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## FINANCE & AUDIT COMMITTEE

8<sup>th</sup> Floor, 21 West Church Street, Jacksonville, FL 32202  
October 15, 2021 | 9:00 am – 11:00 am

### WELCOME

Meeting Called to Order  
Adoption of Agenda (Action)  
Approval of Minutes – May 14, 2021 (Action)

Marty Lanahan, Chair

Safety Briefing & Moment

Kim Wheeler, Director, Preventative Maintenance & Contract Management

### FOR COMMITTEE CONSIDERATION

Plant Capacity Fee Implementation  
Fuel Charge Discussion

Juli Crawford, Director, Financial Planning & Analysis

Ernst & Young FY2021 Annual Financial Audit Plan

John DiSanto, Managing Director, Ernst & Young

FY22 Internal Audit Plan (Action)

Steve Tuten, Director, Audit Services  
Lee Montanez, Manager, Internal Audit

### ADDITIONAL INFORMATION

Audit Services Update

Ethics Officer’s Report

Electric System and Water & Sewer System Reserve Fund Report

JEA Energy Risk Management Policy Report

### CLOSING CONSIDERATIONS

Announcements – Next Meeting February 11, 2022

Marty Lanahan, Chair

Committee Discussion

- Ernst & Young
- Director, Audit Services

John DiSanto, Ernst & Young  
Steve Tuten, Audit Services

Adjournment

### UPCOMING COMMITTEE AGENDA ITEMS

Rates Cost of Service Update  
FY23 Budget Assumptions  
Five Year Financial Plan  
Rating Agency Presentation



## **Finance & Audit Committee October 15, 2021**

If you experience any technical difficulties during the meeting, contact Ontario Blackmon at (904) 665-4203 or JEA's WebEx Support Team at [webexsupport@jea.com](mailto:webexsupport@jea.com).



## **Safety Briefing & Moment**

**Kim Wheeler**  
*Director, Preventive  
Maintenance and Contract  
Management*



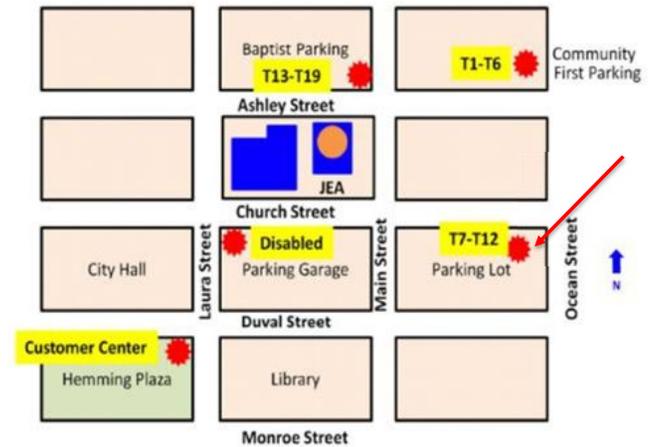
**Develop an Unbeatable Team**

# Safety Briefing



- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Parking Lot (corner of Church & Ocean Street)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone & Computer Etiquette

## EVACUATION ASSEMBLY CENTERS During normal business hours



### EGRESS ROUTES FROM:

#### Tower

- Even Floors – evacuate via NW stairwell
- Odd Floors – evacuate via center stairwell

#### Customer Center

- Evacuate via either stairwell

# Safety Moment



## Slips, Trips & Falls

Account for a significant portion (~23%) of JEA's work-related injuries each year

According to the National Floor Safety Institute, each year falls account for 8 million emergency room visits (~21% of all emergency room visits)

Flooring alone is responsible for over 2 million falls every year

In fact, 50% of accidental home deaths start with a fall - most of these happen on the same level

## Injury Prevention Reminders

Maintain good housekeeping, safety and housekeeping go hand in hand

Take short steps on slippery surfaces to keep your center of balance

Clean up or report spills right away - even minor spills can be very dangerous

Don't carry loads that you cannot see over

Keep walking and working areas well lit, especially at night

Repair or replace stairs or handrails that are loose or broken

Maintain three points of contact when climbing or descending ladders, trucks and equipment

Never stand on the top or next to the top step of a step ladder

Always use proper PPE (e.g., harness and lanyard) when working at unguarded elevations > 4-feet in height





# Capacity Fee Implementation

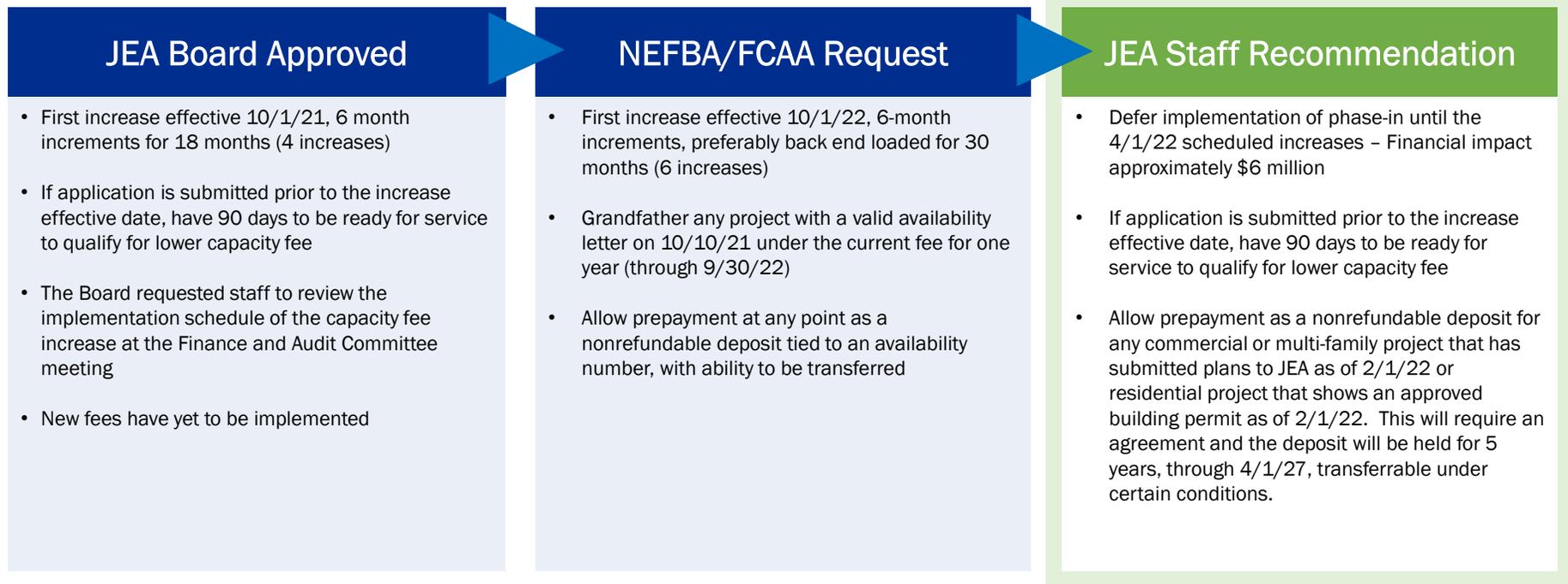
Juli Crawford  
*Director, Financial Planning & Analysis*



Develop an Unbeatable Team

# Plant Capacity Fee Implementation

## Staff Recommendation



# Plant Capacity Fee Implementation

## Staff Recommendation



Effective Date	Current	(10/01/21)	(04/01/22)	(10/01/22)	(04/01/23)
<b>Water/Irrigation Charge per Gallon</b>					
\$/gal	\$0.97	\$1.90	\$2.83	\$3.76	\$4.68
<b>Sewer Charge per Gallon</b>					
\$/gal	\$3.64	\$9.12	\$14.60	\$20.08	\$25.57
<b>¾" Water, Sewer and Irrigation Plant Capacity Fee Totals</b>					
\$	\$1,953	\$2,631.50	\$4,122.75	\$5,614	\$7,103

**All new connections** – All new connections have an additional six months to pay the lower fee. If application is made prior to the new April 1<sup>st</sup> increase date, they then have an additional 90 days to be ready for service, essentially allowing nine months to pay the lower fee.

**Multi-Family and Commercial**–These projects can pre-pay at the lower fee if plans are submitted, per guidelines, by 2/1/22 and payment is made prior to 4/1/22. This is non-refundable and forfeitable after five years.

**Residential** – These projects can pre-pay at the lower fee upon showing an approved building permit by 2/1/22 and payment is made prior to 4/1/22. This is non-refundable and forfeitable after five years.



## Fuel Charge Discussion

Juli Crawford

*Director, Financial Planning & Analysis*



# Fuel Charge Discussion

## FY22 Recommendation

Adjust fuel charges on a monthly basis beginning in December

- True pass-through vs crediting customers on the back end
- Implementing in December will lessen the impact on the customer bill utilizing safe guards given current fuel market activity

Create customer communication plan

- Talk to customers that will see largest impacts now
- Provide methodology, monthly pricing updates, and additional resources on [jea.com](http://jea.com)

## Fuel Charge Discussion

### Current

#### Set Annually

Based on forward 12 month energy cost projection and any amounts for the Fuel Stabilization fund

Should actual plus forecasted energy costs exceed 10% of projected energy costs during the year, rates may be adjusted to reflect current market conditions

Fuel Stabilization target balance is equal to 15% of the greater of:

- The maximum fiscal year fuel cost in the preceding five fiscal years or
- The projected fiscal year fuel cost
- Should the fund reach 15%, staff determines to continue to fund, issue a credit, or modify the Fuel Charge

### Proposed

#### Set Monthly

Based on forward month energy cost projection and any true-up amounts from the previous month's results

Eliminate Fuel Stabilization Fund

Include safeguards to protect customers from extreme weather events or other large price risks

**JEA proposes moving to a monthly fuel cost adjustment methodology**



# Fuel Charge Discussion

## How Are Other Large Public Power Utilities Managing Fuel Volatility?

	Responses	Fuel Charge Adjustments	Fuel Stabilization Fund
<p>Large Public Power Council (LPPC) is comprised of the largest consumer-owned utilities in the United States.</p>	Austin Energy	Annually	Yes
<p>Seven of its members responded to our recent survey concerning their organization’s Fuel and Purchased Power Cost Recovery Charge Policy</p>	CPS Energy	Monthly	No
	Grand River Dam Authority	Monthly	No
	Long Island Power Authority	Monthly	No
	Omaha Public Power District	Annually	No
	Salt River Project	Annually	No
	Tacoma Power	Bi-Annually	No

**It is not uncommon to have a regular fuel cost adjustment  
It is uncommon to have a fuel stabilization fund**

# What's Driving the Accelerated Implementation



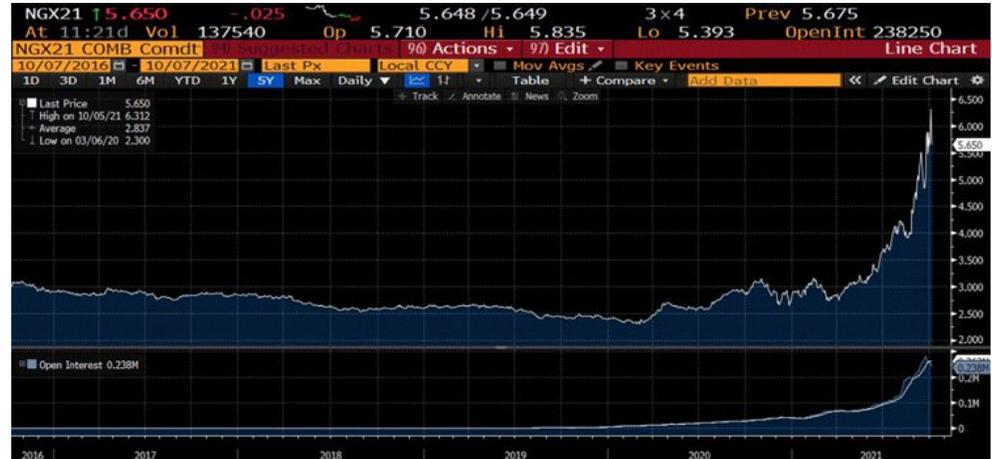
## Fuel Market Overview

### Natural Gas

**Supply:** Drilling activity still below pre-COVID levels due to financial reasons despite higher prices, suppliers are tapping inventory of previously drilled wells to make up shortfall, production losses from Hurricane Ida, underground storage levels below historical averages

**Demand:** Substantial expansion in U.S. LNG production capability allowing for record-breaking export volumes supported by historically high global LNG prices, less price driven natural gas to coal switching due to coal plant retirements, hottest U.S. summer on record

**Price:** Started slow upward trend in April, broke out of trading channel in June, price rally accelerated by Hurricane Ida, winter concerns now driving prices higher and increasing market volatility



### Power Purchases

Higher prices in the wholesale energy markets. Power purchases prices are highly correlated to natural gas

JEA will have to rely on more expensive power purchases and natural gas based generation due to the delay of Plant Vogtle

A portion of Plant Scherer's replacement power is based on rising natural gas prices

### Solar Power

JEA will have to purchase additional more expensive power purchases and natural gas based generation to replace the energy that was projected to come from the 250 MW solar plants

### Northside Solid Fuel

**Supply:** Global pet coke and coal supplies remain extremely tight. JEA's pet coke supply restricted from the U.S. Gulf due to vessel retirements and suffering from a failed restart of the St. Croix refinery. JEA's coal supply from Columbia impacted by mine closures

**Demand:** Economic reopening and stimulus causing surge in international demand. 80% of global coal demand coming from Asia as China is building coal plants quicker than the rest of the world can retire them. Higher natural gas prices causing shift to solid fuel

**Price:** Started slow uptrend during the summer of last year, had a massive price rally as global LNG prices increased, has become difficult to assess current market prices as monthly publications have not been able to keep up with price movements

**The FY 22 fuel forecast is over 40% higher than the FY 22 Fuel Budget developed 6 months ago**

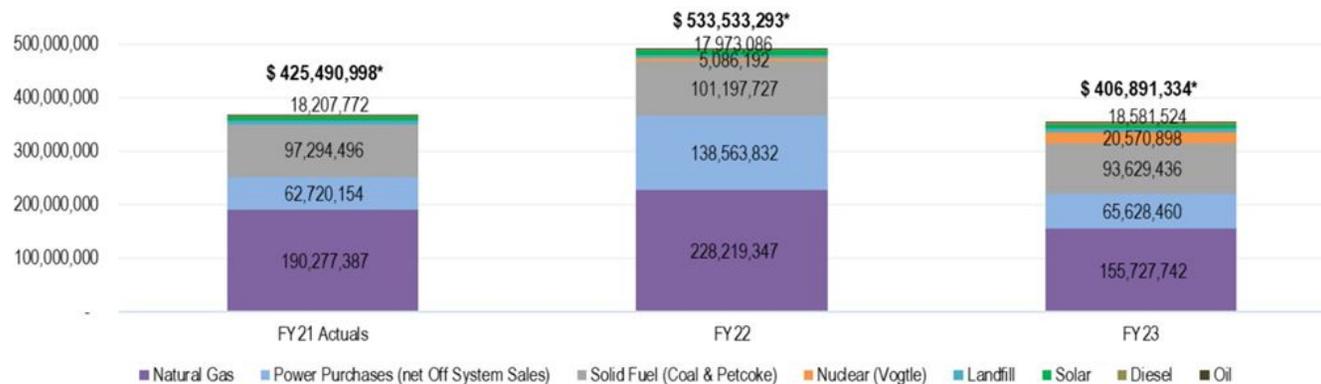
# JEA's Fuel Mix



Generation Mix (MWh)



Expenses (\$)



\*Totals include Fixed Gas Transportation, Byproduct Disposal, Fuel Handling, TEA Equity, and Fuel Uncollectables

JEA's fuel mix relies heavily on natural gas, power purchases, and solid fuel and market changes in these fuel types have significant impact



# Fuel Charge Discussion

## FY22 Forecast Impact to Fuel Stabilization Fund

	\$/MWh			10/8/21 Forecast	Fuel Fund
	Fuel Charge	MWh	Fuel Revenues	Expenses	Balance
					<b>\$41,770,000</b>
October-21	\$30.50	909,733	\$27,508,225	\$40,507,045	\$28,771,180
November-21	\$30.50	808,083	\$24,434,572	\$36,158,801	\$17,046,951
December-21	\$30.50	991,959	\$29,994,571	\$47,217,345	-\$175,824
January-22	\$30.50	1,058,061	\$31,993,329	\$54,589,016	-\$22,771,510
February-22	\$30.50	890,820	\$26,936,345	\$44,204,834	-\$40,039,999
March-22	\$30.50	902,538	\$27,290,671	\$44,877,509	-\$57,626,837
April-22	\$30.50	845,552	\$25,567,534	\$37,969,671	-\$70,028,974
May-22	\$30.50	1,068,525	\$32,309,732	\$42,736,298	-\$80,455,540
June-22	\$30.50	1,130,596	\$34,186,622	\$43,777,777	-\$90,046,695
July-22	\$30.50	1,260,872	\$38,125,859	\$50,075,091	-\$101,995,927
August-22	\$30.50	1,242,686	\$37,575,963	\$49,923,494	-\$114,343,458
September-22	\$30.50	1,088,551	\$32,915,278	\$41,496,412	-\$122,924,592
<b>Total</b>		<b>12,197,975</b>	<b>\$368,838,701</b>	<b>\$533,533,293</b>	
			FY22 Budget:	\$376 million	

