

**JEA  
FINANCE & AUDIT COMMITTEE AGENDA**

**DATE:** May 7, 2018  
**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 12, 2018	La'Trece Bartley	A	
<b>II.</b>	<b>NEW BUSINESS</b>				
	A.	FY2019 Budget Presentation	Ryan Wannemacher	I	45 mins.
	B.	Quarterly Audit Services Update	Steve Tuten	I	10 mins.
	C.	Ethics Officer Quarterly Report	Walette Stanford	I	5 mins.
	D.	Electric System and Water and Sewer System Reserve Fund Quarterly Report	Joe Orfano	I	5 mins.
	E.	JEA Energy Market Risk Management Policy Report	Mike Brost	I	5 mins.
	F.	Annual Disclosure Report - Open Discussion	Aaron Zahn	I	15 mins.
	G.	Announcements			
	1.	Next Meeting, August 13, 2018, 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	Jeff Rodda	I	5 mins.
	Adjournment				

I. C.

Approval of Minutes

JEA FINANCE & AUDIT COMMITTEE MINUTES  
March 12, 2018

The Finance & Audit Committee of JEA met on Monday, March 12, 2018, 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 – Committee Chair Kelly Flanagan called the meeting to order at 8:00 AM. Board Chair Alan Howard attended in observance, Member Husein Cumber in attendance. Others in attendance were Paul McElroy, Melissa Dykes, Brian Roche, Paul Cosgrave, Mike Hightower, Mike Brost, Ted Hobson, Kerri Stewart, Jody Brooks, Steve Tuten, Joe Orfano, Walette Stanford, Janice Nelson, Ryan Wannemacher, Gary Vondrasek, Steve McInall, Dan Mishra, Kristina Quarterman, Gina Kyle, Gerri Boyce, Russ Jeans, Ernst & Young.
- B. Adoption of Agenda – The agenda was adopted on **motion** by Mr. Cumber and Committee Chair Flanagan.
- C. Approval of Minutes – The December 5, 2017 Minutes were unanimously approved on **motion** by Mr. Cumber and Committee Chair Flanagan.

**Agenda Item II – New Business**

- A. FY2019 Budget Assumptions – Melissa Dykes, Chief Financial Officer, presented and reviewed the FY2019 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 evolution of the electric industry and constraints in the electric generation, water resource management and the health of the St. Johns River. Key assumptions relate to revenue projections, fuel and purchased power costs, and labor costs. Ryan Wannemacher, Director, Financial Planning & Analysis, provided information on FY2019 Electric and Water and Sewer System Budget Assumptions, including customer bill by expense category, revenue drivers, fuel rate, operating expenses, capital funding, debt service, and government transfers. Mr. Wannemacher stated staff will prepare a draft budget for review at the May 7, 2018 Finance and Audit Committee meeting. 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, 2017, and plans to seek the Board's approval and authorization to disseminate those reports at its April 17, 2018 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 20, 2018 Board Meeting. This item was received for information.
- C. Dark Fiber Utility Services for the 21<sup>st</sup> Century Digital Utility – Paul Cosgrave, Chief Information Officer, presented an overview of dark fiber including: the future state of the dark fiber business, benefits, financial projections, program governance, new growth areas and what JEA is not doing. Upon **motion** by Mr. Cumber and Committee Chair Flanagan, the Committee unanimously approved recommending the Board approve and adopted Resolution 2018-01,

authorizing JEA to invest in expansion and enhancement of the existing fiber optic network, with the intention to lease dark fiber.

- D. Quarterly Audit Services Update – Steve Tuten, Director, Audit Services, provided an update to the Committee regarding the vacant positions, progress of the FY18 Internal Audit Plan, 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.
- E. Ethics Officer Quarterly Reports –Walette Stanford, Ethics Officer and Director, Workforce Strategies, provided an update regarding ethics inquiries and the FY17/18 gift registry. Ms. Stanford highlighted March as National Ethics Awareness Month and stated JEA’s company-wide Business Ethics training begins March 1, 2018 for 100% completion no later than March 31, 2018. Ms. Stanford highlighted the Ethical Conduct Guidelines was updated on January 19, 2018 and the JEA Business Ethics pages has been revamped on Sharepoint. This presentation was received for information.
- F. Treasury
1. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
  2. Recap of Recent JEA Water and Sewer System and Electric System Fixed Rate Debt Refunding Delegated Transactions – Joe Orfano, Treasurer, presented that at the November 28, 2017 JEA Board Meeting, Board Members adopted Resolution No. 2017-38, 2017-39, 2017-40 and 2017-41, relating to the Electric System Senior and Subordinated Revenue Bonds and on December 12, 2017 adopted Resolutions No. 2017-42, 2017-43, 2017-44, and 2017-45, which modified certain parameters in the December 2016 Resolutions, relating to the Water and Sewer 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 the Delegation Resolutions, JEA staff priced approximately \$437.2 million in Water and Sewer System bonds on December 12, 2017 and approximately \$383.8 million in Electric System Bonds on December 13, 2017. Mr. Orfano recognized Wells Fargo/Citigroup and Goldman Sachs, 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.
- G. JEA Energy Market Risk Management Policy Report – Mike Brost, Vice President/General Manager, Electric Systems, reviewed the Energy Market Risk Management Policy Report, which was received for information.
- H. Announcements
1. The next Finance and Audit Committee meeting will be held on May 7, 2018, at 8:00 AM.
- I. Committee Discussion Sessions
1. Ernst & Young – At 9:49 AM, Committee Chair Flanagan dismissed staff and the Committee held a general conversation with Russ Jeans.
  2. Director, Audit Services – At 9:59 AM, Committee Chair 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 10:02 AM.

APPROVED BY:

\_\_\_\_\_  
Kelly Flanagan, Committee Chair  
Date: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
La'Trece Bartley  
Executive Assistant

DRAFT

**II. A.**

**FY2019 Budget Presentation**



Building Community

## AGENDA ITEM SUMMARY

April 23, 2018

**SUBJECT:** FY2019 BUDGET PRESENTATION

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

**Issue:** Obtain feedback and direction from the Finance and Audit Committee regarding the FY2019 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 affects 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 FY2019 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 FY2019 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 2018 meeting for final Board approval at the June 2018 meeting.

**For additional information, contact:** Ryan Wannemacher

Submitted by: AFZ/RFW/KMQ



### Commitments to Action

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



**INTER-OFFICE MEMORANDUM**

April 23, 2018

**SUBJECT: FY2019 BUDGET PRESENTATION**

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

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**TO:** JEA Finance and Audit Committee

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Kelly Flanagan, Chair  
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, 2018.

**DISCUSSION:**

Staff will present key strategic initiatives and major budget assumptions for the FY2019 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, septic tank phase-out, and customer satisfaction initiatives. In addition, the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$118.0 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 FY2019. The FY2019 operating budget includes a \$17.8 million increase from FY2018. Budget assumptions include a \$5.1 million increase in Fuel and Purchased Power and a decrease of \$11.8 million in Non-Fuel Purchased Power. Debt service coverage is stable and debt service decreased \$24.9 million from FY2018.
3. Water and Sewer System  
There are no planned rate increases in FY2019. The FY2019 operating budget includes an \$11.6 million increase from FY2018. Operating expenses increased due to investments in storm generator leases, storm resiliency assessments, septic tank phase out commitments with the City

of Jacksonville and staffing for 24x7 coverage. Debt service coverage is stable and debt service decreased \$1.0 million from FY2018.

4. Government Transfers

The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$118.0 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 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 FY2019 operating budget for SJRPP, which includes no capital expenditures, SJRPP railcar repair expenses, and debt service costs.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant (Scherer Unit 4). As with SJRPP, JEA's share of the operating and capital budgets for this unit is a component of the JEA 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 FY2019 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 FY2019 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 2018 meeting for final Board approval at the June 2018 meeting.

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Aaron F. Zahn, Interim Managing Director/CEO

AFZ/RFW/KMQ

**II. A. Return to  
5/07/2018 Agenda**

**JEA  
CONSOLIDATED OPERATING BUDGET  
FISCAL YEAR 2019**

	Electric System	Water & Sewer System	District Energy System	Total
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
FUEL REVENUES:	\$ 422,782,362	\$ -	\$ -	\$ 422,782,362
Total Net Revenues	<u>\$ 422,782,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,782,362</u>
FUEL EXPENSES:	\$ 422,782,362	\$ -	\$ -	\$ 422,782,362
Fuel & Purchased Power	<u>\$ 422,782,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,782,362</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	\$ 812,153,353	\$ 428,955,188	\$ 9,256,655	\$ 1,250,365,196
Environmental Charge Revenue	8,039,817	28,360,500	-	36,400,317
Conservation Charge & Demand Side Revenue	1,000,000	-	-	1,000,000
Other Revenues	28,263,290	40,244,423	-	68,507,713
Natural Gas Pass Through Revenue	2,464,374	-	-	2,464,374
Total Base Related Revenues	<u>\$ 851,920,834</u>	<u>\$ 497,560,111</u>	<u>\$ 9,256,655</u>	<u>\$ 1,358,737,600</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 221,286,372	\$ 157,495,854	\$ 5,127,648	\$ 383,909,874
Environmental	8,039,817	4,346,266	-	12,386,083
Conservation & Demand-side Management	7,590,014	-	-	7,590,014
Natural Gas Pass Through Expense	2,418,255	-	-	2,418,255
Non-Fuel Purchased Power	73,564,702	-	-	73,564,702
Non-Fuel Uncollectibles & PSC Tax	1,437,598	685,974	-	2,123,572
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 319,336,758</u>	<u>\$ 163,528,094</u>	<u>\$ 5,127,648</u>	<u>\$ 487,992,500</u>
BASE OPERATING INCOME:	<b>\$ 532,584,076</b>	<b>\$ 334,032,017</b>	<b>\$ 4,129,007</b>	<b>\$ 870,745,100</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	11,600,594	6,318,534	-	17,919,128
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	24,500,000	-	24,500,000
Total Non Operating Revenues	<u>\$ 11,600,594</u>	<u>\$ 30,818,534</u>	<u>\$ -</u>	<u>\$ 42,419,128</u>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	203,668,843	120,135,545	3,020,449	326,824,837
Total Non Operating Expenses	<u>\$ 203,668,843</u>	<u>\$ 120,135,545</u>	<u>\$ 3,020,449</u>	<u>\$ 326,824,837</u>
BASE INCOME BEFORE TRANSFERS	<b>\$ 340,515,827</b>	<b>\$ 244,715,006</b>	<b>\$ 1,108,558</b>	<b>\$ 586,339,391</b>
City Contribution Expense	93,201,130	24,810,239	-	118,011,369
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	65,500,000	24,904,610	443,117	90,847,727
Operating Capital Outlay	181,814,697	155,085,923	665,441	337,566,061
Environmental Capital Outlay	-	15,414,234	-	15,414,234
Capacity Fees	-	24,500,000	-	24,500,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 340,515,827</u>	<u>\$ 244,715,006</u>	<u>\$ 1,108,558</u>	<u>\$ 586,339,391</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<b>\$ 1,286,303,790</b>	<b>\$ 528,378,645</b>	<b>\$ 9,256,655</b>	<b>\$ 1,823,939,090</b>
TOTAL APPROPRIATIONS	<b>\$ 1,286,303,790</b>	<b>\$ 528,378,645</b>	<b>\$ 9,256,655</b>	<b>\$ 1,823,939,090</b>
BUDGETED EMPLOYEE POSITIONS	1,553	599	6	2,158
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

**II. A. Return to  
5/07/2018 Agenda**

**JEA  
CONSOLIDATED CAPITAL BUDGET  
FISCAL YEAR 2019**

	Electric System	Water & Sewer System	District Energy System	Total
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 65,500,000	\$ 24,904,610	\$ 443,117	\$ 90,847,727
Operating Capital Outlay	181,814,697	155,085,924	665,441	337,566,062
Environmental Capital Outlay	-	15,414,234	-	15,414,234
Capacity Fees	-	24,500,000	-	24,500,000
Debt Proceeds	-	-	-	-
Other Proceeds	87,273,303	28,556,232	3,999,442	119,828,977
<b>Total Capital Funds</b>	<b>\$ 334,588,000</b>	<b>\$ 248,461,000</b>	<b>\$ 5,108,000</b>	<b>\$ 588,157,000</b>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 113,000,000	\$ -	\$ -	\$ 113,000,000
Transmission & Distribution Projects	137,221,000	-	-	137,221,000
District Energy Projects	-	-	5,108,000	5,108,000
Water Projects	-	71,300,000	-	71,300,000
Sewer Projects	-	144,657,000	-	144,657,000
Other Projects	84,367,000	32,504,000	-	116,871,000
<b>Total Capital Projects</b>	<b>\$ 334,588,000</b>	<b>\$ 248,461,000</b>	<b>\$ 5,108,000</b>	<b>\$ 588,157,000</b>

JEA  
Five Year Capital Improvement Program  
Fiscal Years 2019-2023  
(\$000'S Omitted)

<u>Project Title</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>Project Total</u>
Electric System Generation	113,000	61,892	168,112	264,414	145,535	752,953
Electric System Transmission and Distribution	137,221	121,728	72,985	62,094	66,286	460,314
Electric System Other	84,367	76,078	40,186	30,536	33,267	264,434
<b>Total</b>	<b><u>\$334,588</u></b>	<b><u>\$259,698</u></b>	<b><u>\$281,283</u></b>	<b><u>\$357,044</u></b>	<b><u>\$245,088</u></b>	<b><u>\$1,477,701</u></b>
Water Treatment and Distribution	71,300	58,421	67,876	59,436	76,785	333,818
Sewer, Wastewater, and Reclaimed	144,657	165,715	152,799	159,584	127,528	750,283
Other Capital	32,504	25,441	26,947	23,941	26,477	135,310
<b>Total</b>	<b><u>\$248,461</u></b>	<b><u>\$249,577</u></b>	<b><u>\$247,622</u></b>	<b><u>\$242,961</u></b>	<b><u>\$230,790</u></b>	<b><u>\$1,219,411</u></b>
District Energy System	<b><u>\$5,108</u></b>	<b><u>\$1,350</u></b>	<b><u>\$1,783</u></b>	<b><u>\$1,350</u></b>	<b><u>\$1,350</u></b>	<b><u>\$10,941</u></b>

JEA  
ST. JOHNS RIVER POWER PARK (SJRPP)  
AND PLANT SCHERER (SCHERER)  
OPERATING AND CAPITAL BUDGET  
FISCAL YEAR 2019

	SJRPP	SCHERER
<hr/>		
OPERATING BUDGET:		
Revenue:		
Operating Revenue from JEA	\$ 29,189,038	\$ 68,791,930
	<hr/>	<hr/>
Expenses:		
Fuel and O & M	\$ 1,554,666	\$ 47,958,293
Transmission	-	5,500,000
Debt Service	24,563,886	9,484,637
Renewal & Replacement	3,070,486	5,849,000
Total Expenses	\$ 29,189,038	\$ 68,791,930
	<hr/>	<hr/>
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CAPITAL BUDGET :	\$ -	\$ 5,849,000
	<hr/>	<hr/>

MWHs Purchased by JEA Electric System	0	1,523,200
Employee Positions	0	

Notes: all Plant Scherer employees are Georgia Power Co. employees.  
SJRPP was decommissioned as of January 5, 2018.

II. A.  
5/07/2018

Return to  
Agenda

# FY2019 Budget

Finance & Audit Committee

May 7, 2018



# 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

# 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 annual Budget development process follows the timeline displayed below.

Task	Timeline	Ongoing Activities
Five Year Financial Plan	October - December	Monthly purchased power meetings, monthly forecast meetings, quarterly debt and investment meetings, enterprise risk management, annual risk assessments, integrated resource plan, cost of service studies
Capital Investment Program	December – January	
Operating Budget Preparation	February – June	
JEA Board Approval	June – August	
Submission to City Council	July	
Annual Resource Master Plans	August - September	

JEA’s CEO, CFO, Legislative Affairs and the 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.

# Budget Process Summary

**Five-Year Financial Plan** is based on integrated ten-year financial projection and rate 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.

**Capital Investment Program** - 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 . 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. 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.

# Budget Process Summary

The business units' O&M expenses line item totals \$384 million or 21% of the \$1.8 billion proposed FY2019 JEA Consolidated Budget consisting of \$262 million of payroll expenses and the remaining \$122 million is in material and supplies, other services and charges, insurance payments, succession planning and other expenses. The FY2019 budgeted salary lapse is 7.00% for the Electric System and 5.00% for the Water and Sewer System, which are representative of recent year's activity.

**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>, having been reviewed by the Board in March and May.

**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>.

**Annual Resource Master Plan** 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.



## Budget Process Summary

### JEA Budget Summary and Consolidated Schedules

- FY2019 Proposed Budget Summary
- Government Transfers

## Electric System

## Water and Sewer System

## District Energy System

## Rate Stabilization Funds

## Summary

## Supplemental Schedules

# Proposed FY2019 Budget Summary

## Electric System

<u>Revenue</u>	<u>FY2019B</u>	<u>FY2018B</u>	<u>Δ</u>	<u>FY18F</u>
(in millions)	\$1,286	\$1,269	\$17	\$1,213

### Unit Sales Growth

- 1.2% increase to system sales from FY2018B
- 5.0% weather contingency

<u>COJ Transfer</u>	<u>FY07</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18F</u>	<u>FY19P</u>
Total (\$ in millions)	\$121	\$192	\$192	\$195	\$197

### O&M

- Increases by \$5.0m or 2.3% versus prior year's budget
- Generating Unit Outages, \$16.2m vs. \$12.2m in FY2018
- Includes bargaining unit increases per contractual agreements
- Includes funding for strategic initiatives and enterprise asset management

<u>Capital (millions)</u>	<u>FY18F</u>	<u>FY19*</u>	<u>FY20</u>	<u>FY21</u>
Depreciation	\$193	\$188	\$197	\$207
Expenditures	\$195	\$335	\$260	\$281

<u>Funding</u>	<u>FY18F</u>	<u>FY19*</u>
R&R	\$66	\$66
OCO	\$79	\$182
Prior	\$50	\$87
Debt	<u>\$0</u>	<u>\$0</u>
	\$195	\$335

\*FY19 Budget Includes 10% contingency

<u>Metrics</u>	<u>FY19B</u>	<u>Pricing Policy</u>
Coverage	2.9x	≥ 2.2x
Debt to Asset	63%	≤ 53.5%
Days of Liquidity	271	150-250 days
Total Debt	\$2.30bn	--
Change in Debt	(\$282m)	--

## Water and Sewer System

<u>Revenue</u>	<u>FY2019B</u>	<u>FY2018B</u>	<u>Δ</u>	<u>FY18F</u>
(in millions)	\$528	\$517	\$11	\$498

### Unit Sales Growth

- No change to system sales from FY2018B
- 5.0% weather contingency

<u>COJ Transfer</u>	<u>FY07</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18F</u>	<u>FY19P</u>
Total (\$ in millions)	\$27	\$47	\$49	\$51	\$51

### O&M

- Increases by \$5.7m or 3.8% versus over prior year's budget
- Includes bargaining unit increases per contractual agreements
- Includes funding for strategic initiatives and enterprise asset management

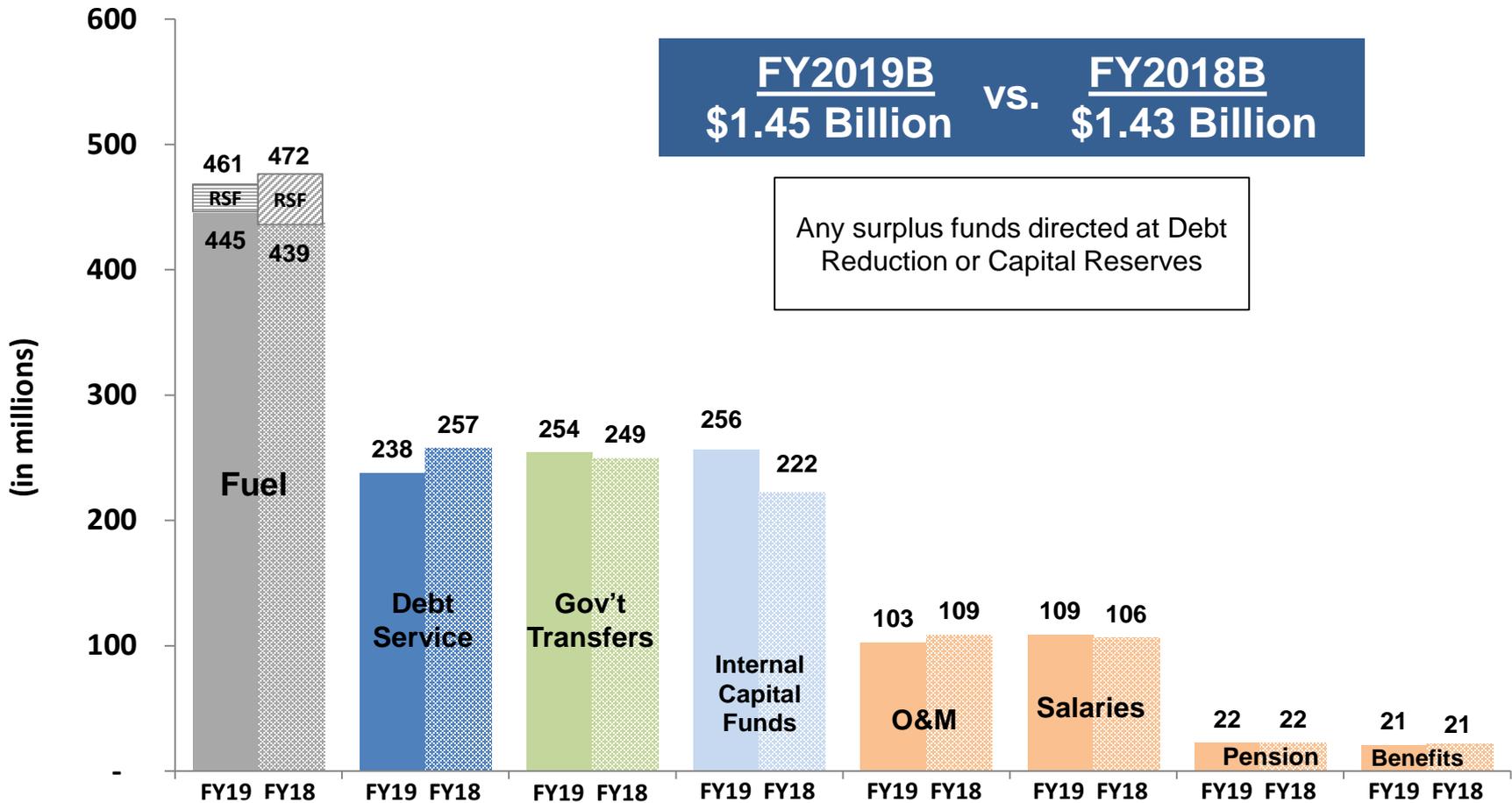
<u>Capital (millions)</u>	<u>FY18F</u>	<u>FY19*</u>	<u>FY20</u>	<u>FY21</u>
Depreciation	\$140	\$141	\$145	\$151
Expenditures	\$215	\$248	\$250	\$248

<u>Funding</u>	<u>FY18F</u>	<u>FY19*</u>
R&R	\$24	\$25
OCO/Capacity	\$164	\$174
Environmental	\$11	\$15
Prior	\$16	\$34
Debt	<u>\$0</u>	<u>\$0</u>
	\$215	\$248

\*FY19 Budget Includes 10% contingency

<u>Metrics</u>	<u>FY19B</u>	<u>Pricing Policy</u>
Coverage	3.0x	≥ 1.8x
Debt to Asset	45%	≤ 49%
Days of Liquidity	310	150-250 days
Total Debt	\$1.48bn	--
Change in Debt	(\$81m)	--

