SPECIAL COMMITTEE ON THE POTENTIAL SALE OF JEA
AGENDA

Thursday, April 5, 2018
3:30 p.m.
Council Chambers 1st Floor, City Hall

John R. Crescimbeni, Chair

Danny Becton	Al Ferraro
Anna Lopez Brosche	Reggie Gaffney
Garrett Dennis	
Joyce Morgan	Bill Gulliford
Greg Anderson	
Aaron Bowman	Jim Love
Lori Boyer	Samuel Newby
Katrina Brown	Matt Shellenberg
Reginald L. Brown	Scott Wilson

Legislative Assistant: Staci Lopez
Legislative Assistant: Mia Richardson
Research Assistant: Jeff Clements
Council Auditor's Office: Kyle Billy
Council Auditor's Office: Phillip Peterson
Office of General Counsel: Margaret Sidman

DATE TAKEN: April 5, 2018
TIME: 3:30 p.m. - 5:39 p.m.
PLACE: City Hall
117 West Duval Street
Council Chambers
Jacksonville, FL 32202

This cause came on to be heard at the time and place aforesaid, when and where the following Proceedings were reported by:

Stephanie Powers Cusimano
Registered Professional Reporter
Florida Professional Reporter
Powers Reporting, Inc.
301 West Bay Street, Suite 1418
Jacksonville, FL 32202

P R O C E E D I N G S

MR. CRESCIMBENI: All right. Good afternoon, everyone. If you can take your seats, please. We'll call the Special Committee on the potential sale of JEA meeting to order. Today is Thursday, the 5th of April, 2018. It is 3:30 p.m. And we will start by having everyone introduce themselves. And I think I started on the left last time, so we'll start on the right with Mr. Shellenberg.

MR. SHELLENBERG: Matt Shellenberg, District 6.

MR. GAFFNEY: Reggie Gaffney, District 7.

MS. BOYER: Lori Boyer, District 5.

MS. BROSCHE: Anna Lopez Brosche, Group 1.

MR. CRESCIMBENI: John Crescimbeni, at large, Group 2.

MR. BECTON: Danny Becton, District 11.

MS. MORGAN: Joyce Morgan, District 1.

MR. ANDERSON: Greg Anderson, Group 4.

MR. LOVE: Jim Love, District 14.

MR. BOWMAN: Aaron Bowman, District 3.

MR. FERRARO: Al Ferraro, District 2.

MR. GULLIFORD: And Bill Gulliford, District 13.

MR. CRESCIMBENI: Thank you-all. I did -- I think I saw an excused absence from Doyle Carter, who will not be with -- here today. I think I saw one from Tom Hazouri. He's apparently under the weather and sick and he will not be here today.

A couple of housekeeping items before we get started. I want to let this Committee know that I met with Mr. Mousa earlier today, and he and I had a conversation that was referenced in the newspaper today a while back. And he and I chatted about that, and apparently there was a misunderstanding about what I was looking for and what he understood I was looking for.

So after today's meeting I will be sending him an e-mail asking him to -- he and the administration to work with this Committee on any questions that you feel like would be in the best position to answer. I'll call off our action item list regardless of who sends it to him. So if we assign something to the Council Auditor or whoever, I'm going to ask that he please participate with that, and I suspect that they will do so.

With that said, you have a notebook in

front of you today. This is from the JEA. They're here today. They'll be our first up at the podium. They're going to respond to several of the action items on their list, not all of them, so if you'll please, please bring this notebook back because they're going to -- at the subsequent meetings, they're going to give you subsequent tabs with information as they deal with the additional action items.

So I'm adopting Mr. Newby's rule that there will be a binder inspection at the beginning of the meeting, and we will start with Mr. Newby because he -- that's his rule and I want to make sure he adheres to it going forward. All right. I think that was all the questions or housekeeping items.

I am going to take a break at around 4:45-ish for the court reporter. I think we'll stick with our same time period in asking questions, three minutes, but we will pause it after the question is asked as the respondent is answering the question. I think that worked out well last week. Does anybody object to that?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. So first up will be Mr. McElroy from the JEA. He's going to deal with six of the action items for -- from last week's meeting.

And, Mr. McElroy, welcome, sir.

MR. MCELROY: Thank you, Mr. Chairman. Paul McElroy, JEA, CEO, and managing director, citizen of Duval County.

