958	(\$6,441)	\$3,987	\$7,174	(\$8,035)	\$3,126
Debt Management	29,884	-	-	29,884	-	-	29,884
Environmental	42,163	7,434	(2,452)	47,145	7,814	(2,019)	52,940
Fuel	74,376	6,504	(32,281)	48,599	19,476	-	68,075
Purchased Power	53,493	17,566	(13,093)	57,966	-	(21,608)	36,358
Self Funded Health Plan	8,139	34,080	(33,338)	8,881	34,640	(36,017)	7,504
Water Wastewater System							
Debt Management	\$14,209	\$ -	\$ -	\$14,209	\$ -	\$ -	\$14,209
Environmental ¹	12,914	24,042	(24,097)	12,859	27,040	(27,040)	12,859

¹ Includes \$18.4 million in Environmental O&M and capital projects and \$8.6 million in funds repaid to the Water/Wastewater System R&R fund

* Rate stabilization fund balances are not taking into consideration pricing policy changes pending board approval and phase 2 of the STAR Plan

Rate Stabilization Funds[^]

	FY2018	Forecast FY2019			Budget FY2020		
(\$ in thousands)	Ending Balance	Deposits	Withdrawals	Ending Balance	Deposits	Withdrawals	Ending Balance
Energy System							
DSM/Conservation	\$3,470	\$6,958	(\$6,441)	\$3,987	\$7,174	(\$8,035)	\$3,126
Debt Management	29,884	-	(29,884)	-	-	-	-
Environmental	42,163	7,434	(24,977)	24,620	7,814	(2,019)	30,415
Fuel	74,376	6,504	(32,281)	48,599	19,476	-	68,075
Purchased Power	53,493	17,566	(13,093)	57,966	-	(21,608)	36,358
Self Funded Health Plan	8,139	34,080	(33,338)	8,881	34,640	(36,017)	7,504
Water Wastewater System							
Debt Management	\$14,209	\$ -	(\$14,209)	\$ -	\$ -	\$ -	\$ -
Environmental ¹	12,914	24,042	(\$36,956)	\$ -	27,040	(27,040)	\$ -

¹ Includes \$18.4 million in Environmental O&M and capital projects and \$8.6 million in funds repaid to the Water/Wastewater System R&R fund

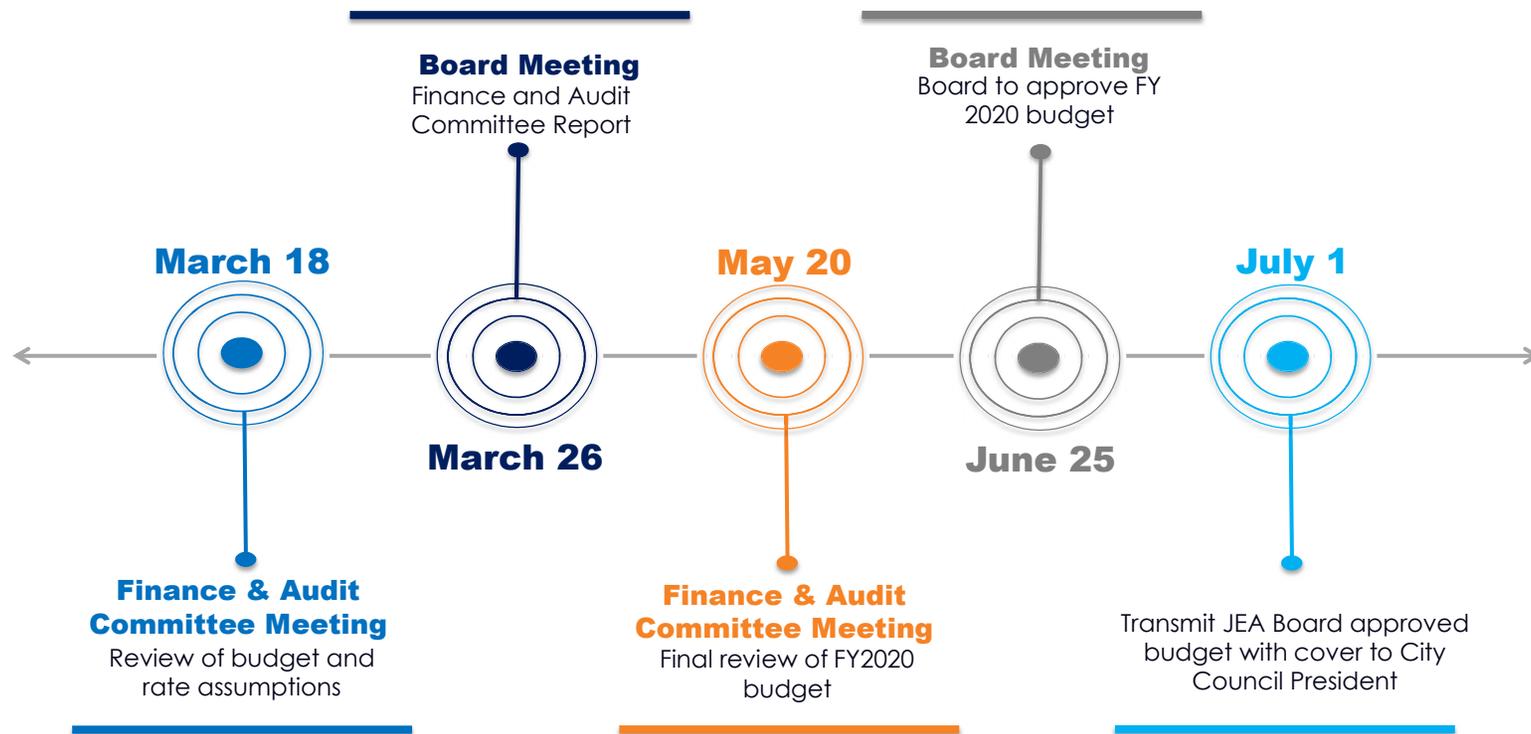
[^]Rate stabilization fund balances are taking into consideration proposed pricing policy changes pending board approval that would help better facilitate phase 2 of the STAR Plan



BUDGET TIMELINE & ACTION ITEMS

FY2020 Budget Timeline

Board Review & Approval Schedule



Next Step Action Items

Finance and Audit Committee

- ▶ Provide feedback and direction regarding the key strategic issues and risks for the FY2020 Budget specifically covering:
 - Revenue
 - O&M Expense Levels
 - Debt Structure
 - Financial Metrics
- ▶ Provide feedback and direction for staff to present the Proposed Budget to the full Board

JEA Staff

- ▶ Prepare Draft Budget, as well as related agenda items for review at the June Board Meeting
- ▶ Prepare budget package for approval at the June Board meeting
- ▶ Communicate with the Council Auditor
- ▶ Begin communication plan for other key stakeholders

9

SUPPLEMENTAL
SCHEDULES

Current Year: FY2019 Energy System Fuel and Purchase Power Expense Discussion & Analysis

- ▶ 2019 FYTD sales are 8.1% lower than budget
- ▶ Economically favorable to buy wholesale in-state power instead of committing one of the Northside solid fuel units
- ▶ Spike in natural gas prices going into FY2019 winter combined with lower sales has resulted in less demand for natural gas sourced generation

Costs				
(\$ in millions)	FY19 Forecast @ 4/2/19	FY19 Budget	Budget Variance	Budget % Change
Solid Fuel				
SJRPP	-	1.6		
Scherer	38.6	39.7		
NS 1&2	62.0	95.2		
<i>Subtotal</i>	<i>100.6</i>	<i>136.5</i>	<i>(35.9)</i>	<i>-26.3%</i>
Gas and Oil				
Gas	154.6	162.3		
Oil	0.3	0.9		
Diesel	1.7	0.9		
<i>Subtotal</i>	<i>156.7</i>	<i>164.1</i>	<i>(7.5)</i>	<i>-4.5%</i>
Solar	7.2	9.1		
Other Purchases	95.8	63.2		
Off System Sales	(3.2)	(2.3)		
By-Product Exp	5.7	15.1		
TEA Equity	(0.3)	(0.4)		
Other Expense	54.1	54.1		
Reserve Adjustment	(26.8)	(16.6)		
Rate Discount	5.4	5.7		
Total	395.4	428.4	(33.1)	-7.7%
MWH Sales	12.17	13.18	-1.0	-7.7%
\$ per MWH Sold	\$32.50	\$32.50	-	-
Fuel Rate	\$32.50	\$32.50	-	-

Units Produced			
FY19 Forecast @ 4/2/19	FY19 Budget	Forecast Variance	Budget % Change
-	-	-	
1.48	1.52	(0.05)	
1.81	2.92	(1.11)	
<i>3.28</i>	<i>4.43</i>	<i>(1.15)</i>	<i>-26.0%</i>
6.12	6.89	(0.76)	
0.00	0.01	(0.01)	
0.01	0.00	0.01	
<i>6.13</i>	<i>6.90</i>	<i>(0.76)</i>	<i>-11.0%</i>
0.07	0.08	(0.01)	-17.9%
3.26	2.36	0.90	38.2%
(0.10)	(0.09)	(0.01)	17.1%
12.64	13.69	(1.05)	-7.6%

Cost Per Unit		
FY19 Forecast \$/MWH	FY19 Budget \$/MWH	% Change
26.13	26.08	0.2%
34.32	32.62	5.2%
<i>30.68</i>	<i>30.80</i>	<i>-0.4%</i>
25.26	23.57	7.1%
296.62	181.56	63.4%
234.15	224.39	4.3%
<i>25.56</i>	<i>23.81</i>	<i>7.3%</i>
110.29	113.75	-3.0%
29.41	26.80	9.7%
32.23	26.64	21.0%
3.18	5.17	-38.4%
31.28	31.30	-0.1%

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Water/Wastewater System, and
District Energy System Five Year
Capital Improvement Schedules**

THANK
YOU

DES FY20-FY24

Project Title	FY20 Proposed	FY21 Proposed	FY22 Proposed	FY23 Proposed	FY24 Proposed	FY20-FY24 Total
Springfield - Additional Back-up Generator	2,200	0	0	0	0	2,200
Facilities - District Energy System (DES)	780	480	350	200	510	2,320
Security - District Energy System (DES)	100	100	100	50	50	400
Hogan's Creek - Building Rehab & Paint	0	300	0	0	0	300
Downtown Development	0	0	2,000	0	0	2,000
San Marco - Replace air cooled chiller with liquid cooled	0	0	300	0	0	300
Downtown - Building Rehab & Paint	0	0	0	200	0	200
Springfield - Replace Chiller - 1	0	0	0	0	920	920
Springfield - Replace Chiller - 4	0	0	0	0	920	920
Springfield - Replace Chiller - 5	0	0	0	0	650	650
Springfield - Building Rehab & Paint	0	0	0	0	200	200
GRAND TOTAL	3,080	880	2,750	450	3,250	10,410

**JEA
DISTRICT ENERGY SYSTEM
OPERATING BUDGET**

	FY2020 Budget	FY2019 Budget	Change	FY2019 Forecast
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 9,044,699	\$ 9,256,655	\$ (211,956)	\$ 8,708,523
Total Base Related Revenues	<u>\$ 9,044,699</u>	<u>\$ 9,256,655</u>	<u>\$ (211,956)</u>	<u>\$ 8,708,523</u>
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 5,164,460	\$ 5,127,648	\$ 36,812	\$ 4,900,003
Total Base Related Expenses	<u>\$ 5,164,460</u>	<u>\$ 5,127,648</u>	<u>\$ 36,812</u>	<u>\$ 4,900,003</u>
BASE OPERATING INCOME:	\$ 3,880,239	\$ 4,129,007	\$ (248,768)	\$ 3,808,520
NON-OPERATING EXPENSES:				
Debt Service	3,020,550	3,020,449	101	3,020,449
Total Non Operating Expenses	<u>\$ 3,020,550</u>	<u>\$ 3,020,449</u>	<u>\$ 101</u>	<u>\$ 3,020,449</u>
BASE INCOME BEFORE TRANSFERS	\$ 859,689	\$ 1,108,558	\$ (248,869)	\$ 788,071
City Contribution Expense	-	-	-	-
Renewal and Replacement Fund	435,426	443,117	(7,691)	442,950
Operating Capital Outlay	424,263	665,441	(241,178)	345,121
Total Non-Fuel Expenses	<u>\$ 859,689</u>	<u>\$ 1,108,558</u>	<u>\$ (248,869)</u>	<u>\$ 788,071</u>
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 9,044,699	\$ 9,256,655	\$ (211,956)	\$ 8,708,523
TOTAL APPROPRIATIONS	\$ 9,044,699	\$ 9,256,655	\$ (211,956)	\$ 8,708,523
BUDGETED EMPLOYEE POSITIONS	6	6	0	6
BUDGETED TEMPORARY HOURS	0	0	0	0

**JEA
ENERGY SYSTEM
CAPITAL BUDGET**

	FY 2020 Budget	FY 2019 Budget	Change	FY 2019 Forecast
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 64,000,000	\$ 64,447,700	\$ (447,700)	\$ 64,447,700
Operating Capital Outlay	176,738,674	183,115,980	(6,377,306)	108,160,040
Environmental Capital Outlay	-	-	-	-
Debt Proceeds	-	-	-	-
Construction Fund Investment Income	-	-	-	-
Other Proceeds	20,261,326	87,024,320	(66,762,994)	102,392,260
Total Capital Funds	<u>\$ 261,000,000</u>	<u>\$ 334,588,000</u>	<u>\$ (73,588,000)</u>	<u>\$ 275,000,000</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 68,740,000	\$ 113,000,000	\$ (44,260,000)	\$ 87,673,747
Transmission & Distribution Projects	140,556,000	137,221,000	3,335,000	134,522,826
Other Projects	51,704,000	84,367,000	(32,663,000)	52,803,427
Total Capital Projects	<u>\$ 261,000,000</u>	<u>\$ 334,588,000</u>	<u>\$ (73,588,000)</u>	<u>\$ 275,000,000</u>

Operating Variance Analysis (\$ millions)	Budget FY2020	Budget FY2019	Change	Percent Chg
MWh sales	12,810,000	13,180,028	(370,028.00)	-2.8%
Fuel Revenues 1	\$410.91	\$422.78	(11.87)	-2.8%
Variable Fuel Rate per MWh	\$32.50	\$32.50	0.00	0.0%
Fuel (excluding reserve adj & discounts) 2	\$392.74	\$438.93	(46.19)	-10.5%
Gas & Oil per MWh produced	\$21.63	\$23.77	(2.14)	-9.0%
Solid Fuel per MWh produced	\$27.71	\$30.74	(3.03)	-9.9%
Base Revenues 3	\$791.15	\$812.15	(21.00)	-2.6%
Energy O&M (see O&M schedule)	\$269.86	\$221.29	48.57	22.0%
Non-Fuel Purchased Power 4	\$73.74	\$73.56	0.18	0.2%
Scherer O&M and R&R 4	\$16.30	\$14.08	2.22	
SJRPP R&R	\$2.93	\$3.07	(0.14)	
Debt Service	\$138.05	\$203.67	(65.62)	-32.2%
Renewal & Replacement 5	\$64.00	\$64.45	(0.45)	-0.7%
Operating Capital Outlay 5	\$176.74	\$183.12	(6.37)	-3.5%
City Contribution	\$93.88	\$92.95	0.93	1.0%
Capital Budget Variance Analysis				
Capital Funds 6	\$261.00	\$334.59	(73.59)	-22.0%
Capital Projects 7	\$261.00	\$334.59	(73.59)	-22.0%

(1) Fuel Rate \$32.50

(2) See fuel rate detail sheet

(3) Base Rate \$61.76

(4) SJRPP decommissioned January 5, 2018

(5) The FY20 R&R is based on FY19 forecasted revenues. The FY20 OCO is the remaining amount to fund the FY20 capital expenses

(6) FY20 Capital Fund Sources are from Current Year Internal Funding and prior year balances

(7) Includes 10% contingency

**JEA
ENERGY SYSTEM
OPERATING BUDGET**

	FY 2020 Budget	FY 2019 Budget	Change	FY 2019 Forecast
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:				
Fuel Revenues	\$ 410,912,768	\$ 422,782,362	\$ (11,869,594)	\$ 390,937,470
FUEL EXPENSES:				
Fuel & Purchased Power	\$ 410,912,768	\$ 422,782,362	\$ (11,869,594)	\$ 390,937,470
FUEL SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 791,145,587	\$ 812,153,353	\$ (21,007,766)	\$ 753,562,317
Environmental Charge Revenue	7,814,100	8,039,817	(225,717)	7,433,916
Conservation Charge & Demand Side Revenue	768,600	1,000,000	(231,400)	772,734
Other Revenues	26,509,115	28,263,290	(1,754,175)	135,933,926
Natural Gas Pass Through Revenue	1,000,000	2,464,374	(1,464,374)	1,497,702
Total Base Related Revenues	\$ 827,237,402	\$ 851,920,834	\$ (24,683,432)	\$ 899,200,595
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 269,858,935	\$ 221,286,372	\$ 48,572,563	\$ 221,741,224
Environmental	7,814,100	8,039,817	(225,717)	7,433,916
Conservation & Demand-side Management	7,173,600	7,590,014	(416,414)	6,957,695
Natural Gas Pass Through Expense	960,991	2,418,255	(1,457,264)	1,623,082
Non-Fuel Purchased Power	73,738,390	73,564,702	173,688	94,213,295
Non-Fuel Uncollectibles & PSC Tax	1,399,517	1,437,598	(38,081)	1,246,573
Emergency Contingency	5,000,000	5,000,000	-	5,000,000
Total Base Related Expenses	\$ 365,945,533	\$ 319,336,758	\$ 46,608,775	\$ 338,215,784
BASE OPERATING INCOME:	\$ 461,291,869	\$ 532,584,076	\$ (71,292,207)	\$ 560,984,811
NON-OPERATING REVENUE:				
Investment Income	11,378,365	11,600,594	(222,229)	12,928,077
Total Non Operating Revenues	\$ 11,378,365	\$ 11,600,594	\$ (222,229)	\$ 12,928,077
NON-OPERATING EXPENSES:				
Debt Service	138,049,892	203,668,843	(65,618,951)	308,353,001
Total Non Operating Expenses	\$ 138,049,892	\$ 203,668,843	\$ (65,618,951)	\$ 308,353,001
BASE INCOME BEFORE TRANSFERS	\$ 334,620,342	\$ 340,515,827	\$ (5,895,485)	\$ 265,559,888
City Contribution Expense	93,881,668	92,952,147	929,521	92,952,147
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	64,000,000	64,447,700	(447,700)	64,447,700
Operating Capital Outlay	176,738,674	183,115,980	(6,377,306)	108,160,040
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	\$ 334,620,342	\$ 340,515,827	\$ (5,895,485)	\$ 265,559,887
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 1,249,528,535	\$ 1,286,303,790	\$ (36,775,255)	\$ 1,303,066,142
TOTAL APPROPRIATIONS	\$ 1,249,528,535	\$ 1,286,303,790	\$ (36,775,255)	\$ 1,303,066,142
BUDGETED EMPLOYEE POSITIONS	1,527	1,553	(26)	1,527
BUDGETED TEMPORARY HOURS	104,000	104,000	-	104,000

