

**JEA  
FINANCE & AUDIT COMMITTEE AGENDA**

**DATE:** May 8, 2017  
**TIME:** 8:00 – 10:00 AM  
**PLACE:** 21 W. Church Street  
 8<sup>th</sup> Floor

			<b>Responsible Person</b>	<b>Action (A) Info (I)</b>	<b>Total Time</b>
<b>I.</b>	<b>OPENING CONSIDERATIONS</b>		Kelly Flanagan		
	A.	Call to Order			
	B.	Adoption of Agenda		A	
	C.	Approval of Minutes – March 13, 2017	Melissa Charleroy	A	
<b>II.</b>	<b>NEW BUSINESS</b>				
	A.	FY2018 Budget Presentation	Melissa Dykes/Ryan Wannemacher	I	45 mins.
	B.	Quarterly Audit Services Update	Steve Tuten	I	10 mins.
	C.	Identity Theft Protection Program Fair and Accurate Credit Transactions Act (FACTA) Annual Risk Assessment	Dan Mishra	I	5 mins.
	D.	Ethics Officer Quarterly Report	Walette Stanford	I	5 mins.
	E.	Treasury			
	1.	Electric System and Water and Sewer System Reserve Fund Quarterly Report	Joe Orfano	I	5 mins.
	2.	JEA Investment Policy – Revision to Investment Limitations	Joe Orfano	A	5 mins.
	F.	JEA Energy Market Risk Management Policy Report	Mike Brost	I	5 mins.
	G.	Announcements			
	1.	Next Meeting, August 7, 2017, 8:00 – 10:00 AM			
	Committee Discussion Sessions				
	1.	Ernst & Young	John DiSanto	I	5 mins.
	2.	Director, Audit Services	Steve Tuten	I	5 mins.
	3.	Council Auditor's Office	Robert Campbell	I	5 mins.
	Adjournment				

I. C.

Approval of Minutes

JEA FINANCE & AUDIT COMMITTEE MINUTES  
March 13, 2017

The Finance & Audit Committee of JEA met on Monday, March 13, 2017, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

- A. Call to Order – Chair Kelly Flanagan called the meeting to order at 8:00 AM with Member Tom Petway in attendance. Member Husein Cumber attended telephonically. Member Ed Burr was absent and excused. Others in attendance were Paul McElroy, Melissa Dykes, Brian Roche, Paul Cosgrave, Mike Hightower, Ted Hobson, Jody Brooks, Steve Tuten, Joe Orfano, Walette Stanford, Janice Nelson, Ryan Wannemacher, Bill Kearson, Steve McInall, Dan Mishra, Laure Whitmer, and David Jolley. John DiSanto, Russ Jeans, and Heather Lohbeck, Ernst & Young, were also in attendance.

*Due to a lack of quorum physically present, agenda items were received for information only. Action items will be brought before the March 21, 2017 full Board for action.*

- 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 1, 2016 Minutes were received for information.

**Agenda Item II – New Business**

- A. FY2018 Budget Assumptions – Melissa Dykes, Chief Financial Officer, presented and reviewed the FY2018 Budget Assumptions and process, requesting Committee feedback and discussion. Items covered included key strategic issues, risks, major challenges, and assumptions. Ms. Dykes stated strategic issues focus on emphasizing business excellence opportunities, workforce readiness, financial performance and flexibility, with risks relating to future environmental constraints on 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. Ryan Wannemacher, Director, Financial Planning & Analysis, provided information on FY2018 Electric and Water and Sewer System Budget Assumptions, including customer bill by expense category, revenue drivers, fuel rate, operating expenses, capital funding, and debt service, as well as government transfers. Mr. Wannemacher stated staff will prepare a draft budget for review at the May 8, 2017 Finance and Audit Committee. This presentation was received for information.
- B. JEA Annual Disclosure Policy Report – Melissa Dykes, 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. Ms. Dykes stated staff is in the process of preparing the Annual Disclosure Reports for the fiscal year ended September 30, 2016, and plans to seek the Board's approval and authorization to disseminate those reports at its April 18, 2017 Board Meeting. Additionally, in accordance with past practice and prior Boards' requests, staff intends to provide Board Members with substantially final drafts for their review at the March 21, 2017 Board Meeting. This item was received for information.
- C. Ernst & Young FY2016 Revised Management Letter – Janice Nelson, Controller, presented Ernst & Young, LLP (EY) attended the December 1, 2016 Finance and Audit Committee meeting to discuss FY2016 audited results. EY presented an Audit Results book, which summarized the

results of the audit and also contained communications required by auditing professional standards, including a Management Letter. John DiSanto, Executive Director, Ernst & Young, presented there were no Management Letter comments related to FY2016; however, there were two comments from the prior year that were in the process of being remediated at the end of the fiscal year that were inadvertently omitted from the report. Mr. DiSanto stated that EY staff has reviewed the newly developed reconciliation reports that were developed to remediate the outstanding Management Letter comments, and is in agreement that the reports meet the requirement to close the open items. They will complete the testing as part of the review of IT systems during the fiscal year 2017 audit. Mr. DiSanto introduced Russ Jeans, Senior Manager and Heather Lohbeck with EY and thanked them for their support. Melissa Dykes, Chief Financial Officer, thanked Technology Services staff for their support with the two open items. The revised Management Letter and management's response to the recommendations are included in the Committee package. This presentation was provided for information only.

D. Audit Services

1. Quarterly ERM/Audit Update – Steve Tuten, Director, Audit Services, provided an update to the Committee regarding the Senior Auditor open position, progress of the FY17 Internal Audit Plan, and open audit and investigation report issues, Enterprise Risk Management (ERM) highlights, risks and trend report, and the Ethics Hotline Report. This presentation was received for information.
2. Finance & Audit Committee Members – Self-Assessment Survey Questionnaire – Steve Tuten, Audit Services, presented the Committee conducts a self-assessment that is conducted on an annual basis. Self-assessments are considered a best practice for Audit Committees and also for full Boards. Mr. Tuten advised completed forms can be submitted by the end of April for compiling and summarization. Results will be reported at the May 8, 2017 Finance & Audit Committee meeting. This presentation was received for information.

E. Cyber Security Activities – Paul Cosgrave, Chief Information Officer, provided information to the Committee related to recent political hacking events within the past year, key steps Boards should take regarding cyber security, Enterprise Compliance & Risk Committee structure, Critical Infrastructure Protection (CIP) risks, potential information security threats for 2017, ransomware and how JEA protects against it, information security defensive trends, and JEA's role on the Large Public Power Council (LPPC) Cyber Security Taskforce. This presentation was provided for information.

F. CIP Compliance Update – Ted Hobson, Chief Compliance Officer, presented an overview of the systems JEA has in place to protect our critical infrastructures. Mr. Hobson provided information on the benefits and risks of the Grid interconnection, history of blackouts or cascading outages, standards, monitoring methods of the North American Electric Reliability Organization (NERC), timeline for the Critical Infrastructure Protection (CIP) standards. Mr. Hobson was pleased to announce that JEA has been the only utility in the Florida region to complete a CIP audit with no findings. The next CIP Audit will be conducted July 10-14, 2017; the NERC GridEx Conference will take place on November 15-17, 2017. This item was received for information.

G. Ethics Officer Quarterly Report –Walette Stanford, Ethics Officer and Director, Workforce Strategies, provided an update regarding ethics inquiries and the FY17 gift registry. Ms. Stanford stated the Nepotism project, which began in December 2016, was completed in February 2017. This review was to ensure compliance with JEA's Nepotism procedure. Ms. Stanford attended the Utilities & Energy Compliance & Ethics Conference February 19-22, 2017 in Washington, D.C. Ms. Stanford highlighted March as National Ethics Awareness Month and stated JEA is rolling out its new Business Ethics Computer-Based Training module to employees for 100%

completion no later than March 31, 2017. The focus this year will be on secondary employment attestation. This presentation was received for information.

H. JEA Energy Market Risk Management Policy Report – Steve McInall, Electric Production Resource Planning, reviewed the Energy Market Risk Management Policy Report, which was received for information.

I. Treasury

1. Resolution Determining the Sufficiency of Revenues – St. Johns River Power Park – Joe Orfano, Treasurer, presented that there is an annual requirement under the St. Johns River Power Park (SJRPP) Bond Resolutions for JEA to determine that for the upcoming fiscal year, the Electric System's revenues will be sufficient to make all required payments under the bond resolutions. JEA staff recommends that the Board approve and adopt Resolution No. 2017-27, determining that the estimated revenues for the fiscal year ending September 30, 2018, will be sufficient for their intended purposes. Due to a lack of quorum, this item was received for information and will be presented at the March 21, 2017 Board Meeting for action.
2. Recap of Recent JEA Electric System Advance Fixed Rate Debt Refunding Delegated Transactions – Joe Orfano, Treasurer, presented that at the November 15, 2016 JEA Board Meeting, Board Members adopted Resolution No. 2016-17 and 2016-18, relating to the Electric System Senior and Subordinated Revenue Bonds, respectively, which provided the Managing Director/CEO the authorization to price and execute a fixed rate advance refunding bond transaction within stated parameters. Pursuant to Resolution No. 2016-17 and 2016-18, JEA staff priced approximately \$18.7 million in senior and \$71.7 million in subordinated fixed rate bonds on January 31, 2017. Mr. Orfano provided results as compared to the delegated parameters for the Electric System Revenue Bonds, Series Three 2017A and Subordinated 2017 Series A on February 1, 2017. Mr. Orfano recognized J.P. Morgan, who served as the senior manager, and Nixon Peabody LLP, who served as JEA's bond counsel and Public Financial Management, who served as JEA's financial advisor for the refunding transaction. This presentation was received for information.
3. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.

J. Announcements

1. The next Finance and Audit Committee meeting will be held on May 8, 2017, at 8:00 AM.

K. Committee Discussion Sessions

1. Ernst & Young – At 9:28 AM, Ms. Flanagan dismissed staff and the Committee held a general conversation with John DiSanto.
2. Director, Audit Services – At 9:33 AM, Ms. Flanagan and the Committee held a general conversation with Steve Tuten, Director, Audit Services.
3. Council Auditor's Office – The Council Auditor's Office was not in attendance.

**Closing Considerations**

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 9:42 AM.

APPROVED BY:

\_\_\_\_\_  
Kelly Flanagan, Committee Chair

Date: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
Melissa Charleroy  
Executive Assistant

DRAFT

II. A.

FY2018 Budget Presentation



Building Community

**AGENDA ITEM SUMMARY**

April 28, 2017

<b>SUBJECT:</b>	<b>FY2018 BUDGET PRESENTATION</b>
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<b>Purpose:</b>	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input checked="" type="checkbox"/> Advice/Direction
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**Issue:** Obtain feedback and direction from the Finance and Audit Committee regarding the FY2018 Budget prior to submittal to the Board at the June meeting.

**Significance:** High: The budget is the plan and basis for appropriating revenues and expenses, as well as capital expenditures and debt financing.

**Effect:** The budget effects customers and the City of Jacksonville, and is integral to JEA's strategic planning, financial performance and resulting metrics, and regulatory accounting.

**Cost or Benefit:** The budget process benefits from the Committee providing feedback and direction regarding the key strategic issues, risks, major challenges, and assumptions for the FY2018 Budget covering: revenue; fuel revenue and expense; O&M expense levels; interest rates and the resulting financial metrics; capital expenditures and related financing plan; and regulatory accounting items.

**Recommended Board action:** 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 FY2018 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 2017 meeting for final Board approval at the June 2017 meeting.

**For additional information, contact:** Melissa Dykes

Submitted by: PEM/ MHD/ DRJ

<b>MISSION</b>	<b>VISION</b>	<b>VALUES</b>
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Service</li> <li>• Growth<sup>2</sup></li> <li>• Accountability</li> <li>• Integrity</li> </ul>

**Commitments to Action**

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



**INTER-OFFICE MEMORANDUM**

April 28, 2017

**SUBJECT: FY2018 BUDGET PRESENTATION**

**FROM:** Paul E. McElroy, Managing Director/CEO

**TO:** JEA Finance and Audit Committee

Kelly Flanagan, Chair  
Tom Petway  
Husein Cumber

**BACKGROUND:**

Annually, JEA staff recommends and, after the JEA Board's review and action, transmits JEA's recommended Electric System, Water and Sewer 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, 2017.

**DISCUSSION:**

Staff will present key strategic initiatives and major budget assumptions for the FY2018 operating and capital budgets. Budget assumptions include: no rate adjustments for Electric or Water and Sewer systems; and financial metrics that are within Pricing Policy goals. 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 to support the quality of service delivery, climate change, Total Water Resource Plan, regulatory compliance, workforce readiness, communications, conservation, sewer resiliency, and customer satisfaction initiatives. In addition, the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$117.0 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. Electric System  
There are no planned rate increases in FY2018. The FY2018 operating budget includes a \$17.4 million reduction from FY2017. Budget assumptions include a \$54.6 million reduction in Fuel and Purchased Power. The proposed Salaries and Benefits budget includes a \$12.8 million net decrease in pension payments and a \$7.0 million net increase in bargaining unit salaries. FY2018 Budget assumptions include stable debt service coverage and an increase of \$0.6 million in debt service.

3. Water and Sewer System

There are no planned rate increases in FY2018. The FY2018 operating budget includes a \$77.4 million increase from FY2017. Budget assumptions include stable debt service coverage and a decrease of \$1.5 million in debt service. The proposed Salaries and Benefits budget includes a \$3.5 million net decrease in pension payments and a \$3.7 million net increase in bargaining unit salaries.

4. Government Transfers

The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$117.0 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.

Under the terms of the St. Johns River Power Park (SJRPP) Joint Ownership Agreement (JOA), the co-owners share the cost of constructing, operating, maintaining, and decommissioning the two coal-fired units. The JEA Board approves the annual operating and capital budget for JEA's ownership interest in SJRPP. The total SJRPP budget is approved by the SJRPP Executive Committee representing the two co-owners. The SJRPP budget is not approved by the City Council. JEA's share of the SJRPP budget is a component of fuel and purchased power expense in JEA's Electric System Operating budget. Schedule D, attached, summarizes JEA's share of the proposed FY2018 operating and capital budgets for SJRPP, which includes no capital expenditures, three months of fuel and operating expenses, and decommissioning 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 Electric 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 FY2018 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 FY2018 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 2017 meeting for final Board approval at the June 2017 meeting.

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Paul E. McElroy, Managing Director/CEO

**II. A. Return  
05/8/2017 to Agenda**

**JEA  
CONSOLIDATED OPERATING BUDGET  
FISCAL YEAR 2018**

	Electric System	Water & Sewer System	District Energy System	Total
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
FUEL REVENUES:	\$ 417,649,053	\$ -	\$ -	\$ 417,649,053
Total Net Revenues	<u>\$ 417,649,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,649,053</u>
FUEL EXPENSES:	\$ 417,649,053	\$ -	\$ -	\$ 417,649,053
Fuel & Purchased Power	<u>\$ 417,649,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,649,053</u>
FUEL SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 802,292,405	\$ 428,490,220	\$ 9,125,828	\$ 1,239,908,453
Environmental Charge Revenue	7,942,200	28,360,500	-	36,302,700
Conservation Charge & Demand Side Revenue	1,000,000	0	-	1,000,000
Other Revenues	30,551,894	34,091,486	-	64,643,380
Natural Gas Pass Through Revenue	2,383,913	0	-	2,383,913
Total Base Related Revenues	<u>\$ 844,170,412</u>	<u>\$ 490,942,206</u>	<u>\$ 9,125,828</u>	<u>\$ 1,344,238,446</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 216,333,937	\$ 151,804,759	\$ 5,139,991	\$ 373,278,687
Environmental	7,942,200	1,589,300	-	9,531,500
Conservation & Demand-side Management	7,510,000	0	-	7,510,000
Natural Gas Pass Through Expense	2,290,414	0	-	2,290,414
Non-Fuel Purchased Power	83,012,056	0	-	83,012,056
Non-Fuel Uncollectibles & PSC Tax	1,210,993	685,277	-	1,896,270
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 323,299,600</u>	<u>\$ 155,079,336</u>	<u>\$ 5,139,991</u>	<u>\$ 483,518,927</u>
BASE OPERATING INCOME:	<b>\$ 520,870,812</b>	<b>\$ 335,862,870</b>	<b>\$ 3,985,837</b>	<b>\$ 860,719,519</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	6,714,534	4,854,301	-	11,568,835
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	21,000,000	-	21,000,000
Total Non Operating Revenues	<u>\$ 6,714,534</u>	<u>\$ 25,854,301</u>	<u>\$ -</u>	<u>\$ 32,568,835</u>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	229,196,947	121,122,632	3,019,084	353,338,663
Total Non Operating Expenses	<u>\$ 229,196,947</u>	<u>\$ 121,122,632</u>	<u>\$ 3,019,084</u>	<u>\$ 353,338,663</u>
BASE INCOME BEFORE TRANSFERS	<b>\$ 298,388,399</b>	<b>\$ 240,594,539</b>	<b>\$ 966,753</b>	<b>\$ 539,949,691</b>
City Contribution Expense	93,193,399	23,787,781	-	116,981,180
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	64,537,408	23,950,558	440,362	88,928,328
Operating Capital Outlay	140,657,592	153,685,000	526,391	294,868,983
Environmental Capital Outlay	-	18,171,200	-	18,171,200
Capacity Fees	-	21,000,000	-	21,000,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 298,388,399</u>	<u>\$ 240,594,539</u>	<u>\$ 966,753</u>	<u>\$ 539,949,691</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<b>\$ 1,268,533,999</b>	<b>\$ 516,796,507</b>	<b>\$ 9,125,828</b>	<b>\$ 1,794,456,334</b>
TOTAL APPROPRIATIONS	<b>\$ 1,268,533,999</b>	<b>\$ 516,796,507</b>	<b>\$ 9,125,828</b>	<b>\$ 1,794,456,334</b>
BUDGETED EMPLOYEE POSITIONS	1,554	599	6	2,159
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

II. A. Return  
05/8/2017 to Agenda

JEA  
CONSOLIDATED CAPITAL BUDGET  
FISCAL YEAR 2018

	Electric System	Water & Sewer System	District Energy System	Total
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 64,537,408	\$ 23,950,558	\$ 440,362	\$ 88,928,328
Operating Capital Outlay	140,657,592	153,685,000	526,391	294,868,983
Environmental Capital Outlay	-	18,171,200	-	18,171,200
Capacity Fees	-	21,000,000	-	21,000,000
Debt Proceeds	-	-	-	-
Other Proceeds	-	19,704,242	2,274,247	21,978,489
Total Capital Funds	<u>\$ 205,195,000</u>	<u>\$ 236,511,000</u>	<u>\$ 3,241,000</u>	<u>\$ 444,947,000</u>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 27,585,000	\$ -	\$ -	\$ 27,585,000
Transmission & Distribution Projects	102,012,000	-	-	102,012,000
District Energy Projects	-	-	3,241,000	3,241,000
Water Projects	-	56,551,000	-	56,551,000
Sewer Projects	-	153,488,000	-	153,488,000
Other Projects	75,598,000	26,472,000	-	102,070,000
Total Capital Projects	<u>\$ 205,195,000</u>	<u>\$ 236,511,000</u>	<u>\$ 3,241,000</u>	<u>\$ 444,947,000</u>

II. A. Return  
05/8/2017 to Agenda

JEA  
Five Year Capital Improvement Program  
Fiscal Years 2018-2022  
(\$000'S Omitted)

<u>Project Title</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>Project Total</u>
Electric System Generation	27,585	28,723	19,568	16,500	22,040	114,416
Electric System Transmission and Distribution	102,012	89,767	72,677	69,547	73,179	407,182
Electric System Other	75,598	81,245	29,401	31,516	29,230	246,990
<b>Total</b>	<b><u>\$205,195</u></b>	<b><u>\$199,735</u></b>	<b><u>\$121,646</u></b>	<b><u>\$117,563</u></b>	<b><u>\$124,449</u></b>	<b><u>\$768,588</u></b>
Water Treatment and Distribution	56,551	62,583	49,936	42,968	48,005	260,043
Sewer, Wastewater, and Reclaimed	153,488	132,576	122,867	142,793	115,980	667,704
Other Capital	26,472	21,582	20,401	22,124	20,695	111,274
<b>Total</b>	<b><u>\$236,511</u></b>	<b><u>\$216,741</u></b>	<b><u>\$193,204</u></b>	<b><u>\$207,885</u></b>	<b><u>\$184,680</u></b>	<b><u>\$1,039,021</u></b>
District Energy System	<b><u>\$3,241</u></b>	<b><u>\$2,658</u></b>	<b><u>\$1,350</u></b>	<b><u>\$1,783</u></b>	<b><u>\$1,350</u></b>	<b><u>\$10,382</u></b>

JEA  
ST. JOHNS RIVER POWER PARK (SJRPP)  
AND PLANT SCHERER (SCHERER)  
OPERATING AND CAPITAL BUDGET  
FISCAL YEAR 2018

	SJRPP	SCHERER
<b>OPERATING BUDGET:</b>		
Revenue:		
Operating Revenue from JEA	\$ 58,681,078	\$ 78,041,893
Expenses:		
Fuel and O & M	\$ 44,136,015	\$ 43,589,508
Transmission	-	5,300,000
Debt Service	18,940,373	9,942,757
Renewal & Replacement	(4,395,310)	19,209,628
Total Expenses	\$ 58,681,078	\$ 78,041,893
<b>CAPITAL BUDGET :</b>		
	\$ -	\$ 19,209,628

MWHs Purchased by JEA Electric System	842,700	1,214,400
Employee Positions	230	

Note: all Plant Scherer employees are Georgia Power Co. employees.

II. A.  
05/8/2017

Return  
to Agenda

# FY2018 Budget

Finance & Audit Committee

May 8, 2017



# Agenda

## Budget Process Summary

JEA Budget Summary and Consolidated Schedules

Electric System

Water and Sewer System

District Energy System

Rate Stabilization Funds

Summary

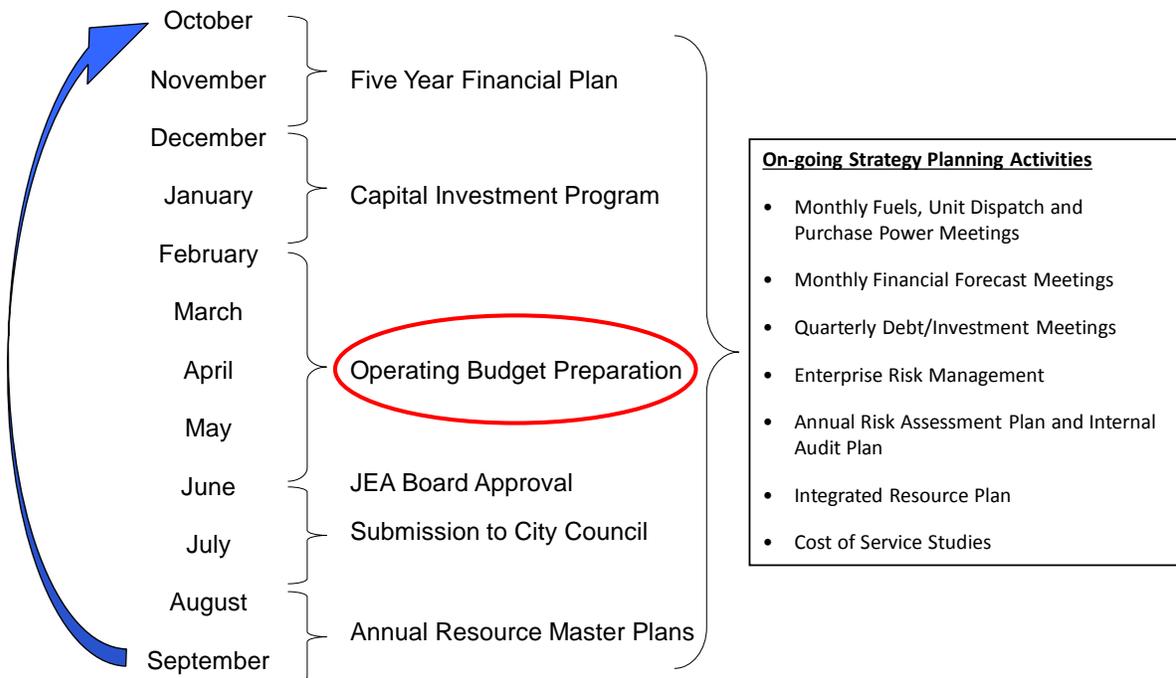
Supplemental Schedules

# JEA Budget Process Summary

## Background

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 formation of the annual Budget begins with the Five-Year Financial Plan component of the annual Rating Agency presentation which includes key current inputs such as the Annual Resource Master Plans and the prior year's unit sales and financial results for the fiscal year ending September 30<sup>th</sup>. The annual Budget development process follows the steps and timeline displayed below, culminating in the formation of the annual Operating and Capital Budgets for JEA Board approval in June and submission to the City Council by July 1<sup>st</sup> for their approval prior to October 1<sup>st</sup>. In recent years, the JEA Board's Finance and Audit Committee has reviewed the proposed Budget assumptions in March and the proposed Budget in May, with the full Board receiving a report or presentation in May and then approving the Budget in June.

## Budget Cycle Timeline



## Process Steps

**Executive Management Strategy Initiatives** are incorporated in the financial plans and annual Budgets such as Climate Change, Consumptive Use Permit requirements, September 2008 cost reductions, Succession Planning, Customer Satisfaction and Strategic Technology Services and Sourcing initiatives.

**Annual Resource Master Plans** provides long term investment plans for non-recurring investments in major assets such as electric generation or transmission, water / wastewater / reclaim production or transmission, distribution, system reliability and regulatory needs, and serve as the direct input of non-recurring projects into to the five-year and ten-year Capital Plans and Annual Budget.

**Five-Year Financial Plan** is based on integrated ten-year financial projection models for each utility System (Electric, Water/Wastewater/Reclaim, and District Energy) which utilize input variables including projected unit sales and revenues, fixed expenditures such as Debt Service, City Contribution, and Renewal and Replacement (R&R) funding required by bond covenants along with variable expenditures such as Fuel, O&M, and Other Capital Outlay. The JEA Pricing Policy provides guidelines centered on issuing debt only for non-recurring, growth related or major regulatory projects, and target financial metric ranges for Debt Service Coverage, Debt/Asset and Liquidity ratios. The Five-Year Financial Plan assumptions and final plan are presented and discussed with the Board each fall in October and/or November prior to its inclusion as a major component in the annual Rating Agency Presentation conducted each December.

The ten-year financial projections and Five-Year Financial Plan include the following years' targeted Operating and Capital Budgets and serve as a foundation in developing the following year's annual Budget. In addition, the ten-year projections serve as the Revenue Requirements in each system's Utility Cost of Service report, produced every five years per the Pricing Policy that support both overall system and class rate design.

**Capital Investment Program** for the annual Budget is based on the multi-year Annual Resource Plan and Five-Year Financial Plan, with updates made each February, reflecting timing, scope, cost or other changes to the unique, non-recurring major capital investments. In addition, annual updates are received from the organization's project owners each February on all other capital project requests which include recurring capital R&R projects, such as electric pole replacement, wastewater pump station renewal, new services, meters, fleet, and technology projects. All capital projects greater than \$200,000 are itemized requiring project definitions to include scope, justification, process design, schedule, project delivery methodology, and cost estimates prior to approval, and milestone updates at 30% design and 100% design. A Core Team, consisting of the VP/GM of Electric Systems, VP/GM of Water Wastewater Systems and representatives from Operations and Finance, lead the development of the five-year capital plan, the annual Capital Budget and monthly monitoring/reporting. The Capital Core Team reviews the project requests, prioritizes and formulates the annual Capital Program of itemized projects such that the targeted expenditures are within the allocation of funding based on the prior Five-Year Financial Plan.

**Operating Budget Preparation** each spring begins with the input variables of unit sales, revenue, fuel, O&M expenses, interest rates and debt service, and capital expenditure assumptions based on the prior Five-Year Financial Plan and then updated with the most current information and results which are monitored and reported on a continuous basis during monthly financial forecast meetings.

The business units' O&M expenses line item totals \$373 million or 21% of the \$1.8 billion proposed FY2018 JEA Consolidated Budget consisting of \$255 million of payroll expenses and

the remaining \$118 million is in material and supplies, other services and charges, insurance payments, succession planning and other expenses.

- Payroll expenses are monitored throughout the year through Human Resources and business unit processes along with monthly budget variance reporting. The payroll expenses in the annual Budget is formed based on a selected payroll period in January, summing each filled personnel allocation and the employees current salary plus all active recruitments and budgeted vacancies with their targeted salaries. If there are new or emerging positions needed to be added to the organization they would also be added to the budgeted baseline salary expense. Benefit costs, primarily medical expenses and pension expenses including unfunded liability payments associated with prior employees no longer on the payroll, are added to the salary and benefit expense. If any bargaining unit or other specific planned salary increases are known, including step increases or general increases, the amounts are added to form the salary and benefit expense. Overtime expenses that are budgeted via the bullet below are added to salary and benefit roll-up amount. Then a “salary lapse” credit is utilized to account for the natural or strategic variances in position vacancies through attrition, and wage differences associated with the hiring of staff at entry level wages replacing staff retiring or leaving at higher level wages. The FY2018 budgeted salary lapse is 6.25% for the Electric System and 4.00% for the Water and Sewer System, which are representative of recent year’s activity.
- Material and Supplies, and Other Services and Charges include chemicals and supplies, information technology and other licensing and maintenance contracts, industrial services, professional services, supplemental workforce, training, utility services and vehicle fuel expense types. All planned expenditures of these expense types over \$20,000 (and many lower than the threshold) are included in a Budget Detail listing. Each year during the month of March, the Budget Detail along with prior year and year-to-date variance reports by expense types are provided to the business unit’s VP/GM’s or Chiefs. The VP/GM’s or Chiefs work with their staff to update the requirements for the next fiscal years’ Budget by denoting betterments and reductions to each line item as required to meet customer service levels and strategy initiatives.
- Capitalization Credits, Fuel and Byproduct Handling Credits, and Shared Services Credits are utilized to allocate payroll, material and supplies, other services and charges, and motor pool costs initially charged to business units’ O&M expenses, and then transferred to capital work orders, fuel expenses or to the Water and Sewer System O&M expenses.
- Reductions are made by the team, if necessary, to meet the financial targets depicted in the prior Five-Year Financial Plan or new targets updated with current business strategies and objectives.

**JEA Board Review and Approval** formation of the annual Operating and Capital Budgets for JEA Board approval prior to submission to the City Council by July 1<sup>st</sup>. In recent years, the JEA Board’s Finance and Audit Committee has reviewed the proposed Budget assumptions in March and the proposed Budget in May. The full Board receives the presentations and budget schedules prepared for discussion at the Finance and Audit (F&A) Committee meetings in the monthly Board packages, and either receives a report from the F&A Committee chair or staff presentation in May.

At the June Board meeting, the Board is scheduled to approve the Budget to be submitted to the City Council.

**City Council Review and Approval** process formally begins each year with the JEA budget transmittal letter and Consolidated Operating and Capital Budget schedules from JEA's Board Chair to the incoming City Council President by July 1<sup>st</sup>. There is ongoing communication with the City Council throughout the year via Quarterly Financial Schedules that JEA prepares for the City Council Auditor's review and inclusion in the Council Auditor's financial reports to the Council.

- JEA's Five-Year Capital Improvement Plan (CIP) is transmitted to either the City Planning Department or Budget Department as requested each year after the JEA Board approves the annual Budget, and accompanying Five-Year CIP schedule. In recent years, the COJ Budget Department has requested this schedule early, June 1<sup>st</sup>, thus will receive the Five-Year CIP schedule in Draft Final form pending JEA Board approval.
- After submittal of the Consolidated Operating and Capital Budget schedules, JEA prepares Council Auditor prescribed budget schedules which depict the current year budget, current year projections, and prospective year proposed budget, along with variance analysis and comments.
- JEA CEO, CFO, Legislative Affairs 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.
- In recent years, lead Council Auditor staff provides a report of the JEA Budget to the Council Finance Committee and then the full Council during sessions held in August and September. The Council Auditor has communicated that JEA presentations are not wanted, but JEA CEO, CFO or other designee should be present at scheduled meeting times to answer questions the Council Members may have prompted by the Council Auditor led report.
- Note: the Council Auditor staff and the City Council Liaison to JEA attend most JEA Board Meetings, the Council Auditor is offered Agenda time at JEA's Finance and Audit Committee Meetings, and JEA has ongoing communication with the Council Auditor staff throughout the year on JEA budget and financial related matters.