As the Chairman indicated, we have a binder, and the first question, we'll be going through tabs 1 through 6 today.

The first tab deals with the response to questions about the Plant Vogtle. We have information here. And in the binder, there is a PowerPoint presentation which summarizes a two-page summary, which is also in the binder. There is an e-mail that gives a comprehensive overview in January of '17 of the current status of the Vogtle project. We've also included in the binder today a portion of our disclosure document that addresses Plant Vogtle, and we will be reducing and providing the Chairman approximately 500 pages of presentation material that have been given to the Board of JEA from late 2007 through 2010 on nuclear and also specifically on Plant Vogtle.

And at the Chair's request, we -- we're going to produce one -- one file, I think it will be delivered today, and then if you can share that or if we need to make additional copies, we will.

So the PowerPoint on Plant Vogtle 2008 to 2018, I think it's interesting to note before we step into this that we've had a longstanding history with acquiring power from Georgia. In 1982, 30 percent of the electricity consumed in Duval County was imported from Georgia, in '83, 60 percent. And every year if we average the years since then to today, about 23 percent of electricity consumed in the -- in Duval County with JEA is produced in Georgia. In fact, we have our low-cost unit at Plant Scherer, and it's a coal plant. We own a portion of one of the four generating units in -- in Plant Scherer in Macon, Georgia.

Turn the page over, talking about Plant Vogtle, though -- and so going to get power in Georgia was not unique. I'm going to talk about several factors that related to Vogtle 3 and 4 of the PPA, Purchase Power Agreement. We go -- if we go back to 2008, we talk about growth rates and expected needs. In fact, we'll see in 2008 when we look forward to this day, we thought that the net electricity for low on one of the charts that we looked at last week, we would have been required to have or meet 17,000 megawatts of demand. And, of course, the records show that we're at about 12,500, so things have changed there.

Gas prices changed dramatic with CO2 legislation. The nuclear industry has -- what is now a false start back in 2008 to 2010 or '12, and we talk a little bit about the partners in this project.

The next page, growth rate expected and needed following the downturn of 2010, 20- -- to 2012. Our peaks were down by almost 30 percent. And if we look at 2016, we were 30 percent below what we had projected in 2018. And there's a chart there that sort of points to that -- those points. In 2008 we're still expected to grow 2 to 3 percent, and in 2016, we're sub 1.

So back in '18 when we were looking

forward and in our planning, we were planning for growth and planning generation assets to be available to produce the electricity that we projected demand to be in the future.

On the next page, growth rate expected and needs, it's a series of bar charts going back to on -- well, 2016 projecting forward. If we look at the blue bar chart, that is the expected 2016 capacity when we looked in 2008. And the 2018 capacity, the amount of capability we have to produce power is in the red bar. That has stepped down with the closure of SJRPP.

So we can see that the red line is really our need of how much power we consume, and then plus an amount we need to be on reserve to meet our State requirements would meet the red line. If we had power or procured power from other generating assets to meet the projection in 2018, we have -- we have about 4- or 5,000 megawatts, about our capacity here in Duval County, so it's a change from that point in time. But looking forward again, we're looking at planning for Vogtle and other assets, and -- and it was really one of the drivers to acquire

200 megawatts of what we thought was going to be about 10 percent of our need in the future.

On the next page, kind of natural gas prices, again, going back to 2008, 2008 was very expensive natural gas pricing. We were looking at $10 per MMBtu, which is a measure of heat rank or energy in molecule of gas, and that's essentially on the chart, the gold curve showing the pricing of up above $10.

And then the other colored charts, as we move from left to right down to the green, are the annual gas prices that occurred during that period of time. So we'll see there's been a dramatic shift downward in natural gas pricing from where we thought it was going to be, where it was in 2008, and all projections at that time had gas running anywhere from 8 to, I believe, dipping down to 6, but absolutely no less than $6.

The result of this is really -- the Shell gas and development in our country and the United States and really North America, we are a natural gas exporter now. We were at this time, in 2008, an importer. We are exporting natural gas. There's such an abundance of natural gas at this point in time. Back in 2008, our natural gas pricing was tied really to the oil market and the oil market was a global market pricing.