**JEA
WATER/ WASTEWATER SYSTEM
CAPITAL BUDGET**

	FY2020 Budget	FY2019 Budget	Change	FY2019 Forecast
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 25,263,781	\$ 23,552,350	\$ 1,711,431	\$ 23,552,350
Operating Capital Outlay	137,336,765	156,553,034	(19,216,269)	123,067,722
Environmental Capital Outlay	13,610,837	15,431,798	(1,820,961)	14,130,316
Capacity Fees	27,600,000	24,500,000	3,100,000	26,853,817
Debt Proceeds	-	-	-	-
Construction Fund Investment Income	-	-	-	-
Other Proceeds	56,188,617	28,423,818	27,764,799	10,395,795
Total Capital Funds	<u>\$ 260,000,000</u>	<u>\$ 248,461,000</u>	<u>\$ 11,539,000</u>	<u>\$ 198,000,000</u>
CAPITAL PROJECTS:				
Water Projects	74,581,000	71,300,000	3,281,000	51,126,906
Sewer Projects	161,716,000	144,657,000	17,059,000	115,699,017
Other Projects	23,703,000	32,504,000	(8,801,000)	31,174,077
Total Capital Projects	<u>\$ 260,000,000</u>	<u>\$ 248,461,000</u>	<u>\$ 11,539,000</u>	<u>\$ 198,000,000</u>

Operating Variance Analysis (\$ millions)	Budget FY2020	Budget FY2019	Change	Percent Chg
Water kGal Sales (in thousands)	39,900	42,000	(2,100)	-5.0%
Base Rate Revenues ¹	\$423.70	\$428.96	(\$5.26)	-1.2%
Other Revenues ²	\$11.81	\$40.24	(\$28.43)	-70.6%
Operating and Maintenance (See O&M Schedule)	\$180.79	\$157.50	\$23.29	14.8%
Debt Service ³	\$78.54	\$120.14	(\$41.60)	-34.6%
Renewal & Replacement ⁴	\$25.26	\$23.55	\$1.71	7.3%
Operating Capital Outlay ⁵	\$137.34	\$156.55	(\$19.21)	-12.3%
Environmental Capital Outlay ⁶	\$13.61	\$15.43	(\$1.82)	-11.8%
Capacity Fees ⁷	\$27.60	\$24.50	\$3.10	12.7%
Capital Budget Variance Analysis (\$ millions)				
Capital Funds ⁸	\$260.00	\$248.46	\$11.54	4.6%
Capital Projects ⁸	\$260.00	\$248.46	\$11.54	4.6%
<p>(1) Decrease due to decreased sales</p> <p>(2) Includes removal of \$28.4m in prior year (FY2017) revenues used for Operating Capital Outlay in FY2019</p> <p>(3) FY2020 Debt Service increase reflects lower P&I payments</p> <p>(4) FY2020 R&R is based upon forecasted FY19 total revenues</p> <p>(5) OCO is the remaining amount to fund the FY2020 capital expenses</p> <p>(6) Reduced environmental capital program for FY2020</p> <p>(7) Adjusted to recent trends</p> <p>(8) Includes 10% contingency</p>				

**JEA
WATER AND SEWER SYSTEM
OPERATING BUDGET**

	FY2020 Budget	FY2019 Budget	Change	FY2019 Forecast
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 423,697,334	\$ 428,955,188	\$ (5,257,854)	\$ 401,039,541
Environmental Charge Revenue	27,039,600	28,360,500	(1,320,900)	24,042,404
Other Revenues	11,806,041	40,244,423	(28,438,382)	142,079,308
Total Base Related Revenues	<u>\$ 462,542,975</u>	<u>\$ 497,560,111</u>	<u>\$ (35,017,136)</u>	<u>\$ 567,161,253</u>
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 180,791,924	\$ 157,495,854	\$ 23,296,070	\$ 156,210,156
Environmental CUP - DSM	4,828,763	4,328,702	500,061	3,221,016
Non-Fuel Uncollectibles & PSC Tax	540,884	685,974	(145,090)	750,059
Emergency Contingency	1,000,000	1,000,000	-	-
Total Base Related Expenses	<u>\$ 187,161,571</u>	<u>\$ 163,510,530</u>	<u>\$ 23,651,041</u>	<u>\$ 160,181,231</u>
BASE OPERATING INCOME:	\$ 275,381,404	\$ 334,049,581	\$ (58,668,177)	\$ 406,980,022
NON-OPERATING REVENUE:				
Investment Income	4,308,356	6,318,534	(2,010,178)	7,364,824
Capacity Fees	27,600,000	24,500,000	3,100,000	26,853,817
Total Non Operating Revenues	<u>\$ 31,908,356</u>	<u>\$ 30,818,534</u>	<u>\$ 1,089,822</u>	<u>\$ 34,218,641</u>
NON-OPERATING EXPENSES:				
Debt Service	78,536,036	120,135,545	(41,599,510)	215,237,826
Total Non Operating Expenses	<u>\$ 78,536,036</u>	<u>\$ 120,135,545</u>	<u>\$ (41,599,510)</u>	<u>\$ 215,237,826</u>
BASE INCOME BEFORE TRANSFERS	\$ 228,753,724	\$ 244,732,570	\$ (15,978,845)	\$ 225,960,837
City Contribution Expense	24,942,342	24,695,388	246,954	24,695,388
Interlocal Payments	-	-	-	15,521,392
Renewal and Replacement Fund	25,263,781	23,552,350	1,711,431	23,552,350
Operating Capital Outlay	137,336,764	156,553,034	(19,216,268)	123,067,722
Operating Capital Outlay - Environmental	13,610,837	15,431,798	(1,820,962)	12,270,168
Capacity Fees	27,600,000	24,500,000	3,100,000	26,853,817
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 228,753,724</u>	<u>\$ 244,732,570</u>	<u>\$ (15,978,845)</u>	<u>\$ 225,960,837</u>
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 494,451,331	\$ 528,378,645	\$ (33,927,314)	\$ 601,379,894
TOTAL APPROPRIATIONS	\$ 494,451,331	\$ 528,378,645	\$ (33,927,313)	\$ 601,379,894
BUDGETED EMPLOYEE POSITIONS	625	618	7	618
BUDGETED TEMPORARY HOURS	20,800	20,800	0	20,800

**JEA
DISTRICT ENERGY SYSTEM
CAPITAL BUDGET**

	FY2020 Budget	FY2019 Budget	Change	FY2019 Forecast
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 435,426	\$ 443,117	\$ (7,691)	\$ 442,950
Operating Capital Outlay	424,263	665,441	(241,178)	345,121
Construction Fund Investment Income	-	-	-	-
Other Proceeds	2,220,311	3,999,442	(1,779,131)	261,357
Total Capital Funds	<u>\$ 3,080,000</u>	<u>\$ 5,108,000</u>	<u>\$ (2,028,000)</u>	<u>\$ 1,049,428</u>
CAPITAL PROJECTS:				
District Energy Projects	<u>\$ 3,080,000</u>	<u>\$ 5,108,000</u>	<u>\$ (2,028,000)</u>	<u>\$ 1,049,428</u>
Total Capital Projects	<u>\$ 3,080,000</u>	<u>\$ 5,108,000</u>	<u>\$ (2,028,000)</u>	<u>\$ 1,049,428</u>



INTER-OFFICE MEMORANDUM

April 26, 2019

SUBJECT: QUARTERLY AUDIT SERVICES UPDATE

FROM: Aaron F. Zahn, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
April Green
John Campion

BACKGROUND:

The Quarterly Audit Services Update provides the JEA Board of Directors with information on the current activities of the three groups within Audit Services: (1) Enterprise Risk Management; (2) Internal Audit; and (3) Forensic Audit & Investigations. JEA's Enterprise Risk Management (ERM) Program identifies, assesses, measures, monitors and actively manages risk. The Internal Audit Group reviews internal control processes and ensures that departments maintain compliance with operating procedures and regulations. The Forensic Audit & Investigations Group conducts internal investigations of confidential reports into JEA's Ethics Hotline (EHL) and from other sources.

DISCUSSION:

This update will provide an assessment of how JEA is managing risk and monitoring controls to reduce and/or prevent adverse impact to its business operations.

RECOMMENDATION:

No action required, as this update is for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/TEH/SVT



JEA[®]



Audit Services Quarterly Update

Audit Services Groups

- **Enterprise Risk Management (ERM) - pp. 3-6**
- **Internal Audit – pp. 7-13**
- **Forensic Audit & Investigations – pp. 14-18**

MAY 2019

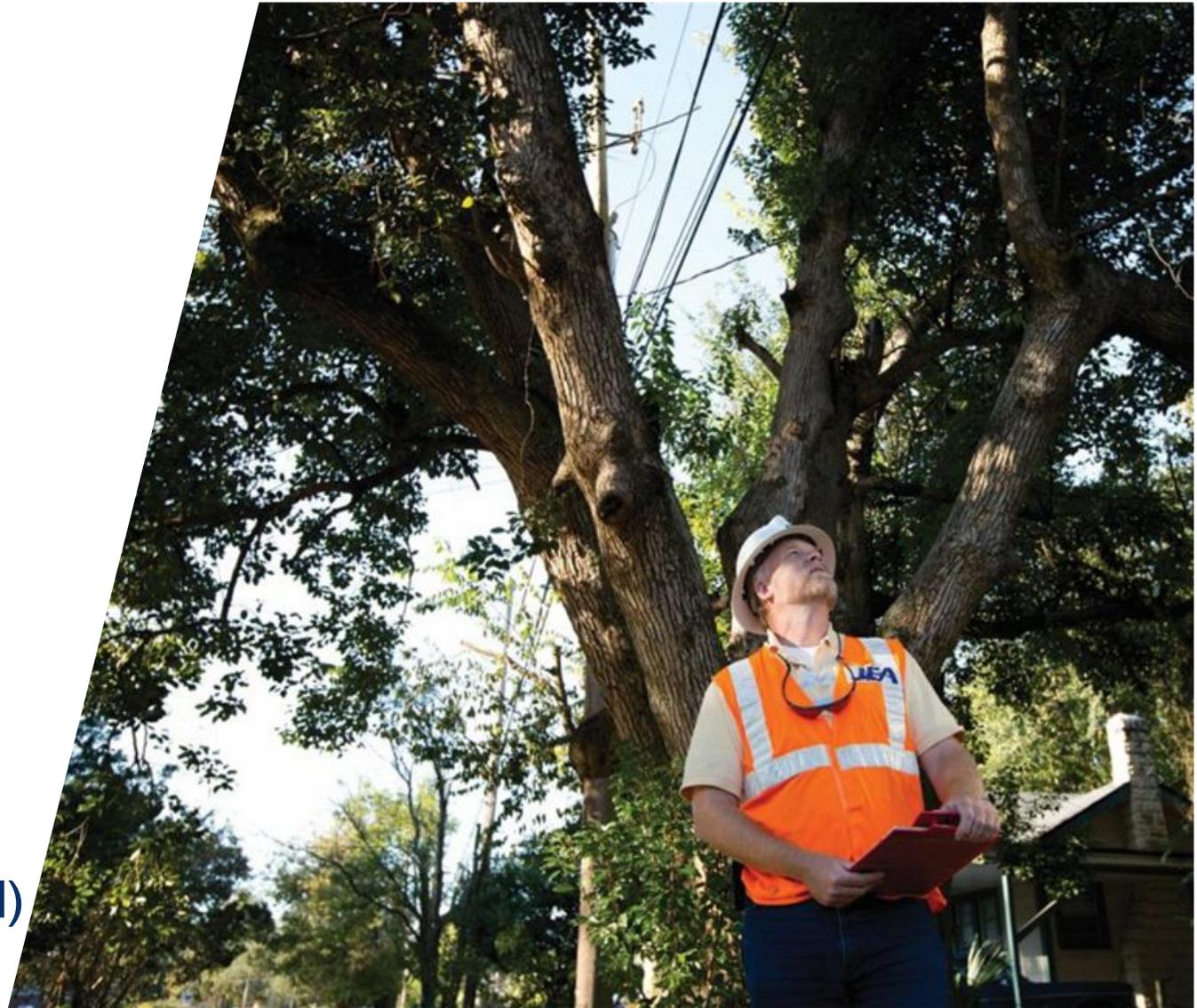


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**Enterprise Risk
Management (ERM)**



Initiative (in Progress) to Quantify Financial Risk Impact

- Define severity of financial and reputational impact as a means to quantify financial exposure, and develop more focused mitigation efforts.
- Work with key risk owners to quantify financial impact, and supported by specific examples/events that can result in financial losses.
- Create working group to identify exposure and develop mitigation strategies for longer-term disruptive emerging risks (e.g., distributed generation, climate change impact).
- Identify additional risks with significant financial and/or reputational impact (see p. 5).
- Finance Group will develop a module to reassess the financial impact of each risk to identify total financial exposure; to plan for short-term (liquidity) and longer-term funding needs.
- Assess the progress of current mitigation efforts. Use cost/benefit analyses of mitigations to reduce risk impact and/or likelihood of risk event(s) occurring. Develop additional mitigations as required.
- Where applicable, develop key process and key risk indicators (KPIs/KRIs) to evaluate the effectiveness of current mitigations and/or changes to external factors/variables.

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ERM

Initiative's Impact on Active Risk Inventory

Active Risk Inventory	#	Summary
Original inventory	52	Tier 1, 2 & 3 Risks
Risks removed from inventory	(9)	Risks have been effectively mitigated.
Tier 3 risks archived	(14)	Tier 3 Risks are deemed sufficiently mitigated and will not be part of the active risk inventory. They will continue to be monitored.
Proposed new risks	3	Proposal to separate Physical Security Risk into four distinct risks to better identify/mitigate threat scenarios.
New risks being considered	6	Working with management to define and quantify risks based on financial/reputational Impact.
Adjusted Active Risk Inventory	<u>38</u>	

Financial impact analyses (see p. 4) have been completed for 21 of the 38 Active Risks.

MAY 2019

ERM

ERM Corporate Risk Heat Map

Likelihood	Almost Certain 81-100%	5	5	10	15	20	25
	Likely 61-80%	4	4	8	12	16	20
	Possible 41-60%	3	3	6	9	12	15
	Unlikely 21-40%	2	2	4	6	8	10
	Rare <20%	1	1	2	3	4	5
			1	2	3	4	5
			Minor	Moderate	Significant	Major	Severe
			Impact				

X2 - Financial & Reputational Risk

Tier 1	20-29	31-50
Tier 2	13-19	
Tier 3	2-6	7-12

Financial Impact: 5 = Severe/Catastrophic (>\$100 M) 4 = Major (\$51-\$100M) 3 = Significant (\$21-\$50M) 2 = Moderate (\$6-\$20M) 1 = Minor (\$1M = \$5M)

Reputational Impact – Determined by specific event conditions.

Likelihood: 5 = Almost Certain (81 - 100%) 4 = Likely (61 - 80%) 3 = Possible (41 - 60%) 2 = Unlikely (21 - 40%) 1 = Rare (< 20%)

MAY 2019





MAY 2019



Internal Audit

Internal Audit Highlights

- On March 5th, we presented the results of the annual Member Review to The Energy Authority's (TEA) Finance and Audit Committee.
- We are currently working with the Energy & Planning team to certify, through Green-e, sales of JEA renewable energy credits for 2017 and 2018.
- Rashid Brittain has been promoted to Senior Information Technology Auditor.

