

**To:** Tim Baker[Bakerlawgroupfl@gmail.com]  
**From:** Aaron Zahn  
**Sent:** Mon 7/22/2019 2:38:10 PM  
**Subject:** Records requested  
[2019-6 JEA Goldenbook YTD - DRAFT.xlsx](#)  
[Rating Agency Presentation - 2019 Feb- FINAL FULL.pdf](#)

Tim -

See attached requested records. Please note these are not audit records and should not be relied upon for making decisions.

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BCOJ000009





Management's Discussion and Analysis of Financial Metrics

District Energy System

Water System

OPERATING REVENUE FY19 FORECAST

\$472M

Total operating revenues forecasting approximately \$36 million or 8% higher than FY18 due to \$1.3M from total legal sale increasing (Water 1165 Mgal, Sewer 818 Mgal legal) and Reuse (\$4 Mgal) with customer growth YTD (2.16% Water, 2.58% Sewer, and 24.36% Reuse). Also, \$21M in revenues are from the transfers of stabilization funds; \$7M use of environmental and \$14M of debt management funds in FY19 forecasted to increase \$4M.

\$8.6M

Total operating revenues forecasting approximately \$120K or 1% lower due to decreasing sales mainly at the Hogan and Downtown plants

Energy System

\$1.1B

Total operating revenues forecasting approximately \$38 million or 3% lower than FY18 with total MWh sales flat to FY18. Fuel and purchased power revenues are forecasted at \$28M lower than FY18. Also, the \$60 million SJRPP decommissioning/PPL shutdown payment that was received as other revenue in FY18 is partially offset by the \$76 million in revenues from the transfers of stabilization funds in FY19. SJRPP base and fuel revenues decreased \$30M due to decommissioning. Other revenue is forecasted to increase \$4M.

Water System

OPERATING REVENUE FY19 FORECAST

\$472M

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OPERATING EXPENSES FY19 FORECAST

\$336M

Operating expenses increasing approximately \$26 million or 8% higher than FY18 mainly driven by \$20M higher in O&M (\$4M Labor, \$4M Intercompany, and \$2M other services) and \$6M higher in other expenses all four plants including depreciation (\$33 for current year environmental expenditures).

\$6.5M

Operating expenses decreasing approximately \$119K or 2% lower than FY18 due to lower electricity and other non-utility O&M expenses across all four plants.

Energy System

\$1.1B

Operating expenses decreasing approximately \$102 million or 11% lower than FY18. In FY18, \$65M of the operating expenses was largely due to SJRPP plant decommissioning. The remaining variance of \$36M is mainly driven by FY19 projected \$10M higher in energy system fuel and purchased power revenues and \$15M in lower commodity costs, partially offset by \$6M higher O&M (net of \$22M higher in electric O&M and \$16M lower in Scheduler Capital).

EBITDA FY19 FORECAST

\$289M

\$20M or 7% higher than FY18

RETURNS (Income before Contribution) FY19 FORECAST

\$89M

\$2K lower or <1% lower than 2018

\$4.1M

\$2K lower or <1% lower than 2018

\$513K

Income before contributions decreasing approximately \$10K or 2% lower than FY18 which takes into account nonoperating revenues/expenses including a forecast \$2.4M depreciation expense and \$1.3M interest on debt.

Return on Net Assets (RONA) FY19 FORECAST

5.3%

ROE is forecasting 0.2% higher than FY18. Total Net Position is \$77M higher mainly due to an anticipated \$203M reduction in Long Term Debt partially offset by \$114M reduction in Renewal and Replacement Fund

8.6%

ROE is forecasting 1.1% lower than FY18. Total Net Position is \$513K higher mainly due to an anticipated \$1.7M reduction in Long Term Debt partially offset by \$1.3M reduction in Capital Assets, Net.

Return on Net Assets (RONA) FY19 FORECAST

3.1%

RONA is forecasting 0.2% higher than FY18. The Total Capital Assets, Net increases by approximately \$46M with significant capital expenditures for fleet services.