That has since broken, which is a good thing for us. Natural gas is priced domestically and remains down at the $3 level. It's natural -- natural gas, you can range anywhere from 8 to 12 to $14. Most of that is imported. Russia is a big supplier into the European markets. And then there's a considerable amount of liquified natural gas, or gases pressed to a liquid state and then they will transport it on ships from the Middle East and from the U.S. to the Asian Pacific area. It's very prosperous. So natural gas has clearly made a big, big shift from $10 to $3. And it's out -- if we look at the chart out to 2018, so we're looking at -- at least the projection of now another ten years of low gas pricing.

Another very significant change, and we believe that at some point in time this will come back into play, between 2008 and 2018, with the carbon dioxide CO2 legislation and pending regulations, in 2005, the RGGI, Regional Gas Initiative, started primarily in Mid-Atlantic, Northeast, but it captured the attention of really the West Coast and captured the attention of our governor at the time, who signed an executive order setting limits for utilities, carbon dioxide initiatives. We were supposed to reduce our -- have renewables to 20 percent, and in another couple -- 2020 was the goal in reducing emissions by drastic amounts over a relatively short period of time.

In 2009 -- and this was evolving at that time. In '7/8 when we were looking at Vogtle, the Waxman-Markey Bill passed the House of Representatives and failed in the Senate by one vote and therefore it did not go forward. It was strong indications that that would be -- had they had that one vote, it would have been signed into law and it would have called for the closure of St. Johns River Power Park and Northside 1 and 2 prior to 2014, which would have been catastrophic for us.

That failing, the EPA went to work and developed a clean power plant, which continued to put pressure on CO2 emissions for the utilities. And as I mentioned, I think at some point in time in the future, we'll be back in the game in terms of CO2 sequestration or capture or elimination in our economy as we go forward. And a lot happens in the next couple years, but it may happen with the change in the administration or a change in D.C.

Where we are today, the world has changed, carbon legislation has not been mandated at the national level. Low gas -- natural gas prices have a double benefit of low cost and lower carbon emissions, CO2 emissions, when in store are drastically lower price and available as a resource. And as a result of right now, there are no carbon penalties proposed for U.S. utilities.

That said, CO2 is an issue globally. We did put a plan in place back in the middle of the last decade to reduce our CO2 intensity and our power stack. We were fortunate that these rules and regulations and laws did not pass, they were very Draconian in the implementation. The natural course of the economy has allowed us to pace into this reduction of the change in our power stack to be less CO2 intensive, and that's depicted on the next -- the next page with the line chart.

We will from -- from our peak in 2008 reduce our CO2 emissions by 45 percent, which is right up there with some of the best -- the standards of many utilities in the country. It wasn't done with a mix -- it wasn't done with any one magic trick, it was a combination of rolling back our purchase of coal from Georgia and substituting them with natural gas, realizing we've leveraged our natural-gas-generation assets with the low cost of Shell gas and fuel stock, the retirement of SJRPP, our ending investment in 50 megawatts of solar and Vogtle 200 megawatts of zero carbon and production. So looking at that, we have successfully transitioned the power supply back in a cost effective way over this period of time and a big accomplishment for our region and for our air.

I think that the third -- fourth point here, the nuclear energy industry changed dramatically from 2008 to 2018. In 2008 we paint the picture, it was what was called a nuclear Renaissance that was underway. People were focusing in on Westinghouse design for -- for its nuclear reactor and boiler. Vogtle filed a combined operating construction and operating license application in 2008. There was very, very strong U.S. government support in Build American bonds, ELE bonds at the time, and there were a number of plants and participants that were doing the same thing. In the U.S., there were under construction, who were licensed, in -- 28 in 2008; BPA, the Dominion, which is in Virginia; Progress Energy at the time was in North Carolina; and Florida had two they were looking and pursuing licenses for Duke, pursuing and subsequently obtained a license in Scannon [phonetic], South Carolina; obtained a license, FPL continues. The number of active construction for us was the 14. And then fast-forward to today, there's really just four right now, two at Plant Vogtle under construction and two continuing to pursue the license for the Turkey Point FPL projects.

The picture of 2009 of what Plant Vogtle looked like, in the back, stacks in the buildings there, that those are operating units that commenced operation on the back in the mid

'80s. And the next page is the -- a picture of the site now in 2018, units 3 and 4, the cooling towers, the turbine buildings, and the nuclear reactor buildings as well. I'll point you to Southern Company's website for a time series lapse of photos for this construction project, which is truly an asset.