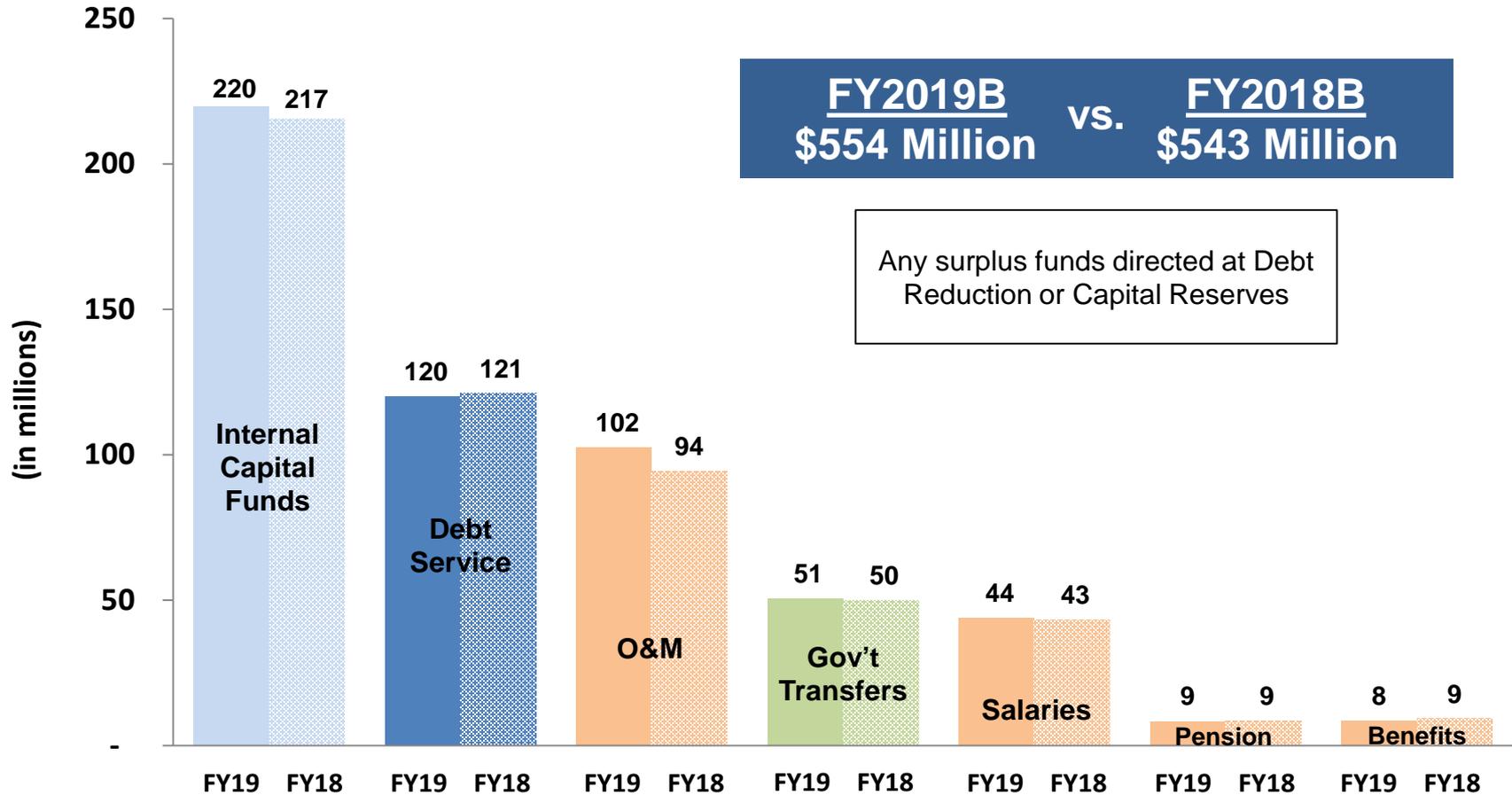
# FY2019 Budget: Customer Electric Bill by Expense Category



**Notes:**

1. Fuel includes Scherer transmission and capacity expenses
2. SJRPP and Scherer non-fuel purchase power expenses included in Debt Service and Internal Capital. Scherer also included in O&M
3. Government Transfers include City Contribution, COJ Public Service Tax, COJ Franchise Fee, State Gross Receipt Tax, and State and COJ Sales Tax (Commercial customers only)
4. O&M Salaries, Benefits, and Pension are net of capital
5. FY2019 O&M includes \$2.4M Natural Gas retail sale operations
6. Internal Capital Funds include JEA Electric System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required
7. Lower principal and interest due to debt restructuring in FY2017
8. Internal capital funds for FY2019 are greater than annual depreciation but less than the estimated budget for FY2019 of \$335m

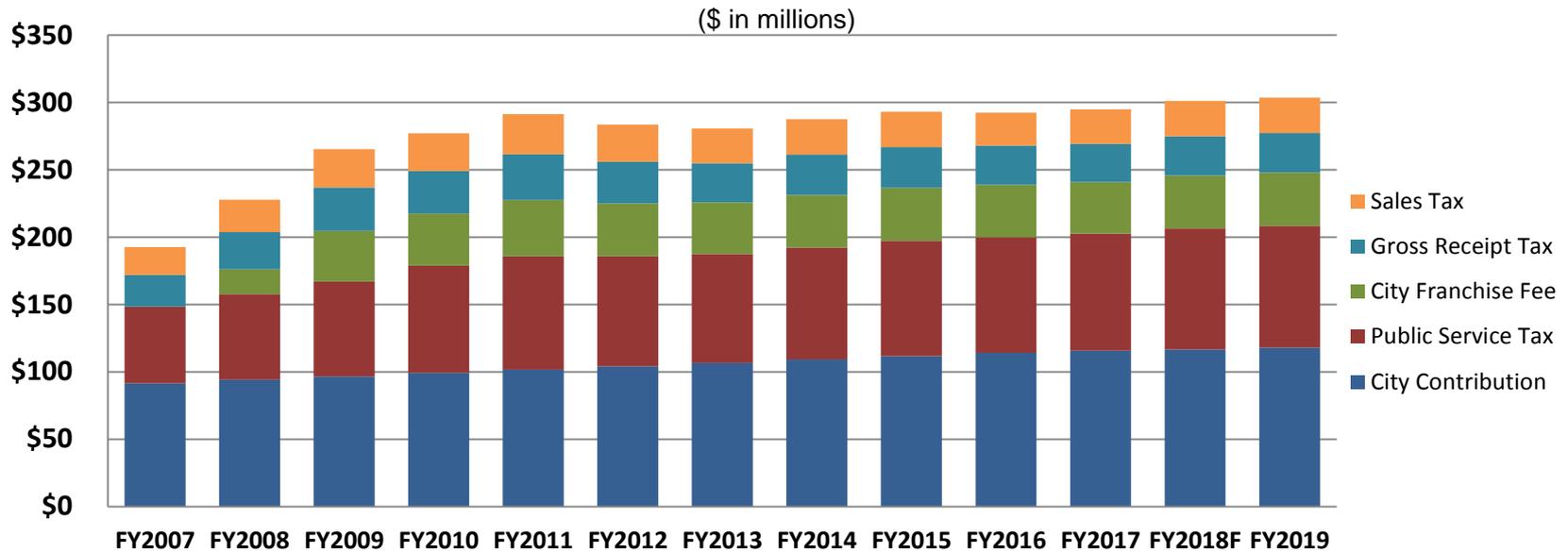
# FY2019 Budget: Customer Water and Sewer Bill by Expense Category



**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 FY2019 capital program is funded by Internal Capital, no new debt is required
4. FY2019 Debt Service decrease reflects lower interest payments
5. Internal capital funds for FY2019 are greater than annual depreciation but less than the estimated budget for FY2019 of \$248

# Government Transfers via the JEA Bill



Description	Paid To	FY07	FY08	FY09	FY15	FY16	FY17	FY18F	FY19
City Contribution	COJ	\$91.4	\$94.2	\$96.7	\$111.7	\$114.2	\$115.8	\$116.6	\$118.0
Public Service Tax	COJ	56.9	63.6	70.5	85.6	85.8	86.9	89.9	90.5
City Franchise Fee	COJ	-	18.3	37.5	39.4	38.9	38.3	39.3	39.5
Gross Receipt Tax	State	23.7	27.6	32.1	30.2	29.8	28.4	29.2	29.3
Sales Tax	State and COJ	20.6	24.1	28.5	26.4	26.0	25.6	26.3	26.4
<b>Total</b>		<b>\$192.6</b>	<b>\$227.8</b>	<b>\$265.3</b>	<b>\$293.3</b>	<b>\$294.7</b>	<b>\$294.9</b>	<b>\$301.3</b>	<b>\$303.7</b>
Percent increase from FY2007			18%	38%	52%	53%	53%	56%	58%

\$248  
COJ

JEA transfers to the City of Jacksonville have increased to \$248 million

# FY2019 Electric System Budget: Non-Fuel Purchased Power

<b>SJRPP (Shut down 1/5/18)</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Variance</b>	<b>Explanation</b>
O&M	\$6,250,000	-	(\$6,250,000)	SJRPP Decommissioned 1/5/2018
Debt Service	18,940,373	24,563,886	5,623,513	Scheduled principal maturities
R&R	(4,395,310)	3,070,486	7,465,796	Second resolution/No funding from FPL
Subtotal SJRPP	\$20,795,063	\$27,634,372	\$6,839,309	
<b>Scherer</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Variance</b>	<b>Explanation</b>
O&M	\$11,960,608	\$8,230,693	(\$3,729,915)	
Debt Service	9,942,757	9,484,637	(458,120)	
R&R	21,569,627	5,849,000	(15,720,627)	Decreased Capital Program
Transmission	5,300,000	5,500,000	200,000	
Subtotal Scherer	\$48,772,992	\$29,064,330	(\$19,708,662)	
<b>Other</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Variance</b>	<b>Explanation</b>
Other Capacity	\$15,804,000	\$16,866,000	\$1,062,000	PPA for additional power
Vogle Debt Service	11,744,583	14,327,360	2,582,777	Planned D/S payment
Rate Stabilization	(11,744,583)	(14,327,360)	(2,582,777)	
Subtotal Other	\$15,804,000	\$16,866,000	\$1,062,000	
<b>Total Non-Fuel Purchased Power</b>	<b>\$85,372,055</b>	<b>\$73,564,702</b>	<b>(\$11,807,353)</b>	

# Total JEA Labor Costs

(\$ in millions)	FY2017	Budget FY2018	Budget FY2019	Budget FY2019 vs FY2018
Payroll Expense <sup>2</sup>	\$179.4	\$182.2	\$190.5	4.5%
Benefits	34.5	36.2	35.7	(1.4%)
Subtotal	\$213.9	\$218.4	\$226.2	3.6%
Pension	50.5	35.1	36.1	2.8%
Subtotal	\$264.4	\$253.5	\$262.2	3.4%

## 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%	4.5%	4.5%
JSA	0%	0%	2%	3.0%	3.0%	3.0%
LIUNA	0%	2%	2%	4.5%	4.5%	4.5%
AFSCME	0%	0%	1.5%	2.5%	2.5%	3.0%
M&C	0%	0%	2%	3.0%	3.0%	TBD
PEA	0%	0%	3%	5.0%	5.0%	3.0%
Appointed	0%	0%	0%-6%, avg 2%	0%-5%, avg 3%	0%-4.3%, avg 3%	TBD

## Discussion and Analysis

- Base payroll expense for FY2019 increases 4.5% vs FY2018
- The current pension payment is expected to increase slightly due to additional budgeted defined contribution

### Notes

1) Includes Bargaining Unit adjustments in 2018-2019 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 through FY2019

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**

## **JEA 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 2019 Budget	FY 2018 Budget	Change	FY 2018 Forecast
<b>FUEL RELATED REVENUES &amp; EXPENSES:</b>				
FUEL REVENUES:	422,782,362	\$ 417,649,053	\$ 5,133,309	\$ 398,121,846
Transfer To/From Fuel Recovery	-	-	-	(10,575)
Total Net Revenues	<u>422,782,362</u>	<u>417,649,053</u>	<u>\$ 5,133,309</u>	<u>\$ 398,111,271</u>
FUEL EXPENSES:	<u>422,782,362</u>	<u>\$ 417,649,053</u>	<u>\$ 5,133,309</u>	<u>\$ 398,111,271</u>
Fuel & Purchased Power	<u>422,782,362</u>	<u>\$ 417,649,053</u>	<u>\$ 5,133,309</u>	<u>\$ 398,111,271</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	\$ 812,153,353	\$ 802,292,405	\$ 9,860,948	\$ 768,635,157
Environmental Charge Revenue	8,039,817	7,942,200	97,617	7,573,764
Conservation Charge & Demand Side Revenue	1,000,000	1,000,000	-	974,735
Other Revenues	28,263,290	30,551,894	(2,288,604)	28,183,487
Natural Gas Pass Through Revenue	2,464,374	2,383,913	80,461	1,393,173
Total Base Related Revenues	<u>851,920,834</u>	<u>\$ 844,170,412</u>	<u>\$ 7,750,422</u>	<u>\$ 806,760,316</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 221,286,372	\$ 216,333,938	\$ 4,952,434	\$ 211,592,588
Environmental	8,039,817	7,942,200	97,617	7,573,764
Conservation & Demand-side Management	7,590,014	7,510,000	80,014	7,221,580
Natural Gas Pass Through Expense	2,418,255	2,290,414	127,841	1,486,620
Non-Fuel Purchased Power	73,564,702	85,372,055	(11,807,353)	128,774,274
Non-Fuel Uncollectibles & PSC Tax	1,437,598	1,210,993	226,605	1,050,730
Emergency Contingency	5,000,000	5,000,000	-	5,000,000
Total Base Related Expenses	<u>319,336,758</u>	<u>\$ 325,659,600</u>	<u>\$ (6,322,842)</u>	<u>\$ 362,699,556</u>
BASE OPERATING INCOME:	<b>\$ 532,584,076</b>	<b>\$ 518,510,812</b>	<b>\$ 14,073,264</b>	<b>\$ 444,060,760</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	11,600,594	6,714,534	4,886,060	8,149,847
Transfer To/From Fuel Recovery	-	-	-	10,575
Total Non Operating Revenues	<u>11,600,594</u>	<u>\$ 6,714,534</u>	<u>\$ 4,886,060</u>	<u>\$ 8,160,422</u>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	203,668,843	228,558,551	(24,889,708)	216,502,228
Total Non Operating Expenses	<u>203,668,843</u>	<u>\$ 228,558,551</u>	<u>\$ (24,889,708)</u>	<u>\$ 216,502,228</u>
BASE INCOME BEFORE TRANSFERS	<b>\$ 340,515,827</b>	<b>\$ 296,666,795</b>	<b>\$ 43,849,032</b>	<b>\$ 235,718,954</b>
City Contribution Expense	93,201,130	91,471,795	1,729,335	91,471,795
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	65,500,000	64,537,408	962,592	65,608,800
Operating Capital Outlay	181,814,697	140,657,592	41,157,105	78,638,359
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	<u>340,515,827</u>	<u>\$ 296,666,795</u>	<u>\$ 43,849,032</u>	<u>\$ 235,718,954</u>
SURPLUS/(DEFICIT)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<b>\$ 1,286,303,790</b>	<b>\$ 1,268,533,999</b>	<b>\$ 17,769,791</b>	<b>\$ 1,213,032,009</b>
TOTAL APPROPRIATIONS	<b>\$ 1,286,303,790</b>	<b>\$ 1,268,533,999</b>	<b>\$ 17,769,791</b>	<b>\$ 1,213,032,009</b>
BUDGETED EMPLOYEE POSITIONS	1,553	1,553	-	1,554
BUDGETED TEMPORARY HOURS	104,000	104,000	-	104,000

ELECTRIC SYSTEM  
CAPITAL BUDGET

	FY 2019 Budget	FY 2018 Budget	Change	FY 2018 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 65,500,000	\$ 64,537,408	\$ 962,592	\$ 65,608,800
Operating Capital Outlay	181,814,697	140,657,592	41,157,105	78,638,359
Environmental Capital Outlay	-	-	-	-
Debt Proceeds	-	-	-	-
Construction Fund Investment Income	-	-	-	-
Other Proceeds	87,273,303	-	87,273,303	9,342,520
<b>Total Capital Funds</b>	<b>\$ 334,588,000</b>	<b>\$ 205,195,000</b>	<b>\$ 129,393,000</b>	<b>\$ 153,589,679</b>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 113,000,000	\$ 27,585,000	\$ 85,415,000	\$ 27,832,273
Transmission & Distribution Projects	137,221,000	102,012,000	35,209,000	81,202,148
Other Projects	84,367,000	75,598,000	8,769,000	42,308,099
<b>Total Capital Projects</b>	<b>\$ 334,588,000</b>	<b>\$ 205,195,000</b>	<b>\$ 129,393,000</b>	<b>\$ 151,342,520</b>

Operating Variance Analysis (\$ millions)	Budget FY2019	Budget FY2018	Change	Percent Chg
MWh sales	13,180,028	13,020,000	160,027	1.2%
Fuel Revenues <sup>1</sup>	\$422.78	\$417.65	\$5.13	1.2%
Variable Fuel Rate per MWh	\$32.50	\$32.50	\$0.00	0.0%
Fuel (excluding reserve adj & discounts) <sup>2</sup>	\$438.93	\$450.45	(\$11.52)	-2.6%
Gas & Oil per MWh produced	23.77	\$25.26	(\$1.49)	-5.9%
Solid Fuel per MWh produced	30.74	\$29.70	\$1.04	3.5%
Base Revenues <sup>3</sup>	\$812.15	\$802.29	\$9.86	1.2%
Electric O&M (see O&M schedule)	\$221.29	\$216.33	\$4.96	2.3%
Non-Fuel Purchased Power <sup>4</sup>	\$73.56	\$85.37	(\$11.81)	-13.8%
Scherer O&M and R&R <sup>4</sup>	\$14.08	\$33.53	(\$19.45)	
SJRPP R&R	3.07	(\$4.40)	\$7.47	
Debt Service	\$203.67	\$228.56	(\$24.89)	-10.9%
Renewal & Replacement <sup>5</sup>	\$65.50	\$64.54	\$0.96	1.5%
Operating Capital Outlay <sup>5</sup>	\$181.81	\$140.66	\$41.15	29.3%
City Contribution	\$93.20	\$91.47	\$1.73	1.9%

Capital Budget Variance Analysis

Capital Funds <sup>6</sup>	\$334.59	\$205.20	\$129.39	63.1%
Capital Projects <sup>7</sup>	\$334.59	\$205.20	\$129.39	63.1%

(1) Fuel Rate \$32.50

(2) See fuel rate detail sheet

(3) Base Rate \$61.62

(4) Lower Scherer capital expenses. Higher SJRPP debt service due to scheduled principal maturities. SJRPP decommissioned January 5, 2018

(5) The FY19 R&R is based on FY18 forecasted revenues. The FY19 OCO is the remaining amount to fully fund the FY19 capital expenses

(6) FY19 Capital Fund Sources are from Current Year Internal Funding and prior year balances

(7) Includes Management target of \$304.2 million plus a 10% contingency

# Electric System Revenues

Revenue Line Items (000's Omitted)	FY2019B	FY2018B
Base Revenue	\$812,153	\$802,292
Variable Fuel Revenue	422,782	417,649
Environmental Revenue	8,040	7,942
Transmission Revenue	7,918	7,909
Investment Revenue	11,601	6,715
Pole Attachment Revenue	5,080	4,980
Wireless Colocation Revenue	2,303	3,050
Joint Dispatch Revenue	0	2,791
Natural Gas Revenue	2,464	2,384
Dark Fiber Revenue	2,516	1,754
Conservation/DSM Revenue	1,000	1,000
Other Revenue <sup>1</sup>	10,447	10,068
Total	\$1,286,304	\$1,268,534



<sup>1</sup> Includes late fees, connection fees, and other utility operating income.

# Electric System Capital Budget

Budget Line Items (000's Omitted)	FY2019B	FY2018B
Electric System Generation Projects	\$113,000	\$27,585
Electric System Transmission and Distribution projects	137,221	102,012
Electric System Other Projects	84,367	75,598
<b>Total</b>	<b>\$334,588</b>	<b>\$205,195</b>



Note: Detailed FY2019 project list is included in the CIP Schedules within the Supplemental section

Variable Fuel Rate per MWh	FY2017	FY2018F	FY2019B	FY2020
Fuel Rate Budgeted per \$/MWh	\$32.50	\$32.50	\$32.50	\$32.50
Reserve as a % of Target Expense	21%	12%	9%	7%
<b>Annual Fuel Cost (millions)</b>	<b>\$443</b>	<b>\$454</b>	<b>\$439</b>	<b>\$438</b>

## Discussion and Analysis

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

# FY2019 Electric System Budget: Operating Expenses

(\$ in millions)	FY2018 Budget <sup>1</sup>	FY2019 Budget <sup>1</sup>	Variance	Explanation
Salaries & Benefits	\$176.7*	\$180.1*	\$3.4	Step increases, market adjustments and bargaining unit agreements
Other Services	108.9	114.6	5.7	Outages , Electrification
Materials & Supplies	16.2	17.1	0.9	
Other	18.5	18.9	0.4	Insurance premium increase
Credits – Shared Services	(51.7)	(53.9)	(2.2)	Increase in shared expenses allocated to Water
Credits – Capitalization	(37.2)	(40.3)	(3.1)	Higher capitalization
Credits – Other	(15.1)	(15.2)	(0.1)	
<b>Total</b>	<b>\$216.3</b>	<b>\$221.3</b>	<b>\$5.0</b>	

2.3%

## Key Strategic Issues Included in Budget

FY2018		FY 2019	
Generating Unit Outages	\$12.2	Generating Unit Outages	\$16.2
Succession Planning Staffing Risks	2.6	Succession Planning Staffing Risks	2.6
Climate Change	1.0	Climate Change	1.0
Enterprise Asset Management	5.0	Enterprise Asset Management	3.0
Net Pension Decrease	(12.8)		
Compensation	*	Compensation	*
<b>Total</b>	<b>\$8.0</b>	<b>Total</b>	<b>\$22.8</b>

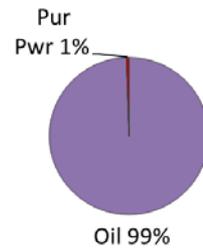
<sup>1</sup>Excludes Customer Benefit, Environmental, and Retail Natural Gas

# Historical Fuel Mix

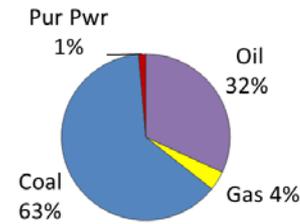
**1970**



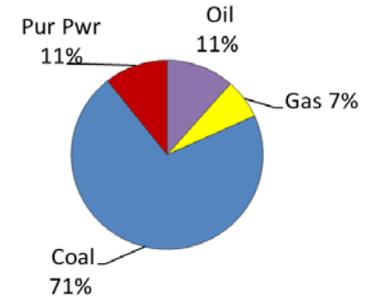
**1977**



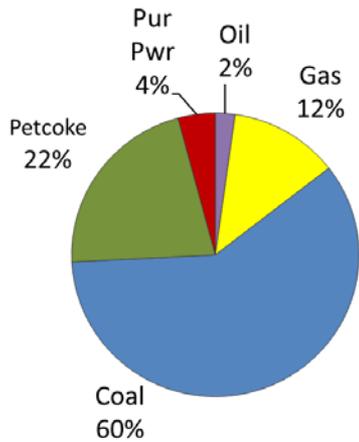
**1987**



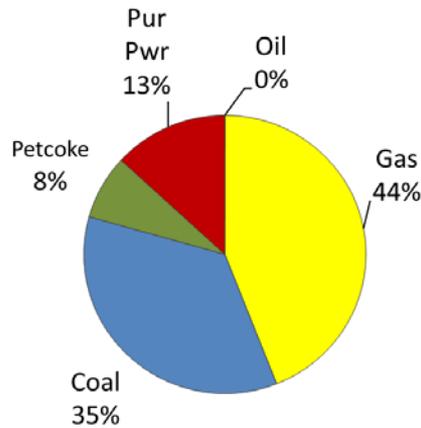
**1997**



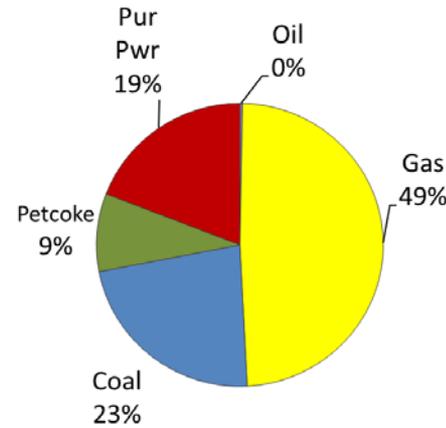
**2007**



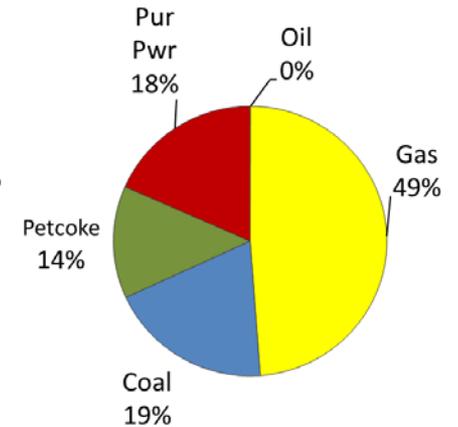
**2017**



**2018 (Forecast)**



**2019 (Budget)**





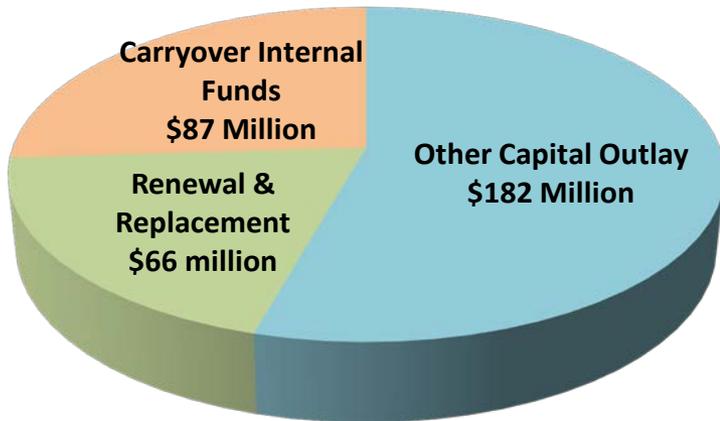
No New Debt!