# Agenda

**Budget Process Summary**

**JEA Budget Summary and Consolidated Schedules**

- ✓ **FY2018 Proposed Budget Summary**
- ✓ **Government Transfers**

**Electric System**

**Water and Sewer System**

**District Energy System**

**Rate Stabilization Funds**

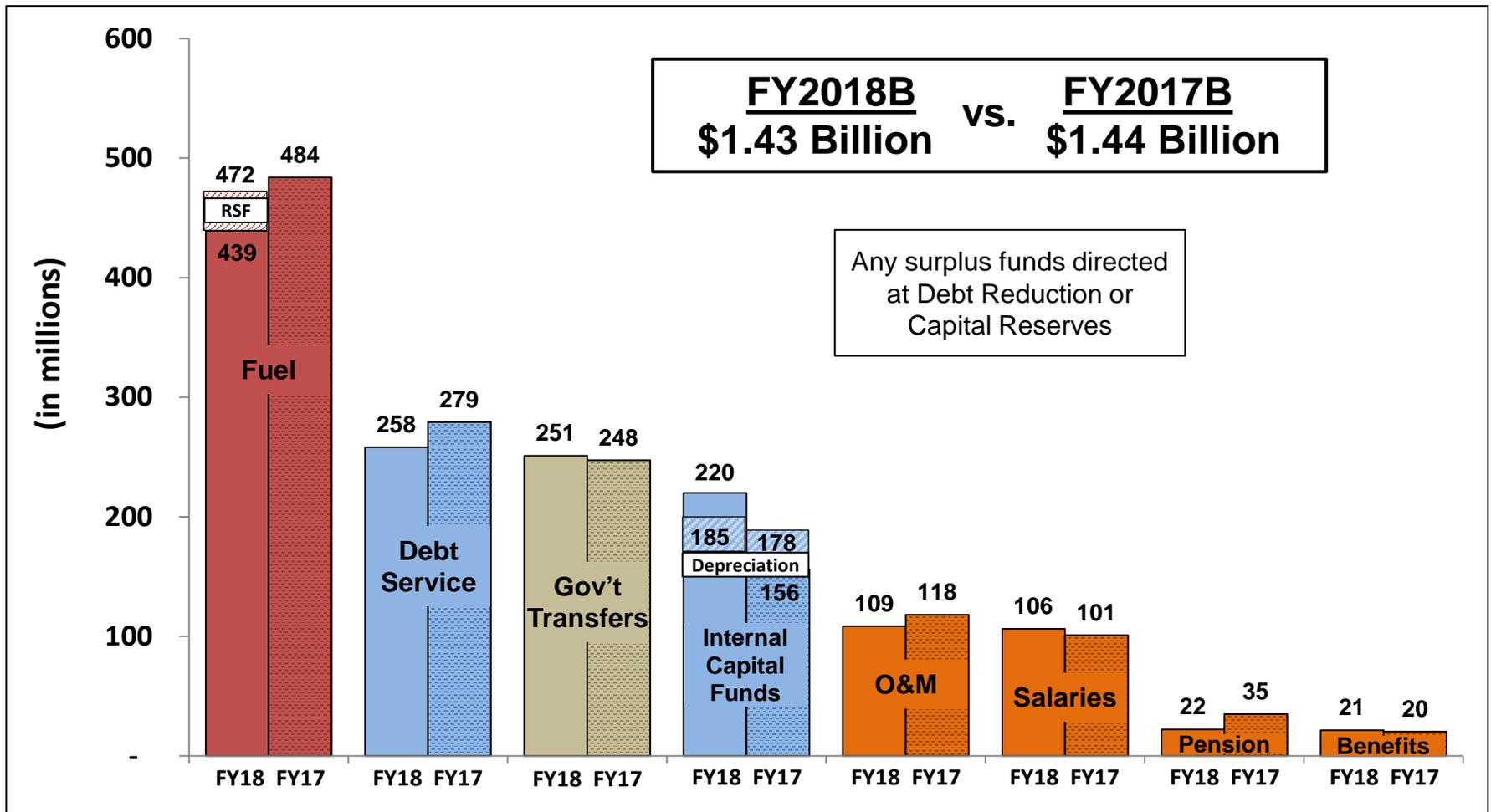
**Summary**

**Supplemental Schedules**

# Proposed FY2018 Budget Summary

Electric System					Water and Sewer System						
<b>Revenue</b>	<u>FY18B</u>	<u>FY17B</u>	<u>Δ</u>	<u>FY17F</u>	<b>Revenue</b>	<u>FY18B</u>	<u>FY17B</u>	<u>Δ</u>	<u>FY17F</u>		
(in millions)	\$1,269	\$1,286	(\$17)	\$1,242	(in millions)	\$517	\$439	\$78	\$446		
<b>Unit Sales Growth</b> No change to system sales from FY2017B 5.0% weather contingency					<b>Unit Sales Growth</b> 18.6 % increase to water sales from FY2017B 5.0% weather contingency						
<b>Pricing</b> Variable Fuel Rate decreased to \$32.50/MWh in FY2017, no change for FY2018					<b>Pricing</b> There are no planned rate changes for FY2018						
<b>COJ Transfer</b>	<u>FY07</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17F</u>	<u>FY18P</u>	<b>COJ Transfer</b>	<u>FY07</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17F</u>	<u>FY18P</u>
Total (\$ in millions)	\$121	\$191	\$192	\$192	\$195	Total (\$ in millions)	\$27	\$46	\$47	\$48	\$50
<b>O&amp;M</b> Increases by \$7.2m or 3.4% versus prior year's budget <ul style="list-style-type: none"> <li>Generating Unit Outages, \$12.2m vs. \$8.0m in FY2017</li> <li>Includes net pension decrease of \$12.8m and net bargaining unit increases of \$7.0m</li> <li>Includes funding for strategic initiatives and enterprise asset management</li> </ul>					<b>O&amp;M</b> Increases by \$10.1m or 7.1% over prior year's budget <ul style="list-style-type: none"> <li>Includes net pension decrease of \$3.5m and net bargaining unit increases of \$3.7m</li> <li>Includes funding for strategic initiatives and enterprise asset management</li> </ul>						
<b>Capital (millions)</b>	<u>FY17F</u>	<u>FY18*</u>	<u>FY19</u>	<u>FY20</u>	<b>Capital (millions)</b>	<u>FY17F</u>	<u>FY18*</u>	<u>FY19</u>	<u>FY20</u>		
Depreciation	\$ 185	\$185	\$185	\$185	Depreciation	\$143	\$140	\$140	\$140		
Expenditures	\$ 151	\$205	\$200	\$122	Expenditures	\$217	\$237	\$217	\$193		
Funding					Funding						
R&R	\$ 62	\$ 64			R&R	\$ 23	\$ 24				
OCO	\$ 80	\$141			OCO/Capacity Fee	\$112	\$175				
Prior	\$ 9	\$ 0			Environmental	\$ 14	\$ 18				
Debt	\$ 0	\$ 0			Prior	\$ 68	\$ 20				
	\$ 151	\$205			Debt	\$ 0	\$ 0				
						\$217	\$237				
* FY18 Budget includes 10% contingency					* FY18 Budget includes 10% contingency						
<b>Metrics</b>	<u>FY18B</u>	<u>Pricing Policy</u>			<b>Metrics</b>	<u>FY18B</u>	<u>Pricing Policy</u>				
Coverage	2.4x	≥ 2.2x			Coverage	2.7x	≥ 1.8x				
Debt to Asset	60%	≤ 53.5%			Debt to Asset	48%	≤ 49%				
Days of Liquidity	257	150-250 days			Days of Liquidity	513	150-250 days				
Total Debt	\$2.53bn	-----			Total Debt	\$1.56bn	-----				
Δ Debt	(\$162m)	-----			Δ Debt	(\$51m)	-----				

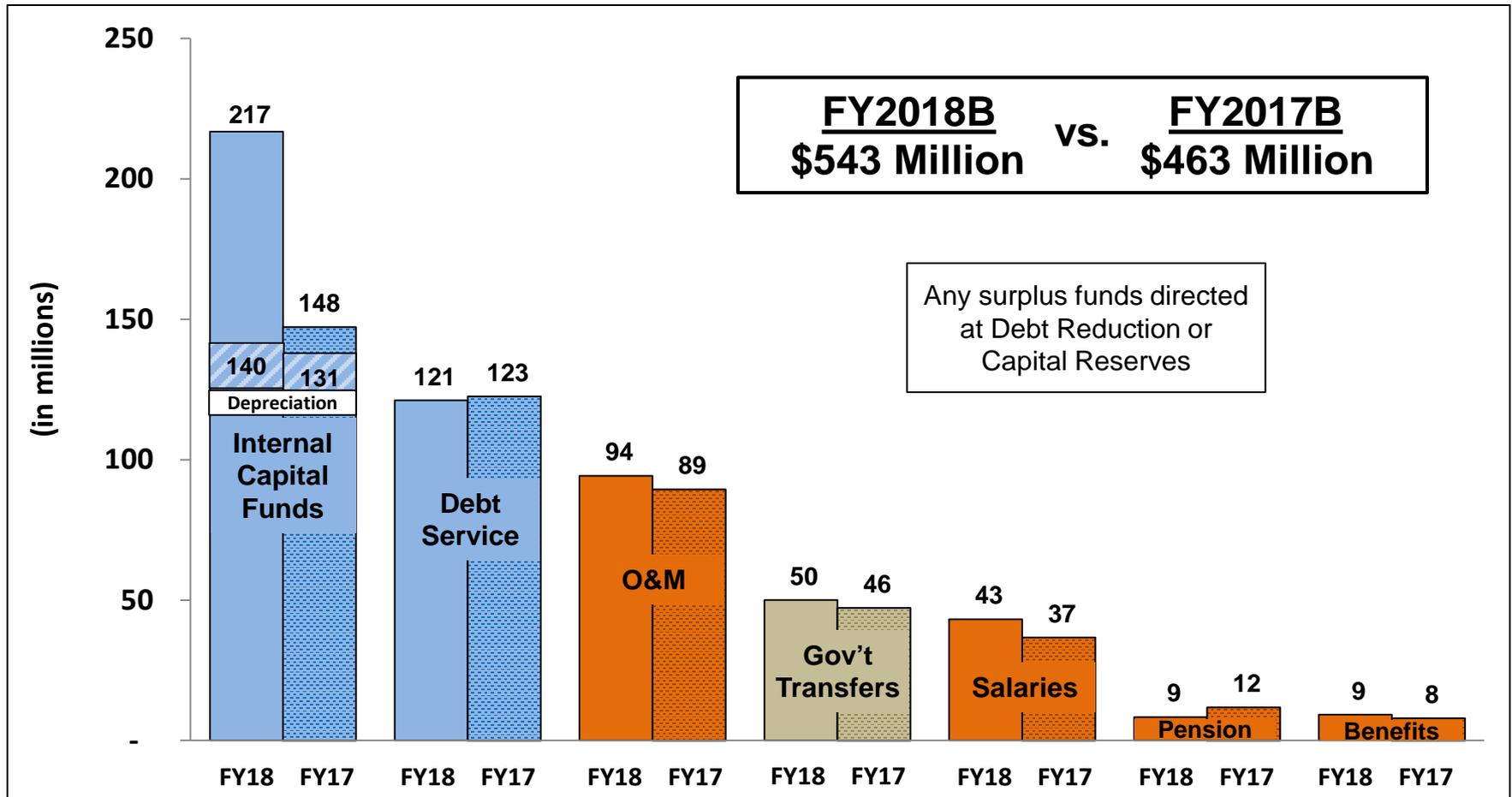
# FY2018 Budget: Customer Electric Bill by Expense Category



**Notes:**

1. Fuel includes Scherer transmission and capacity expenses. Fuel expense is \$472 million with a reduction of \$33 million from the Fuel Rate Stabilization Fund
2. SJRPP and Scherer non-fuel purchase power expenses included in Debt Service, Internal Capital and O&M. SJRPP expected to be decommissioned January 1, 2018.
3. Government Transfers include City Contribution, COJ Public Service Tax, COJ Franchise Fee, State Gross Receipt Tax, and State and COJ Sales Tax (Commercial customers only)
4. O&M Salaries, Benefits, and Pension are net of capital
5. FY2018 O&M includes \$2.3 million Natural Gas retail sale operations
6. Internal Capital Funds include JEA Electric System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required. The capital budget for FY2018 is \$205 million

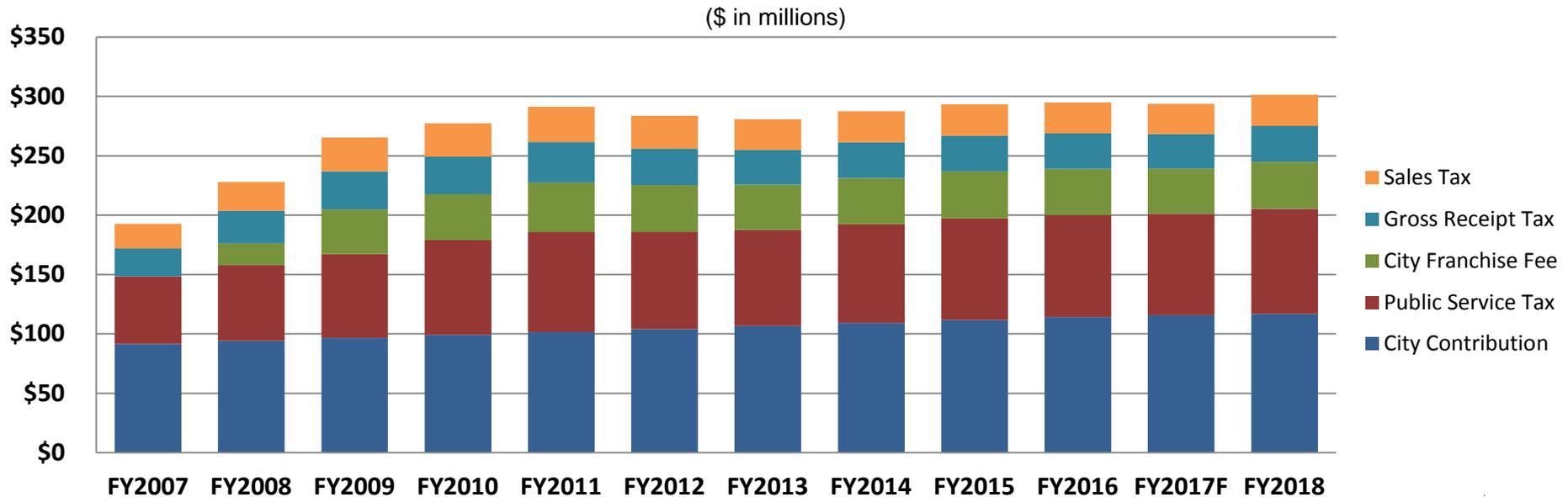
# FY2018 Budget: Customer Water and Sewer Bill by Expense Category



**Notes:**

1. Government Transfers include City Contribution, COJ Public Service Tax, and COJ Franchise Fee
2. O&M Salaries, Benefits, and Pension are net of capital
3. The FY2018 capital program is funded by Internal Capital, no new debt is required
4. FY2018 Debt Service decrease reflects lower interest payments
5. Internal capital funds for FY2018 are greater than annual depreciation but less than the annual capital plan for FY2018. The capital budget for FY2018 is estimated at \$237 million

# Government Transfers via the JEA Bill



Description	Paid To	FY2007	FY2008	FY2009	FY2014	FY2015	FY2016	FY2017F	FY2018
City Contribution	COJ	\$91.4	\$94.2	\$96.7	\$109.2	\$111.7	\$114.2	\$115.8	\$117.0
Public Service Tax	COJ	56.9	63.6	70.5	83.1	85.6	85.8	85.3	88.3
City Franchise Fee	COJ	-	18.3	37.5	39.0	39.4	38.9	38.0	39.5
Gross Receipt Tax	State	23.7	27.6	32.1	30.2	30.2	29.8	29.2	30.2
Sales Tax	State and COJ	20.6	24.1	28.5	26.1	26.4	26.0	25.4	26.4
<b>Total</b>		<b>\$192.6</b>	<b>\$227.8</b>	<b>\$265.3</b>	<b>\$287.6</b>	<b>\$293.3</b>	<b>\$294.7</b>	<b>\$293.7</b>	<b>\$301.4</b>
Percent increase from FY2007			18%	38%	49%	52%	53%	52%	56%

\$239
\$245 COJ

## Discussion and Analysis



- JEA transfers to the City of Jacksonville have increased to \$245 million

# FY2018 Electric System Budget: Non-Fuel Purchased Power

<b>SJRPP</b> (Planned shut down 1/1/2018)	<u>FY2017</u>	<u>FY2018</u>	<u>Variance</u>	<u>Explanation</u>
O&M	\$26,067,196	\$6,250,000	(\$19,817,196)	Three months of operations
Debt Service	39,704,711	18,940,373	(20,764,338)	Remaining after debt defeasance
R&R	(20,678,814)	(4,395,310)	16,283,504	Capital credit from co-owner
<b>Subtotal SJRPP</b>	<b>\$45,093,093</b>	<b>\$20,795,063</b>	<b>(\$24,298,030)</b>	
<b>Scherer</b>				
Debt Service	\$9,679,445	\$9,942,757	\$263,312	
O&M	10,044,173	11,960,608	1,916,435	Outage
R&R	6,877,585	19,209,628	12,332,043	Increased Capital Program
Transmission	4,700,000	5,300,000	600,000	
<b>Subtotal Scherer</b>	<b>\$31,301,203</b>	<b>\$46,412,993</b>	<b>\$15,111,790</b>	
<b>Other</b>				
Other Capacity	\$7,000,000	\$15,804,000	\$8,804,000	PPA for additional power
Vogle Debt Service	9,231,667	11,744,583	2,512,916	Planned D/S payment
Rate Stabilization	(9,231,667)	(11,744,583)	(2,512,916)	
<b>Subtotal Other</b>	<b>\$7,000,000</b>	<b>\$15,804,000</b>	<b>\$8,804,000</b>	
<b>Total Non-Fuel Purch. Pwr.</b>	<b>\$83,394,296</b>	<b>\$83,012,056</b>	<b>(\$382,240)</b>	

# Total JEA Labor Costs

(\$ in millions)	FY2016	Budget FY2017	Budget FY2018 <sup>1</sup>	Budget FY2018 vs FY2017
<b>Payroll Expense<sup>2</sup></b>	\$167.9	\$171.1	\$182.2	6.5%
<b>Benefits</b>	35.1	34.8	36.2	4.0%
<b>Subtotal</b>	\$203.0	\$205.9	\$218.4	6.0%
<b>Pension</b>	44.0	54.6	35.1	(35.7%)
<b>Total</b>	\$247.0	\$260.5	\$253.5	(2.8%)

Current JEA Salary Adjustment Summary <sup>3</sup>						
Unit	General Increase – Prior Period			General Increase – Current Contract		
	FY14	FY15	FY16	FY17	FY18	FY19
IBEW	0%	3%	2%	4.5%	<b>4.5%</b>	4.5%
JSA	0%	0%	2%	3.0%	<b>3.0%</b>	3.0%
LIUNA	0%	2%	2%	4.5%	<b>5.0%</b>	4.5%
AFSCME	0%	0%	1.5%	2.5%	<b>2.5%</b>	3.0%
M&C	0%	0%	2%	TBD	<b>TBD</b>	TBD
PEA	0%	0%	3%	5.0%	<b>5.0%</b>	3.0%
Appointed	0%	0%	0% - 6%, avg 2%	TBD	<b>TBD</b>	TBD

## Discussion and Analysis

- Base payroll expense for FY2018 increases 6.5% vs FY2017
- The current 37.1% pension payment is expected to be reduced to 27.85% of covered payroll for a FY2018 contribution of approximately \$35 million

### Notes

1) Includes Bargaining Unit adjustments in 2017-2018 per new contracts

2) Payroll expense includes salary, wages, temporary and contract for the Electric, Water and DES systems. Does not include Succession Planning of \$3.1m FY2016; and \$3.6m in FY2017 and FY2018

3) Total JEA salary adjustments are for both Electric and Water and Sewer Systems, appointed adjustments per market study

# Agenda

**Budget Process Summary**

**JEA Budget Summary and Consolidated Schedules**

## **Electric System**

- ✓ **Operating Budget**
- ✓ **Capital Budget**
- ✓ **Fuel Rate**
- ✓ **O&M**
- ✓ **Capital Plan**
- ✓ **Debt Service**
- ✓ **Financial Metrics and Ratios**

**Water and Sewer System**

**District Energy System**

**Rate Stabilization Funds**

**Summary**

**Supplemental Schedules**

JEA  
ELECTRIC SYSTEM  
OPERATING BUDGET

	FY 2018 Budget	FY 2017 Budget	Change	FY 2017 Forecast
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
FUEL REVENUES:	\$ 417,649,053	\$ 472,264,680	\$ (54,615,627)	\$ 392,392,444
Transfer To/From Fuel Recovery	-	-	-	(3)
Total Net Revenues	<u>417,649,053</u>	<u>472,264,680</u>	<u>\$ (54,615,627)</u>	<u>\$ 392,392,441</u>
FUEL EXPENSES:	<u>\$ 417,649,053</u>	<u>\$ 472,264,680</u>	<u>\$ (54,615,627)</u>	<u>\$ 392,392,441</u>
Fuel & Purchased Power	<u>\$ 417,649,053</u>	<u>\$ 472,264,680</u>	<u>\$ (54,615,627)</u>	<u>\$ 392,392,441</u>
FUEL SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 802,292,405	\$ 762,971,975	\$ 39,320,430	\$ 741,339,597
Environmental Charge Revenue	7,942,200	7,942,200	-	7,350,282
Conservation Charge & Demand Side Revenue	1,000,000	1,000,000	-	704,395
Other Revenues	30,551,894	29,966,575	585,319	91,086,953
Natural Gas Pass Through Revenue	2,383,913	7,188,723	(4,804,810)	3,773,298
Total Base Related Revenues	<u>\$ 844,170,412</u>	<u>\$ 809,069,473</u>	<u>\$ 35,100,939</u>	<u>\$ 844,254,525</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 216,333,937	\$ 209,105,373	\$ 7,228,564	\$ 196,186,945
Environmental	7,942,200	7,942,200	-	7,350,282
Conservation & Demand-side Management	7,510,000	7,510,000	-	6,748,584
Natural Gas Pass Through Expense	2,290,414	6,880,298	(4,589,884)	3,757,081
Non-Fuel Purchased Power	83,012,056	83,394,296	(382,240)	78,205,184
Non-Fuel Uncollectibles & PSC Tax	1,210,993	1,749,583	(538,590)	1,006,462
Emergency Contingency	5,000,000	5,000,000	-	867,320
Total Base Related Expenses	<u>\$ 323,299,600</u>	<u>\$ 321,581,750</u>	<u>\$ 1,717,850</u>	<u>\$ 294,121,858</u>
BASE OPERATING INCOME:	<b>\$ 520,870,812</b>	<b>\$ 487,487,723</b>	<b>\$ 33,383,089</b>	<b>\$ 550,132,667</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	6,714,534	4,631,588	2,082,946	5,626,788
Transfer To/From Fuel Recovery	-	-	-	3
Total Non Operating Revenues	<u>\$ 6,714,534</u>	<u>\$ 4,631,588</u>	<u>\$ 2,082,946</u>	<u>\$ 5,626,791</u>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	229,196,947	229,848,619	(651,672)	321,488,766
Total Non Operating Expenses	<u>\$ 229,196,947</u>	<u>\$ 229,848,619</u>	<u>\$ (651,672)</u>	<u>\$ 321,488,766</u>
BASE INCOME BEFORE TRANSFERS	<b>\$ 298,388,399</b>	<b>\$ 262,270,692</b>	<b>\$ 36,117,707</b>	<b>\$ 234,270,692</b>
City Contribution Expense	93,193,399	92,270,692	922,707	92,270,692
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	64,537,408	62,198,300	2,339,108	62,198,300
Operating Capital Outlay	140,657,592	107,801,700	32,855,892	79,801,700
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 298,388,399</u>	<u>\$ 262,270,692</u>	<u>\$ 36,117,707</u>	<u>\$ 234,270,692</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<u><b>\$ 1,268,533,999</b></u>	<u><b>\$ 1,285,965,741</b></u>	<u><b>\$ (17,431,742)</b></u>	<u><b>\$ 1,242,273,757</b></u>
TOTAL APPROPRIATIONS	<u><b>\$ 1,268,533,999</b></u>	<u><b>\$ 1,285,965,741</b></u>	<u><b>\$ (17,431,742)</b></u>	<u><b>\$ 1,242,273,757</b></u>
BUDGETED EMPLOYEE POSITIONS	1,554	1,554	-	1,554
BUDGETED TEMPORARY HOURS	104,000	104,000	-	104,000

JEA  
ELECTRIC SYSTEM  
CAPITAL BUDGET

	FY 2018 Budget	FY 2017 Budget	Change	FY 2017 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 64,537,408	\$ 62,198,300	\$ 2,339,108	\$ 62,198,300
Operating Capital Outlay	140,657,592	107,801,700	32,855,892	79,801,700
Environmental Capital Outlay	-	-	-	-
Debt Proceeds	-	-	-	-
Construction Fund Investment Income	-	-	-	-
Other Proceeds	-	-	-	9,342,520
<b>Total Capital Funds</b>	<b>\$ 205,195,000</b>	<b>\$ 170,000,000</b>	<b>\$ 35,195,000</b>	<b>\$ 151,342,520</b>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 27,585,000	\$ 33,340,000	\$ (5,755,000)	\$ 27,832,273
Transmission & Distribution Projects	102,012,000	82,368,000	19,644,000	81,202,148
Other Projects	75,598,000	54,292,000	21,306,000	42,308,099
<b>Total Capital Projects</b>	<b>\$ 205,195,000</b>	<b>\$ 170,000,000</b>	<b>\$ 35,195,000</b>	<b>\$ 151,342,520</b>

Operating Variance Analysis (\$ millions)	Budget FY2018	Budget FY2017	Change	Percent Chg
MWh sales	13,020,000	13,020,000	0	0.0%
Fuel Revenues <sup>1</sup>	\$417.65	\$472.26	(\$54.61)	-11.6%
Variable Fuel Rate per MWh	\$32.50	\$36.75	(4.25)	-11.6%
Fuel (excluding reserve adj & discounts) <sup>2</sup>	\$450.45	\$434.56	15.89	3.7%
Gas & Oil per MWh produced	25.26	\$25.34	(\$0.08)	-0.3%
Solid Fuel per MWh produced	29.70	\$26.21	\$3.49	13.3%
Base Revenues <sup>3</sup>	\$802.29	\$762.97	39.32	5.2%
Electric O&M (see O&M schedule)	\$216.33	\$209.11	\$7.22	3.5%
Non-Fuel Purchased Power <sup>4</sup>	\$83.01	\$83.39	(0.38)	-0.5%
Scherer O&M and R&R <sup>4</sup>	\$31.17	\$16.92	14.25	
SJRPP R&R	(\$4.40)	(\$20.68)	16.28	
Debt Service	\$229.20	\$229.85	(0.65)	-0.3%
Renewal & Replacement <sup>5</sup>	\$64.54	\$62.20	\$2.34	3.8%
Operating Capital Outlay <sup>5</sup>	\$140.66	\$107.80	32.86	30.5%
City Contribution	\$93.19	\$92.27	0.92	1.0%
<b>Capital Budget Variance Analysis</b>				
Capital Funds <sup>6</sup>	\$205.20	\$170.00	35.20	20.7%
Capital Projects <sup>7</sup>	\$205.20	\$170.00	35.20	20.7%

(1) Reduced Fuel Rate from \$36.75 to \$32.50

(2) See fuel rate detail sheet

(3) Increased Base Rate from \$58.60 to \$61.62

(4) Increased Scherer capital expenses. Lower SJRPP debt service and O&M. SJRPP expected to be decommissioned January 1, 2018

(5) The FY18 R&R is based on FY17 forecasted revenues. The FY18 OCO is the remaining amount to fully fund the FY18 capital expenses

(6) FY18 Capital Fund Sources are from Current Year Internal Funding and prior year balances

(7) Includes Management target of \$187M plus a 10% contingency

Revenue Line Items (000's omitted)	FY2018B	FY2017B
Base Revenue	\$802,292	\$762,972
Variable Fuel Revenue	417,649	472,265
Environmental Revenue	7,942	7,942
Transmission Revenue	7,909	11,653
Investment Revenue	6,715	4,632
Pole Attachment Revenue	4,980	-
Wireless Colocation Revenue	3,050	-
Joint Dispatch Revenue	2,791	-
Natural Gas Revenue	2,384	7,189
Dark Fiber Revenue	1,754	-
Conservation/DSM Revenue	1,000	1,000
Other Revenue <sup>1</sup>	10,068	18,313
<b>Total</b>	<b>\$1,268,534</b>	<b>\$1,285,966</b>

# Electric System Capital Budget

<b>Budget Line Items (000's Omitted)</b>	<b>FY2018B</b>	<b>FY2017B</b>	<b>FY2017F</b>
Electric System Generation Projects	\$27,585	\$33,340	\$27,832
Electric System Transmission and Distribution Projects	102,012	82,368	81,202
Electric System Other Projects	75,598	54,292	42,308
<b>Total</b>	<b>\$205,195</b>	<b>\$170,000</b>	<b>\$151,342</b>



Note: Detailed FY2017 project list is included in the CIP Schedules within the Supplemental section

	<u>FY2016</u>	<u>FY2017F</u>	<u>FY2018B</u>	<u>FY2019</u>
<b><u>Variable Fuel Rate per MWh</u></b>				
<b>Fuel Rate Budgeted per \$/MWh</b>	<b>\$41.00</b>	<b>\$36.75</b>	<b>\$32.50</b>	<b>\$32.50</b>
<b>Reserve as a % of Target Expense</b>	<b>29%</b>	<b>21%</b>	<b>16%</b>	<b>14%</b>
<b>Annual Fuel Cost (millions)</b>	<b>\$397</b>	<b>\$438</b>	<b>\$452</b>	<b>\$412</b>

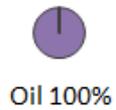
## Discussion and Analysis

- The Fuel Fund Rate Stabilization Reserve is currently at 21% of the historical maximum 12-month fuel expense
- Current projections are based on the NYMEX natural gas price forecasts and assume no major market disruptions

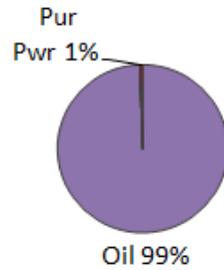
Note: Variable Fuel Rate decreased to \$32.50/MWh per Board approval in November 2016. New rate was made effective December 1, 2016.