**At our current fuel charge, our fuel stabilization fund will be under balanced by January**



# Fuel Charge Discussion

## Sample Impact to a Customer's Bill

### RESIDENTIAL BILL IMPACT

Average residential bill based on 1,000 kWh per month

Current		Illustration	
Basic Monthly Charge	\$5.50	Basic Monthly Charge	\$5.50
Energy Charge	\$71.71	Energy Charge	\$71.71
Environmental Charge	\$0.62	Environmental Charge	\$0.62
Fuel Charge	\$30.50	Fuel Charge	\$40.40
Total (before taxes and fees)	\$108.33	Total (before taxes and fees)	\$118.23
Franchise Fee	\$3.25	Franchise Fee	\$3.55
Gross Receipts Tax	\$2.86	Gross Receipts Tax	\$3.12
Public Service Tax	\$8.91	Public Service Tax	\$8.96
Total (after taxes and fees)	<b>\$123.35</b>	Total (after taxes and fees)	<b>\$133.86</b>

A \$9.90 increase to the Fuel Charge represents a 8.5% increase to typical residential bill

## Fuel Charge Discussion

### FY22 Recommendation

Adjust fuel charges on a monthly basis beginning in December

- True pass-through vs crediting customers on the back end
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Create customer communication plan

- Talk to customers that will see largest impacts now
- Provide methodology, monthly pricing updates, and additional resources on [jea.com](http://jea.com)

**JEA will present pricing policy revisions for board approval**

JEA

2021 audit plan

October 15, 2021



## Executive summary

Key business priorities	What's new and next	Digital commitment	2021 audit plan
<ul style="list-style-type: none"> <li>• 2021 Bond Refunding</li> <li>• 2020 Uniform Guidance Audit (FEMA)                             <ul style="list-style-type: none"> <li>▶ No findings</li> <li>▶ Unmodified opinions on compliance</li> </ul> </li> <li>▶ Plant Vogtle</li> <li>▶ GASB 84, Fiduciary Activities, adoption</li> </ul>	<p><b>New:</b> The following GASB pronouncements come into effect for fiscal year 2021:</p> <ul style="list-style-type: none"> <li>• GASB Statement No. 84, Fiduciary Activities</li> <li>• GASB Statement No. 90, Majority Equity Interests</li> </ul> <p>The GASB Pronouncement slides within cover additional information on the effects these will have on JEA.</p>	<p>We continue to benefit from and improve upon the digital audit technology implemented during our previous audits, including:</p> <ul style="list-style-type: none"> <li>• Canvas client portal: Shared audit team access to documentation to ensure status of requests is shared; segregated access of sensitive data to appropriate users.</li> <li>• EY Helix: Executed the revenue and payroll expense audit programs which resulted in a reduction of traditional tests of details.</li> <li>• Trade Receivables Analyzer: Identified key items that pose the greatest risk of material misstatement by analyzing aggregated accounts receivable transactions.</li> </ul>	<p><b>Audit timeline</b></p> <ul style="list-style-type: none"> <li>• We will perform our interim procedures during the months of May, walkthrough procedures August and September, and our year-end procedures during the months of October through December.</li> </ul>
<p><b>Additional points to consider</b></p> <ul style="list-style-type: none"> <li>▶ “Governments and all types of organizations around the world have agreed ambitious targets to cut and eventually end their dependency on carbon energy. Clients are increasingly seeking our help across service-lines as they look to invest in renewables, including off-shore wind, solar and, increasingly, hydrogen.”</li> <li>▶ We can discuss JEA’s position on renewable energy, reaching these targets, and possibly engaging EY in the process.</li> </ul>	<p><b>Next:</b> See <a href="#">Important Updates: New GASB Pronouncements (looking ahead)</a> for GASB pronouncements effective fiscal year 2022 and beyond.</p>		<p><b>Audit strategy, including significant risks identified</b></p> <ul style="list-style-type: none"> <li>• Our audit strategy, including significant risks identified, for the 2021 audit is outlined in the Areas of audit emphasis. Our approach is consistent with prior years</li> </ul> <p><b>Involvement of internal audit and others</b></p> <ul style="list-style-type: none"> <li>• We plan to use the work of the internal auditors in selected areas of our 2021 audit similar to previous years. Refer to the Involvement of Internal Auditors section.</li> </ul>



## Leases

**Reminder:** the new leases standard is effective starting fiscal year 2022.

### What are the key areas to focus on now?

1. Develop a project plan.
2. Identify the appropriate resources to implement the standard and educate key internal stakeholders.
3. Understand your lease population and identify a complete population of leases.
4. Analyze lease contracts to identify changes to accounting policies and determine whether to elect the transition practical expedients.
5. Determine how you will track the information you need to account for and disclose leases (e.g., modify or add an IT system, use Excel spreadsheets).

### Summary of audit procedures related to the implementation

Key audit procedures	Status
Test the completeness of the population of leases	Will begin during our FY22 procedures
Test the completeness and accuracy of the lease data	Will begin during our FY22 procedures
Test the computation of the transition adjustments	Will begin during our FY22 procedures
Test the implementation of a new [or modified] IT system	Will begin during our FY22 procedures

## Areas of emphasis

Topic	Significance	Subjectivity	Considerations
Revenue recognition and sales commitments			<ul style="list-style-type: none"> <li>▶ Review calculation of unbilled revenue</li> <li>▶ Test contractual arrangements, including unique terms and conditions, to obtain reasonable assurance of compliance with the applicable accounting standards</li> <li>▶ Test timing of revenue recognition based on the terms of the arrangement</li> <li>▶ Confirm terms and conditions with both customers and management as considered necessary</li> <li>▶ Test account reconciliations to determine timely completion and review</li> <li>▶ Perform detailed analytical review procedures, by system, including predictive analytics based on verifiable consumption and production data</li> <li>▶ Perform detailed tests over a sample of revenue transactions to assess the appropriateness and accuracy of recorded amounts</li> <li>▶ Through the use of data analytics we will analyze 100% of the revenue data within the general ledger and perform a correlation analysis between revenue, AR and cash</li> </ul>
Regulatory accounts			<ul style="list-style-type: none"> <li>▶ Test approval of any new regulatory assets/liabilities</li> <li>▶ Verify that amortization and expense recognition are consistent with rate recovery</li> <li>▶ Vouch significant activity</li> <li>▶ Test account reconciliations</li> <li>▶ Perform projection tests to determine that regulatory accounts will be recovered/amortized over the remaining maturities/useful lives of related debt and capital assets</li> </ul>

## Areas of emphasis

Topic	Significance	Subjectivity	Considerations
Derivative instruments and hedging activities			<ul style="list-style-type: none"> <li>▶ Test assessment of hedge effectiveness documentation, including re-performance where quantitative methods are used</li> <li>▶ Confirm instruments with counterparties</li> <li>▶ Test recorded market values using independently developed estimates</li> <li>▶ Test fuel hedge contract settlements</li> <li>▶ Evaluate disclosures</li> <li>▶ Reconsider normal purchase/normal sales assumptions for commodity contracts</li> </ul>
Asset retirement obligations (SJRPP and Scherer Decommissioning)			<ul style="list-style-type: none"> <li>▶ We will review the Actuary's Report and ensure that disclosures, Required Supplementary Information, and funding for the OPEB liability are in accordance with requirements of GASB 75.</li> <li>▶ We will review significant assumptions used by the actuary for reasonableness and test data provided by JEA used in the actuary's calculations.</li> <li>▶ We will engage and work with EY internal specialists to assist the audit team with the review of the actuarial assumptions used in order to estimate JEA's OPEB liability as of year end.</li> <li>▶ We will audit Plan assets held by the Florida Municipal Pension Trust Fund for JEA's OPEB trust.</li> <li>▶ We will review the note disclosure and required supplementary information to ensure it is complete and accurate.</li> </ul>
Pension plan accounting and reporting – COJ Plan			<ul style="list-style-type: none"> <li>▶ Review actuary reports for reasonableness of assumptions and methodology</li> <li>▶ For cost sharing plan (City Plan) obtain audited allocation schedule to determine the City's liabilities, expenses, deferred inflows and outflows</li> <li>▶ In accordance with AU-C 805, obtain a report on elements from CRI, the Plan's auditors.</li> <li>▶ Census data testing for JEA plan participants</li> <li>▶ Assess reasonableness of required disclosures</li> </ul>

## Areas of emphasis

Topic	Significance	Subjectivity	Considerations
Pension plan accounting and reporting – SJRPP Plan	 Low	 Low	<ul style="list-style-type: none"> <li>▶ Review actuary reports for reasonableness of assumptions and methodology</li> <li>▶ For single employer plan, obtain actuary's reports and procedures performed by plan auditors</li> <li>▶ Census data testing for JEA plan participants</li> <li>▶ Assess reasonableness of required disclosures</li> <li>▶ Substantively test plan assets</li> </ul>
Investments	 Moderate	 Moderate	<ul style="list-style-type: none"> <li>▶ Assess estimation uncertainty for significant classes of securities in JEA's portfolio</li> <li>▶ Confirm investments with custodial institutions and managers</li> <li>▶ Test valuation for selected securities using alternative pricing sources</li> <li>▶ Test selected transactions</li> <li>▶ Evaluate GASB 40 risk disclosures</li> <li>▶ Evaluate GASB 72 fair market value disclosures</li> </ul>
Capital assets	 Moderate	 Low	<ul style="list-style-type: none"> <li>▶ Review items capitalized to determine whether they should be capitalized versus expensed</li> <li>▶ Test selection of assets added, retired, and disposed of during the fiscal</li> </ul>
Asset impairments	 Low	 Moderate	<ul style="list-style-type: none"> <li>▶ Review and evaluate impairment indicators through inquiries and review of other records and meeting minutes</li> <li>▶ Discuss and understand management's assessment if a change in circumstance potentially effects the value of an asset</li> <li>▶ If applicable, test impairment computations and disclosures</li> </ul>
Plant Vogtle	 Moderate	 Moderate	<ul style="list-style-type: none"> <li>▶ As part of our procedures we will continue to inquire of management and legal counsel and evaluate the possible impact on JEA's financial statements including possible contingent liabilities and required disclosures</li> </ul>



## Important Updates: New GASB Pronouncements (effective fiscal year ending 2021)

GASB Pronouncement	Description
GASB Statement No. 84, Fiduciary Activities	Requires fiduciary activities to be presented in the financial statements (separate funds). Affects SJRPP pension plan and JEA OPEB plan.
GASB Statement No. 90, Majority Equity Interests	Requires that majority equity interests be reported as either an investment following the equity method or a component unit depending on the facts and circumstances. JEA will need to evaluate its investment in TEA and any other majority equity interests to determine if any accounting changes will be warranted.



## Important Updates: New GASB Pronouncements (looking ahead)

GASB Pronouncement	Effective for Fiscal Year Ending	Description
GASB Statement No. 87, Leases	September 30, 2022	Requires all leases to be recorded as assets and liabilities on the balance sheet. (Note certain purchase power agreements are specifically excluded).
GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period	September 30, 2022	Requires that all interest cost incurred on long-term debt borrowing during the period of construction to be expensed, rather than capitalized. Requires retroactive application.
GASB Statement No. 92, Omnibus 2020	September 30, 2022	This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments.





## Important Updates: New GASB Pronouncements (looking ahead)

GASB Pronouncement	Effective for Fiscal Year Ending	Description
GASB Statement No. 93, Replacement of Interbank Offered Rates	September 30, 2022	This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments.
GASB Statement No. 91, Conduit Debt Obligations	September 30, 2023	Clarifies definition of conduit debt, establishes that conduit debt is not an obligation of the issuer, requires the third-party obligor to record the liability for the debt and requires additional footnote disclosures.
GASB Statement No. 94, Public - Private and Public - Public Partnerships and Availability Payment Arrangements	September 30, 2023	This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement apply to financial statements of all state and local governments.



26 | [Company name] 2021 audit plan

## Important Updates: New GASB Pronouncements (looking ahead)

GASB Pronouncement	Effective for Fiscal Year Ending	Description
GASB Statement No. 96, Subscription - Based Information Technology Arrangements	September 30, 2023	Provides accounting guidance on subscription-based information technology arrangements (“SB ITAs”), such as cloud computing arrangements. Requires recognition of a right-to-use asset and a corresponding liability for SB ITAs, and requires expensing of certain costs associated with SB ITAs.
GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	September 30, 2021 & September 31, 2022	This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

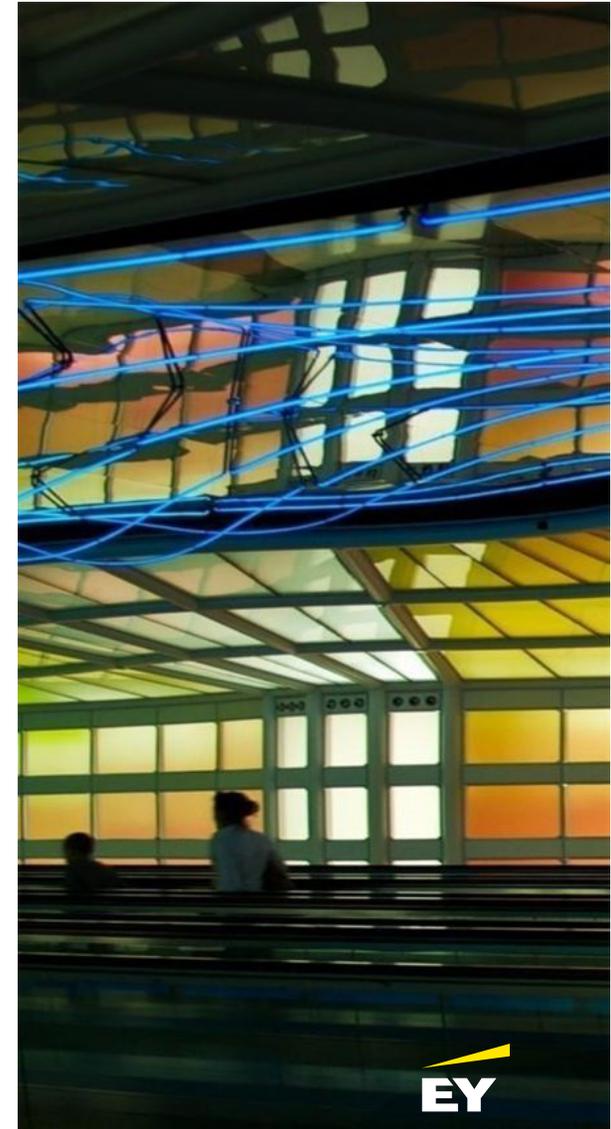
Confident



## How data is driving this year's audit

We continue to broaden and deepen our use of data analytics as we continue on our data-driven audit journey. We plan to focus on expanding our use of data in these key areas.

1	<p><b>Broaden data-driven risk assessment to all significant accounts</b></p> <p>This year, we're utilizing of data to identify and assess risk for the following significant accounts and processes: trade receivables, revenue, and expenses Doing so will allow us to focus our procedures on higher risks and ask better questions.</p>
2	<p><b>Use data to enhance our response to identified fraud risks</b></p> <p>We aim to refine our audit procedures over revenue and the risk of management override through the use of data. Doing so allows us to identify unusual transactions outside the normal course of business that have a higher risk of fraud.</p>
3	<p><b>Deepen our understanding of the trade payables processes</b></p> <p>We will expand our use of data to deepen our understanding of processes trade payables. Doing so will allow us to streamline the walkthrough process, corroborating what has been recorded, focusing on what has changed and providing insights.</p>
4	<p><b>Take our use of data to the next level</b></p> <p>We will discuss the implementation of a fixed assets subledger in future years to obtain an understanding of the totality of current year activity. Doing so will allow us to utilize analytical procedures and minimize or eliminate the need for testing representative samples.</p>
<p><b>How can we team successfully?</b></p> <ul style="list-style-type: none"> <li>▶ Provide trade receivables subledger data and JE data by October 15, 2021</li> <li>▶ Continued use of EY Canvas Client Portal</li> </ul>	



## Involvement of Internal Auditors

Areas/significant classes of transactions where EY is planning to use the work of the internal auditors under the direct assistance model	
Internal audit	Estimated Hours
▸ Revenue and expense test of transactions	35
▸ Derivative swaps	40
▸ Accruals	30
▸ Fixed assets	35
▸ Officer expense testing	20
▸ Cost to be recovered	40

<sup>1</sup> Direct assistance model – When we use the direct assistance model, we treat internal audit or others as our own staff by providing audit programs, supervising their work, and performing a detail and second-level review of the workpapers.

<sup>2</sup> Reliance model – When we use the reliance model, we perform certain procedures to evaluate the quality and effectiveness of internal audit's or others' work. Procedures will include reviewing audit programs, understanding supervision of procedures performed, reviewing workpapers and results, and performing tests of their work.