The partners, when we looked at this -- so we looked at really the influence in terms of really producing general electricity and then we looked at the partners in this consortium. And the engineering procurement construction consortium was Westinghouse and Shaw, Stone & Webster, enviromental entity. Shaw, Stone & Webster, each party had over 100 years' experience in the -- the nuclear industry. Westinghouse was the primary player, certainly the -- in the maintenance of many, many nuclear reactors and constructed many back in the '70s and '80s.

Westinghouse was owned by Toshiba, a massive working company with a strong credit rating and a big support, making a big play into this arena following their residence.

Municipal Electric of Georgia was a

partner of a number of PPAs, other entities historically. And it's a State action agency in the state of Georgia.

Southern Nuclear was experienced in nuclear, and they were going to be the managing partner. They operate and maintain the six nuclear facilities. And the EPC that was entered into, the Engineering Procurement Construction Agreement, between the consortium of MEAG, Southern, and Oglethorpe was a contract that was strongly -- strongly fixed price certainly for -- a lot of these items were acquired and locked in and later units of labor were locked in and fixed as well. So we got comfortable with the partners, we got comfortable with the number of people that were outside of that partnership that was pursuing the same technology for the same reason.

2018, fast forward, it was known -- Shaw, Stone & Webster was -- had been bought by CB&I, Chicago Bridge & Iron, to shore up their capabilities, capacities, and finance. And CB&I was in turn bought by Westinghouse, which rolled up to be both the engineering firm and the construction firm.

Westinghouse fell on hard times in -- in late '16, filed bankruptcy in '17. Toshiba tinkered on the verge of bankruptcy through 2017. They did pay 3. -- almost $3.7 billion of guaranteed money to the project to the consortium of a cash transfer, and that relieved their obligations under the PPC, and the project continues with Westinghouse's engineer. It's under a time and materials contract with Bechtal, the construction manager, a global firm, began having experience in large construction projects such as this, and nuclear -- Southern Nuclear has an overall control of the project.

Mr. Chairman, that's the backdrop of the project right now. The disclosure statements, you'll see the construction to do a revised plan and submitted it in December of 2017, this past December, to the Georgia Public Service Commission on behalf of Georgia Power Southern Company, indicated a revised schedule cost and completion schedule. And that puts the completion out for the Unit 3 in late 2021, and Unit 4 in late 2022, at such time we will be producing energy and we'll be importing that into our -- into our base.

MR. CRESCIMBENI: All right. Thank you, Mr. McElroy. So in a nutshell, what I'm taking away from this is that back in 2008, JEA was forecasting the need for additional capacity, both for customer use and reserve; is that correct?

MR. MCELROY: That's correct.

MR. CRESCIMBENI: And the decision to go nuclear was made in an environment where natural gas prices were more than three times what they are today?

MR. MCELROY: Yes.

MR. CRESCIMBENI: And you have this CO2 legislation hanging over your head that might have caused the closure of Northside and the St. Johns River Power Park in 2014?

MR. MCELROY: Yes.

MR. CRESCIMBENI: Okay. We have some questions. Mr. Shellenberg.

MR. SHELLENBERG: Thank you, Mr. Chair. You actually asked a couple of questions that I was going to inquire about, but --

MR. CRESCIMBENI: You want me to reduce your time to two minutes, then?

MR. SHELLENBERG: Whatever you'd like to do, Mr. Chair. It won't take that long.

Paul, one of the big concerns, this is just a question, because the natural gas prices were so high back in '08 and it was a business decision to go ahead and -- because they were going up and down, and you were projecting the cost of natural gas to be somewhere along the way. Do you think JEA wants a future contract; is that correct? If you could just tell, not right now, but let us know how much that cost over the last couple of years -- up until a couple of years ago, I would really appreciate it.

And you did that as a business decision, correct?

MR. MCELROY: Yes, we did at that time. We -- we just -- just acquired some fixed pricing out of the churn of the calendar year. We were out of that market for four -- three or four or five years [unintelligible] ahead.

MR. SHELLENBERG: But I'm just kind of curious. It was a business decision because you needed to make sure, because you were going to get gas at a certain price --

MR. MCELROY: Right.

MR. SHELLENBERG: -- make sure the numbers were --

MR. MCELROY: That's correct.