FY 2019 Internal Audit Plan Calendar

		1Q (Oct – Dec)	2Q (Jan – Mar)	3Q (Apr – Jun)	4Q (Jul – Sept)			
Internal Audits	<i>2018 Utility Locate/3rd. Party Claims</i>	✓	<i>2018 Response and Environmental Programs</i>	✓	Corporate Records Compliance	●	Payroll Services Follow-Up	●
	<i>2018 Tax Administration</i>	✓	<i>2018 Information Security Follow-Up</i>	✓	Electric Systems Asset Management	●		
	<i>2018 Electric Production Engineering and Outages</i>	✓	Branch Follow-Up	✓	Contract Administration	●		
	<i>2018 Technology Infrastructure</i>	✓	Electric Systems Byproduct	●	Procurement Inventory Control	●		
	<i>2018 Disaster Recovery Follow-Up</i>	✓	Customer Solutions and Market Development	●				
	<i>2018 W/WW Reuse and Treatment</i>	✓	Talent Acquisition Services	●				
			Project Management Office	●				
			District Energy Services	●				
		Meter Operations Follow-Up	●					
Special Projects	JEA Performance Pay Audit	✓	TEA Audit	✓	2020 Annual Risk Assessments	●	MEAG/Vogtle	●
					Green-e Agreed-Upon Procedures Engagement	●	(3) Top Corporate Risk COSO	●

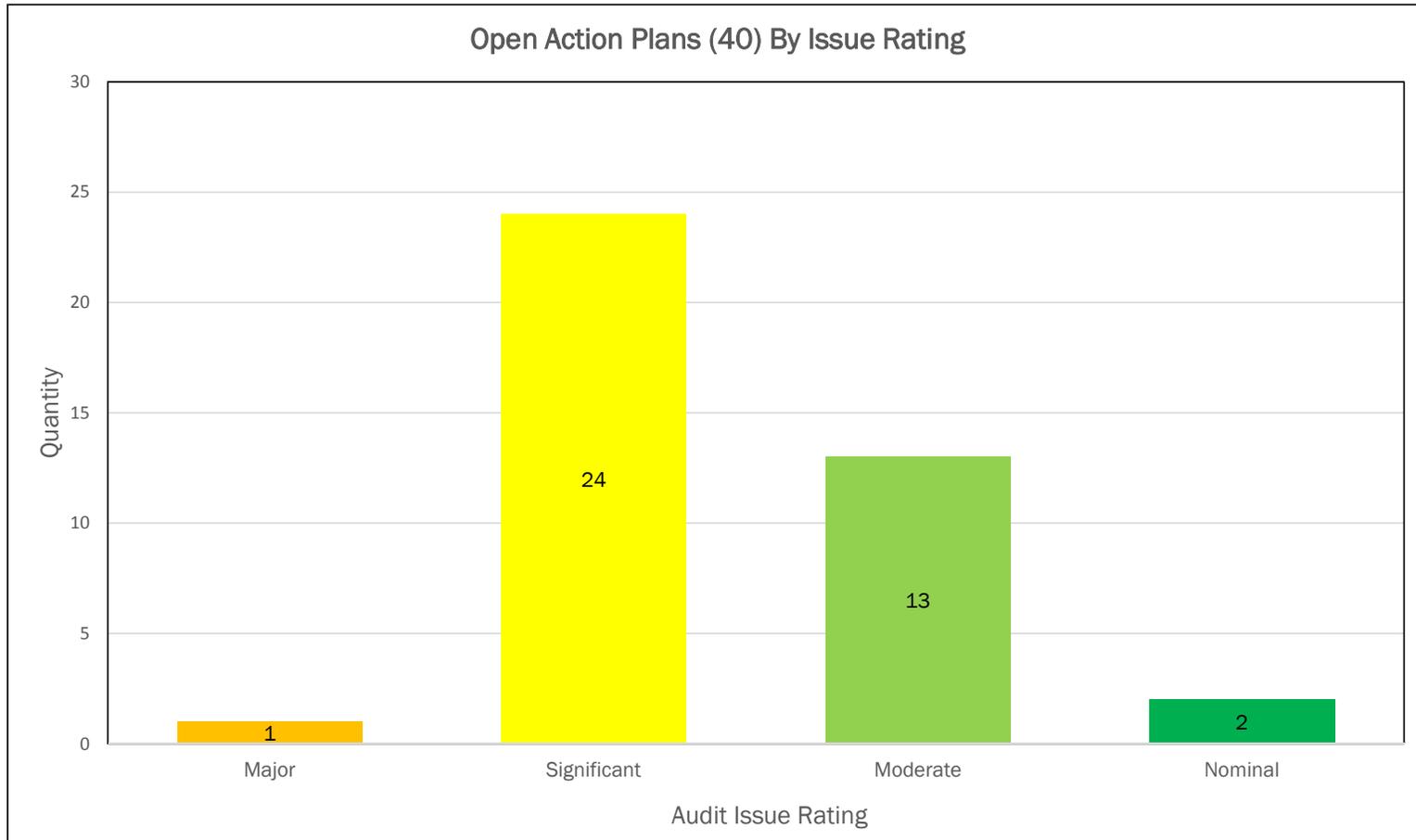
Not Started	●	In Progress	●	Report in Draft	✓	Final Report Issued	✓
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Summary of Completed Audits & Projects for Q2

	Audit Name	Report Rating	# of Issues	Description of Significant or Greater Issue(s)
Internal Audits	2018 Response and Environmental Programs	SATISFACTORY	3	<ul style="list-style-type: none"> Issues: One Significant, one Moderate and one Nominal. The Significant issue, related to REP's invoice reconciliation process, has two remaining open action plans. The first, due 11/30/19, is to create a more detailed workbook to enable greater invoicing accuracy. The second, due 12/31/19, involves automation of the reconciliation process.
	2018 Information Security Follow-Up	SATISFACTORY	6	<ul style="list-style-type: none"> Issues: Five Significant and one Moderate. The action plans for two of the five Significant issues are the responsibility of Information Security. The first, due 10/1/19, relates to quarterly reporting of open items for vulnerability testing to the Information Security Governance Committee (ISGC), a subcommittee of the Enterprise Corporate Risk Committee (ECRC). The second, due 6/1/20, relates to greater effectiveness of the ISGC, including a review/redesign of its structure, roles and responsibilities. The other three action plans are the responsibility of other departments. The first, due 10/1/20 from Security, involves completing a health check for the current Identity Manager System (IDM) to determine if an upgrade or replacement is required. The second, already satisfactorily completed by Security, involved adding language upgrades to the existing administration procedures for the 180-day access review control. The third, satisfactorily completed by Customer Revenue, involved updating user controls for the Customer Care and Billing (CC&B) system access groups.
	Branch Follow-Up	SATISFACTORY	6	<ul style="list-style-type: none"> Issues: Two Significant, three Moderate and one Nominal. Both action plans for the Significant issues have been satisfactorily completed. The first involved improving access controls for the branch vault. The second involved improving monitoring and communication processes for securing cash drawers.
Special Project	TEA Member Audit	EXCELLENT	6	<ul style="list-style-type: none"> No Significant issues identified.

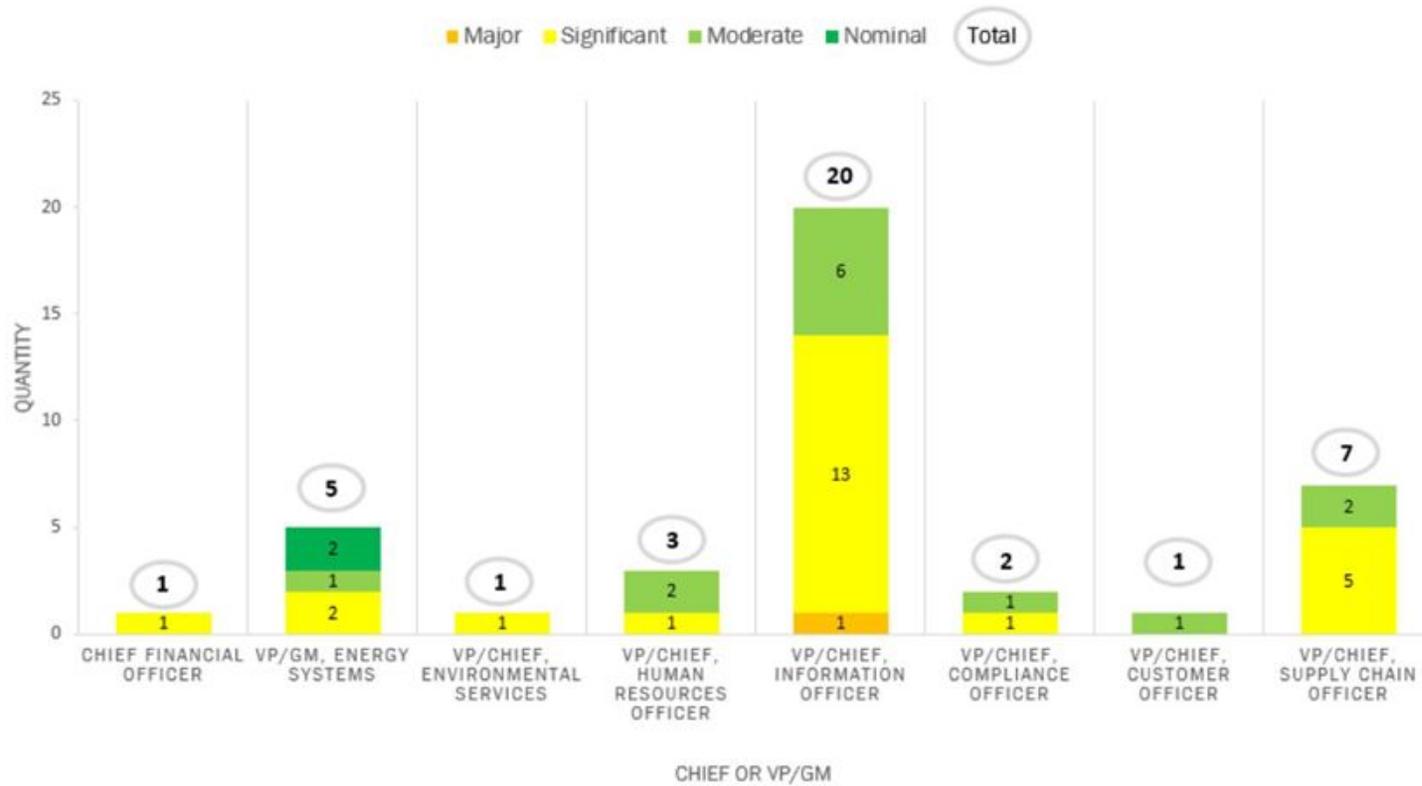
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Open Audit and Investigation Report Issues



Open Audit and Investigation Report Issues

OPEN ACTION PLANS (40) BY ISSUE RATING AND CHIEF OR VP/GM



MAY 2019



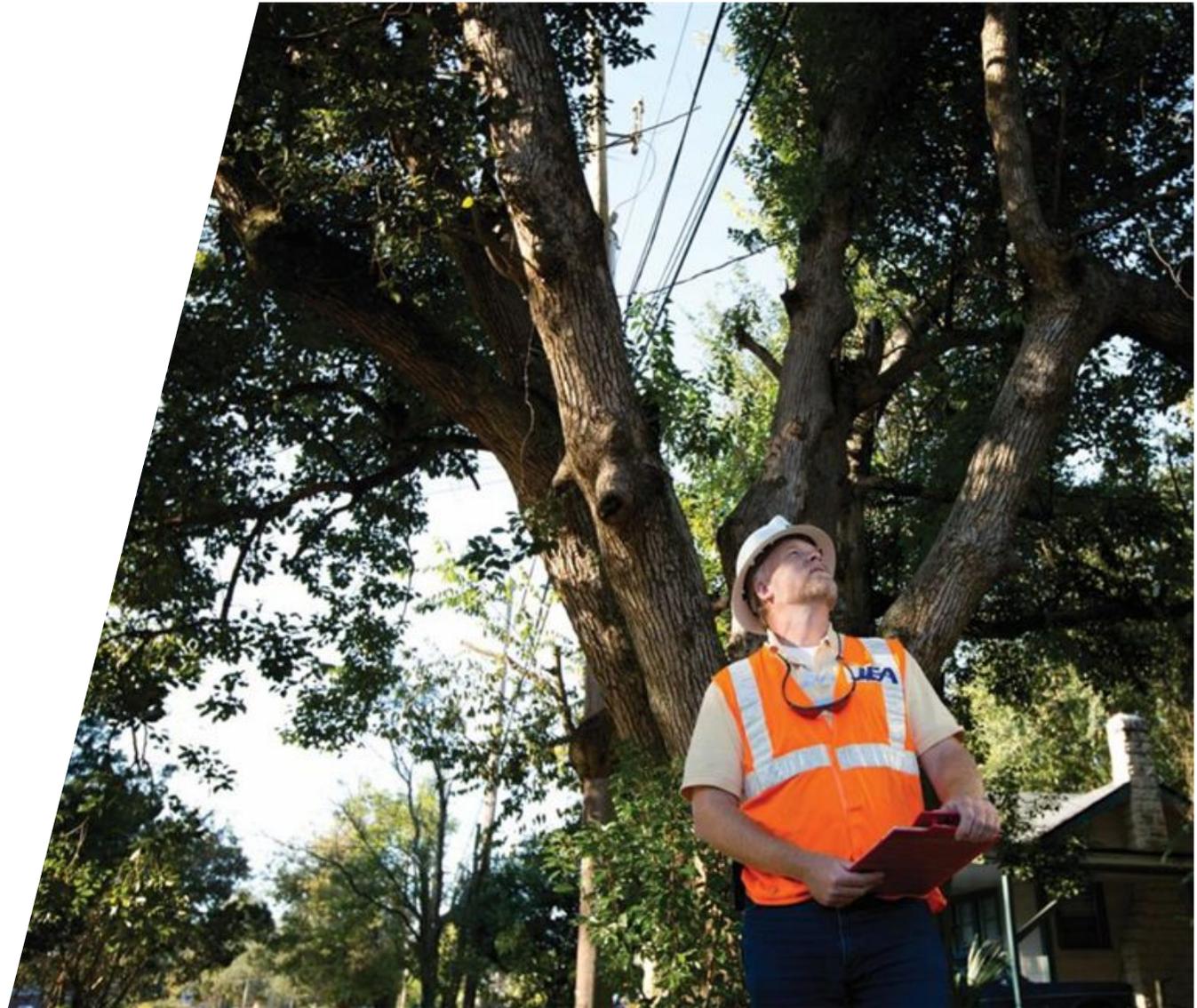
Open Audit and Investigation Report Issues w/ Major Rating

VP/Chief	Director / (Audit Name)	Issue Observation	Action Plan	Current Due Date	Action Plan Status Comments
VP/Chief, Information Officer	Director, Enterprise Architecture (Information Security)	Audit noted that a Data Management Policy and Plan currently do not exist to guide the storage, protection and destruction of sensitive information.	Audit recommends that a Data Management Policy and Plan be created based on the findings of the current data classification project.	9/30/19	With the assistance of an outside vendor, Management will complete a Data Governance readiness assessment. An implementation plan will be created based on the results of the assessment.

MAY 2019



**Forensic Audit
& Investigations**



Investigative Case Statistics – 2Q19

Open Cases 12/31/2018	Cases Opened Q2 FY19	Cases Closed Q2 FY19	Open Cases 3/31/2019
16	3	13	6
Categories For Cases Opened During Q2 FY19			
Conflict of Interest/Ethics Matters			1
Discrimination/Harassment			1
Fraud/Waste/Abuse			1
Total			3

Summary of Closed Cases – 2Q19

Reporting Source	Allegation	Investigation Results
Internal	JEA-18-07-0001 – Management became aware of a discrepancy related to an employee’s work hours during an overtime assignment. Upon research, Management determined the employee had only worked approximately two of the eight hours claimed for the day. There was a concern this was not an isolated incident.	An investigation revealed numerous instances where the employee was not working hours claimed on the employee’s timesheet. Subsequently, the employee resigned and repaid the monies due for restitution.
Internal	JEA-18-07-0004 – An anonymous reporter alleged a JEA employee was taking home brass and copper left over from jobs.	Sufficient evidence was not found to conclude the theft of copper and brass scraps had occurred. As a result of this case, Management agreed to review JEA’s scrap disposal policies with employees.
Internal	JEA-18-08-0001 – JEA’s Accounts Payable Department received a call from a Vendor asking about invoice payments they had not received. The Vendor received JEA’s notification of payment, but had not received the funds.	JEA changed a vendor’s banking ACH information based on a fraudulent email request, resulting in \$165,857 being paid to a fraudster’s bank account. JEA subsequently recovered all but \$5,714 of the funds. The fraud occurred due to insufficient controls over changing vendor ACH banking information. Steps were immediately taken to mitigate future losses, and recommendations were made to strengthen controls over changing vendor payment information.
Internal	JEA-18-10-0003 – An employee came to Management and expressed general concerns about past behavior and the desire to change going forward. Management was concerned the employee may not have been working hours as reported on the employee’s timesheet.	The allegation the employee may not be working hours as claimed on the timesheet was substantiated. The employee was initially terminated, but was subsequently demoted as a result of the Civil Service Board decision.

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Summary of Closed Cases – 2Q19 (continued)

Reporting Source	Allegation	Investigation Results
Ethics Hotline (EHL)	JEA-18-12-0001 – The anonymous caller alleged a Manager made a comment that was inappropriate for the workplace. The caller did not bring this to the attention of Management for fear of retaliation.	The case was referred to Labor Relations, as it dealt with possible harassment and retaliation. It was determined that without the caller or a direct witness to interview, Labor Relations was unable to substantiate the allegation.
EHL	JEA-18-12-0002, JEA-18-12-0003, JEA-18-12-0004, and JEA-18-12-0005 – The callers feared retaliation after being subpoenaed to testify in a Civil Service Board hearing.	Since the callers were concerned about possible future retaliation that had not occurred, an investigation could not be performed. The callers were referred to JEA procedure “HUMR 652 Harassment” for guidance if they experienced retaliation in the future.
EHL	JEA-18-12-0006 – An employee called the hotline fearing retaliation and termination related to employee’s recent Civil Service Board hearing. A subsequent call from the employee alleged management retaliation.	An investigation into the retaliation allegation concluded the employee had not incurred any form of adverse employment action.
EHL	JEA-18-12-0007 – The caller alleged being fired by email after being in an automobile accident of which the caller was injured. The caller felt this decision was extremely unfair.	Upon review, it was determined the caller was a contract employee, and the termination action was taken by the contractor. The caller was directed to report the allegations to management of the contract organization.