1.5%

RONA is forecasting -0.1% lower than FY18. Total Capital Assets, Net is decreasing by approximately \$1.3M.

Return on Equity (ROE) FY19 FORECAST

5.3%

ROE is forecasting 0.2% higher than FY18. Total Net Position is \$77M higher mainly due to an anticipated \$203M reduction in Long Term Debt partially offset by \$114M reduction in Renewal and Replacement Fund

8.6%

ROE is forecasting 1.1% lower than FY18. Total Net Position is \$513K higher mainly due to an anticipated \$1.7M reduction in Long Term Debt partially offset by \$1.3M reduction in Capital Assets, Net.

Return on Net Assets (RONA) FY19 FORECAST

3.1%

RONA is forecasting 0.2% higher than FY18. The Total Capital Assets, Net increases by approximately \$46M with significant capital expenditures for fleet services.

1.5%

RONA is forecasting -0.1% lower than FY18. Total Capital Assets, Net is decreasing by approximately \$1.3M.

Change in Net Position (Income after City Contribution)

\$77M

Income after City Contribution is forecasting \$7M or 8% lower than FY18. Remaining factors of the change in income is mainly driven by approximately \$39M City Contribution (\$15M higher than FY18 for city's sewer tank phase-out program payment) offset by \$28M in developer contributions

\$513K

Income after City Contribution is forecasting \$16K or 3% lower than FY18

Debt to Capitalization

45%

Debt to Capitalization is forecasting 4% lower than FY18 with \$1.3 billion of debt outstanding at end of year, decreasing approximately \$150 million from the prior fiscal year end.

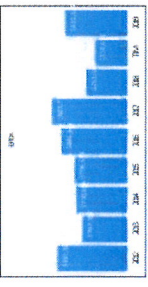
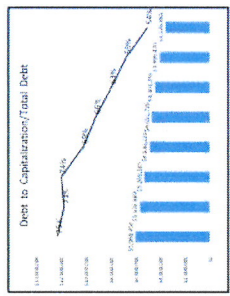
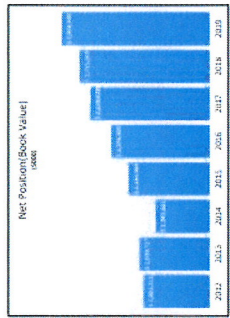
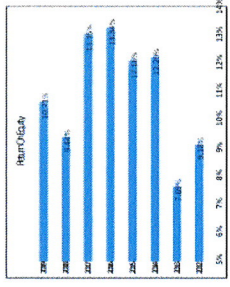
85.2%

Debt to Capitalization is forecasting 1.6% lower than FY18 with \$34 million from the prior fiscal year end.



Consolidated Financial Metrics

Consolidated Financial Value	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast YTD 2019	Forecast YTD 2020
Return On Equity	6.18%	7.69%	12.29%	12.46%	13.34%	13.56%	9.44%	9.44%	9.36%	10.71%
Total Net Position	\$1,091,311	\$2,039,737	\$1,813,901	\$2,166,909	\$2,175,025	\$2,628,822	\$2,755,309	\$2,836,304	\$2,968,006	\$2,968,006
Return On Net Assets	3.73%	2.23%	3.31%	3.98%	4.79%	5.30%	4.30%	4.30%	4.54%	5.33%
Working Capital (Current)	\$515,487	\$590,959	\$623,489	\$541,804	\$148,339	\$11,446	\$666,495	\$559,418	\$484,213	\$484,213
Capital Assets Net	\$6,505,366	\$6,210,620	\$5,929,825	\$5,950,352	\$5,811,799	\$5,380,258	\$5,415,216	\$5,488,028	\$5,488,028	\$5,488,028
Unlevered Free Cash Flow	\$519,317	\$437,640	\$554,487	\$568,331	\$440,700	\$464,587	\$329,802	\$133,644	\$140,435	\$140,435
Renewal and Replacement Fund Balance	\$788,490	\$1,814,543	\$2,880,118	\$2,880,118	\$452,210	\$418,029	\$366,025	\$366,025	\$366,025	\$366,025
Debt to Capitalization	75%	71%	74%	69%	69%	63%	59%	56%	56%	54%
Total Debt	\$5,568,458	\$3,615,989	\$5,269,365	\$4,816,210	\$4,651,120	\$4,401,210	\$3,999,470	\$3,826,645	\$3,826,645	\$3,826,645
Net Worth - Offs	0.33%	0.39%	0.19%	0.18%	0.14%	0.14%	0.15%	0.14%	0.14%	0.14%
City Contribution	\$104,138	\$106,647	\$109,188	\$111,608	\$114,137	\$116,657	\$119,174	\$121,693	\$124,212	\$126,731
Payoff Ratio	39%	48%	46%	42%	41%	34%	43%	43%	42%	42%