# Electric System: Capital Funding

## FY2019 – Electric System Capital Budget: \$335 Million

System Maintenance: \$234 Million	System Expansion: \$101 Million
- Renewal and Replacement	- New or Expanded Generation
- Distribution	- New Transmission Lines
- Facilities, Fleet, Technology	- New or Expanded Substations

### Source of Capital Funding



### Discussion & Analysis

- FY2019 capital funding plan utilizes existing capital cash balances to fund the “long-term eligible funds” qualified projects, resulting in no new debt issuance for FY2019
- FY2018 capital plan budget was \$205 million, current forecast is \$195 million
- December 2017 rating agency FY2019 capital program was projected to be \$253 million
- Focus on FY2019 key initiatives related to technology with a \$20 million 2-Way Meter Conversion and a \$55 million Brandy Branch upgrade to increase capacity by 84 MW

# FY2019 Electric System Budget: Debt Service

	FY2018 Budget	FY2019 Budget	Budget Variance	Explanation
Debt Service – Principal	\$124.2	\$116.2	(\$8.0)	Debt Restructuring from FY2017
Debt Service – Prepayment	---	---	---	
Debt Service – Interest	94.3	87.4	(6.9)	Lower Debt Balance
<b>Total<sup>1</sup></b>	<b>\$218.5</b>	<b>\$203.6</b>	<b>(\$14.9)</b>	

Debt Service Coverage	2.4x	2.9x	0.5x	
Debt to Asset %	60%	63%	3%	New Moody's calculation and closure of SJRPP

<b>Variable Rate Debt %</b>				
Gross	23.2%	25.7%	2.5%	Paydown of Fixed Rate Debt
Net of Swaps	7.3%	8.0%	0.7%	
<b>Variable Interest Rate %</b>	3.0%	3.0%	---	

<b>Liquidity – Days Cash<sup>2</sup></b>	257	173	(84)	Utilization of Fuel Rate Stabilization and Capital Fund withdrawal of \$87m
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<sup>1</sup> Includes scheduled interest and principal payments to bondholders, variable rate financing costs, and swap payments

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

# Agenda

**Budget Process Summary**

**JEA Budget Summary and Consolidated Schedules**

**Electric System**

## **JEA 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

	FY2019 Budget	FY2018 Budget	Change	FY2018 Forecast
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 428,955,188	\$ 428,490,220	\$ 464,968	\$ 409,681,956
Environmental Charge Revenue	28,360,500	28,360,500	-	25,891,360
Other Revenues	40,244,423	34,091,486	6,152,937	33,683,025
Total Base Related Revenues	<u>\$ 497,560,111</u>	<u>\$ 490,942,206</u>	<u>\$ 6,617,905</u>	<u>\$ 469,256,341</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 157,495,854	\$ 151,804,759	\$ 5,691,095	\$ 146,517,533
Environmental CUP - DSM	4,346,266	1,589,300	2,756,966	1,051,918
Non-Fuel Uncollectibles & PSC Tax	685,974	685,277	697	617,861
Emergency Contingency	1,000,000	1,000,000	-	1,000,000
Total Base Related Expenses	<u>\$ 163,528,094</u>	<u>\$ 155,079,336</u>	<u>\$ 8,448,758</u>	<u>\$ 149,187,312</u>
<b>BASE OPERATING INCOME:</b>	<b>\$ 334,032,017</b>	<b>\$ 335,862,870</b>	<b>\$ (1,830,853)</b>	<b>\$ 320,069,029</b>
<b>NON-OPERATING REVENUE:</b>				
Investment Income	6,318,534	4,854,301	1,464,233	5,633,474
Capacity Fees	24,500,000	21,000,000	3,500,000	23,202,376
Total Non Operating Revenues	<u>\$ 30,818,534</u>	<u>\$ 25,854,301</u>	<u>\$ 4,964,233</u>	<u>\$ 28,835,850</u>
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	120,135,545	121,122,632	(987,087)	118,630,399
Total Non Operating Expenses	<u>\$ 120,135,545</u>	<u>\$ 121,122,632</u>	<u>\$ (987,087)</u>	<u>\$ 118,630,399</u>
<b>BASE INCOME BEFORE TRANSFERS</b>	<b>\$ 244,715,006</b>	<b>\$ 240,594,539</b>	<b>\$ 4,120,467</b>	<b>\$ 230,274,480</b>
City Contribution Expense	24,810,239	25,148,020	(337,781)	25,148,020
Interlocal Payments	-	-	-	346,727
Renewal and Replacement Fund	24,904,610	24,473,800	430,810	24,473,800
Operating Capital Outlay	155,085,923	151,801,519	3,284,404	140,815,335
Operating Capital Outlay - Environmental	15,414,234	18,171,200	(2,756,966)	16,288,222
Capacity Fees	24,500,000	21,000,000	3,500,000	23,202,376
Contingencies & Working Capital	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 244,715,006</u>	<u>\$ 240,594,539</u>	<u>\$ 4,120,467</u>	<u>\$ 230,274,480</u>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b>\$ 528,378,645</b>	<b>\$ 516,796,507</b>	<b>\$ 11,582,138</b>	<b>\$ 498,092,191</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 528,378,645</b>	<b>\$ 516,796,507</b>	<b>\$ 11,582,138</b>	<b>\$ 498,092,191</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

	FY2019 Budget	FY2018 Budget	Change	FY2018 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 24,904,610	\$ 24,473,800	\$ 430,810	\$ 24,473,800
Operating Capital Outlay	155,085,924	151,801,519	3,284,405	140,815,335
Environmental Capital Outlay	15,414,234	18,171,200	(2,756,966)	11,157,008
Capacity Fees	24,500,000	21,000,000	3,500,000	23,202,376
Debt Proceeds	-	-	-	-
Construction Fund Investment Income	-	-	-	-
Other Proceeds	28,556,232	21,064,481	7,491,751	32,927,789
<b>Total Capital Funds</b>	<b>\$ 248,461,000</b>	<b>\$ 236,511,000</b>	<b>\$ 11,950,000</b>	<b>\$ 232,576,308</b>
<b>CAPITAL PROJECTS:</b>				
Water Projects	71,300,000	56,551,000	14,749,000	55,583,623
Sewer Projects	144,657,000	153,488,000	(8,831,000)	151,080,462
Other Projects	32,504,000	26,472,000	6,032,000	25,912,223
<b>Total Capital Projects</b>	<b>\$ 248,461,000</b>	<b>\$ 236,511,000</b>	<b>\$ 11,950,000</b>	<b>\$ 232,576,308</b>

Operating Variance Analysis (\$ millions)	Budget FY2019	Budget FY2018	Change	Percent Chg
Water kGal Sales (in thousands)	42,000	42,000	-	0.0%
Base Rate Revenues <sup>1</sup>	\$428.96	\$428.49	0.47	0.1%
Other Revenues <sup>2</sup>	\$40.24	\$34.09	6.15	18.0%
Operating and Maintenance (See O&M Schedule)	\$157.50	\$151.80	(\$5.70)	-3.8%
Debt Service <sup>3</sup>	\$120.14	\$121.12	0.98	0.8%
Renewal & Replacement <sup>4</sup>	\$24.90	\$24.47	(0.43)	-1.8%
Operating Capital Outlay <sup>5</sup>	\$155.09	\$151.80	(\$3.29)	-2.2%
Environmental Capital Outlay <sup>6</sup>	\$15.41	\$18.17	\$2.75	15.1%
Capacity Fees <sup>7</sup>	\$24.50	\$21.00	3.50	16.7%
<b>Capital Budget Variance Analysis (\$ millions)</b>				
Capital Funds <sup>8</sup>	\$248.46	\$236.51	11.95	5.1%
Capital Projects <sup>8</sup>	\$248.46	\$236.51	11.95	5.1%
<p>(1) No increase in total system sales, increase due to shift between water, sewer, and reclaimed revenues  (2) Includes \$28.4m in prior year revenues to be used for Operating Capital Outlay  (3) FY2019 Debt Service increase reflects lower P&amp;I payments  (4) FY2019 R&amp;R is based upon forecasted FY18 total revenues  (5) OCO is the remaining amount to fund the FY2019 capital expenses  (6) Reduced environmental capital program for FY2019  (7) Adjusted to recent trends  (8) Includes management budget of \$226m plus 10% contingency</p>				

# Water and Sewer System Revenues

Revenue Line Items (000's Omitted)	FY2019B	FY2018B
Sewer Revenue	\$247,952	\$245,530
Water Revenue	162,522	165,693
Environmental Revenue	28,361	28,361
Prior Year Surplus Revenue Utilization <sup>1</sup>	28,420	21,501
Capacity and Extension Fees	24,500	21,000
Reclaimed Revenue	18,482	17,267
Investment Income	6,319	4,854
Other Revenue <sup>2</sup>	11,823	12,591
<b>Total</b>	<b>\$528,379</b>	<b>\$516,797</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

Budget Line Items (000's Omitted)	FY2019B	FY2018B
Water Treatment and Distribution Projects	\$71,300	\$56,551
Wastewater and Reclaimed Revenues	144,657	153,488
Other Capital Projects	32,504	26,472
<b>Total</b>	<b>\$248,461</b>	<b>\$236,511</b>



Note: Detailed FY2019 project list is included in the CIP Schedules within the Supplemental section

# FY2019 Water and Sewer System Budget: Operating Expenses

(\$ in millions)	FY2018 Budget <sup>1</sup>	FY2019 Budget <sup>1</sup>	Variance	Explanation
Salaries & Benefits	\$69.2*	\$74.2*	\$5.0	Employees for expanded capacity, development, and elevated 24x7 coverage
Other Services	28.5	31.8	3.3	Includes storm generator lease, water/sewer resiliency assessment
Materials & Supplies	13.5	14.6	1.1	
Shared Services	51.6	53.8	2.2	Increase to Water Billing Credit Expense
Other	3.4	3.6	0.2	Insurance premium increase
Credits – Capitalization	(13.9)	(20.0)	(6.1)	Higher capitalization
Credits – Fuel Handling	(0.5)	(0.5)	---	
<b>Total</b>	<b>\$151.8</b>	<b>\$157.5</b>	<b>\$5.7</b>	

3.8%

## Key Strategic Issues Included in Budget

FY2018		FY 2019	
Water Purification	\$1.0	Integrated Water Resource Plan/Water Purification	\$0.8
Succession Planning Staffing Risks	1.0	Succession Planning Staffing Risks	1.0
Enterprise Asset Management	2.0	Enterprise Asset Management	1.0
Storm Generators	1.5	Storm Generators	1.5
Storm Resiliency Assessment	0.5	Storm Resiliency Assessment	1.6
Net Pension Decrease	(3.5)		
Compensation	*	Compensation	*
<b>Total</b>	<b>\$2.5</b>	<b>Total</b>	<b>\$5.9</b>

<sup>1</sup>Excludes Customer Benefit and Environmental funding of Septic Tank Phase Out of \$1.8m



No New Debt!

# Water and Sewer System : Capital Funding

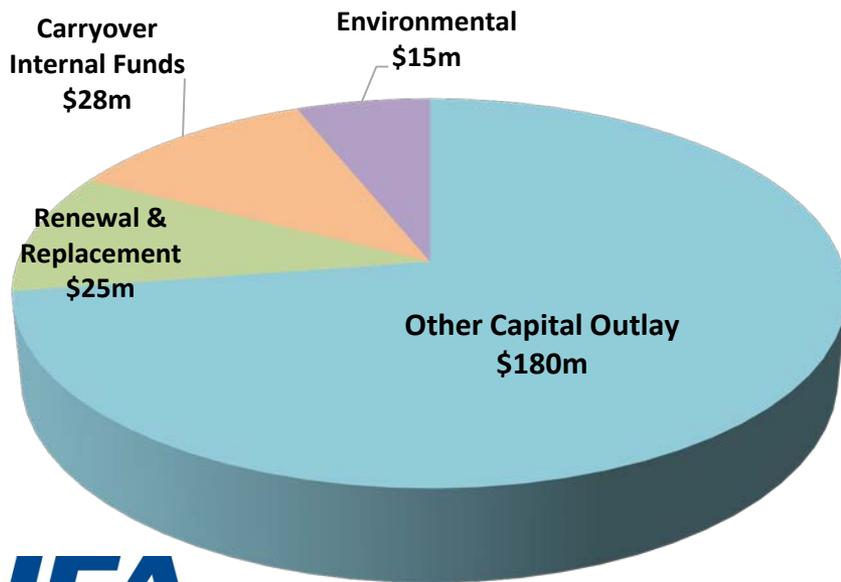
## FY2019 – Water and Sewer System Capital Budget: \$248 Million

Environmental: \$16 Million	System Maintenance: \$185 Million	System Expansion: \$47 Million
- BMAP*/TMDL*/Reclaim	- Renewal and Replacement	- New or Expanded Treatment
- Total Water Management Plan	- Distribution	- New Transmission Lines
- Major Environmental Initiatives	- Facilities, Fleet, Technology	- New or Expanded Master Pump Stations

\*Basin Management Action Plan

\*Total Maximum Daily Limit of Nitrogen

### Source of Capital Funding



### Discussion & Analysis

- FY2019 capital funding plan utilizes existing capital cash balances to fund the “long-term eligible funds” qualified projects, resulting in no new debt issuance for FY2019
- FY2018 capital plan budget was \$236.5 million, current forecast is \$215 million
- December 2017 rating agency FY2019 capital program was projected to be \$210 million
- FY2019 \$50m in resiliency work which will include storm hardening improvements
- FY2019 78% of system expansion expense is in Duval County



# FY2019 Water and Sewer System Budget: Debt Service

	FY2018 Budget	FY2019 Budget	Budget Variance	Explanation
Debt Service – Principal	\$51.7	\$54.7	\$3.0	Higher Scheduled Principal Payments
Debt Service – Prepayment	---	---	---	
Debt Service – Interest	69.4	65.4	(4.0)	Lower Debt Balance and FY2018 Refundings
<b>Total<sup>1</sup></b>	<b>\$121.1</b>	<b>\$120.1</b>	<b>(\$1.0)</b>	

Debt Service Coverage	2.7x	3.0x	0.3x	
Debt to Asset %	47.6%	45.4%	(2.2%)	New Moody's calculation

<b>Variable Rate Debt %</b>				
Gross	17.8%	18.3%	0.5%	
Net of Swaps	10.1%	10.4%	0.3%	
<b>Variable Interest Rate %</b>	3.0%	3.0%	---	

<b>Liquidity – Days Cash<sup>2</sup></b>	513	404	(109)	Capital Fund withdrawal of \$34m, O&M Increase \$6m
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<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

# Agenda

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JEA  
DISTRICT ENERGY SYSTEM  
OPERATING BUDGET

	FY2019 Budget	FY2018 Budget	Change	FY2018 Forecast
<b>BASE RELATED REVENUES &amp; EXPENSES</b>				
<b>BASE OPERATING REVENUES:</b>				
Base Rate Revenues	\$ 9,256,655	\$ 9,125,828	\$ 130,827	\$ 8,862,341
Total Base Related Revenues	<u>\$ 9,256,655</u>	<u>\$ 9,125,828</u>	<u>\$ 130,827</u>	<u>\$ 8,862,341</u>
<b>BASE OPERATING EXPENSES:</b>				
Operating and Maintenance	\$ 5,127,648	\$ 5,139,991	\$ (12,343)	\$ 4,580,440
Total Base Related Expenses	<u>\$ 5,127,648</u>	<u>\$ 5,139,991</u>	<u>\$ (12,343)</u>	<u>\$ 4,580,440</u>
BASE OPERATING INCOME:	\$ 4,129,007	\$ 3,985,837	\$ 143,170	\$ 4,281,901
<b>NON-OPERATING EXPENSES:</b>				
Debt Service	3,020,449	3,019,084	1,365	3,019,084
Total Non Operating Expenses	<u>\$ 3,020,449</u>	<u>\$ 3,019,084</u>	<u>\$ 1,365</u>	<u>\$ 3,019,084</u>
BASE INCOME BEFORE TRANSFERS	\$ 1,108,558	\$ 966,753	\$ 141,805	\$ 1,262,817
City Contribution Expense	-	-	-	-
Renewal and Replacement Fund	443,117	440,362	2,755	438,606
Operating Capital Outlay	665,441	526,391	139,050	824,211
Total Non-Fuel Expenses	<u>\$ 1,108,558</u>	<u>\$ 966,753</u>	<u>\$ 141,805</u>	<u>\$ 1,262,817</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	\$ 9,256,655	\$ 9,125,828	\$ 130,827	\$ 8,862,341
TOTAL APPROPRIATIONS	\$ 9,256,655	\$ 9,125,828	\$ 130,827	\$ 8,862,341
BUDGETED EMPLOYEE POSITIONS	6	6	0	6
BUDGETED TEMPORARY HOURS	0	0	0	0

JEA  
DISTRICT ENERGY SYSTEM  
CAPITAL BUDGET

	FY2019 Budget	FY2018 Budget	Change	FY2018 Forecast
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 443,117	\$ 440,362	\$ 2,755	\$ 438,606
Operating Capital Outlay	665,441	526,391	139,050	824,211
Construction Fund Investment Income	-	-	-	-
Other Proceeds	3,999,442	2,274,247	1,725,195	1,944,704
Total Capital Funds	<u>\$ 5,108,000</u>	<u>\$ 3,241,000</u>	<u>\$ 1,867,000</u>	<u>\$ 3,207,521</u>
<b>CAPITAL PROJECTS:</b>				
District Energy Projects	5,108,000	3,241,000	1,867,000	3,207,521
Total Capital Projects	<u>\$ 5,108,000</u>	<u>\$ 3,241,000</u>	<u>\$ 1,867,000</u>	<u>\$ 3,207,521</u>

# Agenda

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# Rate Stabilization Funds

	FY2017	Forecast FY2018			Budget FY2019		
(\$ in thousands)	Ending Balance	Deposits	Withdrawals	Ending Balance	Deposits	Withdrawals	Ending Balance
<b><u>Electric System</u></b>							
DSM/Conservation	\$3,695	\$7,222	\$(6,830)	\$4,087	\$7,590	\$(8,039)	\$3,638
Debt Management	29,884	-	-	29,884	-	-	29,884
Environmental <sup>1</sup>	36,417	7,574	(1,274)	42,717	8,039	(1,936)	48,820
Fuel	131,716	-	(55,570)	76,146	-	(15,517)	60,629
Purchased Power	25,189	40,000	(11,603)	53,586	-	(14,327)	39,259
Self Funded Health Plan	9,214	29,800	(28,070)	10,944	29,800	(30,597)	10,147
<b><u>Water &amp; Sewer System</u></b>							
Debt Management	\$14,209	\$ -	\$ -	\$14,209	\$ -	\$ -	\$14,209
Environmental <sup>2</sup>	5,214	25,891	(20,805)	10,300	28,361	(28,361)	10,300

## Notes

<sup>1</sup> FY19 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> 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

# Agenda

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## Finance and Audit Committee Action

- Provide feedback and direction regarding the key strategic issues and risks for the FY2019 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 Budget, as well as related agenda items for review at the June Board Meeting
- Prepare budget package for approval at the June Board meeting
- Communicate with the Council Auditor
- Begin communication plan for other key stakeholders



# Current Year: FY2018 Electric System Fuel and Purchase Power Expense

Costs				
(\$ in millions)	FY18 Forecast @ 4/6/18	FY18 Budget	Budget Variance	Budget % Change
<b>Solid Fuel</b>				
SJRPP	33.5	37.9		
Scherer	27.3	31.6		
NS 1&2	83.7	101.4		
Subtotal	144.5	170.9	(26.4)	-15.5%
<b>Gas and Oil</b>				
Gas	156.7	142.6		
Oil	4.3	1.1		
Diesel	3.3	0.6		
Subtotal	164.3	144.3	20.0	13.9%
Other Purchases	83.6	72.0		
Off System Sales	(1.2)	(2.9)		
By-Product Exp	13.1	18.8		
TEA Equity	(3.0)	(3.1)		
Other Expense	52.4	51.6		
Reserve Adjustment	(55.6)	(34.3)		
Rate Discount	5.9	5.9		
<b>Total</b>	<b>404.0</b>	<b>423.2</b>	<b>(19.2)</b>	<b>-4.5%</b>
<b>MWH Sales</b>	12.39	13.02	-0.63%	-4.8%
<b>\$ per MWH Sold</b>	\$32.61	\$32.50	\$0.11	0.3%
<b>Fuel Rate</b>	\$32.61	\$32.50	\$0.11	0.3%