MR. SHELLENBERG: That's -- it's sort of reflective of what Mr. Crescimbeni said.

There is great debate that -- about the Vogtle 3 and 4. Are you -- most people thought it was going to be shut down last year because of the -- I guess the Georgia Commission but was going to think about it. You don't think that they're still in that posture? Because if the cost of the plant has gone from -- what I understand, from 8 billion to 20 million?

MR. MCELROY: I can -- I can report on the Commission's action that occurred in -- in the middle of December, I forget the precise date, but right in the middle of December. The staff, Volusia staff, had published a report, 55-plus pages, summarizing their views on the project. They lean pretty heavily towards Georgia Power picking up a lot of the initial cost. The Commission, in its vote, five to zero, agreed more with Georgia Power and essentially gave the okay to go forward with

Georgia Power.

MR. SHELLENBERG: Now, because of the differential in price, what impact, if any, did it have on JEA's commitment to these two power plants?

MR. MCELROY: So what we'll do is when the projects become commercially operated, we've got now 9 and a half percent, and we'll -- the cost will be trued up at that point in time, the operating cost, fuel cost, and capital cost allocation, and we'll essentially get a bill for the power delivery.

At this point in time, because of the cost overruns, if we were to get that power today and project it forward four years in the future, we get that power today, it would be above market.

MR. SHELLENBERG: How much above market would you say? I mean, above market is a big number. I don't know. Above market compared to what it is now?

MR. MCELROY: That's right.

MR. SHELLENBERG: And the market could shift --

MR. MCELROY: Yeah, that's right.

MR. SHELLENBERG: -- is that right?
So you're -- you don't know exactly what the number will be, but you're projecting it will be higher than what we are getting power for now on average?
MR. MCELROY: I -- yeah. Yes, I think that's a fair statement for the first part of the 20 years. You know, once we -- because we're looking at starting now in four years and then look at 20 years beyond that.
MR. SHELLENBERG: Right. Thank you very much, Mr. McElroy. I appreciate it. Thank you.
MR. CRESCIMBENI: Thank you, Mr. Shellenberg.
Mr. Becton is next, followed by Mr. Gulliford.
MR. BECTON: Thank you. Through the Chair, Mr. McElroy, I appreciate you being here today. Thank you for the information.
So when you talk about the environmental legislation and as it came about and it looked like it could possibly happen and then didn't, as we sit here today, what liability still exists with regards to the environmental issues

that you would be concerned about now in going forward?

MR. MCELROY: Could you -- through the Chair, can you be a little more specific? Because I --

MR. BECTON: Okay. So you were -- you were painting a picture, decisions being made because of the federal government's CO2 and carbon dioxide legislation, okay? So -- and you mentioned that -- you did make the statement no carbon penalties are being proposed right now. So is -- so what concerns and liabilities do you have, if any, in the environmental area?

MR. MCELROY: Well, I think to be accurate on the liability -- when we talk liabilities, that unfortunately -- through the Chair, that unfortunately raises my comments to another standard or level in terms of a -- sort of accounting disclosure --

MR. BECTON: Or maybe I should have said concerns.

MR. MCELROY: Yeah, I can give you the list of our disclosed liabilities on our entire utility and, you know, capture some of the thoughts.

I think if we look back at concerns and what we'd look at in terms of planning, CO2 is -- CO2 from our power generation is a continuing risk as we go forward. Most of the country has -- has addressed that on a statewide level. Most of the globe, the world, has addressed on their individual national level. And so I'm not advocating one way or the other on CO2 capture or CO2 emissions, but I'm just looking at outside of Jacksonville, outside of Florida, outside of the Southeast, the rest of the country has moved towards some type of CO2 reduction and selectric generating through renewal standards and other -- other rules, regulations, and laws, and so too has the rest of the globe. So I think I put that as a continued high risk.

In terms of --

MR. BECTON: Can I interrupt that? So can you give me an idea of where we are at and where we might should be according to that thought?

MR. MCELROY: Uh-huh. I think we have a -- the chart that showed the reduction in CO2 emissions. I think we have an outstanding plan to continue to reduce our -- but history tells us and this plan and that line projects out into the future, the large investment in solar that we're engaged in will help with that, and they will reduce our CO_2 emissions from natural gas in the daytime when we're capturing solar.