Consolidated System Financial Summary

	2012	2013	2014	2015	2016	2017	2018	2019	Forecast 2019	Forecast 2020
Revenue	1,908,362	1,812,819	1,891,681	1,749,180	1,781,752	1,875,177	1,790,942	1,790,169		
Expenses	548,630	539,646	585,021	517,139	486,874	536,250	536,246	481,658		
Other Operating Expenses	498,479	505,563	486,259	415,508	444,936	457,755	504,152	406,379		
EBITDA (Before Amortization)	861,628	767,900	790,006	796,839	846,942	811,177	751,604	832,312		
Interest	244,681	338,228	273,766	198,199	384,457	410,992	466,508	466,508		
Other Non-Operating Income/Expenses	158,893	(2,467)	(35,749)	21,654	(34,152)	(35,696)	(22,618)	(22,618)		
Income Before Transfers	268,166	156,762	226,432	263,602	317,183	345,618	260,163	318,105		
City Contribution	(104,138)	(106,647)	(109,188)	(111,608)	(114,137)	(116,657)	(119,174)	(121,693)		
Capital Gains	18,774	29,292	38,845	19,004	20,000	24,606	26,043	28,140		
Special Items	0	0	0	0	0	0	0	151,899		
Change in Net Position (Net Income)	182,792	79,397	156,389	314,008	210,016	254,611	146,467	313,220		
Operating Income	681,651	489,523	415,659	450,147	465,510	494,478	346,975	450,702		
Depreciation	379,170	378,067	375,056	366,486	382,432	386,699	366,659	381,610		
Change in Working Capital	74,289	136,457	88,273	11,528	53,349	(87,547)	74,108	(57,480)		
Operating Cash Flow	935,812	904,047	878,987	795,105	899,791	794,130	825,692	774,832		
Capital Expenditures	(257,827)	(242,532)	(157,721)	(106,718)	(296,305)	(375,931)	(423,205)	(467,179)		
Other Non-Operating Activities	1204,188	(136,663)	(170,189)	(111,888)	(170,181)	(115,823)	(115,420)	(132,645)		
Other Financing Activities	(550,168)	(535,027)	(538,829)	(630,019)	(560,021)	(430,827)	(256,148)	(633,648)		
Net Change in Cash and Cash Equivalents	166,956	127,441	171,114	171,114	171,114	171,114	171,114	171,114		
Net Change in Investments	339,660	144,538	36,028	(78,624)	176,124	(65,856)	(144,893)	(268,261)		
Net Change in Cash and Investments	10,185	17,993	41,761	(12,127)	192,170	(48,745)	(203,141)	(27,147)		
Total Cash and Investments, End of Period	1,460,257	1,477,850	1,510,621	1,487,438	1,624,609	1,575,864	1,371,719	945,294		

