

## JEA FINANCE & AUDIT COMMITTEE MINUTES

October 15, 2021

The Finance & Audit Committee of JEA met at 9:00 am on Friday, October 15, 2021 on the 8<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. The meeting was properly noticed, and 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 John Baker and Bobby Stein being present for the meeting constituted a quorum.

Others in attendance in-person were Jay Stowe, Managing Director/CEO, Jody Brooks, Chief Administrative Officer; Ted Phillips, Chief Financial Officer; Laura Schepis, Chief External Affairs Officer; and Regina Ross, Chief Legal Officer, Office of General Counsel. Board members General Joseph DiSalvo and Rick Morales participated via WebEx. Laura Dutton, Chief Strategy Officer; Raynetta Marshall, Chief Operating Officer; Sheila Pressley, Chief Customer Officer; Joe Orfano, Vice President, Financial Services; Wayne Young, Vice President, Environmental Services; Brad Krol, Chief Information Officer; Kurtis Wilson, Vice President, Government Relations; Ricky Erixton, Vice President, Electric Systems; and Stephen Datz, Vice President, Technical Services, 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** – On *motion* by John Baker and seconded by Bobby Stein, the May 14, 2021 Committee meeting minutes were approved.

**Safety Briefing and Moment** – Kim Wheeler, Director, Preventative Maintenance & Contract Management, provided a Safety Briefing and Moment on slips, trips, and falls.

### FOR COMMITTEE CONSIDERATION

**Plant Capacity Fee Implementation** – Juli Crawford, Director, Financial Planning & Analysis, presented at the September 17, 2021 meeting, the Board approved the plant capacity fee phase-in schedule to be implemented on October 1, 2021. At that meeting, following comments from those affected within the community, the Board requested staff to review the implementation plan. Ms. Crawford provided a review of the implementation plan adjustments requested by the Northeast Florida Builders Association and the First Coast Apartment Association as outlined in the Board materials. Ms. Crawford provided staff's recommendation to defer implementation of the phase-in until the April 1, 2022 scheduled increases and noted if an application is submitted prior to the increase effective date, customers will have 90 days to be ready for service to qualify for the lower capacity fee, and prepayment will be allowed as a nonrefundable deposit for any commercial or multi-family project that has submitted plans to JEA as of February 1, 2022, or residential projects that show an approved building permit as of February 1, 2022. This will require an agreement and the deposit will be held for five years, through April 1, 2027 and is transferrable under certain conditions. Committee members held discussions and Mr. Stein extended appreciation to Committee Chair Lanahan and staff for their work. Ms. Lanahan reiterated that staff is committed to reviewing the plant capacity fee on a more frequent basis. This item was received for information.

**Fuel Charge Discussion** – Juli Crawford, Director, Financial Planning & Analysis, presented JEA currently sets the fuel cost adjustment annually. To provide transparency to customers and to allow more flexibility for JEA, staff is recommending to move to a monthly fuel cost adjustment, which would allow for the elimination of the Fuel Stabilization Fund. Ms. Crawford noted JEA conducted a survey of other large consumer-owned utilities. Of the seven utilities that responded, the frequency of the fuel adjustment varied, but the majority did not have a Fuel Stabilization Fund. Ms. Crawford reviewed fuel charge adjustment drivers including natural gas, solid fuel, purchase power, Plant Vogtle and solar power replacement. Additionally, Ms. Crawford reviewed fuel mix strategies, FY22 forecast impact to the Fuel Stabilization Fund, and provided a sample of the impact to the customer's bill. Board Members held discussions regarding the purpose of the change in methodology and the need for communication to customers. This presentation was received for information.

**Ernst & Young FY2021 Annual Financial Audit Plan** – John DiSanto, Managing Director, Ernst & Young, presented the external JEA 2021 Audit Plan. Mr. DiSanto provided an executive summary of the plan including the key business priorities such as 2021 bond refunding, compliance audit of FEMA programs, monitoring of Plant Vogtle accounting and disclosures, upcoming adoption of new GASB pronouncements, expansion of the use of digital audit technology, audit timelines, audit strategy including significant risks identified, new accounting standards related to leases, internal audit assistance, and required communications. Board Members held discussions related to the Plant Vogtle audit and cybersecurity risks. This presentation was received for information.

**FY22 Internal Audit Plan** – Steve Tuten, Director, Audit Services, opened the presentation and provided a review of Enterprise Risk Management efforts. Mr. Tuten thanked Frank DiBenedetto and Jessica Vick for their work.

*Mr. Stein stepped out at 9:48 am and returned at 9:53 am.*

Lee Montanez, Manager, Internal Audit, led the discussion with a review of the internal audit role and risk-based planning steps. Mr. Montanez provided a review of the proposed FY22 audit plan which includes seven audits, seven consulting/special projects, and four recurring activities which cover Finance, Energy, Technology Services, and Supply Chain. Internal Audit will also be leading the audit for The Energy Authority. Details of the proposed audit plan are outlined in the Board materials. Board members held discussions regarding additional audit work for Plant Vogtle later in FY22.

On *motion* by John Baker and seconded by Bobby Stein, the FY22 Internal Audit Plan was approved.

#### **ADDITIONAL INFORMATION**

**Audit Services Update** – Provided for information only

**Ethics Officer's Report** – At the request of Committee Chair Lanahan, Walette Stanford, Director, Ethics, provided information on secondary employment.

**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 February 11, 2022

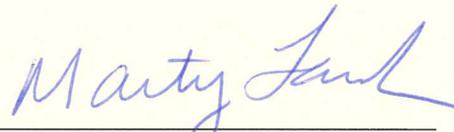
**Committee Discussion**

At 9:56 am, Ms. Lanahan asked the Committee to enter into Executive Session. All meeting participants were excused excluding JEA Board Members and Regina Ross.

- Ernst & Young – At 9:57 am, Mr. DiSanto engaged the Committee.
- Director, Audit Services – At 10:07 am, Mr. Tuten and Mr. Montanez engaged the Committee.

**Adjournment** – With no further business coming before the Committee, Ms. Lanahan declared the meeting adjourned at 10:21 am.

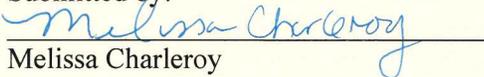
APPROVED BY:



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Marty Lanahan, Committee Chair

Date: 2/11/22

Submitted by:



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Melissa Charleroy  
Board Services Manager