■ Indicates a change from prior year

## Appendices

- A Required communications
- B Business insights

## Required communications

Area	Comments
<ul style="list-style-type: none"> <li>▶ Terms of the audit engagement, including the objective of the audit, the auditor's responsibilities under generally accepted auditing standards and management's responsibilities</li> </ul>	Refer to the engagement letter.
<ul style="list-style-type: none"> <li>▶ Overall planned scope and timing of the audit, and significant risks identified and any changes thereto</li> </ul>	Refer to the executive summary and areas of emphasis for additional information.
<ul style="list-style-type: none"> <li>▶ Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention</li> </ul>	There are no matters to communicate.
<ul style="list-style-type: none"> <li>▶ Independence matters</li> </ul>	None
<ul style="list-style-type: none"> <li>▶ Inquiries regarding:                             <ul style="list-style-type: none"> <li>– Risks of material misstatement</li> <li>– Fraud and noncompliance with laws and regulations (illegal acts)</li> <li>– Related-party relationships and transactions</li> </ul> </li> </ul>	Inquiries regarding these matters are to be performed at this meeting.

As required, provided above is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *The Auditor's Communication With Those Charged With Governance*, and other applicable auditing standards. This communication is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be, and should not be, used by anyone other than these specified parties.





## Business insights: prioritizing cyber resilience and data privacy should top the private board agenda

In today's turbulent environment, the need for board oversight across a broad array of operational activities has intensified, particularly for cybersecurity and data privacy.

Accelerated digital transformation, widespread remote working and increased reliance on third parties have expanded opportunities for cybersecurity incidents and risks, requiring companies and their boards to be proactive rather than reactive. Now, more than ever, cyber resiliency and trust in data privacy must be considered as strategic imperatives.

Poll data from company directors who attended a recent EY webcast on the latest challenges and leading practices for board oversight of cybersecurity risks indicated:

<p><b>22%</b> were very confident in the board's understanding of the company's most significant cyber threats and vulnerabilities</p>	<p><b>33%</b> indicated that their board had participated in simulation exercises</p>	<p><b>53%</b> have not independently engaged a third party to review the risk management program</p>
--	---	--

Adversaries don't discriminate based on size or industry, making potential damaging impact far greater for the unsuspecting or unprepared. Private boards must get informed, gain experience and be ready for immediate action should they encounter a cyber or data privacy threat.

Reviewing these insights can help fulfill oversight responsibilities for private board directors:

- ▶ Consider all factors impacting cybersecurity risks
- ▶ Look at third parties and their potential vulnerabilities
- ▶ Understand the cybersecurity "value at risk" to quantify potential losses
- ▶ Be prepared and proactive – prioritize rapid threat detection and effective response utilizing simulations and exercises and understand the cyber escalation process
- ▶ Build trust by being transparent about risk mitigation and response efforts

Navigating cybersecurity oversight presents a distinct set of challenges, even more so for private boards who have yet to focus on resiliency planning. Oversight should be prioritized without delay and should include a rigorous and measured strategy that includes ongoing education, real-life simulation and tactical response testing.

## Business insights: five ways Private boards can begin to unlock the strategic value of environmental, social and governance (ESG)

A variety of factors have caused ESG (environmental, social and governance) investing strategies to go from niche to transforming the flow of capital. To sustain and thrive in this new era of stakeholder capitalism, companies should begin to embrace ESG as a strategic business imperative. Here are five ways private boards can enhance their oversight of ESG, deliver high quality non-financial reporting and better position the company to unlock its value:

- 1 Address heightened stakeholder expectations**  
 Get informed on ESG investing and stewardship trends and consider adapting to the changes in business context.

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- 2 Understand the ESG ecosystem and developments impacting expectations**  
 Know the key players and keep pace with market-driven and regulatory developments.

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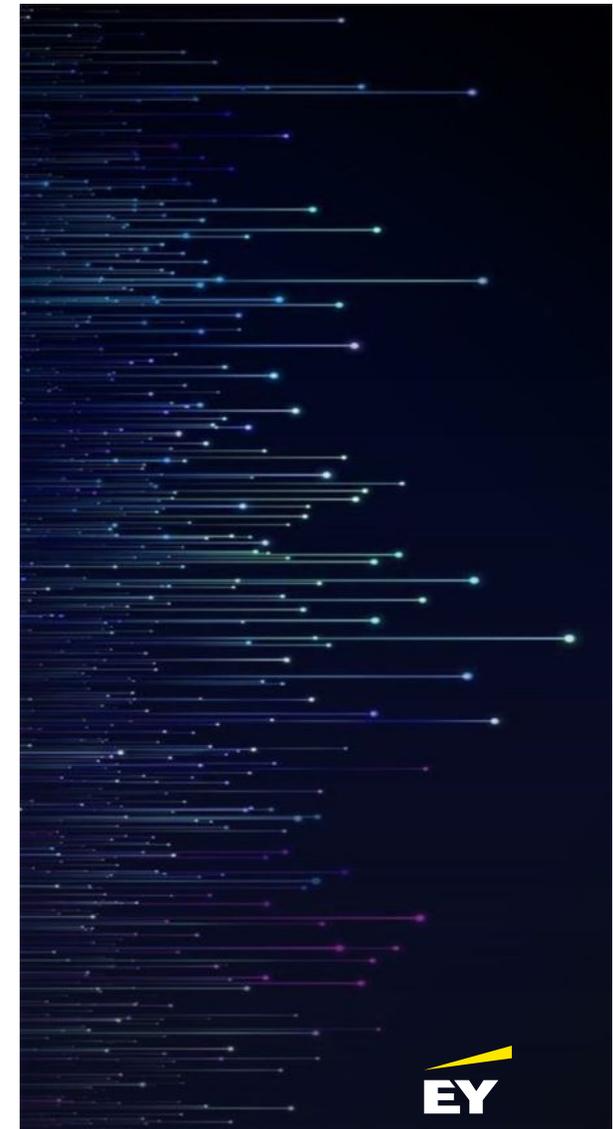
- 3 Guide ESG strategy development that drives engagement and value**  
 Oversee a materiality assessment and ESG goal setting and metrics, and provide for transparent ESG governance structures.

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- 4 Support the integration of ESG with the broader business strategy and ERM**  
 Consider capital allocation, supply chain management, marketing, partner choice and investments.

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- 5 Consider how the company talks about its ESG story**  
 Provide a forward-looking view into how the company is building resilience and strengthening its competitive positioning.



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Our assurance services help our clients meet their reporting requirements by providing an objective and independent examination of the financial statements that are provided to investors and other stakeholders. Throughout the audit process, our teams provide a timely and constructive challenge to management on accounting and reporting matters and a robust and clear perspective to audit committees charged with oversight.

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## **FY22 Internal Audit Plan**

**Lee Montanez**  
*Manager, Internal Audit*



# Institute of Internal Auditors (IIA) International Professional Practices Framework



## Definition

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



## Code of Ethics

Internal auditors are expected to apply and uphold the following principles:

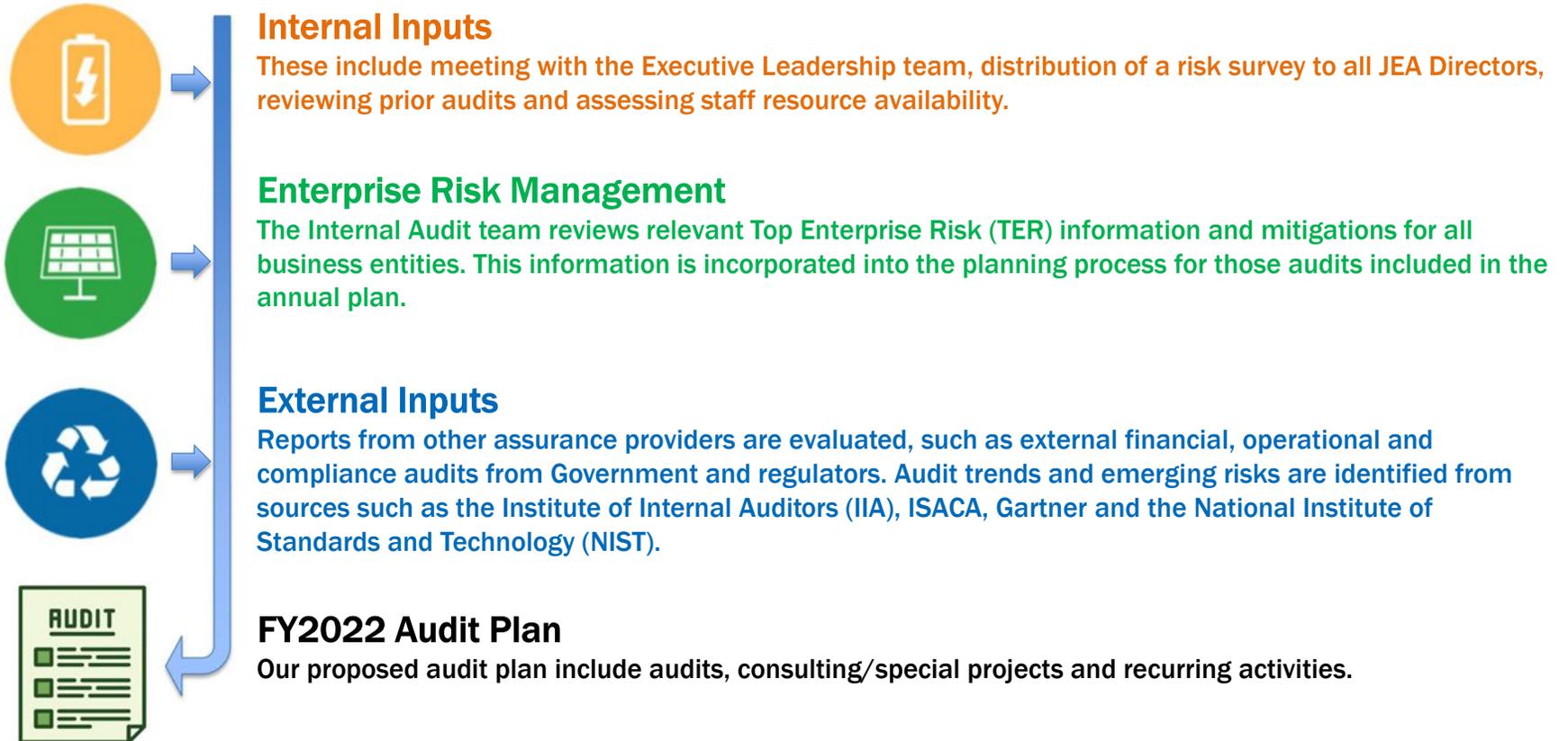
- Integrity
- Objectivity
- Confidentiality
- Competency



## Institute of Internal Auditors Standards

Standards are principle-focused and provide a framework for performing and promoting internal auditing

# Audit Plan – Risk-Based Planning Process





# Proposed Audit Plan - Summary

Audit/Project Title**	Q1	Q2	Q3	Q4
JEA Performance Pay Audit	█			
Appointed Timecard Entry	█	█		
Appointed Hiring Process	█	█		
External Audit Assistance - EY	█	█		
C2M Project Review & Evaluation	█	█		
TEA Audit	█	█		
IA/Forensic Auditing Collaboration	█	█		
IA/ERM Risk Working Group	█	█	█	█
Action Plan Follow-Up		█	█	█
Project Accounting		█	█	
System Protections & Controls		█	█	
Debt Management		█	█	
Data Center, Storage & Backups		█	█	
FY 2023 Annual Risk Assessments		█	█	
Green-e Agreed-Upon Engagement			█	█
Fiber Network Resiliency			█	█
Procurement Services			█	█
Fleet Services				█

Activity	Total
Audits	7
Consulting/Special Projects	7
Recurring Activities	4

\*\*Detailed description of Audits, Consulting/Special Projects and Recurring Activities can be found on the following pages.

The proposed Audit Plan will be re-evaluated in February 2022 to determine if higher-priority audits or consulting projects need to be included

Any changes will be approved by Management and submitted to the Finance and Audit Committee for discussion and approval

**Staff is requesting approval of the FY22 Internal Audit Plan**

# Details of Proposed Audit Plan



Audit Name	Proposed Timing	Inclusion Reason	Applicable Top Enterprise Risks
Data Center, Storage, Backups	Q1-Q2	Testing to focus on Cologix, storage and backups for essential systems	Technology Infrastructure Reliability Cybersecurity – Business Disruption Technology Services Disaster Recovery/Business Continuity Technology Services Resource Optimization Operations Technology Management - Electric Systems Operations Technology Management Water/ Wastewater Systems
Project Accounting	Q2	JEA has an ongoing five year capital project strategic plan to address aging assets in W/WW. As part of the audit, we will confirm that processes are being followed and make recommendations to improve the manual process of entering asset data into our systems.	Generation Equipment and Infrastructure Maintenance - Generation Assets Infrastructure Maintenance - Water/Wastewater
Debt Management	Q2-Q3	Testing to focus on controls related to revenue and expense management, including credit availability and cost	Revenue and Expense Management - Water/Wastewater Systems Credit Availability/Cost
System Protections & Controls	Q2-Q3	Audit requested by Management to determine readiness level before next NERC/FERC audit.	Physical Security - Criminal Activity Critical Infrastructure Protection (CIP) Compliance FERC/NERC (Section 693) O&P Reliability & Compliance
Procurement and Contracts (from FY20 Plan)	Q3	Carryover from FY21. Management had requested that Procurement complete the rollout of P-Code and Procedures before kicking off the audit. As part of the audit, we will review controls over systems & segregation of duties.	Ethics and Fraud Risk Management Revenue and Expense Management - Water/Wastewater Systems Work Environment

# Details of Proposed Audit Plan



Audit Name	Proposed Timing	Inclusion Reason	Applicable Top Enterprise Risks
Fiber Network Resiliency	Q3-Q4	Focus on resiliency of above ground fiber, data communications and prioritization of underground fiber work.	Technology Infrastructure Reliability Technology Services Disaster Recovery/Business Continuity Technology Services Resource Optimization
Fleet Services	Q4	Carryover from FY21, awaiting GPS system implementation. Management has agreed with the proposed audit and suggested audit review the existing service repair contracts.	Ethics and Fraud Risk Management Cyber Security - Information Protection Technology Services Disaster Recovery/Business Continuity

Consulting / Special Project Name	Proposed Timing	Inclusion Reason	Applicable Top Enterprise Risks
Appointed Timecard Entry	Q1	Review of current process and make recommendations to improve efficiency.	Not Applicable
Appointed Hiring Process	Q1	Various Leadership Team executives are having problems hiring for key positions. Key issues: lack of qualified candidates, hiring timeline and required evaluation from PSI. Discussed with the Chief Human Resources Officer who agrees with the proposed project.	Revenue and Expense Management – Water/Wastewater Systems Work Environment Cybersecurity - Business Disruption
JEA Performance Pay	Q1	Review of JEA metrics and supporting data to determine performance payout.	Not Applicable

## Details of Proposed Audit Plan



Consulting / Special Project Name	Proposed Timing	Inclusion Reason	Applicable Top Enterprise Risks
External Audit Assistance - EY	Q1	Collaboration with EY will reduce total audit costs for JEA.	Not Applicable
TEA Audit	Q1 - Q2	Last minute request from TEA to have JEA lead the audit for an additional year.	Not Applicable
C2M Project Review & Evaluation	Q1 - Q2	Request for reviewing the ongoing C2M project to validate upcoming milestones	Not Applicable
Green-e Agreed-Upon Procedures Engagement	Q3	Required to certify renewable energy credit (RECs) sales to external parties.	Not Applicable

Recurring Activity Name	Proposed Timing	Inclusion Reason	Applicable Top Enterprise Risks
FY 2023 Annual Risk Assessments	Q2-Q3	The FY22 audit plan will be reassessed during February to better align with TERs. Full audit planning for FY23 starting in May 2022.	Not Applicable
Action Plan Follow-Up	Continuous	Follow-up with Management until completion of agreed-upon action plans.	Not Applicable
IA/ERM Collaboration	Continuous	Collaborate with first and second lines of defense in updating JEA's Top Enterprise Risks.	Not Applicable
IA/Forensic Auditing Collaboration	Continuous	Assist with Forensic Auditing in the documentation and review of EthicsPoint cases related to fraud, waste and/or abuse.	Not Applicable



## Additional Information



October 15, 2021

JEA FINANCE & AUDIT COMMITTEE MINUTES  
May 14, 2021

The Finance & Audit Committee of JEA met at 9:00 am on Friday, May 14, 2021 on the 8<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. The public was invited to attend this meeting in-person at the physical location and virtually via WebEx. Attendees were required to wear masks and CDC guidelines and social distancing were required at the meeting location.

**WELCOME**

**Meeting Called to Order** – Committee Chair Marty Lanahan called the meeting to order at 9:00 am. Committee members Bobby Stein and John Baker attended the meeting on site and via WebEx respectively. A quorum of the committee was physically present for the meeting.

Others in attendance in-person were board member Dr. Leon Haley; Jay Stowe Managing Director/CEO and Jody Brooks Chief Administrative Officer. Board member Joseph DiSalvo and Laura Dutton, Chief Strategy Officer, participated in the meeting via WebEx.

**Adoption of the Agenda** – On *motion* by Bobby Stein and seconded by John Baker, the agenda was approved.

**Approval of Minutes – March 12, 2021** – On *motion* by John Baker and seconded by Bobby Stein, the March 12, 2021 meeting minutes were approved.