Further, looking at Northside 1 and 2, which are very intense in terms of CO_2, and looking at different fuel stops to see if we can reduce that over a period of time, but there's a number of steps we can go in the process if we get pushed. And right now we've had these plans in place, assuming a push towards lower CO_2, the rest of the country's doing it. Costs are becoming very attractive to it in the renewal space, and so I think a gradual approach to that, a measured pace discipline approach to reducing CO_2 is the best plan for us.

MR. BECTON: Okay. So I'm showing this somewhere between 8- and 9,000, whatever that measurement in tons, I guess it is, a little over 8,000 metric tons. Where is a good place to be? Because that looks -- like you said, it's a pretty drastic decrease on this chart. So where should we -- where would be a good place to be on this?

MR. MCELROY: I think we're in a reasonably good place at this point of the projection, because this would allow us to achieve anything else that had been proposed in the past.

So -- so what's happening now in the environmental community is that natural gas still produces CO2, and so you're seeing some of the opponents or proponents of reduced CO2 going after natural gas pipelines and trying to slow down the use of natural gas to --

MR. BECTON: Okay. I guess I would like to see more information -- some more -- I don't have enough time here to get the answer to my question fully, but I would like to see and understand what our, you know, maybe risks are in the future, however -- our finance concerns, liability of it, but sort of overall risk and where maybe we should be.

But I want to conclude by just talk- -- having a question or two on Vogtle. So what is the simple -- most simplest way to just describe our obligation as far as our costs in the Vogtle?

MR. MCELROY: I think the easiest way to look -- through the Chair -- I'm sorry, Mr. Chairman. Through the Chair, I think the easiest way to look at that is that -- that we have signed an agreement to -- to purchase power from a power plant under construction. Once it begins to purchase, we will -- we will pay on a -- per megawatt/hour basis as it's delivered, as we do today in the marketplace and such.

Right now, given the construction delays and where we are, we -- the cost of that power at least on the front end and absent any CO2 cost of carbon, it will be above market. Now, where market will be at that time and when -- where the final construction costs comes in, we watch that closely and sort of look at that certainly on a weekly -- on a monthly basis.

MR. BECTON: So am I to understand this is really an unlimited -- you know, without a cap liability that we have in Vogtle?

MR. MCELROY: It is a -- it is an ongoing construction project, yes, that has costs, and there -- at this time there are no caps on the cost of construction. There are -- there are certain measures within the agreement of the -- the principal owners, who were -- if and when certain things happen, if costs go up a billion dollars more, then they can call it to an end and stop participating. So I think there are triggers there that the -- the direct owners have among themselves now in this -- in this new agreement going forward where they would have the ability to stop the project if it got much worse.

MR. BECTON: And through the Chair, my last question -- my last question.

So how many -- so when you look at whatever those projections are or costs that you're -- you're -- I'm sure you've done, how many years of -- you think it will take for us to break even and collecting that power, reselling it, and getting our investment back? What you -- how many years are you looking at as far as a break-even point?

MR. MCELROY: Through the Chair, I don't -- I don't have a good date on that. That sort of depends upon the cost of gas,

carbon, and -- and really the energy markets.
So it --

MR. BECTON: I mean, we do a lot of forecasting --

MR. MCELROY: I think we're going to be -- I think we'll be at market, but I would not look -- we're not looking to make any margin on this contract. This contract for the environmental, for -- for high reliability based on power, for other attributes is a good -- in the future probably a good -- good resource.

MR. BECTON: But did I understand from Council Member Shellenberg's question that this is a 20-year contract agreement that we have to get power? Is that what I understood?

MR. MCELROY: If -- yes, sir.

MR. BECTON: So do you think we can get our money back in 20 years?

MR. MCELROY: Well, I mean --

MR. BECTON: I guess -- I guess --

MR. MCELROY: -- we pay -- we pay -- we pay as power comes, so -- so it's not as though we have -- between now and commercial operation, there are some -- some debt service payments that we are making. Once commercial operation begins, we pay for power as delivered, and so we're not -- we don't have a, you know, big -- a big investment in there. We have the responsibility for -- to pay for the power as it's produced and delivered to us.

MR. BECTON: But just like any other capital project, we have to look at the return and at what point in time we get our money back and it becomes a good investment, and I'm not hearing that -- and I'm running out of time, so I would --

MR. MCELROY: Yeah.