M A Y 2 0 1 9



Summary of Closed Cases – 2Q19 (concluded)

Reporting Source	Allegation	Investigation Results
EHL	JEA-19-01-0001 - The complainant alleged an employee was being paid more money because of a friendship with a Manager.	Based on the evidence, there was no inappropriate pay provided to the subject of the allegation.
EHL	JEA-19-01-0002 - An anonymous caller alleged violations of civil service rules and regulations as employees were working out of their job classifications.	Given the nature of the call, this case was referred to Labor Relations who determined additional information was needed to proceed with an investigation. They requested the caller contact them directly to provide specific information related to the violations of Civil Service (CS) Rules or Collective Bargaining Agreements (CBA).

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INTER-OFFICE MEMORANDUM

April 26, 2019

SUBJECT: ETHICS OFFICER REPORT

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

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
April Green
John Campion

BACKGROUND:

Per Ordinance 2011-197-E, JEA is required to appoint an Ethics Officer to represent the agency on ethics matters and to participate in a citywide Ethics Coordination Council. The Finance and Audit Committee will receive a quarterly update from the Ethics Officer.

DISCUSSION:

JEA Ethics Officer ensures information is shared and advice given regarding issues and questions. This role manages ethical concerns for the organization and ensure compliance with business and governmental regulations.

RECOMMENDATION:

This item is for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/TEH/WMS



Ethics Officer Report
Walette Stanford
May 2019

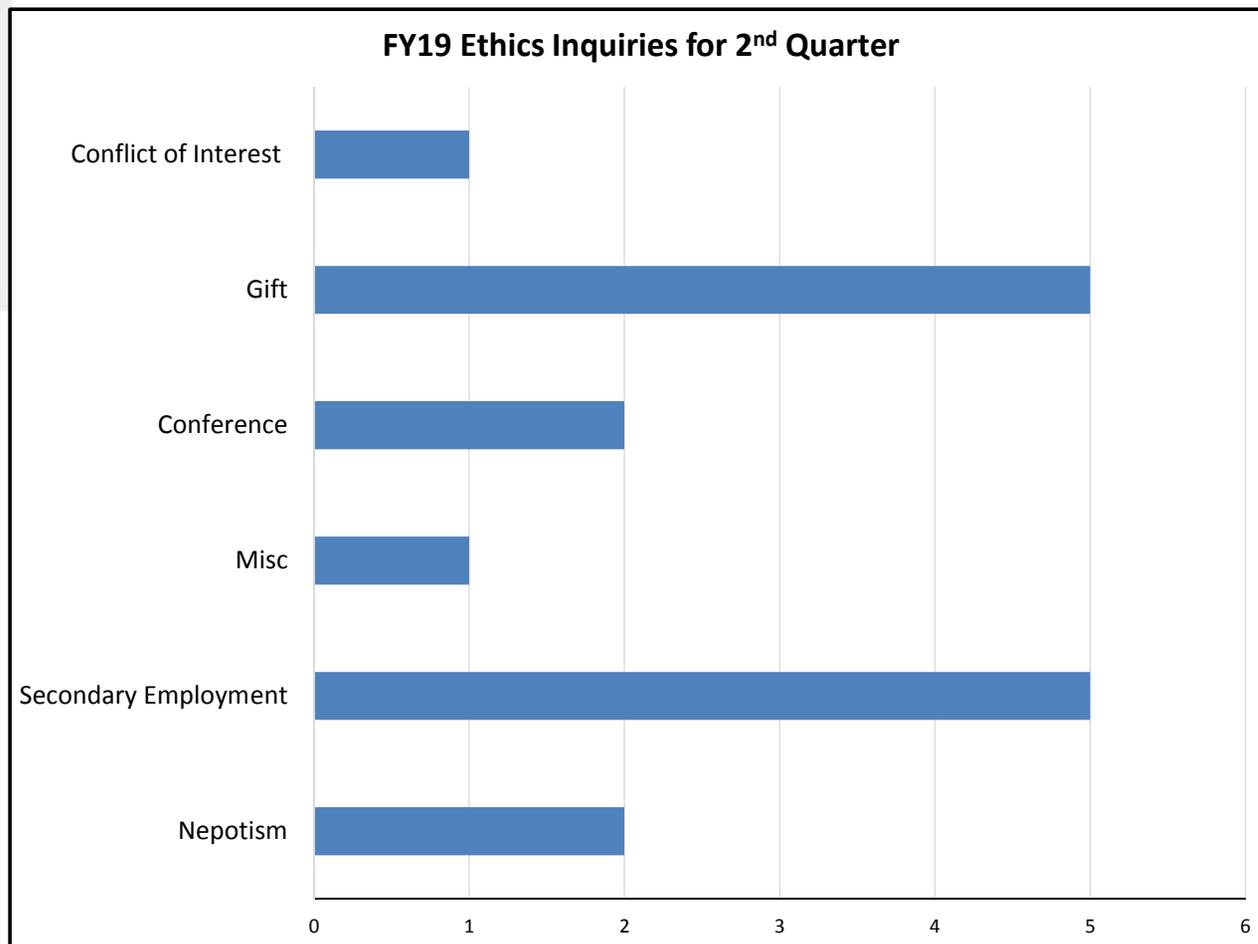


Promoting Efficiency
&
Accountability

May 2019



Ethics Officer Cases

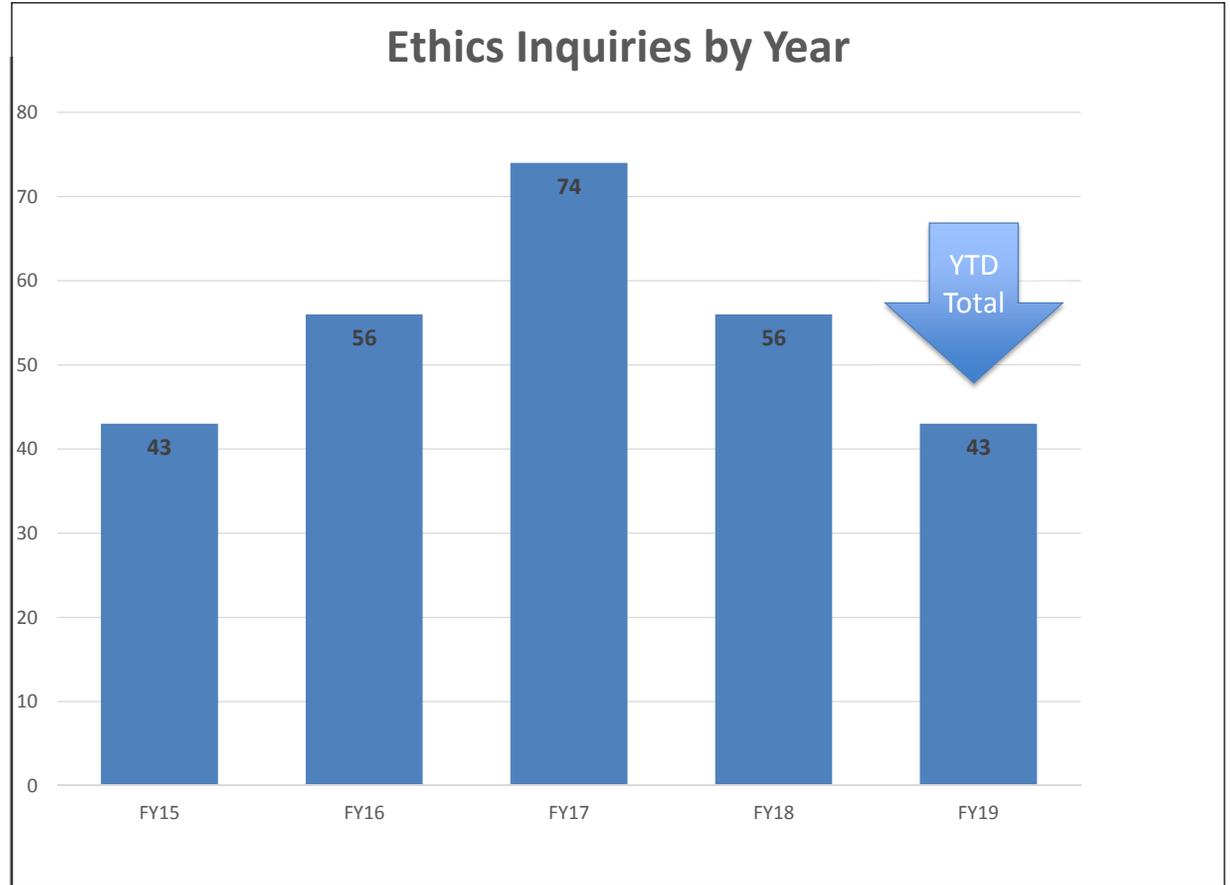




May 2019



Ethics Officer Cases



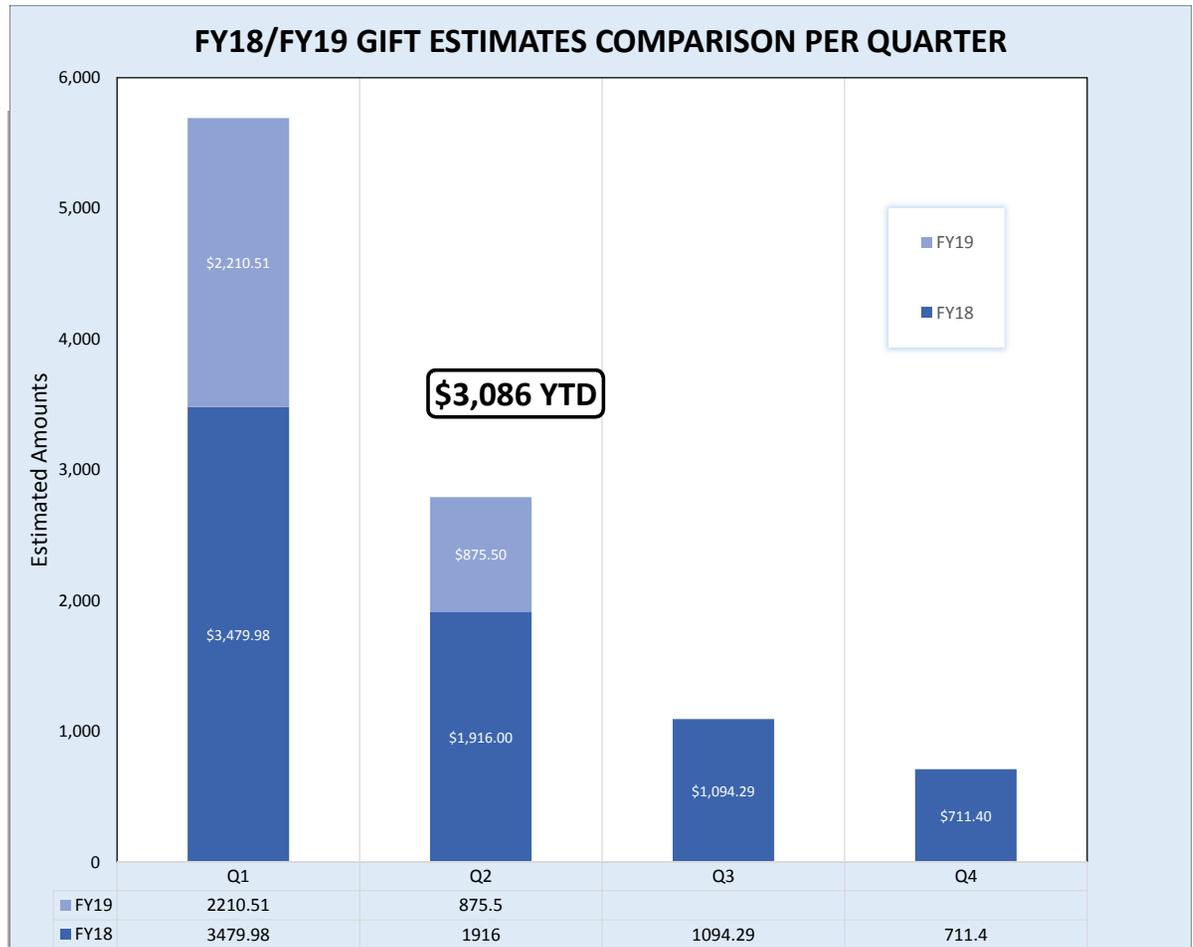


- Did you register your gift on the gift disclosure registry found on the Grid?
- Is your gift valued over \$100
- Did a service provider and/or vendor give you the gift?

May 2019



Gift Registry



2019 Business Ethics Annual Training

- Due on March 31st
- YTD 99% compliance



May 2019



Annual Training Update

Comments from the Survey:

- The information was clear and well presented. I think the graphics made the presentation easy to follow.
- The training was well put together.
- The information was very informative and gives a greater explanation of why certain policies are put in place to make sure all parties best interest are taken into consideration.
- Good training for a hard topic. Use of videos and photos helped make presentation entertaining, but could also provide a distraction. Would like to see more example situations and include specific examples, without naming names, from JEA's past that should not be repeated.
- Too long
- Appreciated the mix of photos, animations, and voices
- You cannot tell how far along you are in the training.
- The new format was very well done. Great online course!!
- Thanks for making familiar material interesting!
- The training was wonderful, but the audio in the narration and the videos got choppy at times.

Training Survey Results



May 2019



FY19 update

- Training was sent out to 1990 JEA employees on March 1, 2019
- Survey Questions/Results:
 - Overall, how satisfied were you with the knowledge you obtained in the Business Ethics Refresher?
 - 66.4% Very Satisfied
 - 17.93% Somewhat Satisfied
 - 13.32% Neither
 - 1.02% Somewhat Dissatisfied
 - 1.29% Very Dissatisfied
 - Overall, how satisfied were you with the Business Ethics Refresher E-Learning?
 - 60.34% Very Satisfied
 - 21.36% Somewhat Satisfied
 - 16% Neither
 - 1.02% Somewhat Dissatisfied
 - 1.29% Very Dissatisfied
- Survey responses received was 206.



Oversight Responsibility



May 2019



FY19 update

- Companywide Annual Business Ethics Training completed on March 31st. We are at 99% compliance.
- Quarterly Ethics Newsletter going out in May focusing on Misuse of Time, Supplies and Equipment.
- Nepotism audit was completed in March with the below findings:
 - The report identified 12 employees with the same address without a nepotism flag. Ethics addressed these concerns with the employees as needed. Most employees lived at the same apartment/condos but no suite/apt number was identified in the report.
 - 221 employees had a nepotism flag in Oracle. This is down from 310 employees identified in 2016. Of the 221 employees were tested to see if the noted relative(s) reports to the same Chief/VP. Of this subset, 14 individuals were identified who report up to the same supervisor. No issues were found. A reminder email was sent to all impacted Directors and the Human Resource Business Partners to remind them of these unique relationships.
- Working with OGC and the City of Jacksonville Ethics office on updating JEA Gifts and Secondary Employment policies based on city ordinance updates.



INTER-OFFICE MEMORANDUM

April 21, 2019

SUBJECT: ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE
FUND QUARTERLY REPORT

FROM: Aaron F. Zahn, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
John Campion

BACKGROUND:

At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning in August 2012.

DISCUSSION:

Attached are the reserve fund schedules referenced above for the period ending March 31, 2019.

RECOMMENDATION:

No action required; provided for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/JEO/BHG



Quarterly Reserve Report

**For the Second Quarter Ending
March 2019**



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

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

Electric System

	<u>Actual</u> <u>Fiscal Year</u> <u>2016</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2017</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2018</u>	<u>Projected</u> <u>Fiscal Year</u> <u>2019</u>	<u>Detail</u> <u>Page #</u>
Unrestricted					
Operations/Revenue Fund	\$ 56,665	\$ 54,800	\$ 85,482	\$ 32,298	
Debt Management Strategy Reserve	-	-	-	-	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	11,179	9,214	8,138	8,138	4
Rate Stabilization					
• Fuel	180,115	131,716	74,376	48,599	5
• DSM/conservation	3,515	3,695	3,470	3,987	6
• Environmental	29,975	36,417	42,163	47,145	7
• Debt Management	42,126	29,884	29,884	29,884	8
• Non-Fuel Purchased Power	34,400	25,189	53,493	55,933	9
Environmental	18,556	17,672	16,818	16,818	10
Customer Deposits	41,084	42,105	44,242	44,543	11
Total Unrestricted	427,615	360,692	368,066	297,345	
Days of Cash on Hand (2)	270	234	219	124	
Restricted					
Debt Service Funds (Sinking Funds)	136,232	167,087	159,656	145,826	12
Debt Service Reserve Funds	60,582	60,582	60,582	60,582	13
Renewal and Replacement Funds/OCO (3)	192,179	201,368	189,922	23,373	14
Construction Funds	-	-	203	-	15
Total Restricted	388,993	429,037	410,363	229,781	
Total Electric System	\$ 816,608	\$ 789,729	\$ 778,429	\$ 527,126	

Water and Wastewater System

Unrestricted					
Operations/Revenue Fund	\$ 42,948	\$ 69,232	\$ 43,461	\$ 23,238	
Rate Stabilization					
• Debt Management	20,290	14,209	14,209	14,209	16
• Environmental	1,699	5,214	12,914	12,859	17
Customer Deposit	13,910	15,086	15,616	15,958	18
Total Unrestricted	78,847	103,741	86,200	66,264	
Days of Cash on Hand (2)	528	496	454	212	
Restricted					
Debt Service Funds (Sinking Funds)	65,410	82,208	81,241	81,027	19
Debt Service Reserve Funds	108,086	107,488	102,850	63,442	20
Renewal and Replacement Funds	179,431	150,319	141,415	31,193	21
Environmental Fund [Capital Projects]	2,659	1,839	1,159	1,096	22
Construction Funds	152	15	284	18,688	23
Total Restricted	355,738	341,869	326,949	195,446	
Total Water & Sewer System	\$ 434,585	\$ 445,610	\$ 413,149	\$ 261,710	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.