**Safety Briefing and Moment** – David Goldberg, Director, Customer & Community Engagement, provided a Safety Briefing and Moment on Office Ergonomics for participants of the meeting. Tony Long, Director, Safety and Health Services presented a Safety Performance Update.

**FOR COMMITTEE CONSIDERATION**

**FY2022 Budget Presentation** – Juli Crawford, Director, Financial Planning & Analysis, referencing materials provided to the Committee in advance of the meeting, presented on the FY2022 Budget Agenda which included a discussion of the budget process summary and consolidated schedules; electric system and water/wastewater budget assumptions; district energy budget assumptions; rate stabilization funds and a budget timeline and action items. During her presentation, Ms. Crawford outlined operating budget components for electric system and water and sewer. She provided highlights on the electric system operating budget which a discussion on fuel related revenues and expenses followed. Chair Lanahan then asked the Committee to consider including fuel charges as a future meeting agenda item. Next, Ms. Crawford gave an overview of the electric system and water/wastewater capital budgets and operating metrics. Concluding her presentation, Ms. Crawford reviewed the district energy system operating and capital budgets, rate stabilization funds, and she provided the committee a FY2022 board review and approval timeline.

**FY2022 Proposed Rate and Fee Adjustments** – Ms. Crawford, referencing materials provided to the Committee in advance of the meeting, discussed the FY2022 proposed rate and fee adjustments for water, sewer and electric. In her discussion she outlined four key components which included rate adjustments, a timeline and next steps. Next, Ms. Crawford discussed a rates and fees overview for water and sewer and electric rate adjustment recommendations. She outlined capacity fees for water and sewer cost recovery structure including capacity project costs and rate adjustments; benchmarks for local peers' combined capacity fees; tap and meter fees for water and sewer rate adjustments; and large

commercial water rate adjustments for water and sewer reviewing Staff's recommendations for each. Next, Ms. Crawford reviewed electric rate adjustments and expenditures including energy rate and rate class impacts. Lastly, she provided a timeline, next steps and Staff's recommendation for the proposed rate and fee adjustments. There were comments to which a general discussion ensued. Chair Lanahan then recommended, to committee members, this discussion be presented to the Board at its next meeting.

**Audit Services Update** – Steve Tuten, Director, Audit Services, referencing materials provided to the Committee in advance of the meeting, presented an Audit Services update. Mr. Tuten reviewed enterprise risk management initiatives; top enterprise-wide risk (TERs) tier levels and financial elements of TERs. Committee members offered comments and there was a general discussion about cybersecurity risks and tier-level realignment. Next, Mr. Tuten presented an Internal Audit update for Q2 noting that Staff is on track to complete the FY2021 Audit Plan. During his presentation, Mr. Tuten reviewed completed, postponed or canceled audits and engagements. Ms. Brooks then provided additional commentary on the MEAG Audit Plan. Lastly, Mr. Tuten reviewed open audit and investigation report issues; forensic audit and investigation case statistics, open action plans and a summary of closed cases for Q2 FY21. There were no comments at this time.

#### ADDITIONAL INFORMATION

**Ethics Officer's Report** – Provided for information only

**Electric System and Water & Sewer System Reserve Fund Report** – Provided for information only

**JEA Energy Risk Management Policy Report** – Provided for information only

#### CLOSING CONSIDERATIONS

**Announcements** – Next Meeting July 16, 2021

##### Committee Discussion

- Ernst & Young
- Director, Audit Services

At 10:20 am, Staff exited the meeting and the Committee, including John DiSanto of Ernst & Young, went into Executive Session. At 10:27 am, the Committee concluded its Executive Session.

**Adjournment** – With no further business coming before the Committee, Ms. Lanahan declared the meeting adjourned at 10:27 AM.

APPROVED BY:

\_\_\_\_\_  
Marty Lanahan, Committee Chair

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

Submitted by:

\_\_\_\_\_  
DeLisa A. Johnigarn  
Executive Assistant



# Plant Capacity Fee Implementation

Additional Information





# Plant Capacity Fees Approved

Effective October 1, 2021

Capacity fees and charges are one-time fees paid by builders or customers connecting to the system to recover the cost of capacity expansion. A large portion of our Capital Improvement Plan (CIP) is driven by growth and providing additional water, sewer, and/or reclaimed capacity. These projects are a direct indication of the cost to connect new customers.

Effective Date	Current	(10/01/21)	(04/01/22)	(10/01/22)	(04/01/23)
<b>Water/Irrigation Charge per Gallon</b>					
<b>\$/gal</b>	\$0.97	\$1.90	\$2.83	\$3.76	\$4.68
<b>Sewer Charge per Gallon</b>					
<b>\$/gal</b>	\$3.64	\$9.12	\$14.60	\$20.08	\$25.57
<b>¾" Water, Sewer and Irrigation Plant Capacity Fee Totals</b>					
<b>\$</b>	\$1,953	\$2,631.50	\$4,122.75	\$5,614	\$7,103

## 105 – Water and Sewer Capacity Charge and Surcharges

- a) **Applicability of capacity charges and surcharges.** To any customer whose property initially connects with JEA’s water and/or sewer system.

Applications for new service will be submitted along with required meter and capacity fees at the time the customer is ready for the new service(s). The customer’s site for meter placement must be in compliance with JEA Development Guidelines and JEA Water and Sewer Rules and Regulations before connections are allowed. Connection delays over 90 days following application and payment of fees that are attributable to the site not meeting the service requirements are subject to action by JEA to cancel the application for service and refund of any fees paid. Any applications for service without an active service agreement are subject to both “post- payment” increases in said water/sewer capacity charges and any “post-payment” new charges attributable to the pending service request.

**Current tariff gives those that apply for service before the effective date 90 days to be ready for connection in order to pay the lower fee**

# Plant Capacity Fee Implementation

## Feedback



September 24, 2021

Dear JEA Board Members,

On behalf of the Northeast Florida Builders Association and the First Coast Apartment Association, we are requesting the following changes be made to the upcoming rollout of the increased Capacity fee.

**Extend rollout to 3-year** (i.e. Oct/April 2022, 2023, 2024) By extending the large increase over three years JEA will be allowing the market to adjust more gradually. It is not the development customer's fault that the fee hasn't been adjusted for 15 years, and absorbing that quickly creates a lot of instability in the housing and commercial market. As much of the fee that can be backloaded would help, but JEA can decide how often and what increments they want to use.

**Allow Prepayment** JEA needs to allow builders/developers/owners to prepay the capacity fee at any point during the rollout by applying, calculating the fee based on a proposed use, and then paying a deposit that would be held under their account and tied to a specific JEA availability number. This payment would not be refundable but would stay as a credit on the account until such time as the meter is set. Deposits should be transferrable (in the case that the developer sells finished lots to one or more builders, it could be transferred to the builder(s) account).

**Allow Grandfathering** For one year following implementation of the fee increase (i.e. Oct 21 through Oct 22), any project is allowed to pay the current capacity fees as long as they can show, at time of meter install or prepayment request, that they had a valid JEA availability letter at the time of the fee increase (on or before Oct 10, 2021). For example, if a customer is actively designing and/or constructing a project right now, then they will have until October of 2022 to either request meters or request prepayment of capacity fees, and at that point be entitled to pay the current fee in effect prior to the proposed fee increases. After a year, the only option a customer would have is the above prepayment option.

It is our hope that these changes to the rollout plan will help blunt the negative impact of this significant fee increase and allow Jacksonville to remain competitive.

Sincerely,

Keith R. Ward  
President, Northeast Florida Builders Association

  
Lindsey McClain  
Executive VP, First Coast Apartment  
Association

# Plant Capacity Fee Implementation



## Plan Submission Guidelines

Plans will be considered for pre-payment if a complete submittal is received by February 1, 2022

Plans will be considered as a complete submittal if the submittal package meets all requirements laid out in the latest design guideline sections:

General Plan Submittal Requirements for New Development (2021 Guidelines Section 2.4.3)

Water Plan Submittal Requirements (2021 Guidelines Section 2.4.4)

Wastewater Plan Submittal Requirements (2021 Guidelines Section 2.4.5)

Reclaimed Water Plan Submittal Requirements (2021 Guidelines Section 2.4.6)

Horizontal Directional Drill/Jack & Bore Plan Submittal Requirements (2021 Guidelines Section 2.4.7)

Utility Construction Notes (2021 Guidelines Section 2.4.8)

Preliminary Plan Review Package (2021 Guidelines Section 2.5)

Plan submittals that do not meet these requirements will be rejected at intake

# Plant Capacity Fee Implementation

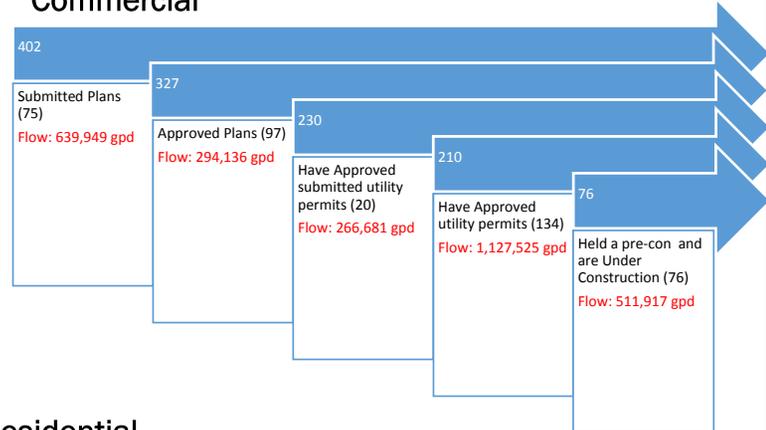
In the queue as of September 2021



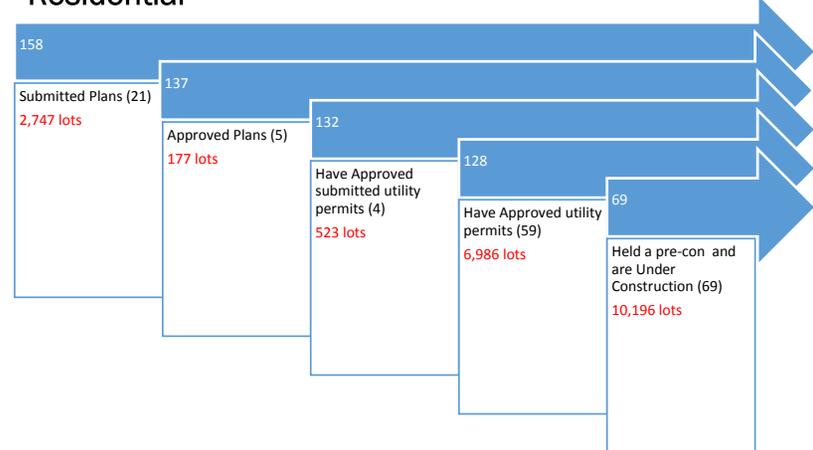
	Plans Submitted	Approved Plans	Submitted for Utility Permits	Have Utility Permits	Under Construction
Commercial	402	327	230	210	76
Multi Family	54	46	37	29	18
Residential	158	137	132	128	69
<b>Total</b>	<b>614</b>	<b>510</b>	<b>399</b>	<b>367</b>	<b>163</b>

Infrastructure Complete  
Ready for Meter

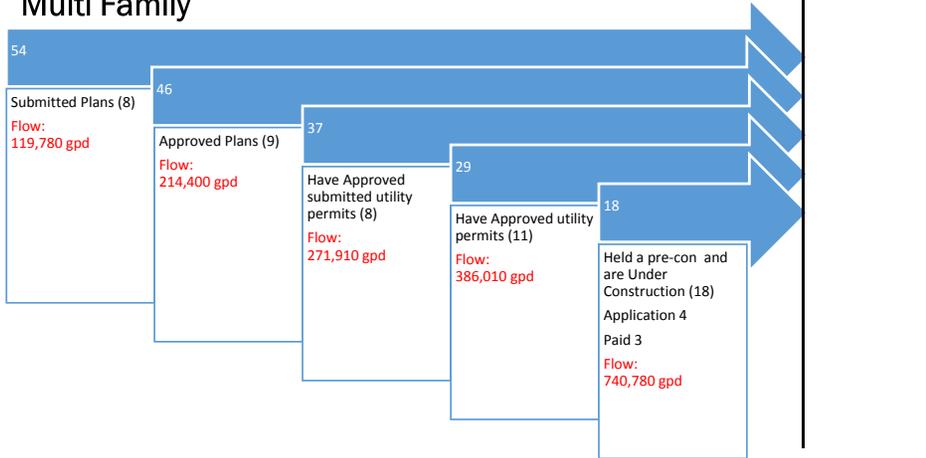
## Commercial



## Residential



## Multi Family



# Plant Capacity Fee Implementation

## Recommendation Impacts

### Implementation Deferral Impacts:

**~\$6M Total Impact in FY22**

**~\$2M Residential Impact**

Forecasted revenue for first 6 months calculated utilizing current fee structure and half of forecasted new connections per meter size for the FY

**~\$4M Commercial Impact**

Forecasted revenue for first 6 months calculated utilizing current fee structure and half of 5-year historical ADF

### Prepayment Impacts:

**~\$600K loss for every 100 units (for combined water & sewer)**  
if customer would not be ready for service until phase 4

\$25.64 per GPD (phase 4 fee less current fee)

250 assumed GPD

*Note: GPD can vary by connection based on accessed ADF*

**600 eligible projects at varying steps of the project**



## Fuel Charge Discussion

Additional Information



## Fuel Charge Discussion

### FY22 Fuel Expense Risk Mitigation

#### Prior Fuel Risk Mitigation Actions

Hedged approximately 40% of expected FY22 natural gas volumes at \$2.58/mmBtu

Currently mitigating over \$48M of natural gas price increases in FY22 (As of October 1, 2021)

Hedged 70% of Plant Scherer's replacement power that is indexed to natural gas

Currently mitigating over \$11M of natural gas price increases in FY22 (As of October 1, 2021)

#### Recent Fuel Risk Mitigation Actions

Hedged additional 36% of expected FY22 natural gas volumes on September 28, 2021

Total hedge protection covers 76% of expected natural gas burn in FY22

Purchased 100 MW of fixed price power for Nov'21 through Sep'22 on September 28, 2021

Also considering the purchase of 100 MW of on peak fixed price power

#### Other Strategies

Fuel Diversity

Gas Prepay Contracts

Revolving Credit Facility

# Fuel Charge Discussion

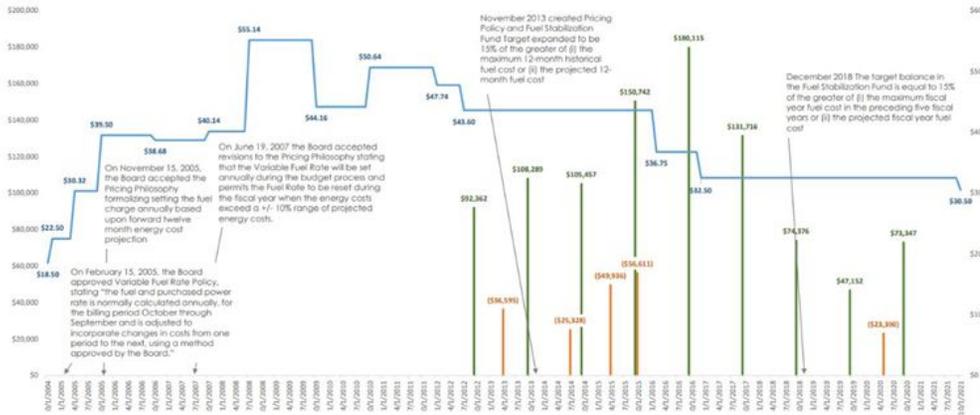


## Fuel rates in \$/MWh from FMEA utility bill comparison reports

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Fuel Stabilization?
<b>Most large municipal utilities maintain some form of fuel stabilization fund:</b>									
JEA	\$32.50	\$32.50	\$32.50	\$32.50	\$32.50	\$32.50	\$32.50	\$32.50	Y
Gainesville	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	Y
Jax Beach	\$21.84	\$21.84	\$21.84	\$21.84	\$21.84	\$21.84	\$21.84	\$21.84	Y
Lakeland	\$30.00	\$35.00	\$35.00	\$35.00	\$40.00	\$40.00	\$40.00	\$40.00	Y
Orlando	\$32.02	\$32.02	\$32.02	\$32.02	\$29.52	\$29.52	\$29.52	\$29.52	Y
Tallahassee	\$28.08	\$28.08	\$28.08	\$28.08	\$29.99	\$29.99	\$29.99	\$29.99	Y
Winter Park	\$17.08	\$20.15	\$20.15	\$20.15	\$20.15	\$20.15	\$20.15	\$25.55	Cannot Verify
<b>IOUs are prescribed by the PSC for their fuel rate setting policy which is set for the upcoming year with an option for Mid-Course Correction if projected/actual costs deviate greater than 10%:</b>									
FPL	\$18.84	\$21.23	\$21.23	\$21.23	\$21.23	\$25.10	\$25.10	\$25.10	N
Gulf	\$32.62	\$30.70	\$30.70	\$30.70	\$30.70	\$30.70	\$30.70	\$30.70	N
Duke	\$30.67	\$28.11	\$28.11	\$28.11	\$28.11	\$28.11	\$28.11	\$28.11	N
TECO	\$22.85	\$28.56	\$28.56	\$28.56	\$28.56	\$28.56	\$28.56	\$28.56	N
FI Public Utilities	\$74.59	\$69.61	\$69.61	\$69.61	\$69.61	\$69.61	\$69.61	\$69.61	N
<b>Small utilities/towns generally do not own generation and are supplied either from FMPA or other contracts:</b>									
Bartow	\$43.67	\$44.26	\$48.53	\$51.19	\$50.58	\$44.21	\$48.49	\$49.66	
Chattahoochee	\$12.71	\$18.75	\$2.14	\$15.80	\$0.00	\$0.66	-\$0.32	\$4.49	
Fort Meade	\$24.00	\$21.00	\$19.00	\$21.00	\$22.00	\$24.00	\$27.00	\$30.00	
Havana	\$18.11	\$23.25	\$25.13	\$26.99	\$24.40	\$29.12	\$30.94	\$33.16	
Kissimmee	-\$35.81	-\$38.28	-\$37.09	-\$36.72	-\$35.77	-\$34.85	-\$35.19	-\$36.31	
Quincy	\$14.07	\$17.37	\$18.00	\$14.00	\$17.00	\$18.74	\$14.24	\$14.24	
Starke	\$34.56	\$27.15	\$38.89	\$35.23	\$32.40	\$24.53	\$27.43	\$29.81	
Wachula	\$15.00	\$12.00	\$10.00	\$13.00	\$17.00	\$18.00	\$17.00	\$17.00	
Williston	\$10.10	\$19.60	\$10.50	\$14.60	\$6.30	\$1.20	\$1.20	\$1.20	