# Historical Fuel Mix

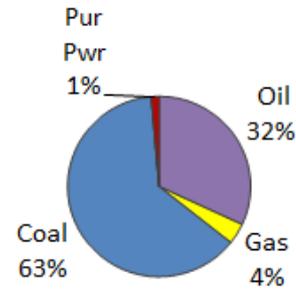
**1970**



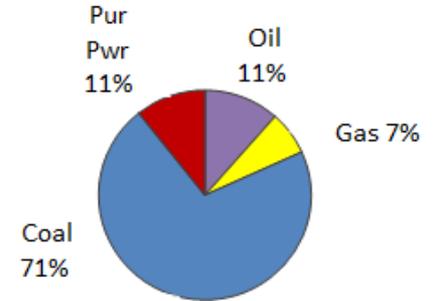
**1977**



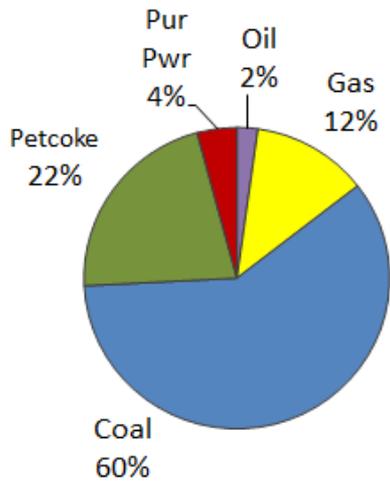
**1987**



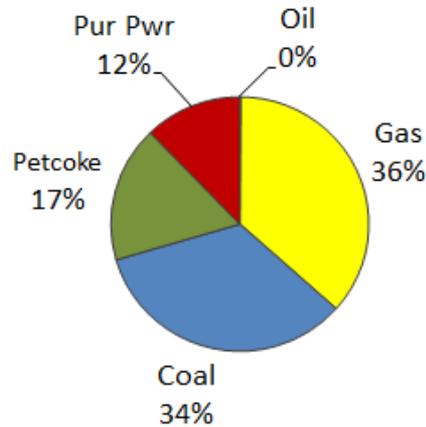
**1997**



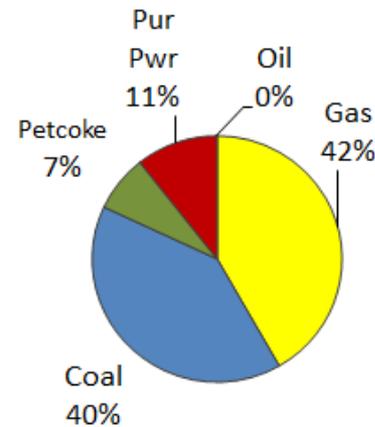
**2007**



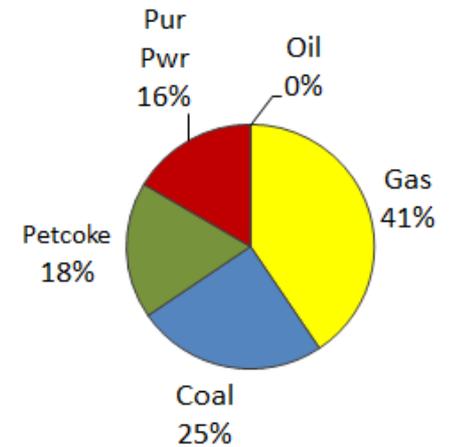
**2016**



**2017 (Forecast)**



**2018 (Budget)**



# FY2018 Electric System Budget: Operating Expenses

(\$ in millions)	<b>FY2017 Budget<sup>1</sup></b>	<b>FY2018 Budget<sup>1</sup></b>	<b>Variance</b>	<b>Explanation</b>
<b>Salaries &amp; Benefits</b>	\$183.9*	\$176.7*	(\$7.2)	Step increases, market adjustments, new contract adjustments and related change in pension expense
<b>Other Services</b>	101.4	108.9	7.5	Outages and Enterprise Asset Management
<b>Material &amp; Supplies</b>	15.9	16.2	0.3	
<b>Other</b>	12.8	18.5	5.7	T&D Insurance premium, SJRPP & Contingencies
<b>Credits – Shared Services</b>	(49.2)	(51.7)	(2.5)	Water Billing Credit and Enterprise Asset Mgmt
<b>Credits – Capitalization</b>	(38.7)	(37.2)	1.5	
<b>Credits – Other</b>	(17.0)	(15.1)	1.9	
<b>Total</b>	<u>\$209.1</u>	<u>\$216.3</u>	<u>\$7.2</u>	

3.4%

Key Strategic Issues <u>Included</u> in Budget			
FY2017		FY2018	
Generating Unit Outages	8.0	Generating Unit Outages (NS 1&2, CTs)	12.2
Succession Planning Staffing Risks	2.6	Succession Planning Staffing Risks	2.6
Climate Change	1.0	Climate Change	1.0
Enterprise Asset Management	2.0	Enterprise Asset Management	5.0
Net Pension Increase	4.3	Net Pension Decrease	(12.8)
Compensation	*	Compensation	*
<b>Total</b>	<u>\$17.9</u>	<b>Total</b>	<u>\$8.0</u>

<sup>1</sup>Excludes Customer Benefit, Environmental, and Retail Natural Gas

# Electric System: Capital Funding

No New Debt



FY2018 – Electric System Capital Budget: \$205 Million

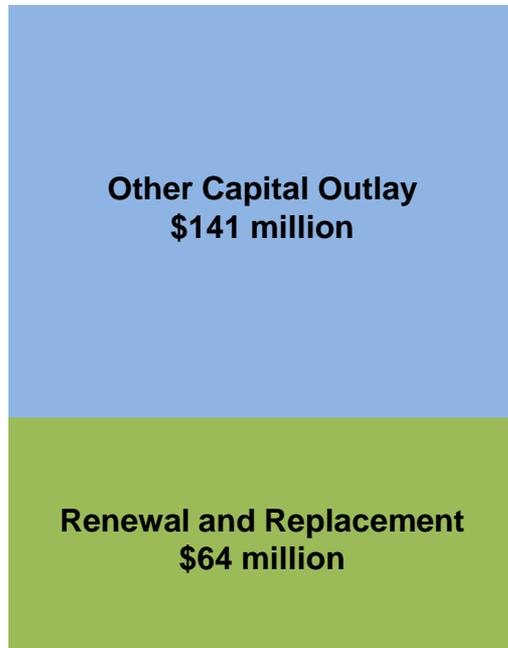
## System Maintenance: \$189 Million

- Renewal and Replacement
- Distribution
- Facilities, Fleet, Technology

## System Expansion: \$16 Million

- New or Expanded Generation
- New Transmission lines
- New or Expanded Substations

### Source of Capital Funding



### Discussion and Analysis

- FY2018 capital funding plan utilizes existing capital cash balances to fund the “long-term eligible funds” qualified projects, resulting in no new debt issuance for FY2018
- FY2017 capital plan budget was \$170 million, current forecast is \$151 million
- December 2016 rating agency FY2018 capital program was projected to be \$195 million

## FY2018 Electric System Budget: Debt Service

(\$ in millions)	<u>FY2017 Budget</u>	<u>FY2017 Forecast</u>	<u>FY2018 Budget</u>	<u>Budget Variance</u>	<u>Explanation</u>
<b>Debt Service – Principal</b>	\$90.0	\$117.7	<b>\$124.2</b>	\$34.2	Debt Restructuring
<b>Debt Service – Prepayment</b>	38.9	106.4 <sup>1</sup>	<b>10.7</b>	(28.2)	
<b>Debt Service – Interest</b>	<u>100.9</u>	<u>97.4</u>	<u><b>94.3</b></u>	<u>(6.6)</u>	Lower Debt Balance
<b>Total<sup>2</sup></b>	<u>\$229.8</u>	<u>\$321.5</u>	<u><b>\$229.2</b></u>	<u>(\$0.6)</u>	
<b>Debt Service Coverage</b>	2.7x	2.4x	<b>2.4x</b>	(0.3x)	
<b>Debt to Asset %</b>	64.0%	64.0%	<b>60.0%</b>	(4.0%)	Accelerated Debt Paydown
<b><u>Variable Rate Debt %</u></b>					
<b>Gross</b>	21.0%	22.0%	<b>23.0%</b>	2.0%	Paydown of Fixed Rate Debt
<b>Net of Swaps</b>	7.0%	7.0%	<b>7.0%</b>	---	
<b>Variable Interest Rate %</b>	3.0%	2.1%	<b>3.0%</b>	---	
<b>Liquidity – Days<sup>3</sup></b>	277	311	<b>257</b>	(20)	Cash Used on Debt Paydown

Notes:

<sup>1</sup> Includes defeasance of \$69.1 million for Advanced Refunding and \$37.3 million in projected Bond Buy-Back

<sup>2</sup> Includes scheduled interest and principal payments to bondholders, variable rate financing costs, and swap payments

<sup>3</sup> Includes Renewal and Replacement

**Budget Process Summary**

**JEA Budget Summary and Consolidated Schedules**

**Electric System**

**Water and Sewer System**

- ✓ **Operating Budget**
- ✓ **Capital Budget**
- ✓ **O&M**
- ✓ **Capital Plan**
- ✓ **Debt Service**
- ✓ **Financial Metrics and Ratios**

**District Energy System**

**Rate Stabilization Funds**

**Summary**

**Supplemental Schedules**

JEA  
WATER AND SEWER SYSTEM  
OPERATING BUDGET

	FY2018 Budget	FY2017 Budget	Change	FY2017 Forecast
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 428,490,220	\$ 381,678,122	\$ 46,812,098	\$ 385,600,129
Environmental Charge Revenue	28,360,500	23,908,290	4,452,210	23,666,983
Other Revenues	34,091,486	11,638,859	22,452,627	11,744,499
<b>Total Base Related Revenues</b>	<b>\$ 490,942,206</b>	<b>\$ 417,225,271</b>	<b>\$ 73,716,935</b>	<b>\$ 421,011,611</b>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 151,804,759	\$ 141,698,943	\$ 10,105,816	\$ 136,768,364
Environmental CUP - DSM	1,589,300	2,449,584	(860,284)	1,520,463
Non-Fuel Uncollectibles & PSC Tax	685,277	844,390	(159,113)	412,308
Emergency Contingency	1,000,000	1,000,000	-	1,000,000
<b>Total Base Related Expenses</b>	<b>\$ 155,079,336</b>	<b>\$ 145,992,917</b>	<b>\$ 9,086,419</b>	<b>\$ 139,701,135</b>
<b>BASE OPERATING INCOME:</b>	<b>\$ 335,862,870</b>	<b>\$ 271,232,354</b>	<b>\$ 64,630,516</b>	<b>\$ 281,310,476</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	4,854,301	3,152,787	1,701,514	4,983,805
Capacity Fees	21,000,000	19,000,000	2,000,000	19,800,226
<b>Total Non Operating Revenues</b>	<b>\$ 25,854,301</b>	<b>\$ 22,152,787</b>	<b>\$ 3,701,514</b>	<b>\$ 24,784,031</b>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	121,122,632	122,572,849	(1,450,217)	127,040,443
<b>Total Non Operating Expenses</b>	<b>\$ 121,122,632</b>	<b>\$ 122,572,849</b>	<b>\$ (1,450,217)</b>	<b>\$ 127,040,443</b>
<b>BASE INCOME BEFORE TRANSFERS</b>	<b>\$ 240,594,539</b>	<b>\$ 170,812,292</b>	<b>\$ 69,782,247</b>	<b>\$ 179,054,064</b>
City Contribution Expense	23,787,781	23,552,258	235,523	23,552,258
Interlocal Payments	-	-	-	287,373
Renewal and Replacement Fund	23,950,558	22,766,900	1,183,658	22,766,900
Operating Capital Outlay	153,685,000	92,634,428	61,050,572	92,634,427
Operating Capital Outlay - Environmental	18,171,200	12,858,706	5,312,494	13,595,296
Capacity Fees	21,000,000	19,000,000	2,000,000	19,800,226
Contingencies & Working Capital	-	-	-	-
<b>Total Non-Fuel Expenses</b>	<b>\$ 240,594,539</b>	<b>\$ 170,812,292</b>	<b>\$ 69,782,247</b>	<b>\$ 172,636,480</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,417,584</b>
<b>TOTAL REVENUES</b>	<b>\$ 516,796,507</b>	<b>\$ 439,378,058</b>	<b>\$ 77,418,449</b>	<b>\$ 445,795,642</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 516,796,507</b>	<b>\$ 439,378,058</b>	<b>\$ 77,418,449</b>	<b>\$ 439,378,058</b>
<b>BUDGETED EMPLOYEE POSITIONS</b>	599	599	0	599
<b>BUDGETED TEMPORARY HOURS</b>	20,800	20,800	0	20,800

JEA  
WATER AND SEWER SYSTEM  
CAPITAL BUDGET

	FY2018 Budget	FY2017 Budget	Change	FY2017 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 23,950,558	\$ 22,766,900	\$ 1,183,658	\$ 22,766,900
Operating Capital Outlay	153,685,000	92,634,428	61,050,572	92,634,427
Environmental Capital Outlay	18,171,200	12,858,706	5,312,494	13,465,751
Capacity Fees	21,000,000	19,000,000	2,000,000	19,800,226
Debt Proceeds	-	-	-	-
Construction Fund Investment Income	-	-	-	-
Other Proceeds	19,704,242	78,239,966	(58,535,724)	68,427,708
<b>Total Capital Funds</b>	<b>\$ 236,511,000</b>	<b>\$ 225,500,000</b>	<b>\$ 11,011,000</b>	<b>\$ 217,095,012</b>
<b>CAPITAL PROJECTS:</b>				
Water Projects	56,551,000	60,237,863	(3,686,863)	60,628,103
Sewer Projects	153,488,000	140,790,137	12,697,863	134,179,682
Other Projects	26,472,000	24,472,000	2,000,000	22,287,227
<b>Total Capital Projects</b>	<b>\$ 236,511,000</b>	<b>\$ 225,500,000</b>	<b>\$ 11,011,000</b>	<b>\$ 217,095,012</b>

Operating Variance Analysis (\$ millions)	Budget FY2018	Budget FY2017	Change	Percent Chg
Water kGal Sales (in thousands)	42,000	36,750	5,250	14.3%
Base Rate Revenues <sup>1</sup>	\$428.49	\$381.68	46.81	12.3%
Other Revenues <sup>2</sup>	\$34.09	\$11.64	22.45	192.9%
Operating and Maintenance (See O&M Schedule)	\$151.80	\$141.70	(10.10)	-7.1%
Debt Service <sup>3</sup>	\$121.12	\$122.57	1.45	1.2%
Renewal & Replacement <sup>4</sup>	\$23.95	\$22.77	(1.18)	-5.2%
Operating Capital Outlay <sup>5</sup>	\$153.68	\$92.63	(61.05)	-65.9%
Capacity Fees <sup>6</sup>	\$21.00	\$19.00	2.00	10.5%
<b>Capital Budget Variance Analysis (\$ millions)</b>				
Capital Funds <sup>7</sup>	\$236.51	\$225.50	11.01	4.9%
Capital Projects <sup>7</sup>	\$236.51	\$225.50	11.01	4.9%
<p>(1) 18.6% increase in total system sales  (2) Includes \$21.5m in prior year revenues to be used for Operating Capital Outlay  (3) FY2018 Debt Service increase reflects lower P&amp;I payments  (4) FY2018 R&amp;R is based upon forecasted FY17 total revenues  (5) OCO is the remaining amount to fund the FY2018 capital expenses  (6) Adjusted to recent trends  (7) Includes management budget of \$215m plus 10% contingency</p>				

# Water and Sewer System Revenues

Revenue Line Items (000's omitted)	FY2018B	FY2017B
Sewer Revenues	\$245,530	\$226,018
Water Revenues	165,693	149,493
Environmental Revenues	28,361	23,908
Prior Year Surplus Revenue Utilization <sup>1</sup>	21,501	-
Capacity and Extension Fees	21,000	19,000
Reclaimed Revenues	17,267	6,167
Investment Income	4,854	3,153
Other Revenues <sup>2</sup>	12,591	11,639
<b>Total</b>	<b>\$516,797</b>	<b>\$439,378</b>



<sup>1</sup> Prior year surplus will be used for Operating Capital Outlay

<sup>2</sup> Other Revenues include rental income, meter tap fees, connection fees, late fees, and other utility operating income

# Water and Sewer System Capital Budget

<b>Budget Line Items (000's Omitted)</b>	<b>FY2018B</b>	<b>FY2017B</b>	<b>FY2017F</b>
Water Treatment and Distribution Projects	\$56,551	\$60,238	\$60,628
Wastewater and Reclaimed Projects	153,488	140,790	134,179
Other Capital Projects	26,472	24,472	22,287
<b>Total</b>	<b>\$236,511</b>	<b>\$225,500</b>	<b>\$217,094</b>



Note: Detailed FY2018 project list is included in the CIP Schedules within the Supplemental section

# FY2018 Water and Sewer System Budget: Operating Expenses

(\$ in millions)	<b>FY2017 Budget<sup>1</sup></b>	<b>FY2018 Budget<sup>1</sup></b>	<b>Variance</b>	<b>Explanation</b>
<b>Salaries &amp; Benefits</b>	\$67.8*	\$69.2*	\$1.4	Step increases, market adjustments, new contract adjustments and related change in pension expense, headcount
<b>Other Services</b>	25.2	28.5	3.3	Storm generator leases, backflow inspections, sewer resiliency
<b>Material &amp; Supplies</b>	13.2	13.5	0.3	
<b>Shared Services</b>	49.1	51.6	2.5	Enterprise Asset Management
<b>Other</b>	3.4	3.4	-	
<b>Credits – Capitalization</b>	(16.5)	(13.9)	2.6	Lower direct capitalization
<b>Credits – Fuel Handling</b>	(0.5)	(0.5)	-	
<b>Total</b>	<u>\$141.7</u>	<u>\$151.8</u>	<u>\$10.1</u>	

7.1%

<b>Key Strategic Issues Included in Budget</b>			
<b>FY2017</b>		<b>FY2018</b>	
Water Purification	\$1.0	Water Purification	\$1.0
Succession Planning Staffing Risks	1.0	Succession Planning Staffing Risks	1.0
		Enterprise Asset Management	2.0
		Storm Generator Leases / Tree Mitigation	1.5
		Sewer Resiliency Study	0.5
Net Pension Increase	1.3	Net Pension Decrease	(3.5)
Compensation	*	Compensation	*
<b>Total</b>	<u><b>\$3.3</b></u>	<b>Total</b>	<u><b>\$2.5</b></u>

<sup>1</sup>Excludes Customer Benefit and Environmental

# Water and Sewer System: Capital Funding

No New Debt

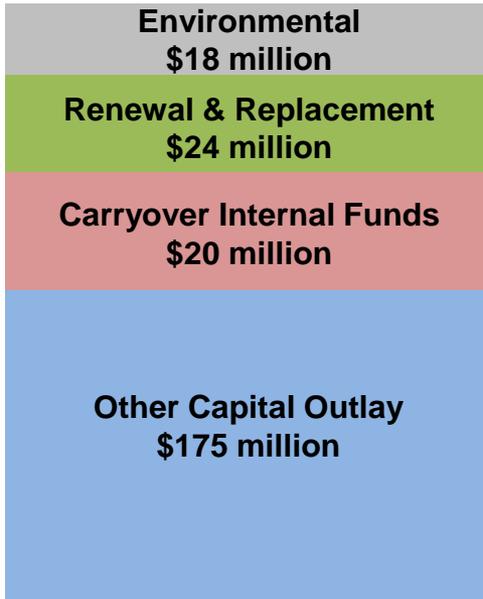


FY2018 – Water and Sewer System Capital Budget: \$237 Million

Environmental: \$18 Million	System Maintenance: \$142 Million	System Expansion: \$78 Million
<ul style="list-style-type: none"> <li>• BMAP*/ TMDL*/ Reclaim</li> <li>• Total Water Management Plan</li> <li>• Major Environmental Initiatives</li> <li>• Support COJ Septic Tank Phase-Out</li> </ul>	<ul style="list-style-type: none"> <li>• Renewal and Replacement</li> <li>• Distribution</li> <li>• Facilities, Fleet, Technology</li> </ul>	<ul style="list-style-type: none"> <li>• New or Expanded Treatment</li> <li>• New Transmission lines</li> <li>• New or Expanded Master Pump Stations</li> </ul>

- Basin Management Action Plan
- Total Maximum Daily Limit of Nitrogen

## Source of Capital Funding



## Discussion and Analysis

- FY2018 capital funding plan utilizes existing capital cash balances to fund the “long-term eligible funds” qualified projects, resulting in no new debt issuance for FY2018
- FY2017 capital plan budget was \$226 million, current forecast is \$217 million
- December 2016 rating agency FY2018 capital program was projected to be \$200 million

# FY2018 Water and Sewer System Budget: Debt Service

(\$ in millions)	<u>FY2017 Budget</u>	<u>FY2017 Forecast</u>	<u>FY2018 Budget</u>	<u>Budget Variance</u>	<u>Explanation</u>
<b>Debt Service - Principal</b>	\$51.0	\$51.0	<b>\$51.7</b>	\$0.7	
<b>Debt Service - Prepayment</b>	---	5.7	---	---	
<b>Debt Service - Interest</b>	<u>71.6</u>	<u>70.3</u>	<b><u>69.4</u></b>	<u>(2.2)</u>	Lower Debt Balance
<b>Total<sup>1</sup></b>	<u>\$122.6</u>	<u>\$127.0</u>	<b><u>\$121.1</u></b>	<u>(\$1.5)</u>	
<b>Debt Service Coverage</b>	2.6x	2.6x	<b>2.7x</b>	0.1x	
<b>Debt to Asset %</b>	50.0%	52.5%	<b>47.6%</b>	(2.4%)	
<b>Variable Rate Debt %</b>					
<b>Gross</b>	18.0%	18.0%	<b>18.0%</b>	---	
<b>Net of Swaps</b>	10.0%	10.0%	<b>10.0%</b>	---	
<b>Variable Interest Rate %</b>	3.0%	2.1%	<b>3.0%</b>	---	
<b>Liquidity – Days</b>	396	447	<b>513</b>	117	Capital Expenses Internally Funded

Notes:

<sup>1</sup> Includes scheduled interest and principal payments to bondholders, variable rate financing costs, swap payments, and Revolving Credit Agreement payments

<sup>2</sup> Includes Renewal and Replacement

**Budget Process Summary**

**JEA Budget Summary and Consolidated Schedules**

**Electric System**

**Water and Sewer System**

**District Energy System**

**Rate Stabilization Funds**

**Summary**

**Supplemental Schedules**

JEA  
DISTRICT ENERGY SYSTEM  
OPERATING BUDGET

	FY2018 Budget	FY2017 Budget	Change	FY2017 Forecast
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 9,125,828	\$ 9,247,921	\$ (122,093)	\$ 8,807,248
Total Base Related Revenues	<u>\$ 9,125,828</u>	<u>\$ 9,247,921</u>	<u>\$ (122,093)</u>	<u>\$ 8,807,248</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 5,139,991	\$ 5,252,918	\$ (112,927)	\$ 5,002,312
Total Base Related Expenses	<u>\$ 5,139,991</u>	<u>\$ 5,252,918</u>	<u>\$ (112,927)</u>	<u>\$ 5,002,312</u>
BASE OPERATING INCOME:	\$ 3,985,837	\$ 3,995,003	\$ (9,166)	\$ 3,804,936
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	3,019,084	3,022,454	(3,370)	3,022,454
Total Non Operating Expenses	<u>\$ 3,019,084</u>	<u>\$ 3,022,454</u>	<u>\$ (3,370)</u>	<u>\$ 3,022,454</u>
BASE INCOME BEFORE TRANSFERS	\$ 966,753	\$ 972,549	\$ (5,796)	\$ 782,482
City Contribution Expense	-	-	-	-
Renewal and Replacement Fund	440,362	437,650	2,712	437,650
Operating Capital Outlay	526,391	534,899	(8,508)	344,832
Total Non-Fuel Expenses	<u>\$ 966,753</u>	<u>\$ 972,549</u>	<u>\$ (5,796)</u>	<u>\$ 782,482</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	\$ 9,125,828	\$ 9,247,921	\$ (122,093)	\$ 8,807,248
TOTAL APPROPRIATIONS	\$ 9,125,828	\$ 9,247,921	\$ (122,093)	\$ 8,807,248
BUDGETED EMPLOYEE POSITIONS	6	5	1	5
BUDGETED TEMPORARY HOURS	0	0	0	0

JEA  
DISTRICT ENERGY SYSTEM  
CAPITAL BUDGET

	FY2018 Budget	FY2017 Budget	Change	FY2017 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 440,362	\$ 437,650	\$ 2,712	\$ 437,650
Operating Capital Outlay	526,391	534,899	(8,508)	344,832
Construction Fund Investment Income	-	-	-	-
Other Proceeds	2,274,247	2,098,451	175,796	1,756,295
Total Capital Funds	<u>\$ 3,241,000</u>	<u>\$ 3,071,000</u>	<u>\$ 170,000</u>	<u>\$ 2,538,777</u>
<b>CAPITAL PROJECTS:</b>				
District Energy Projects	3,241,000	3,071,000	170,000	2,538,777
Total Capital Projects	<u>\$ 3,241,000</u>	<u>\$ 3,071,000</u>	<u>\$ 170,000</u>	<u>\$ 2,538,777</u>

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**JEA Budget Summary and Consolidated Schedules**

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**Water and Sewer System**

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# Rate Stabilization Funds

(\$ in thousands)	FY2016	Forecast FY2017			Budget FY2018		
	Ending Balance	Deposits	Withdrawals	Ending Balance	Deposits	Withdrawals	Ending Balance
<b><u>Electric System</u></b>							
DSM/Conservation	\$ 3,515	\$ 6,748	\$ (7,178)	\$ 3,085	\$ 7,510	\$ (8,126)	\$ 2,469
Debt Management	42,126	-	(12,242)	29,884	-	-	29,884
Environmental <sup>1</sup>	29,975	7,350	(1,282)	36,043	7,942	(2,051)	41,934
Fuel <sup>2</sup>	180,115	2,845	(48,866)	134,094	-	(32,800)	101,294
Purchased Power	34,400	-	(8,130)	26,270	-	(11,745)	14,525
Self Funded Health Plan	11,179	32,000	(34,000)	9,179	29,800	(30,700)	8,279
<b><u>Water &amp; Sewer System</u></b>							
Debt Management	\$ 20,290	\$ -	\$ (6,081)	\$ 14,209	\$ -	\$ -	\$ 14,209
Environmental <sup>3</sup>	1,699	23,667	(23,537)	1,829	28,361	(28,361)	1,829

## Notes

<sup>1</sup> FY18 Environmental rate stabilization withdrawals may increase due to SJRPP environmental remediation costs. The amount of funds to be withdrawn is under evaluation and the authorization to use these funds will be brought to the Board for approval at a later date

<sup>2</sup> The variable fuel rate was decreased to \$32.50/MWh in FY2017 to bring the fund in line with the Pricing Policy

<sup>3</sup> Includes \$19.8 million in Environmental O&M and capital projects and \$8.6 million in funds repaid to the Water and Sewer System R&R fund

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## Finance and Audit Committee Action

- Provide feedback and direction regarding the key issues for the FY2018 Budget specifically covering:
  - Revenue
  - O&M Expense Levels
  - Interest Rates and Debt Structure
  - Financial Metrics
- Provide feedback and direction for staff to present the Proposed Budget to the full Board

## Staff

- Prepare Draft Final Budget, agenda items for 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

# Agenda

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# Preliminary FY2018 Budget: FY2018 Electric System Fuel and Purchase Power Expense

	Costs			
	FY 18 Budget	FY 17 Budget	FY 17 Budget vs Budget	
			Variance	% Change
	(\$ in millions)			
<b>Solid Fuel</b>				
SJRPP	\$ 37.9	\$ 95.0		
Scherer	31.6	34.3		
NS 1 & 2	101.4	78.3		
Subtotal	170.9	207.6	\$ (36.7)	-17.7%
<b>Gas and Oil</b>				
Gas	142.6	123.7		
Oil	1.1	1.5		
Diesel	0.6	0.5		
Subtotal	144.3	125.7	(18.6)	14.8%
Other Purchases	72.0	35.5		
Off System Sales	(2.9)	(3.8)		
By-Product Exp	18.8	20.3		
TEA Equity	(3.1)	(5.5)		
Other Expense	516	51.3		
Reserve Adjustment	(34.3)	41.8		
Rate Discount	5.9	5.6		
<b>Total</b>	<b>\$ 423.2</b>	<b>\$ 478.5</b>	<b>\$ (55.3)</b>	<b>-11.6%</b>
<b>MWH Sales</b>	13.02	13.02	0.0	0.00%
<b>\$ per MWH Sold</b>	\$ 32.50	\$ 36.75	\$ (4.25)	-11.6%
<b>Fuel Rate</b>	<b>\$ 32.50</b>	<b>\$ 36.75</b>	<b>\$ (4.25)</b>	<b>-11.6%</b>

	Units Produced			
	FY 18 Budget	FY 17 Budget	FY 17 Budget vs Budget	
			Variance	% Change
	(MWh's in millions)			
	0.84	2.64	(1.80)	
	1.21	1.24	(0.03)	
	3.71	4.04	(0.33)	
	5.76	7.92	2.16	-27.2%
	5.70	4.95	0.75	
	0.01	0.01	0.00	
	0.00	0.00	0.00	
	5.71	4.96	0.75	15.1%
	2.16	0.82	1.34	163.1%
	(0.12)	(0.18)	0.07	35.8%
	13.51	13.52	(0.01)	-0.1%

	Cost Per Unit		
	FY 18 Budget \$/MWH	FY 17 Budget \$/MWH	% Change
	\$ 44.96	\$ 35.99	24.9%
	26.04	27.55	-5.5%
	27.35	19.39	41.0%
	29.70	26.21	13.3%
	25.00	24.99	0.0%
	186.18	196.80	-5.4%
	194.15	140.46	38.2%
	25.26	25.34	-0.3%
	33.31	43.15	-22.8%
	24.60	20.50	20.0%
	5.06	5.02	0.9%
	\$ 31.32	\$ 35.39	-11.5%

## Discussion and Analysis

- FY2018 natural gas prices are based upon current industry projections.
- FY2018 solid fuel prices are projected to increase compared to FY2017 Budget. SJRPP expected to be decommissioned January 1, 2018.