(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.

(3) Balance includes \$47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.

(4) Balance includes \$20,000 of Water & Sewer System Renewal and Replacement Reserve for MADS calculation.

Funds Established Per the Bond Resolutions

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) .	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

Electric System Self Insurance - Property

For the Second Quarter Ending March 31, 2019

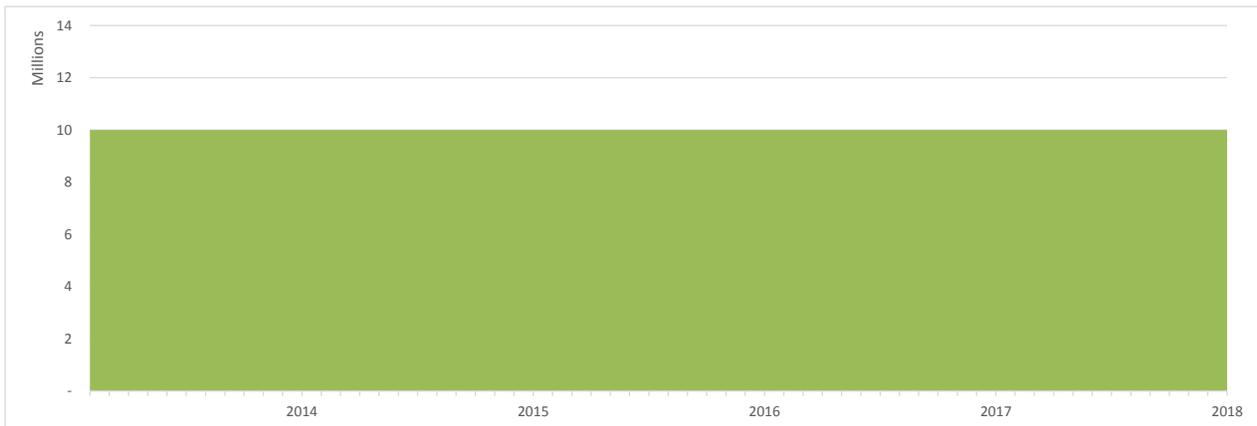
Definitions and Goals

JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					
Ending Balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending balance	<u>\$ 10,000</u>				



Observations

- Reserve/Fund Authorization: Budget Appropriation.

Electric System Self Insurance - Employee Health Insurance

For the Second Quarter Ending March 31, 2019

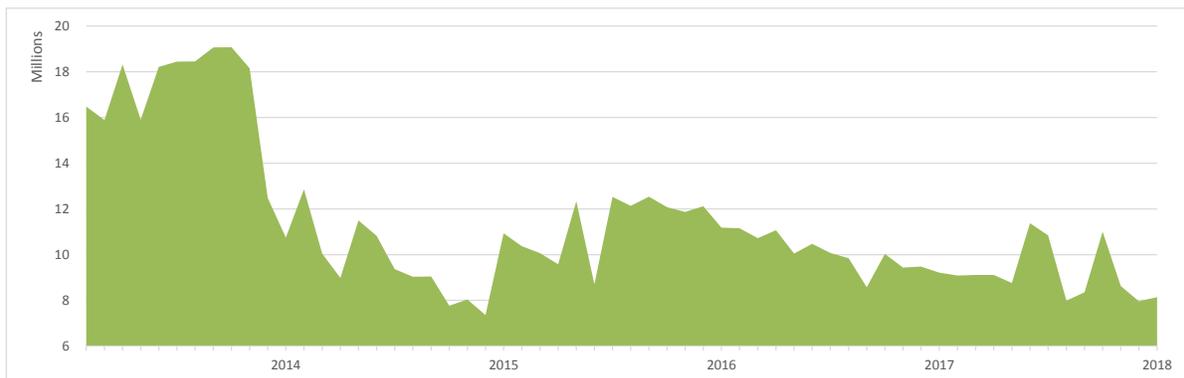
Definitions and Goals

This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 8,824	\$ 8,138	\$ 8,138	\$ 8,138	\$ 8,138
Additions:					
Employee Contributions	1,638	3,159	3,317	3,483	3,657
Retiree & Other Contributions	1,539	3,193	3,385	3,588	3,803
Employer Contributions	4,706	11,215	28,815	31,129	33,640
Sub-total	\$ 7,883	\$ 17,567	\$ 35,516	\$ 38,200	\$ 41,100
Withdrawals:					
Payments for Claims	6,151	14,449	33,408	36,029	38,863
Actuary & Other Payments	335	1,035	2,108	2,171	2,237
Sub-total	\$ 6,486	\$ 15,484	\$ 35,516	\$ 38,200	\$ 41,100
Ending Balance	\$ 10,221	\$ 10,221	\$ 8,138	\$ 8,138	\$ 8,138

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 9,214
Additions:					
Employee Contributions	4,573	5,447	5,460	5,862	6,158
Retiree & Other Contributions	5,188	5,141	5,694	6,443	7,273
Employer Contributions	14,252	22,220	24,231	19,004	18,378
Sub-total	\$ 24,013	\$ 32,808	\$ 35,385	\$ 31,309	\$ 31,809
Withdrawals:					
Payments for Claims	27,157	30,408	32,946	30,994	30,933
Actuary & Other Payments	2,021	2,212	2,197	2,280	1,952
Sub-total	\$ 29,178	\$ 32,620	\$ 35,143	\$ 33,274	\$ 32,885
Ending balance	\$ 10,749	\$ 10,937	\$ 11,179	\$ 9,214	\$ 8,138



Maximum Balance: 19,072
Minimum Balance: 7,359

Average Balance: 11,382

Observations

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

Electric System Rate Stabilization - Fuel Management

For the Second Quarter Ending March 31, 2019

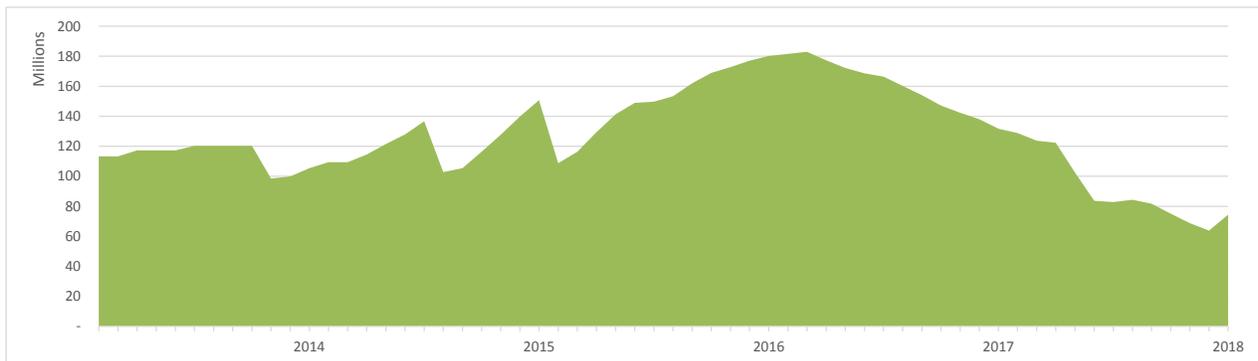
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 60,500	\$ 74,376	\$ 74,376	\$ 48,599	\$ 67,048
Additions:					
Contributions			6,504	18,449	22,633
Sub-total	\$ -	\$ -	\$ 6,504	\$ 18,449	\$ 22,633
Withdrawals:					
Withdrawals	16,292	30,168	32,281	0	0
Sub-total	\$ 16,292	\$ 30,168	\$ 32,281	\$ -	\$ -
Ending Balance	\$ 44,208	\$ 44,208	\$ 48,599	\$ 67,048	\$ 89,681

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 131,716
Additions:					
Contributions	22,496	95,224	85,979	2,845	
Sub-total	\$ 22,496	\$ 95,224	\$ 85,979	\$ 2,845	\$ -
Withdrawals:					
Withdrawals				51,244	57,340
Fuel Rebate Credit	25,328	49,939	56,606		
Sub-total	\$ 25,328	\$ 49,939	\$ 56,606	\$ 51,244	\$ 57,340
Ending balance	\$ 105,457	\$ 150,742	\$ 180,115	\$ 131,716	\$ 74,376



Maximum Balance: 182,960
Minimum Balance: 63,814

Average Balance: 127,473

Observations

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

Electric System Rate Stabilization - Demand Side Management (DSM)

For the Second Quarter Ending March 31, 2019

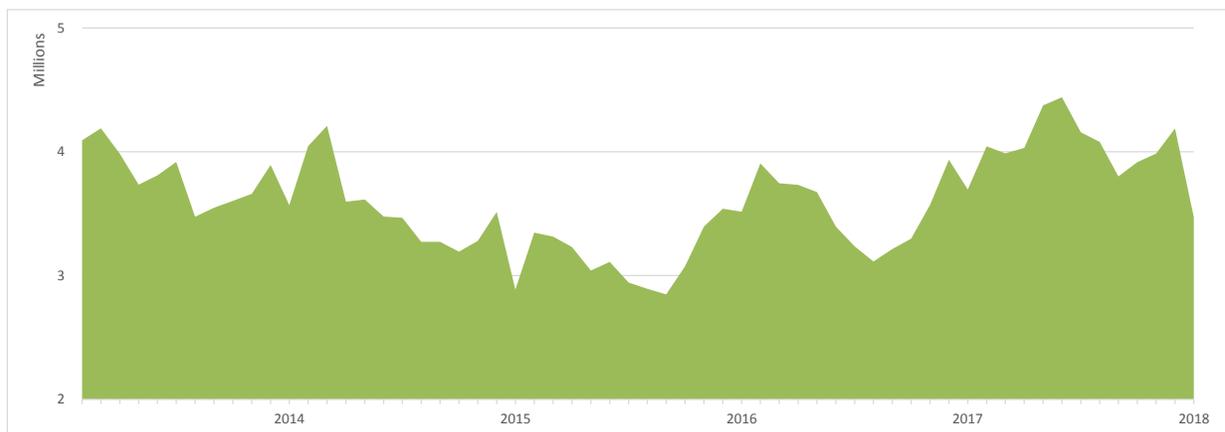
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section VII of the Pricing Policy, \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 4,090	\$ 3,470	\$ 3,470	\$ 3,987	\$ 4,319
Additions:					
Contributions	1,467	3,105	6,958	6,772	6,772
Sub-total	\$ 1,467	\$ 3,105	\$ 6,958	\$ 6,772	\$ 6,772
Withdrawals:					
Withdrawals	1,360	2,378	6,441	6,440	6,440
Sub-total	\$ 1,360	\$ 2,378	\$ 6,441	\$ 6,440	\$ 6,440
Ending Balance	\$ 4,197	\$ 4,197	\$ 3,987	\$ 4,319	\$ 4,651

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 3,695
Additions:					
Contributions	6,929	7,059	7,232	6,685	7,088
Sub-total	\$ 6,929	\$ 7,059	\$ 7,232	\$ 6,685	\$ 7,088
Withdrawals:					
Withdrawals	7,250	7,743	6,603	6,505	7,313
Sub-total	\$ 7,250	\$ 7,743	\$ 6,603	\$ 6,505	\$ 7,313
Ending balance	\$ 3,570	\$ 2,886	\$ 3,515	\$ 3,695	\$ 3,470



Maximum Balance:	4,441	Average Balance:	3,609
Minimum Balance:	2,848		

Observations

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

Electric System Rate Stabilization - Environmental

For the Second Quarter Ending March 31, 2019

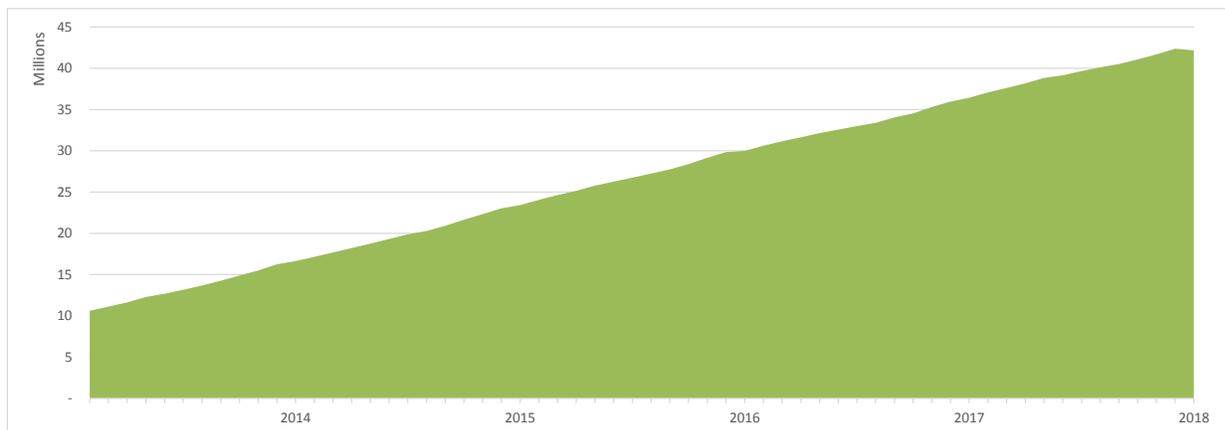
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge (\$0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 43,036	\$ 42,163	\$ 42,163	\$ 47,145	\$ 51,826
Additions:					
Contributions	1,631	3,379	7,434	7,320	7,320
Sub-total	\$ 1,631	\$ 3,379	\$ 7,434	\$ 7,320	\$ 7,320
Withdrawals:					
Withdrawals	529	1,404	2,452	2,639	2,918
Ending Balance	<u>\$ 44,138</u>	<u>\$ 44,138</u>	<u>\$ 47,145</u>	<u>\$ 51,826</u>	<u>\$ 56,228</u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 36,417
Additions:					
Contributions	7,395	7,586	7,700	7,384	7,572
Sub-total	\$ 7,395	\$ 7,586	\$ 7,700	\$ 7,384	\$ 7,572
Withdrawals:					
Withdrawals	779	795	1,155	942	1,827
Sub-total	\$ 779	\$ 795	\$ 1,155	\$ 942	\$ 1,827
Ending balance	<u>\$ 16,639</u>	<u>\$ 23,430</u>	<u>\$ 29,975</u>	<u>\$ 36,417</u>	<u>\$ 42,163</u>



Maximum Balance:	42,378	Average Balance:	26,826
Minimum Balance:	10,602		

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Debt Management

For the Second Quarter Ending March 31, 2019

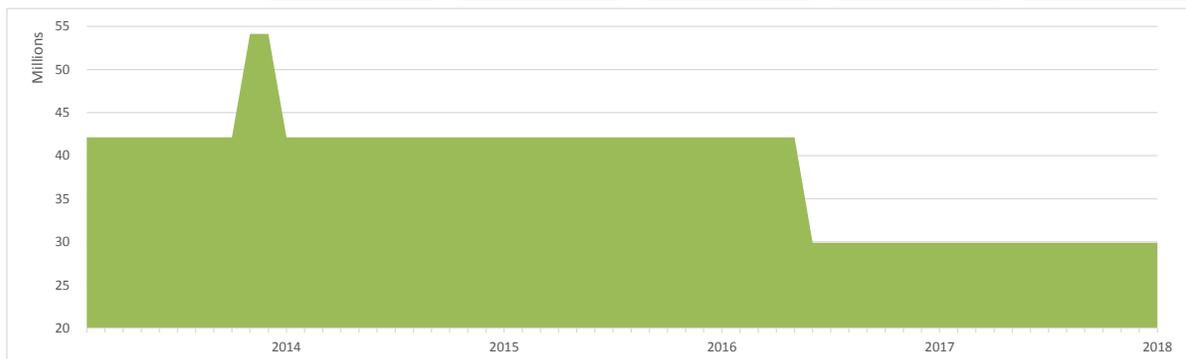
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year-to-Date	2019	2020	2021
Opening Balance	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 29,884
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals				12,242	
Sub-total	\$ -	\$ -	\$ -	\$ 12,242	\$ -
Ending balance	\$ 42,126	\$ 42,126	\$ 42,126	\$ 29,884	\$ 29,884



Maximum Balance:	54,126	Average Balance:	38,445
Minimum Balance:	29,884		

Observations

- Rate Stabilization Fund for Debt Management began in May 2009.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Second Quarter Ending March 31, 2019

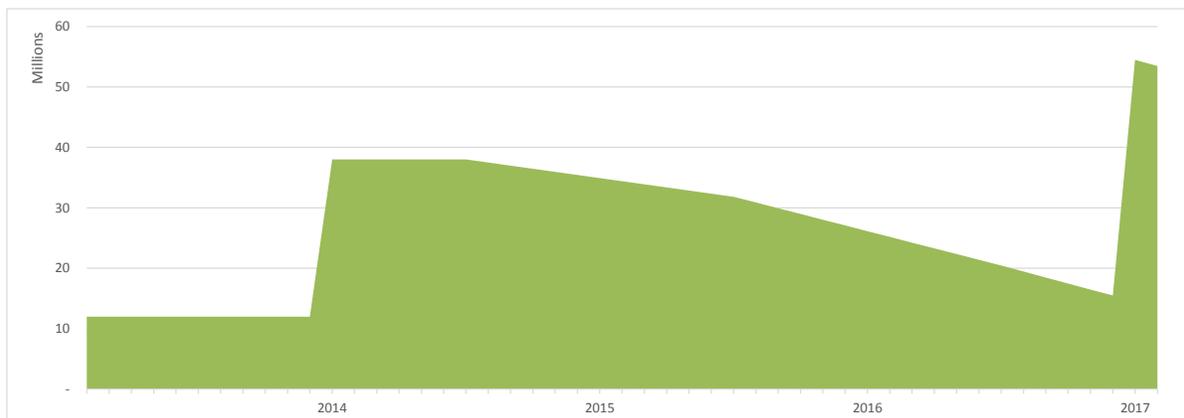
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 50,527	\$ 53,493	\$ 53,493	\$ 55,933	\$ 34,325
Additions:					
Contributions			17,566		
Sub-total	\$ -	\$ -	\$ 17,566	\$ -	\$ -
Withdrawals:					
Withdrawals	2,963	5,929	15,126	21,608	34,325
Ending Balance	\$ 47,564	\$ 47,564	\$ 55,933	\$ 34,325	\$ -