# August Slides for Reference

## Fuel Charge History



## FY22 Fuel Rate



### Current Fuel Forecasts Impact Fuel Stabilization Fund

The Fuel Charge for FY22 was approved with the Budget in June, lowering the fuel charge \$2/MWh to \$30.50/MWh effective October 1<sup>st</sup>

Current fuel forecasts would result in the Fuel Stabilization Fund falling below the Pricing Policy target of ~\$68 million (15% of the highest annual fuel expenses of the past five years) before the beginning of FY22

The Fuel Stabilization Fund is currently forecasted to be drawn down to \$0 mid-year FY22

A more frequent pass-through of fuel expenses would eliminate the need of the fuel stabilization fund, utilizing mitigation mechanisms already in place (hedging and fuel diversity) and the Revolving Credit Facility as a back stop for an extreme circumstance

Fuel Cost Adjustments would eliminate the need for the fuel stabilization fund

## Fuel Cost Adjustments



Strategy for proposal at October Finance & Audit Committee Meeting

Strategy under development for proposal to Finance & Audit Committee in October with a targeted implementation by Q2 2022:

- Calculate monthly fuel charge based on fuel expense projections and reconciliation to previous month's actual fuel expense
- Establish "safeguards" within the policy to protect customers from extreme events – a long term "true up", payment plans, other billing option, etc.

Changes will require a Board approved modification to the Pricing Policy



# Audit Services Update

Steve Tuten  
*Director, Audit Services*



## Enterprise Risk Management (ERM)



The Risk Working Group (RWG), comprised of the Risk Owners, ERM, and Internal Audit, has initiated its risk review meetings, beginning with a review of the Cybersecurity and Environmental risks. Upcoming reviews will include Human Resources and Safety risks. ERM will update the Leadership Team and Finance & Audit Committee on the RWG's progress through the risk register.

ERM is also participating in the Resiliency Task Force, which in conjunction with the RWG, is tasked to identify, assess and effectively recover from events that can prevent JEA from serving its customers, delivering its services and protecting its workforce in the face of adverse operational scenarios.

Several ERM-related training programs have been completed or are underway to expand and enhance risk awareness throughout the enterprise. These include orientation/refresher training for the Leadership Team, the updated internal controls and risk computer-based training for all employees, as well as a two-phase business unit risk assessment development course for Director-level personnel. These latter courses have been reintroduced to help our business units identify, assess and mitigate risks and processes that could significantly prevent them from meeting their operational objectives, and/or could negatively impact the enterprise-wide risks.

ERM is in the process of implementing a Governance, Risk & Compliance (GRC) application to streamline its processes, facilitate communications with risk owners, and allow for better data analysis through Key Risk/Process Indicators.

# FY21 Internal Audit Plan Year-End Status



## Completed Audits and Engagements with Rating

TEA Member Review	No Rating
Customer & Community Engagement	Satisfactory
Investment Recovery Operations	Satisfactory
JEA Culture Consulting Engagement	No Rating
Cyber Program Assessment	No Rating
<b>FY2022 Annual Risk Assessments (new)</b>	No Rating
<b>W/WW Project Engineering &amp; Construction (new)</b>	Satisfactory
<b>Fuels Management Services (new)</b>	Excellent
<b>Safety &amp; Health Services (new)</b>	Excellent
<b>Treasury Cash &amp; Investments (new)</b>	Excellent
<b>IT Staffing (new)</b>	Needs Improvement

## Upcoming Audits and Engagements

(None)

## In-Process Audits and Engagements with Status

Vogtle Follow-Up *	Reporting
eAM Asset Management Follow-Up *	Reporting
W/WW Asset Management & Performance *	Reporting
Identity & Access Management **	Testing

\* Audits in "Reporting" stage are planned to be completed by October 15

\*\* Audit in "Testing" stage is on track to be completed by October 30

## Cancelled or Postponed Audits and Engagements

JEA Performance Pay Audit

Green-e Agreed-Upon Procedures Engagement

Receivables & Collections

**Cloud Computing (new)**

**Fleet Services (new)**

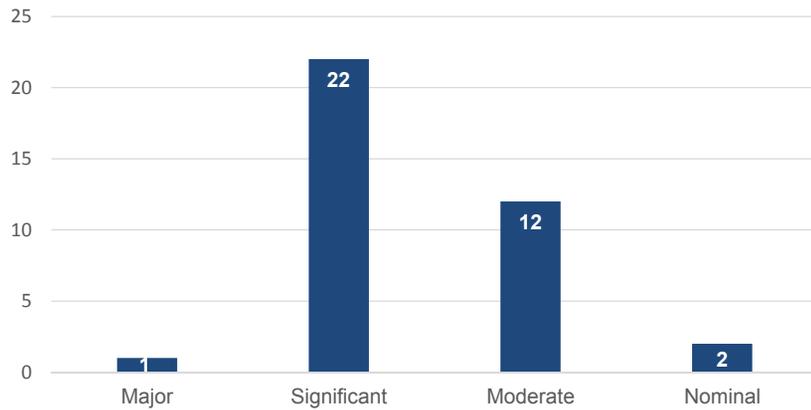
**Procurement & Contracts (new)**

Several of the Cancelled/Postponed Audits are Included in the FY22 Plan

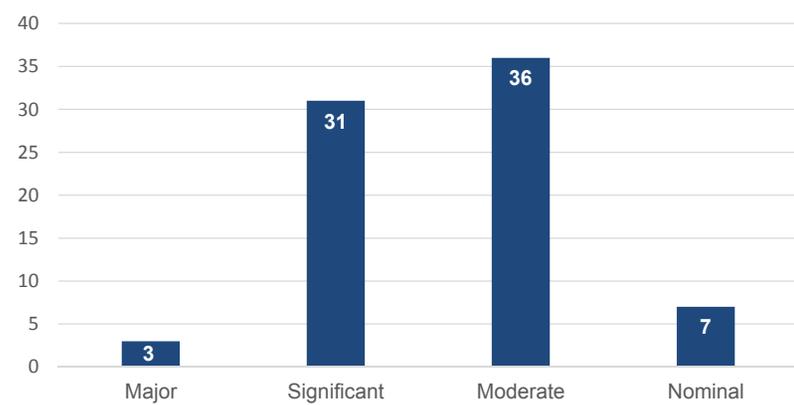
# Open/Closed Internal Audit Report Issues



Open Action Plans by Issue Rating  
(37 Total)



Closed Action Plans by Issue Rating  
FY21 Total (77 Total)



## Closed Action Plan Highlights

Audit Name	Description
Software Licensing	Improvements were made to identify and reconcile software used by the Energy Systems and W/WW Systems groups that are supported by Technology Services Additionally, ServiceNow is being utilized to document license information for software applications
Telecommunications & Support	The Ex-Mux project was substantially completed by replacing devices, for transmission of critical data, that were at their end-of-life
Vendor Management	Audit Services assisted staff in scheduling a vendor management fraud training by a Secret Service member

## Forensic Audit & Investigations (FAI)



At fiscal year end 2021, FAI has nine open cases, four of which have been referred to COJ's Office of Inspector General (OIG)

Since we last reported to the Finance & Audit Committee in May, eight cases have been closed; these are summarized on the following page

The corrective action plans for eleven OIG recommendations related to their ITN 127-19 review have been submitted; their due date was September 30<sup>th</sup>

## FAI - Summary of Ethics Hotline Closed Cases



Allegation	Results
An employee falsified timecards by not working the hours claimed	Analysis confirmed personal stops during work hours Case worked with the OIG/\$638 loss identified The employee refused to repay funds Management implemented new processes/internal controls
A manager told employees information that could cause some co-workers to be terminated	Allegation could not be substantiated A manager's actions did not rise to level of misconduct The manager could have relayed message in a less contentious manner
A manager told employees that a co-worker made a complaint and kept notes on them	The allegation could not be substantiated Manager could have conveyed the message in less controversial manner
A manager retaliated against an employee after an open forum discussion	The allegation could not be substantiated The employee did receive two separate forms of counseling, both of which were performance-based Neither form of counseling was considered discipline
Harassment and discrimination by management	The allegation could not be substantiated The caller did not identify any witnesses Requests for additional information via the Ethics Hotline were unanswered
Management created a toxic work environment	The allegation could not be substantiated The caller did not identify any witnesses Requests for additional information via the Ethics Hotline were unanswered
Management violated overtime call-out procedure, discriminated by favoring an employee and showed favoritism during a promotional process	A violation of the call-out procedure was substantiated The affected employee was compensated for the error No evidence was found to support the promotional process procedure violations
A manager created a hostile and toxic work environment by targeting two employees	No evidence was found to support the allegation of a toxic work environment

Note: This fiscal year-to-date, nine (9) cases have been closed  
Of those, eight (8) were closed since the last FAC meeting

Since the inception of the Ethics Hotline in FY06, we have closed 342 cases



# **FY21 Ethics Officer Report**

**Walette Stanford**  
*Ethics Officer*



# Ethics Hotline Upgrade to EthicsPoint Completed



If you observe unethical behavior at JEA, please don't ignore it, speak to your Manager, Ethics Officer, Labor Relations, or call the Ethics Hotline.

## What Types of Situations Should I Report?

- Bribery
- Conflicts of Interest
- Dishonest or Inaccurate Accounting or Financial reporting
- Fraud (falsifying time card, using company vehicle for personal use, etc.)
- Harrassment
- Improper conduct
- Kickbacks
- Management issues adversely impacting corporate values/community trust
- Noncompliance with laws and regulations
- Theft
- Violations of policy that negatively impact JEA's reputation



**JEA ETHICS HOTLINE**  
[jea.ethicspoint.com](http://jea.ethicspoint.com)



**QR CODE FOR MOBILE INTERFACE**



**JEA ETHICS HOTLINE**  
**(800) 805-3569**

**JEA now offers three ways to report unethical behavior confidentially**

# 2021 Business Ethics Training Overview



## Highlights

Business Ethics Refresher Computer-Based Training (CBT) was sent out to 1800 employees on March 1<sup>st</sup>

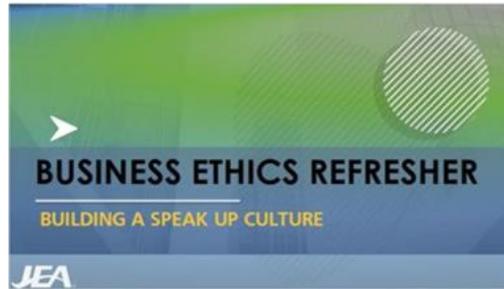
5 employees on the gap report

Overall responses were positive

“The training went well. A couple new things in the training, thought it was great. Liked how the various forms were in the training allowing you to complete if need be.”

“Very good, liked the different look and feel and upbeat pace of the course. LOVED the kid’s perspectives...very cute kids btw.”

“I like the new look and feel of the program. It was easy to understand and was well laid out.”