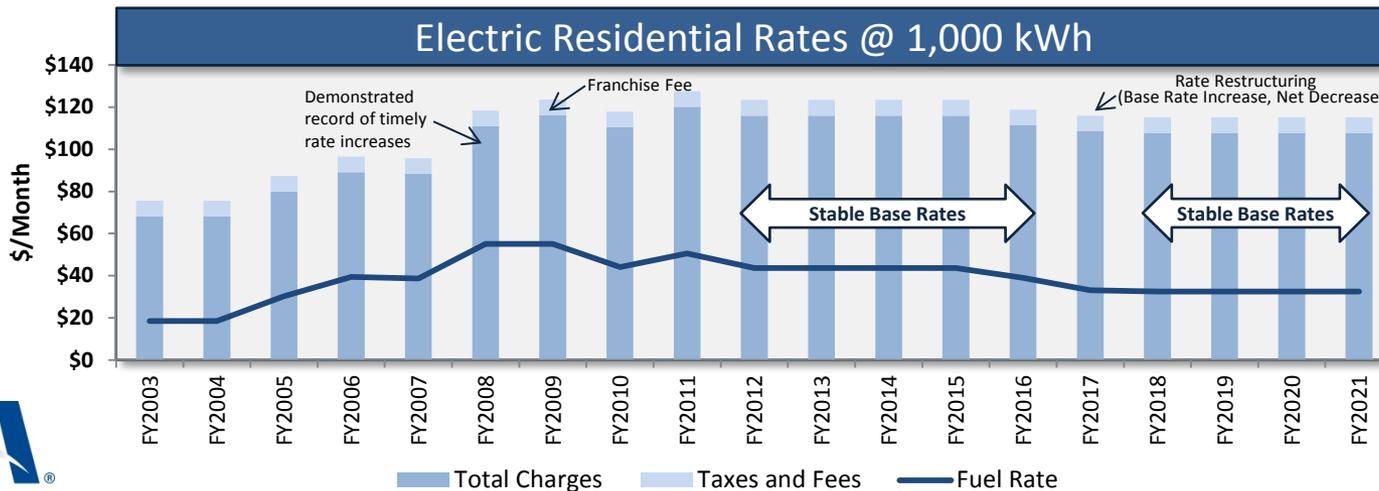
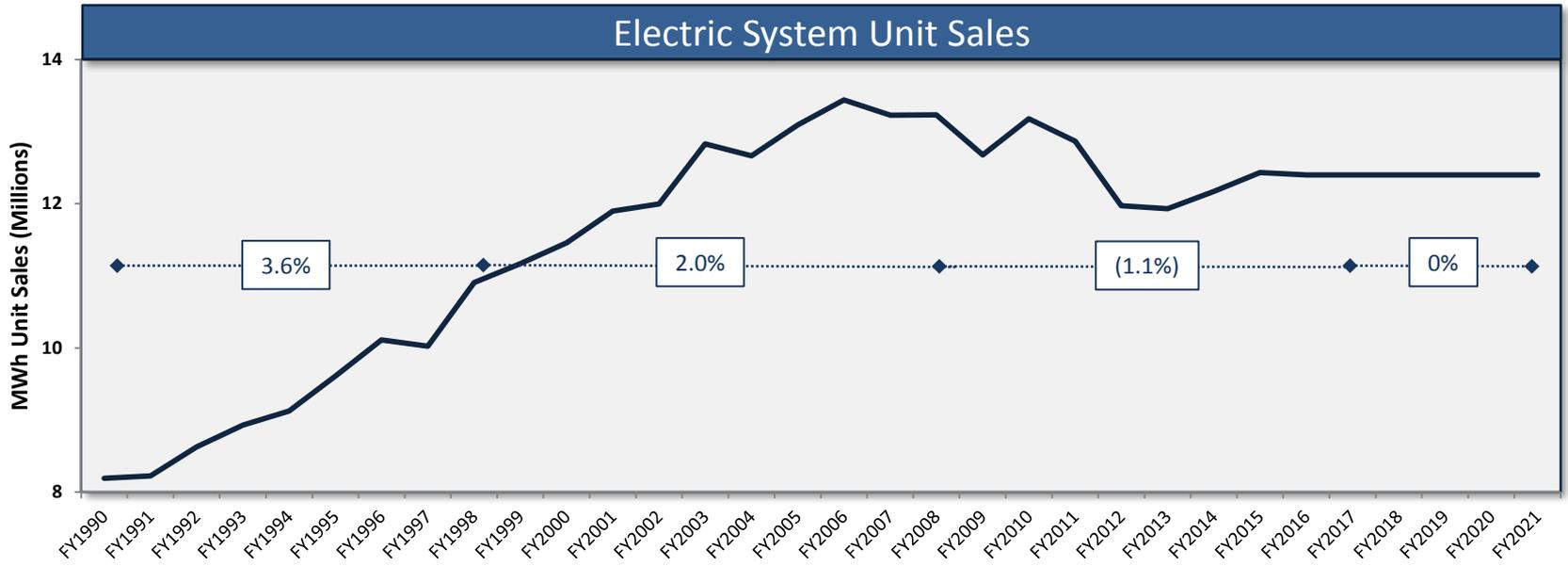
# Current Year: FY2017 Electric System Fuel and Purchase Power Expense

	Costs				Units Produced				Cost Per Unit		
	FY 17 Forecast @ 4/11/17	FY 17 Budget	FY 17 Forecast vs Budget Variance	FY 17 % Change	FY 17 Forecast @ 4/11/17	FY 17 Budget	FY 17 Forecast vs Budget Variance	FY 17 % Change	FY 17 Forecast \$/MWH	FY 17 Budget \$/MWH	% Change
<b>Solid Fuel</b>	(\$ in millions)				(MWh's in millions)						
SJRPP	\$ 118.6	\$ 95.0			3.02	2.64	0.38		\$ 39.25	35.99	9.1%
Scherer	39.0	34.3			1.50	1.24	0.26		25.98	27.55	-5.7%
NS 1 & 2	43.7	78.3			1.45	4.04	(2.59)		30.20	19.39	55.7%
Subtotal	201.3	207.6	\$ (6.3)	-3.0%	5.97	7.92	(1.95)	-24.6%	33.72	26.21	28.7%
<b>Gas and Oil</b>											
Gas	132.4	123.7			5.23	4.95	0.28		25.33	24.99	1.4%
Oil	0.1	1.5			0.00	0.01	(0.01)		268.84	196.80	-36.6%
Diesel	0.4	0.5			0.00	0.00	(0.00)		240.26	140.46	71.0%
Subtotal	132.9	125.7	7.2	5.8%	5.23	4.96	0.27	5.4%	25.42	25.34	0.3%
Other Purchases	49.8	35.5			1.33	0.82	0.51	62.0%	37.40	43.15	-13.3%
Off System Sales	(3.2)	(3.8)			(0.10)	(0.18)	0.08	40.9%	32.06	20.50	56.4%
By-Product Exp	12.5	20.3							8.62	5.02	71.8%
TEA Equity	(3.0)	(5.5)									
Other Expense	47.9	51.3									
Emission Allowances	0.2	0.0									
Reserve Adjustment	(46.0)	41.8									
Rate Discount	5.7	5.6									
<b>Total</b>	<b>\$ 398.1</b>	<b>\$ 478.5</b>	<b>\$ (80.4)</b>	<b>-16.8%</b>	<b>12.43</b>	<b>13.52</b>	<b>(1.09)</b>	<b>-8.0%</b>	<b>\$ 32.03</b>	<b>\$ 35.39</b>	<b>-9.5%</b>
<b>MWH Sales</b>	12.03	13.02	(0.99)	-7.6%							
<b>\$ per MWH Sold</b>	<b>\$ 33.11</b>	<b>\$ 36.75</b>	<b>\$ (3.64)</b>	<b>-9.9%</b>							
<b>Fuel Rate</b>	<b>\$ 33.11</b>	<b>\$ 36.75</b>									

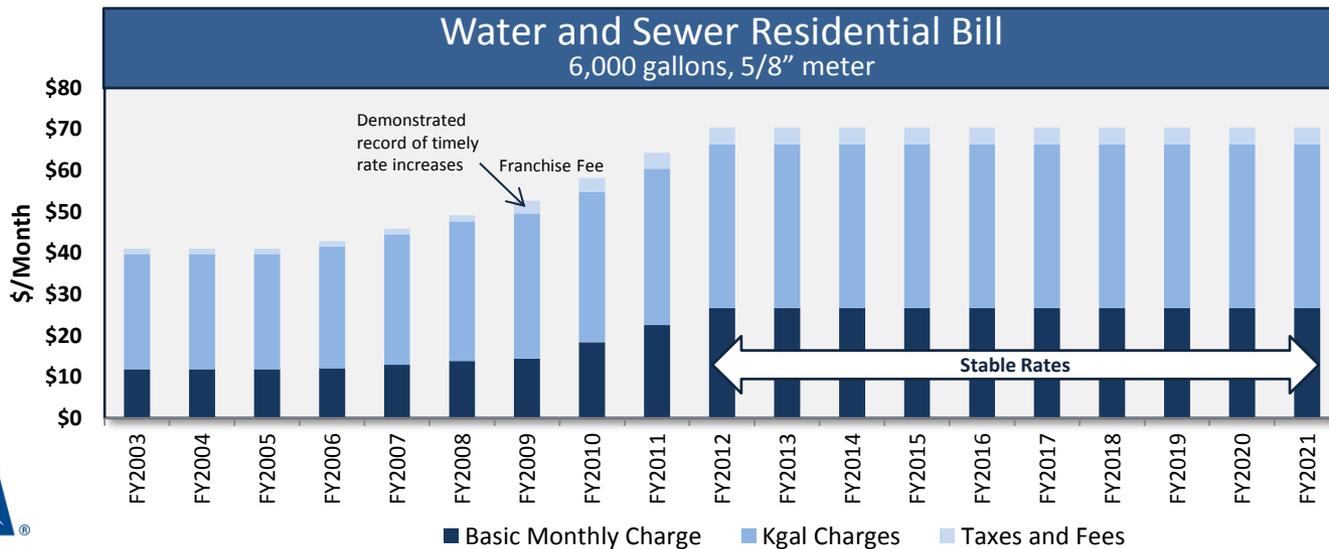
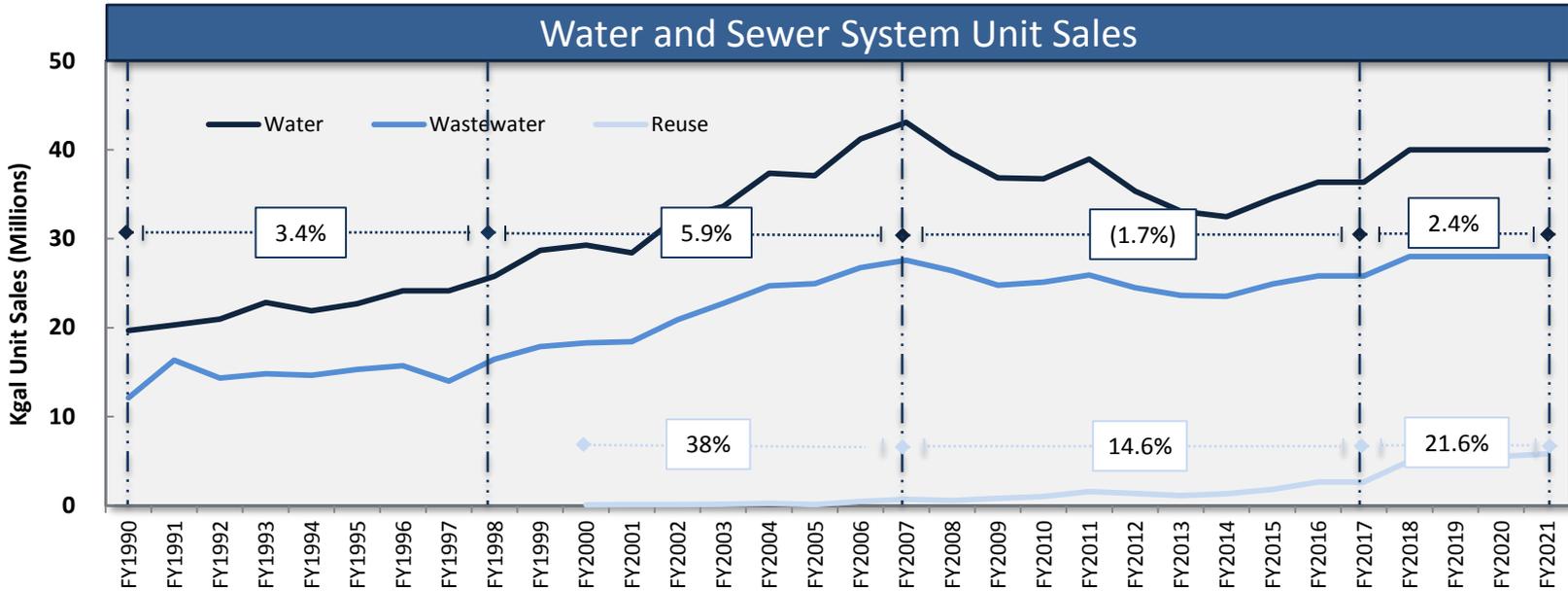
## Discussion and Analysis

- FY2017 Fuel and Purchased Power expense is projected to be \$80.4 million lower than budgeted. This variance is due to weather impacted lower unit MWh sales and production units (\$36.6M), and lower than budgeted fuel rate of \$32.50 as of December 1, 2016 (\$43.8M).
- The FY2017 forecasted fuel reserve is expected to be 21% of highest 12-month fuel cost.

# FY2018 Electric System Budget: Revenue Drivers



# FY2018 Water and Sewer System Budget: Revenue Drivers



# FY2018 Budget: Electric System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
<b>GENERATION</b>						
Greenland Energy Center Diesel Fuel Oil Tanks Installation	6,480	0	0	0	0	6,480
Kennedy Center Turbine 7 Hot Gas Path Inspection #3	5,482	0	0	0	0	5,482
Northside Generating Station - N00 Limestone Utilization Improvement PH 1	2,888	446	0	0	0	3,334
Northside Units 1, 2, & 3 Capital Improvement Projects	2,500	6,000	6,000	6,000	6,000	26,500
Steam Plant General Capital Improvements	2,500	2,000	2,000	2,000	2,000	10,500
Brandy Branch - Greenland Energy Center General Capital Improvements	1,700	2,000	2,000	2,000	2,000	9,700
Brandy Branch - B51, 52, 53, 54 - EX2000 DFE Upgrade	1,223	0	0	0	0	1,223
Brandy Branch - B52, B53 SCR Catalyst Replacement	982	0	0	0	0	982
Brandy Branch - B51 Exhaust Stack Silencer Replacement	634	1,333	0	0	0	1,967
Northside Generating Station Fly/Bed Ash Silos 1&2 Slurry Pump and Piping	563	553	0	0	0	1,116
Kennedy - Fire Loop Piping Replacement	450	0	0	0	0	450
Northside Generating Station - Groundwater Recovery System Reuse to SDAs	395	0	0	0	0	395
Northside Generating Station - N33-N36 Pre-Purchase Inspection Parts	330	0	0	0	0	330
Brandy Branch Combustion Turbine 2 Hot Gas Path Inspection #5	250	5,318	0	0	0	5,568
Brandy Branch Combustion Turbine 3 Hot Gas Path Inspection #5	250	5,318	0	0	0	5,568
Northside Generating Station - N00 Electric Fire Pump Replacement	236	0	0	0	0	236
Northside Generating Station - Bed Ash Silo Rail Scales	210	0	0	0	0	210
Brandy Branch Low Voltage Ride Through System Installation	192	0	0	0	0	192
Northside Generating Station - N01, N02 Fly ash Filter Separator Upgrade	187	508	0	0	0	695
Northside 1 & 2 - DCS Power System Replacement	49	0	0	0	0	49
Brandy Branch - B52, 53 - Main Steam Manual Gate Valve Replacement	46	650	0	0	0	696
Brandy Branch - B51, 52, 53 - LCI Static Starter Digital Front End Upgrade	18	773	0	0	0	791
Northside Generating Station - N01, N02 EX2000 Digital Front End Upgrade	14	630	0	0	0	644
Northside - N01 & N02 Turbine, BFP, CFB Fans Bentley 3300 Rack	6	694	0	0	0	700
Potential Gas Line Capacity Upgrades	0	1,500	3,000	0	0	4,500
Brandy Branch - Cooling Tower Fan Blades and Drift Eliminators	0	1,000	0	0	0	1,000
Kennedy Center Turbine 8 Hot Gas Path Inspection #1	0	0	5,568	0	0	5,568
Compression Upgrade to Baldwin-Brandy Branch	0	0	1,000	6,000	0	7,000
Brandy Branch Combustion Turbine 2 Hot Gas Path Inspection #6	0	0	0	250	5,995	6,245
Brandy Branch Combustion Turbine 3 Hot Gas Path Inspection #6	0	0	0	250	5,745	5,995
Greenland Energy Center Turbine 1 Hot Gas Path Inspection #1	0	0	0	0	300	300
<b>GENERATION SUBTOTAL</b>	<b>27,585</b>	<b>28,723</b>	<b>19,568</b>	<b>16,500</b>	<b>22,040</b>	<b>114,416</b>
<b>TRANSMISSION AND DISTRIBUTION</b>						
230kV - 42MVAR Capacitor Bank Additions	8,278	0	0	0	0	8,278
Customer Order Management - New Electric Service Additions	8,100	7,800	8,000	8,500	8,500	40,900
Electric Distribution Maintenance Capital Upgrades	8,000	7,000	7,000	7,500	7,500	37,000

# FY2018 Budget: Electric System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Customer Order Management - Development Driven Projects	7,000	5,000	5,000	5,000	5,000	27,000
Electric Meter Replacement	5,728	4,728	4,978	4,728	4,477	24,639
Greenland Energy Center to Bartram 230 kV Circuit 909 Addition	5,650	3,571	0	0	0	9,221
13kV Electric Distribution Network Improvements Placeholder	5,000	3,500	500	0	0	9,000
Eagle 138 - 13.8 kV Substation	3,627	7,240	0	0	0	10,867
Greenland Energy Center to Bartram 230 kV Circuit 909 ROW	3,500	2,000	0	0	0	5,500
CEMI-5 Electric Distribution Betterment	3,500	3,000	3,000	3,000	3,000	15,500
Joint Participation Electric Relocation Projects	3,500	2,000	2,000	2,000	2,000	11,500
Kennedy Substation 13kV Switchgear Replacement	3,160	0	0	0	0	3,160
Distribution Automation and Smart Grid Deployment Project	3,080	2,780	10,500	8,880	8,880	34,120
500 kV Transmission Line Upgrades	2,800	0	0	0	0	2,800
Electric Meter Growth	2,790	1,649	1,679	1,740	1,709	9,567
Electric Distribution System Improvements	2,611	1,624	1,637	1,650	1,664	9,186
Pole Replacement Program	2,000	1,500	1,500	1,500	1,500	8,000
General Underground Network and Commercial R&R and Upgrades	1,750	1,500	1,500	1,500	1,500	7,750
Substation R&R Project - Transformer Replacements	1,400	1,400	1,400	1,400	1,400	7,000
Transmission Circuit 666 Replace Structures 31-37 - Storm Hardening	1,328	0	0	0	0	1,328
Energy Management System - Distribution Management System Integration	1,200	150	0	0	0	1,350
Center Park Substation Protection Improvements	1,074	480	0	0	0	1,554
Eagle 138 - 13.8 kV Substation - System Protection and Controls Project	986	71	0	0	0	1,057
Automatic Recloser Deployment	940	940	235	235	235	2,585
Transmission Lines & Control Updates - System Protection and Controls	922	900	900	0	0	2,722
Dinsmore 230 - 26 kV Substation	860	6,020	3,867	0	0	10,747
Southside GIS 69kV Contoller Replacement	835	0	0	0	0	835
26kV Feeder Circuit Breaker Replacement	754	754	754	754	754	3,770
General Substation Improvements	700	500	500	500	500	2,700
Normandy Substation Protection Improvement	659	0	0	0	0	659
Distribution System - Pole Removal	600	600	600	600	600	3,000
230KV_138KV_69 kV Insulator Refurbishment	600	500	500	500	500	2,600
Underground Cable Replacement Program - Existing Developments	500	500	500	500	500	2,500
General Distribution Improvements	500	500	500	500	500	2,500
230 KV_138KV_69 kV Pole Refurbishment	500	500	500	500	500	2,500
Distribution Photovoltaic Project	490	0	0	0	0	490
Bartram 230 kV Bay & Breaker addition Circuit 909	458	60	0	0	0	518
Real Time Electric Outage Alerts for Critical Sites	450	0	0	0	0	450
Northside Substation Improvements	434	0	0	0	0	434
Lane Ave T1 Transformer Replacement	427	0	0	0	0	427
Bartram 230 kV Bay and Breaker Addition for Circuit 909	410	2,336	0	0	0	2,746

# FY2018 Budget: Electric System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
West Jax Substation Protection Improvement	364	0	0	0	0	364
General Transmission Improvements	300	300	300	300	300	1,500
General Protection System Improvements Transmission	300	300	300	300	300	1,500
Capital Tools and Equipment - Electric	295	175	175	175	175	995
Kennedy Substation 13kV Switchgear - System Protection & Controls Project	290	0	0	0	0	290
Cable Pothead Replacements – Kennedy Circuit 682 and Hunter Rd. Circuit 688	250	430	0	0	0	680
(R) JP - Twin Creeks - SR210 - Electric	234	275	0	0	0	509
Greenland Energy Center 230 kV Bay and Breaker Addition for Circuit 909	220	1,152	0	0	0	1,372
Ft Caroline Substation Protection Improvement	203	0	0	0	0	203
Greenland 230 kV Bay & Breaker Addition Circuit 909	198	219	0	0	0	417
4kV Conversion - Fairfax and 21st & Hubbard	189	1,446	319	0	0	1,954
Blair Rd Solar Center Project	188	0	0	0	0	188
Kennedy and Dillon HPFF Pipe - Type Cable Pumping Skid Replacements	186	0	0	0	0	186
Dinsmore 230 - 26 kV Substation - System Protection & Controls Project	182	468	0	0	0	650
Greenland Substation Protection Improvement	130	0	0	0	0	130
Ritter Park 429 Reconductor	126	629	71	0	0	826
Staratt 365 Extension: Webb Rd from Staratt Rd to Staratt Solar Center	121	0	0	0	0	121
(R) - FP&L - Nassau Substation Interconnection	117	0	0	0	0	117
Baldwin 23kV to 26 kV Conversion	116	0	0	0	0	116
Sutton Lakes URD Tie 219 & 442	101	0	0	0	0	101
OM - General Transmission Improvements	100	100	100	100	100	500
Energy Management System - Remote Terminal Units Upgrade	100	50	50	50	50	300
Capital Tools and Equipment	80	80	80	80	80	400
Eagle 138kV Circuit 847 Interconnect	60	408	0	0	0	468
Electric Customer Service Response Tools and Equipment	55	55	55	55	55	275
26KV Reconductor Circuit 417-418 - Woodley Rd from New Kings to Old Kings	54	377	243	0	0	674
Dinsmore 230 kV Circuit 937 Interconnect	54	240	206	0	0	500
Dinsmore Distribution Feeders	51	355	228	0	0	634
College St Substation 13kV Protection and Arc Flash Upgrade	51	0	0	0	0	51
Normandy 361 Extension: Blair Rd to Blair Rd Solar Center Electric and Fiber	50	0	0	0	0	50
Inmansolar Starratt Solar Center - Protection	50	0	0	0	0	50
Bartram 298: Substation to Bartram Park Bv	40	240	0	0	0	280
Bartram 230 kV Circuit 909 Interconnect	32	296	100	0	0	428
Greenland Energy Center 230 kV Circuit 909 Interconnect	24	409	0	0	0	433
Nocatee 230 - 26 kV Substation	0	4,000	5,000	1,000	0	10,000
Substation R&R Projects	0	3,000	3,000	3,000	3,000	12,000
Transmission R&R Projects	0	2,500	2,500	2,500	2,500	10,000
4kV Rehab – Distribution Projects	0	500	500	500	500	2,000

# FY2018 Budget: Electric System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Nocatee Substation Distribution Feeders	0	250	1,500	500	0	2,250
Nocatee 230 kV Circuit 911 Interconnect	0	200	200	100	0	500
Nocatee 230 kV Circuit 917 Interconnect	0	200	200	100	0	500
Bartram 298: Substation to Bartram Park Bv System Protection & Controls	0	10	0	0	0	10
Cecil Commerce South Transmission	0	0	0	5,000	5,000	10,000
Cecil Commerce South Substation	0	0	0	2,000	7,000	9,000
West Jax T3 200 MVA Autotransformer Addition	0	0	0	2,000	2,500	4,500
Cecil Commerce South Distribution	0	0	0	300	400	700
<b>TRANSMISSION AND DISTRIBUTION SUBTOTAL</b>	<b>102,012</b>	<b>89,767</b>	<b>72,677</b>	<b>69,547</b>	<b>73,179</b>	<b>407,182</b>

<b>ELECTRIC OTHER</b>						
General Administration Office Building	25,000	26,000	0	0	0	51,000
Technology Services - Electric	11,395	10,815	10,245	12,585	10,245	55,285
Capital Administrative Overhead- Electric	11,300	9,300	9,300	9,300	9,300	48,500
New Operations Center (South)	7,000	15,000	0	0	0	22,000
Fleet - Replacement - Electric	6,865	8,020	6,646	6,846	6,900	35,277
Streetlight Improvements	5,000	5,000	0	0	0	10,000
WSSC Administrative and Warehouse Space	2,734	0	0	0	0	2,734
Fleet - Expansion - Electric	2,090	0	0	0	0	2,090
Facilities Security - Electric	620	620	620	620	620	3,100
Facilities Improvements - Building Upgrades - Electric	500	425	425	200	200	1,750
CWSC Drainage and Parking Issues – Electric	465	0	0	0	0	465
Facilities Roof Replacement - Electric	450	450	450	450	450	2,250
Facilities Heating, Ventilation, & Air - Electric	430	430	430	430	430	2,150
Streetlight Improvements - Jacksonville Downtown Phases 1.1, 1.2, and 2.0	325	0	0	0	0	325
Facilities - Paving & Site Improvements – Electric	250	250	250	250	250	1,250
Facilities Improvements - Lighting - Electric	200	200	300	100	100	900
Security - Fire System Sprinklers - Electric	200	200	200	200	200	1,000
Facilities Improvements, Plumbing and Fire System Upgrades - Electric	135	100	100	100	100	535
Security - Fencing - Electric	130	130	130	130	130	650
Energy Management System - Base Upgrade Project	130	130	130	130	130	650
Westside Service Center Paving Upgrades - Electric	130	0	0	0	0	130
Laboratory Equipment Upgrades - Electric	75	75	75	75	75	375
Enabling Technologies	74	0	0	0	0	74
Utility Locate Group - Capital Equipment - Electric	50	50	50	50	50	250
Facilities Improvements - Elevators - Electric	50	50	50	50	50	250
SSSC HVAC Safety Restroom and Door Upgrades	0	2,000	0	0	0	2,000
CWSC - Interior and Roof Upgrades	0	2,000	0	0	0	2,000

# FY2018 Budget: Electric System Capital Improvement Plan

Project Description	(in thousands)					
	FY18 TOTAL	FY19 TOTAL	FY20 TOTAL	FY21 TOTAL	FY22 TOTAL	FY18-22 TOTAL
<b>ELECTRIC OTHER SUBTOTAL</b>	75,598	81,245	29,401	31,516	29,230	246,990
<b>GRAND TOTAL</b>	205,195	199,735	121,646	117,563	124,449	768,588

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
<b>WATER</b>						
OM - Water Delivery System R&R	4,400	4,400	4,400	4,400	4,400	22,000
West Nassau Regional WTP - Expansion from 1.0 to 5.0 MGD	4,376	0	0	0	0	4,376
Water Meter Replacement	3,600	3,400	3,500	3,600	6,500	20,600
Northwest Regional WTP - New 6.0 MGD WTP	2,874	0	0	0	0	2,874
Nassau Regional WTP - Well No. 3	2,580	0	0	0	0	2,580
Water Meter Growth	2,403	2,250	2,350	2,450	2,030	11,483
Residential Network Meter Reading Meter and Module Replacement Project	2,100	0	0	0	0	2,100
Otter Run Water Treatment Plant R&R	1,965	0	0	0	0	1,965
Yellow Bluff Rd - Marshland Dr to Tisons Bluff Rd - Transmission - Water	1,911	0	0	0	0	1,911
Large Water Meter Replacement	1,900	1,820	1,925	2,030	0	7,675
Well Rehabilitation & Maintenance - McDuff Wells	1,783	1,285	10	0	0	3,078
Integrated Water Supply Testing Evaluation and Rehabilitation	1,660	2,000	2,000	342	0	6,002
Arlington WTP - High Service Pump Replacement	1,421	0	0	0	0	1,421
JP - JTA - Alta Drive Roadway Improvements - Water	1,356	355	0	0	0	1,711
Woodmere WTP - Well No 3 and Storage Tank Replacement	1,302	2,280	0	0	0	3,582
Main St WTP - Well No 15 - New Lower FI Aquifer Well	1,288	100	0	0	0	1,388
Baptist Hospital Water Main Replacement	1,285	0	0	0	0	1,285
Main St WTP - 1st St to Franklin St - Transmission - Water	1,095	5,183	1,492	0	0	7,770
RiverTown WTP - New 6.0 MGD WTP	1,050	6,113	6,000	0	0	13,163
Joint Participation Projects - Water	1,050	1,500	2,000	2,000	2,000	8,550
Water Transmission Replacement - Program	1,050	1,170	3,161	1,831	7,755	14,967
Water Plant Capital Renewal & Replacement	1,050	1,000	1,000	1,000	1,000	5,050
South Grid Water Quality - Well Improvement	825	827	180	0	0	1,832
Main Extensions and Taps – Water	750	750	750	750	750	3,750
Well Rehabilitation & Maintenance - Fairfax Wells	744	880	498	0	0	2,122
Riverview Watermain Phase 1	714	0	0	0	0	714
US1 South Water Repump Facility	700	4,900	0	0	0	5,600
Marietta WTP - High Service Pump Upgrade	672	0	0	0	0	672
JP - COJ - Lower Eastside Drainage (First St - APR Blvd to Van Buren) - Water	625	630	0	0	0	1,255
William Burgess - Harts Rd to Nevada Ave - Transmission - Water	613	0	0	0	0	613
Cecil TP Ground Storage Tank and High Service Pump	545	2,493	1,100	0	0	4,138
E 1st St Main St to E 4th St - Raw Water	532	2,785	700	0	0	4,017
Rivertown - SR13 - Estate Lots - Water Main	521	0	0	0	0	521
Main St WTP - Ozone Generator - Addition	519	1,237	1,236	0	0	2,992
Lakeshore WTP - Reservoir Rehabilitation	457	2,122	1,401	0	0	3,980
Water Treatment Plants - Sodium Hypochlorite Storage Tank Upgrades	440	440	440	440	440	2,200
Pepsi Water Main Replacement	420	0	0	0	0	420

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Well Field R&R	400	700	700	700	700	3,200
Greenland WTP - Expansion from 6.0 to 12.0 MGD	396	1,087	1,779	1,779	0	5,041
JP - JTA - Collins Rd - Water	360	0	0	0	0	360
Ponce De Leon WTP - Well No 2 Replacement	345	698	0	0	0	1,043
McDuff WTP - High Service Pump Replacement	328	1,500	193	0	0	2,021
Westlake WTP - Well No 4 and Raw Water Main	315	1,198	1,137	0	0	2,650
Grid - Cost Participation - Water	250	250	250	250	250	1,250
Beaver St - Lane Ave to Carnegie St - Transmission - Water	245	0	0	0	0	245
Lofton Oaks WTP Improvements	200	1,000	470	0	0	1,670
JP - FDOT - (SR13) San Jose Blvd - Cornell Rd to San Marco Blvd - Water	179	0	0	0	0	179
Nocatee - Landing Trail - Water	136	0	0	0	0	136
Development Driven Projects - Water	100	500	500	500	500	2,100
WTP Reservoir R&R	100	100	100	100	100	500
JP - SJC - Race Track Rd - Water Main Relocation	100	0	0	0	0	100
Rivertown - 2A - Orange Branch Rd - Water	91	0	0	0	0	91
JP - COJ - 11th and 12th Street Connector - Boulevard to Davis - Water	87	0	0	0	0	87
Rivertown - SR13 - Landings to Parcel 46 - Water	69	0	0	0	0	69
JP - FDOT - Pecan Park Rd - I-95 - Water	61	0	0	0	0	61
Norwood WTP High Service Pump	50	200	1,000	500	0	1,750
JP - FDOT - Kings Rd -Cleveland St to Darrow Rd - Water	44	0	0	0	0	44
JP - FDOT - SR 200 (A1A) Rubin to O'Neil Scott - Section 3 - Water	36	40	0	0	0	76
JP - FDOT - (SR111) Cassat Ave - Lenox Ave to Blanding Blvd - Water	20	0	0	0	0	20
Main ST WTP - Well 13 - Water	20	0	0	0	0	20
JP - FDOT - SR 9A (I-295) - Managed Lanes - JTB - 9B Extension - Water	18	0	0	0	0	18
JP - FDOT - SR 200 (A1A) I-95 to Still Quarters Rd - Sect 1 - Water	9	9	3	0	0	21
Owens Rd - Ranch Rd to Max Leggett Pkwy - Water	8	242	977	341	0	1,568
JP - FDOT Beaver Street Water Improvements - Stockton to Ocean - Water	5	0	0	0	0	5
JP - FDOT - SR 9B - Duval - St Johns County Line to CR2209 - Water	3	3	0	0	0	6
103rd St - Pressure Sustaining Valve - Addition	0	2,250	0	0	0	2,250
Ft. Caroline Rd - McCormick Rd to Fulton Rd - Distribution - Water	0	1,028	0	0	0	1,028
Alternative Water Supply - Pilot Plant	0	500	1,500	3,000	9,000	14,000
Pages Dairy Rd - Felmor Rd to Chester Ave - Transmission - Water Main	0	408	1,566	3,471	0	5,445
Westlake WTP - Expansion from 3.0 to 7.0 MGD	0	320	1,500	2,180	2,500	6,500
N Main St Dr - Setzer Rd to Gun Club Rd - Transmission - Water	0	280	1,100	2,382	0	3,762
Jones Rd - Teague Rd to Prichard Rd - T transmission - Water	0	250	1,000	2,476	0	3,726
St Johns Forest Wells	0	50	1,000	500	0	1,550
Fire Hydrant In-Fill	0	50	50	50	50	200
T-Line - US 1 to Bartram Repump - Transmission - Water	0	0	308	626	2,647	3,581

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Cisco Dr - Westlake WTP to Garden St - Transmission - Water	0	0	220	850	1,895	2,965
Trout River Blvd - US1 to Sibald Ave - Transmission - Water	0	0	150	580	1,296	2,026
Pritchard Rd - Old Plank Rd to Cisco Dr W - Transmission - Water	0	0	140	540	1,192	1,872
Southeast WTP Ground Storage Tank	0	0	50	2,000	500	2,550
Beacon Hills Ground Storage Tank	0	0	50	750	0	800
Main St WTP - Wells 7 & 12 Lining	0	0	50	250	0	300
Nocatee South Water Repump	0	0	0	200	800	1,000
Oakridge WTP High Service Pump Expansion	0	0	0	50	300	350
Brierwood WTP High Service Pump Expansion	0	0	0	50	300	350
Chaffee Rd - Westmeadows Dr S to Samaritan Wy - Transmission - Water	0	0	0	0	500	500
New World Av - Waterworks Ave to Chaffee Rd - Transmission - Water	0	0	0	0	500	500
Lovegrove HSP and Building Replacement	0	0	0	0	50	50
Royal Lakes WTP High Service Pump Expansion	0	0	0	0	50	50
<b>WATER SUBTOTAL</b>	<b>56,551</b>	<b>62,583</b>	<b>49,936</b>	<b>42,968</b>	<b>48,005</b>	<b>260,043</b>
<b>SEWER</b>						
Greenland WW Treatment Plant - 6.0 MGD	24,320	4,000	15,000	25,000	21,000	89,320
Blacks Ford WRF - Expansion from 3.0 to 6.0 MGD	18,031	1,000	0	0	0	19,031
DII - T-Line to Busch Dr - Transmission - Force Main	10,317	0	0	0	0	10,317
Pump Station Electrical Reliability - Generators, Switches, Controls, etc	8,000	7,500	7,500	7,500	7,500	38,000
Bradley Road Pump Station Improvements	6,971	2,247	0	0	0	9,218
Argyle Forest Booster Station & Related Stations Upgrades	3,683	1,000	0	0	0	4,683
Arlington East Secondary Clarifier Addition	3,594	980	0	0	0	4,574
Ductile Iron Force Main Replacement - Program	3,400	3,075	4,325	3,400	3,320	17,520
OM - Sewer Collection System R&R	3,150	3,000	3,000	3,000	3,000	15,150
Pumping Stations - Capital Equipment Replacement	2,600	2,600	2,500	2,500	2,500	12,700
DII - Main St to Pulaski Rd- Transmission - Force Main	2,428	820	0	0	0	3,248
Huffman Bv - Tulip Cir N to St Johns Bluff Rd - Force Main - Sewer	2,419	0	0	0	0	2,419
OM - Sewer Collection System Trenchless R&R	2,400	2,400	2,400	2,400	2,400	12,000
2304 McMillan - Class III/IV	2,322	0	0	0	0	2,322
4511 Spring Park Rd Lift Station	2,307	150	0	0	0	2,457
Mandarin - Old St Augustine Booster WW Pump Station	2,250	0	0	0	0	2,250
Gravity Sewer Replacement - Program	2,016	1,853	1,194	1,822	3,000	9,885
DII - Robena Rd Booster WW Pump Station	2,004	338	0	0	0	2,342
Wastewater Treatment Facilities - Capital Equipment Replacement	2,000	2,000	2,000	2,000	2,000	10,000
Pumping Stations - Class I_II Station Rehabilitation	2,000	1,900	1,900	1,900	1,900	9,600
Nassau RW Main - Radio Av to Harts Rd - Transmission - Reclaim	1,967	100	0	0	0	2,067
William Burgess Rd - SR200 to Harts Rd - Transmission - Reclaim	1,759	0	0	0	0	1,759