**JEA**  
**Consolidated System**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**(in thousands)**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	TTM	Forecast 2019	Actual as of JUN-18 YTD	Actual as of JUN-19 YTD
<b>Operating revenues:</b>											
Electric - base	\$ 763,605,764,027		\$ 785,103	\$ 795,384	\$ 805,093	\$ 822,513	\$ 796,822	\$ 798,748	\$ 873,937	\$ 593,781	\$ 595,707
Electric - fuel and purchased power	\$ 726,316,635,654		\$ 662,532	\$ 645,741	\$ 632,338	\$ 676,368	\$ 487,084	\$ 428,420	\$ 441,929	\$ 369,135	\$ 323,979
Water and Sewer Revenue	\$ 385,828,381,942		\$ 384,329	\$ 380,394	\$ 418,098	\$ 448,348	\$ 424,121	\$ 440,861	\$ 460,193	\$ 314,176	\$ 330,915
District Energy System Revenue	\$ 8,571,847,1		\$ 8,692	\$ 8,778	\$ 8,731	\$ 8,682	\$ 8,756	\$ 8,751	\$ 8,751	\$ 6,082	\$ 6,076
Elimination of intercompany transactions	\$ (20,589)(18,961)		\$ (19,646)	\$ (19,343)	\$ (18,971)	\$ (19,752)	\$ (20,567)	\$ (21,036)	\$ (19,000)	\$ (14,771)	\$ (15,240)
Other, net of allowances	\$ 44,650,417,06		\$ 40,881	\$ 38,426	\$ 36,463	\$ 39,008	\$ 93,765	\$ 41,871	\$ 37,983	\$ 79,018	\$ 27,124
<b>Total operating revenues</b>	<b>\$ 1,908,982</b>	<b>\$ 1,812,819</b>	<b>\$ 1,861,881</b>	<b>\$ 1,749,380</b>	<b>\$ 1,781,752</b>	<b>\$ 1,875,177</b>	<b>\$ 1,789,982</b>	<b>\$ 1,711,124</b>	<b>\$ 1,790,149</b>	<b>\$ 1,347,421</b>	<b>\$ 1,266,561</b>
<b>Operating expenses:</b>											
Fuel	\$ 480,875,485,409		\$ 541,806	\$ 469,982	\$ 422,413	\$ 458,784	\$ 421,052	\$ 375,769	\$ 327,185	\$ 294,459	\$ 249,175
Purchased power	\$ 67,155,54,237		\$ 43,215	\$ 47,257	\$ 63,461	\$ 77,456	\$ 109,194	\$ 154,883	\$ 134,273	\$ 80,045	\$ 101,069
Maintenance and other operating expenses	\$ 366,751,371,041		\$ 364,764	\$ 374,166	\$ 380,219	\$ 392,142	\$ 429,989	\$ 365,254	\$ 386,297	\$ 329,952	\$ 289,890
Depreciation	\$ 379,570,378,067		\$ 375,505	\$ 366,486	\$ 382,432	\$ 386,699	\$ 360,609	\$ 357,925	\$ 381,610	\$ 274,981	\$ 272,297
State utility taxes and franchise fees	\$ 72,828,70,237		\$ 72,221	\$ 72,510	\$ 71,244	\$ 69,683	\$ 71,307	\$ 72,205	\$ 71,775	\$ 51,206	\$ 52,102
Recognition of deferred costs and revenues, net	\$ 59,153,64,305		\$ (49,271)	\$ (11,168)	\$ (1,527)	\$ (4,075)	\$ 6,855	\$ 23,376	\$ 26,307	\$ 77	\$ 16,598
<b>Total operating expenses</b>	<b>\$ 1,426,429</b>	<b>\$ 1,423,296</b>	<b>\$ 1,446,782</b>	<b>\$ 1,319,233</b>	<b>\$ 1,318,242</b>	<b>\$ 1,380,699</b>	<b>\$ 1,399,007</b>	<b>\$ 1,349,412</b>	<b>\$ 1,339,447</b>	<b>\$ 1,030,720</b>	<b>\$ 981,121</b>
<b>Operating income</b>	<b>\$ 481,953</b>	<b>\$ 389,523</b>	<b>\$ 415,099</b>	<b>\$ 430,147</b>	<b>\$ 463,510</b>	<b>\$ 494,478</b>	<b>\$ 390,975</b>	<b>\$ 361,712</b>	<b>\$ 450,702</b>	<b>\$ 316,701</b>	<b>\$ 287,440</b>
<b>Nonoperating revenues (expenses):</b>											
Interest on debt	\$ (249,681)(235,228)		\$ (223,736)	\$ (198,199)	\$ (184,457)	\$ (182,992)	\$ (166,508)	\$ (153,205)	\$ (154,615)	\$ (127,425)	\$ (114,125)
Investment income	\$ 8,804(13,240)		\$ 20,546	\$ 12,904	\$ 14,225	\$ 10,576	\$ 11,826	\$ 37,021	\$ 21,032	\$ 6,931	\$ 32,128
Allowance for funds used during construction	\$ 3,365,3,986		\$ 3,894	\$ 5,723	\$ 9,407	\$ 11,774	\$ 11,764	\$ 15,109	\$ 8,814	\$ 9,987	\$ 11,331