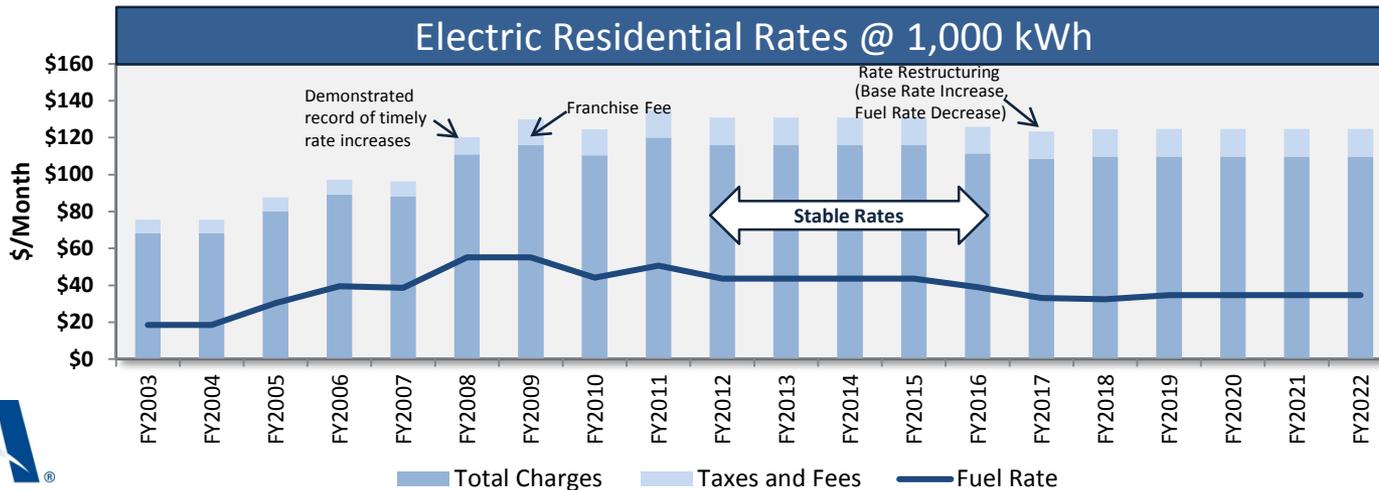
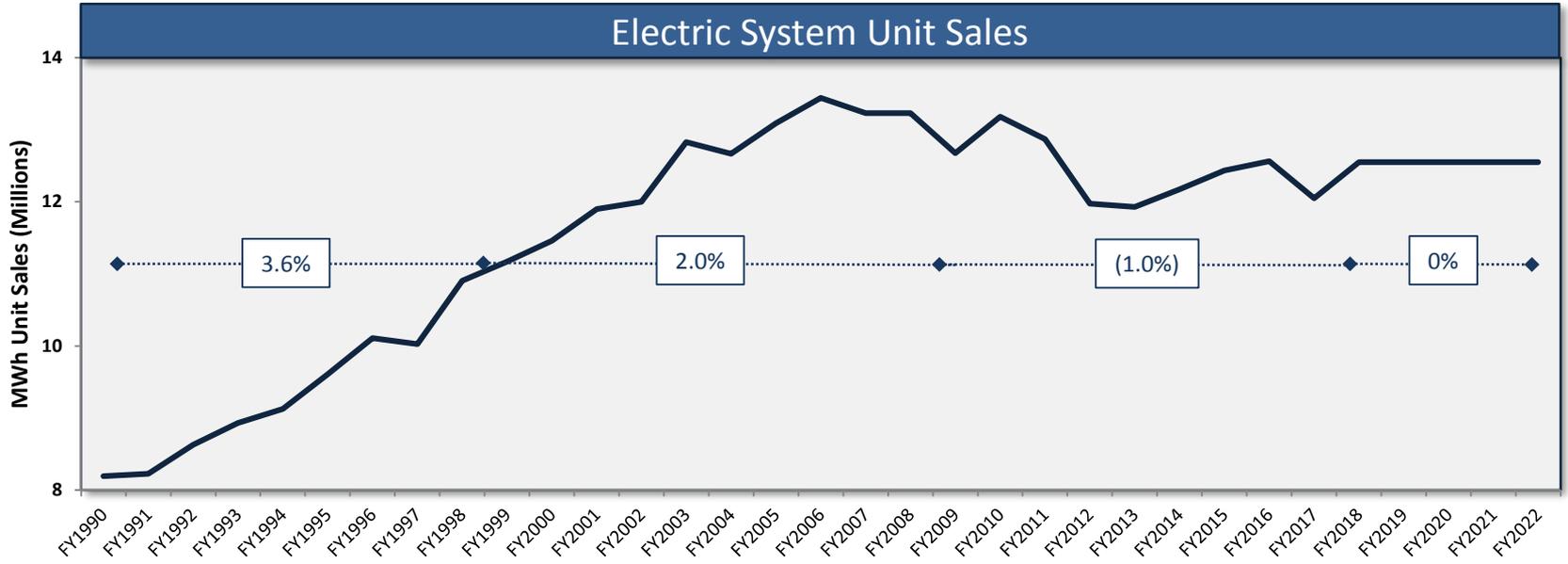
Units Produced			
FY18 Forecast @4/6/18	FY18 Budget	Forecast Variance	Budget % Change
0.54	0.84	(0.30)	
1.10	1.21	(0.11)	
2.45	3.71	(1.26)	
4.09	5.76	(1.67)	-29.2%
6.30	5.70	0.60	
0.02	0.01	0.01	
0.02	0.00	0.02	
6.34	5.71	0.63	11.0%
2.47	2.16	0.31	14.0%
(0.04)	(0.12)	0.08	58.0%
12.85	13.51	(0.66)	-4.9%

Cost Per Unit		
FY18 Forecast \$/MWH	FY18 Budget \$/MWH	% Change
\$61.99	\$44.96	37.9%
24.88	26.04	-4.5%
34.21	27.35	25.1%
35.37	29.70	19.1%
24.86	25.00	-0.6%
182.85	186.18	-1.8%
212.08	194.15	9.2%
25.91	25.26	2.6%
33.90	33.31	1.8%
30.82	24.60	25.3%
5.35	5.06	5.7%
\$31.43	\$31.30	0.4%

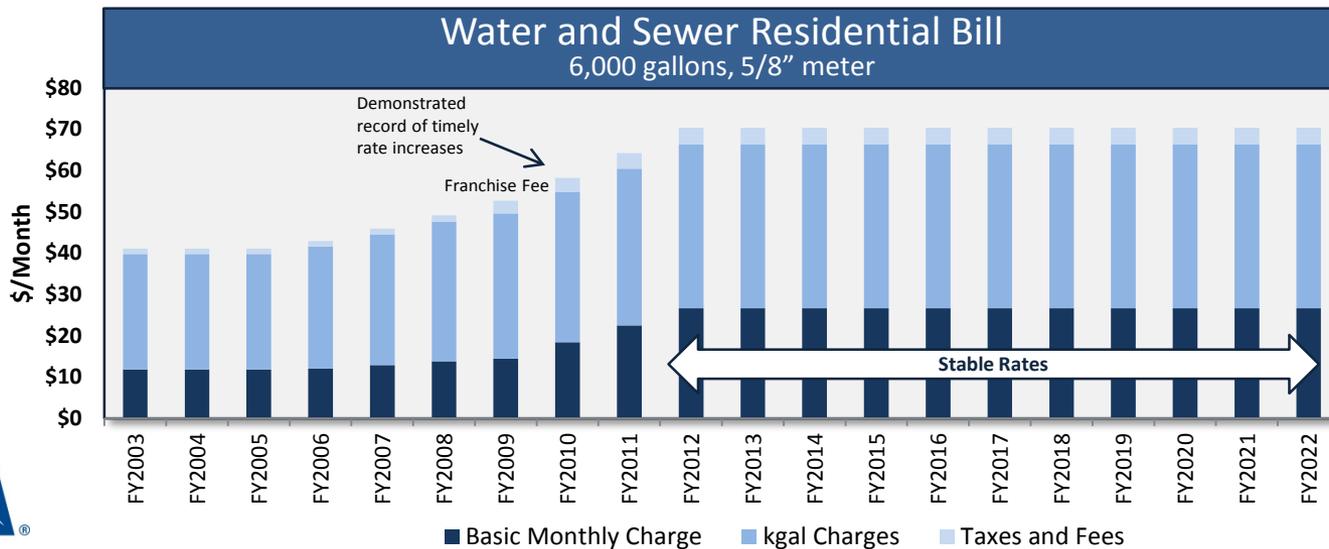
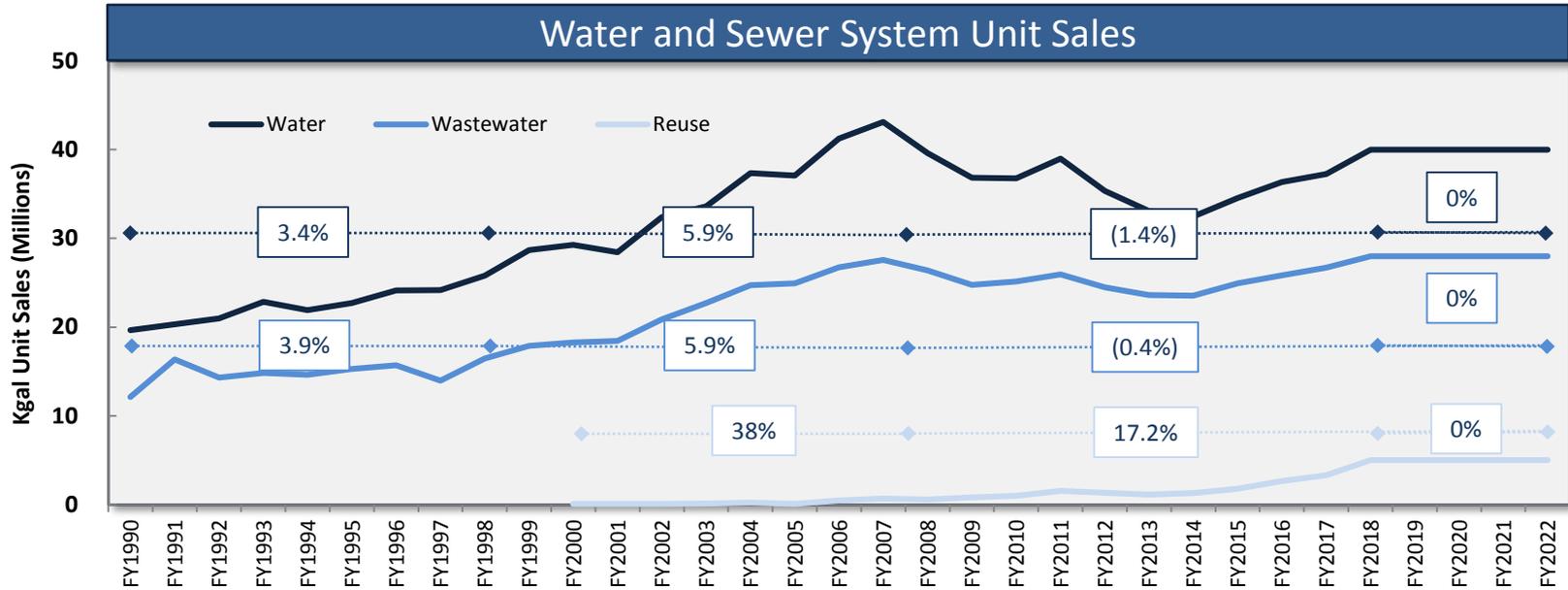
## Discussion and Analysis

- FY2019 natural gas prices are based upon the current natural gas futures market
- FY2019 solid fuel prices are projected to decrease compared to FY2018 Budget. SJRPP was decommissioned January 5, 2018

# Electric System Unit Sales and Rates



# Water & Sewer System Unit Sales and Rates



# FY2019 Budget: Electric System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
<b>GENERATION</b>						
Unit B52 Advanced Gas Path Upgrade	27,798	0	0	0	0	27,798
Unit B53 Advanced Gas Path Upgrade	27,798	0	0	0	0	27,798
Brandy Branch - Advanced Gas Path Capital Improvements	8,419	0	0	0	0	8,419
Kennedy Combustion Turbine Unit 8 - Hot Gas Path Inspection	6,300	0	0	0	0	6,300
Brandy Branch - Units 2 and 3 Evaporator Replacement	5,766	0	0	0	0	5,766
Greenland 2X1 Combined Cycle Completion	5,000	10,000	150,000	250,000	118,000	533,000
Northside Generating Station - Unit 1 and 2 Boilers - Gas Lance Installation	4,744	1,221	0	0	0	5,965
Northside - Units 1, 2, and 3 Capital Improvement Projects	4,000	6,000	6,000	6,000	6,000	28,000
Northside Generating Station - Unit N36 Major Inspection FY2019	3,000	0	0	0	0	3,000
Northside Generating Station - Unit 3 Economizer Replacement	2,680	6,077	0	0	0	8,757
Steam Plant General Capital Improvements	2,000	2,000	2,000	2,000	2,100	10,100
Brandy Branch - Greenland Energy Center - General Capital Improvements	2,000	2,000	2,000	2,000	2,100	10,100
Brandy Branch - Unit B54 Heat Recovery Steam Generator - Transition Duct	1,923	0	0	0	0	1,923
Brandy Branch - Cooling Tower Fan Blades and Drift Eliminators - Replacement	1,000	0	0	0	0	1,000
Northside Generating Station - Units N01, N02 - EX2000 Digital Front End Upgrade	929	0	0	0	0	929
Brandy Branch - Unit B51 Exhaust Stack Silencer Replacement	823	0	0	0	0	823
Brandy Branch - Units B51, 52, 53 - Static Starter Digital Front End (DFE) Upgrade	773	0	0	0	0	773
Northside Generating Station - Units N01, N02 - Boiler Feed Pumps, Fans, Racks	694	0	0	0	0	694
Brandy Branch - Units B52, 53 - Main Steam Manual Gate Valve Replacement	650	0	0	0	0	650
Kennedy Unit 30 - Control Room Upgrade	618	20	0	0	0	638
Northside Generating Station - Unit 1 Circulating Water Piping Replacement	580	1,493	0	0	0	2,073
Northside Generating Station - Bed Ash Silos 1 and 2 Slurry Pump and Piping	557	0	0	0	0	557
Northside Generating Station - Unit N03 Condenser Inlet Valve Replacement	510	248	0	0	0	758
Brandy Branch - Units B51, 52, 53, 54 - EX2000 Digital Front End (DFE) Upgrade	500	0	0	0	0	500
Northside Generating Station - Units N33, N34, N35, N36 DCS Control System Upgrade	456	424	392	394	0	1,666
Northside Generating Station - Unit N00 Limestone Utilization Improvement	446	0	0	0	0	446
Northside Generating Station - Circulating Fluidized-Bed Boiler Simulator Replacement	444	848	0	0	0	1,292
Northside Generating Station - Unit N02 Cyclone Crossover Expansion Joint Repair	389	424	0	0	0	813
Kennedy Generating Station - Unit K30 - SUS-3 480V Switchgear Modernization	336	0	0	0	0	336
Northside Generating Station - Unit 3 Reliability Improvements	300	1,868	0	0	0	2,168
Kennedy Combustion Turbine Unit 7 - Hot Gas Path Inspection	250	5,318	0	0	0	5,568
Northside Generating Station - Units N33, N34, N35, N36 Electrical Upgrades	243	220	220	220	0	903
Northside Generating Station - Units N01, N02 Battery Charger Replacement	241	87	0	0	0	328
Northside Generating Station - Units N01, N02 Seal Pot Air to Intrex Damper Upgrade	210	54	0	0	0	264
Northside Generating Station - Unit N03 Instrument Upgrade	205	109	0	0	0	314
Northside Generating Station - Unit N00 Fire Alarm Control Panel Upgrade	202	0	0	0	0	202
Northside Generating Station - Unit N03 River Water Booster Pump Replacement	147	454	0	0	0	601
Brandy Branch - Units B52, B53 Selective Catalytic Reduction Catalyst - Replacement	55	882	0	0	0	937
Northside Generating Station - Unit N03 Condenser Waterbox Liner Replacement	14	1,145	0	0	0	1,159
Units B52, B53 Advanced Gas Path Upgrade - Spare Parts	0	20,000	0	0	0	20,000
Compression Upgrade to Baldwin-Brandy Branch	0	1,000	6,000	0	0	7,000
Potential Gas Line Capacity Upgrades	0	0	1,500	3,000	0	4,500
Greenland Combustion turbine Unit 1 - Hot Gas Path Inspection	0	0	0	300	5,845	6,145
Brandy Branch Combustion Turbine 2 - Hot Gas Path Inspection	0	0	0	250	5,745	5,995
Brandy Branch Combustion Turbine 3 - Hot Gas Path Inspection	0	0	0	250	5,745	5,995
<b>GENERATION SUBTOTAL</b>	<b>113,000</b>	<b>61,892</b>	<b>168,112</b>	<b>264,414</b>	<b>145,535</b>	<b>752,953</b>

# FY2019 Budget: Electric System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
<b>TRANSMISSION AND DISTRIBUTION</b>						
Electric Meters - 2-Way Meter Conversion	20,000	20,000	0	0	0	40,000
Electric Distribution Maintenance Capital Upgrades	12,500	12,500	13,000	13,500	14,000	65,500
Solar Farm Interconnects	10,500	10,000	0	0	0	20,500
System Average Interruption Duration Index (SAIDI) Improvement Plan	9,776	9,490	7,870	0	0	27,136
Dinsmore 230 - 26 kV Substation	8,826	2,869	0	0	0	11,695
New Electric Service Additions	8,600	8,600	9,100	10,000	10,500	46,800
GEC to Bartram 230 kV Circuit 909 Addition	7,888	1,692	0	0	0	9,580
Electric Development Driven Projects	7,000	6,500	6,500	6,500	6,500	33,000
Eagle 138 - 13.8 kV Substation	4,277	7,240	0	0	0	11,517
Substation Repair and Replace Project - Transformer Replacements	3,800	1,400	1,400	1,400	1,400	9,400
CEMI-5 Electric Distribution Betterment	3,000	3,000	3,000	3,000	3,000	15,000
Bartram 230 kV Bay and Breaker Addition for Circuit 909	2,836	0	0	0	0	2,836
Joint Participation Electric Relocation Projects	2,600	2,500	2,500	2,500	2,500	12,600
4kV Conversion - Fairfax and 21st and Hubbard	2,107	319	0	0	0	2,426
Nocatee 230 - 26 kV Substation	2,060	6,020	3,870	0	0	11,950
General Underground Network and Commercial Repair and Replace and Upgrades	1,900	1,900	1,900	1,900	1,900	9,500
500 kV Transmission Line Upgrades	1,800	1,800	0	0	0	3,600
Church St Feeders 181-186 13kV Reconductor from Substation to Riverside Ave	1,774	1,774	887	0	0	4,435
Pole Replacement Program	1,750	1,750	2,000	2,000	2,250	9,750
Electric Meters - Growth	1,649	1,679	1,740	1,709	1,709	8,486
Electric Distribution System Improvements	1,624	1,637	1,650	1,664	1,664	8,239
Kennedy Substation Control Cable and Protection System Replacement	1,475	720	0	0	0	2,195
Greenland Energy Center 230 kV Bay and Breaker Addition for Circuit 909	1,402	0	0	0	0	1,402
230kV Circuit 915 Partial Rebuild	1,142	0	0	0	0	1,142
Eagle 138 - 13.8 kV Substation - Protection and Controls	1,086	71	0	0	0	1,157
Automatic Recloser Deployment	1,040	235	235	235	235	1,980
Distribution System - Pole Removal	1,000	1,000	1,000	1,000	1,000	5,000
Transmission Lines Protection and Control Updates	900	900	0	0	0	1,800
230 KV_138KV_69 kV Pole Refurbishment	800	300	300	300	300	2,000
26kV Feeder Circuit Breaker Replacement	754	754	754	754	754	3,770
Ritter Park 429 Reconductor	725	71	0	0	0	796
General Substation Improvements	700	700	700	700	700	3,500
Energy Management System - Distribution Management System Integration	700	0	0	0	0	700
Transmission Capacitor Bank Controls Replacement	610	468	0	0	0	1,078
230KV_138KV_69 kV Insulator Refurbishment	600	500	500	500	500	2,600
Center Park Substation Protection Improvements	580	0	0	0	0	580
Dinsmore 230 - 26 kV Substation - Protection and Controls	568	0	0	0	0	568
26KV Reconductor Circuit 417 - 418 - Woodley Rd from New Kings Rd to Old Kings Rd	504	243	0	0	0	747
Underground Cable Replacement Program - Existing Developments	500	500	500	500	500	2,500
Dinsmore Distribution Feeders	475	228	0	0	0	703
Pipe-Type Cable Replacements – Kennedy Circuit 682 and Hunter Rd Circuit 688	430	0	0	0	0	430
Greenland Energy Center - 230 kV Circuit 909 Interconnect	400	9	0	0	0	409
Bartram 230 kV Circuit 909 Interconnect	396	0	0	0	0	396
Bartram 298: Feeder Extension in Right of Way from Substation to Bartram Park Blvd	395	0	0	0	0	395
Nocatee 230 - 26 kV Substation - Protection and Controls	385	376	289	0	0	1,050
Nocatee Substation Distribution Feeders	370	580	300	0	0	1,250
General Distribution Improvements	300	300	300	300	300	1,500

# FY2019 Budget: Electric System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
General Transmission Improvements	300	300	300	300	300	1,500
Electric Meters - Replacement	300	225	300	300	300	1,425
General Protection System Improvements Transmission	300	150	150	150	150	900
(Reimbursable) Joint Project - Twin Creeks - SR210 - Electric	275	0	0	0	0	275
Dinsmore 230 kV Circuit 937 Interconnect	240	206	0	0	0	446
Greenland Energy Center 230 kV Breaker for Circuit 909 - Protection and Controls	219	0	0	0	0	219
13kV Electric Distribution Network Improvements Placeholder	200	150	1,000	1,000	764	3,114
Capital Tools and Equipment - Electric	175	175	175	175	175	875
Energy Management System - EMS - Remote Terminal Units Upgrade Project	160	50	50	50	50	360
Distribution Photovoltaic Project	125	0	0	0	0	125
General Transmission Improvements	100	100	100	100	100	500
Capital Tools and Equipment - Electric 1	80	80	80	80	80	400
Eagle 138kV Circuit 847 Interconnect	60	408	0	0	0	468
Bartram 230 kV Bay and Breaker Addition for Circuit 909 - Protection and Controls	60	0	0	0	0	60
Electric Customer Service Response Tools and Equipment	55	55	55	55	55	275
Nocatee 230 kV Circuit 909 Interconnect	30	67	105	0	0	202
Nocatee 230 kV Circuit 917 Interconnect	28	67	105	0	0	200
Bartram 298: Feeder Extension to Bartram Park Blvd - Protection and Controls	10	0	0	0	0	10
Substation Repair and Replace Projects	0	3,000	3,000	3,000	3,000	12,000
Transmission Repair and Replace Projects	0	2,500	2,500	2,500	2,500	10,000
230kV Breaker Replacement	0	1,600	1,600	1,600	0	4,800
Park and King 4kV Substation Rebuild	0	1,000	1,000	1,000	0	3,000
4kV Rehabilitate – Distribution Projects	0	500	500	500	500	2,000
230kV Breaker Replacement - Protection and Controls	0	320	320	160	160	960
Park and King 4kV Substation Rebuild - Protection and Controls	0	100	100	200	0	400
Park and King 4kV Distribution Feeder Getaway Rebuild	0	50	100	50	0	200
St Johns 4kV Substation Rebuild	0	0	1,000	1,000	1,000	3,000
St Johns 4kV Substation Rebuild - Protection and Controls	0	0	100	100	200	400
St Johns 4kV Distribution Feeder Getaway Rebuild	0	0	50	100	50	200
Mayo Clinic 230 - 26kV Substation	0	0	0	1,000	6,000	7,000
Mayo Clinic 230 - 26kV Substation - Protection and Controls	0	0	0	150	700	850
Mayo Clinic Distribution Feeders	0	0	0	50	200	250
Mayo Clinic 230/26kV Substation Interconnects	0	0	0	12	290	302
<b>TRANSMISSION AND DISTRIBUTION SUBTOTAL</b>	<b>137,221</b>	<b>121,728</b>	<b>72,985</b>	<b>62,094</b>	<b>66,286</b>	<b>460,314</b>
<b>ELECTRIC OTHER</b>						
General Administration Office Building	28,604	20,477	0	0	0	49,081
TS - Projects - Electric	18,300	10,245	12,585	10,245	13,325	64,700
Capital Administrative Overhead- Electric	9,750	9,750	9,750	9,750	9,750	48,750
Fleet - Replacement - Electric	7,295	7,949	7,430	7,956	7,432	38,062
New Operations Center (South)	6,500	15,000	0	0	0	21,500
Streetlight Improvements - Phase 2	5,500	0	0	0	0	5,500
Westside Service Center - Administrative and Warehouse Space	2,627	0	0	0	0	2,627
Commonwealth Service Center - Interior and Roof Upgrades	2,000	3,000	0	0	0	5,000
Facilities Security - Electric	620	620	620	620	620	3,100
Facilities Roof Replacement - Electric	450	450	450	450	450	2,250
Facilities Heating, Ventilation, and Air - Electric	430	430	430	430	430	2,150
Facilities Improvements - Building Upgrades - Electric	425	425	200	200	200	1,450