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
William Burgess Rd - SR200 to Harts Rd - Transmission - Force Main	1,752	0	0	0	0	1,752
Ponce De Leon WWTP - Package Treatment Plant	1,703	0	0	0	0	1,703
Herschel St Pump Station Force Main Replacement: Herschel St to Challen Ave	1,595	500	0	0	0	2,095
Buckman WRF - Aeration Basin Air Header and Diffuser Replacement	1,500	1,500	1,500	1,500	0	6,000
Julington Creek WWTF - Influent Structure Rehabilitation	1,393	0	0	0	0	1,393
Arlington East WRF - Influent Channel Rehabilitation	1,378	0	0	0	0	1,378
Nassau WWTF Expansion to 4 MGD	1,227	5,091	11,395	23,784	4,902	46,399
SCADA RTU and Control Panel Upgrades	1,200	1,200	1,200	1,200	1,500	6,300
Biosolids Process R&R	1,100	1,100	800	800	740	4,540
Southwest WRF - Screening Conveyance & Grit Removal Replacement	1,096	0	0	0	0	1,096
T - Line - JTB to Town Center Pkwy - Transmission - Force Main	1,064	1,450	0	0	0	2,514
Buckman WRF - Blower System Improvements	1,000	3,000	0	0	0	4,000
Galvanized Pipe Replacement - Program	1,000	2,000	2,000	2,000	2,000	9,000
Joint Participation Projects - Sewer	1,000	1,000	1,000	1,000	1,000	5,000
Gate Pkwy - Glen Kernan to T-Line - Transmission - Reclaim	942	5,353	372	0	0	6,667
Buckman - 5307 Buffalo Ave - Class III/IV	942	3,050	0	0	0	3,992
DII - Pulaski Rd Booster WW Pump Station	858	1,599	0	0	0	2,457
West Grid - Lenox to Timuquana - Force Main and Pump Station Improvements	795	8,900	450	0	0	10,145
Walnut St Trunkline Replacement: 32nd St PS to 16th St E	750	3,600	3,600	0	0	7,950
CR210 - Old Dixie Hwy to Twin Creeks - Transmission - Reclaim	750	0	0	0	0	750
Southwest - 5104 118th St - Class III/IV	665	5,327	330	0	0	6,322
Arlington East WRF - Site Lighting Upgrade	651	0	0	0	0	651
Buckman Disinfection System Replacement	648	5,704	347	0	0	6,699
Tredinick Pkwy - Millcoie Rd to Mill Creek Rd - Transmission - Reclaim	612	557	0	0	0	1,169
SW Service Area Infiltration and Inflow Analysis and Remediation	607	1,000	2,000	1,000	0	4,607
Arlington East WRF - Biotrickling Filter Rehabilitation	604	0	0	0	0	604
District II - 10800 Key Haven Bv - Class III/IV	591	302	0	0	0	893
Southwest WRF - Upgrade Aeration Blowers	591	0	0	0	0	591
Greenland - GEC to US-1 - Transmission - Force Main	558	2,215	0	0	0	2,773
Buckman WRF - Gallery Pipe Support Replacement	520	0	0	0	0	520
Buckman Biosolids Conversion - Process Facility	500	5,000	9,500	1,600	4,000	20,600
South Shores Sub-Aqueous FM Rehabilitation	500	500	4,000	4,000	0	9,000
Main Extensions and Taps – Sewer	500	500	500	500	500	2,500
St Johns Pkwy - Racetrack Rd to Espada Ln - Transmission - Reclaim	491	0	0	0	0	491
Monument Rd - Cancun Dr to Hidden Hills Ln - Transmission - Reclaim	475	0	0	0	0	475
Southwest - 4881 Timuquana Rd - Class III/IV	461	1,779	0	0	0	2,240
Buckman Biosolids Conveyor System Replacement	435	555	0	0	0	990
JP - JTA - Alta Drive Roadway Improvements - Sewer	423	107	0	0	0	530

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Arlington East WRF - Replace Auto-Transfer Switch	400	0	0	0	0	400
JP - COJ - Lower Eastside Drainage (First St - APR Blvd to Van Buren) - Sewer	395	460	0	0	0	855
District II WRF Primary Clarifier No. 2 and 3 Rehabilitation	389	2,890	35	0	0	3,314
Buckman - 1636 Talleyrand Ave - Sluice Gate Replacement	318	54	0	0	0	372
Gate Pkwy - Shiloh Mill Blvd to Town Ctr Pkwy - Reclaim	316	0	0	0	0	316
Twin Creeks Reclaim Water Storage Tank and Booster Pump Station	300	2,280	720	0	0	3,300
Nocatee South Reclaim Water Storage Tank and Booster Pump Station	300	2,030	2,770	0	0	5,100
RG Skinner - North Rd - Transmission - Reclaim	300	1,080	1,620	0	0	3,000
District II WWTP Reclaim Water Storage Tank and Offsite Booster Station	300	1,000	2,000	0	0	3,300
Diesel-driven Backup Pumps	300	300	300	300	300	1,500
OM - Turberculated Iron Gravity Pipe R&R	300	300	300	300	300	1,500
Arlington East - 201 Ponte Vedra Blvd Pump Station Replacement - Class I	293	0	0	0	0	293
Southwest WRF - Replace Main Breakers	291	0	0	0	0	291
Southwest - 6217 Wilson Bv - Class III/IV	290	2,776	254	0	0	3,320
5th St W - Imeson Rd to Melson Ave - T ransmission - Force Main	290	1,847	3,763	0	0	5,900
Buckman WRF - Secondary MCC 9A and 9B Replacement	269	331	0	0	0	600
JP - JTA - Alta Drive Roadway Improvements - Reclaim	255	105	0	0	0	360
Bernita St FM Replacement: Macy Ave to Monterey WWTP	251	923	0	0	0	1,174
Grid - Cost Participation - Reclaim	250	250	250	500	500	1,750
Grid - Cost Participation - Force Main	250	250	250	500	500	1,750
Wastewater Odor Control - All Plants and Pump Stations	250	250	250	250	250	1,250
DII - Main St - Sara Dr to Noah Rd - Force Main	241	0	0	0	0	241
Rivertown - SR13 - Estate Lots - Force Main - Sewer	238	0	0	0	0	238
Ponte Vedra WRF Access Platform Addition and Handrail Replacement	222	278	0	0	0	500
7703 Blanding Bv - Class III/IV	203	512	512	0	0	1,227
Arlington East WRF - Parallel Sludge Transfer Line	200	1,100	1,200	600	0	3,100
RG Skinner - 9B to Parcels 10A - 11 - Reclaim	200	914	0	0	0	1,114
RG Skinner - 9B to T-Line - Reclaim	200	826	0	0	0	1,026
Baymeadows Rd -Point Meadows Rd to Old Still PUD- Transmission - Reclaim	200	320	240	0	0	760
Buckman WRF Turbo Blower Improvements	200	0	0	0	0	200
Southwest WWTP - Bio-filter Bed Replacement	180	1,620	0	0	0	1,800
SCADA R&R	150	150	150	150	150	750
Development Driven Projects - Pump Stations	134	700	700	700	700	2,934
Nocatee - Landing Trail - Reclaim	122	0	0	0	0	122
Julington Creek WWTF - Clarifier Replacement and Access Platform Addition	116	514	0	0	0	630
CR210 - South Hampton to Ashford Mills - Transmission - Reclaim	106	526	0	0	0	632
Development Driven Projects - Reclaim	100	400	400	400	400	1,700
Development Driven Projects - Sewer	100	200	200	200	200	900

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Waste Water Pumping Station Safety Improvements - Guard Rail Installation	100	100	100	100	100	500
OM - Air Relief Valves R&R	100	100	100	100	100	500
JP - JTA - Girvin Rd - Atlantic Bv to Wonderwood Dr - Sewer	100	0	0	0	0	100
Southwest WWTF Expansion from 14 to 18 MGD	89	2,000	5,000	10,000	14,800	31,889
Southwest WRF - Replace RAS Valves	86	0	0	0	0	86
District II Effluent Outfall Land Acquisition	85	0	1,100	0	0	1,185
Rivertown - 2A - Orange Branch Rd - Reclaim	83	0	0	0	0	83
DII - 11308 Harts Rd - Class III/IV	70	1,358	0	0	0	1,428
Alachua 24 inch Transmission Force Main - Alachua MPS to Wilson Blvd	70	0	0	0	0	70
Rivertown - 2A - Orange Branch Rd - Sewer	69	0	0	0	0	69
JP - JTA - Collins Rd - Sewer	69	0	0	0	0	69
OM - Reuse Delivery R&R	50	50	50	50	50	250
Diesel-driven Backup Pump R&R	50	50	50	50	50	250
OM - Manhole SCADA R&R	50	50	50	50	50	250
Reuse Facility - Capital Equipment Replacement	50	50	50	50	50	250
JP - FDOT - (SR13) San Jose Blvd - Cornell Rd to San Marco Blvd - Sewer	50	0	0	0	0	50
Nocatee Augmentation Well - Reclaim	42	0	0	0	0	42
JP - SJC - Race Track Rd - Reuse Main Relocation	38	0	0	0	0	38
Rivertown - 2A - Orange Branch Rd - Pump Station	37	0	0	0	0	37
JP - FDOT - SR 200 (A1A) Rubin to O'Neil Scott - Section 3 - Sewer	30	30	0	0	0	60
JP - COJ - 11th and 12th Street Connector - Boulevard to Davis - Sewer	30	0	0	0	0	30
JP - FDOT - SR 200 (A1A) I-95 to Still Quarters Rd - Sect 1 - Sewer	20	10	3	0	0	33
JP - FDOT - SR 9A (I-295) - Managed Lanes - JTB - 9B Extension - Sewer	19	0	0	0	0	19
JP - FDOT - Pecan Park Rd - I-95 - Sewer	15	0	0	0	0	15
JP - FDOT - SR 9B - Duval - St Johns County Line to CR2209 - Reclaim	13	8	0	0	0	21
T-Line - Amelia Concourse to Amelia National - Transmission - Reclaim	12	132	510	146	0	800
JP - SJC - Race Track Rd - Force Main Relocation	10	0	0	0	0	10
DII - Dunn Ave - Key Haven Blvd to Wingate Rd S - Transmission - Force Main	5	0	0	0	0	5
JP - FDOT - SR 9B - Duval - St Johns County Line to CR2209 - Sewer	4	2	0	0	0	6
Alachua Master Pump Station Improvements	4	0	0	0	0	4
Monterey WWTP - PS Discharge Main Replacement	4	0	0	0	0	4
1638 Talleyrand Av - Class III/IV	0	717	0	0	0	717
Nassau - Radio Ave - Class III/IV - New Pump Station	0	500	500	2,000	0	3,000
District II - 14491 Duval Rd - Class III/IV - Pump Upgrade	0	500	0	0	0	500
Blacks Ford & Ponte Vedra Treatment Plant	0	481	1,025	0	0	1,506
US 1 - Greenland WRF to CR 210 - Transmission - Reclaim	0	300	2,600	3,500	1,400	7,800
T-Line - Greenland Substation to GEC - Transmission - Reclaim	0	300	1,120	1,680	0	3,100
St Johns Bluff Rd - UNF to Bradley MPS - Transmission - Force Main	0	300	1,100	2,570	0	3,970

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
CR210 - Twin Creeks to Russell Sampson Rd - Transmission - Reclaim	0	300	1,080	1,620	0	3,000
District 2 WWTF UV Upgrades	0	300	2,920	3,780	0	7,000
Mandarin - 9247 Baymeadows Rd - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Mandarin - 8751 Bayleaf Dr - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Monterey - 3254 Townsend Rd - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Monterey - 5838 Pompano - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Mandarin - 8331 Princeton Sq - Class III/IV - Pump Upgrade	0	250	250	1,000	0	1,500
RiverTown WTP - RW - New Storage and Pumping System	0	200	1,620	2,130	0	3,950
Greenbriar - Longleaf Pine Pkwy to Spring Haven Dr- Transmission - Reclaim	0	200	1,320	1,980	0	3,500
Russell Sampson Rd - St. Johns Pkwy to CR210 - Transmission - Reclaim	0	200	920	1,380	0	2,500
8431 Springtree Rd - Class III/IV	0	38	438	0	0	476
Deercreek Club Rd - Southside Bv to Waterton La - Distribution - Force Main	0	12	144	249	0	405
Buckman Biosolids Conversion O&M, Warehouse & Pump Shop Facility	0	0	500	2,500	2,000	5,000
T-Line - Brandy Branch to Beaver St - Distribution - Force Main	0	0	360	1,300	3,190	4,850
US-1 - Twin Creeks MPS to Alphons St - Transmission - Force Main	0	0	300	2,500	3,500	6,300
Greenland - Reedy Branch PS to GEC - Transmission - Force Main	0	0	300	2,500	3,500	6,300
DII - New Berlin Rd - Yellow Bluff Rd to Eastport Rd - Force Main	0	0	300	1,260	2,784	4,344
Old Middleburg Rd- Argyle Forest Blvd to Maynard- Transmission - Force Main	0	0	250	950	2,112	3,312
Monterey - 7732 Merrill Rd - Class III/IV - Pump Upgrade	0	0	250	750	0	1,000
Monterey - 8043 Carlotta Rd - Class III/IV - Pump Upgrade	0	0	250	750	0	1,000
Mandarin - 4181 Lavista Cr - Class III/IV - Pump Upgrade	0	0	250	750	0	1,000
Southwest - 1060 Ellis Rd - Class III/IV - Pump Upgrade	0	0	250	500	0	750
Deerwood Pk - Burnt Mill to JTB - Transmission - Force Main	0	0	80	310	712	1,102
T-Line - Park Ave to Pulaski Rd MPS - Easement Acquisitions	0	0	0	1,000	0	1,000
Old Middleburg Rd - Maynard PI to Shindler Dr - Force Main	0	0	0	935	0	935
118th St - Kinkaid Rd to Ricker Rd - Transmission - Force Main	0	0	0	680	2,719	3,399
Mandarin - 106 Twin Creeks - Class III/IV - Pump Upgrade	0	0	0	500	0	500
Arlington East - 420 Tresca Rd - Class III/IV - Pump Upgrade	0	0	0	500	0	500
Veterans Pkwy - Longleaf Pine Pkwy to CR210 - Transmission - Reclaim	0	0	0	300	3,000	3,300
District 2 WWTF RIB - Transmission and Pumping - Reclaim	0	0	0	300	3,000	3,300
CCUA RW Transmission Main - Southwest WWTF to CCUA - Reclaim	0	0	0	300	1,400	1,700
Buckman Biosolids 1MW Scrubber, Generator, Load Transformer, Circuit	0	0	0	250	2,250	2,500
CR210 - Longleaf Pine Pkwy to Ashford Mills Rd - Transmission - Reclaim	0	0	0	250	2,050	2,300
DII - Woodley to Key Haven - Transmission - Force Main	0	0	0	190	0	190
DII Yellow Bluff Rd- New Berlin Rd to Victoria Lakes- Transmission - Force Main	0	0	0	177	936	1,113
DII - 10340 Woodley PS - Pump Mods	0	0	0	100	0	100
Monument Rd - AE WRF to St Johns Bluff Rd - Transmission - Reclaim	0	0	0	0	300	300
Arlington East Reclaim Water Filter - Increase Capacity from 8.0 to 10.0 MGD	0	0	0	0	300	300

# FY2018 Budget: Water System Capital Improvement Plan

Project Description	(in thousands)					
	FY18	FY19	FY20	FY21	FY22	FY18-22
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Davis - Gate Pkwy to RG Skinner - Transmission - Reclaim	0	0	0	0	250	250
Greenland Reclaim Repump Facility - Storage Tank and Booster Pump Station	0	0	0	0	250	250
Ridenour WTP - Reclaim - Storage and Repump	0	0	0	0	200	200
Lenox Ave - Fouraker Rd to Palisades Dr - Distribution - Force Main	0	0	0	0	115	115
CR210 - St Johns Pkwy to Leo Maguire Pkwy - Transmission - Reclaim	0	0	0	0	100	100
Bartram Trail HS - Longleaf Pine Pkwy - Transmission - Reclaim	0	0	0	0	50	50
Glen Kernan Pkwy - Kernan Bv to Royal Troon La - Transmission - Reclaim	0	0	0	0	50	50
Station Creek Rd - Beach Bv to Hunt Club Rd N - Transmission - Reclaim	0	0	0	0	50	50
<b>SEWER SUBTOTAL</b>	<b>153,488</b>	<b>132,576</b>	<b>122,867</b>	<b>142,793</b>	<b>115,980</b>	<b>667,704</b>
<b>WATER OTHER</b>						
Technology Services - Water	6,730	7,210	6,830	8,390	6,830	35,990
Capital Administrative Overhead - Water	4,900	4,900	4,900	4,900	4,900	24,500
Fleet - Replacement - Water	4,616	4,142	4,266	4,394	4,525	21,943
Buckman - New Administration Building	2,585	0	0	0	0	2,585
JEA Tower - Building Renovations	1,000	1,000	0	0	0	2,000
Fleet - Expansion - Water	991	0	0	0	0	991
Facilities Generators - Water	850	850	850	850	850	4,250
Facilities Security - Water	635	635	635	635	635	3,175
Facilities Heating, Ventilation, & Air - Water	520	520	520	520	520	2,600
Facilities Improvements, Building Upgrades - Water	520	400	400	400	400	2,120
PSSC - Facility Upgrades and Site Improvements	450	0	0	0	0	450
Facilities Roof Replacement - Water	400	400	400	435	435	2,070
Springfield Lab Hood Upgrade	400	0	0	0	0	400
Facilities Improvements, Electric and Lighting Systems	300	300	400	400	400	1,800
Security - Fire Alarm and Sprinkler Systems - Water	300	300	300	300	300	1,500
Facilities - Paving & Site Improvements - Water	300	250	250	250	250	1,300
Facilities Improvements & Plumbing Upgrades	275	275	250	250	250	1,300
Laboratory Equipment Upgrades - Water	250	100	100	100	100	650
Easement Location and Acquisitions	150	150	150	150	150	750
Facilities Improvements - Elevators - Water	150	0	0	0	0	150
Security - Fencing - Water	100	100	100	100	100	500
Utility Locate Group - Capital Equipment - Water	50	50	50	50	50	250
<b>OTHER SUBTOTAL</b>	<b>26,472</b>	<b>21,582</b>	<b>20,401</b>	<b>22,124</b>	<b>20,695</b>	<b>111,274</b>
<b>GRAND TOTAL</b>	<b>236,511</b>	<b>216,741</b>	<b>193,204</b>	<b>207,885</b>	<b>184,680</b>	<b>1,039,021</b>

# FY2018 Budget: DES Capital Improvement Plan

Project Description	(in thousands)					
	FY18 TOTAL	FY19 TOTAL	FY20 TOTAL	FY21 TOTAL	FY22 TOTAL	FY18-22 TOTAL
<b>DES</b>						
Downtown Development	2,000	0	0	0	0	2,000
Facilities - District Energy System	1,150	658	700	700	400	3,608
Springfield - Additional Back-up Generator	91	2,000	0	0	0	2,091
Springfield - Replace Chiller - 1	0	0	650	0	0	650
Springfield - Replace Chiller - 4	0	0	0	650	0	650
Hogan's Creek - Building Rehab & Paint	0	0	0	300	0	300
DES - Downtown Plant - Tower R&R	0	0	0	133	0	133
Springfield - Replace Chiller - 3	0	0	0	0	650	650
San Marco - Replace air cooled chiller with liquid cooled	0	0	0	0	300	300
<b>GRAND TOTAL</b>	<b>3,241</b>	<b>2,658</b>	<b>1,350</b>	<b>1,783</b>	<b>1,350</b>	<b>10,382</b>

**II. B.**

**Quarterly Audit Services Update**



Building Community

**AGENDA ITEM SUMMARY**

April 24, 2017

**SUBJECT:** QUARTERLY AUDIT SERVICES UPDATE

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

**Issue:** The Quarterly Audit Services Update provides the JEA Board of Directors with information on the current Internal Audit, Enterprise Risk Management and Ethics Investigations & Audit activities.

**Significance:** The Internal Audit Group reviews internal control processes and ensures that departments maintain compliance with all procedures and regulations. JEA's Enterprise Risk Management (ERM) Program identifies, assesses, measures, monitors and actively manages risk. The Ethics Investigations and Audit Group conducts internal investigations of confidential reports into JEA's Ethics Hotline (EHL) and from other sources.

**Effect:** JEA is able to manage risks and monitor controls, identifying issues to reduce and/or prevent impact to business operations.

**Cost or Benefit:** The benefits to the organization are seen in risk avoidance or management and the knowledge that the business is in compliance with rules and regulations.

**Recommended Board action:** No action required. The Quarterly Audit Services Update is for information only.

**For additional information, contact:** Ted Hobson, 904-665-7126

Submitted by: PEM/TEH/SVT

<b>MISSION</b>  Energizing our community through high-value energy and water solutions.	<b>VISION</b>  JEA is a premier service provider, valued asset and vital partner in advancing our community.	<b>VALUES</b> <ul style="list-style-type: none"><li>• Safety</li><li>• Service</li><li>• Growth?</li><li>• Accountability</li><li>• Integrity</li></ul>
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**Commitments to Action**

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

II. B. Return  
05/8/2017 to Agenda

# Audit Services Q2 FY17 Report

Steve Tuten - Director, Audit Services

As of March 31, 2017



# Audit Services Q2 FY17 Report – Table of Contents

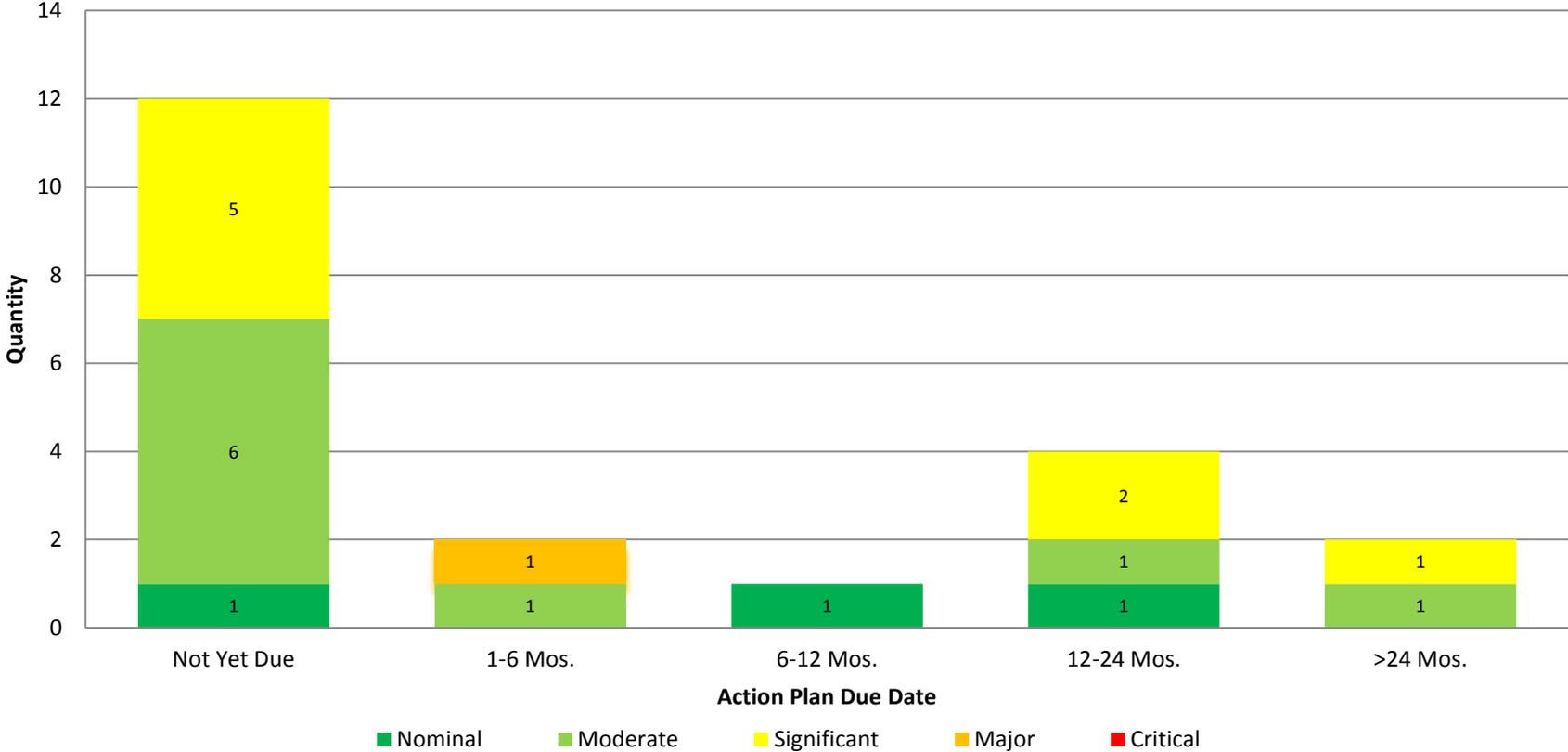
<u>Topic</u>	<u>Pages</u>
• Internal Audit	3-6
• Enterprise Risk Management (ERM)	7-12
• Ethics Investigations & Audit	13-16

# Internal Audit Team Highlights

- **Senior Auditor/Auditor Open Position** - We recently opened our fourth recruitment, this time for both position levels; will fill one or the other with the right candidate. We will continue to use the Randstad contractor (Chris Page) through the end of May.
- **FY17 Internal Audit Plan** - We are slightly behind schedule, due primarily to the open position, but, due to adjustments to our Plan, have a good chance of completing the Plan. The current timeline and details regarding the changes to the FY17 Internal Audit Plan are shown on pages 5-6.
- **Open Audit and Investigation Report Issues** - As of 3/31/17, there were 21 open issues requiring management's corrective action plans. This represents a decrease of twelve open items since our last report. See pg. 4 for the distribution of these issues by issue rating and action plan due date. Note: The more aged issues are dependent on the actions of third parties (e.g. MEAG/Vogtle) and/or completion of key projects (e.g. Oracle eAM).

# Open Audit and Investigation Report Issues

## Open Action Plan (21) by Issue Rating and Action Plan Due Date

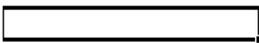


# FY17 Internal Audit Plan – Schedule

Audit/Project	Auditor-in-Charge	Status	FY 2017 Hours			First Draft Report			Comments	Final Draft Report Date	Audit Report Rating	2017 Audit Timeline							
			Budgeted Hours (adjusted)	Actual Hours	Will Meet/Met Budget	Audit Estimate due date (updates if updated)	Actual Date	Will Meet/Met Due Date				Mar	Apr	May	Jun	Jul	Aug	Sep	
2016 Distribution, Development & Joint Projects (400 hrs. total)	Troy England (TE)	Final Draft Issued	60	257	●	8/29/2016	1/6/2017	●	Exceeded budget due to the time it's taken to thoroughly go through each project and grasp the processes involved.	2/27/2017	Satisfactory								
2016 Facilities Management (375 hrs. total - 116 hrs. in FY16)	David Arnold (DA) / Chris Page (CP)	Final Draft Issued	259	188	●	11/8/2016 (1)	12/2/2016	●	Audit Estimate updated due to Call Center work during Hurricane Matthew. Exceeded budget due to issues related to ADA. Chris Page hrs. not included in calculation.	1/17/2017	Satisfactory								
2016 System Protection & Controls (350 hrs. total - 191 hrs. in FY16)	Laurie Gaughan (LG)	Final Report Issued	153	155	●	11/8/2016 (1)	11/8/2016	●	Audit Estimate updated due to Call Center work during Hurricane Matthew	11/29/2016	Satisfactory								
Information Security (FY16 - 60hrs. / FY17 500 hrs.)	Rashid Brittain (RB)	First Draft Issued	500	640	●	3/21/2017 (1)	4/13/2017	●	Audit Estimate updated due to Call Center work during Hurricane Matthew. Hours overage due to complex audit report with 18 issues and a "Needs Improvement"	TBD	Needs Improvement								
TEA Audit	LG	Completed	100	99	●	No Report	N/A	N/A	Audit conducted 11/4-18/16. Nebraska Public Power District (NPPD) led audit.	N/A	Final report to be issued by NPPD.								
JEA & SJRPP FY2016 Performance Pay Audit	TE	Completed	200	79	●	11/22/2016 (JEA)	11/17/2016 (SJRPP) 11/22/2016 (JEA)	●	Memos were issued for JEA and SJRPP Performance Pay reviews.	11/17/2016 (SJRPP) 11/22/2016 (JEA)	-								
Real Estate Services & Revenue Contracts	CP / DA	Second Draft Issued	350	132	●	1/23/2017	2/10/2017	●	Hours for Randstad resource (CP) are not tracked on this spreadsheet.	TBD	Satisfactory								
SJRPP Enviro Engineering & Preventive Maintenance	LG	Final Draft Issued	350	348	●	2/28/2017	3/1/2017	●	Workpaper review is completed. First draft report is projected to be issued by due date.	3/27/2017	Satisfactory								
Security	DA / RB	First Draft Issued	DA - 375 RB - 175	DA - 306 RB - 146	●	2/28/2017	3/22/2017	●	Estimated due date was not met due to complex workpaper review process.	TBD	Satisfactory								
W/W/W Reuse & Delivery	TE	Testing	440	404	●	4/18/2017	TBD	●	Will not meet due date - new target April 28										
Electric Production CT Operations	LG / RB	Testing	LG - 400 RB - 68	LG - 132 RB - 21	●	6/6/2017	TBD	●	On track to meet due date and not exceed budgeted hours.										
Meter Operations (formerly Water Meter Services)(2)	DA / CP	Testing	450	152	●	6/15/2017	TBD	●	In addition to the estimated hours, Chris Page has been assigned 150 hours for several tests.										
Payroll and Compensation	RB	Planning	400	15	●														
FY2017 Action Plan Follow-Up	All Staff	Ongoing	400	199	●														
FY2018 Annual Risk Assessments	All Staff	Not Started	300	4	●														

**Notes:**

- (1) Updated due to Hurricane Matthew call center duties.
- (2) CEO request to audit both electric and water meters.



●	Audit will be/has been completed within estimated hours and due date.
●	Audit will be/has been completed slightly above estimated hours and due date. <b>(No more than a 10% variance!)</b>
●	Audit will be/has been completed significantly above estimated hours and due date.
N/A	Not Applicable or no data.

Completed Audit
In-Progress Audit
Scheduled Audit
Pending Audit
Administrative



## FY17 Internal Audit Plan - Adjustments

The following scheduled audits have been expanded or postponed:

- **Meter Operations** – A requested scope expansion has been added from the original Water Meter Services audit to also include Electric Meter Services.
- **Telecommunications and Support** – Audit has been postponed due to the upcoming Critical Infrastructure Protection (CIP) audit and a recent reorganization of responsibilities within this area. We will re-evaluate the updated functions of this area during the 2018 Annual Risk Assessment process.
- **Technology Infrastructure** – Audit has been postponed due to the upcoming CIP audit and an installation of new system to be fully implemented before the end of fiscal year 2017. We have agreed with Management to include this area in the 2018 Audit Plan.