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ 25,189
Additions:					
Contributions	12,000	26,000			40,000
Sub-total	\$ 12,000	\$ 26,000	\$ -	\$ -	\$ 40,000
Withdrawals:					
Withdrawals			3,600	9,211	11,696
Sub-total	\$ -	\$ -	\$ 3,600	\$ 9,211	\$ 11,696
Ending balance	\$ 12,000	\$ 38,000	\$ 34,400	\$ 25,189	\$ 53,493



Maximum Balance:	54,488	Average Balance:	26,883
Minimum Balance:	12,000		

Observations

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

Electric System Environmental Reserve

For the Second Quarter Ending March 31, 2019

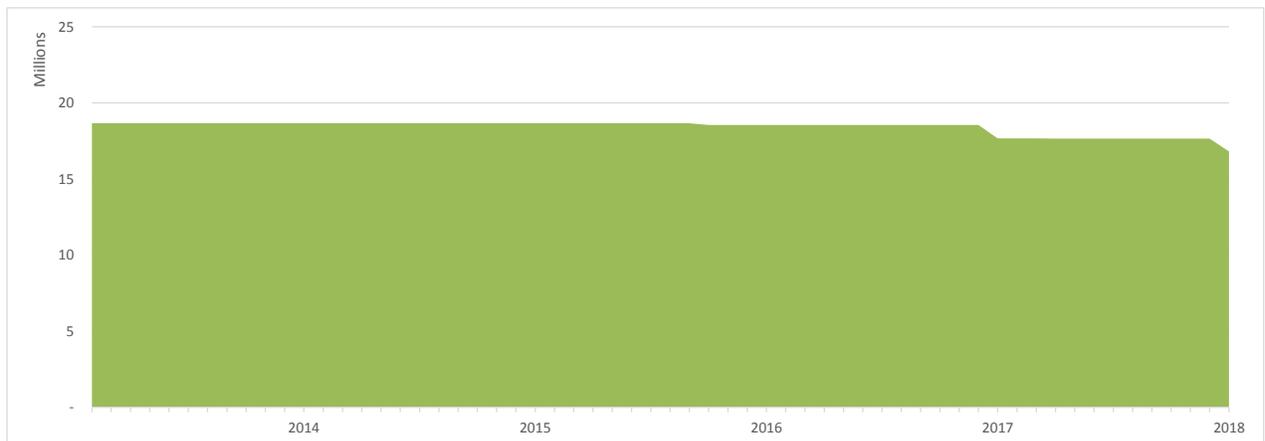
Definitions and Goals

This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 16,818	\$ 16,818	\$ 16,818	\$ 16,818	\$ 16,818
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	10	10			
Ending Balance	<u>\$ 16,808</u>	<u>\$ 16,808</u>	<u>\$ 16,818</u>	<u>\$ 16,818</u>	<u>\$ 16,818</u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 17,672
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals			106	884	854
Sub-total	\$ -	\$ -	\$ 106	\$ 884	\$ 854
Ending balance	<u>\$ 18,662</u>	<u>\$ 18,662</u>	<u>\$ 18,556</u>	<u>\$ 17,672</u>	<u>\$ 16,818</u>



Maximum Balance: 18,662
Minimum Balance: 16,818

Average Balance: 18,403

Observations

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the Second Quarter Ending March 31, 2019

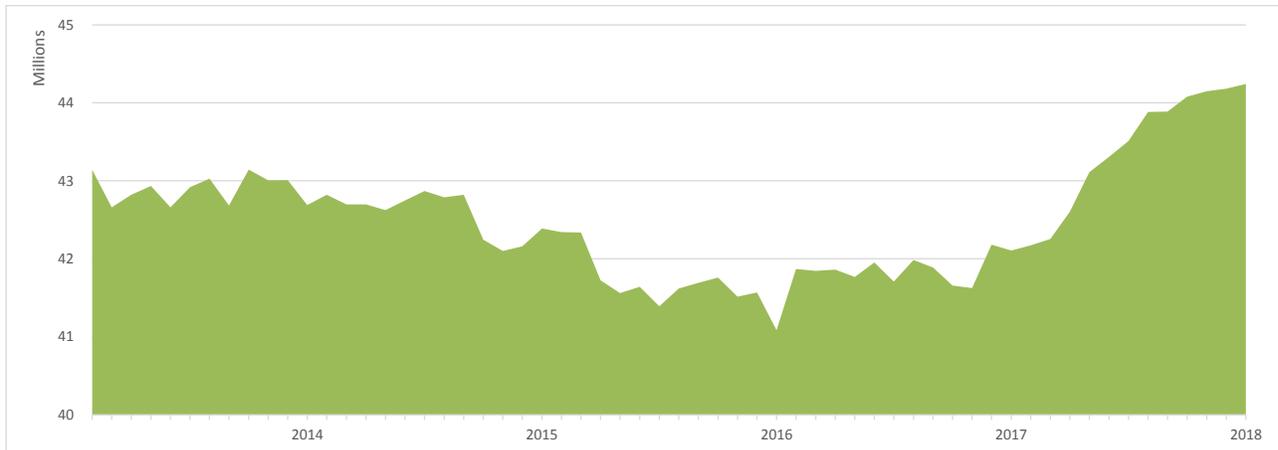
Definitions and Goals

Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 44,218	\$ 44,242	\$ 44,242	\$ 44,543	\$ 44,543
Additions:					
Net Customer Activity	325	301	301		
Sub-total	\$ 325	\$ 301	\$ 301	\$ -	\$ -
Withdrawals:					
Net Customer Activity					
Ending Balance	\$ 44,543	\$ 44,543	\$ 44,543	\$ 44,543	\$ 44,543

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 42,105
Additions:					
Net Customer Activity				1,021	2,137
Sub-total	\$ -	\$ -	\$ -	\$ 1,021	\$ 2,137
Withdrawals:					
Net Customer Activity	2,194	299	1,305		
Sub-total	\$ 2,194	\$ 299	\$ 1,305	\$ -	\$ -
Ending balance	\$ 42,688	\$ 42,389	\$ 41,084	\$ 42,105	\$ 44,242



Maximum Balance:	44,242	Average Balance:	42,495
Minimum Balance:	41,084		

Observations

Electric System Debt Service Sinking Fund

For the Second Quarter Ending March 31, 2019

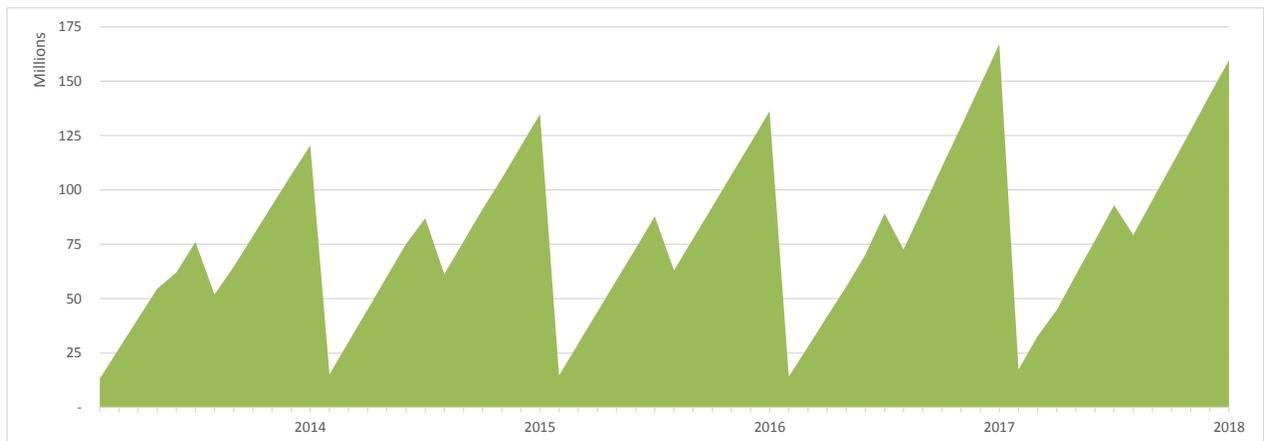
Definitions and Goals

JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 45,464	\$ 159,656	\$ 159,656	\$ 145,826	\$ 87,848
Additions:					
Revenue Fund Deposits	46,723	94,140	185,999	130,420	131,677
Sub-total	<u>\$ 46,723</u>	<u>\$ 94,140</u>	<u>\$ 185,999</u>	<u>\$ 130,420</u>	<u>\$ 131,677</u>
Withdrawals:					
Principal and Int Payments	4,584	166,193	199,829	188,398	134,212
Ending Balance	<u>\$ 87,603</u>	<u>\$ 87,603</u>	<u>\$ 145,826</u>	<u>\$ 87,848</u>	<u>\$ 85,313</u>

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 167,087
Additions:					
Revenue Fund Deposits	167,340	181,006	177,847	209,450	201,359
Sub-total	<u>\$ 167,340</u>	<u>\$ 181,006</u>	<u>\$ 177,847</u>	<u>\$ 209,450</u>	<u>\$ 201,359</u>
Withdrawals:					
Principal and Int Payments	148,187	166,537	176,542	178,595	208,790
Sub-total	<u>\$ 148,187</u>	<u>\$ 166,537</u>	<u>\$ 176,542</u>	<u>\$ 178,595</u>	<u>\$ 208,790</u>
Ending balance	<u>\$ 120,458</u>	<u>\$ 134,927</u>	<u>\$ 136,232</u>	<u>\$ 167,087</u>	<u>\$ 159,656</u>



Maximum Balance: 167,087
Minimum Balance: 13,302

Average Balance: 77,616

Observations

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).
- Projections are based on the debt outstanding as of December 31, 2018.

Electric System Debt Service Reserve Account

For the Second Quarter Ending March 31, 2019

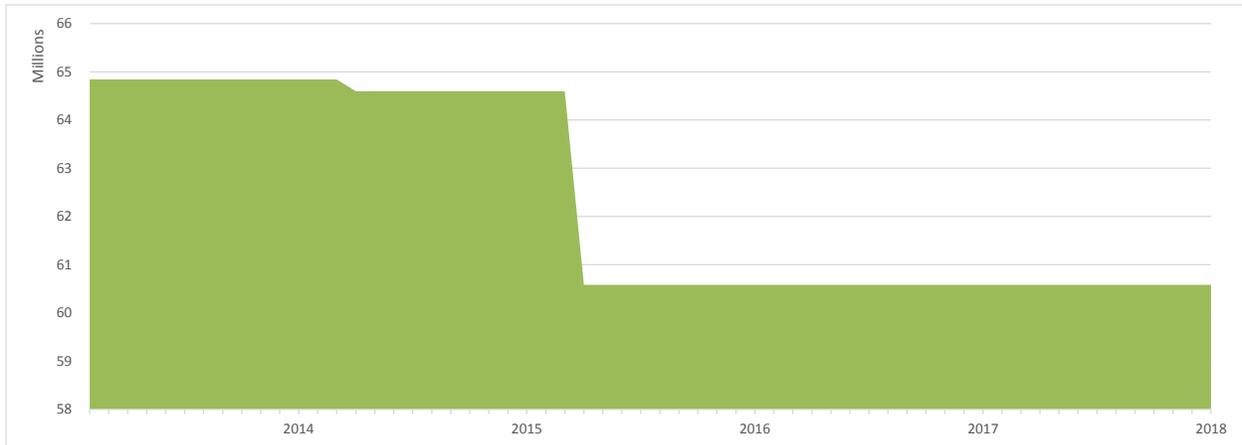
Definitions and Goals

This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Release to Revenue Fund					
Ending Balance	<u>\$ 60,582</u>	<u>\$ 60,582</u>	<u>\$ 60,582</u>	<u>\$ 60,582</u>	<u>\$ 60,582</u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	\$ 60,582
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Release to Revenue Fund		246	4,013		
Sub-total	\$ -	\$ 246	\$ 4,013	\$ -	\$ -
Ending balance	<u>\$ 64,841</u>	<u>\$ 64,595</u>	<u>\$ 60,582</u>	<u>\$ 60,582</u>	<u>\$ 60,582</u>



Maximum Balance:	64,841	Average Balance:	62,378
Minimum Balance:	60,582		

Observations

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

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

For the Second Quarter Ending March 31, 2019

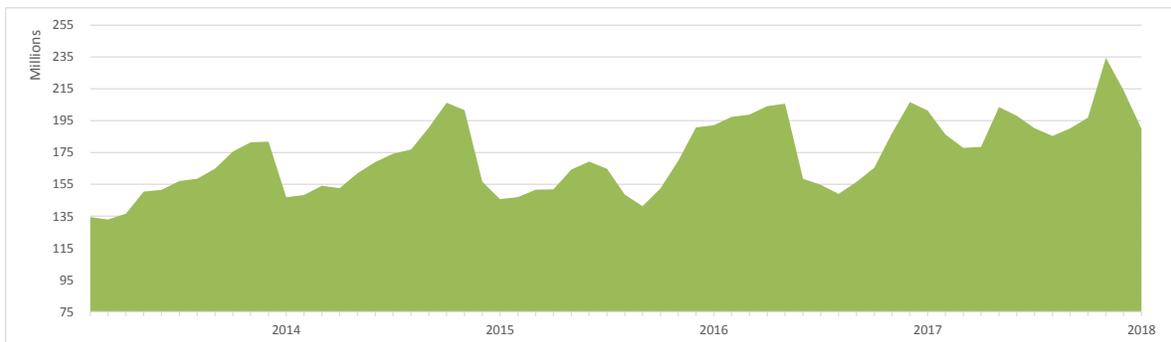
Definitions and Goals

Pursuant to the bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures known as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 148,256	\$ 189,922	\$ 189,922	\$ 23,373	\$ 31,657
Additions:					
R&R/OCO Contribution	24,112	67,225	172,608	232,000	282,000
Transfers Loans betw Capital Fds			201		
Other	5,667	16,178	18,908	5,500	2,000
Sub-total	\$ 29,779	\$ 83,403	\$ 191,717	\$ 237,500	\$ 284,000
Withdrawals:					
Capital Expenditures	42,080	137,370	265,266	229,216	308,433
Transfers betw Capital Fds					
Debt Defeasance	70,000	70,000	93,000		
Other					
Sub-total	\$ 112,080	\$ 207,370	\$ 358,266	\$ 229,216	\$ 308,433
Ending Balance	\$ 65,955	\$ 65,955	\$ 23,373	\$ 31,657	\$ 7,224

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 201,368
Additions:					
R&R/OCO Contribution	85,639	110,351	200,692	196,589	148,105
Loans betw Capital Fds	-				
Other	4,014	970	3,744	5,074	35,675
Sub-total	\$ 89,653	\$ 111,321	\$ 204,436	\$ 201,663	\$ 183,780
Withdrawals:					
Capital Expenditures	82,889	112,483	157,201	113,987	181,263
Transfers/loans b/w Capital Fds	340	37	765	37,200	
Debt Defeasance					
Other			2	41,287	13,963
Sub-total	\$ 83,229	\$ 112,520	\$ 157,968	\$ 192,474	\$ 195,226
Ending balance	\$ 146,910	\$ 145,711	\$ 192,179	\$ 201,368	\$ 189,922



Maximum Balance: 234,504
Minimum Balance: 132,931

Average Balance: 173,065

Observations

- Other includes Sale of Property.
- Includes \$47 million for Maximum Annual Debt Service calculation.

Electric System Construction / Bond Fund

For the Second Quarter Ending March 31, 2019

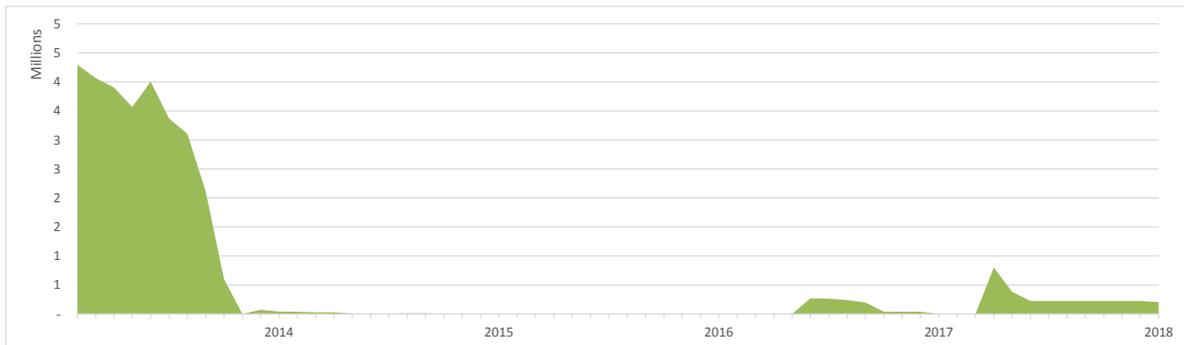
Definitions and Goals

JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 203	\$ 203	\$ 203	\$ -	\$ -
Additions:					
Bond Proceeds					
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Transfers betw Capital Fds			203		
Other	2	2			
Sub-total	\$ 2	\$ 2	\$ 203	\$ -	\$ -
Ending Balance	\$ 201	\$ 201	\$ -	\$ -	\$ -

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -
Additions:					
Bond Proceeds				429	805
Loans betw Capital Fds	3,091				
Other	340	37	2		
Sub-total	\$ 3,431	\$ 37	\$ 2	\$ 429	\$ 805
Withdrawals:					
Capital Expenditures	4,821	75	6		
Transfers/loans b/w Capital Fds	3,091				
Other	661			429	602
Sub-total	\$ 8,573	\$ 75	\$ 6	\$ 429	\$ 602
Ending balance	\$ 42	\$ 4	\$ -	\$ -	\$ 203



Maximum Balance: 4,299 Average Balance: 555
 Minimum Balance: -

Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues projected for FY 2019.