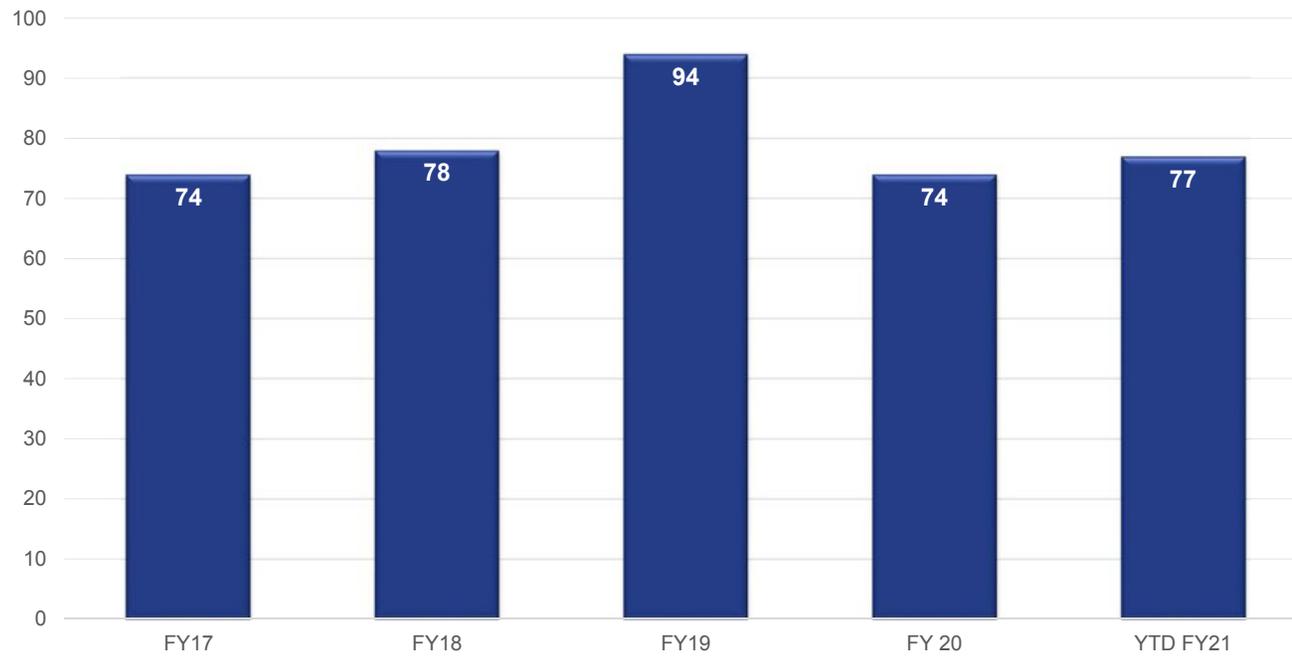


**JEA is 99% in compliance for FY21 training**

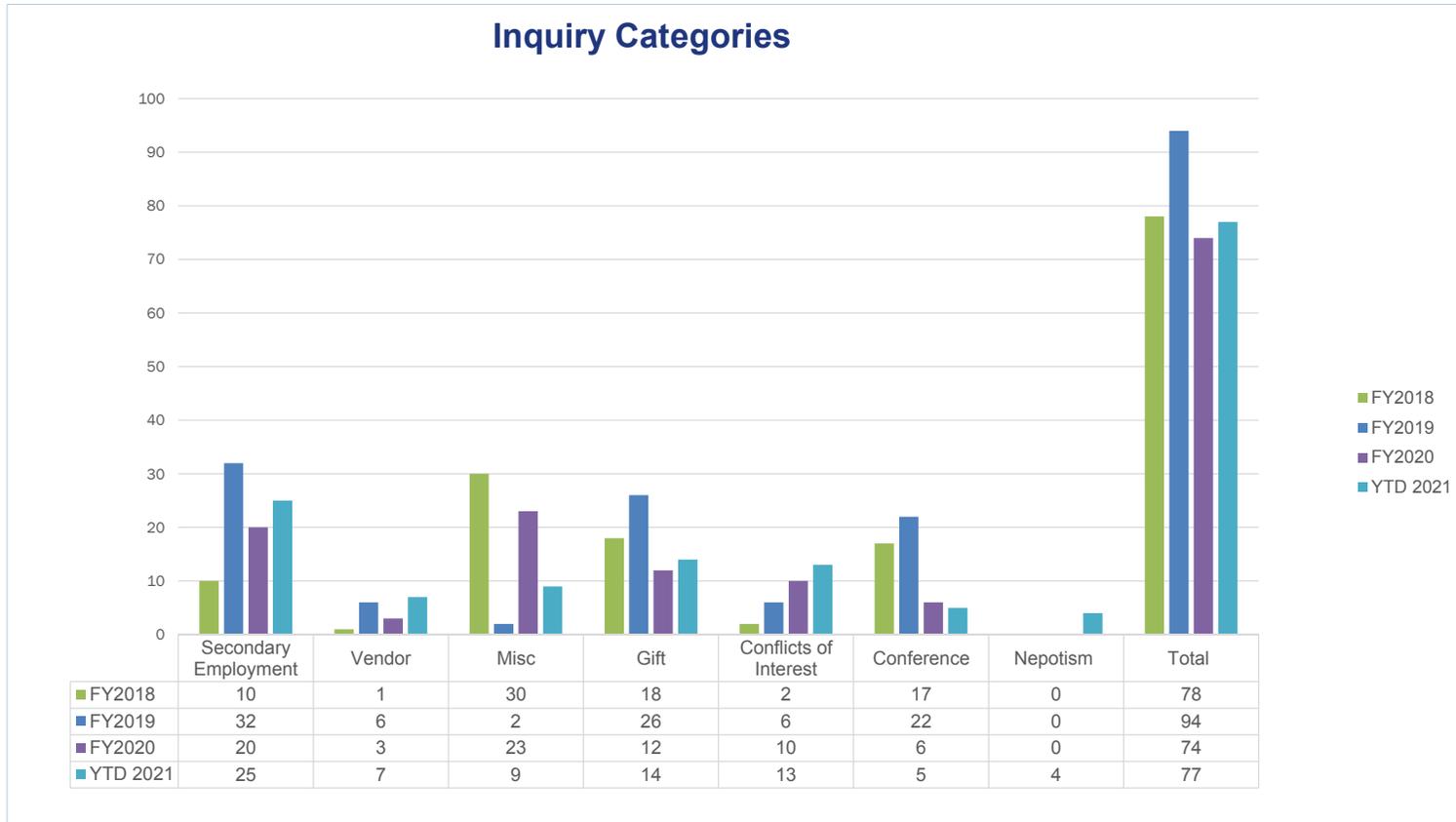
# Ethics Cases By Year



Ethics Cases by Year



# Ethics Inquiry Categories



**Secondary employment is the most popular inquiry**

## Code of Ethics Guidelines



Honest and Ethical  
Conduct

Avoidance of  
Conflicts of Interest

Disclosure of  
Potential Conflicts  
of Interest

Disclosure in Filings  
and  
Communications

Compliance with  
Laws, Rules and  
Regulations

Reporting of  
Violations

**Ethics is a continuous journey with building blocks**

## Business Ethics Update and What's Next

JEA



Develop end of year department scorecard

Meet with all new Leadership Team members to discuss ethics at JEA

Roll out the updated Code of Conduct and video in October

Finalize the Conflict of Interest form for procurement with OGC and COJ Ethics office

Partner with OGC and COJ Ethics office to develop required training for management based on Charter changes

Rollout 4<sup>th</sup> quarter ethics tool in October

Secondary employment renewal audit completed in September with no major findings

Gift policy updated in June based on payroll recommendations

**FY22 planning on the horizon**



# Reserve Report

**For the Third Quarter Ending  
June 2021**



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

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

**Electric System**

	<u>Actual</u> <u>Fiscal Year</u> <u>2018</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2019</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2020</u>	<u>Projected</u> <u>Fiscal Year</u> <u>2021</u>	<u>Detail</u> <u>Page #</u>
<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 85,459	\$ 34,587	\$ 47,449	72,254	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	8,139	11,210	10,890	10,766	4
Rate Stabilization					
• Fuel	74,376	47,152	73,347	45,207	5
• DSM/conservation	3,470	4,363	5,423	7,725	6
• Environmental	42,163	25,632	21,818	18,762	7
• Debt Management	29,884	29,884	-	-	8
• Non-Fuel Purchased Power	53,493	56,870	36,326	9,560	9
Environmental	16,818	16,568	16,568	16,568	10
Customer Deposits	44,242	44,242	43,641	43,859	11
<b>Total Unrestricted</b>	<b>368,044</b>	<b>280,508</b>	<b>265,462</b>	<b>234,701</b>	
<b>Days of Cash on Hand (2)</b>	218	146	183	169	
<b>Days of Liquidity (3)</b>	316	308	359	336	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	159,656	145,520	82,525	78,817	12
Debt Service Reserve Funds	60,582	60,582	50,993	50,993	13
Renewal and Replacement Funds/OCO	189,922	81,964	137,643	176,277	14
Environmental Fund [Capital Projects]	-	-	301	701	15
Construction Funds	203	-	311	387	16
<b>Total Restricted</b>	<b>410,363</b>	<b>288,066</b>	<b>271,773</b>	<b>307,175</b>	
<b>Total Electric System</b>	<b>\$ 778,407</b>	<b>\$ 568,574</b>	<b>\$ 537,235</b>	<b>\$ 541,876</b>	

**Water and Wastewater System**

<b>Unrestricted</b>					
Operations/Revenue Fund	\$ 43,461	\$ 17,934	\$ 26,719	\$ 34,489	
Rate Stabilization					
• Debt Management	14,209	14,209	-	-	17
• Environmental	12,914	15,687	23,372	30,398	18
Customer Deposit	15,616	16,289	16,926	17,180	19
<b>Total Unrestricted</b>	<b>86,200</b>	<b>64,119</b>	<b>67,018</b>	<b>82,067</b>	
<b>Days of Cash on Hand (2)</b>	434	186	176	341	
<b>Days of Liquidity (3)</b>	527	334	353	504	
<b>Restricted</b>					
Debt Service Funds (Sinking Funds)	81,242	80,775	41,660	32,300	20
Debt Service Reserve Funds	102,850	63,441	58,228	55,665	21
Renewal and Replacement Funds	141,415	48,796	38,131	106,914	22
Environmental Fund [Capital Projects]	1,159	1,891	649	1,908	23
Construction Funds	284	28,968	25,541	14,350	24
<b>Total Restricted</b>	<b>326,950</b>	<b>223,871</b>	<b>164,209</b>	<b>211,137</b>	
<b>Total Water &amp; Sewer System</b>	<b>\$ 413,150</b>	<b>\$ 287,990</b>	<b>\$ 231,227</b>	<b>\$ 293,204</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) Days of Liquidity 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. Revolving credit facility is allocated between Electric and Water & Sewer Systems based on their portion of the Operating Expenses, net of Depreciation.

**Funds Established Per the Bond Resolutions**

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

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

**Electric System Self Insurance - Property**

**For the Third Quarter Ending June 30, 2021**

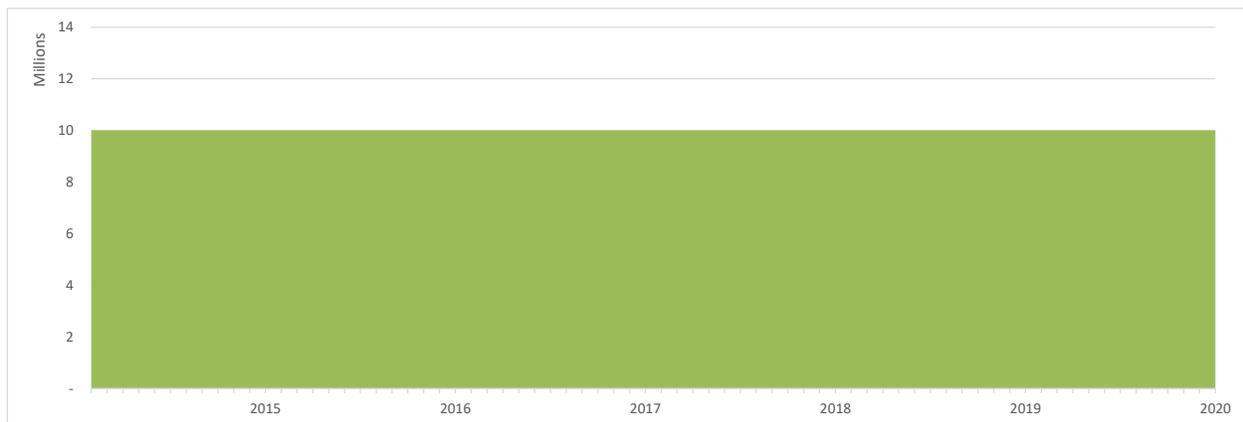
**Definitions and Goals**

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>	<b>Current Activity</b>		<b>Projected Activity</b>		
	Quarter-End	Year -to-Date	<u>2021</u>	<u>2022</u>	<u>2023</u>
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					
Ending Balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

**Historical Activity**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending balance	<u>\$ 10,000</u>				



**Observations**

- Reserve/Fund Authorization: Budget Appropriation.



**Electric System Rate Stabilization - Demand Side Management (DSM)**

**For the Third Quarter Ending June 30, 2021**

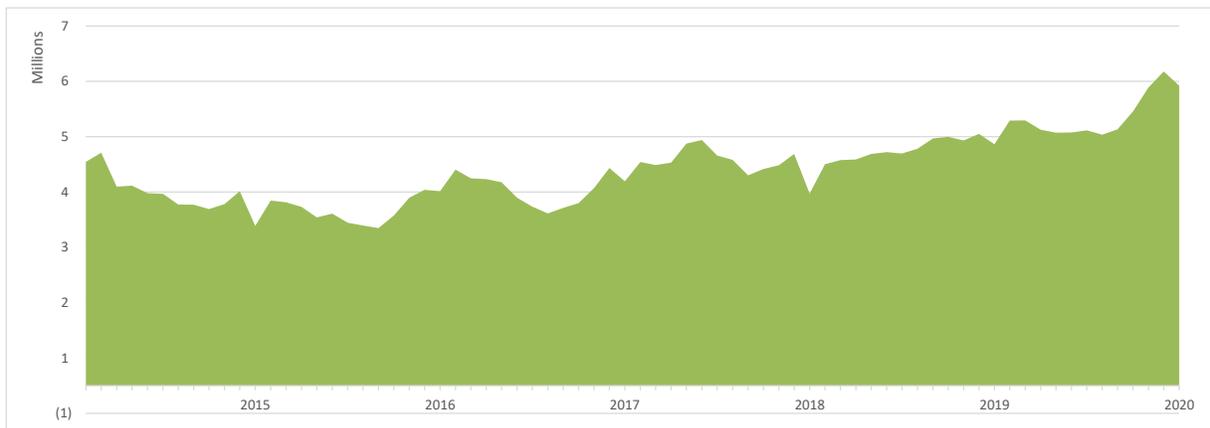
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 6,438	\$ 5,423	\$ 5,423	\$ 7,725	\$ 7,329
Additions:					
Contributions	1,596	4,752	6,799	6,832	6,732
Sub-total	\$ 1,596	\$ 4,752	\$ 6,799	\$ 6,832	\$ 6,732
Withdrawals:					
Withdrawals	1,212	3,353	4,497	7,228	5,692
Sub-total	\$ 1,212	\$ 3,353	\$ 4,497	\$ 7,228	\$ 5,692
Ending Balance	\$ 6,822	\$ 6,822	\$ 7,725	\$ 7,329	\$ 8,369

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 2,886	\$ 3,515	\$ 3,695	\$ 3,470	\$ 4,363
Additions:					
Contributions	7,232	6,685	7,088	7,042	6,969
Sub-total	\$ 7,232	\$ 6,685	\$ 7,088	\$ 7,042	\$ 6,969
Withdrawals:					
Withdrawals	6,603	6,505	7,313	6,149	5,909
Sub-total	\$ 6,603	\$ 6,505	\$ 7,313	\$ 6,149	\$ 5,909
Ending balance	\$ 3,515	\$ 3,695	\$ 3,470	\$ 4,363	\$ 5,423



Maximum Balance: 5,678      Average Balance: 3,903  
 Minimum Balance: 2,848

**Observations**

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

**Electric System Rate Stabilization - Fuel Management**

**For the Third Quarter Ending June 30, 2021**

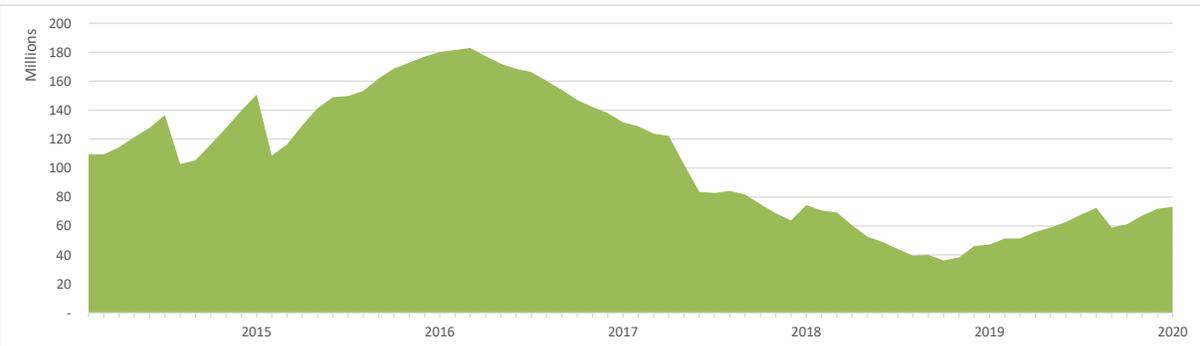
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 76,360	\$ 73,347	\$ 73,347	\$ 45,207	\$ 1,218
Additions:					
Contributions	-	9,945	9,944	-	624
Sub-total	\$ -	\$ 9,945	\$ 9,944	\$ -	\$ 624
Withdrawals:					
Withdrawals	6,805	13,737	38,084	43,989	-
Sub-total	\$ 6,805	\$ 13,737	\$ 38,084	\$ 43,989	\$ -
Ending Balance	\$ 69,555	\$ 69,555	\$ 45,207	\$ 1,218	\$ 1,842

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 150,742	\$ 180,115	\$ 131,716	\$ 74,376	\$ 47,152
Additions:					
Contributions	85,979	2,845	-	11,597	44,553
Sub-total	\$ 85,979	\$ 2,845	\$ -	\$ 11,597	\$ 44,553
Withdrawals:					
Withdrawals		51,244	57,340	38,821	18,358
Fuel Rebate Credit	56,606				
Sub-total	\$ 56,606	\$ 51,244	\$ 57,340	\$ 38,821	\$ 18,358
Ending balance	\$ 180,115	\$ 131,716	\$ 74,376	\$ 47,152	\$ 73,347



Maximum Balance: 182,960      Average Balance: 106,001  
 Minimum Balance: 36,191

**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 - Debt Management**

**For the Third Quarter Ending June 30, 2021**

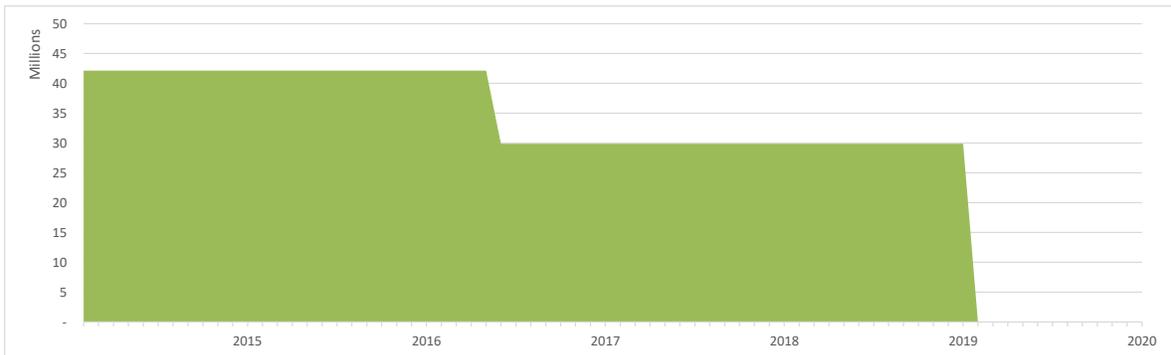
**Definitions and Goals**

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. Funds used in October 2019 for defeasance of debt.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year-to-Date	2021	2022	2023
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 42,126	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	12,242	-	-	29,884
Sub-total	\$ -	\$ 12,242	\$ -	\$ -	\$ 29,884
Ending balance	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884	\$ -



Maximum Balance: 42,126      Average Balance: 29,664  
 Minimum Balance: -

**Observations**

- Rate Stabilization Fund for Debt Management began in May 2009. Funds used for defeasances in October 2019.