# Enterprise Risk Management (ERM) Highlights

- **Current Initiatives:** Continuing to better evaluate Top Corporate Risks (TCRs) and assessing mitigation efforts. Projects underway include:
  - Working with Procurement and Financial Services to implement a vendor risk management process, including an ongoing vendor financial review.
  - New risk/mitigations underway for District Energy.
  - Working on developing a HIPAA (Health Insurance Portability and Accountability Act of 1996) risk assessment.
  - Reviewing and updating fraud management, physical security, terrorism, employee safety and public safety risks.
  - Developing consistent TCR talking points for the media and/or COJ.
- **Changes to Risk Score:** Based on the current decision to decommission the SJRPP plant, the risk score was changed from a Tier 1 (3/3) to a Tier 3 (1/1) risk. Effective mitigation is deemed to be in place to address any residual risks associated with the decommissioning of the facility and subsequent environmental cleanup.

- **Environmental Risks:** We are continuing to evaluate our environmental risks based on the political changes at the federal government/regulatory agency levels. These may add uncertainty to the requirements, such as less stringent standards, extended timeframes for compliance and/or rollback of some requirements. Current mitigations focus on monitoring regulatory changes to reassess impact and requirements.
- **Business Unit Risk Assessments** – Continuing to better align business processes with top corporate risk mitigations efforts, as well as identify/manage risks that may negatively impact business objectives. Eleven assessments have been completed to date, with twelve in progress.
- **Training** – The latest iteration of ERM training is soon to be available to all appointed employees and is expected to further enhance JEA's overall risk management culture, risk identification/mitigation skills, and interdepartmental synergy. Since the September, 2016 rollout, **75** employees (approximately 50% of Directors/Managers) have attended the class.

# ERM – Tier 1 Top Corporate Risk Trends

## ERM - Tier 1 Risk Trends as of Current Quarter (Q3 FY17)

Risk <small>E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function</small>	FY13	FY14				FY15				FY16				FY17			Long Term Risk Exposure Trend (> 5 Years)
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Electric Risks</b>																	
E1 - Carbon Emission Mitigation - Clean Power Plant	20	20	20	25	25	25	25	25	25	25	25	25	25	25	25	25	↔ Stable
E2 - Effluent Limit Guidelines for Steam Units	16	16	16	16	16	16	16	16	16	16	16	16	20	20	15	15	↔ Stable
E4 - Adverse Electric Commodity Supply and Pricing	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable
E3 - Coal Combustion Residual Rule (CCR)	15	15	15	15	15	15	15	10	10	10	10	10	10	15	15	15	↔ Stable
E5 - Cooling Water Intake Structures 316(b)	10	10	10	10	10	10	10	10	10	10	10	10	20	20	20	20	↔ Stable
E6 - Long-term Planning/Load Forecast - Electric	6	6	6	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing
E7 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing
<b>Water/Wastewater Risks</b>																	
W1 - Water Supply Management/Long Term Planning	12	12	12	12	15	15	15	15	15	15	15	15	15	15	15	15	↑ Increasing
W3 - Sanitary Sewer Overflow Management	6	6	6	6	6	6	8	8	8	8	8	8	8	12	12	12	↓ Decreasing
<b>Corporate Wide Risks</b>																	
H1 - Pensions	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	↔ Stable
F1 - Revenues and Expenses Management	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	↑ Increasing
C1 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable
C2 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	9	9	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing
C3 - New Technology				12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing
C16 - Weather & Climate Change Impact													15	15	15	15	↑ Increasing

Note: E1 Carbon Emission Mitigation risk is under review based on post-election results.



# ERM – Tier 2 Top Corporate Risk Trends

## ERM - Tier 2 Risk Trends as of Current Quarter (Q3 FY17)

Risk <small>E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function</small>	FY13	FY14				FY15				FY16				FY17			Long Term Risk Exposure Trend (> 5 Years)
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Electric Risks</b>																	
E9 - FERC/NERC (Section 693) O&P Reliability & Compliance	9	9	9	9	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable
E10 - Nuclear Power Portfolio	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	9	↑ Increasing
E11 - Infrastructure Maintenance - Electric Systems Assets	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
E20 - Operations Technology Management - Electric	4	4	4	4	4	4	6	6	6	6	6	6	6	6	6	6	↔ Stable
E12 – By-Product Management	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
E13 - Infrastructure Destruction Due to Severe Weather	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
<b>Water/Wastewater Risks</b>																	
W2 - Operations Technology Management - Water/Wastewater Systems	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable
W4 - Infrastructure Maintenance - Water/Wastewater Systems	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
<b>Corporate Wide Risks</b>																	
C5 - Records Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable
C6 - Fraud Risk Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing
T2 - Cyber Security Information Protection	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing
H2 - Staffing	12	12	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable
H3 - Public and Employee Safety	6	6	6	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable
T1 - Technology Infrastructure Reliability	12	12	12	12	12	12	4	4	4	4	8	8	8	8	8	8	↔ Stable
T3 - Cyber Security Business Disruption							8	8	8	8	8	8	8	8	8	8	↑ Increasing
T4 - Technology Services Disaster Recovery/Business Continuity							8	8	8	8	8	8	8	8	8	8	↔ Stable
T5 - Technology Services Resource Optimization										9	9	9	9	9	9	9	↑ Increasing
C7 - Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable
C8 - Black Swan (High Impact - Low probability event)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable
F3 - Credit Availability/Cost	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
C9 - Other Regulatory Compliance	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
F4 - Counterparty Risk	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	↔ Stable
C4 - External Influence on Policy	9	9	10	10	10	10	10	10	10	10	8	8	8	8	8	8	↔ Stable
W6 - Water Quality Management													8	8	8	8	↔ Stable



# ERM – Tier 3 Top Corporate Risk Trends

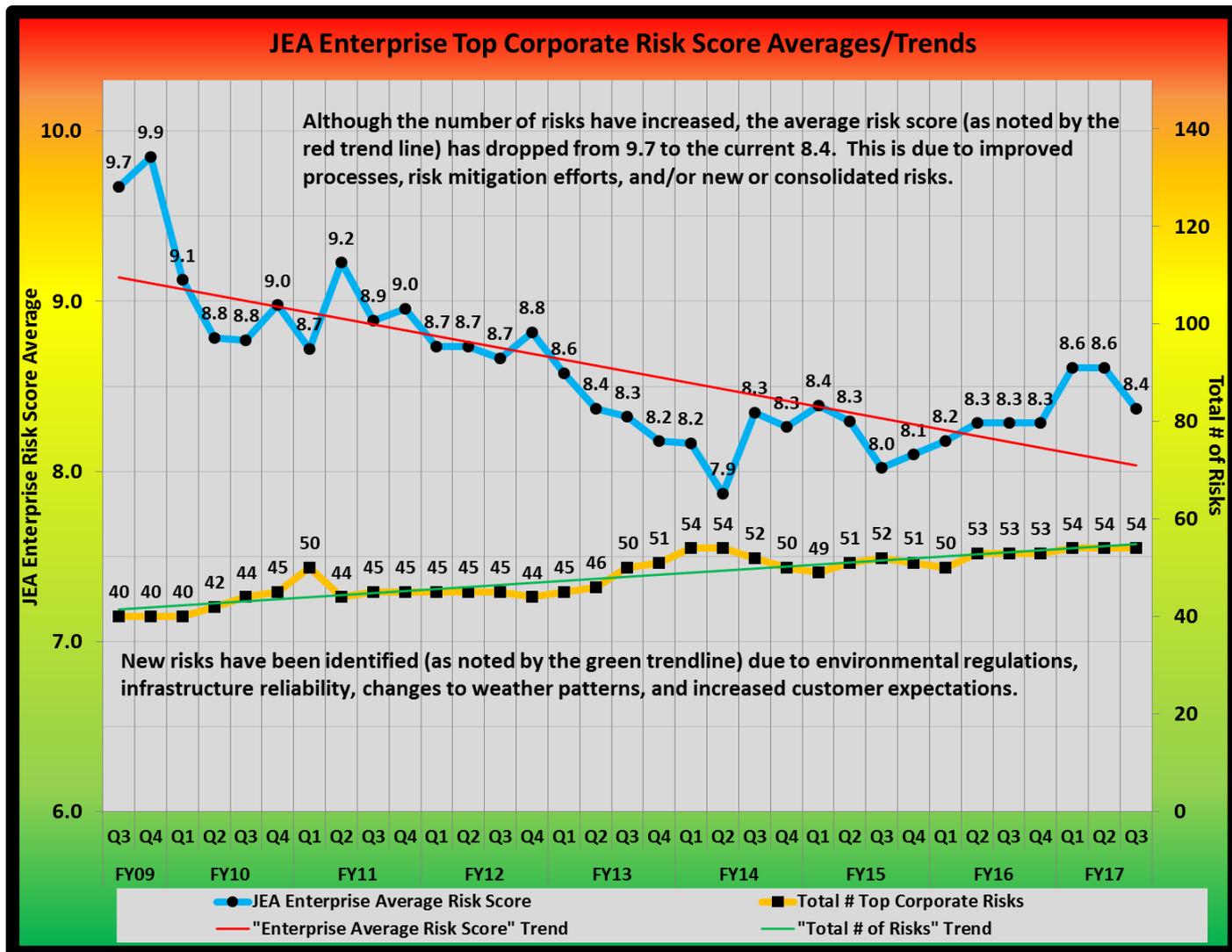
## ERM - Tier 3 Risk Trends as of Current Quarter (Q3 FY17)

**Risk**  
 E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function

Risk	FY13	FY14				FY15				FY16				FY17			Long Term Risk Exposure Trend (> 5 Years)	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
<b>Electric Risks</b>																		
E15 - TEA Activities Risk Management	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
E16 - Air Emissions Reduction Regulatory Initiatives	20	20	20	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
E17 - Mercury and Air Toxics Standards (MATS)	15	15	15	15	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
E18 - Renewable Energy Standards	20	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	↔ Stable	
E19 - Plant Scherer Environmental Lawsuit	6	6	6	4	1	1	1	1	1	1	1	1	1	1	1	1	↓ Decreasing	
E21 - Natural Gas Sales - Commercial Customers								6	6	6	6	6	6	6	1	1	1	↔ Stable
<b>Water/Wastewater Risks</b>																		
W5 - Numeric Nutrient Criteria Mandates	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
<b>Corporate Wide Risks</b>																		
C10 - Project Risk Assessment and Capital Allocation	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
C12 - Capacity Plan Land Acquisition	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
C13 - Key Customer Accounts Management	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
F2 - Financial Regulatory Compliances (e.g. Dodd-Frank Bill)	9	9	9	9	9	9	9	4	4	4	4	4	4	4	4	4	↔ Stable	
F5 - IRS Bond Audit Records Requirements	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	↔ Stable	
H4 - Benefits	6	6	6	6	6	6	6	4	4	4	4	4	4	4	4	4	↔ Stable	
C14 - Environmental Compliance Management	1	1	1	1	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable	
E8 - SJRPP	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	1	↓ Decreasing	



# ERM – Top Corporate Risk Average Trends



# Ethics Investigations & Audit Team Highlights

- The team has developed a good working relationship with the City's Office of the Inspector General (OIG) relating to complaints of fraud, waste or abuse received through the EHL and other sources.
- As of 3/31/17, we have reported eight complaints to the OIG, with JEA taking the lead or assisting the OIG on many of these cases.
- There have been two recent arrests (3/8/17 & 4/24/17) of JEA employees for falsification of official documents and employee theft (time card fraud). Both arrests relate to open cases being coordinated with the OIG. Management is developing control processes to detect and prevent such conduct in the future.

# Ethics Hotline (EHL) Case Statistics

Open Cases 12/31/2016	Cases Opened 2Q FY17	Cases Closed 2Q FY17	Open Cases 3/31/2017
8	14	6	16

Categories For Cases Opened During 2Q FY17	
Alleged Fraud/Theft	6
Conflict of Interest/Ethics Matters	3
Other (General Inquiries)	3
Alleged Discrimination/Harassment	1
Alleged Substance Abuse	1
<b>Total</b>	<b>14</b>

# Summary of Closed EHL Cases - 2Q FY17

Reporting Source	Allegation	Investigation Results
EHL	JEA-16-11-0001 – A caller reported that an employee had a firearm while at work, which was in violation of JEA policy. The caller indicated the employee was not threatening anyone or implying the gun would be used in any way.	It was determined the employee had a firearm in a personal vehicle while parked on JEA property. There was no evidence to conclude the employee took the firearm out of the vehicle while on JEA premises. It was later discovered the firearm was stolen from the employee's unlocked vehicle at JEA. The employee was disciplined for having a firearm in an unlocked personal vehicle while parked on JEA property.
Internal	JEA-16-11-0003 – An employee may have personally purchased items at a JEA discounted price and thus, may have violated JEA's ethics policy.	No evidence was found to substantiate the claim that the employee personally purchased items at a JEA discounted price. In fact, the vendor offered the discounted price to any JEA employee.
External	JEA-16-12-0001 – JEA Human Resources received an anonymous letter requesting an investigation be launched and formal complaint be logged against a JEA employee for unprofessional behavior in the office. Specific examples of the employee's behavior were identified in the letter, along with the names of witnesses. The complainant also alleged the employee's badging activity may not be consistent with the employee's timesheets and listed specific dates when the employee was away from the office longer than the employee should have been.	<p>Regarding concerns of unprofessional behavior, interviews were conducted with the employee and witnesses specified in the letter. Based on results of the interviews, Labor Relations deemed counseling was not warranted for the employee; however, it was recommended management address office etiquette with the entire team to mitigate future complaints.</p> <p>Relating to concerns the employee was not working timecard hours, a comprehensive analysis of the employee's time and attendance was performed. We determined the employee was working in total the required hours for the pay period; however, management was allowing employees to flex their time each day, which was not in accordance with bargaining unit requirements. Based on the results of this case, management is now requiring employees to accurately reflect hours worked each day on their timecard.</p>

# Summary of Closed EHL Cases - 2Q FY17 (cont.)

Reporting Source	Allegation	Investigation Results
External	JEA-16-12-0003 - An anonymous informant notified JEA that an employee has a criminal record.	We determined the employee had previously been arrested over twenty years ago, with no convictions since the employee was hired by JEA in 2009. Our investigation of recent activity for the employee did not reveal any evidence of related misuse of JEA resources by the employee.
EHL	JEA-17-02-0002 - An anonymous caller requested guidance for donating old JEA work boots to a non-profit organization to ensure compliance with ethics procedures.	Because the caller was asking for advice on an ethics-related matter, the caller's request was forwarded to JEA's Ethics Officer, who provided a written response that was relayed to the caller through the Ethics Hotline.
EHL	JEA-17-02-0004 - A customer made a complaint against JEA for refusing to take a payment over the phone when service was disconnected for nonpayment.	Upon receipt of the call, we confirmed the customer's service had since been restored. A review of the customer's recorded calls to JEA's Call Center determined there was no evidence of policy or ethics violations, and alternative payment options were provided to the customer. The customer's concerns regarding payment policy were communicated to JEA's Customer Experience Director.

**II. C.**

**Identity Theft Protection Program Fair and Accurate Credit  
Transactions Act (FACTA) Annual Risk Assessment**



Building Community

**AGENDA ITEM SUMMARY**

April 24, 2017

<b>SUBJECT:</b>	<b>IDENTITY THEFT PROTECTION PROGRAM FAIR AND ACCURATE CREDIT TRANSACTIONS ACT (FACTA) ANNUAL RISK ASSESSMENT</b>
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<b>Purpose:</b>	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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**Issue:** The Identity Theft Protection Program Fair and Accurate Credit Transactions Act (FACTA) Annual Risk Assessment provides the JEA Board of Directors an annual report as mandated by federal regulations governing identity theft.

**Significance:** JEA's Identity Theft Protection Program is a critical program designed to protect customer's Personally Identifiable Information (PII). Various regulations listed below mandate JEA to maintain an effective identity theft protection program. Regulations governing PII are:  
*FCRA – Fair Credit Reporting Act, 15 U.S.C. § 1681*  
*FACTA – Fair and Accurate Credit Transactions Act of 2003*  
*FIPA – Florida Information Protection Act, (501.171)*

**Effect:** The primary objective of JEA's Identity Theft Protection Program is to prevent identity fraud involving JEA customers. This program has been in effect since 2008, and since 2014 has been monitored by the Compliance Oversight Committee.

**Cost or Benefit:** Identity theft has been a serious challenge and preventing customer identity fraud is one of the primary goals of JEA.

**Recommended Board action:** This item is provided for information only and fulfills the requirement of an annual update per FACTA regulations.

**For additional information, contact:** Ted Hobson, 904-665-7126

Submitted by: PEM/TEH/DM

<b>MISSION</b>	<b>VISION</b>	<b>VALUES</b>
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Service</li> <li>• Growth<sup>2</sup></li> <li>• Accountability</li> <li>• Integrity</li> </ul>

**Commitments to Action**

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

II. C.  
05/8/2017

Return  
to Agenda

# 2016 Risk Assessment

Identity Theft Protection Program Fair and Accurate  
Credit Transactions Act (FACTA) Annual Risk  
Assessment

Dan Mishra – Director, CIP Compliance



- JEA has a program to comply with Federal and State regulations concerning identity theft (FCRA, FACTA, and FIPA)
  - *FCRA – Fair Credit Reporting Act, 15 U.S.C. § 1681*
  - *FACTA – Fair and Accurate Credit Transactions Act of 2003*
  - *FIPA – Florida Information Protection Act, (501.171)*
- These three regulations address protection of Personally Identifiable Information (PII) of customers, employees, agents and contractors in JEA's possession.

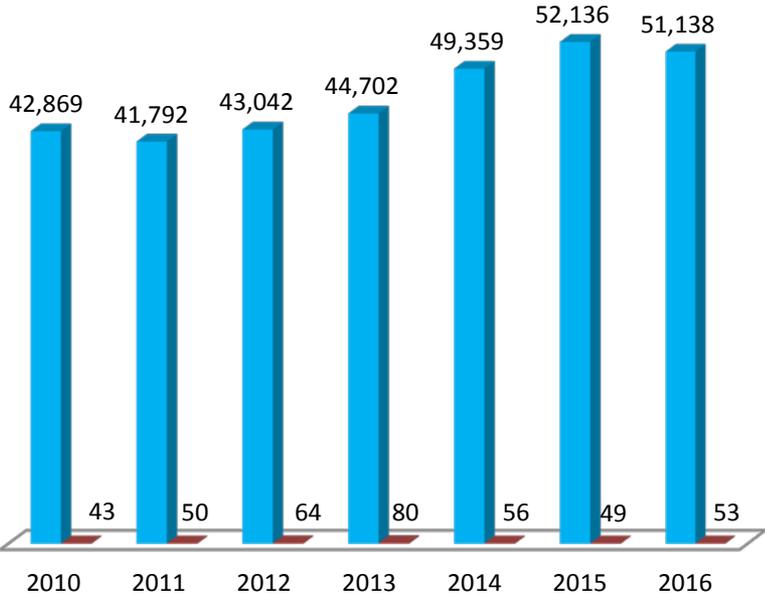
# Compliance Oversight Committee

- Compliance Oversight Committee (COC) oversees compliance with Identity Theft Standards
- Committee consists of Chief Compliance Officer, Chief Customer Officer, Chief Information Officer, and Chief Human Resources Officer
- Objective of Risk Assessment – Review performance and identify major weaknesses or improvement opportunities
- Summary of Risk Assessment is provided to Finance & Audit Committee to fulfill FACTA Annual Reporting requirement

# Program Metrics

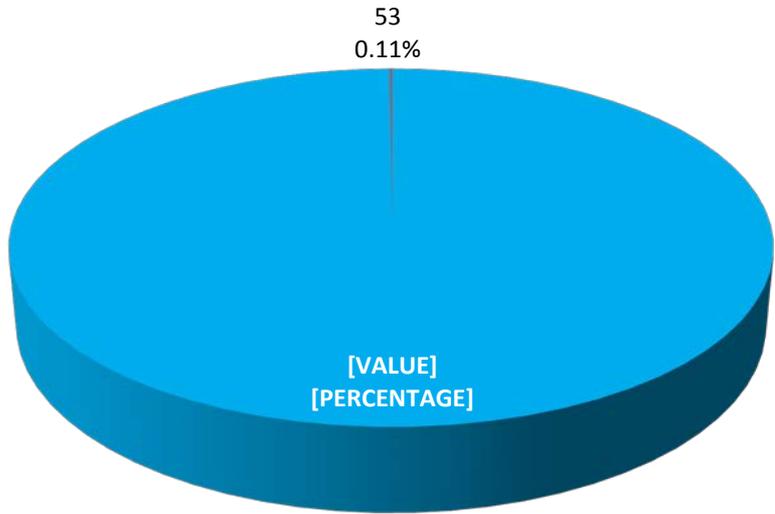
## Accounts Opened Annually vs. Reported Cases of Identity Theft

■ Accounts Opened Annually ■ Reported Cases of Identity Theft



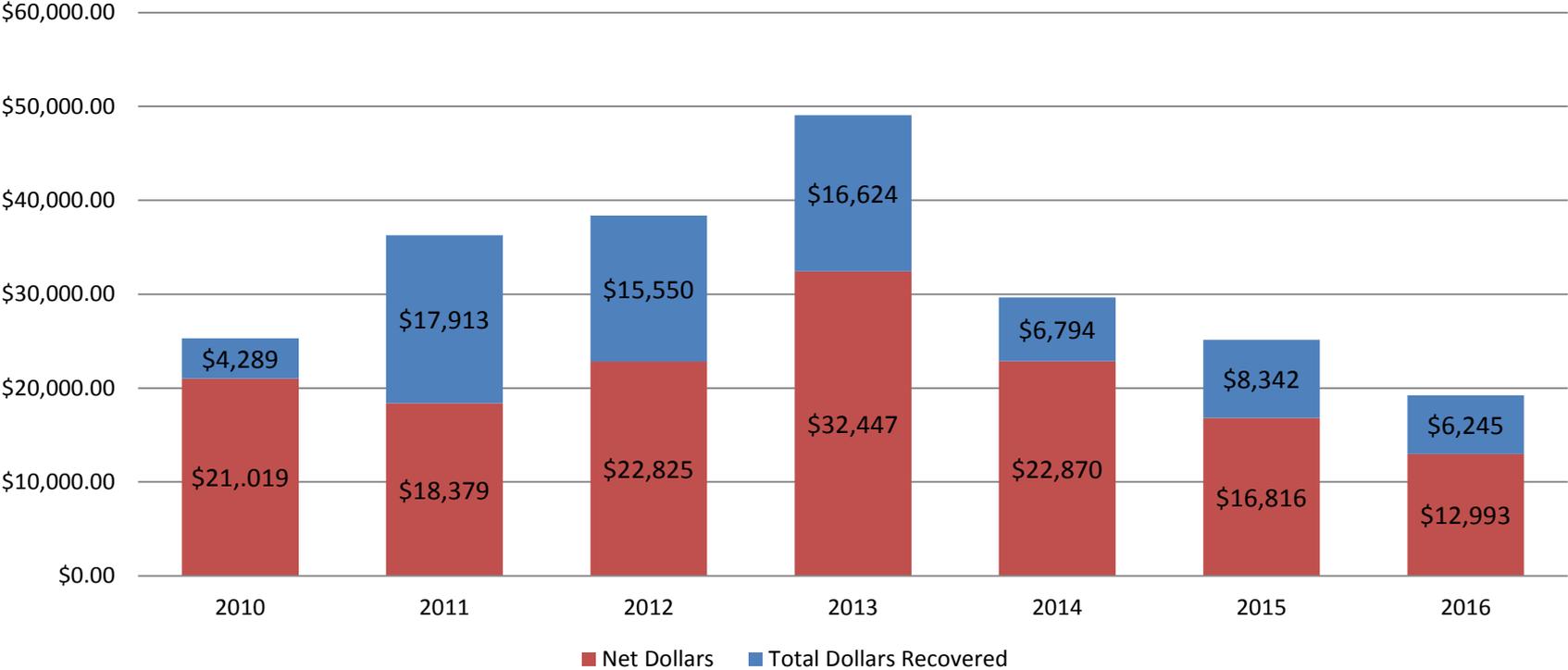
## Accounts Opened Annually vs. Reported Cases of Identity Theft (Average 2010 to 2016)

■ JEA Accounts Opened Annually ■ Reported Cases of Identity Theft



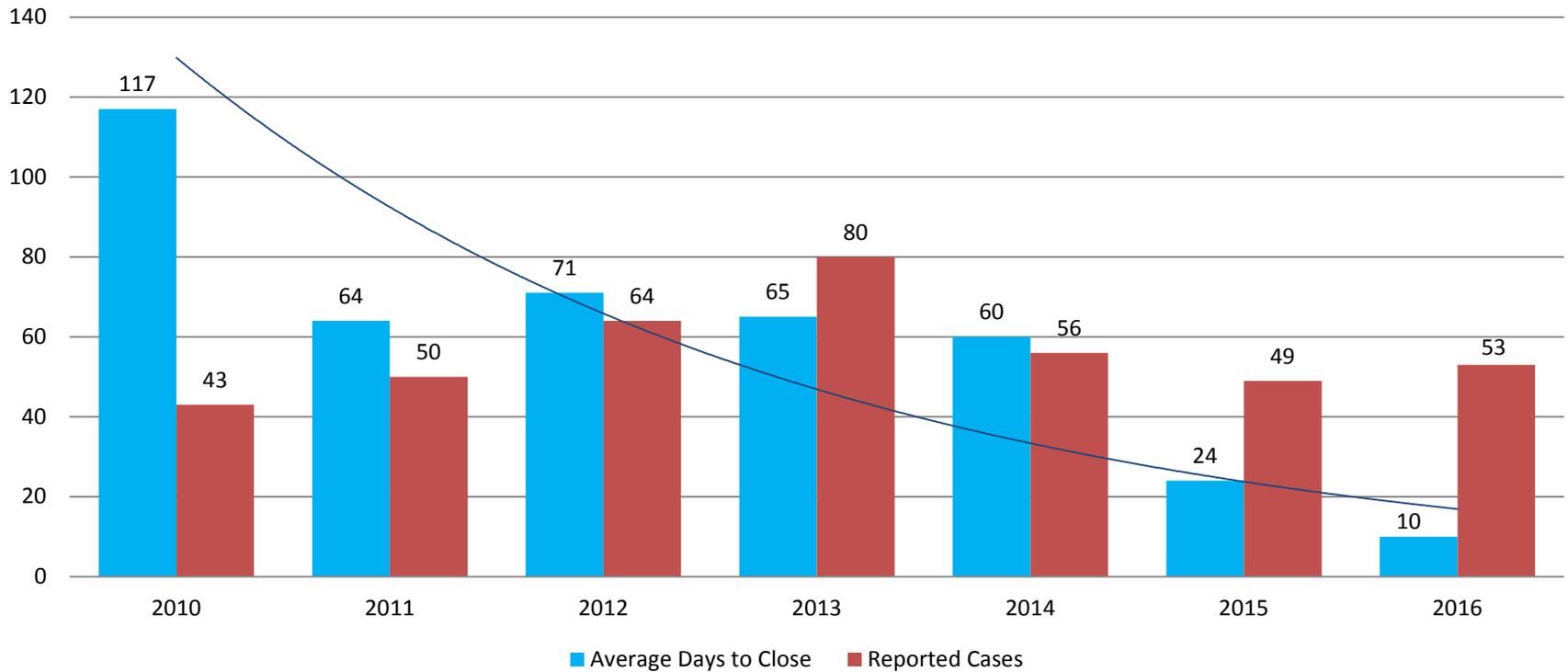
# Program Metrics

## Annual Monetary Involvement Net Dollars Lost vs. Dollars Recovered

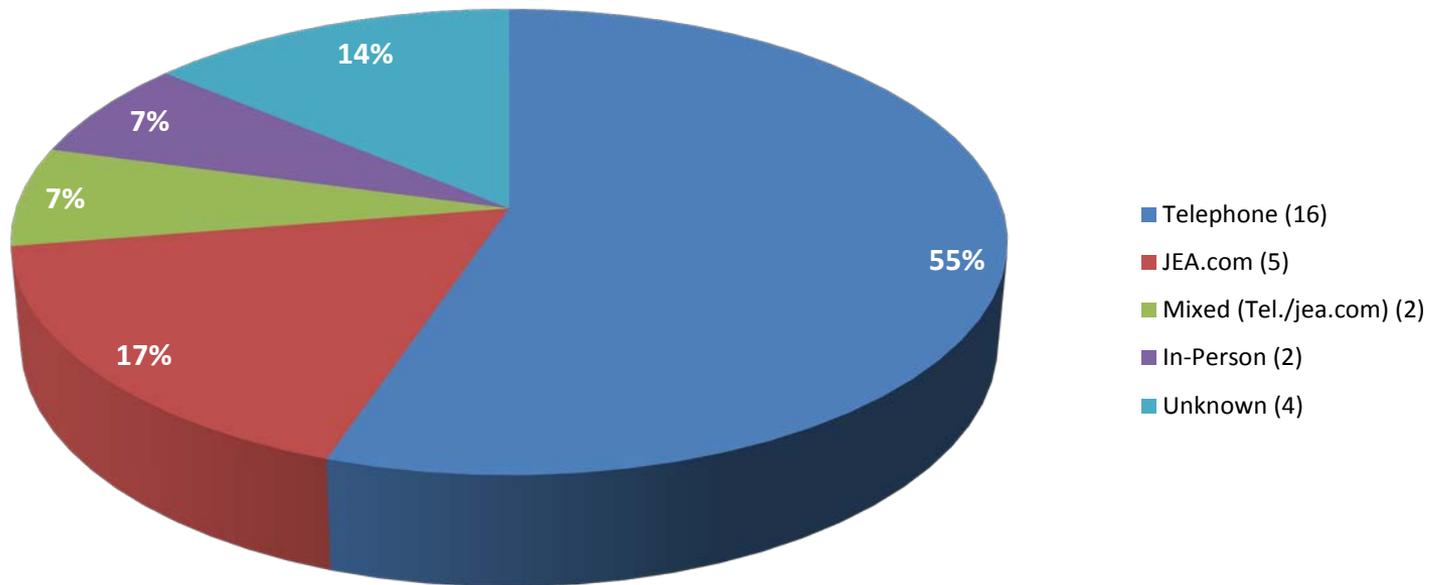


# Operational Metrics

## Average Resolution Time (days) Reported Cases of Identity Theft



## Source of Account Opening Confirmed Cases 2016



# 2016 Summary of Results

- Of the 29 confirmed cases reported in 2016
  - In 14 cases, the accounts were opened prior to the 2012 implementation of a more robust identity verification process using Experian
  - In 9 cases, the account opener provided verifiable PII
  - 6 cases (.01% of accounts opened in 2016) were the result of human error; additional training was designed and provided to the associates

# 2016 Summary of Results

- Audit Services reported no cases of identity theft by JEA employees.
- Information Security reported no detection of data extraction or access indicative of identity theft.
- Time to close reported cases of identity theft decreased to 10 days from 24 days recorded in prior year.

# Corrective Measures

- Monthly review processes were implemented to:
  - Verify all new service agreements include an Experian identity check
  - Ensure proper segregation of duties between name and social security number change requests, and updates
- 3<sup>rd</sup> party tool used to verify personal identifying information matches (i.e. name and SSN)
- Deceased cases entered for deceased accounts
- Implemented Knowledge IQ, which is a tool for identity authentication and fraud prevention

# Conclusions

- JEA is compliant with FACTA, FCRA, and FIPA
- Appropriate controls are in place to prevent, detect and mitigate identity theft
- In the rare event identity theft occurs, steps are taken to identify the root cause, and corrective actions are taken
- Tracking was enhanced in 2013 and continuously improved to provide better metrics and root cause analysis

II. D.

Ethics Officer Quarterly Report



Building Community

**AGENDA ITEM SUMMARY**

April 24, 2017

<b>SUBJECT:</b>	<b>ETHICS OFFICER QUARTERLY REPORT</b>
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<b>Purpose:</b>	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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**Issue:** The Ethics Officer Quarterly Report provides the JEA Board of Directors with information on the current ethics inquiries, hotline activity and training.

**Significance:** JEA's Ethics Officer ensures information is shared and advice given regarding issues and questions.

**Effect:** JEA is able to manage ethical concerns for the organization, ensuring compliance with business and governmental regulations.