# FY2019 Budget: Electric System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
Fleet - Expansion - Electric	251	0	0	0	0	251
Facilities - Paving and Site Improvements – Electric	250	250	250	250	250	1,250
Energy Management System - Base Upgrade Project	225	130	130	130	130	745
Facilities Improvements - Lighting - Electric	200	200	100	100	100	700
Facilities Improvements - Elevators - Electric	190	50	50	50	50	390
Facilities Generators - Electric	175	0	0	0	175	350
Westside Service Center - Paving Upgrades	135	0	0	0	0	135
Security - Fencing - Electric	130	130	130	130	130	650
Facilities Improvements, Plumbing and Fire System Upgrades - Electric	100	100	100	100	100	500
Northside Generating Station - Training Center	85	785	1,436	0	0	2,306
Laboratory Equipment Upgrades - Electric	75	75	75	75	75	375
Utility Locate Group - Capital Equipment - Electric	50	50	50	50	50	250
Streetlight Improvements - Phase 3	0	5,500	4,400	0	0	9,900
Commonwealth Service Center Drainage and Parking Issues	0	462	0	0	0	462
Southside Service Center - HVAC Safety Restroom and Door Upgrades	0	0	2,000	0	0	2,000
<b>ELECTRIC OTHER SUBTOTAL</b>	<b>84,367</b>	<b>76,078</b>	<b>40,186</b>	<b>30,536</b>	<b>33,267</b>	<b>264,434</b>
<b>GRAND TOTAL</b>	<b>334,588</b>	<b>259,698</b>	<b>281,283</b>	<b>357,044</b>	<b>245,088</b>	<b>1,477,701</b>

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
<b>WATER</b>						
US1 South Water Repump Facility	6,785	1,850	0	0	0	8,635
Main St Water Treatment Plant - 1st St to Franklin St - Transmission	5,228	1,492	0	0	0	6,720
Water Delivery System Repair and Replacements	4,400	4,100	4,400	4,400	4,400	21,700
Blount Island Fire Protection System	4,300	0	0	0	0	4,300
Water Meter Replacement	3,400	3,200	3,200	6,500	6,500	22,800
E 1st St Main St to E 4th St - Raw Water - New	2,785	695	0	0	0	3,480
Greenland Water Treatment Plant - Expansion	2,610	2,225	0	0	0	4,835
Cecil Treatment Plant - Ground Storage Tank and High Service Pump	2,460	1,396	0	0	0	3,856
Lakeshore Water Treatment Plant - Reservoir Rehabilitation	2,271	1,401	0	0	0	3,672
Water Meter Growth	2,250	2,350	2,450	2,030	2,030	11,110
Woodmere Water Treatment Plant - Well No 3 and Storage Tank Replacement	2,033	0	0	0	0	2,033
Large Water Meter Replacement	1,820	1,925	2,030	0	0	5,775
Bartram - US1 - Old St Augustine Rd to US 1	1,791	3,670	0	0	0	5,461
Development Driven Projects - Water	1,667	500	500	500	500	3,667
Nassau Regional Water Treatment Plant - Well No 3	1,540	0	0	0	0	1,540
Ponte Vedra Blvd 6" Cast Iron Replacement	1,479	0	0	0	0	1,479
Well Rehabilitation and Maintenance - McDuff Wells	1,396	0	0	0	0	1,396
Otter Run Water Treatment Plant Renewal and Replacement	1,363	0	0	0	0	1,363
Joint Participation Projects - Water	1,300	700	700	700	700	4,100
Well Rehabilitation and Maintenance - Fairfax Wells	1,188	0	0	0	0	1,188
Joint Project - JTA - 8th St Water Main Replacement - Mt Herman St to Boulevard St	1,032	0	0	0	0	1,032
McDuff Water Treatment Plant - High Service Pump Replacement	1,007	1,167	0	0	0	2,174
Deerwood - Southside Blvd Intertie to Deerwood III Water Treatment Plant	1,000	3,700	7,500	8,000	7,350	27,550
Galvanized Pipe Replacement - Program	1,000	2,000	2,000	2,000	2,000	9,000
Lofton Oaks Water Treatment Plant Improvements	942	550	0	0	0	1,492
(Reimbursable) - COJ - Riverview Watermain Phase 2	932	0	0	0	0	932
Norwood Water Treatment Plant High Service Pump	897	735	0	0	0	1,632
South Grid Water Quality - Well Improvement	827	92	0	0	0	919
RiverTown - New Water Treatment Plant	760	3,600	6,207	1,424	0	11,991
Main Extensions and Taps – Water	750	750	750	750	750	3,750
Water Treatment Plant Reservoir Repair and Replace	700	100	100	100	100	1,100
Ponce De Leon Water Treatment Plant - Well No 2 Replacement	682	628	0	0	0	1,310
Integrated Water Supply Testing Evaluation and Rehabilitation (iWATER)	652	0	0	0	0	652
Water Treatment Plants - Sodium Hypochlorite Storage Tank Upgrades	640	440	440	440	440	2,400
Joint Project - COJ - Lower Eastside Drainage (First St - APR Blvd to Van Buren)	600	218	0	0	0	818
103rd St Water Main Replacement - Cecil Commerce Ctr Pkwy to Aviation Ave	590	3,300	1,200	0	0	5,090
Jammes Rd - Wilson Blvd to Harlow Blvd	512	4	0	0	0	516
Water Plant Capital Renewal and Replacement	500	1,000	1,000	1,000	1,000	4,500
Westlake Water Treatment Plant - Well No 4 and Reclaim Water Main	495	1,930	526	0	0	2,951
Emory Circle - From Cornell Rd along Rollins Ave and Tulane Ave to Emory Circle	488	95	0	0	0	583
Large Diameter Pipe Program - Palm Avenue Water Main Replacement	458	0	0	0	0	458

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
Well Field Repair and Replace	450	450	700	700	700	3,000
Boulevard St Water Main Replacement - 7th St to 11th St	435	0	0	0	0	435
Julington Creek Water Treatment Plant - Storage Tank Rehabilitation	400	0	0	0	0	400
Joint Project - JTA - Alta Drive Roadway Improvements - Water	355	20	0	0	0	375
Main St Water Treatment Plant - Ozone Generator - Addition	312	1,640	1,000	0	0	2,952
Owens Rd - Ranch Rd to Max Leggett Pkwy - New - Water	288	1,272	0	0	0	1,560
King St and Shircliff Way Water Main Replacement	269	0	0	0	0	269
Main St Water Treatment Plant - Well No 15 - New Lower FI Aquifer Well	261	0	0	0	0	261
Grid - Cost Participation - New - Water	250	250	250	250	250	1,250
Pages Dairy Rd - Felmor Rd to Chester Ave - Transmission - Water Main	208	566	4,071	1,200	0	6,045
Large Diameter Pipe Program - Pepsi Place Water Main Replacement	187	0	0	0	0	187
St Johns River Water Managment District - Alternative Water Supply - Pilot Plant	100	2,700	4,200	0	0	7,000
Joint Project - FDOT - (SR111) Cassat Ave - Lenox Ave to Blanding Blvd - Water	57	0	0	0	0	57
Joint Project - FDOT - SR 200 (A1A) Rubin to O'Neil Scott - Section 3 - Water	55	0	0	0	0	55
St Johns Forest Wells	50	1,000	500	0	0	1,550
Mandarin Road Loop Connection - Transmission - New - Water Main	39	489	347	0	0	875
Joint Project - JTA - Collins Rd - Water	36	28	0	0	0	64
Joint Project - FDOT - SR 200 (A1A) I-95 to Still Quarters Rd - Section 1 - Water	9	3	0	0	0	12
Joint Project - FDOT - Pecan Park Rd - I-95 - Water	9	0	0	0	0	9
103rd St - Pressure Sustaining Valve - Addition	0	2,150	0	0	0	2,150
Large Diameter Pipe Program - Water Transmission Replacement	0	850	4,500	3,200	4,200	12,750
N Main St Dr - Setzer Rd to Gun Club Rd - Transmission - New - Water	0	280	1,100	2,382	0	3,762
Cisco Dr - Westlake Water Treatment Plant to Garden St - Transmission - New	0	220	850	1,895	0	2,965
Water Treatment Plant Large Capital Improvements	0	150	8,700	4,800	16,250	29,900
Trout River Blvd - US1 to Sibald Ave - Transmission - New - Water	0	150	580	1,296	0	2,026
Pritchard Rd - Old Plank Rd to Cisco Dr West - Transmission - New - Water	0	140	540	1,196	0	1,876
Greenland - Southside Blvd - Deerwood 3 to Greenland	0	50	3,000	7,540	7,450	18,040
Southeast Water Treatment Plant Ground Storage Tank	0	50	2,000	500	0	2,550
Beacon Hills Ground Storage Tank	0	50	750	0	0	800
Main St Water Treatment Plant - Wells 7 and 12 Lining	0	50	250	0	0	300
Westlake Water Treatment Plant - Expansion	0	50	150	500	2,000	2,700
US1 Booster Pump Station - Old St Augustine Rd to US1 Booster Pump Station	0	0	675	1,588	5,486	7,749
Ft. Caroline Rd - McCormick Rd to Fulton Rd - Distribution - New	0	0	210	805	1,785	2,800
Nocatee South Water Repump	0	0	200	800	3,000	4,000
Ridenour - Cortez to Ridenour Water Treatment Plant - New - Water	0	0	200	800	3,000	4,000
Oakridge Water Treatment Plant High Service Pump Expansion	0	0	50	300	1,500	1,850
Brierwood Water Treatment Plant High Service Pump Expansion	0	0	50	300	1,500	1,850
New World Av - Waterworks Ave to Chaffee Rd - Transmission - New - Water	0	0	0	500	500	1,000
Chaffee Rd - Westmeadows Dr S to Samaritan Wy - Transmission - New - Water	0	0	0	500	226	726
Jones Rd - Teague Rd to Prichard Rd - Transmission - New - Water	0	0	0	250	1,000	1,250
Oakridge - Saints Rd - Sewert Johns Bluff to Oakridge Water Treatment Plant	0	0	0	140	538	678
Southeast - T-Line to Southeast Water Treatment Plant - Water	0	0	0	50	1,290	1,340

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
Royal Lakes Water Treatment Plant High Service Pump Expansion	0	0	0	50	300	350
Lovegrove High Service Pump and Building Replacement - Expansion	0	0	0	50	40	90
<b>WATER SUBTOTAL</b>	<b>71,300</b>	<b>58,421</b>	<b>67,876</b>	<b>59,436</b>	<b>76,785</b>	<b>333,818</b>
<b>SEWER</b>						
Resiliency - Pump Stations, Plants, Electrical Reliability	18,000	19,800	19,800	19,800	15,000	92,400
Bradley Road Pump Station Improvements	8,834	9	0	0	0	8,843
West Grid - Lenox to Timuquana - Force Main and Pump Station Improvements	7,905	100	0	0	0	8,005
Gate Pkwy - Glen Kernan to T-Line - Transmission - New	5,994	358	0	0	0	6,352
Buckman Biosolids Conversion - Process Facility	5,288	9,616	12,224	0	0	27,128
Argyle Forest Booster Station and Related Stations Upgrades	4,739	100	0	0	0	4,839
Blacks Ford Water Reclamation Facility - Expansion	4,000	0	0	0	0	4,000
Buckman Disinfection System Replacement	3,638	3,300	0	0	0	6,938
Large Diameter Pipe Program - Walnut St Trunkline Replacement	3,220	3,843	0	0	0	7,063
Wastewater Treatment Facilities - Capital Equipment Replacement	3,140	2,500	2,500	2,500	2,500	13,140
Sewer Collection System Repair and Replacements	2,800	2,500	2,800	2,800	2,800	13,700
Pumping Stations - Capital Equipment Replacement	2,600	2,500	2,500	2,500	2,500	12,600
T - Line - JTB to Town Center Pkwy - Transmission - New - Force Main	2,542	0	0	0	0	2,542
Greenland Wastewater Treatment Plant	2,522	20,000	27,000	30,000	0	79,522
Greenland - GEC to US-1 - Transmission - Force Main	2,215	0	0	0	0	2,215
Sewer Collection System - Trenchless Repair and Replace	2,000	2,000	2,000	2,000	2,000	10,000
Nassau Reclaim Water Main - Radio Av to Harts Rd - Transmission - Reclaim	1,968	0	0	0	0	1,968
Pumping Stations - Class I/II Station Rehabilitation	1,900	1,900	1,900	1,900	1,900	9,500
4511 Spring Park Rd Lift Station	1,831	1,000	0	0	0	2,831
Buckman Water Reclamation Facility - Blower System Improvements	1,800	1,500	0	0	0	3,300
Large Diameter Pipe Program - Gravity Sewer Replacement	1,800	1,400	1,800	1,600	2,000	8,600
District 2 - Robena Rd Booster Wastewater Pump Station	1,698	350	0	0	0	2,048
Nassau Regional Water Reclamation Facility - Expansion	1,653	9,616	12,211	12,211	4,600	40,291
Development Driven Projects - Reclaim	1,627	400	400	400	400	3,227
District 2 - Pulaski Rd Booster Wastewater Pump Station	1,617	750	0	0	0	2,367
Greenland - Burnt Mill Pump Station to Greenland Energy Center - Force Main	1,530	2,944	5,369	3,800	0	13,643
Arlington East Water Reclamation Facility - Secondary Clarifier Addition	1,519	0	0	0	0	1,519
Large Diameter Valve CIPP - Program	1,500	1,500	1,500	1,500	1,500	7,500
Air Release Valve Replacement - Program	1,500	1,500	1,500	1,500	1,500	7,500
Buckman Water Reclamation - Aeration Basin Header & Diffuser Replacement	1,500	1,500	1,400	1,470	0	5,870
Southwest - 6217 Wilson Bv - Class III/IV	1,494	1,553	0	0	0	3,047
Development Driven Projects - Sewer	1,360	200	200	200	200	2,160
Supervisory Control Data Acquisition-Control Panel Upgrades	1,200	1,200	1,200	1,500	1,500	6,600
District 2 - T-Line to Busch Dr - Transmission - New - Force Main	1,143	0	0	0	0	1,143
Large Diameter Pipe Program - Bernita St Force Main Replacement	1,112	0	0	0	0	1,112
Biosolids Process Renewal and Replacement	1,100	800	800	740	740	4,180

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
Southwest - 4881 Timuquana Rd - Class III/IV	1,083	1,101	0	0	0	2,184
Large Diameter Pipe Program - Infiltration and Inflow Analysis and Remediation	1,000	2,000	1,000	0	0	4,000
Sewer Pipeline CrossiNorthside Generating Station Resiliency - Program	1,000	1,000	1,000	1,000	1,000	5,000
Arlington East Water Reclamation Upgrades - Aeration Basin and Blowers	956	3,342	5,397	3,493	0	13,188
RG Skinner - 9B to Parcels 10A - 11 - Reclaim	914	0	0	0	0	914
Nocatee South RW Storage Tank and Booster PS - Reclaim	909	3,469	100	0	0	4,478
Tredinick Pkwy - Millcoe Rd to Mill Creek Rd - Transmission - Reclaim	883	0	0	0	0	883
District 2 - 11308 Harts Rd - Class III/IV	871	520	0	0	0	1,391
Nassau - Radio Av - Reclaim Water Storage Tank and Booster Pump Station	855	2,226	0	0	0	3,081
Southwest - 5104 118th St - Class III/IV	851	4,947	0	0	0	5,798
Buckman - 5307 Buffalo Ave - Class III/IV	837	1,818	1,000	0	0	3,655
RG Skinner - 9B to T-Line - Reclaim	826	0	0	0	0	826
Southwest Wastewater Treatment Plant Expansion	800	2,700	4,500	19,761	23,300	51,061
5th St W - Imeson Rd to Melson Ave - Transmission - New - Force Main	791	3,090	1,819	0	0	5,700
Large Diameter Pipe Program - Ductile Iron Force Main Replacement	780	1,020	500	3,000	3,000	8,300
Southwest Water Reclamation - Screening Conveyance & Grit Removal System	748	0	0	0	0	748
Main Extensions and Taps – Sewer	725	725	725	725	725	3,625
1638 Talleyrand Av - Class III/IV	717	0	0	0	0	717
Ponce De Leon Wastewater Treatment Facility - Package Treatment Plant	677	0	0	0	0	677
Twin Creeks Reclaim Water Storage Tank and Booster Pump Station - Reclaim	643	2,388	0	0	0	3,031
Large Diameter Pipe Program - Arlington East - Parallel Sludge Transfer Line	600	1,200	1,200	0	0	3,000
Buckman Biosolids Conveyor System Replacement	565	0	0	0	0	565
Julington Creek Wastewater Treatment Facility - Influent Structure Rehabilitation	554	0	0	0	0	554
CR210 - South Hampton to Ashford Mills - Transmission - Reclaim	551	50	0	0	0	601
Ponte Vedra Water Reclamation Facility - Filter Addition	536	322	0	0	0	858
Collins Rd, Whispering Pines Dr to Blanding Blvd - Force Main Replacement	515	0	0	0	0	515
7703 Blanding Bv - Class III/IV	512	512	0	0	0	1,024
Joint Project - COJ - Lower Eastside Drainage Improvements - Sewer	504	177	0	0	0	681
Large Diameter Pipe Program - South Shores Sub-Aqueous Force Main Rehab	500	3,700	3,750	0	0	7,950
Nassau - Radio Ave - Class III/IV - New Pumpstation	500	500	1,800	0	0	2,800
District 2 - 14491 Duval Rd - Class III/IV - Pump Upgrade	500	0	0	0	0	500
Bartram Repump Station Potable Water Storage Tank	497	0	0	0	0	497
Mandarin Water Reclamation Facility - Expansion Joint Replacement	491	1,303	0	0	0	1,794
Blacks Ford and Ponte Vedra Temporary Treatment Plant	481	1,025	0	0	0	1,506
Arlington East Water Reclamation Facility Upgrades - Odor Control	470	3,886	796	0	0	5,152
Large Diameter Pipe Program - Booster Pump Station and Force Main Cleaning	450	0	0	0	0	450
Nassau Regional Water Reclamation Facility - Tank 2 Membrane Replacement	450	0	0	0	0	450
Development Driven Projects - Pump Stations	435	750	750	750	750	3,435
Joint Participation Projects - Sewer	400	400	400	400	400	2,000
Julington Creek Wastewater Treatment Facility - Electrical Grounding	391	0	0	0	0	391
Arlington East Water Reclamation Facility Upgrades - Influent Structure	375	3,384	348	0	0	4,107

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
Baymeadows Rd - Point Meadows Rd to Old Still - Transmission - Reclaim	355	0	0	0	0	355
District 2 Water Reclamation Facility - Hypochlorite Feed System Replacement	348	432	0	0	0	780
Gate Parkway to Burnt Mill Rd - Transmission - Reclaim	347	1,527	0	0	0	1,874
Large Diameter Pipe Program - McMillan & Kinlock Stations Force Main Upgrade	337	0	0	0	0	337
Buckman Water Reclamation Facility - Secondary MCC 19A/19B Replacement	331	0	0	0	0	331
US 1 - Greenland Water Reclamation Facility to CR 210 - Transmission	300	3,180	8,690	4,127	0	16,297
Turberculated Iron Gravity Pipe - Repair and Replacement	300	300	300	300	500	1,700
District II Water Reclamation Facility Primary Clarifier No. 2 and 3 Rehabilitation	296	2,332	253	0	0	2,881
Monterey - 3254 Townsend Rd - Class III/IV - Pump Upgrade	282	158	727	1,357	1,357	3,881
Ponte Vedra Reclamation Facility - Access Platform and Handrail Replacement	278	0	0	0	0	278
Monterey - 5838 Pompano - Class III/IV - Pump Upgrade	276	151	1,056	1,574	0	3,057
District 2 Water Reclamation Facility - Blowers and UV Emergency Power	266	2,272	0	0	0	2,538
Mandarin - 8331 Princeton Sq - Class III/IV - Pump Upgrade	250	250	1,000	0	0	1,500
Grid - Cost Participation - New - Reclaim	250	250	500	500	500	2,000
Grid - Cost Participation - New - Force Main	250	250	500	500	500	2,000
Wastewater Odor Control - All Plants and Pump Stations	250	250	250	250	250	1,250
Buckman Biosolids Conversion - Ops/Maint/Warehouse and Pump Shop Facility	207	163	524	2,104	1,500	4,498
Buckman Biosolids Conversion - Scrubber, Generator, Transformer, and Circuit	199	2,209	255	0	0	2,663
Joint Project - JTA - Alta Drive Roadway Improvements - Sewer	198	20	0	0	0	218
Mandarin - 8751 Bayleaf Dr - Class III/IV - Pump Upgrade	186	337	671	1,315	1,316	3,825
Arlington East Water Reclamation Facility - Replace Auto-Transfer Switch	184	0	0	0	0	184
Joint Project - JTA - Alta Drive Roadway Improvements - Reclaim	180	20	0	0	0	200
Mandarin - 9247 Baymeadows Rd - Class III/IV - Pump Upgrade	172	142	275	542	542	1,673
Supervisory Control and Data Acquisition (SCADA) Renewal and Replacement	150	150	150	150	150	750
Southwest Water Reclamation Facility - Upgrade Aeration Blowers	150	0	0	0	0	150
William Burgess Rd - SR200 to Harts Rd - Transmission - New - Force Main	104	0	0	0	0	104
Diesel-driven Backup Pump Repair and Replace	100	100	100	100	100	500
Waste Water Pumping Station Safety Improvements - Guard Rail Installation	100	100	100	100	100	500
Large Diameter Pipe Program - Herschel St Pump Station FM Replacement	80	0	0	0	0	80
Air Relief Valves Repair and Replace	70	70	70	70	50	330
Reuse Delivery Repair and Replace	50	50	50	50	50	250
Manhole-Supervisory Control and Data Acquisition (SCADA)-Repair and Replace	50	50	50	50	50	250
Reuse Facility - Capital Equipment Replacement	50	50	50	50	50	250
(Reimbursable) - William Burgess Rd (SR200 - Harts Rd) Trans/New/Reclaim	50	0	0	0	0	50
(Reimbursable) Monument Rd (Cancun Dr-Hidden Hills Ln) Trans/New/Reclaim	50	0	0	0	0	50
Joint Project - FDOT - SR 200 (A1A) I-95 to Still Quarters Rd - Section 1 - Sewer	39	3	0	0	0	42
8431 Springtree Rd - Class III/IV	38	438	0	0	0	476
District 2 - Main St to Pulaski Rd - Transmission - Force Main	38	0	0	0	0	38
Joint Project - FDOT - SR 200 (A1A) Ruben to O'Neil Scott - Section 3 - Sewer	30	0	0	0	0	30
Joint Project - FDOT - SR 9B - Duval - St Johns County Line to CR2209 - Reclaim	21	0	0	0	0	21
Joint Project - JTA - Collins Rd - Sewer	8	0	0	0	0	8