**Electric System Environmental Reserve**

**For the Third Quarter Ending June 30, 2021**

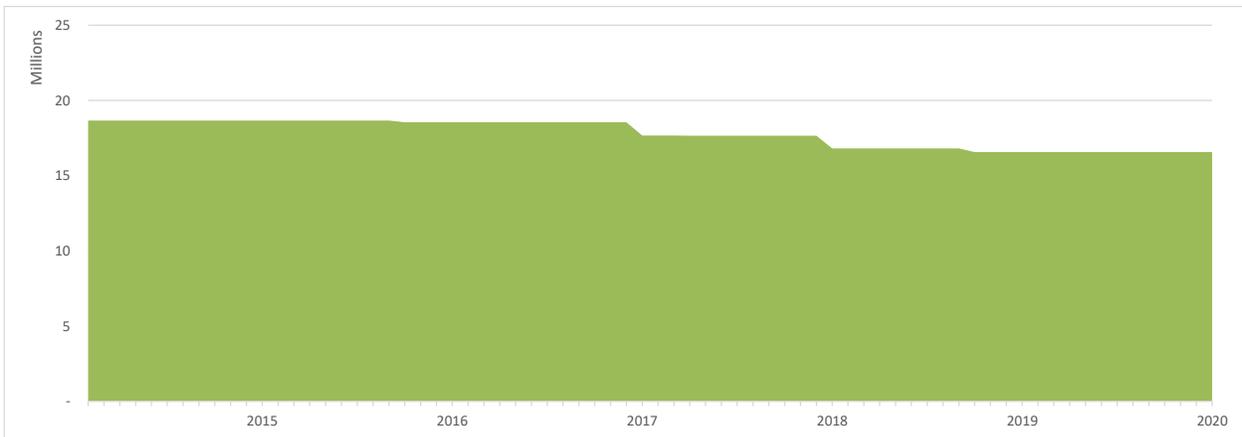
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,068
Additions:					
Contributions		-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals		-	-	500	5,000
Ending Balance	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,068	\$ 11,068

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 18,662	\$ 18,556	\$ 17,672	\$ 16,818	\$ 16,568
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	106	884	854	250	
Sub-total	\$ 106	\$ 884	\$ 854	\$ 250	\$ -
Ending balance	\$ 18,556	\$ 17,672	\$ 16,818	\$ 16,568	\$ 16,568



Maximum Balance:	18,662	Average Balance:	17,775
Minimum Balance:	16,568		

**Observations**

- The Environmental Reserve began in FY 2008.

**Electric System Customer Deposits**

**For the Third Quarter Ending June 30, 2021**

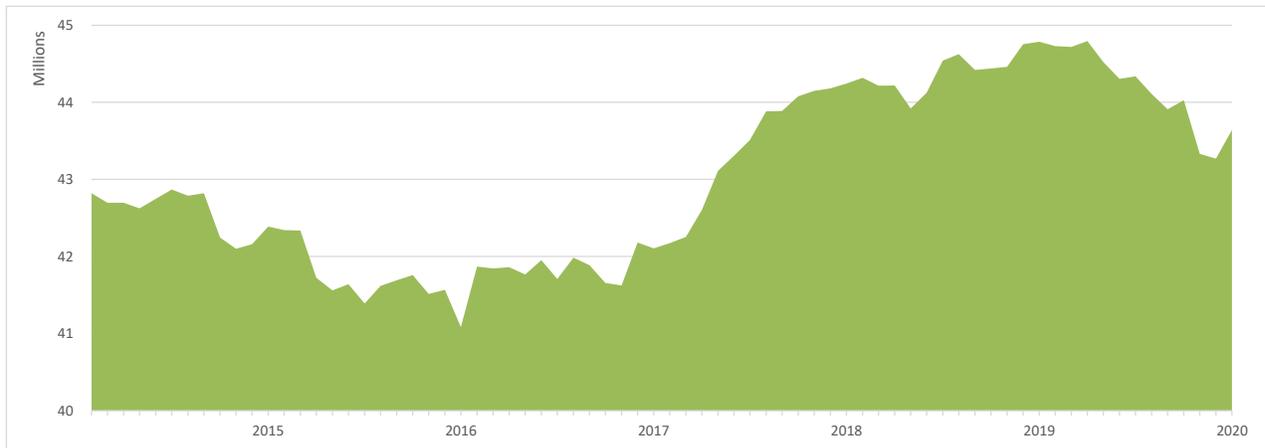
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 43,720	\$ 43,641	\$ 43,641	\$ 43,859	\$ 44,078
Additions:					
Net Customer Activity	1,221	1,528	797	1,120	959
Sub-total	\$ 1,221	\$ 1,528	\$ 797	\$ 1,120	\$ 959
Withdrawals:					
Net Customer Activity	11	239	579	901	738
Ending Balance	\$ 44,930	\$ 44,930	\$ 43,859	\$ 44,078	\$ 44,299

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 42,389	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785
Additions:					
Net Customer Activity		1,021	2,137	543	596
Sub-total	\$ -	\$ 1,021	\$ 2,137	\$ 543	\$ 596
Withdrawals:					
Net Customer Activity	1,305				1,740
Sub-total	\$ 1,305	\$ -	\$ -	\$ -	\$ 1,740
Ending balance	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785	\$ 43,641



Maximum Balance: 44,795      Average Balance: 43,022  
 Minimum Balance: 41,084

**Observations**

**Electric System Debt Service Sinking Fund**

**For the Third Quarter Ending June 30, 2021**

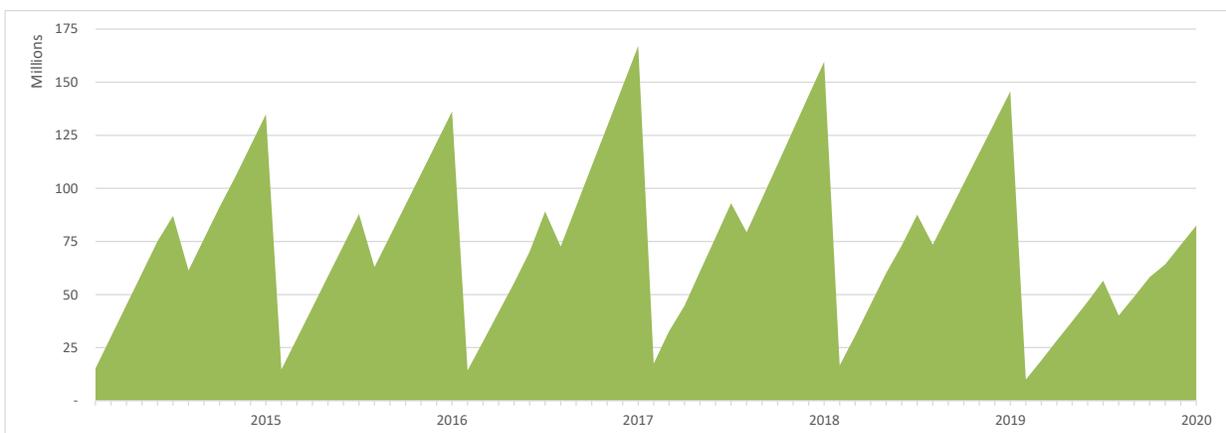
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year-to-Date	2021	2022	2023
Opening Balance	\$ 52,241	\$ 82,525	\$ 82,525	\$ 78,817	\$ 63,951
Additions:					
Revenue Fund Deposits	26,405	79,921	106,277	104,360	74,439
Sub-total	\$ 26,405	\$ 79,921	\$ 106,277	\$ 104,360	\$ 74,439
Withdrawals:					
Principal and Int Payments	22,909	106,709	109,985	119,226	103,219
Sub-total	\$ 22,909	\$ 106,709	\$ 109,985	\$ 119,226	\$ 103,219
Ending Balance	\$ 55,737	\$ 55,737	\$ 78,817	\$ 63,951	\$ 35,171

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 134,927	\$ 136,232	\$ 167,087	\$ 159,656	\$ 145,520
Additions:					
Revenue Fund Deposits	177,847	209,450	201,359	186,135	116,826
Sub-total	\$ 177,847	\$ 209,450	\$ 201,359	\$ 186,135	\$ 116,826
Withdrawals:					
Principal and Int Payments	176,542	178,595	208,790	200,271	179,821
Sub-total	\$ 176,542	\$ 178,595	\$ 208,790	\$ 200,271	\$ 179,821
Ending balance	\$ 136,232	\$ 167,087	\$ 159,656	\$ 145,520	\$ 82,525



Maximum Balance: 167,087      Average Balance: 75,042  
 Minimum Balance: 9,945

**Observations**

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).
- Projections are based on the debt outstanding as of July 31, 2021.

**Electric System Debt Service Reserve Account**

**For the Third Quarter Ending June 30, 2021**

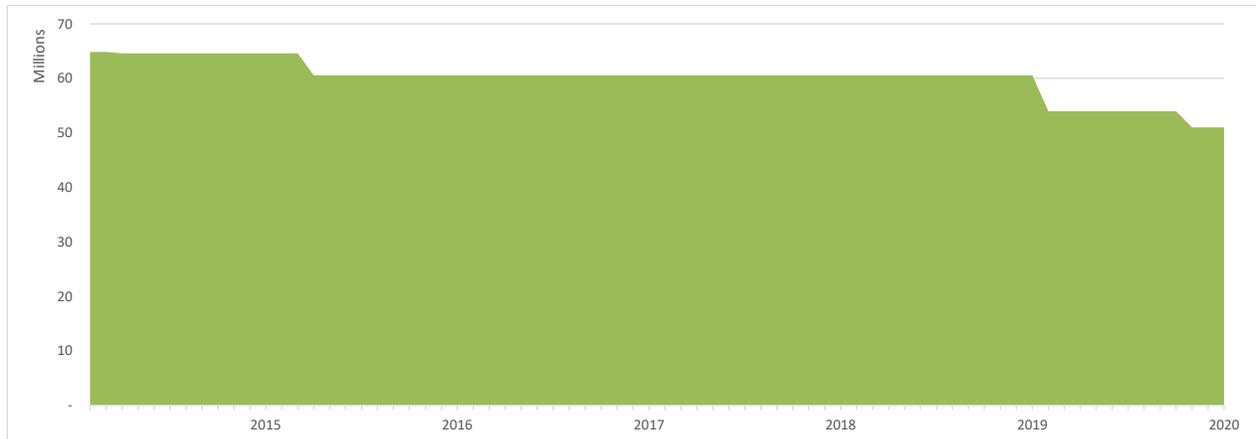
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Ending Balance	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 64,595	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Release to Revenue Fund	4,013				2,956
Release for STAR Plan Defeasance					6,633
Sub-total	\$ 4,013	\$ -	\$ -	\$ -	\$ 9,589
Ending balance	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582	\$ 50,993



Maximum Balance: 64,841      Average Balance: 60,140  
 Minimum Balance: 50,993

**Observations**

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

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

**For the Third Quarter Ending June 30, 2021**

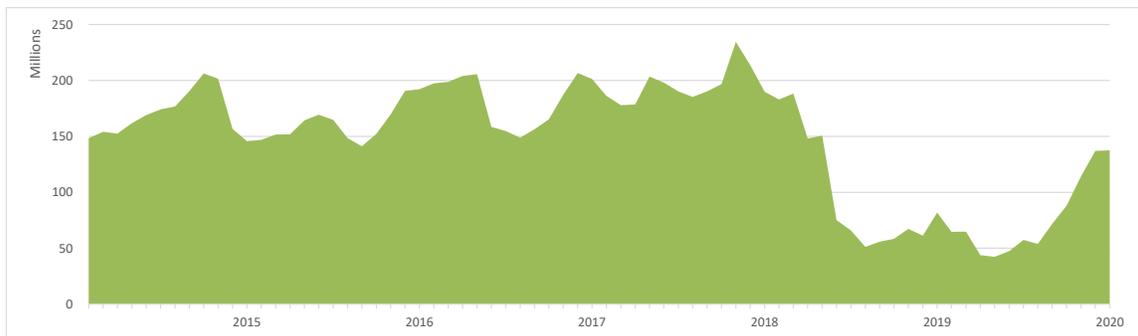
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 77,915	\$ 137,643	\$ 137,643	\$ 176,277	\$ 128,247
Additions:					
R&R/OCO Contribution	76,633	205,902	300,175	173,633	129,274
Transfers betw Capital Fds					
Other	2,967	9,942	4,079	1,000	2,000
Sub-total	\$ 79,600	\$ 215,844	\$ 304,254	\$ 174,633	\$ 131,274
Withdrawals:					
Capital Expenditures	34,218	123,341	158,771	222,663	190,226
Transfers betw Capital Fds					
Debt Reduction	-	106,849	106,849		43,822
Other					
Sub-total	\$ 34,218	\$ 230,190	\$ 265,620	\$ 222,663	\$ 234,048
Ending Balance	\$ 123,297	\$ 123,297	\$ 176,277	\$ 128,247	\$ 25,473

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 145,711	\$ 192,179	\$ 201,368	\$ 189,922	\$ 81,964
Additions:					
R&R/OCO Contribution	200,692	196,589	148,105	197,623	272,342
Loans betw Capital Fds					
Other	3,744	5,074	35,675	39,521	8,389
Sub-total	\$ 204,436	\$ 201,663	\$ 183,780	\$ 237,144	\$ 280,731
Withdrawals:					
Capital Expenditures	157,201	113,987	181,263	275,042	206,415
Transfers/loans b/w Capital Fds	765	37,200			
Debt Defeasance				70,000	18,637
Other	2	41,287	13,963	60	-
Sub-total	\$ 157,968	\$ 192,474	\$ 195,226	\$ 345,102	\$ 225,052
Ending balance	\$ 192,179	\$ 201,368	\$ 189,922	\$ 81,964	\$ 137,643



Maximum Balance: 234,504      Average Balance: 147,542  
 Minimum Balance: 42,396

**Observations**

- Other includes Sale of Property and miscellaneous billings.

**Electric System Environmental Fund - Capital Projects**

**For the Third Quarter Ending June 30, 2021**

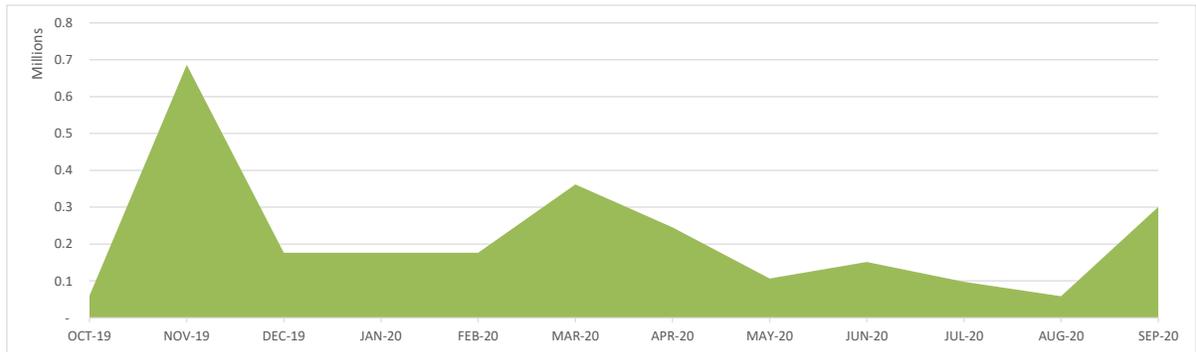
**Definitions and Goals**

The Environmental Charge will be applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs. The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve, as specified in the Pricing Policy for specific environmental and regulatory programs. This fund represents the amounts collected from the Electric System Environmental Charge and used on expenditures for capital projects.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 31	\$ 301	\$ 301	\$ 701	\$ -
Additions:					
Environmental Contributions	1,355	2,108	3,814	8,938	184
Transfers betw Capital Fds					
Other					
Sub-total	\$ 1,355	\$ 2,108	\$ 3,814	\$ 8,938	\$ 184
Withdrawals:					
Capital Expenditures	1,318	2,341	3,414	9,639	184
Transfers betw Capital Fds					
Other					
Sub-total	\$ 1,318	\$ 2,341	\$ 3,414	\$ 9,639	\$ 184
Ending Balance	\$ 68	\$ 68	\$ 701	\$ -	\$ -

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Environmental Contributions					4,389
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 4,389
Withdrawals:					
Capital Expenditures					4,088
Transfers/loans b/w Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 4,088
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ 301



Maximum Balance: 686      Average Balance: 308  
 Minimum Balance: 60

**Observations**

- The Environmental Construction Fund began in October 2019.