**Cost or Benefit:** JEA fosters an environment that ensures ethical behaviors.

**Recommended Board action:** This item is for information only.

**For additional information, contact:** Walette Stanford, 904-665-4282

Submitted by: PEM/ARH/WS

<b>MISSION</b>  Energizing our community through high-value energy and water solutions.	<b>VISION</b>  JEA is a premier service provider, valued asset and vital partner in advancing our community.	<b>VALUES</b> <ul style="list-style-type: none"><li>• Safety</li><li>• Service</li><li>• Growth<sup>2</sup></li><li>• Accountability</li><li>• Integrity</li></ul>
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**Commitments to Action**

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

# **JEA**

## **Ethics Officer Report**

**May 8, 2017**

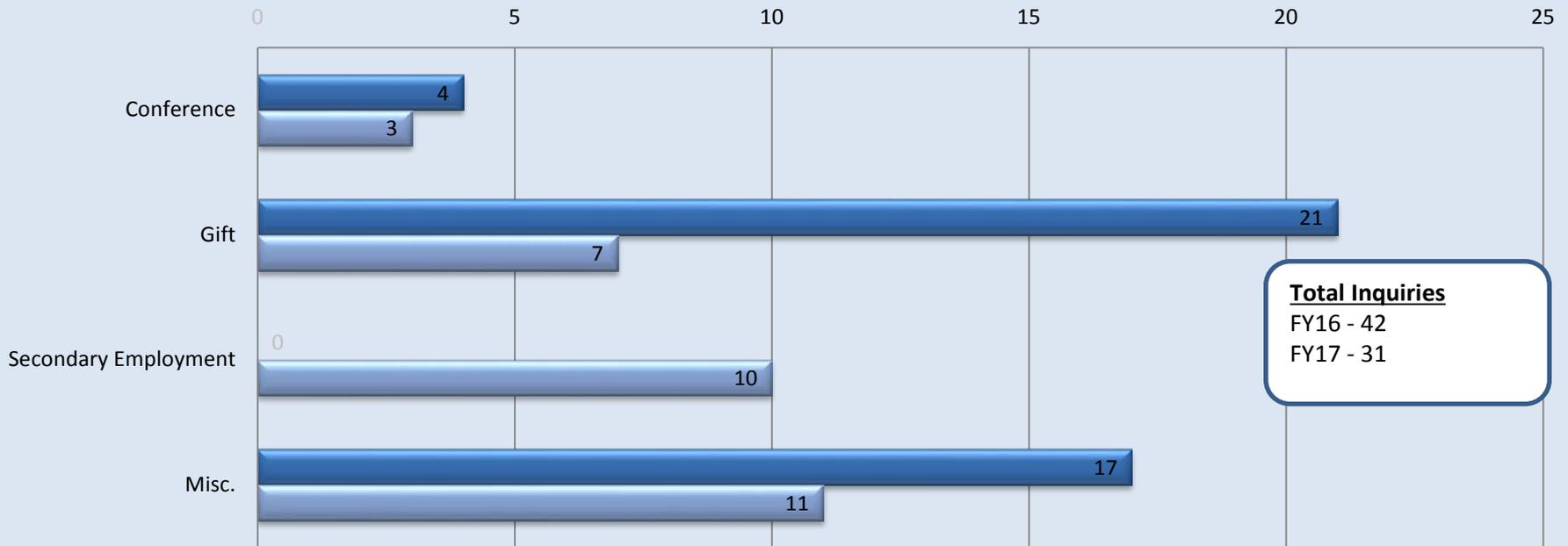
### **Creating an Ethical Culture**

**JEA will conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations.**

**Walette Stanford, Ethics Officer**  
**JEA/SJRPP**

# FY16/FY17 Comparisons

## Ethics Inquiries Comparison FY16/FY17 1st-3rd Quarter Results

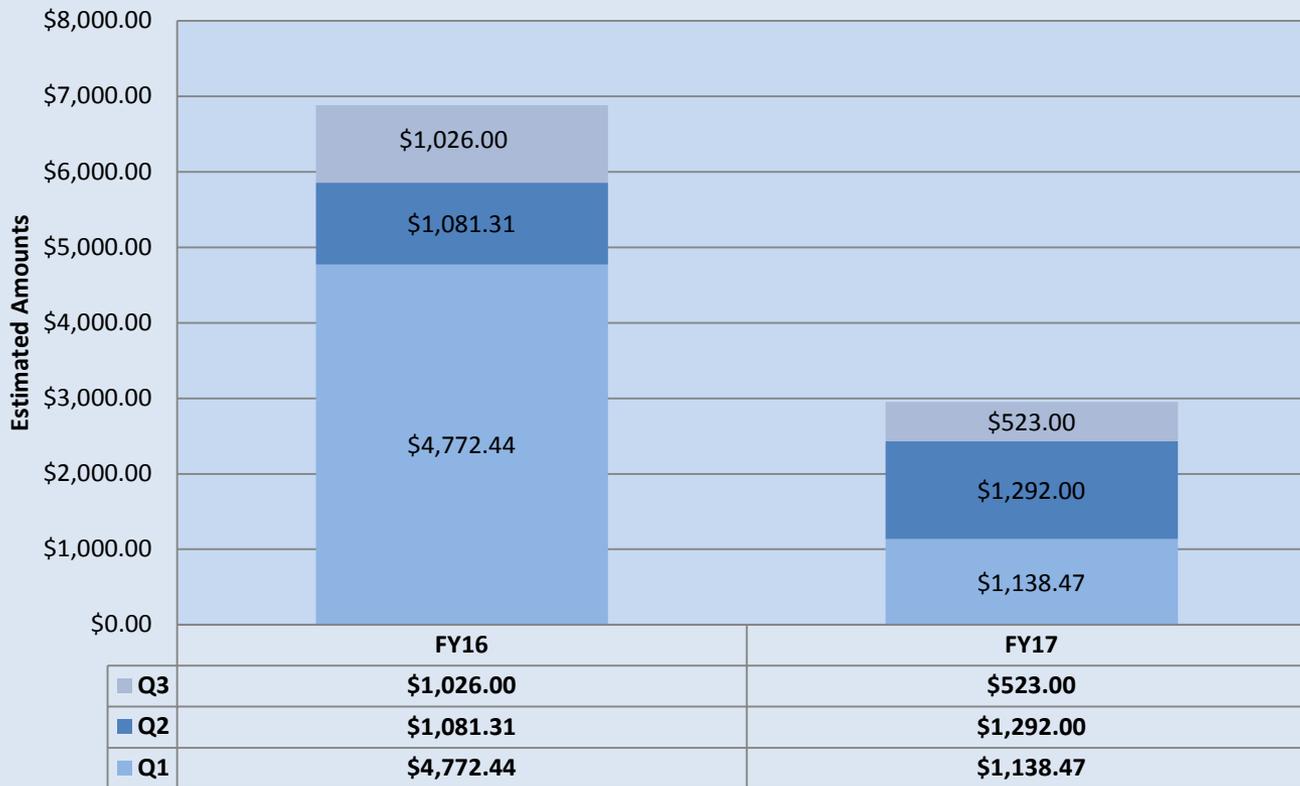


**Total Inquiries**  
 FY16 - 42  
 FY17 - 31

	Conference	Gift	Secondary Employment	Misc.
FY16	4	21	0	17
FY17	3	7	10	11

# FY16/FY17 Gift Registry

## FY16/17 Gift Registry Estimates Comparison Per Quarter



Food Items: jar of mints, jar of mixed nuts, catered lunch, candies and cookies

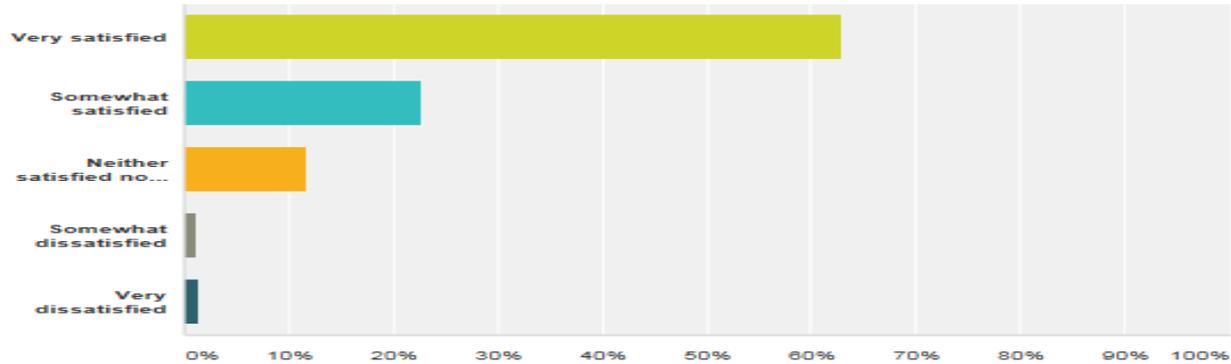
Promotional items: t-shirts, pens, Jaguar tickets

Misc: gift cards, door prizes, vouchers, flowers, coffee mugs

# Business Ethics Training Survey Results

Overall, how satisfied were you with the Business Ethics Refresher E-Learning?

Answered: 843 Skipped: 0



Answer Choices	Responses
Very satisfied	62.75% 529
Somewhat satisfied	22.78% 192
Neither satisfied nor dissatisfied	11.74% 99
Somewhat dissatisfied	1.30% 11
Very dissatisfied	1.42% 12

## Survey Comments:

- *It is always refreshing to review the Guidelines to be sure of Compliance. Thanks*
- *THIS WAS BY FAR THE EASIEST ETHICS REFRESHER I HAVE COMPLETED AND WITH 19 YEARS OF EXPERIENCE WITH THIS ALL I CAN SAY IS -- THANKS*
- *The added narration and Q&A were great tools. Also liked seeing familiar faces. A status bar showing how close to completion would be helpful.*
- *The visuals and the examples made the material very easy to follow and understand!*
- *This is a much better Ethics Course!*

# Nepotism & Secondary Employment Training Screens

Business Ethics Refresher 2017

## You make the call...

As JEA employees, what do Jake and John need to do?



- They've already told their managers, so they don't need to do anything.
- Either Jake or John need to tell one of their managers again.
- Both Jake and John need to complete the nepotism form on The Grid.

Submit

Business Ethics Refresher 2017

Hi, I'm Mary.  
I'm checking my email on my phone to see if any of my eBay auctions need my attention.



Mary has a passion for renovating antiques. She fixes up products and then trades, buys, and sells them via eBay. She uses her work email for notification of purchases so she can get the items out to customers quickly.

Click each letter below to go on.

- A** Is Mary receiving a benefit from this activity?
- B** Is this considered secondary employment?
- C** Is this unethical use of public resources for secondary employment?
- D** What must Mary do?



◀ PREV NEXT ▶

# Business Ethics Update and What's Next

- 100% compliance with new Ethics training requirements, (new employees must take within 10 days of employment) 😊
- Preparing an Ethics Decision Tree handout for all employees in August 2017

*Sample from Decision Tree handout:*

*We all may encounter tough decisions as part of our daily work. Although our company values and expectations are described in our company policies and Code of Conduct, this Decision Path has been designed to assist you in handling difficult decisions.*

- Reviewed Office of Inspector General COJ 2016 Annual Report

**II. E. 1.**

**Electric System and Water and Sewer System  
Reserve Fund Quarterly Report**



Building Community

**AGENDA ITEM SUMMARY**

April 18, 2017

<b>SUBJECT:</b>	<b>ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT</b>
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<b>Purpose:</b>	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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**Issue:** Electric System and Water and Sewer System Reserve Fund Quarterly Report as of March 31, 2017. This report is provided for transparency into JEA's reserve fund accounts and various cash balances.

**Significance:** High. JEA's liquidity position is an important balance between operating security and flexibility, financial metrics, and carrying cost of cash.

**Effect:** JEA operational needs, bond resolution requirements, and credit ratings.

**Cost or Benefit:** JEA's reserves are an important component of operating security and flexibility, a critical credit ratings factor.

**Recommended Board action:** No action required; provided for information only.

**For additional information, contact:** Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/BHG

<b>MISSION</b>  Energizing our community through high-value energy and water solutions.	<b>VISION</b>  JEA is a premier service provider, valued asset and vital partner in advancing our community.	<b>VALUES</b> <ul style="list-style-type: none"><li>• Safety</li><li>• Service</li><li>• Growth?</li><li>• Accountability</li><li>• Integrity</li></ul>
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**Commitments to Action**

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



**INTER-OFFICE MEMORANDUM**

April 18, 2017

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

---

**FROM:** Paul E. McElroy, Managing Director/CEO

---

**TO:** JEA Finance and Audit Committee

---

Kelly Flanagan, Chair  
Tom Petway  
Husein Cumber

**BACKGROUND:**

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

**DISCUSSION:**

Attached are the reserve fund schedules referenced above for the period ending March 31, 2017.

**RECOMMENDATION:**

No action required; provided for information only.

---

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/BHG

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

For the Fiscal Quarter Ending March 31, 2017  
(In Thousands of Dollars)

<b>Electric System</b>	<u>Fiscal Year</u>	<u>Detail</u>				
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Page #</u>
<b>Unrestricted</b>						
Operations/Revenue Fund	\$ 46,588	\$ 43,178	\$ 46,624	\$ 56,665	\$ 65,681	
Debt Management Strategy Reserve	-	-	-	-	-	3
Self Insurance Reserve Fund						
• Property	10,000	10,000	10,000	10,000	10,000	4
• Employee health insurance	15,914	10,749	10,937	11,179	9,179	5
Rate Stabilization						
• Fuel	108,289	105,457	150,742	180,115	134,094	6
• DSM/conservation	3,891	3,570	2,886	3,515	3,085	7
• Environmental	10,023	16,639	23,430	29,975	36,043	8
• Debt Management	42,126	42,126	42,126	42,126	29,884	9
• Non-Fuel Purchased Power	-	12,000	38,000	34,400	26,270	10
Environmental	18,662	18,662	18,662	18,556	18,556	11
Customer Deposits	44,882	42,688	42,389	41,084	41,709	12
<b>Total Unrestricted</b>	<b>300,375</b>	<b>305,069</b>	<b>385,796</b>	<b>427,615</b>	<b>374,500</b>	
<b>Days of Cash on Hand (2)</b>	<b>172</b>	<b>166</b>	<b>225</b>	<b>270</b>	<b>208</b>	
<b>Restricted</b>						
Debt Service Funds (Sinking Funds)	101,305	120,458	134,927	136,232	168,026	13
Debt Service Reserve Funds	64,841	64,841	64,595	60,582	60,582	14
Renewal and Replacement Funds/OCO (3)	140,486	146,910	145,711	192,179	152,989	15
Construction Funds	5,184	42	-	-	-	16
<b>Total Restricted</b>	<b>311,816</b>	<b>332,251</b>	<b>345,233</b>	<b>388,993</b>	<b>381,597</b>	
<b>Total Electric System</b>	<b>\$ 612,191</b>	<b>\$ 637,320</b>	<b>\$ 731,029</b>	<b>\$ 816,608</b>	<b>\$ 756,097</b>	

**Water and Sewer System**

<b>Unrestricted</b>						
Operations/Revenue Fund	\$ 5,886	\$ 9,227	\$ 22,588	\$ 42,948	\$ 42,932	
Debt Management Strategy Reserve	304	304	-	-	-	17
Rate Stabilization						
• Debt Management	20,290	20,291	20,290	20,290	14,209	18
• Environmental				1,699	1,829	19
Customer Deposit	13,860	12,787	13,255	13,910	14,526	20
<b>Total Unrestricted</b>	<b>40,340</b>	<b>42,609</b>	<b>56,133</b>	<b>78,847</b>	<b>73,496</b>	
<b>Days of Cash on Hand (2)</b>	<b>395</b>	<b>438</b>	<b>466</b>	<b>528</b>	<b>459</b>	
<b>Restricted</b>						
Debt Service Funds (Sinking Funds)	80,317	75,019	67,720	65,410	82,870	21
Debt Service Reserve Funds	119,915	116,829	108,849	108,086	107,488	22
Renewal and Replacement Funds						
• R&R/OCO (4)	78,689	59,295	37,337	76,020	59,072	23
• Capacity Fees/State Revolving Loans	60,360	76,887	90,912	103,411	75,167	24
• Environmental	(9,857)	5,299	19,245	2,659	1,832	25
Construction Funds	2,305	326	664	152	-	26
<b>Total Restricted</b>	<b>331,729</b>	<b>333,655</b>	<b>324,727</b>	<b>355,738</b>	<b>326,429</b>	
<b>Total Water &amp; Sewer System</b>	<b>\$ 372,069</b>	<b>\$ 376,264</b>	<b>\$ 380,860</b>	<b>\$ 434,585</b>	<b>\$ 399,925</b>	

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

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

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

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

## Funds Established Per the Bond Resolutions

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

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

## Electric System Debt Management Reserve

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 12,257	\$ 12,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,903	\$ 12,257
Additions:									
Contributions	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Withdrawals	-	12,257				-	6,129	6,129	12,257
Sub-total	\$ -	\$ 12,257	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 12,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,451	\$ 12,257

**Observations:**

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- A portion of this reserve was used to pay on interest rate swap terminations in connection with a refunding of variable rate debt in February 2013, and the remainder was used in Sept 2013 for a defeasance.

## Electric System Self Insurance - Property

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Budget Appropriation

Metric: Budgeted Deposit = \$10 million

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

<i>(In Thousands)</i>	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	<u>2018</u>	<u>2019</u>	<u>2020</u>
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:								
Reserve Contribution				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Reserve Withdrawal				N/A				
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

	Historical					Statistical			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Low	Median	Mean	High
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:									
Reserve Contribution						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -				
Deductions:									
Reserve Withdrawal						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -				
Ending balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

## Electric System Self Insurance - Employee Health Insurance

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Florida Statute for self insured government plans

Metric: An actuary calculates amount annually

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	<u>2018</u>	<u>2019</u>	<u>2020</u>
Opening Balance	\$ 11,071	\$ 11,179	\$ 11,179	N/A	\$ 10,937	\$ 9,179	\$ 8,279	\$ 8,279
Additions:								
Employee Contributions	1,520	2,863	5,903	N/A	5,460	6,021	6,322	6,638
Retiree & Other Contributions	1,444	3,198	6,086		5,694	6,208	6,518	6,844
Employer Contributions	4,731	9,630	20,011		24,231	17,571	20,360	22,418
Sub-total	\$ 7,695	\$ 15,691	\$ 32,000	\$ -	\$ 35,385	\$ 29,800	\$ 33,200	\$ 35,900
Deductions:								
Payments for Claims	8,200	15,638	31,855	N/A	32,946	28,448	30,835	33,417
Actuary & Other Payments	493	1,159	2,145		2,197	2,252	2,365	2,483
Sub-total	\$ 8,693	\$ 16,797	\$ 34,000	\$ -	\$ 35,143	\$ 30,700	\$ 33,200	\$ 35,900
Ending Balance	\$ 10,073	\$ 10,073	\$ 9,179	N/A	\$ 11,179	\$ 8,279	\$ 8,279	\$ 8,279

(In Thousands)	Historical					Statistical			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Low	Median	Mean	High
Opening Balance	\$ 12,505	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 10,749	\$ 12,505	\$ 13,109	\$ 15,914
Additions:									
Employee Contributions	6,147	5,893	4,573	5,447	5,460	4,573	5,460	5,504	6,147
Retiree & Other Contributions	6,910	5,701	5,188	5,141	5,694	5,141	5,694	5,727	6,910
Employer Contributions	21,155	20,629	14,252	22,220	24,231	14,252	21,155	20,497	24,231
Sub-total	\$ 34,212	\$ 32,223	\$ 24,013	\$ 32,808	\$ 35,385				
Deductions:									
Payments for Claims	29,220	29,354	27,157	30,408	32,946	27,157	29,354	29,817	32,946
Actuary & Other Payments	2,057	2,395	2,021	2,212	2,197	2,021	2,197	2,176	2,395
Sub-total	\$ 31,277	\$ 31,749	\$ 29,178	\$ 32,620	\$ 35,143				
Ending balance	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 10,749	\$ 11,179	\$ 12,844	\$ 15,914

**Observations:**

- Self Insurance for Employee Health Insurance began in July 2009.
  - Projections are using the 8% rate of increase based on information obtained from the Actuarial Memorandum and Report.
- Calendar year data is presented above in fiscal year format.

## Electric System Rate Stabilization - Fuel Management

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Targeted 15% of total annual projected energy costs

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (a) the maximum 12-month historical fuel cost or (b) the projected 12-month fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 177,322	\$ 180,115	\$ 180,115	N/A	\$ 150,742	\$ 134,094	\$ 101,294	\$ 90,344
Additions:								
Contributions		2,845	2,845	37,705	85,979			3,600
Sub-total	\$ -	\$ 2,845	\$ 2,845	\$ 37,705	\$ 85,979	\$ -	\$ -	\$ 3,600
Withdrawals	10,925	16,563	48,866		-	32,800	10,950	
Customer Fuel Rebate Credit					56,606			
Sub-total	\$ 10,925	\$ 16,563	\$ 48,866	\$ -	\$ 56,606	\$ 32,800	\$ 10,950	\$ -
Ending Balance	\$ 166,397	\$ 166,397	\$ 134,094	N/A	\$ 180,115	\$ 101,294	\$ 90,344	\$ 93,944

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 24,990	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 24,990	\$ 105,457	\$ 96,368	\$ 150,742
Additions:									
Contributions	76,763	52,523	22,496	95,224	85,979	22,496	76,763	66,597	95,224
Sub-total	\$ 76,763	\$ 52,523	\$ 22,496	\$ 95,224	\$ 85,979	-	-	-	-
Deductions:									
Withdrawals	9,391					9,391	9,391	9,391	9,391
Customer Fuel Rebate Credit		36,596	25,328	49,939	56,606	25,328	43,268	42,117	56,606
Sub-total	\$ 9,391	\$ 36,596	\$ 25,328	\$ 49,939	\$ 56,606	-	-	-	-
Ending balance	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 92,362	\$ 108,289	\$ 127,393	\$ 180,115

Observations:

- Actual and historical numbers reflect fuel recovery contributions and 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 Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 KWh monthly

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

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 3,733	\$ 3,515	\$ 3,515	N/A	\$ 2,886	\$ 3,085	\$ 2,469	\$ 1,995
Additions:								
Contributions	1,375	2,858	6,748	7,200	7,232	7,510	6,704	6,704
Other								
Sub-total	\$ 1,375	\$ 2,858	\$ 6,748	\$ 7,200	\$ 7,232	\$ 7,510	\$ 6,704	\$ 6,704
Withdrawals	1,873	3,138	7,178	8,117	6,603	8,126	7,178	7,178
Sub-total	\$ 1,873	\$ 3,138	\$ 7,178	\$ 8,117	\$ 6,603	\$ 8,126	\$ 7,178	\$ 7,178
Ending Balance	\$ 3,235	\$ 3,235	\$ 3,085	N/A	\$ 3,515	\$ 2,469	\$ 1,995	\$ 1,521

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 10,703	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 2,886	\$ 3,891	\$ 5,592	\$ 10,703
Additions:									
Contributions	6,657	6,683	6,929	7,059	7,232	6,657	6,929	6,912	7,232
Transfer from Rev Fd						-	-	-	-
Sub-total	\$ 6,657	\$ 6,683	\$ 6,929	\$ 7,059	\$ 7,232				
Deductions:									
Withdrawals	10,448	9,704	7,250	7,743	6,603	6,603	7,743	8,350	10,448
Sub-total	\$ 10,448	\$ 9,704	\$ 7,250	\$ 7,743	\$ 6,603				
Ending balance	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 2,886	\$ 3,570	\$ 4,155	\$ 6,912

Observations:

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

## Electric System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.62 per 1,000 kWh

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

<i>(In Thousands)</i>	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	<u>2018</u>	<u>2019</u>	<u>2020</u>
	Opening Balance	\$ 31,647	\$ 29,975	\$ 29,975	N/A	\$ 23,430	\$ 36,043	\$ 41,934
Additions:								
Contributions	1,595	3,267	7,350	7,564	7,700	7,942	7,320	7,320
Sub-total	\$ 1,595	\$ 3,267	\$ 7,350	\$ 7,564	\$ 7,700	\$ 7,942	\$ 7,320	\$ 7,320
Withdrawals	247	247	1,282	2,078	1,155	2,051	2,440	3,660
Sub-total	\$ 247	\$ 247	\$ 1,282	\$ 2,078	\$ 1,155	\$ 2,051	\$ 2,440	\$ 3,660
Ending Balance	\$ 32,995	\$ 32,995	\$ 36,043	N/A	\$ 29,975	\$ 41,934	\$ 46,814	\$ 50,474

	Historical					Statistical			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Low	Median	Mean	High
Opening Balance	\$ 4,232	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 4,232	\$ 10,023	\$ 11,933	\$ 23,430
Additions:									
Contributions	2,436	5,650	7,395	7,586	7,700	2,436	7,395	6,153	7,700
Sub-total	\$ 2,436	\$ 5,650	\$ 7,395	\$ 7,586	\$ 7,700	-	-	-	-
Deductions:									
Withdrawals	1,325	970	779	795	1,155	779	970	1,005	1,325
Sub-total	\$ 1,325	\$ 970	\$ 779	\$ 795	\$ 1,155	-	-	-	-
Ending balance	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 5,343	\$ 16,639	\$ 17,082	\$ 29,975

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

## Electric System Rate Stabilization - Debt Management

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

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

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
(In Thousands)								
Opening Balance	\$ 42,126	\$ 42,126	\$ 42,126	N/A	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals	12,242	12,242	12,242		-			
Sub-total	\$ 12,242	\$ 12,242	\$ 12,242	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 29,884	\$ 29,884	\$ 29,884	N/A	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 35,930	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 35,930	\$ 42,126	\$ 40,784	\$ 42,126
Additions:									
Contributions	5,681	6,581				5,681	6,131	6,131	6,581
Sub-total	\$ 5,681	\$ 6,581	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals		6,066				6,066	6,066	6,066	6,066
Sub-total	\$ -	\$ 6,066	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 41,611	\$ 42,126	\$ 42,023	\$ 42,126

Observations:

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

## Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 32,860	\$ 34,400	\$ 34,400	N/A	\$ 38,000	\$ 26,270	\$ 14,525	\$ 1,083
Additions:								
Contributions					-	-		
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals	1,975	3,515	8,130	9,232	3,600	11,745	13,442	
Sub-total	\$ 1,975	\$ 3,515	\$ 8,130	\$ 9,232	\$ 3,600	\$ 11,745	\$ 13,442	\$ -
Ending Balance	\$ 30,885	\$ 30,885	\$ 26,270	N/A	\$ 34,400	\$ 14,525	\$ 1,083	\$ 1,083

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ -	\$ -	\$ 10,000	\$ 38,000
Additions:									
Contributions			12,000	26,000		12,000	19,000	19,000	26,000
Sub-total	\$ -	\$ -	\$ 12,000	\$ 26,000	\$ -	-	-	-	-
Deductions:									
Withdrawals					3,600	3,600	3,600	3,600	3,600
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 3,600	-	-	-	-
Ending balance	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ -	\$ 12,000	\$ 16,880	\$ 38,000

Observations:

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

## Electric System Environmental Reserve

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 18,556	\$ 18,556	\$ 18,556	N/A	\$ 18,662	\$ 18,556	\$ 18,556	\$ 18,556
Additions:								
Contributions			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals			-	N/A	106			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 106	\$ -	\$ -	\$ -
Ending Balance	\$ 18,556	\$ 18,556	\$ 18,556	N/A	\$ 18,556	\$ 18,556	\$ 18,556	\$ 18,556

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 20,899	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,359	\$ 18,662	\$ 19,049	\$ 20,899
Additions:									
Contributions		970				970	970	970	970
Sub-total	\$ -	\$ 970	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	2,540	667			106	106	667	1,104	2,540
Sub-total	\$ 2,540	\$ 667	\$ -	\$ -	\$ 106	-	-	-	-
Ending balance	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 18,359	\$ 18,662	\$ 18,580	\$ 18,662

Observations:

- The Environmental Reserve began in FY 2008.

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## Electric System Customer Deposits

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

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

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 41,863	\$ 41,084	\$ 41,084	N/A	\$ 42,389	\$ 41,709	\$ 41,709	\$ 41,709
Additions:								
Net Customer Activity		625	625	N/A	-			
Loan Repayment to ES Revenue Fund					-			
Sub-total	\$ -	\$ 625	\$ 625	\$ -	\$ -	\$ -	\$ -	\$ -
Net Customer Activity	154		-		1,305			
Loan to ES Revenue Fund				N/A	-			
Sub-total	\$ 154	\$ -	\$ -	\$ -	\$ 1,305	\$ -	\$ -	\$ -
Ending Balance	\$ 41,709	\$ 41,709	\$ 41,709	N/A	\$ 41,084	\$ 41,709	\$ 41,709	\$ 41,709

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 42,767	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 42,389	\$ 42,767	\$ 43,236	\$ 44,882
Additions:									
Net Customer Activity	905	1,430				905	1,168	1,168	1,430
Loan Repayment to ES Revenue Fund						-	-	-	-
Sub-total	\$ 905	\$ 1,430	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Net Customer Activity	218	2	2,194	299	1,305	2	299	804	2,194
Loan to ES Revenue Fund						-	-	-	-
Sub-total	\$ 218	\$ 2	\$ 2,194	\$ 299	\$ 1,305				
Ending balance	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 41,084	\$ 42,688	\$ 42,899	\$ 44,882

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits starting in Fiscal Year 2014.

## Electric System Debt Service Sinking Fund

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 41,738	\$ 136,232	\$ 136,232	N/A	\$ 134,927	\$ 168,026	\$ 161,154	\$ 149,800
Additions:								
Revenue Fund Deposits	50,642	93,215	215,463		177,847	210,807	201,948	141,059
Bond funded interest					-			
Sub-total	\$ 50,642	\$ 93,215	\$ 215,463	\$ -	\$ 177,847	\$ 210,807	\$ 201,948	\$ 141,059
Principal and Int Payments	3,223	140,290	183,669	N/A	176,542	217,679	213,302	199,191
Sub-total	\$ 3,223	\$ 140,290	\$ 183,669	\$ -	\$ 176,542	\$ 217,679	\$ 213,302	\$ 199,191
Ending Balance	\$ 89,157	\$ 89,157	\$ 168,026	N/A	\$ 136,232	\$ 161,154	\$ 149,800	\$ 91,668

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 125,988	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 101,305	\$ 120,458	\$ 118,086	\$ 134,927
Additions:									
Revenue Fund Deposits	159,724	159,072	167,340	181,006	177,847	159,072	167,340	168,998	181,006
Bond funded interest						-	-	-	-
Sub-total	\$ 159,724	\$ 159,072	\$ 167,340	\$ 181,006	\$ 177,847				
Deductions:									
Principal and Int Payments	177,958	165,521	148,187	166,537	176,542	148,187	166,537	166,949	177,958
Sub-total	\$ 177,958	\$ 165,521	\$ 148,187	\$ 166,537	\$ 176,542				
Ending balance	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 101,305	\$ 120,458	\$ 120,135	\$ 136,232

**Observations:**

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

## Electric System Debt Service Reserve Account

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Maximum interest payable on outstanding senior Electric System bonds as required by the Bond Resolutions

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

	Actual as of 03/31/2017		Full Year Budget Amounts			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
(In Thousands)								
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 64,595	\$ 60,582	\$ 60,582	\$ 60,582
Additions:								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Release to Revenue Fund				N/A	4,013			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 4,013	\$ -	\$ -	\$ -
Ending Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582

	Historical Actuals					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 72,226	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	\$ 64,595	\$ 64,841	\$ 67,746	\$ 72,226
Additions:									
Proceeds from Bonds				-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Defeasance		7,385		246	4,013	246	4,013	3,881	7,385
Sub-total	\$ -	\$ 7,385	\$ -	\$ 246	\$ 4,013	-	-	-	-
Ending balance	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	60,582	64,841	65,417	72,226

**Observations:**

- This report does not include any Scherer debt service reserves.
- In FY 2007, the debt service reserve requirement was satisfied 100% by the use of debt service reserve surety policies. In accordance with the bond resolution, beginning in FY 2008, cash/investments replaced the downgraded sureties due to their downgrade by the rating agencies. Sureties of \$67.6 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- The debt service reserve account balance is currently in excess of the the debt service reserve requirement under the bond resolution by \$8.0 million. The excess will be used, if needed, to (1) fund an increase in the reserve requirement caused by a future issuance of new money bonds and/or variable to fixed refunding bonds, (2) help satisfy cash reserve targets instituted by the rating agencies, and/or (3) redeem bonds, in accordance with applicable tax laws.