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
District 2 - 10800 Key Haven Bv - Class III/IV	5	1,441	0	0	0	1,446
Ridenour WTP - Storage and Repump - Reclaim	0	2,000	1,460	2,040	0	5,500
District 2 Effluent Outfall Land Acquisition	0	1,100	0	0	0	1,100
Wastewater Treatment Plant Large Capital Improvements	0	500	1,050	2,980	18,845	23,375
T-Line - Park Ave to Pulaski Rd Master Pump Station - Easement Acquisitions	0	500	0	0	0	500
T-Line - Brandy Branch to Beaver St - Dist - New - Force Main	0	360	1,300	3,190	0	4,850
District 2 - New Berlin Rd - Yellow Bluff Rd to Eastport Rd - New - Force Main	0	330	1,260	2,784	0	4,374
(Reimbursable) - RG Skinner - North Rd - Transmission - Reclaim	0	300	1,080	1,620	0	3,000
Monterey - 7732 Merrill Rd - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Monterey - 8043 Carlotta Rd - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Mandarin - 4181 Lavista Cr - Class III/IV - Pump Upgrade	0	250	750	0	0	1,000
Southwest - 1060 Ellis Rd - Class III/IV - Pump Upgrade	0	250	500	0	0	750
Old Middleburg Rd - Transmission - New - Force Main	0	250	350	1,712	1,000	3,312
T-Line - Amelia Concourse to Amelia National - Transmission - Reclaim	0	144	510	146	0	800
St Johns Bluff Rd - UNF - Transmission - Rehabilitate Parallel Force Main	0	100	300	1,000	2,570	3,970
Deerwood Pk - Burnt Mill to JTB - Transmission - New - Force Main	0	80	310	712	0	1,102
RiverTown Water Treatment Plant - Reclaim - New Storage and Pumping System	0	50	400	1,000	2,500	3,950
Deercreek Club Rd - Distribution - New - Force Main	0	12	144	249	0	405
Old Middleburg Rd - Maynard Pl to Shindler Dr - New - Force Main	0	0	935	0	0	935
Mandarin - 106 Twin Creeks - Class III/IV - Pump Upgrade	0	0	500	0	0	500
Arlington East - 420 Tresca Rd - Class III/IV - Pump Upgrade	0	0	500	0	0	500
118th St - Kinkaid Rd to Ricker Rd - Transmission - New - Force Main	0	0	350	1,000	2,049	3,399
Veterans Pkwy - Longleaf Pine Pkwy to CR210 - Transmission	0	0	300	3,000	4,000	7,300
District 2 Water Treatment - Rapid Infiltration Basin - Transmission and Pumping	0	0	300	3,000	4,000	7,300
CR210 - Twin Creeks to Russell Sampson Rd - Transmission - Reclaim	0	0	300	1,080	1,620	3,000
CR210 - Longleaf Pine Pkwy to Ashford Mills Rd - Transmission - Reclaim	0	0	250	2,050	2,700	5,000
Greenbriar Rd - Transmission - Reclaim	0	0	200	1,320	1,980	3,500
Russell Sampson Rd - Sewert. Johns Pkwy to CR210 - Transmission - Reclaim	0	0	200	920	1,888	3,008
Large Diameter Pipe Program - District 2 - Transmission - Force Main	0	0	190	0	0	190
District 2 - 10340 Woodley Pump Station - Pump Modifications	0	0	100	0	0	100
SR200 - William Burgess Blvd to Police Lodge Rd - Transmission - Reclaim	0	0	0	300	2,100	2,400
Clay County Utility Authority - Southwest Wastewater - Transmission - Reclaim	0	0	0	300	1,400	1,700
District 2 - Yellow Bluff Rd - Transmission - New - Force Main	0	0	0	177	936	1,113
Lenox Ave - Fouraker Rd to Palisades Dr - Distribution - New - Force Main	0	0	0	115	461	576
CR210 - St Johns Pkwy to Leo Maguire Pkwy - Transmission - New - Reclaim	0	0	0	100	409	509
Station Creek Rd - Transmission - New - Reclaim	0	0	0	50	225	275
Bartram Trail High School - Longleaf Pine Pkwy - Transmission - New - Reclaim	0	0	0	50	195	245
Buckman Water Reclamation Facility - Bio-Nutrient Reduction - Phase 2	0	0	0	0	3,000	3,000
US-1 - Twin Creeks Master Pump Station - Transmission - Force Main	0	0	0	0	300	300
Large Diameter Pipe Program - Busch Dr - Transmission - Force Main	0	0	0	0	20	20
<b>SEWER SUBTOTAL</b>	<b>144,657</b>	<b>165,715</b>	<b>152,799</b>	<b>159,584</b>	<b>127,528</b>	<b>750,283</b>

# FY2019 Budget: Water System Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
<b>WATER OTHER</b>						
Technology Services - Water	12,100	6,530	8,390	6,830	8,050	41,900
Capital Administrative Overhead - Water	5,200	5,200	5,200	5,200	5,200	26,000
Fleet - Replacement - Water	4,428	4,605	5,231	4,905	4,931	24,100
Buckman - New Administration Building	3,611	0	0	0	0	3,611
Facilities Generators - Water	2,310	2,435	4,835	3,715	4,505	17,800
Facilities Security - Water	635	635	635	635	635	3,175
Facilities Heating, Ventilation, and Air - Water	520	520	520	520	520	2,600
Buckman Water Reclamation Facility - Street Lighting and Paving Upgrades	500	0	0	0	500	1,000
JEA Tower - Building Renovations	500	0	0	0	0	500
Facilities Roof Replacement - Water	400	400	435	435	435	2,105
Facilities Improvements, Building Upgrades - Water	400	400	400	400	400	2,000
Facilities Improvements, Electric and Lighting Systems	300	400	400	400	400	1,900
Fleet - Expansion - Water	279	1	1	1	1	283
Facilities Improvements and Plumbing Upgrades	275	250	250	250	250	1,275
Facilities - Paving and Site Improvements – Water	250	250	250	250	250	1,250
Mandarin Water Reclamation Facility - Facility Parking and Storage Building	200	2,000	0	0	0	2,200
Southwest Water Reclamation Facility - Facility Buildings 1 and 3 Upgrades	196	1,415	0	0	0	1,611
Real Estate Services - Easement Location and Acquisitions	150	150	150	150	150	750
Security - Fencing - Water	100	100	100	100	100	500
Laboratory Equipment Upgrades - Water	100	100	100	100	100	500
Utility Locate Group - Capital Equipment - Water	50	50	50	50	50	250
<b>OTHER SUBTOTAL</b>	<b>32,504</b>	<b>25,441</b>	<b>26,947</b>	<b>23,941</b>	<b>26,477</b>	<b>135,310</b>
<b>GRAND TOTAL</b>	<b>248,461</b>	<b>249,577</b>	<b>247,622</b>	<b>242,961</b>	<b>230,790</b>	<b>1,219,411</b>

# FY2019 Budget: DES Capital Improvement Plan

Project Title	(in thousands)					
	FY19	FY20	FY21	FY22	FY23	FY19-23
<b>DES</b>						
Springfield - Additional Back-up Generator	2,450	0	0	0	0	2,450
Downtown Development	2,000	0	0	0	0	2,000
Facilities - District Energy System (DES)	658	700	700	400	500	2,958
Springfield - Replace Chiller 1	0	650	0	0	0	650
Springfield - Replace Chiller 4	0	0	650	0	0	650
Hogan's Creek - Building Rehabilitation and Paint	0	0	300	0	0	300
DES - Downtown Plant - Tower Repair and Replace (Fill)	0	0	133	0	0	133
Springfield - Replace Chiller 3	0	0	0	650	0	650
San Marco - Replace Air Cooled Chiller with Liquid Cooled	0	0	0	300	0	300
Springfield - Replace Chiller 5	0	0	0	0	650	650
Downtown - Building Rehabilitation and Paint	0	0	0	0	200	200
<b>DES SUBTOTAL</b>	<b>5,108</b>	<b>1,350</b>	<b>1,783</b>	<b>1,350</b>	<b>1,350</b>	<b>10,941</b>
<b>GRAND TOTAL</b>	<b>5,108</b>	<b>1,350</b>	<b>1,783</b>	<b>1,350</b>	<b>1,350</b>	<b>10,941</b>

**II. B.**

**Quarterly Audit Services Update**



Building Community

### AGENDA ITEM SUMMARY

April 27, 2018

<b>SUBJECT:</b>	<b>QUARTERLY AUDIT SERVICES UPDATE</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 Quarterly Audit 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:** Steven V. Tuten – Director, Audit Services, 904-665-5206

Submitted by: AFZ/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**

# **Audit Services Q2 FY18 Report**

**Steve Tuten - Director, Audit Services**

# Audit Services Q2 FY18 Report – Table of Contents

<u>Team</u>	<u>Pages</u>
• Internal Audit	3-5
• Enterprise Risk Management (ERM)	6-10
• Ethics Investigations & Audit	11-14

- **FY18 Internal Audit Plan** – The current timeline and details regarding the FY18 Plan, as of March 31, 2018, are shown on page 4. The primary schedule lists audits completed and in progress, with those yet to be scheduled listed in the footer. At mid-year, we remained on schedule to complete our Plan.
- **Open Audit and Investigation Report Issues** - As of 3/31/18, there were 53 open issues requiring management's corrective action plans. This represents a decrease of sixteen (16) open items since our last report. See page 5 for the distribution of these issues by issue rating and action plan due date.
- **FY19 Audit Planning** – Our annual survey process begins in May.

# FY18 Internal Audit Plan – Completed and In Progress

Audit/Project	Auditor-in-Charge	Planning Memo Date	Status	FY 2018 Hours			Comments	Final Draft Report Date	Final Report Date (Sent to City)	Audit Report Rating
				Budgeted Hours (adjusted)	Actual Hours	Will Meet/Met Budget				
2017 Safety and Health	David Arnold	8/10/2017	Final Draft Issued	350	330	●	Slightly delayed due to Hurricane Irma.	2/1/2018	-	Satisfactory
2017 Customer Revenue - Branch	Rashid Brittain	9/27/2017	Final Report Issued	300	267	●	Slightly delayed due to Hurricane Irma.	12/20/2017	3/28/2018	Needs Improvement
2017 Permitting and Regulatory Conformance	Troy England / Andrew Shelley	11/3/2017	First Draft Issued	400	595	●	New auditor assigned to this audit.			Excellent
JEA/SJRPP Performance Pay Audit	TE	N/A	Completed	200	131	●	Incentive Pay Review memos issued on: (SJRP) - 11/8/2017 / (JEA) - 11/22/17	-	-	-
TEA Audit	Laurie Gaughan / RB	N/A	Completed	300	225	●	TEA Audit Report was presented to the TEA Board on February 27, 2018.	-	-	-
T&D Electric Transmission Planning	LG	12/5/2017	Final Draft Issued	450	442	●		4/5/2018	-	Satisfactory
Personnel Out Process (POP)	DA	12/11/2017	First Draft Issued	310	411	●	Complex audit with possible major issues. Currently adjusting draft report.	-	-	Needs Improvement
W/WW Project Engineering & Construction	TE/AS	2/27/2018	Testing	500	412	●				
Telecommunications & Support	RB	12/19/2017	Reporting	450	372	●				
Customer Experience Centers + Strategy Support	DA	TBD	Planning	400	57	●	Based on planning, there will be a need to review controls from the Customer Experience Strategy business unit. An increase in audit hours is probable.			
Transmission and Substation Maintenance	LG	4/2/2018	Testing	450	63	●				
New Auditor Training	AS		Completed	150	166	●				
FY2018 Action Plan Follow-Up	All Staff		Ongoing	625	359	●				
FY2019 Audit Plan	All Staff		Not Started	300	0	●				

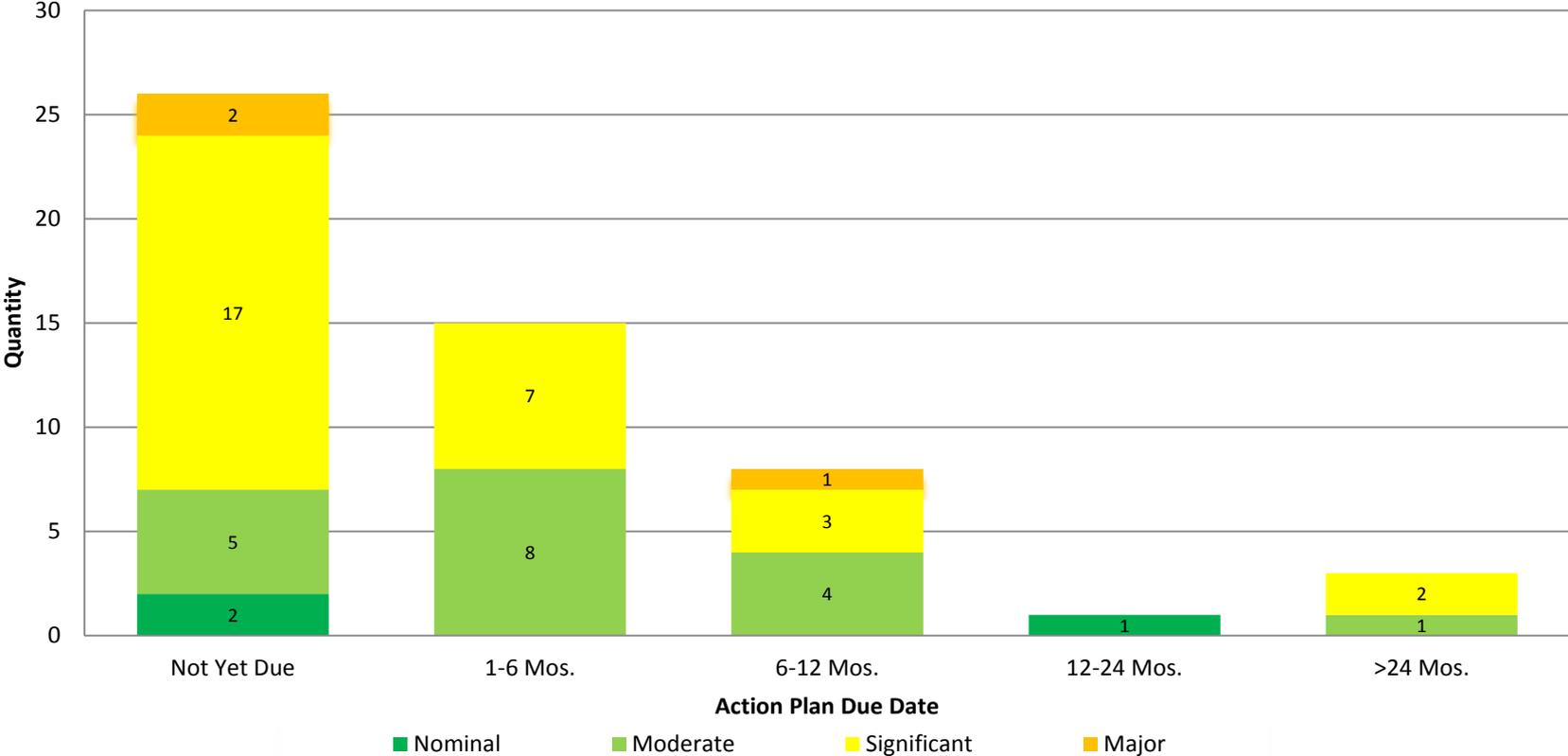
●	Audit will be/has been completed within estimated hours and due date.
●	Audit will be/has been completed slightly above estimated hours and due date. <b>(No more than a 10% variance)</b>
●	Audit will be/has been completed significantly above estimated hours and due date.

Audits to be scheduled: Benefits Services, Disaster Recovery follow-up, Electric Production Engineering and Outages, Information Security follow-up, Meter Operations follow-up, Response & Environmental Programs, Tax Administration, Technology Infrastructure, Utility Locate Services and W/WW Reuse and Treatment.



# Open Audit and Investigation Report Issues

Open Action Plan (53) by Issue Rating and Action Plan Due Date



- Staffing Risk has been elevated from Tier 2 to Tier 1, based on a possible increase in the impact if JEA experiences the loss of key/critical staff. A summary of the updated Staffing Risk profile is provided on page 9.
- We continue to monitor any events that would impact the top corporate risks (TCRs), as well as the implementation and effectiveness of mitigations. The Tier 1 and Tier 2 TCRs are presented on pages 8 and 10, respectively.
- Open Mitigation Recap – There are currently 45 open mitigations designed to enhance controls and lower the impact/likelihood of the risk event occurring. Fifty-five (55) mitigations have been completed to date.
- Proof of concept is underway to assess and implement an application (SecureWatch) to automate and facilitate the tracking and reporting of Top Corporate Risks, Director-level risks and project risk assessments, as well as open and completed mitigations and internal controls.
- Expanding risk management training to include internal controls training and principles, as well as skills to identify, evaluate and mitigate risks within individual business functions. Class is mandatory for all appointed staff (Managers/Directors), but open to all. Required Risk Management CBT is also being developed for all JEA employees.

# ERM Corporate Risk Heat Map

Top Corporate Risks

Score

Tier 1

10-25

Tier 2

5-9

Tier 3

1-4

Impact x  
Likelihood

Score

<b>Likelihood</b>	Almost Certain >90%	<b>5</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>	15-25	<b>Red</b>
	Likely 65-90%	<b>4</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>	<b>20</b>	10-14	<b>Orange</b>
	Possible 35-65%	<b>3</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>15</b>	8-9	<b>Yellow</b>
	Unlikely 5-35%	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10</b>	4-6	<b>Light Green</b>
	Rare <5%	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	1-3	<b>Dark Green</b>
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>		
			Minor	Moderate	Significant	Major	Severe		
<b>Impact</b>									



The risk score is a factor of the risk impact x likelihood which helps us evaluate the criticality of the risks and the need for mitigation.

# ERM - Tier 1 Top Corporate Risk Trends (Q2 FY18)

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	FY16				FY17				FY18		Long Term Risk Exposure Trend (> 5 Years)	Change
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
E05 - Cooling Water Intake Structures 316(b)	10	10	10	20	20	20	20	20	20	20	↔ Stable	
H01 - Pensions	20	20	20	20	20	20	16	16	16	16	↔ Stable	
F01 - Revenues and Expenses Management	16	16	16	16	16	16	16	16	16	16	↑ Increasing	
E01 - Carbon Emission Mitigation - Clean Power Plan	25	25	25	25	25	25	20	15	15	15	↔ Stable	
E03 - Coal Combustion Residual Rule (CCR)	10	10	10	15	15	15	15	15	15	15	↔ Stable	
W01 - Water Supply Management/Long Term Planning	15	15	15	15	15	15	15	15	15	15	↑ Increasing	
C16 - Weather & Climate Change Impact		15	15	15	15	15	15	15	15	15	↑ Increasing	
H02 - Staffing	9	9	9	9	9	9	9	9	9	12	↑ Increasing	X
E04 - Adverse Electric Commodity Supply and Pricing	12	12	12	12	12	12	12	12	12	12	↔ Stable	
W03 - Sanitary Sewer Overflow Management	8	8	8	8	12	12	12	12	12	12	↓ Decreasing	
C01 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	↔ Stable	
C02 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C03 - New Technology	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
E06 - Long-term Planning/Load Forecast - Electric	10	10	10	10	10	10	10	10	10	10	↑ Increasing	
E07 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	↑ Increasing	

\* Rationale for score change is noted on the Summary page (p13)

These risks pose the greatest potential impacts to JEA. Most are due to external factors including economic factors, inherent risk and/or increased regulatory requirements



# ERM – Staffing Risk

Staffing Risk was recently elevated from Tier 2 to Tier 1, based on a possible increase in the impact if JEA experiences the loss of key/critical staff. An excerpt from the risk profile is shown below.

		Worst Credible Risk					
Risk Title/ Risk Owner	Risk Description	Risk Timeframe	Risk Impact	Risk Likelihood	Total Risk Score	Long Term Risk Exposure Trend (>5 years)	Risk Summary Status
<b>H02 - Staffing</b>  Angie Hiers	<p>Adequate and qualified staff may not be in place to enable the organization to meet current and future basic utility objectives. The risk may be aggravated by the lack of a flexible staffing model that could maximize workforce skillsets, tight labor markets, job security, inadequate succession planning, increased personnel turnover driven by an aging workforce, non-competitive pay scale/benefits and/or lack of opportunities for professional growth.</p> <p>Inadequate staffing may result in the deterioration of assets and services, increased human resource costs, increased maintenance costs, dissatisfied customers, unsafe conditions for employees and customers, and regulatory non-compliance.</p>		4	3	12	Increasing	Employee retention, recruitment and morale is being actively monitored. A number of initiatives have been or are in the process of being implemented to address this risk.



# ERM – Tier 2 Top Corporate Risk Trends (Q2 FY18)

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	FY16				FY17				FY18		Long Term Risk Exposure Trend (> 5 Years)	Change
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
E10 - Nuclear Power Portfolio	8	8	8	8	8	9	9	9	9	9	↑ Increasing	
W02 - Operations Technology Management - Water/Wastewater Systems	9	9	9	9	9	9	9	9	9	9	↔ Stable	
C05 - Records Management	9	9	9	9	9	9	9	9	9	9	↔ Stable	
C06 - Fraud Risk Management	9	9	9	9	9	9	9	9	9	9	↑ Increasing	
T02 - Cyber Security Information Protection	9	9	9	9	9	9	9	9	9	9	↑ Increasing	
H03 - Public and Employee Safety	9	9	9	9	9	9	9	9	9	9	↔ Stable	
T05 - Technology Services Resource Optimization	9	9	9	9	9	9	9	9	9	9	↑ Increasing	
E02 - Effluent Limitation Guidelines	16	16	16	20	20	15	8	8	8	8	↔ Stable	
E09 - FERC/NERC (Section 693) O&P Reliability & Compliance	8	8	8	8	8	8	8	8	8	8	↔ Stable	
T01 - Technology Infrastructure Reliability	4	8	8	8	8	8	8	8	8	8	↔ Stable	
T03 - Cyber Security Business Disruption	8	8	8	8	8	8	8	8	8	8	↑ Increasing	
T04 - Technology Services Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	↔ Stable	
C07 - Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	↔ Stable	
C08 - Black Swan (High Impact - Low probability event)	8	8	8	8	8	8	8	8	8	8	↔ Stable	
C04 - External Influence on Policy	10	8	8	8	8	8	8	8	8	8	↔ Stable	
W06 - Water Quality Management			8	8	8	8	8	8	8	8	↔ Stable	
E08 - SJRPP	9	9	9	9	9	9	6	6	6	6	↓ Decreasing	
E11 - Infrastructure Maintenance - Electric Systems Assets	6	6	6	6	6	6	6	6	6	6	↔ Stable	
E20 - Operations Technology Management - Electric	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	↔ Stable	
E13 - Infrastructure Destruction Due to Severe Weather	6	6	6	6	6	6	6	6	6	6	↔ Stable	
W04 - Infrastructure Maintenance - Water/Waste Water Systems	6	6	6	6	6	6	6	6	6	6	↔ Stable	
F03 - Credit Availability/Cost	6	6	6	6	6	6	6	6	6	6	↔ Stable	
C09 - Other Regulatory Compliance	6	6	6	6	6	6	6	6	6	6	↔ Stable	
F04 - Counterparty Risk	5	5	5	5	5	5	5	5	5	5	↔ Stable	



These risks are primarily operational in nature. Although the impact can still be significant, JEA has more flexibility in mitigating the risks.

## Ethics Hotline (EHL) Case Statistics – Q2 FY18

Open Cases 12/31/2017	Cases Opened Q2 FY18	Cases Closed Q2 FY18	Open Cases 3/31/2017
16	7	9	14

Categories For Cases Opened During Q2 FY18	
Regulatory/Environmental	3
Fraud/Waste/Abuse	2
Discrimination/Harassment	1
General Inquiries	1
Total	7

# Summary of Closed EHL Cases – Q2 FY18

Reporting Source	Allegation	Investigation Results
Internal	JEA-17-03-0002 – An employee alleged that co-workers were not working their reported timecard hours.	Timecard reporting inconsistencies and procedural violations were noted for all of the co-workers based on the data reviewed by the Investigators. Most of the co-workers did not warrant interviews by Law Enforcement. However, one employee had a significant discrepancy between hours worked and timecard hours, in addition to using a JEA-assigned vehicle for personal use. As a result, the employee was arrested for theft and document falsification charges. At the conclusion of the investigation, all co-worker procedural violations were reported to Management and Labor Relations for disposition.
Internal	JEA-17-05-0002 – In connection with an employee discipline issue involving a JEA vehicle, management discovered the employee may not be working hours as claimed on the employee’s timecard.	Significant discrepancies were noted between the employee’s timecard hours and data compiled by the JEA Investigator. Based on these discrepancies, law enforcement conducted a criminal investigation and concluded that when all the data, facts, history, and testimony were considered, the employee’s activities did not meet the standard for criminal charges in the State of Florida. JEA policy violations were noted, one of which was the employee using JEA’s vehicle for personal use. The employee was reprimanded and paid restitution for using the JEA vehicle on non-work days.
Internal	JEA-17-07-0002 – An employee reported the following concerning a JEA Manager: <ol style="list-style-type: none"> <li>1) There may have been an inappropriate business deal negotiated by the Manager with an outside contractor.</li> <li>2) The Manager “forced” a group of employees to work a twelve-hour shift on a Saturday after the hurricane. The employees were directed by the Manager to charge a FEMA project code on this Saturday for regular work performed a week after the hurricane.</li> </ol>	Our investigation resulted in no evidence to substantiate the allegation of inappropriate business dealings between the JEA manager and the contractor. Also, it was within the manager’s discretion to require employees to work a twelve-hour shift after the storm. Relating to the FEMA storm project charges for this group of employees, we determined there were three days in question that could not be substantiated relating to how much time was storm-related or regular work. Accordingly, management reversed these employee charges for the three days in its FEMA reporting.