Water and Sewer System Rate Stabilization - Debt Management

For the Second Quarter Ending March 31, 2019

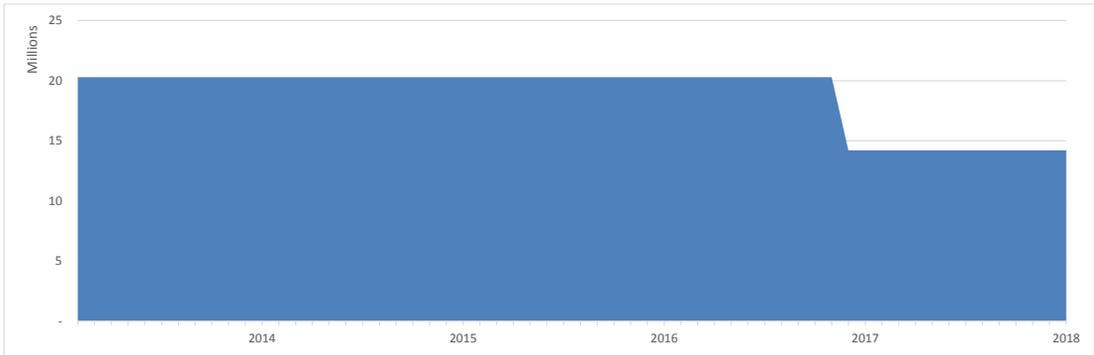
Definitions and Goals

The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund ("RSF") in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this RSF for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 14,209	\$ 14,209	\$ 14,209	\$ 14,209	\$ 14,209
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 14,209	\$ 14,209	\$ 14,209	\$ 14,209	\$ 14,209

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 14,209
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals				6,081	
Sub-total	\$ -	\$ -	\$ -	\$ 6,081	\$ -
Ending balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 14,209	\$ 14,209



Maximum Balance:	20,290	Average Balance:	18,871
Minimum Balance:	14,209		

Observations

- Contributions began in June 2009.

Water & Sewer System Rate Stabilization - Environmental

For the Second Quarter Ending March 31, 2019

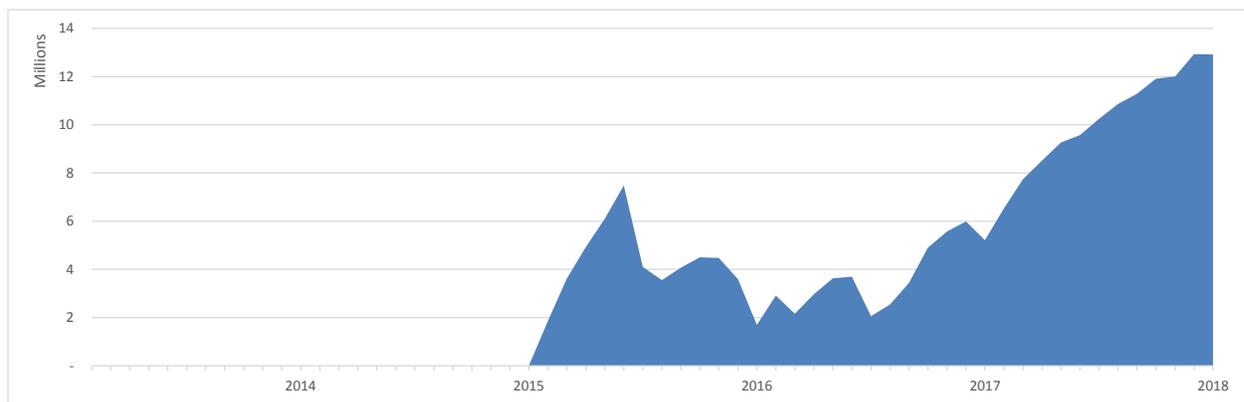
Definitions and Goals

The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as debt management and regulatory requirements or initiatives.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 15,218	\$ 12,914	\$ 12,914	\$ 12,859	\$ 12,859
Additions:					
Contributions	5,516	11,454	25,847	26,687	26,954
Sub-total	<u>\$ 5,516</u>	<u>\$ 11,454</u>	<u>\$ 25,847</u>	<u>\$ 26,687</u>	<u>\$ 26,954</u>
Withdrawals:					
Withdrawals	5,415	9,049	25,902	26,687	26,954
Sub-total	<u>\$ 5,415</u>	<u>\$ 9,049</u>	<u>\$ 25,902</u>	<u>\$ 26,687</u>	<u>\$ 26,954</u>
Ending Balance	<u><u>\$ 15,319</u></u>	<u><u>\$ 15,319</u></u>	<u><u>\$ 12,859</u></u>	<u><u>\$ 12,859</u></u>	<u><u>\$ 12,859</u></u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ -	\$ -	\$ -	\$ 1,699	\$ 5,214
Additions:					
Contributions			23,635	24,362	23,829
Sub-total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,635</u>	<u>\$ 24,362</u>	<u>\$ 23,829</u>
Withdrawals:					
Withdrawals			21,936	20,847	16,129
Sub-total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,936</u>	<u>\$ 20,847</u>	<u>\$ 16,129</u>
Ending balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,699</u></u>	<u><u>\$ 5,214</u></u>	<u><u>\$ 12,914</u></u>



Maximum Balance:	12,930	Average Balance:	6,079
Minimum Balance:	1,699		

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Water and Sewer System Customer Deposits

For the Second Quarter Ending March 31, 2019

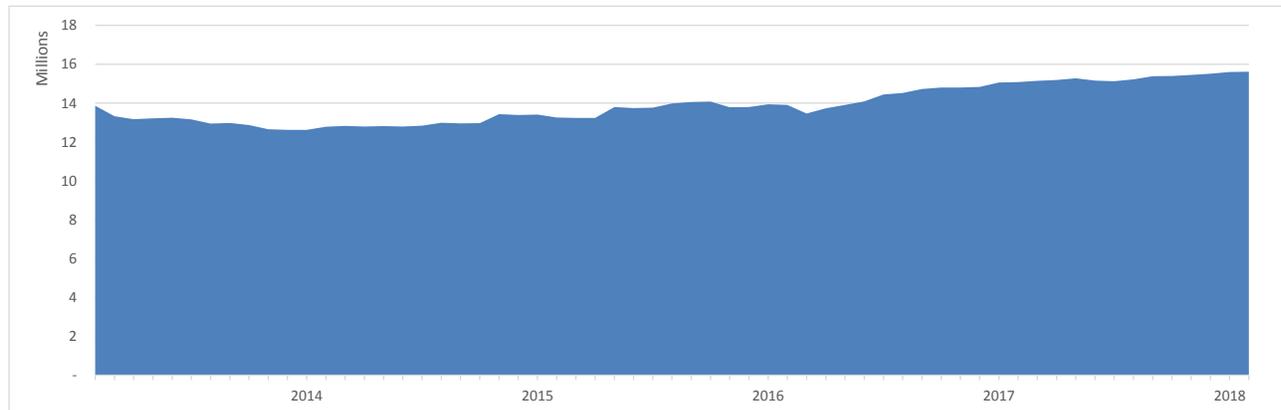
Definitions and Goals

Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 15,559	\$ 15,616	\$ 15,616	\$ 15,958	\$ 15,958
Additions:					
Allocated from Electric	399	342	342		
Sub-total	\$ 399	\$ 342	\$ 342	\$ -	\$ -
Withdrawals:					
Allocated from Electric					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 15,958	\$ 15,958	\$ 15,958	\$ 15,958	\$ 15,958

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 15,086
Additions:					
Allocated from Electric		468	655	1,176	530
Sub-total	\$ -	\$ 468	\$ 655	\$ 1,176	\$ 530
Withdrawals:					
Allocated from Electric	1,073				
Sub-total	\$ 1,073	\$ -	\$ -	\$ -	\$ -
Ending balance	\$ 12,787	\$ 13,255	\$ 13,910	\$ 15,086	\$ 15,616



Maximum Balance: 15,616
Minimum Balance: 12,619

Average Balance: 13,915

Observations

Water and Sewer System Debt Service Sinking Fund

For the Second Quarter Ending March 31, 2019

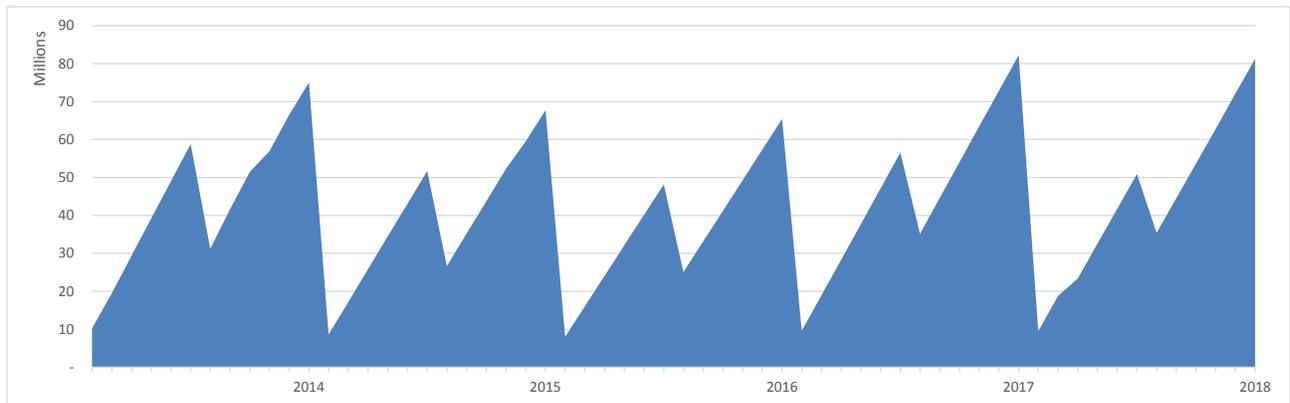
Definitions and Goals

JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 28,119	\$ 81,241	\$ 81,241	\$ 81,027	\$ 45,083
Additions:					
Revenue fund deposits	28,269	57,110	112,560	76,936	81,011
Sub-total	<u>\$ 28,269</u>	<u>\$ 57,110</u>	<u>\$ 112,560</u>	<u>\$ 76,936</u>	<u>\$ 81,011</u>
Withdrawals:					
Principal and interest payments	2,725	84,688	112,774	112,880	78,746
Sub-total	<u>\$ 2,725</u>	<u>\$ 84,688</u>	<u>\$ 112,774</u>	<u>\$ 112,880</u>	<u>\$ 78,746</u>
Ending Balance	<u>\$ 53,663</u>	<u>\$ 53,663</u>	<u>\$ 81,027</u>	<u>\$ 45,083</u>	<u>\$ 47,348</u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 82,208
Additions:					
Revenue fund deposits	117,444	102,789	97,077	114,873	113,636
Sub-total	<u>\$ 117,444</u>	<u>\$ 102,789</u>	<u>\$ 97,077</u>	<u>\$ 114,873</u>	<u>\$ 113,636</u>
Withdrawals:					
Principal and interest payments	122,742	110,088	99,387	98,075	114,603
Sub-total	<u>\$ 122,742</u>	<u>\$ 110,088</u>	<u>\$ 99,387</u>	<u>\$ 98,075</u>	<u>\$ 114,603</u>
Ending balance	<u>\$ 75,019</u>	<u>\$ 67,720</u>	<u>\$ 65,410</u>	<u>\$ 82,208</u>	<u>\$ 81,241</u>



Maximum Balance: 82,208
Minimum Balance: 8,019

Average Balance: 41,856

Observations

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).
- Projections are based on the debt outstanding as of December 31, 2018.

Water and Sewer System Debt Service Reserve Account

For the Second Quarter Ending March 31, 2019

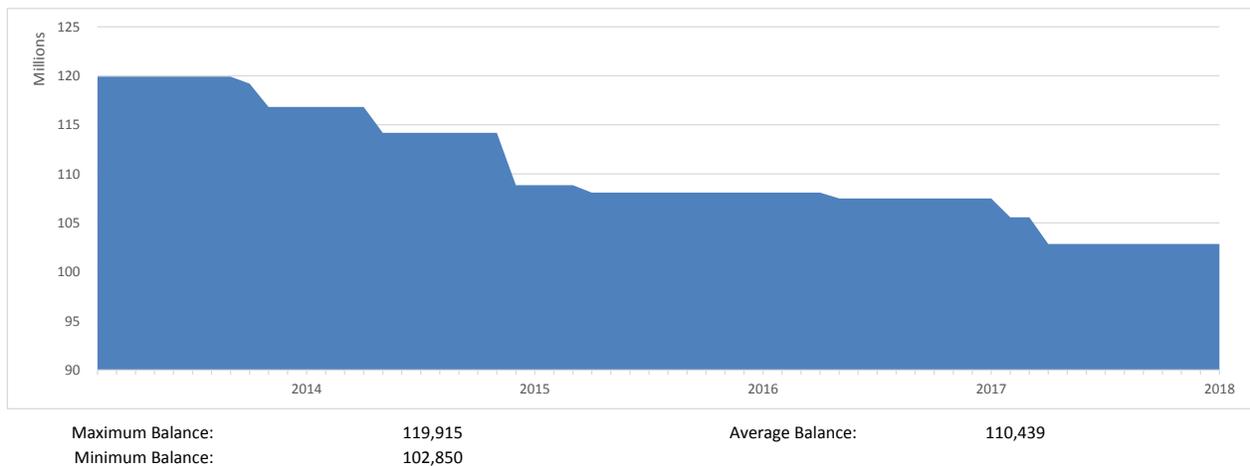
Definitions and Goals

This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
Opening Balance	\$ 68,648	\$ 102,850	\$ 102,850	\$ 63,442	\$ 63,442
Additions:					
Construction reserves/bond issues					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Revenue fund	5,206	5,524	5,524		
Construction fund		33,884	33,884		
Sub-total	\$ 5,206	\$ 39,408	\$ 39,408	\$ -	\$ -
Ending Balance	<u>\$ 63,442</u>	<u>\$ 63,442</u>	<u>\$ 63,442</u>	<u>\$ 63,442</u>	<u>\$ 63,442</u>

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 107,488
Additions:					
Construction reserves/bond issues					
Revenue fund					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Revenue fund	3,086	7,980	763	598	4,638
Sub-total	\$ 3,086	\$ 7,980	\$ 763	\$ 598	\$ 4,638
Ending balance	<u>\$ 116,829</u>	<u>\$ 108,849</u>	<u>\$ 108,086</u>	<u>\$ 107,488</u>	<u>\$ 102,850</u>



Observations

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- 2018 Bond Resolution amendment will allow the use of \$33 million AA+ rated Berkshire Hathaway Assurance surety policy to be included in Debt Service Reserve Fund funding calculation which allowed the release of \$33.8 million to the Construction Fund.

Water and Sewer System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Second Quarter Ending March 31, 2019

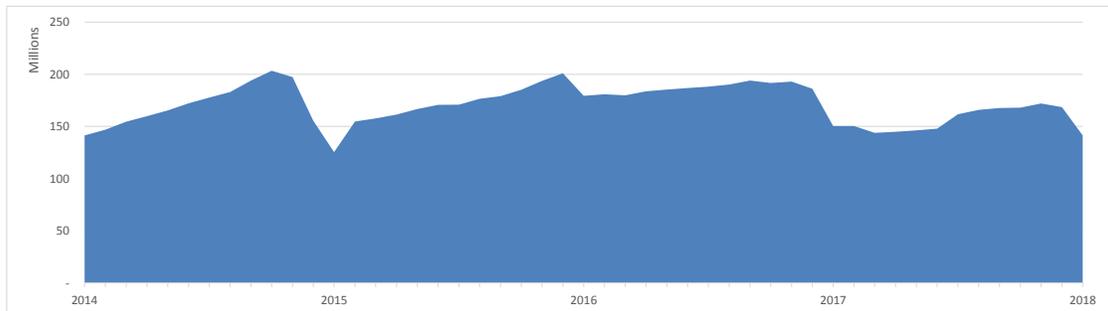
Definitions and Goals

Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds. Capacity fees are charged to customers as a one-time fee for a new connection to the Water System and a one-time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
	Opening Balance	\$ 147,766	\$ 141,415	\$ 141,415	\$ 31,193
Additions:					
R&R/OCO Contribution	12,789	46,078	123,350	153,949	163,825
Capacity Fees	6,270	13,413	27,108	25,122	25,056
Transfer from Capital Fds					
Other	6,415	14,553	37,548	9,051	9,051
Sub-total	<u>\$ 25,474</u>	<u>\$ 74,044</u>	<u>\$ 188,006</u>	<u>\$ 188,122</u>	<u>\$ 197,932</u>
Withdrawals:					
Capital Expenditures	35,194	77,413	171,539	194,945	210,908
Debt Defeasance	99,189	99,189	126,689		
Other	1	1			
Sub-total	<u>\$ 134,384</u>	<u>\$ 176,603</u>	<u>\$ 298,228</u>	<u>\$ 194,945</u>	<u>\$ 210,908</u>
Ending Balance	<u>\$ 38,856</u>	<u>\$ 38,856</u>	<u>\$ 31,193</u>	<u>\$ 24,370</u>	<u>\$ 11,394</u>

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ 139,049	\$ 136,182	\$ 128,249	\$ 179,431	\$ 150,319
Additions:					
R&R/OCO Contribution	48,373	62,793	124,574	108,119	153,372
Capacity Fees	18,298	19,579	21,995	24,777	28,002
Loans betw Capital Fds		22		137	
Other (incl septic tank)	1,614	904	31,041	8,050	6,383
Sub-total	<u>\$ 68,285</u>	<u>\$ 83,298</u>	<u>\$ 177,610</u>	<u>\$ 141,083</u>	<u>\$ 187,757</u>
Withdrawals:					
Capital Expenditures	69,246	91,231	126,322	165,242	196,637
Loan Repayment	-				
Transfer to Constr. Fund	1,893		106		
Other (incl septic tank)	13	-	-	4,953	24
Sub-total	<u>\$ 71,152</u>	<u>\$ 91,231</u>	<u>\$ 126,428</u>	<u>\$ 170,195</u>	<u>\$ 196,661</u>
Ending balance	<u>\$ 136,182</u>	<u>\$ 128,249</u>	<u>\$ 179,431</u>	<u>\$ 150,319</u>	<u>\$ 141,415</u>



Maximum Balance: 203,406
Minimum Balance: 125,438

Average Balance: 167,667

Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019.