Other nonoperating income, net	\$ 16,420,7,530		\$ 7,280	\$ 11,833	\$ 8,765	\$ 9,918	\$ 9,857	\$ 9,587	\$ 6,951	\$ 6,364	\$ 6,095
Earnings from The Energy Authority	\$ 6,328,4,325		\$ 3,567	\$ 1,461	\$ 6,136	\$ 3,335	\$ 4,074	\$ 2,516	\$ 1,573	\$ 3,304	\$ 1,745
Other interest, net	\$ (23)(134)		\$ (38)	\$ (68)	\$ (403)	\$ (451)	\$ (1,825)	\$ (1,646)	\$ (1,352)	\$ (1,521)	\$ (1,341)
Gain (loss) on sale of asset	\$ -		\$ -	\$ (169)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total nonoperating revenues (expenses), net</b>	<b>\$ (213,787)</b>	<b>\$ (232,761)</b>	<b>\$ (188,487)</b>	<b>\$ (166,545)</b>	<b>\$ (146,327)</b>	<b>\$ (148,840)</b>	<b>\$ (130,812)</b>	<b>\$ (90,618)</b>	<b>\$ (132,597)</b>	<b>\$ (104,360)</b>	<b>\$ (64,167)</b>
<b>Income before contributions</b>	<b>\$ 268,166</b>	<b>\$ 156,762</b>	<b>\$ 226,612</b>	<b>\$ 263,602</b>	<b>\$ 317,183</b>	<b>\$ 345,638</b>	<b>\$ 260,163</b>	<b>\$ 271,094</b>	<b>\$ 318,105</b>	<b>\$ 212,341</b>	<b>\$ 223,273</b>
<b>Contributions (to) from:</b>											
General fund, City of Jacksonville	\$ (104,188)(106,687)		\$ (109,188)	\$ (111,688)	\$ (129,187)	\$ (115,823)	\$ (116,820)	\$ (132,645)	\$ (132,648)	\$ (87,465)	\$ (103,390)
Developers and other	\$ 18,774,29,292		\$ 38,845	\$ 52,709	\$ 53,652	\$ 66,875	\$ 82,157	\$ 93,918	\$ 80,657	\$ 56,551	\$ 68,312
Reduction of plant cost through contributions	\$ -		\$ -	\$ (33,105)	\$ (31,632)	\$ (42,069)	\$ (54,114)	\$ (64,196)	\$ (52,517)	\$ (37,117)	\$ (47,200)
<b>Total contributions</b>	<b>\$ (85,414)</b>	<b>\$ (77,395)</b>	<b>\$ (70,343)</b>	<b>\$ (92,084)</b>	<b>\$ (107,167)</b>	<b>\$ (91,017)</b>	<b>\$ (88,577)</b>	<b>\$ (102,823)</b>	<b>\$ (104,508)</b>	<b>\$ (68,031)</b>	<b>\$ (82,278)</b>
<b>Special items</b>											
SURPP special item	\$ -		\$ -	\$ -	\$ -	\$ -	\$ (45,069)	\$ (45,069)	\$ -	\$ -	\$ -
Other special item	\$ -		\$ -	\$ 151,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total special items</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 151,490</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (45,069)</b>	<b>\$ (45,069)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in net position</b>	<b>\$ 182,752</b>	<b>\$ 79,367</b>	<b>\$ 156,269</b>	<b>\$ 323,008</b>	<b>\$ 210,016</b>	<b>\$ 254,621</b>	<b>\$ 126,487</b>	<b>\$ 123,172</b>	<b>\$ 213,597</b>	<b>\$ 144,310</b>	<b>\$ 140,995</b>
<b>Net position - beginning of period</b>	<b>\$ 1,808,559</b>	<b>\$ 1,991,311</b>	<b>\$ 2,039,737</b>	<b>\$ 1,843,901</b>	<b>\$ 2,166,909</b>	<b>\$ 2,376,925</b>	<b>\$ 2,628,822</b>	<b>\$ 2,773,132</b>	<b>\$ 2,755,309</b>	<b>\$ 2,628,822</b>	<b>\$ 2,755,309</b>
<b>Effect of change in accounting</b>	\$ -		\$ (362,105)	\$ -	\$ -	\$ (2,724)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net position - beginning of period, restated</b>	<b>\$ 1,808,559</b>	<b>\$ 1,960,370</b>	<b>\$ 1,687,632</b>	<b>\$ 1,843,901</b>	<b>\$ 2,166,909</b>	<b>\$ 2,374,201</b>	<b>\$ 2,628,822</b>	<b>\$ 2,773,132</b>	<b>\$ 2,755,309</b>	<b>\$ 2,628,822</b>	<b>\$ 2,755,309</b>
<b>Net position - end of period</b>	<b>\$ 1,991,311</b>	<b>\$ 2,039,737</b>	<b>\$ 1,943,901</b>	<b>\$ 2,166,909</b>	<b>\$ 2,376,925</b>	<b>\$ 2,628,822</b>	<b>\$ 2,755,309</b>	<b>\$ 2,896,906</b>	<b>\$ 2,968,906</b>	<b>\$ 2,773,132</b>	<b>\$ 2,896,906</b>