# Summary of Closed EHL Cases – Q2 FY18 (continued)

Reporting Source	Allegation	Investigation Results
EHL	JEA-17-10-0002 – An employee reported being denied for an interview based on not receiving credit for certain work experience. The employee alleged this was an ethics violation.	Based on the results of the interviews conducted and a review of associated recruitment documentation, there was no evidence to substantiate unethical behavior by Recruitment Services in not considering the employee for an interview.
EHL	JEA-17-10-0003 – The caller reported that a Call Center contract employee gave a customer the name and phone number of the contract employee’s brother, who was an electrician.	A review of the recorded conversation between the customer and contract employee substantiated the caller’s allegations. The contract employee has since been terminated. Management agreed to update Call Center procedures to specifically prohibit personnel from recommending relatives/friends to perform work for customers.
EHL	JEA-17-10-0004 – The caller alleged a JEA foreman sent harassing and threatening emails to employees and instructed them to slow down and not work to their full potential so as to force a backlog of work to justify overtime.	We determined the foreman sent emails that were job-threatening and could be viewed as hostile to employees. The foreman was issued a Formal Letter of Counseling, and the employees have since been assigned to a different supervisor. No evidence was found to substantiate the allegation of instructing people to not work to their full potential. In fact, emails located were instructing employees to keep their production up.

# Summary of Closed EHL Cases – Q2 FY18 (concluded)

Reporting Source	Allegation	Investigation Results
EHL	JEA-17-11-0001 – An anonymous caller reported observing an employee hugging individuals and being touched inappropriately by others.	Given the nature of the complaint, Labor Relations was contacted to assist with the investigation. Based on the information gathered, there was no evidence to support the ethics complaint or a violation of JEA's Harassment Policy.
EHL	JEA-17-12-0003 – An employee reported that supervisors knew electricity was in a bunker when the employee was sent to fix a pipe, after which the employee was almost electrocuted. In addition, the crew leader was not available for four hours after the incident. The employee also alleged retaliation because an assigned JEA truck was going to be taken away.	Because this case dealt with workplace retaliation and possible discrimination, a joint investigation was conducted with Labor Relations, but no evidence was found to support retaliation or discrimination based on the employee's claims. In addition, there was no evidence to conclude supervisors knew electricity was in the bunker and intentionally kept this information from the employee. The claim that the crew leader was not available after the incident was founded, but it was due to work activities. The crew leader arrived on-site after the accident in a timely manner, not four hours as alleged. As a result of this case, management agreed to conduct a review of the safety incident and develop procedures addressing hazard identification and awareness to reduce the likelihood of the safety incident occurring in the future.
EHL	JEA-18-02-0001 – An employee was made aware a dissatisfied customer followed the employee after leaving the customer's home. The employee alleged that because management was aware of the situation and did not inform the employee, this violated company policy regarding notification to Security, coworkers, and the potential victim when there is a threatening situation putting the employee's security at risk.	We determined Management was notified by the Call Center of a customer complaint. They reached out to the customer to resolve the issue, and in doing so found out the customer followed the employee to obtain a vehicle tag number to have the necessary information to report the complaint. We found no violation of JEA procedures by the manager not making the employee aware of the incident. It was determined by management, Security, Safety, and Labor Relations that this situation was not a threat to the employee's security.

**II. C.**

**Ethics Officer Quarterly Report**



Building Community

## AGENDA ITEM SUMMARY

April 23, 2018

**SUBJECT:** ETHICS OFFICER QUARTERLY REPORT

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

**Issue:** The Ethics Officer Quarterly Report provides the JEA Board of Directors with information on the current ethics inquiries 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: AFZ/ARH/WMS



### Commitments to Action

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

II. C.  
5/07/2018

Return to  
Agenda

# JEA

## Ethics Officer Report

May 7, 2018

### Creating an Ethical Culture

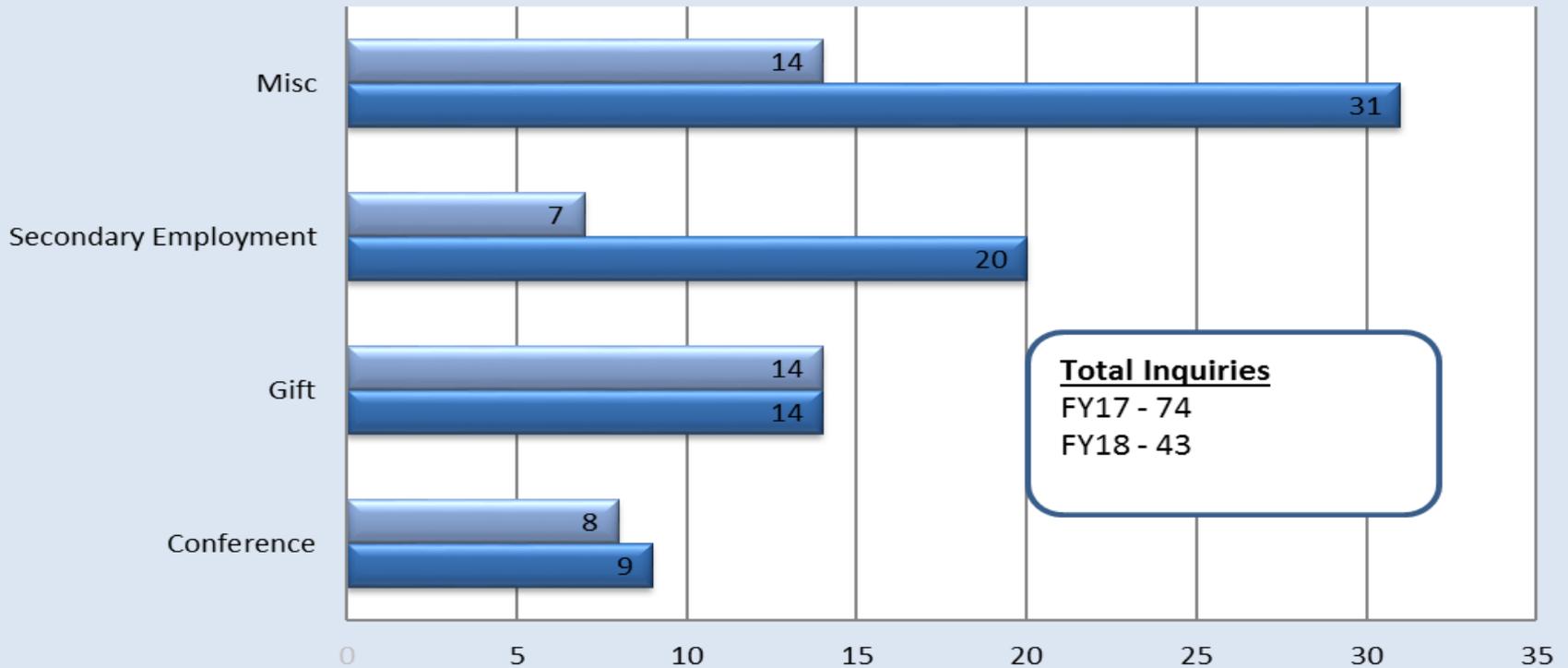
JEA will conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations.

**Walette Stanford, Ethics Officer**



# FY 17/FY18 Comparisons

## Ethics Inquiries Comparison FY17/FY18



	Conference	Gift	Secondary Employment	Misc
■ FY18	8	14	7	14
■ FY17	9	14	20	31

# Ethics Officer Cases - Five Years in Review



# FY17/FY18 Gift Registry

## FY17/FY18 GIFT ESTIMATES COMPARISON PER QUARTER



Food Items: Business lunches/dinners, event dinners & transportation

Promotional items: luggage set, gift baskets, golf shirts

Misc: Yeti cooler, tote bags, gift cards, mugs, chocolate gift basket, umbrellas

# FY18 Business Ethics Training

- Training was sent out to 1972 JEA employees on March 1, 2018
- Survey Questions/Results:
  - **Overall, how satisfied were you with the knowledge you obtained in the Business Ethics Refresher?**
    - 74% Very Satisfied
    - 13% Somewhat Satisfied
    - 11% Neither
    - 1% Somewhat Dissatisfies
    - 1.5% Very Dissatisfied
  - **Overall, how satisfied were you with the Business Ethics Refresher E-Learning?**
    - 71% Very Satisfied
    - 17% Somewhat Satisfied
    - 11% Neither
    - 0% Somewhat Dissatisfies
    - 1% Very Dissatisfied
- Survey responses received was 296.



# FY18 Business Ethics Training Comments

**Survey Question/Responses: Please provide any additional comments or feedback regarding the training?**

- The information was clear and well presented. I think the graphics made the presentation easy to follow.
- No specific comment except that I appreciate the information provided, and the continued updates. Good job!!
- Current climate in JEA does not seem to be modeling an environment rich in ethics in upper management.
- A status bar with time remaining would be helpful for planning.
- Concise presentation of information.
- Great refresher!
- It really helped me remember what I forgot.

# Business Ethics Update and What's Next

- All JEA employees are provided training on Business Ethics during new hire orientation and refresher training, taken annually, was rolled out on March 1, 2018.
- Corporate Commitment Action is to have 100% compliance for employees completing the Ethics Training requirement within 90 days of the due date: to date 99% have taken the refresher.
- In conjunction with Aerotek, we developed an ethics training for their employees. Moving forward all external contractors will take our CBT training.
- Exploring a new platform to track ethics inquiries from employees.



*“ Whenever you do a thing, act as if all the world were watching”  
- Thomas Jefferson (Third President of the United States)*

## II. D.

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



Building Community

### AGENDA ITEM SUMMARY

April 23, 2018

<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
-----------------	--	--	---

**Issue:** Electric System and Water and Sewer System Reserve Fund Quarterly Report as of March 31, 2018. 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: AFZ/RFW/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<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**



**INTER-OFFICE MEMORANDUM**

April 23, 2018

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

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

---

**TO:** JEA Finance and Audit Committee

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Kelly Flanagan, Chair  
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, 2018.

**RECOMMENDATION:**

No action required; provided for information only.

---

Aaron F. Zahn, Interim Managing Director/CEO

AFZ/RFW/JEO/BHG

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

For the Fiscal Quarter Ending March 31, 2018  
(In Thousands of Dollars)

<b>Electric System</b>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Detail</u>
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>Page #</u>
<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 46,624	\$ 56,665	\$ 54,815	\$ 60,473	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	10,937	11,179	9,214	9,600	4
Rate Stabilization					
• Fuel	150,742	180,115	131,716	76,146	5
• DSM/conservation	2,886	3,515	3,695	4,087	6
• Environmental	23,430	29,975	36,417	42,717	7
• Debt Management	42,126	42,126	29,884	29,884	8
• Non-Fuel Purchased Power	38,000	34,400	25,189	53,586	9
Environmental	18,662	18,556	18,556	17,647	10
Customer Deposits	42,389	41,084	42,105	43,512	11
<b>Total Unrestricted</b>	<b>385,796</b>	<b>427,615</b>	<b>361,590</b>	<b>347,652</b>	
<b>Days of Cash on Hand (2)</b>	<b>225</b>	<b>270</b>	<b>234</b>	<b>214</b>	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	134,927	136,232	167,087	160,347	12
Debt Service Reserve Funds	64,595	60,582	60,582	60,582	13
Renewal and Replacement Funds/OCO (3)	145,711	192,179	201,368	196,412	14
Construction Funds	-	-	-	-	15
<b>Total Restricted</b>	<b>345,233</b>	<b>388,993</b>	<b>429,037</b>	<b>417,341</b>	
<b>Total Electric System</b>	<b>\$ 731,029</b>	<b>\$ 816,608</b>	<b>\$ 790,627</b>	<b>\$ 764,993</b>	
<hr/>					
<b>Water and Sewer System</b>					
<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 22,588	\$ 42,948	\$ 69,199	\$ 46,679	
Rate Stabilization					
• Debt Management	20,290	20,290	14,209	14,209	16
• Environmental		1,699	5,214	10,300	17
Customer Deposit	13,255	13,910	15,086	15,218	18
<b>Total Unrestricted</b>	<b>56,133</b>	<b>78,847</b>	<b>103,708</b>	<b>86,406</b>	
<b>Days of Cash on Hand (2)</b>	<b>466</b>	<b>528</b>	<b>496</b>	<b>471</b>	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	67,720	65,410	82,208	81,727	19
Debt Service Reserve Funds	108,849	108,086	107,488	102,850	20
Renewal and Replacement Funds					
• R&R/OCO (4)	76,020	76,020	54,699	88,325	21
• Capacity Fees/State Revolving Loans	90,912	103,411	95,620	60,499	22
• Environmental	19,245	2,659	1,839	1,420	23
Construction Funds	664	152	15	-	24
<b>Total Restricted</b>	<b>363,410</b>	<b>355,738</b>	<b>341,869</b>	<b>334,821</b>	
<b>Total Water &amp; Sewer System</b>	<b>\$ 419,543</b>	<b>\$ 434,585</b>	<b>\$ 445,577</b>	<b>\$ 421,227</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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<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			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 12,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,451	\$ 12,257
Additions:									
Contributions	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Withdrawals	12,257					12,257	12,257	12,257	12,257
Sub-total	\$ 12,257	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	<u>2019</u>	<u>2020</u>	<u>2021</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 9,113	\$ 9,214	\$ 9,214	N/A	\$ 11,179	\$ 9,600	\$ 9,600	\$ 9,600
Additions:								
Employee Contributions	1,589	3,083	6,155	N/A	5,862	6,463	6,786	7,125
Retiree & Other Contributions	1,384	3,311	6,830		6,443	7,239	7,674	8,134
Employer Contributions	4,627	9,278	18,556		19,004	19,798	21,540	23,441
Sub-total	\$ 7,600	\$ 15,672	\$ 31,541	\$ -	\$ 31,309	\$ 33,500	\$ 36,000	\$ 38,700
Deductions:								
Payments for Claims	5,422	13,104	28,829	N/A	30,994	31,105	33,533	36,159
Actuary & Other Payments	453	944	2,326		2,280	2,395	2,467	2,541
Sub-total	\$ 5,875	\$ 14,048	\$ 31,154	\$ -	\$ 33,274	\$ 33,500	\$ 36,000	\$ 38,700
Ending Balance	\$ 10,838	\$ 10,838	\$ 9,600	N/A	\$ 9,214	\$ 9,600	\$ 9,600	\$ 9,600

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 10,749	\$ 11,179	\$ 12,844	\$ 15,914
Additions:									
Employee Contributions	5,893	4,573	5,447	5,460	5,862	4,573	5,460	5,447	5,893
Retiree & Other Contributions	5,701	5,188	5,141	5,694	6,443	5,141	5,694	5,633	6,443
Employer Contributions	20,629	14,252	22,220	24,231	19,004	14,252	20,629	20,067	24,231
Sub-total	\$ 32,223	\$ 24,013	\$ 32,808	\$ 35,385	\$ 31,309				
Deductions:									
Payments for Claims	29,354	27,157	30,408	32,946	30,994	27,157	30,408	30,172	32,946
Actuary & Other Payments	2,395	2,021	2,212	2,197	2,280	2,021	2,212	2,221	2,395
Sub-total	\$ 31,749	\$ 29,178	\$ 32,620	\$ 35,143	\$ 33,274				
Ending balance	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 9,214	\$ 9,214	\$ 10,937	\$ 11,599	\$ 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, 2018**

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.

<i>(In Thousands)</i>	Actual as of 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 122,278	\$ 131,716	\$ 131,716	N/A	\$ 180,115	\$ 76,146	\$ 60,629	\$ 70,218
Additions:								
Contributions			-		2,845		9,589	
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 2,845	\$ -	\$ 9,589	\$ -
Withdrawals	39,517	48,955	55,570	32,800	51,244	15,517		1,009
Customer Fuel Rebate Credit				-	-			
Sub-total	\$ 39,517	\$ 48,955	\$ 55,570	\$ 32,800	\$ 51,244	\$ 15,517	\$ -	\$ 1,009
Ending Balance	\$ 82,761	\$ 82,761	\$ 76,146	N/A	\$ 131,716	\$ 60,629	\$ 70,218	\$ 69,209

	Historical					Statistical			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Low	Median	Mean	High
Opening Balance	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 92,362	\$ 108,289	\$ 127,393	\$ 180,115
Additions:									
Contributions	52,523	22,496	95,224	85,979	2,845	2,845	52,523	51,813	95,224
Sub-total	\$ 52,523	\$ 22,496	\$ 95,224	\$ 85,979	\$ 2,845	-	-	-	-
Deductions:									
Withdrawals					51,244	51,244	51,244	51,244	51,244
Fuel Rebate Credit	36,596	25,328	49,939	56,606		25,328	43,268	42,117	56,606
Sub-total	\$ 36,596	\$ 25,328	\$ 49,939	\$ 56,606	\$ 51,244	-	-	-	-
Ending balance	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 131,716	\$ 105,457	\$ 131,716	\$ 135,264	\$ 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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year-to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 4,031	\$ 3,695	\$ 3,695	N/A	\$ 3,515	\$ 4,087	\$ 3,638	\$ 3,410
Additions:								
Contributions	1,742	3,295	7,222	7,515	6,685	7,590	6,871	6,871
Other								
Sub-total	\$ 1,742	\$ 3,295	\$ 7,222	\$ 7,515	\$ 6,685	\$ 7,590	\$ 6,871	\$ 6,871
Withdrawals	1,615	2,832	6,830	8,126	6,505	8,039	7,099	7,099
Sub-total	\$ 1,615	\$ 2,832	\$ 6,830	\$ 8,126	\$ 6,505	\$ 8,039	\$ 7,099	\$ 7,099
Ending Balance	\$ 4,158	\$ 4,158	\$ 4,087	N/A	\$ 3,695	\$ 3,638	\$ 3,410	\$ 3,182

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 2,886	\$ 3,570	\$ 4,155	\$ 6,912
Additions:									
Contributions	6,683	6,929	7,059	7,232	6,685	6,683	6,929	6,918	7,232
Transfer from Rev Fd						-	-	-	-
Sub-total	\$ 6,683	\$ 6,929	\$ 7,059	\$ 7,232	\$ 6,685				
Deductions:									
Withdrawals	9,704	7,250	7,743	6,603	6,505	6,505	7,250	7,561	9,704
Sub-total	\$ 9,704	\$ 7,250	\$ 7,743	\$ 6,603	\$ 6,505				
Ending balance	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 3,695	\$ 2,886	\$ 3,570	\$ 3,511	\$ 3,891

Observations:

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

## Electric System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending March 31, 2018**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.62 per 1,000 kWh

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

	Actual as of 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 38,181	\$ 36,417	\$ 36,417	N/A	\$ 29,975	\$ 42,717	\$ 48,820	\$ 53,700
Additions:								
Contributions	1,733	3,503	7,574	7,942	7,384	8,039	7,320	7,320
Sub-total	\$ 1,733	\$ 3,503	\$ 7,574	\$ 7,942	\$ 7,384	\$ 8,039	\$ 7,320	\$ 7,320
Withdrawals	242	248	1,274	2,051	942	1,936	2,440	3,660
Sub-total	\$ 242	\$ 248	\$ 1,274	\$ 2,051	\$ 942	\$ 1,936	\$ 2,440	\$ 3,660
Ending Balance	\$ 39,672	\$ 39,672	\$ 42,717	N/A	\$ 36,417	\$ 48,820	\$ 53,700	\$ 57,360

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 5,343	\$ 16,639	\$ 17,082	\$ 29,975
Additions:									
Contributions	5,650	7,395	7,586	7,700	7,384	5,650	7,395	7,143	7,700
Sub-total	\$ 5,650	\$ 7,395	\$ 7,586	\$ 7,700	\$ 7,384	-	-	-	-
Deductions:									
Withdrawals	970	779	795	1,155	942	779	942	928	1,155
Sub-total	\$ 970	\$ 779	\$ 795	\$ 1,155	\$ 942	-	-	-	-
Ending balance	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 36,417	\$ 10,023	\$ 23,430	\$ 23,297	\$ 36,417

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

## Electric System Rate Stabilization - Debt Management

**For the Fiscal Quarter Ending March 31, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
	<i>(In Thousands)</i>							
Opening Balance	\$ 29,884	\$ 29,884	\$ 29,884	N/A	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					12,242			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 12,242	\$ -	\$ -	\$ -
Ending Balance	\$ 29,884	\$ 29,884	\$ 29,884	N/A	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 41,611	\$ 42,126	\$ 42,023	\$ 42,126
Additions:									
Contributions	6,581					6,581	6,581	6,581	6,581
Sub-total	\$ 6,581	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	6,066				12,242	6,066	9,154	9,154	12,242
Sub-total	\$ 6,066	\$ -	\$ -	\$ -	\$ 12,242	-	-	-	-
Ending balance	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 29,884	\$ 29,884	\$ 42,126	\$ 39,678	\$ 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, 2018**

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

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

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

	Actual as of 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 22,347	\$ 25,189	\$ 25,189	N/A	\$ 34,400	\$ 53,586	\$ 39,259	\$ 19,259
Additions:								
Contributions			40,000	-	-			
Sub-total	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals	2,888	5,730	11,603	11,745	3,600	14,327	20,000	19,259
Sub-total	\$ 2,888	\$ 5,730	\$ 11,603	\$ 11,745	\$ 3,600	\$ 14,327	\$ 20,000	\$ 19,259
Ending Balance	\$ 19,459	\$ 19,459	\$ 53,586	N/A	\$ 30,800	\$ 39,259	\$ 19,259	\$ -

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ -	\$ 12,000	\$ 16,880	\$ 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	9,211	3,600	6,406	6,406	9,211
Sub-total	\$ -	\$ -	\$ -	\$ 3,600	\$ 9,211	-	-	-	-
Ending balance	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ 25,189	\$ -	\$ 25,189	\$ 21,918	\$ 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, 2018**

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

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

	Actual as of 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 17,647	\$ 17,672	\$ 17,672	N/A	\$ 18,556	\$ 17,647	\$ 17,647	\$ 17,647
Additions:								
Contributions			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals		25	25	N/A	884			
Sub-total	\$ -	\$ 25	\$ 25	\$ -	\$ 884	\$ -	\$ -	\$ -
Ending Balance	\$ 17,647	\$ 17,647	\$ 17,647	N/A	\$ 17,672	\$ 17,647	\$ 17,647	\$ 17,647

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 18,359	\$ 18,662	\$ 18,580	\$ 18,662
Additions:									
Contributions	970					970	970	970	970
Sub-total	\$ 970	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	667			106	884	106	667	552	884
Sub-total	\$ 667	\$ -	\$ -	\$ 106	\$ 884	-	-	-	-
Ending balance	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 17,672	\$ 17,672	\$ 18,662	\$ 18,443	\$ 18,662

Observations:

- The Environmental Reserve began in FY 2008.