Water and Sewer System - Environmental Fund [Capital Projects]

For the Second Quarter Ending March 31, 2019

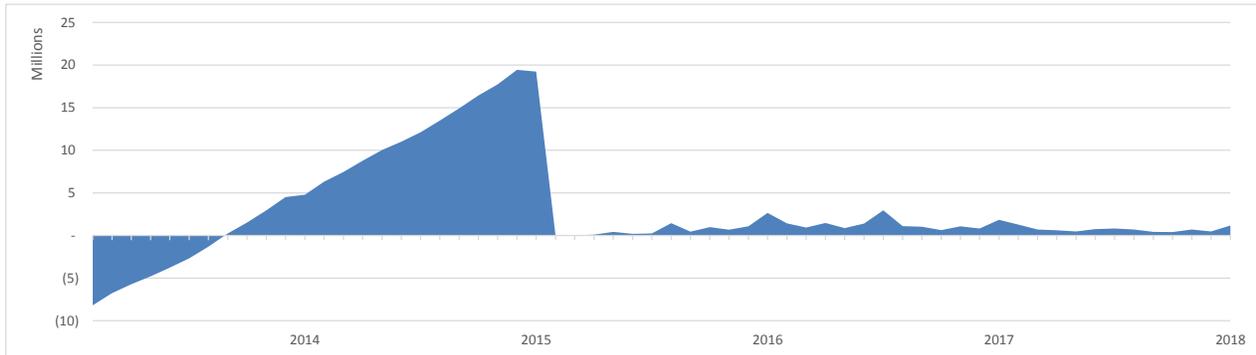
Definitions and Goals

The Environmental Charge will be applied to all water, sewer, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2019	2020	2021
	Opening Balance	\$ 365	\$ 1,159	\$ 1,159	\$ 1,096
Additions:					
Environmental Contributions	2,533	3,716	12,246	13,053	19,889
Loans betw Capital Fds					
Other					
Sub-total	\$ 2,533	\$ 3,716	\$ 12,246	\$ 13,053	\$ 19,889
Withdrawals:					
Capital Expenditures	2,365	4,342	12,309	13,149	19,889
Other					
Sub-total	\$ 2,365	\$ 4,342	\$ 12,309	\$ 13,149	\$ 19,889
Ending Balance	\$ 533	\$ 533	\$ 1,096	\$ 1,000	\$ 1,000

Historical Activity

	2014	2015	2016	2017	2018
Opening Balance	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ 1,839
Additions:					
Environmental Contributions	21,018	22,056	15,539	12,394	6,691
Loans betw Capital Fds					
Other					
Sub-total	\$ 21,018	\$ 22,056	\$ 15,539	\$ 12,394	\$ 6,691
Withdrawals:					
Capital Expenditures	5,862	7,318	12,880	13,214	7,370
Septic Tank Phase Out		203			
Other		19,834			1
Sub-total	\$ 5,862	\$ 27,355	\$ 12,880	\$ 13,214	\$ 7,371
Ending balance	\$ 5,299	\$ -	\$ 2,659	\$ 1,839	\$ 1,159



Maximum Balance: 19,439
Minimum Balance: (8,192)

Average Balance: 2,832

Observations

Water and Sewer System - Construction / Bond Fund

For the Second Quarter Ending March 31, 2019

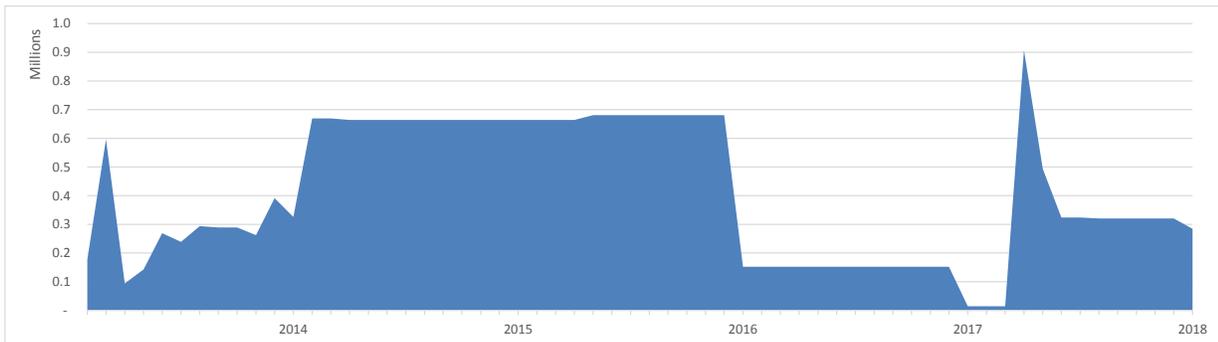
Definitions and Goals

JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water and Sewer System.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 31,591	\$ 284	\$ 284	\$ 18,688	\$ 3,688
Additions:					
Bond Proceeds		33,884	33,884		
Line of Credit					
Other					
Sub-total	\$ -	\$ 33,884	\$ 33,884	\$ -	\$ -
Withdrawals:					
Capital Expenditures / Bond Issue Costs	1,808	4,385	15,211	15,000	3,688
Other	2	2	269		
Ending Balance	<u>\$ 29,781</u>	<u>\$ 29,781</u>	<u>\$ 18,688</u>	<u>\$ 3,688</u>	<u>\$ -</u>

Historical Activity

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Opening Balance	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 15
Additions:					
Bond Proceeds	-				894
Line of Credit	-				
Loans/transfers b/w Capital Fds	1,893				
Other	476	344	17		
Sub-total	<u>\$ 2,369</u>	<u>\$ 344</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 894</u>
Withdrawals:					
Capital Expenditures	3,784	6			623
Bond Proceeds	48				
Loans/trnsf btw CapFds	516				
Other			529	137	2
Sub-total	<u>\$ 4,348</u>	<u>\$ 6</u>	<u>\$ 529</u>	<u>\$ 137</u>	<u>\$ 625</u>
Ending balance	<u>\$ 326</u>	<u>\$ 664</u>	<u>\$ 152</u>	<u>\$ 15</u>	<u>\$ 284</u>



Maximum Balance: 907
Minimum Balance: 15

Average Balance: 410

Observations

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



INTER-OFFICE MEMORANDUM

April 16, 2019

SUBJECT: JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT

FROM: Aaron F. Zahn, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
April Green
John Campion

BACKGROUND:

The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires a quarterly report on JEA's financial and physical fuel and power transactions. This report includes physical transactions one year or greater and all financial transactions.

DISCUSSION:

The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy. The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

RECOMMENDATION:

None required. The report is required by the EMRM Policy and is provided as information.

Aaron F. Zahn, Managing Director/CEO

AFZ/CBA/WGB

Energy Market Risk Management: Physical and Financial Positions

Summary as of 4/1/2019		
Projected FY19 Expense (Budget = \$418M)	\$417M	☺
Projected FY19 Fuel Fund Ending Balance (Target = \$75M)	\$49M	☹
Proposed FY20 Fuel Expense Budget	\$373M	☺
Projected FY20 Fuel Fund Ending Balance (Target = \$68M)	\$68M	☺
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 4/1/2019

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
Scherer 4	Coal	CY19 Blackjewel - Eagle Butte - 001	Fixed Price	\$2,485,823	9 months
Scherer 4	Coal	CY19 Blackjewel - Eagle Butte - 004	Fixed Price	\$710,561	9 months
Scherer 4	Coal	CY19 Peabody Caballo -005	Fixed Price	\$1,922,591	9 months
Scherer 4	Coal	CY20 Blackjewel - Eagle Butte - 001	Fixed Price	\$3,018,716	12 months
Scherer 4	Coal	CY20 Peabody Caballo - 003	Fixed Price	\$750,800	12 months
* Scherer 4	Coal	CY20 Buckskin - 006	Fixed Price	\$290,600	12 months
Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 002	Fixed Price	\$691,264	12 months
Scherer 4	Coal	CY21 Peabody Caballo - 003	Fixed Price	\$770,250	12 months
* Scherer 4	Coal	CY21 Peabody Caballo - 004	Fixed Price	\$459,734	12 months
* Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 005	Fixed Price	\$276,597	12 months
Scherer 4	Coal	CY22 Blackjewel - Eagle Butte - 001	Fixed Price	\$426,657	12 months
Scherer 4	Coal	CY22 Peabody Caballo - 002	Fixed Price	\$315,968	12 months
* Scherer 4	Coal	CY22 Peabody Caballo - 004	Fixed Price	\$471,630	12 months
Scherer 4	Coal	CY22 Blackjewel - Eagle Butte - 005	Fixed Price	\$568,800	12 months
* NS CFB	Limestone	CY17-CY21 Vulcan	Fixed Price	\$22,879,966	2.75 years
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$133,344,597	2.08 years
* NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$142,041,729	30 years
* NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$133,594,121	30 years
* NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$85,699,744	20 years

Table 2: Financial Positions as of 4/1/2019

* New this report

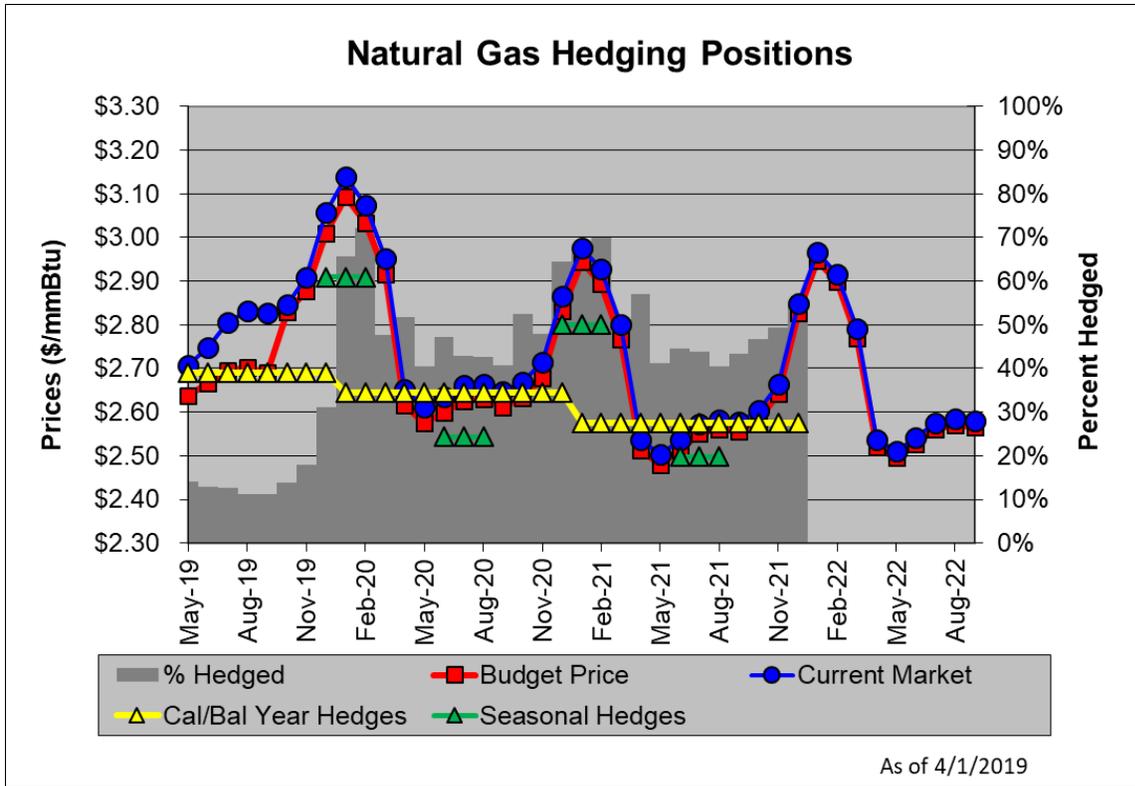
Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY19	Natural Gas	24,869,393	3,060,000	12.3%	\$ 2.78	Swap	\$ 2.69	\$ (272,860)	Wells Fargo
FY20	Natural Gas	52,042,953	20,110,000	38.6%	\$ 2.78	Swap	\$ 2.65	\$ (2,235,280)	Wells Fargo & RBC
FY21	Natural Gas	51,251,031	23,720,000	46.3%	\$ 2.66	Swap	\$ 2.60	\$ (1,610,110)	Wells Fargo & RBC
FY22	Natural Gas	50,587,176	5,520,000	10.9%	\$ 2.66	Swap	\$ 2.57	\$ (611,540)	RBC

Table 3: Fuel Procurement as of 4/1/2019

Fuel Type	Natural Gas	Coal	Petcoke	Limestone	Purchased Power	Oil/Diesel	Renewables
FY19 Remaining / Energy Mix	50%	15%	9%	N/A	25%	0%	1%
Expected Spend (\$)	78.6M	28.6M	15.4M	2.7M	47.3M	1.05M	7.2M
% Procured	41%	75%	46%	100%	35%	100%	100%
% Hedged	13%	75%	27%	100%	4%	100%	100%
FY20 Budget / Energy Mix	49%	17%	17%	N/A	16%	0%	1%
Expected Spend (\$)	132.0M	63.2M	48.1M	9.6M	49.5M	0.95M	13.9M
% Procured	48%	43%	0%	100%	15%	100%	100%
% Hedged	40%	43%	0%	100%	2%	100%	100%
FY21 Projection / Energy Mix	49%	17%	15%	N/A	16%	0%	3%
Expected Spend (\$)	124.8M	62.8M	44.7M	9.0M	51.5M	0.59M	19.1M
% Procured	50%	39%	0%	100%	0%	100%	100%
% Hedged	49%	39%	0%	100%	0%	100%	100%

Supporting Notes:

- Renewable purchase power agreements are not included in Table 1
- Natural Gas Transportation is 100% fixed capacity and price
- Solid fuel procurement - annually at Scherer CY2019-2022 and quarterly at Northside
- Table 3: FY Energy Mix based on MWH; the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- Renewables in Table 3 represent signed agreements and an estimated cost for pending contracts
- Table 1: Natural Gas discount; Municipal Gas Authority of Georgia (MGAG) issues municipal bonds to prepay for gas, allowing them to offer discounts to JEA for qualified use



RESOLUTION 2019-04

**A RESOLUTION AMENDING JEA BOARD
OFFICER APPOINTMENTS**

WHEREAS, the Nominating Committee met on February 26, 2019 and nominated April Green as chair, Fredrick Newbill as vice chair, and Camille Johnson-Lee as secretary;

WHEREAS, on March 26, 2019, the Board inadvertently appointed Camille Johnson-Lee as vice chair and Fredrick Newbill as secretary;

WHEREAS, the Board desires to correct the vice chair and secretary officer appointments by appointing Fredrick Newbill as vice chair and Camille Johnson-Lee as secretary consistent with the Nominating Committee's original recommendation;

WHEREAS, additionally the Board desires to appoint all remaining Board members to serve as assistant secretaries pursuant to Article 21 of the JEA Charter; now, therefore

BE IT RESOLVED, by JEA that:

1. The following persons are elected to the office(s) indicated next to their names to serve until their successor(s) shall be duly elected, unless he or she resigns, is removed from office or is otherwise disqualified from serving as an officer of the JEA, to take their respective office(s) effective May 28, 2019:

Office	Name
Chairman	April Green
Vice Chairman	Frederick Newbill
Secretary	Camille Lee-Johnson

2. All other Board members not listed in Paragraph 1 above shall serve as assistant secretaries pursuant to Article 21 of the JEA Charter.
3. The officers of JEA are, and each acting alone is, hereby authorized to do and perform any and all such acts consistent with the powers conferred upon such officer positions consistent with the JEA Charter, Bylaws and Board policies and procedures, including execution of any and all documents and certificates, to carry out the purposes and intent of the foregoing resolutions.
4. This Resolution shall be effective immediately upon its adoption.

Dated this 28th day of May, 2019.

JEA

By: _____
April Green, Chair

Secretary

Form Approved:

By: _____
Office of General Counsel

VOTE: In Favor: ___ Opposed: ___ Abstained: ___