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

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Electric System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 204,074	\$ 192,179	\$ 192,179	N/A	\$ 145,711	\$ 152,989	\$ 163,258	\$ 125,867
Additions:								
R&R/OCO Contribution	26,550	73,703	142,000		200,692	169,145	163,539	105,481
Loans betw Capital Fds				-	-			
Other	1,619	1,771	14,248	-	3,744	18,590		
Sub-total	\$ 28,169	\$ 75,474	\$ 156,248	\$ -	\$ 204,436	\$ 187,735	\$ 163,539	\$ 105,481
Deductions:								
Capital Expenditures	34,809	62,452	145,022		157,201	177,466	200,930	122,168
Transfers betw Capital Fds				-	765			
R&R/OCO Contribution								
Debt Defeasance	37,200	37,200	37,200	-	-			
Other	5,513	13,280	13,216					
Sub-total	\$ 77,522	\$ 112,932	\$ 195,438	\$ -	\$ 157,966	\$ 177,466	\$ 200,930	\$ 122,168
Ending Balance	\$ 154,721	\$ 154,721	\$ 152,989	N/A	\$ 192,181	\$ 163,258	\$ 125,867	\$ 109,180

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 73,727	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 73,727	\$ 140,486	\$ 122,414	\$ 146,910
Additions:									
R&R/OCO Contribution	142,822	124,630	85,639	110,351	200,692	85,639	124,630	132,827	200,692
Loans betw Capital Fds	-	-	-	-	-	-	-	-	-
Other	943	2,423	4,014	970	3,744	943	2,423	2,419	4,014
Sub-total	\$ 143,765	\$ 127,053	\$ 89,653	\$ 111,321	\$ 204,436				
Deductions:									
Capital Expenditures	112,257	91,802	82,889	112,483	157,201	82,889	112,257	111,326	157,201
Bond Buy Back	-	-	-	-	2	-	1	1	2
Transfer to Scherer									
Loans betw Capital Fds			340	37	765				
Other	-	-	-	-	-	-	-	-	-
Sub-total	\$ 112,257	\$ 91,802	\$ 83,229	\$ 112,520	\$ 157,968				
Ending balance	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 105,235	\$ 145,711	\$ 146,104	\$ 192,179

Observations:

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

## Electric Construction / Bond Fund

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Target = Capital expenditures per year minus internal funding available

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ 4	\$ -	\$ -	\$ -
<b>Additions:</b>								
Bond Proceeds	429	429	429	-	-			
Line of Credit				-	-			
Transfers b/w Capital Fds	-			-	-			
Other				-	2			
Sub-total	\$ 429	\$ 429	\$ 429	\$ -	\$ 2	\$ -	\$ -	\$ -
<b>Deductions:</b>								
Capital Expenditures					6	-	-	-
Bond Funded Interest					-			
Transfers b/w Capital Fds					-			
Other	161	161	429	-	-			
Sub-total	\$ 161	\$ 161	\$ 429	\$ -	\$ 6	\$ -	\$ -	\$ -
Ending Balance	\$ 268	\$ 268	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 63,915	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ 4	\$ 2,726	\$ 18,241	\$ 63,915
<b>Additions:</b>									
Bond Proceeds		1,550				1,550	1,550	1,550	1,550
Line of Credit						-	-	-	-
Transfers b/w Capital Fds			3,091			3,091	3,091	3,091	3,091
Other		34	340	37	2	2	36	103	340
Sub-total	\$ -	\$ 1,584	\$ 3,431	\$ 37	\$ 2				
<b>Deductions:</b>									
Capital Expenditures	23,385	35,253	4,821	75	6	6	4,821	12,708	35,253
Bond Funded Interest						-	-	-	-
Line of Credit									
Transfers b/w Capital Fds		35	3,091			35	1,563	1,563	3,091
Other	496	1,146	661			496	661	768	1,146
Sub-total	\$ 23,881	\$ 36,434	\$ 8,573	\$ 75	\$ 6				
Ending balance	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -	\$ 42	\$ 9,053	\$ 40,034

**Observations:**

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017 - 2019 projection period.

## Water and Sewer Debt Management Reserve

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt.

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
Additions:								
Contributions					-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Withdrawals					-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 6,458	\$ 6,458	\$ 304	\$ 304	\$ -	\$ -	\$ 304	\$ 2,705	\$ 6,458
Additions:									
Contributions						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals		6,154		304		304	3,229	3,229	6,154
Sub-total	\$ -	\$ 6,154	\$ -	\$ 304	\$ -	-	-	-	-
Ending balance	\$ 6,458	\$ 304	\$ 304	\$ -	\$ -	\$ -	\$ 304	\$ 1,413	\$ 6,458

**Observations:**

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- \$6 million was used in Sept 2013 for a defeasance.

## Water and Sewer Rate Stabilization Debt Management

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt.

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

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 20,290	\$ 20,290	\$ 20,290	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209
Additions:								
Contributions	-	-	-	N/A	-	-	-	-
Financial Statement Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Withdrawals			6,081					
Sub-total	\$ -	\$ -	\$ 6,081	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 20,290	\$ 20,290	\$ 14,209	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 17,560	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 17,560	\$ 20,290	\$ 19,744	\$ 20,290
Additions:									
Contributions	2,730					-	-	-	-
Sub-total	\$ 2,730	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290

Observations:

- Contributions began in June 2009.

## Water & Sewer System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

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

<i>(In Thousands)</i>	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 2,972	\$ 1,699	\$ 1,699	N/A	\$ -	\$ 1,829	\$ 1,829	\$ 1,829
Additions:								
Contributions	5,571	11,478	23,667		-	27,273	27,273	27,273
Regulatory Receivable								
Sub-total	\$ 5,571	\$ 11,478	\$ 23,667	\$ -	\$ -	\$ 27,273	\$ 27,273	\$ 27,273
Deductions:								
Withdrawals	6,486	11,120	23,537		-	27,273	27,273	27,273
Regulatory Receivable								
Sub-total	\$ 6,486	\$ 11,120	\$ 23,537	\$ -	\$ -	\$ 27,273	\$ 27,273	\$ 27,273
Ending Balance	\$ 2,057	\$ 2,057	\$ 1,829	N/A	\$ -	\$ 1,829	\$ 1,829	\$ 1,829

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:									
Contributions					23,635	23,635	23,635	23,635	23,635
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 23,635	-	-	-	-
Deductions:									
Withdrawals					21,936	21,936	21,936	21,936	21,936
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 21,936	-	-	-	-
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ 1,699	\$ -	\$ -	\$ 340	\$ 1,699

**Observations:**

- Rate Stabilization Fund for Environmental began in June 2010.

# Return to Agenda

## Water and Sewer System Customer Deposits

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 13,911	\$ 13,910	\$ 13,910	N/A	\$ 13,255	\$ 14,526	\$ 14,526	\$ 14,526
Additions:								
Allocated from Electric Loan Repayment	615	616	616	N/A	655			
Sub-total	\$ 615	\$ 616	\$ 616	-	\$ 655	-	-	-
Deductions:								
Allocated from Electric Loan to W&S Operations			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	-	\$ -	-	-	-
Ending Balance	\$ 14,526	\$ 14,526	\$ 14,526	N/A	\$ 13,910	\$ 14,526	\$ 14,526	\$ 14,526

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 9,727	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 9,727	\$ 12,787	\$ 12,451	\$ 13,860
Additions:									
Allocated from Electric Loan Repayment	2,900	1,233		468	655	468	562	562	655
Sub-total	\$ 3,900	\$ 1,233	-	\$ 468	\$ 655	-	-	-	-
Deductions:									
Allocated from Electric Loan to W&S Operations	1,000		1,073			1,073	1,073	1,073	1,073
Sub-total	\$ 1,000	-	\$ 1,073	-	-	-	-	-	-
Ending balance	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 12,627	\$ 13,255	\$ 13,288	\$ 13,910

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits at some future date.

## Water and Sewer Debt Service Sinking Fund

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 28,314	\$ 65,410	\$ 65,410	N/A	\$ 67,720	\$ 82,870	\$ 82,725	\$ 84,744
Additions:								
Revenue fund deposits	28,612	57,208	118,060		97,077	119,433	122,454	122,763
Sub-total	\$ 28,612	\$ 57,208	\$ 118,060	\$ -	\$ 97,077	\$ 119,433	\$ 122,454	\$ 122,763
Deductions:								
Principal and interest payments	408	66,100	100,600	N/A	99,387	119,578	120,435	121,219
Sub-total	\$ 408	\$ 66,100	\$ 100,600	\$ -	\$ 99,387	\$ 119,578	\$ 120,435	\$ 121,219
Ending Balance	\$ 56,518	\$ 56,518	\$ 82,870	N/A	\$ 65,410	\$ 82,725	\$ 84,744	\$ 86,288

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 80,936	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 268	\$ 77,668	\$ 64,323	\$ 81,675
Additions:									
Revenue fund deposits	125,160	119,535	117,444	102,789	97,077	97,077	117,444	112,401	125,160
Bond funded interest						-	-	-	-
Sub-total	\$ 125,160	\$ 119,535	\$ 117,444	\$ 102,789	\$ 97,077	-	-	-	-
Deductions:									
Principal and interest payments	124,421	120,893	122,742	110,088	99,387	99,387	120,893	115,506	124,421
Sub-total	\$ 124,421	\$ 120,893	\$ 122,742	\$ 110,088	\$ 99,387	-	-	-	-
Ending balance	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 65,410	\$ 75,019	\$ 74,028	\$ 81,675

**Observations:**

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

## Water and Sewer Debt Service Reserve Account

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Bond Resolution

Metric: 125% of average annual debt service on outstanding senior fixed and variable rate bonds plus subordinated fixed rate bonds as required by the Bond Resolutions

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 107,488	\$ 108,086	\$ 108,086	N/A	\$ 108,849	\$ 107,488	\$ 107,488	\$ 107,488
Additions:								
Construction reserve fund/bond issues			-	N/A	-			
Revenue fund			-	N/A	-			
Rounding			-					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Revenue fund		598	598		763			
Sub-total	\$ -	\$ 598	\$ 598	\$ -	\$ 763	\$ -	\$ -	\$ -
Ending Balance	\$ 107,488	\$ 107,488	\$ 107,488	N/A	\$ 108,086	\$ 107,488	\$ 107,488	\$ 107,488

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 102,214	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 102,214	\$ 116,829	\$ 113,388	\$ 119,915
Additions:									
Construction reserve fund/bond issues	10,917	784				784	5,851	5,851	10,917
Revenue fund	6,000	3,821				3,821	4,911	4,911	6,000
Sub-total	\$ 16,917	\$ 4,605	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Revenue fund		3,821	3,086	7,980	763	763	3,454	3,913	7,980
Sub-total	\$ -	\$ 3,821	\$ 3,086	\$ 7,980	\$ 763	-	-	-	-
Ending balance	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 108,086	\$ 116,829	\$ 114,562	\$ 119,915

**Observations:**

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.

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

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Water and Sewer System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds.

	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
(In Thousands)								
Opening Balance	\$ 80,509	\$ 76,020	\$ 76,020	N/A	\$ 37,337	\$ 59,072	\$ 46,913	\$ 2,174
Additions:								
R&R/OCO Contribution	30,204	63,097	106,936	-	124,574	142,590	114,271	120,745
Transfer from Capital Fds				-	-			
Other	2,276	4,129	10,415	-	30,889	8,600	8,600	8,600
Sub-total	\$ 32,480	\$ 67,226	\$ 117,351	\$ -	\$ 155,463	\$ 151,190	\$ 122,871	\$ 129,345
Deductions:								
Capital Expenditures	26,114	56,297	134,213	-	116,674	163,349	167,610	127,121
Transfer to Capacity Fund	12	86	86	-	-			
Transfer to Construction Fund				-	-			
R&R/OCO Contribution				-	106	-		
Sub-total	\$ 26,126	\$ 56,383	\$ 134,299	\$ -	\$ 116,780	\$ 163,349	\$ 167,610	\$ 127,121
Ending Balance	\$ 86,863	\$ 86,863	\$ 59,072	N/A	\$ 76,020	\$ 46,913	\$ 2,174	\$ 4,398

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 28,840	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 28,840	\$ 59,295	\$ 53,684	\$ 78,689
Additions:									
R&R/OCO Contribution	76,157	91,245	48,373	62,793	124,574	48,373	76,157	80,628	124,574
Loans betw Capital Fds	-	-	-	22	-	-	-	7	22
Other (incl septic tank)	5,771	1,539	1,614	653	30,889	653	1,614	8,093	30,889
Sub-total	\$ 81,928	\$ 92,784	\$ 49,987	\$ 63,468	\$ 155,463				
Deductions:									
Capital Expenditures	46,508	68,355	67,488	85,426	116,674	46,508	68,355	76,890	116,674
Loan Repayment	-	-	-	-	-	-	-	-	-
Transfer to Constr. Fund	-	10,000	1,893	-	106	-	1,000	3,000	10,000
Other (incl septic tank)	-	-	-	-	-	-	-	-	-
Sub-total	\$ 46,508	\$ 78,355	\$ 69,381	\$ 85,426	\$ 116,780				
Ending balance	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 76,020	\$ 37,337	\$ 64,260	\$ 63,120	\$ 78,689

**Observations:**

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019
- Includes \$20 million for Maximum Annual Debt Service calculation.
- \$57 million is projected to be withdrawn from this capital balance in FY 2016-2017 to support the capital program with lower Net Revenues as planned with the June 2012 approved reduction in the October 1, 2012 rate increase.

## Water and Sewer Capacity Fees / State Revolving Fund Loans

**For the Fiscal Quarter Ending March 31, 2017**

Reserve/Fund Authorization: Florida Statute and Rate Tariff

Metric: Tariff rate

Definitions and Goals: Capacity fees are charged to customers as a one- time fee for a new connection to the Water System and a one- time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose. In addition, the Water and Sewer System has received funds from the State Revolving Fund (SRF) program for the construction of water and wastewater treatment facilities. SRF loans are subordinated to all Water and Sewer System Revenue Bonds and Water and Sewer System Subordinated Revenue Bonds.

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 103,244	\$ 103,411	\$ 103,411	N/A	\$ 90,912	\$ 75,167	\$ 47,456	\$ 37,711
Additions:								
Capacity Fees	5,716	10,295	19,795	-	21,995	19,190	19,382	19,576
State Revolving Fd Loan				-	-			
Transfer from R&R/OCO Fund	12	86	86	-	145	650	650	650
Other				-	-			
Sub-total	\$ 5,728	\$ 10,381	\$ 19,881	\$ -	\$ 22,140	\$ 19,840	\$ 20,032	\$ 20,226
Deductions:								
Capital Expenditures	7,648	12,468	48,125	-	9,648	47,551	29,777	34,761
Other				-	-			
Sub-total	\$ 7,648	\$ 12,468	\$ 48,125	\$ -	\$ 9,648	\$ 47,551	\$ 29,777	\$ 34,761
Ending Balance	\$ 101,324	\$ 101,324	\$ 75,167	N/A	\$ 103,404	\$ 47,456	\$ 37,711	\$ 23,176

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 41,025	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 41,025	\$ 60,360	\$ 62,928	\$ 90,912
Additions:									
Capacity Fees	10,820	17,394	18,298	19,579	21,995	10,820	18,298	17,617	21,995
State Revolving Fd Loan	3,798	-	-			-	-	1,266	3,798
Loan Repayments	-	-	-	246	145	-	-	78	246
Other	-	12	-	5	7	-	5	5	12
Sub-total	\$ 14,618	\$ 17,406	\$ 18,298	\$ 19,830	\$ 22,147				
Deductions:									
Capital Expenditures	7,096	2,270	1,758	5,805	9,648	1,758	5,805	5,315	9,648
Loans betw Capital Fds	-					-	-	-	-
Other	3,093	230	13			13	230	1,112	3,093
Sub-total	\$ 10,189	\$ 2,500	\$ 1,771	\$ 5,805	\$ 9,648				
Ending balance	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 103,411	\$ 45,454	\$ 76,887	\$ 75,405	\$ 103,411

Observations:

## Water and Sewer Environmental

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Pricing Policy

Metric: Unit tariff rates times consumption

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 1,456	\$ 2,659	\$ 2,659	N/A	\$ -	\$ 1,832	\$ -	\$ -
Additions:								
Environmental Contributions	4,389	6,763	13,819	-	15,539	12,620	18,747	13,078
Loans betw Capital Fds				-	-			
Other				-	-			
Sub-total	\$ 4,389	\$ 6,763	\$ 13,819	\$ -	\$ 15,539	\$ 12,620	\$ 18,747	\$ 13,078
Deductions:								
Capital Expenditures	2,892	6,469	14,646	-	12,880	14,452	18,747	13,078
Septic Tank Phase Out				-	-			
Other	-			-	-			
Sub-total	\$ 2,892	\$ 6,469	\$ 14,646	\$ -	\$ 12,880	\$ 14,452	\$ 18,747	\$ 13,078
Ending Balance	\$ 2,953	\$ 2,953	\$ 1,832	N/A	\$ 2,659	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 9,795	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ -	\$ (9,857)	\$ -	\$ (584)	\$ 9,795
Additions:									
Environmental Contributions	21,747	21,193	21,018	22,056	15,539	15,539	21,193	20,311	22,056
Loans betw Capital Fds	-	-	-			-	-	-	-
Other						-	-	-	-
Sub-total	\$ 21,747	\$ 21,193	\$ 21,018	\$ 22,056	\$ 15,539				
Deductions:									
Capital Expenditures	39,700	22,892	5,862	7,318	12,880	5,862	12,880	17,730	39,700
Septic Tank Phase Out				203		203	203	203	203
Other				19,834		19,834	19,834	19,834	19,834
Sub-total	\$ 39,700	\$ 22,892	\$ 5,862	\$ 27,355	\$ 12,880				
Ending balance	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ (9,857)	\$ -	\$ (2,011)	\$ 5,299

Observations:

## Water and Sewer Construction / Bond Fund

For the Fiscal Quarter Ending March 31, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Capital expenditures per year minus internal funding available

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

(In Thousands)	Actual as of 03/31/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 152	\$ 152	\$ 152	N/A	\$ 664	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds			-	-	-			
Line of Credit			-	-	-			
Transfer from R&R/OCO Fund					-			
Other					17			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures					-			
Bond Proceeds					-			
Other			152		529			
Sub-total	\$ -	\$ -	\$ 152	\$ -	\$ 529	\$ -	\$ -	\$ -
Ending Balance	\$ 152	\$ 152	\$ -	N/A	\$ 152	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 29,622	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 326	\$ 2,305	\$ 8,067	\$ 29,622
Additions:									
Bond Proceeds	-	486	-	-	-	-	-	162	486
Line of Credit	-	-	-	-	-	-	-	-	-
Loans/trnsf btw CapFds	-	10,000	1,893	-	-	-	1,893	3,964	10,000
Other	-	3	476	344	17	-	17	168	476
Sub-total	\$ -	\$ 10,489	\$ 2,369	\$ 344	\$ 17				
Deductions:									
Capital Expenditures	20,243	14,855	3,784	6		6	9,320	9,722	20,243
Bond Proceeds	-	411	48	-	-	-	48	153	411
Line of Credit	-	-	-	-	-	-	-	-	-
Loans/trnsf btw CapFds	-	337	516	-	-	-	337	284	516
Other	1,960	-	-	-	529	-	265	622	1,960
Sub-total	\$ 22,203	\$ 15,603	\$ 4,348	\$ 6	\$ 529				
Ending balance	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 152	\$ 664	\$ 2,173	\$ 7,419

**Observations:**

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017-2019 projection.

**II. E. 2.**

**JEA Investment Policy – Revision to Investment Limitations**



Building Community

**AGENDA ITEM SUMMARY**

April 19, 2017

<b>SUBJECT:</b>	<b>JEA INVESTMENT POLICY – REVISION TO INVESTMENT LIMITATIONS</b>
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<b>Purpose:</b>	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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**Issue:** The JEA Investment Policy requires diversification of investments, with specific limitations for authorized investments listed in Table 1 of the Policy. Section 8.0, Risk and Diversification, of the Investment Policy provides that the CFO can recommend changes to Table 1. The current recommendation is to include the State of Florida Local Government Surplus Funds Trust Fund (“Florida Prime”) in Table 1. The Florida Prime Fund would be included in the Intergovernmental Pools category, with Intergovernmental Pools having an overall limit of 10% of the total investment portfolio.

**Significance:** Revisions to Table 1, Investment Limitations, are being proposed to add the money market fund known as Florida Prime to the list of available investment options. The fund is administered by the Florida State Board of Administration and has been managed by Federated Investors, Inc. since February 2008. Florida Statutes (Section 218.415) and the list of Authorized Investments in the Investment Policy permit all JEA systems to invest in Florida Prime.

**Effect:** The revisions would affect investment income and the composition of the investment portfolio.

**Cost or Benefit:** Improved portfolio diversification and day-to-day operations, providing for the opportunity to improve the investment portfolio yield.

**Recommended Board action:** Staff recommends that the Finance and Audit Committee and the Board approve the attached revisions to Table 1 of the Investment Policy.

**For additional information, contact:** Joe Orfano, 665-4541

Submitted by: PEM/ MHD/JEO/ TPD

<b>MISSION</b>	<b>VISION</b>	<b>VALUES</b>
		
<p>Energizing our community through high-value energy and water solutions.</p>	<p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Service</li> <li>• Growth<sup>2</sup></li> <li>• Accountability</li> <li>• Integrity</li> </ul>

**Commitments to Action**

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



**INTER-OFFICE MEMORANDUM**

April 26, 2017

**SUBJECT: JEA INVESTMENT POLICY - REVISION TO INVESTMENT LIMITATIONS**

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**FROM:** Paul E. McElroy, Managing Director/CEO

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**TO:** JEA Finance and Audit Committee

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Kelly Flanagan, Chair  
Tom Petway  
Husein Cumber

**BACKGROUND:**

Section 218.415 of the Florida Statutes requires that investment activity by a unit of local government be consistent with a written policy adopted by the governing body of such unit of local government. In September 1995, the JEA Board approved an Investment Policy that satisfied this statutory requirement. Since that time, the Florida legislature has amended various sections of Section 218.415. In September 2000, October 2004, August 2008, and December 2011 the JEA Investment Policy was amended to take into account revisions to the statute as well as to incorporate current industry practices. The most recent revisions to the Policy were approved by the JEA Board at the August 16, 2016 Board meeting.

**DISCUSSION:**

The goal of the Investment Policy is to ensure the overall investment objectives of safety of capital, sufficient liquidity, and maximization of portfolio yield. Section 7.0, Portfolio Composition, and Section 8.0, Risk and Diversification, of the Investment Policy provide for the types of allowable securities and limits on the concentration of such securities. Section 8.0 also provides that the CFO can recommend changes to Table 1, Investment Limitations. The current recommendation is to include the State of Florida Local Government Surplus Funds Trust Fund (formerly the "State Pool" and now known as "Florida Prime") in Table 1.

In 2007, the Florida State Pool experienced liquidity problems, resulting in JEA's decision to exit the State Pool. While the Florida Prime Fund continues to be administered by the Florida State Board of Administration, the fund has been managed by Federated Investors, Inc. since 2008 and several additional layers of oversight have been added. The fund is rated AAA by Standard and Poor's. Florida Statutes (Section 218.415) and the list of Authorized Investments in the Investment Policy permit all JEA systems to invest in Florida Prime.

Benefits of adding this investment option would include diversification and incremental yield compared with money market funds currently permitted and other short-term investment options. The Florida Prime Fund would be included in the Intergovernmental Pool category, with Intergovernmental Pools having an overall limit of 10% of the total investment portfolio. JEA's investment in Florida Prime will be reviewed annually at the Debt and Investment Strategy meeting.

**RECOMMENDATION:**

Staff recommends that the Finance and Audit Committee and the Board approve the attached revisions to Table 1 of the Investment Policy.

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Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/TPD

# Table 1, JEA Investment Policy - JEA Investment Limitations

*Recommendations  
are noted in red*

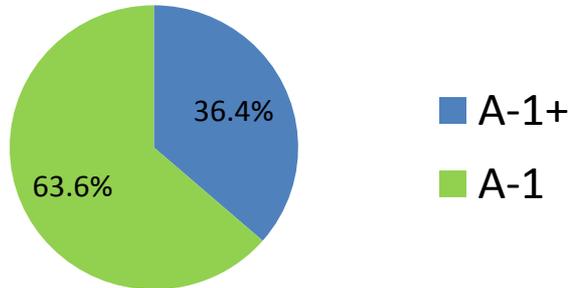
Option	Allowable Range <i>(% of total investments and/or \$ amount)</i>	Comments
Bank NOW Account	Up to 25%, except for 3/31 and 9/30 at which time the limit is 30%	Federal or state insured financial institutions designated as Qualified Public Depositories by the State of Florida
Triparty Repo	Up to 15% with any one dealer; up to 25% in aggregate	102% collateral for Elec., Water, SJRPP 2 <sup>nd</sup> Resolution; 103% for SJRPP 1 <sup>st</sup> Resolution. Collateral can include Treasuries and/or Agencies and is held by a 3 <sup>rd</sup> party custodian. Dealers rated AA by two rating agencies.
U.S. Treasuries or Treasury-only Money Market Funds	Up to 100%	Fund must be rated AAA or Aaa and registered with SEC.
U.S. Agencies (Fannie Mae, Federal Home Loan Bank, Freddie Mac, etc.)	Less than 35% in any one issuer and up to 75% in aggregate, including repo collateral	Electric/DES: No ratings requirement for long-term debt; A-1/P-1 or better for short-term debt; SJRPP 1 <sup>st</sup> Resolution: no ratings requirements; Other Systems: AAA rated; All Systems: Not backed by mortgage loans.
Commercial Paper	Up to 25% of portfolio; maximum of \$12.5 million in any one issuer	Must be in Fortune 500/Global 500, or governments of Canada or Canadian provinces (U.S. dollar-denominated); rated at least A-1/P-1 with stable or positive outlook.
Municipal Bonds	Up to 30% non-JEA debt; 50% including JEA debt	Non-JEA debt must be rated AA by two rating agencies for Elec., Water, and 2 <sup>nd</sup> Power Park Resolution; Fla. GOs for original Power Park Resolution
Government Agency Money Market Mutual Funds	Up to 10% in any one fund; up to 25% in aggregate	AAA or Aaa rating required. Registered with SEC.
Intergovernmental Investment Pools	<b>Up to 10%</b>	Authorized by Florida statutes. <b>Includes Florida Prime Fund and PFM's Florida Education Income Trust Fund.</b>



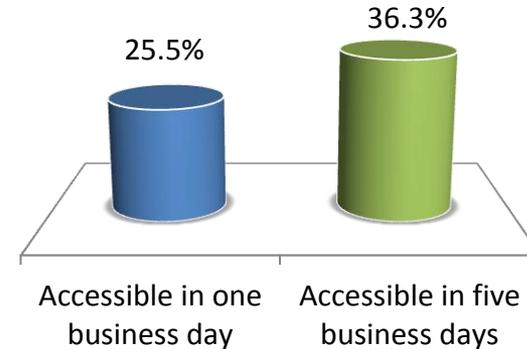
# Florida Prime Portfolio Composition

As of February 2017

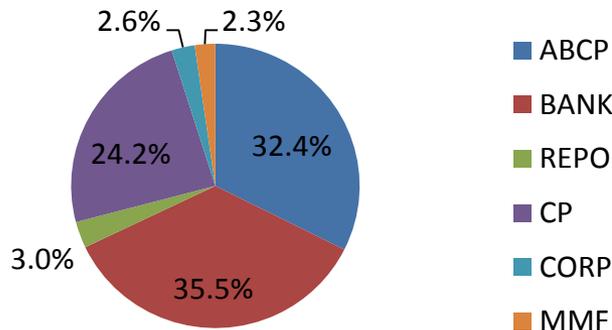
## Credit Quality Composition



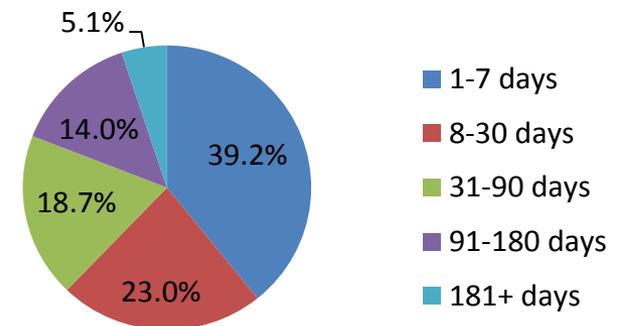
## Highly Liquid Holdings



## Portfolio Composition



## Effective Maturity Schedule



ABCP – Asset Backed Commercial Paper; BANK – Bank Instruments;  
REPO – Repurchase Agreements; CP – Commercial Paper; CORP –  
Corporate Notes; MMF – Money Market Funds

Average Effective Maturity = 43.5 days  
Weighted Average Life = 61.8 days



Florida PRIME Assets = \$10,553,427,851

**II. F.**

**JEA Energy Market Risk Management Policy Report**



Building Community

### AGENDA ITEM SUMMARY

May 8, 2017

<b>SUBJECT:</b>	<b>JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT</b>
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<b>Purpose:</b>	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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**Issue:** The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires a quarterly report on JEA's financial and physical fuel and power transactions. This report includes physical transactions greater than one year and all financial transactions.

**Significance:** High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board's Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy.

**Effect:** Financial and physical transactions allow the JEA Fuels group to manage the risks inherent in the wholesale fuel and energy markets. The attached Finance and Audit Committee report summarizes JEA's current positions.

**Cost or Benefit:** The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

**Recommended Board action:** None required. The report is required by the EMRM Policy and is provided as information.

**For additional information, contact:** Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM

<b>MISSION</b>  Energizing our community through high-value energy and water solutions.	<b>VISION</b>  JEA is a premier service provider, valued asset and vital partner in advancing our community.	<b>VALUES</b> <ul style="list-style-type: none"><li>• Safety</li><li>• Service</li><li>• Growth<sup>2</sup></li><li>• Accountability</li><li>• Integrity</li></ul>
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#### Commitments to Action

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

**Energy Market Risk Management: Physical and Financial Positions**

Summary as of 4/4/2017		
Projected FY17 Expense (Budget = \$412M)	\$438M	☹
Projected Fuel Fund Ending Balance FY17	\$134M	☺
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

**Table 1: Physical Counterparties (Contracts One Year or Greater) as of 4/1/2017**

Generating Unit	Fuel Type	Supplier/ Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
SJRPP	Coal	Coal Marketing Company	Fixed Price	\$ 72,818,060	7 months
Scherer 4	Coal	Alpha- Eagle Butte	Fixed Price	\$ 2,974,043	9 months
Scherer 4	Coal	Coal Sales, LLC	Fixed Price	\$ 1,483,317	9 months
Scherer 4	Coal	Arch Coal Sales Company, Inc	Fixed Price	\$ 1,131,766	9 months
Scherer 4	Coal	FY18 Contura Eagle Butte	Fixed Price	\$ 2,657,078	12 months
Scherer 4	Coal	FY19 Contura Eagle Butte	Fixed Price	\$ 2,806,870	12 months
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$ 275,587,874	4.1 years

**Table 2: Financial Positions as of 4/1/2017**

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost (\$/mmBtu)	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY17	Natural Gas	18,907,600	3,000,000	15.9%	\$3.28	Collar	\$2.93/\$4.50	\$175,026	Wells Fargo
FY18	Natural Gas	40,604,400	-	0.0%	\$3.10	-	-	-	-
FY19	Natural Gas	40,375,800	-	0.0%	\$2.84	-	-	-	-

**Table 3: Fuel Procurement as of 4/4/2017**

Fuel Type	Coal	Petcoke	Oil/Diesel	Purchased Power	Natural Gas	Renewables	Nuclear
FY17 Remaining							
Expected Spend (\$)	101.6M	14.0M	0.1M	17.1M	74.0M	5.1M	
% Procured	68%	9%	100%	0%	50%	100%	
% Hedged	68%	9%	100%	0%	16%	100%	
FY18							
Expected Spend (\$)	96.2M	62.4M	1.0M	56.8M	129.0M	14.7M	
% Procured	34%	9%	100%	0%	56%	100%	
% Hedged	34%	9%	100%	0%	0%	100%	
FY19							
Expected Spend (\$)	69.9M	61.0M	1.6M	75.4M	123.3M	14.0M	3.6M
% Procured	47%	9%	100%	0%	55%	100%	100%
% Hedged	47%	9%	100%	0%	0%	100%	100%

**Supporting Notes:**

- Renewable and nuclear power purchase agreements are not included in Table 1
- Natural Gas Transportation is 100% fixed capacity and price
- Solid fuel procurement – quarterly at Northside; longer term 2017 for SJRPP and 2017/18 for Scherer
- FY17 Energy Mix: 42% Gas, 47% Solid Fuel, 11% Purchase Power expected (based on MWH)
- In Table 3, the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- The FY17 projected fuel fund ending balance has decreased from budget because of increases in fuel prices (\$44M) and lowering of the fuel rate from \$36.75 to \$32.50 on 12/2016 (\$44M)