## Electric System Customer Deposits

**For the Fiscal Quarter Ending March 31, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 42,603	\$ 42,105	\$ 42,105	N/A	\$ 41,084	\$ 43,512	\$ 43,512	\$ 43,512
Additions:								
Net Customer Activity	909	1,407	1,407	N/A	1,021			
Loan Repayment to ES Revenue Fund					-			
Sub-total	\$ 909	\$ 1,407	\$ 1,407	\$ -	\$ 1,021	\$ -	\$ -	\$ -
Net Customer Activity					-			
Loan to ES Revenue Fund				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 43,512	\$ 43,512	\$ 43,512	N/A	\$ 42,105	\$ 43,512	\$ 43,512	\$ 43,512

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 41,084	\$ 42,688	\$ 42,899	\$ 44,882
Additions:									
Net Customer Activity	1,430				1,021	1,021	1,226	1,226	1,430
Loan Repayment to ES Revenue Fund						-	-	-	-
Sub-total	\$ 1,430	\$ -	\$ -	\$ -	\$ 1,021				
Deductions:									
Net Customer Activity	2	2,194	299	1,305		2	802	950	2,194
Loan to ES Revenue Fund						-	-	-	-
Sub-total	\$ 2	\$ 2,194	\$ 299	\$ 1,305	\$ -				
Ending balance	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 42,105	\$ 41,084	\$ 42,389	\$ 42,630	\$ 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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 44,774	\$ 167,087	\$ 167,087	N/A	\$ 136,232	\$ 160,347	\$ 151,213	\$ 93,455
Additions:								
Revenue Fund Deposits	50,210	100,176	205,576		209,450	198,989	141,056	136,439
Bond funded interest					-			
Sub-total	\$ 50,210	\$ 100,176	\$ 205,576	\$ -	\$ 209,450	\$ 198,989	\$ 141,056	\$ 136,439
Principal and Int Payments	1,958	174,237	212,316	N/A	178,595	208,123	198,814	139,464
Sub-total	\$ 1,958	\$ 174,237	\$ 212,316	\$ -	\$ 178,595	\$ 208,123	\$ 198,814	\$ 139,464
Ending Balance	\$ 93,026	\$ 93,026	\$ 160,347	N/A	\$ 167,087	\$ 151,213	\$ 93,455	\$ 90,430

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 101,305	\$ 120,458	\$ 120,135	\$ 136,232
Additions:									
Revenue Fund Deposits	159,072	167,340	181,006	177,847	209,450	159,072	177,847	178,943	209,450
Bond funded interest						-	-	-	-
Sub-total	\$ 159,072	\$ 167,340	\$ 181,006	\$ 177,847	\$ 209,450				
Deductions:									
Principal and Int Payments	165,521	148,187	166,537	176,542	178,595	148,187	166,537	167,076	178,595
Sub-total	\$ 165,521	\$ 148,187	\$ 166,537	\$ 176,542	\$ 178,595				
Ending balance	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 167,087	\$ 101,305	\$ 134,927	\$ 132,002	\$ 167,087

**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, 2018**

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.

(In Thousands)	Actual as of 03/31/2018		Full Year Budget Amounts			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582
Additions:								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Release to Revenue Fund				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582

	Historical Actuals					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	\$ 60,582	\$ 64,841	\$ 65,417	\$ 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	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	\$ 60,582	60,582	64,595	63,088	64,841

**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, 2018

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 178,530	\$ 201,368	\$ 201,368	N/A	\$ 192,179	\$ 196,412	\$ 139,751	\$ 44,827
Additions:								
R&R/OCO Contribution	40,402	84,803	144,246		196,589	241,452	170,285	267,758
Loans betw Capital Fds				-	-			
Other	6,678	6,678	38,053	-	5,074	11,306		
Sub-total	\$ 47,080	\$ 91,481	\$ 182,299	\$ -	\$ 201,663	\$ 252,758	\$ 170,285	\$ 267,758
Deductions:								
Capital Expenditures	27,283	88,604	187,255		113,987	309,419	265,209	144,855
Transfers betw Capital Fds				-	37,200			
R&R/OCO Contribution								
Debt Defeasance				-	41,287			
Other	8,045	13,963						
Sub-total	\$ 35,328	\$ 102,567	\$ 187,255	\$ -	\$ 192,474	\$ 309,419	\$ 265,209	\$ 144,855
Ending Balance	\$ 190,282	\$ 190,282	\$ 196,412	N/A	\$ 201,368	\$ 139,751	\$ 44,827	\$ 167,730

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 105,235	\$ 145,711	\$ 146,104	\$ 192,179
Additions:									
R&R/OCO Contribution	124,630	85,639	110,351	200,692	196,589	85,639	124,630	143,580	200,692
Loans betw Capital Fds	-	-	-	-	-	-	-	-	-
Other	2,423	4,014	970	3,744	5,074	970	3,744	3,245	5,074
Sub-total	\$ 127,053	\$ 89,653	\$ 111,321	\$ 204,436	\$ 201,663				
Deductions:									
Capital Expenditures	91,802	82,889	112,483	157,201	113,987	82,889	112,483	111,672	157,201
Bond Buy Back				2		2	2	2	2
Transfer to Scherer									
Loans betw Capital Fds		340	37	765	37,200				
Other		-		-	41,287			13,762	41,287
Sub-total	\$ 91,802	\$ 83,229	\$ 112,520	\$ 157,968	\$ 192,474				
Ending balance	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 201,368	\$ 140,486	\$ 146,910	\$ 165,331	\$ 201,368

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, 2018

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 803	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
<b>Additions:</b>								
Bond Proceeds		805	805	-	429			150,000
Line of Credit				-	-			
Transfers b/w Capital Fds				-	-			
Other				-	-			
Sub-total	\$ -	\$ 805	\$ 805	\$ -	\$ 429	\$ -	\$ -	\$ 150,000
<b>Deductions:</b>								
Capital Expenditures	580	580			-	-	-	150,000
Bond Funded Interest					-	-	-	
Transfers b/w Capital Fds					-	-	-	
Other		2	805	-	429			
Sub-total	\$ 580	\$ 582	\$ 805	\$ -	\$ 429	\$ -	\$ -	\$ 150,000
Ending Balance	\$ 223	\$ 223	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -	\$ 133	\$ 7,581	\$ 40,034
<b>Additions:</b>									
Bond Proceeds	1,550				429	429	990	990	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	\$ 429				
<b>Deductions:</b>									
Capital Expenditures	35,253	4,821	75	6		6	2,448	10,039	35,253
Bond Funded Interest						-	-	-	-
Line of Credit									
Transfers b/w Capital Fds	35	3,091				35	1,563	1,563	3,091
Other	1,146	661			429	429	661	745	1,146
Sub-total	\$ 36,434	\$ 8,573	\$ 75	\$ 6	\$ 429				
Ending balance	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -	\$ -	\$ 4	\$ 1,046	\$ 5,184

**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 Rate Stabilization Debt Management

**For the Fiscal Quarter Ending March 31, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
<i>(In Thousands)</i>								
Opening Balance	\$ 14,209	\$ 14,209	\$ 14,209	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209
Additions:								
Contributions	-	-	-	N/A	-			
Financial Statement Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Withdrawals								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 14,209	\$ 14,209	\$ 14,209	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290
Additions:									
Contributions	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals					6,081	6,081	6,081	6,081	6,081
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 6,081	-	-	-	-
Ending balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 14,209	\$ 14,209	\$ 20,290	\$ 19,074	\$ 20,290

Observations:

- Contributions began in June 2009.

## Water & Sewer System Rate Stabilization - Environmental

**For the Fiscal Quarter Ending March 31, 2018**

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.

(In Thousands)	Actual as of 03/31/2018		2018 Forecast	Full Year		Projection		
	Current Quarter	Year -to-Date		2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 8,518	\$ 5,214	\$ 5,214	N/A	\$ 1,699	\$ 10,300	\$ 10,300	\$ 10,300
Additions:								
Contributions	5,691	11,568	25,891		24,362			
Regulatory Receivable								
Sub-total	\$ 5,691	\$ 11,568	\$ 25,891	\$ -	\$ 24,362	\$ -	\$ -	\$ -
Deductions:								
Withdrawals	3,966	6,539	20,805		20,847			
Regulatory Receivable								
Sub-total	\$ 3,966	\$ 6,539	\$ 20,805	\$ -	\$ 20,847	\$ -	\$ -	\$ -
Ending Balance	\$ 10,243	\$ 10,243	\$ 10,300	N/A	\$ 5,214	\$ 10,300	\$ 10,300	\$ 10,300

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 1,699	\$ -	\$ -	\$ 340	\$ 1,699
Additions:									
Contributions				23,635	24,362	23,635	23,999	23,999	24,362
Regulatory Receivable						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ 23,635	\$ 24,362				
Deductions:									
Withdrawals				21,936	20,847	20,847	21,392	21,392	21,936
Regulatory Receivable						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ 21,936	\$ 20,847				
Ending balance	\$ -	\$ -	\$ -	\$ 1,699	\$ 5,214	\$ -	\$ -	\$ 1,383	\$ 5,214

**Observations:**

- Rate Stabilization Fund for Environmental began in June 2010.

## Water and Sewer System Customer Deposits

**For the Fiscal Quarter Ending March 31, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 15,270	\$ 15,086	\$ 15,086	N/A	\$ 13,910	\$ 15,218	\$ 15,218	\$ 15,218
Additions:								
Allocated from Electric Loan Repayment		132	132	N/A	1,176			
Sub-total	\$ -	\$ 132	\$ 132	\$ -	\$ 1,176	\$ -	\$ -	\$ -
Deductions:								
Allocated from Electric Loan to W&S Operations	52		-	N/A	-			
Sub-total	\$ 52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 15,218	\$ 15,218	\$ 15,218	N/A	\$ 15,086	\$ 15,218	\$ 15,218	\$ 15,218

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 12,627	\$ 13,255	\$ 13,288	\$ 13,910
Additions:									
Allocated from Electric Loan Repayment	1,233		468	655	1,176	468	655	766	1,176
Sub-total	\$ 1,233	\$ -	\$ 468	\$ 655	\$ 1,176				
Deductions:									
Allocated from Electric Loan to W&S Operations		1,073				-	-	-	-
Sub-total	\$ -	\$ 1,073	\$ -	\$ -	\$ -				
Ending balance	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 15,086	\$ 12,787	\$ 13,860	\$ 13,780	\$ 15,086

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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 23,375	\$ 82,208	\$ 82,208	N/A	\$ 65,410	\$ 81,727	\$ 85,952	\$ 86,527
Additions:								
Revenue fund deposits	28,274	56,751	117,032		114,873	119,748	120,110	120,310
Sub-total	\$ 28,274	\$ 56,751	\$ 117,032	\$ -	\$ 114,873	\$ 119,748	\$ 120,110	\$ 120,310
Deductions:								
Principal and interest payments	739	88,049	117,513	N/A	98,075	115,523	119,535	118,867
Sub-total	\$ 739	\$ 88,049	\$ 117,513	\$ -	\$ 98,075	\$ 115,523	\$ 119,535	\$ 118,867
Ending Balance	\$ 50,910	\$ 50,910	\$ 81,727	N/A	\$ 82,208	\$ 85,952	\$ 86,527	\$ 87,970

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 223	\$ 71,370	\$ 61,727	\$ 81,675
Additions:									
Revenue fund deposits	119,535	117,444	102,789	97,077	114,873	97,077	114,873	110,344	119,535
Bond funded interest						-	-	-	-
Sub-total	\$ 119,535	\$ 117,444	\$ 102,789	\$ 97,077	\$ 114,873				
Deductions:									
Principal and interest payments	120,893	122,742	110,088	99,387	98,075	98,075	110,088	110,237	122,742
Sub-total	\$ 120,893	\$ 122,742	\$ 110,088	\$ 99,387	\$ 98,075				
Ending balance	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 82,208	\$ 65,410	\$ 75,019	\$ 74,135	\$ 82,208

**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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 102,850	\$ 107,488	\$ 107,488	N/A	\$ 108,086	\$ 102,850	\$ 102,850	\$ 102,850
Additions:								
Construction reserve fund/bond issues				N/A	-			
Revenue fund				N/A	-			
Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Revenue fund		4,638	4,638		598			
Sub-total	\$ -	\$ 4,638	\$ 4,638	\$ -	\$ 598	\$ -	\$ -	\$ -
Ending Balance	\$ 102,850	\$ 102,850	\$ 102,850	N/A	\$ 107,488	\$ 102,850	\$ 102,850	\$ 102,850

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 108,086	\$ 116,829	\$ 114,562	\$ 119,915
Additions:									
Construction reserve fund/bond issues	784					784	784	784	784
Revenue fund	3,821					3,821	3,821	3,821	3,821
Sub-total	\$ 4,605	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Revenue fund	3,821	3,086	7,980	763	598	598	3,086	3,250	7,980
Sub-total	\$ 3,821	\$ 3,086	\$ 7,980	\$ 763	\$ 598	-	-	-	-
Ending balance	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 107,488	\$ 107,488	\$ 108,849	\$ 112,233	\$ 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, 2018

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.

(In Thousands)	Actual as of 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 57,132	\$ 54,699	\$ 54,699	N/A	\$ 76,020	\$ 88,325	\$ 75,773	\$ 24,270
Additions:								
R&R/OCO Contribution	40,696	76,452	161,014	-	108,119	163,689	140,589	140,935
Transfer from Capital Fds				-	137			
Other	2,401	2,605	9,202	-	8,050	2,560	500	500
Sub-total	\$ 43,096	\$ 79,057	\$ 170,216	\$ -	\$ 116,306	\$ 166,249	\$ 141,089	\$ 141,435
Deductions:								
Capital Expenditures	25,718	59,246	136,590	-	132,588	178,151	191,942	189,388
Transfer to Capacity Fund				-	86			
Transfer to Construction Fund				-				
Other				-	4,953	650	650	
Sub-total	\$ 25,718	\$ 59,246	\$ 136,590	\$ -	\$ 137,627	\$ 178,801	\$ 192,592	\$ 189,388
Ending Balance	\$ 74,510	\$ 74,510	\$ 88,325	N/A	\$ 54,699	\$ 75,773	\$ 24,270	\$ (23,683)

	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 76,020	\$ 37,337	\$ 64,260	\$ 63,120	\$ 78,689
Additions:									
R&R/OCO Contribution	91,245	48,373	62,793	124,574	108,119	48,373	91,245	87,021	124,574
Loans betw Capital Fds	-		22		137	-	22	53	137
Other (incl septic tank)	1,539	1,614	653	30,889	8,050	653	1,614	8,549	30,889
Sub-total	\$ 92,784	\$ 49,987	\$ 63,468	\$ 155,463	\$ 116,306				
Deductions:									
Capital Expenditures	68,355	67,488	85,426	116,674	132,588	67,488	85,426	94,106	132,588
Loan Repayment	-	-			86	-	-	29	86
Transfer to Constr. Fund	10,000	1,893		106		106	1,893	4,000	10,000
Other (incl septic tank)	-	-	-	-	4,953	-	-	991	4,953
Sub-total	\$ 78,355	\$ 69,381	\$ 85,426	\$ 116,780	\$ 137,627				
Ending balance	\$ 78,689	\$ 59,295	\$ 37,337	\$ 76,020	\$ 54,699	\$ 37,337	\$ 59,295	\$ 61,208	\$ 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, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 87,781	\$ 95,620	\$ 95,620	N/A	\$ 103,411	\$ 60,499	\$ 52,441	\$ 40,102
Additions:								
Capacity Fees	5,525	11,657	23,187	-	24,777	21,641	21,959	22,288
State Revolving Fd Loan				-	-			
Transfer from R&R/OCO Fund			18	-	-	650	650	
Other				-	-			
Sub-total	\$ 5,525	\$ 11,657	\$ 23,205	\$ -	\$ 24,777	\$ 22,291	\$ 22,609	\$ 22,288
Deductions:								
Capital Expenditures	6,121	20,092	58,302	-	32,654	30,349	34,948	52,043
Other				-	-			
	24	24	24	-	-			
Sub-total	\$ 6,145	\$ 20,116	\$ 58,326	\$ -	\$ 32,654	\$ 30,349	\$ 34,948	\$ 52,043
Ending Balance	\$ 87,161	\$ 87,161	\$ 60,499	N/A	\$ 95,534	\$ 52,441	\$ 40,102	\$ 10,347

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 103,411	\$ 45,454	\$ 76,887	\$ 75,405	\$ 103,411
Additions:									
Capacity Fees	17,394	18,298	19,579	21,995	24,777	17,394	19,579	20,409	24,777
State Revolving Fd Loan	-	-				-	-	-	-
Loan Repayments	-	-	246	145		-	73	98	246
Other	12	-	5	7	86	-	7	22	86
Sub-total	\$ 17,406	\$ 18,298	\$ 19,830	\$ 22,147	\$ 24,863				
Deductions:									
Capital Expenditures	2,270	1,758	5,805	9,648	32,654	1,758	5,805	10,427	32,654
Loans betw Capital Fds						-	-	-	-
Other	230	13				13	122	122	230
	-	-	-	-	-				
Sub-total	\$ 2,500	\$ 1,771	\$ 5,805	\$ 9,648	\$ 32,654				
Ending balance	\$ 60,360	\$ 76,887	\$ 90,912	\$ 103,411	\$ 95,620	\$ 60,360	\$ 90,912	\$ 85,438	\$ 103,411

Observations:

## Water and Sewer Environmental

**For the Fiscal Quarter Ending March 31, 2018**

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 616	\$ 1,839	\$ 1,839	N/A	\$ 2,659	\$ 1,420	\$ 1,000	\$ 1,000
Additions:								
Environmental Contributions	1,964	2,527	9,842	-	12,394	18,145	9,421	4,696
Loans betw Capital Fds				-	-			
Other				-	-			
Sub-total	\$ 1,964	\$ 2,527	\$ 9,842	\$ -	\$ 12,394	\$ 18,145	\$ 9,421	\$ 4,696
Deductions:								
Capital Expenditures	1,765	3,551	10,261	-	13,214	18,565	9,421	4,696
Septic Tank Phase Out				-	-			
Other	-			-	-			
Sub-total	\$ 1,765	\$ 3,551	\$ 10,261	\$ -	\$ 13,214	\$ 18,565	\$ 9,421	\$ 4,696
Ending Balance	\$ 815	\$ 815	\$ 1,420	N/A	\$ 1,839	\$ 1,000	\$ 1,000	\$ 1,000

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ (9,857)	\$ -	\$ (2,011)	\$ 5,299
Additions:									
Environmental Contributions	21,193	21,018	22,056	15,539	12,394	12,394	21,018	18,440	22,056
Loans betw Capital Fds	-	-				-	-	-	-
Other						-	-	-	-
Sub-total	\$ 21,193	\$ 21,018	\$ 22,056	\$ 15,539	\$ 12,394				
Deductions:									
Capital Expenditures	22,892	5,862	7,318	12,880	13,214	5,862	12,880	12,433	22,892
Septic Tank Phase Out			203			203	203	203	203
Other			19,834			19,834	19,834	19,834	19,834
Sub-total	\$ 22,892	\$ 5,862	\$ 27,355	\$ 12,880	\$ 13,214				
Ending balance	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ 1,839	\$ (9,857)	\$ 1,839	\$ (12)	\$ 5,299

Observations:

## Water and Sewer Construction / Bond Fund

For the Fiscal Quarter Ending March 31, 2018

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 03/31/2018		Full Year			Projection		
	Current Quarter	Year -to-Date	2018 Forecast	2018 Budget	Prior Year Actual	2019	2020	2021
Opening Balance	\$ 907	\$ 15	\$ 15	N/A	\$ 152	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds		894	894	-	-			
Line of Credit			-	-	-			
Transfer from R&R/OCO Fund				-	-			
Other				-	-			
Sub-total	\$ -	\$ 894	\$ 894	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures	583	583		-	-			
Bond Proceeds				-	-			
Other		2	909	-	137			
Sub-total	\$ 583	\$ 585	\$ 909	\$ -	\$ 137	\$ -	\$ -	\$ -
Ending Balance	\$ 324	\$ 324	\$ -	N/A	\$ 15	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2013	2014	2015	2016	2017	Low	Median	Mean	High
Opening Balance	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 152	\$ 664	\$ 2,173	\$ 7,419
Additions:									
Bond Proceeds	486	-				-	243	243	486
Line of Credit	-	-				-	-	-	-
Loans/trnsf btw CapFds	10,000	1,893				1,893	5,947	5,947	10,000
Other	3	476	344	17		3	181	210	476
Sub-total	\$ 10,489	\$ 2,369	\$ 344	\$ 17	\$ -				
Deductions:									
Capital Expenditures	14,855	3,784	6			6	3,784	6,215	14,855
Bond Proceeds	411	48				48	230	230	411
Line of Credit	-	-				-	-	-	-
Loans/trnsf btw CapFds	337	516				337	427	427	516
Other	-	-		529	137	-	69	167	529
Sub-total	\$ 15,603	\$ 4,348	\$ 6	\$ 529	\$ 137				
Ending balance	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 15	\$ 15	\$ 326	\$ 692	\$ 2,305

**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.**

**JEA Energy Market Risk Management Policy Report**



Building Community

## AGENDA ITEM SUMMARY

April 17, 2018

**SUBJECT:** JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT

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

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

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

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

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

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

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

Submitted by: AFZ/MJB/SGM



### 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 4/6/2018		
Projected FY18 Expense (Budget = \$431M)	\$454M	☹
Projected FY18 Fuel Fund Ending Balance	\$76M	☹
Proposed FY19 Budget	\$418	☺
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

**Table 1: Physical Counterparties (Contracts One Year or Greater) as of 4/1/2018**

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
Scherer 4	Coal	Contura Eagle Butte - 003	Fixed Price	\$1,843,687	9 months
Scherer 4	Coal	Peabody Caballo - 009	Fixed Price	\$1,289,506	9 months
Scherer 4	Coal	Buckskin - 010	Fixed Price	\$602,627	9 months
Scherer 4	Coal	CY19 Contura Eagle Butte - 001	Fixed Price	\$2,806,571	12 months
Scherer 4	Coal	CY19 Contura Eagle Butte - 004	Fixed Price	\$862,826	12 months
Scherer 4	Coal	CY19 Peabody Caballo -005	Fixed Price	\$2,334,578	12 months
Scherer 4	Coal	CY20 Contura Eagle Butte - 001	Fixed Price	\$3,018,716	12 months
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$197,523,734	3.17 years

**Table 2: Financial Positions as of 4/1/2018**

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost (\$/mmBtu)	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY18	Natural Gas	25,918,900	9,100,000	35.1%	\$ 2.76	Swap	\$ 2.65	\$ (1,048,320)	Wells Fargo
FY19	Natural Gas	52,297,400	5,460,000	10.4%	\$ 2.79	Swap	\$ 2.65	\$ (1,294,020)	Wells Fargo
FY20	Natural Gas	52,059,400	-	0.0%	\$ 2.77	-	-	\$ -	-

**Table 3: Fuel Procurement as of 4/1/2018**

Fuel Type	Natural Gas	Coal	Petcoke	Purchased Power	Oil/Diesel	Renewables
FY18 Remaining / Energy Mix	52%	16%	11%	19%	0%	2%
Expected Spend (\$)	83.6M	32.4M	26.0M	34.9M	0.5M	7.7M
% Procured	72%	94%	22%	59%	100%	100%
% Hedged	35%	94%	22%	6%	100%	100%
FY19 Budget / Energy Mix	49%	19%	14%	17%	0%	1%
Expected Spend (\$)	148.4M	76.2M	54.9M	58.3M	0.9M	13.5M
% Procured	53%	56%	8%	59%	100%	100%
% Hedged	10%	56%	8%	7%	100%	100%
FY20 Projection / Energy Mix	59%	18%	14%	8%	0%	1%
Expected Spend (\$)	177.6M	69.3M	57.6M	51.4M	3.9M	13.1M
% Procured	36%	45%	9%	24%	100%	100%
% Hedged	0%	45%	9%	3%	100%	100%

**Supporting Notes:**

- Renewable purchase power agreements are not included in Table 1
- Natural Gas Transportation is 100% fixed capacity and price
- Solid fuel procurement - annually and quarterly at Northside; CY2018-2020 for Scherer
- Table 3: FY Energy Mix 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
- Renewables in Table 3 represent only signed agreements

GWh			
	2018 (remain.)	2019	2020
Coal	 1132	2535	2305
Petcoke	 769	1765	1834
Oil/Diesel	2	4.6	19.1
Purch Pwr	 1322	2259.5	1064
Nat Gas	 3615	6401	7761
Renew	 108	155.5	136
Total	6948	13120.6	13119.1
%			
Coal	 16%	19%	18%
Petcoke	 11%	14%	14%
Oil/Diesel	0%	0%	0%
Purch Pwr	 19%	17%	8%
Nat Gas	 52%	49%	59%
Renew	 2%	1%	1%
Total	100%	101%	100%

II. F.

This item is for open discussion only. No materials will be provided.