2018

**JEA**  
Building Community™



# RATING AGENCY PRESENTATION

BCOJ000135

# JEA is a Superior Electric Utility

## Since our last annual update

- Maintained excellent financial and operational metrics
- Repaid \$326 million of debt in FY2018 for a total reduction of \$1.9 billion since 2009 with a continued commitment to aggressively accelerate deleveraging
  - Accelerated \$100 million of debt reduction with February 2019 defeasance and plan to drive debt to a 40-year low
- Continued to strategically plan to absorb the cost of Plant Vogtle
  - Accelerating nearly all principal due before 2028, resulting in debt service coverage of 6x and fixed charge coverage of 2x when Vogtle comes online
- Capital program includes \$897 million of projects over the next five years without the need of issuance of new debt and no base rate increases
- Rates are at the median in the state and expected to remain stable for at least five years while others are experiencing rising costs
- Closed the St. Johns River Power Park, reducing JEA carbon emissions by 30% and saving \$50 million in operating expenses per year starting in 2020

**Financial metrics reflect a thriving utility today & long into the future**

BCOJ000136

# Energy System Key Financial Metrics

## WHAT WE SAID DECEMBER 2017

- 2.2x combined debt service coverage
- Days of cash on hand: 180 days
- Days of liquidity: 280 days
- Net funded debt reduction: \$135 million
- Debt to Asset ratio: 71.8%
- Capital Expenditures: \$166 million
- Decrease in system MWh sales of (0.4%)
- Base revenue reduction of (0.4%)

## WHAT WE DID FY2018

- 2.3x combined debt service coverage
- Days of cash on hand: 221 days
- Days of liquidity: 320 days
- Net funded debt reduction: \$154 million
- Debt to Asset ratio: 71.0%
- Capital Expenditures: \$174 million
- Increase in System MWh sales of 2.6%
- Base revenue increase of 2.9%