**Water and Sewer System Customer Deposits**

**For the Third Quarter Ending June 30, 2021**

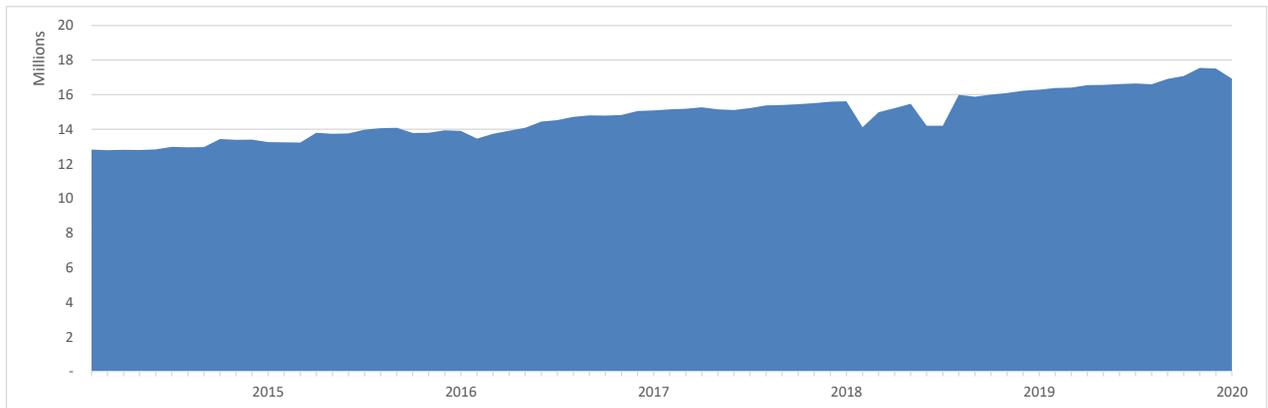
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 16,599	\$ 16,926	\$ 16,926	\$ 17,180	\$ 17,684
Additions:					
Allocated from Electric	235	254	642	892	894
Sub-total	\$ 235	\$ 254	\$ 642	\$ 892	\$ 894
Withdrawals:					
Allocated from Electric	15	363	388	388	375
Sub-total	\$ 15	\$ 363	\$ 388	\$ 388	\$ 375
Ending Balance	\$ 16,818	\$ 16,818	\$ 17,180	\$ 17,684	\$ 18,203

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 13,255	\$ 13,910	\$ 15,086	\$ 15,616	\$ 16,289
Additions:					
Allocated from Electric	655	1,633	730	888	1,318
Sub-total	\$ 655	\$ 1,633	\$ 730	\$ 888	\$ 1,318
Withdrawals:		457	200	215	681
Allocated from Electric					
Sub-total	\$ -	\$ 457	\$ 200	\$ 215	\$ 681
Ending balance	\$ 13,910	\$ 15,086	\$ 15,616	\$ 16,289	\$ 16,926



Maximum Balance: 17,549  
 Minimum Balance: 12,619

Average Balance: 14,540

**Observations**



**Water and Sewer System Debt Service Reserve Account**

**For the Third Quarter Ending June 30, 2021**

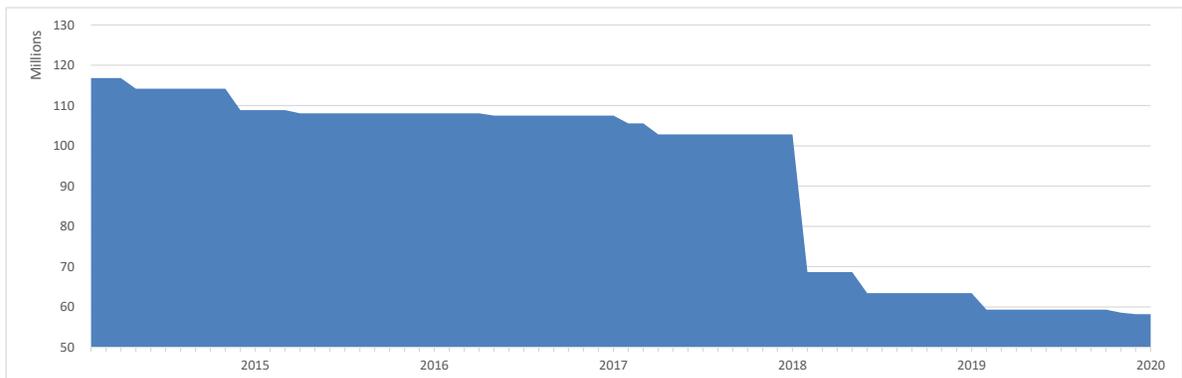
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 58,664	\$ 58,228	\$ 58,228	\$ 55,665	\$ 56,606
Additions:					
Bond Issue - Deposit	-	363	363	795	
Revenue Fund		73	73	146	980
Sub-total	\$ -	\$ 436	\$ 436	\$ 941	\$ 980
Withdrawals:					
Revenue Fund			795		
Release to Refunding Defeasance			2,204		
Sub-total	\$ -	\$ -	\$ 2,999	\$ -	\$ -
Ending Balance	\$ 58,664	\$ 58,664	\$ 55,665	\$ 56,606	\$ 57,586

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 108,849	\$ 108,086	\$ 107,488	\$ 102,850	\$ 63,441
Additions:					
Construction reserves/bond issues					737
Revenue fund					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 737
Withdrawals:					
Revenue fund	763	598	4,638	5,525	1,689
Release for STAR Plan Defeasance				33,884	2,791
Release to Refunding Defeasance					1,470
Sub-total	\$ 763	\$ 598	\$ 4,638	\$ 39,409	\$ 5,950
Ending balance	\$ 108,086	\$ 107,488	\$ 102,850	\$ 63,441	\$ 58,228



Maximum Balance: 116,829      Average Balance: 92,895  
 Minimum Balance: 58,228

**Observations**

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



**Water and Sewer System - Environmental Fund [Capital Projects]**

**For the Third Quarter Ending June 30, 2021**

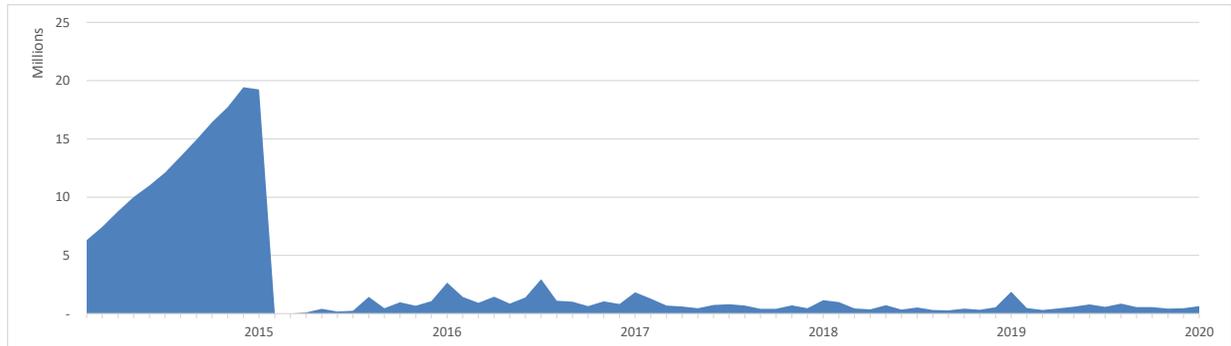
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 690	\$ 649	\$ 649	\$ 1,908	\$ -
Additions:					
Environmental Contributions	1,640	4,034	9,533	19,220	13,708
Loans betw Capital Fds					
Other					
Sub-total	\$ 1,640	\$ 4,034	\$ 9,533	\$ 19,220	\$ 13,708
Withdrawals:					
Capital Expenditures	1,547	3,899	8,274	21,128	13,708
Other					
Sub-total	\$ 1,547	\$ 3,899	\$ 8,274	\$ 21,128	\$ 13,708
Ending Balance	\$ 783	\$ 783	\$ 1,908	\$ -	\$ -

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ -	\$ 2,659	\$ 1,839	\$ 1,159	\$ 1,891
Additions:					
Environmental Contributions	15,539	12,394	6,691	10,656	6,649
Loans betw Capital Fds					
Other					
Sub-total	\$ 15,539	\$ 12,394	\$ 6,691	\$ 10,656	\$ 6,649
Withdrawals:					
Capital Expenditures	12,880	13,214	7,370	9,924	7,892
Septic Tank Phase Out					
Other			1		
Sub-total	\$ 12,880	\$ 13,214	\$ 7,371	\$ 9,924	\$ 7,892
Ending balance	\$ 2,659	\$ 1,839	\$ 1,159	\$ 1,891	\$ 648



Maximum Balance: 19,439      Average Balance: 2,821  
 Minimum Balance: -

**Observations**

**Water and Sewer System - Construction / Bond Fund**

**For the Third Quarter Ending June 30, 2021**

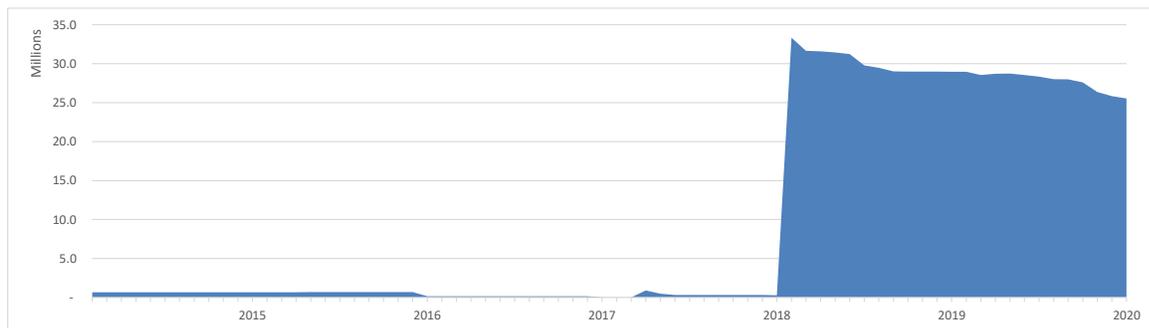
**Definitions and Goals**

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

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	\$ 23,133	\$ 25,541	\$ 25,541	\$ 14,350	\$ -
Additions:					
Bond Proceeds	-	-	520	-	200,183
Revolving credit facility					
Other	8	31	37		
Sub-total	\$ 8	\$ 31	\$ 557	\$ -	\$ 200,183
Withdrawals:					
Capital Expenditures / Bond Issue Costs	2,819	5,250	11,748	14,350	200,183
Other					
Sub-total	\$ 2,819	\$ 5,250	\$ 11,748	\$ 14,350	\$ 200,183
Ending Balance	\$ 20,322	\$ 20,322	\$ 14,350	\$ -	\$ -

**Historical Activity**

	2016	2017	2018	2019	2020
Opening Balance	\$ 664	\$ 152	\$ 15	\$ 284	\$ 28,968
Additions:					
Bond Proceeds			894	33,884	506
Revolving credit facility					
Loans/transfers b/w Capital Fds					
Other	17				837
Sub-total	\$ 17	\$ -	\$ 894	\$ 33,884	\$ 1,343
Withdrawals:					
Capital Expenditures			623	4,930	4,770
Bond Proceeds					
Loans/trnsf btw CapFds					
Other	529	137	2	270	-
Sub-total	\$ 529	\$ 137	\$ 625	\$ 5,200	\$ 4,770
Ending balance	\$ 152	\$ 15	\$ 284	\$ 28,968	\$ 25,541



Maximum Balance: 33,333  
Minimum Balance: 15

Average Balance: 9,969

**Observations**

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs. Release of Debt Service Reserve Funds in Oct 2018.

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

Summary as of 9/1/2021		
Projected FY21 Fuel Expense (Budget = \$357M)	\$421M	⊗
Projected FY21 Fuel Fund Ending Balance (Target = \$68M)	\$45M	⊗
Projected FY22 Fuel Expense (Budget = \$376M)	\$470M	⊗
Projected FY22 Fuel Fund Ending Balance (Target = \$68M)	(\$56M)	⊗
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

**Table 1: Physical Counterparties (Contracts One Year or Greater) as of 9/1/2021**

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 016	Fixed Price	\$1,507,418	4 months
Scherer 4	Coal	CY21 Peabody Caballo - 017	Fixed Price	\$877,651	4 months
NS CFB	Limestone	CY17-CY21 Vulcan	Fixed Price	\$1,138,966	4 months
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$648,681,970	9.25 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$133,362,610	27.58 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$124,775,294	27.75 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$77,941,894	17.58 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$122,225,481	27.83 years

**Table 2: Financial Positions as of 9/1/2021**

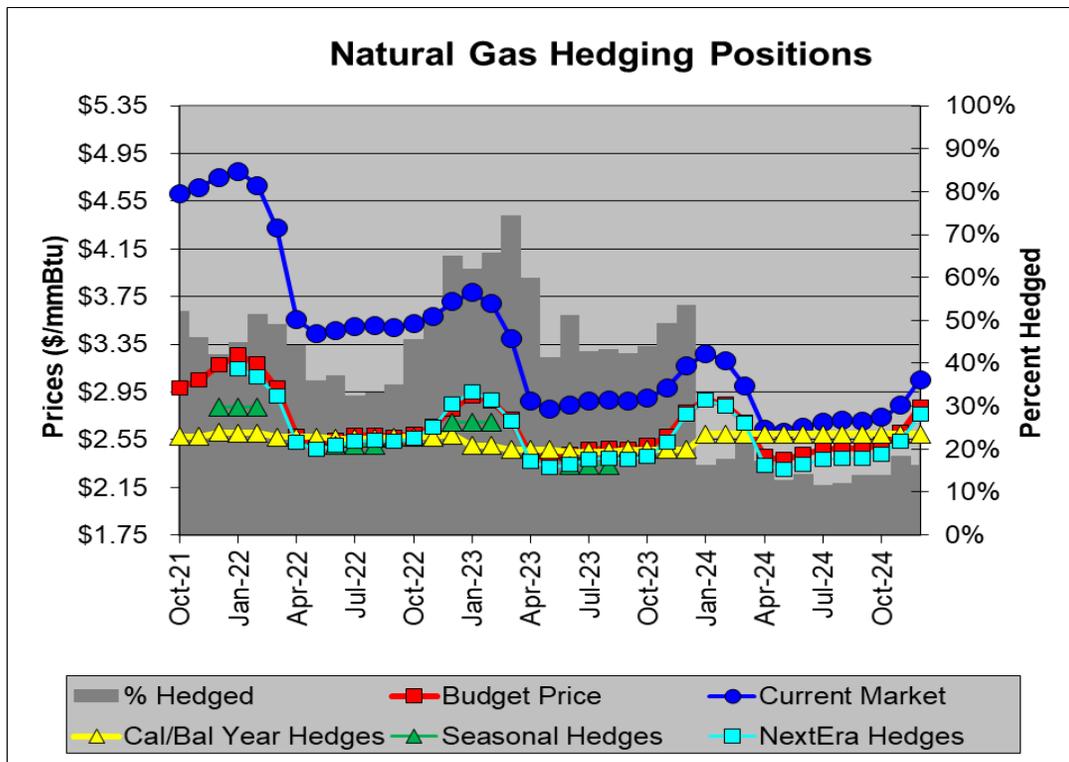
Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY22	Natural Gas	58,352,141	23,720,000	40.6%	\$ 4.07	Swap	\$ 2.58	\$ (35,312,540)	Wells Fargo & RBC
FY23	Natural Gas	45,754,512	23,720,000	51.8%	\$ 3.24	Swap	\$ 2.49	\$ (17,658,990)	Wells Fargo & RBC
FY24	Natural Gas	48,802,050	5,520,000	11.3%	\$ 2.88	Swap	\$ 2.53	\$ (3,043,340)	Wells Fargo & RBC
CY22-31	Nat.Gas-PPA	122,602,857	85,822,000	70.0%	\$ 3.10	Swap	\$ 2.59	\$ (43,336,068)	Nextera

**Table 3: Fuel & Purchase Power Procurement as of 9/1/2021**

Fuel Type	Natural Gas	Coal	Petcoke	Limestone	Purchased Power	Oil/Diesel	Renewables	Vogtle	
FY21 Remaining / Energy Mix	57%	14%	7%	N/A	20%	0%	1%	-	
Expected Spend (\$)	18.6M	7.0M	3.8M	0.2M	8.2M	0.1M	1.2M	-	
% Procured	42%	89%	0%	100%	46%	100%	100%	-	
% Hedged	25%	89%	0%	100%	46%	100%	100%	-	
Fuel Type	Natural Gas	Coal	Petcoke	Limestone	FPL PPA	PurchPwr	Oil/Diesel	Renewables	Vogtle
FY22 Budget / Energy Mix	55%	9%	20%	N/A	8%	6%	0%	2%	6%
Expected Spend (\$)	210.2M	41.4M	43.7M	2.0M	33.4M	71.5M	4.0M	17.4M	5.1M
% Procured	46%	23%	0%	18%	100%	0%	100%	100%	100%
% Hedged	29%	23%	0%	18%	70%	0%	100%	100%	100%
FY23 Projection / Energy Mix	48%	7%	14%	N/A	7%	4%	0%	5%	13%
Expected Spend (\$)	139.1M	39.8M	41.5M	3.1M	29.4M	19.9M	2.5M	27.4M	20.6M
% Procured	60%	0%	0%	0%	100%	0%	100%	100%	100%
% Hedged	43%	0%	0%	0%	70%	0%	100%	100%	100%

**Supporting Notes:**

- Renewable purchase power agreements are not included in Table 1
- Solid fuel procurement - annually at Scherer CY2020 -2021 and quarterly at Northside; JEA is transferring CY22 Scherer coal tons to co-owners in exchange for them transferring CY21 coal volumes to JEA
- Scherer 4 Blackjewel Eagle Butte Contracts 21002, 21005, 22001, 22005 have been combined to 21016 and Peabody Caballo Contracts 21003, 21004, 22002, 22004, 22007 have been combined to 21017
- Scherer 4 retires on 1/1/22
- Table 3: FY Energy Mix based on MWH; the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- Renewables in Table 3 represent signed agreements and an estimated cost for pending contracts
- Table 3: FY22 Projections include assumed Scherer 4 retirement as of 1/1/2022 with an FPL PPA agreement as replacement
- Table 1: Natural Gas discount; Municipal Gas Authority of Georgia (MGAG) issues municipal bonds to prepay for gas, allowing them to offer discounts to JEA for qualified use
- Table 2 shows negative Mark-to-Market values, this indicates a projected payment to JEA for realized hedges



as of 9/1/2021