MR. BECTON: -- if you have more information, I think it would be great. Thank you.

MR. CRESCIMBENI: Thank you, Mr. Becton.

Mr. Gulliford, followed by Ms. Boyer, Council President Brosche, Mr. Anderson, Vice President Bowman, Councilman Dennis, and Ferraro.

Mr. Gulliford.

MR. GULLIFORD: Thank you, Mr. Chairman.

Through the Chair, I think Mr. Becton's line of questioning really reflects the volatility and the lead times that you face with not only fuel supply but construction time frames and the like, which I can understand how someone could in effect get trapped, like the JEA, you might describe how JEA was trapped into this Vogtle thing. In fact, four or five years ago when you were doing those presentations up in Conference Room A, it might have been farther back than that, my sense was your greater concern was about CO2 emission more than fuel costs. That -- that sticks in my memory as a significant -- a real significant consideration, because at that time that administration was really leaning heavy in that -- heavily in that direction, so I can understand that part of it.

Mr. McElroy, how much excess capacity is there in the country and what's the trend right now? You're experienc- -- and JEA is experiencing, of course, downward trends as far as demand, so we would be looking at excess, but overall what's happening in the country?

MR. MCELROY: We're -- the JEA -- through the Chair, the JEA now is -- is right on its capacity requirements plus reserves with the adjustment to -- for power park. And that's where we want to be to be -- to have efficient utility. To say it really depends -- the question depends on what region within the country because --

MR. GULLIFORD: Okay. Well, let's say the Southeast, what do you hear in the Southeast?

MR. MCELROY: The Southeast, certain parts of the Southeast continue to be a little long, others are getting -- getting there, getting tight. And then part of that is over the last decade, it's been the adjustment of sales and the replacement of resources.

MR. GULLIFORD: Okay. If you're buying power, as far as CO2 emissions, do you have to come up with some kind of calculation that you share some proportion of the CO2 emission as part of your calculations?

MR. MCELROY: In -- in Florida we do not.

MR. GULLIFORD: Okay. That's -- that's good.

And the average cost as far as cost of power, I assume, is coming down nationwide and you would reject that, continue in that trend, or is it going to stabilize?

MR. MCELROY: Boy, that's a regional -- that's a regional answer as well, and I just -- the price power varies considerably be- --

MR. GULLIFORD: Because you get such fluctuation in fuel -- fuel costs --

MR. MCELROY: Fluctuation in fuel costs and fluctuation in power supply. So those states that have -- have pushed towards renewables early on in the cycle and are carrying forward extremely high costs of solar and wind versus today's pricing or --

MR. GULLIFORD: You're in the process of building solar, a solar farm, how do you think that price that -- you've got to have some kind of projection. How will that price compare to what the cost is to generate the natural gas, let's say?

MR. MCELROY: It will be -- it will be equal to or less in today's market.

MR. GULLIFORD: The natural gas? So the trend will be heavier and heavier into solar, then --

MR. MCELROY: Yes.

MR. GULLIFORD: -- is that your projection? You don't see JEA in the future anytime soon building any kind of fuel-generated facility that you think that that's where we're going to go?

MR. MCELROY: I think -- I think we have our ten-year plan. In 2028 we may need some natural gas backup for -- for the solar, so there may be some need there to balance it.

What seems to be emerging in terms of power supply, at least in the Southeast, is -- is solar with -- backed up by natural gas. Solar, extremely low price, very positive environmental footprint. Natural gas, you can -- with high liability.

MR. GULLIFORD: But currently you don't see LP -- or not LP, natural gas prices going down any, do you? You think we've hit bottom?

MR. MCELROY: I think if we -- you know, I'm just going to point back to the NYMEX curve, and keeps it roughly at $3 -- in the $3 range out to 2028.

MR. GULLIFORD: And lastly, you have a 20-year contract on Plant Vogtle, right?

MR. MCELROY: Correct.

MR. GULLIFORD: What's the useful -- projected useful life of the facility out there?

MR. MCELROY: The -- the useful life of the facility, at least the licensing of the facility is 40, 40 years --

MR. GULLIFORD: But at the end of 20 years, you have an option to renew or not depending upon the pricing probably --

MR. MCELROY: At the 20-year mark, we're done.

MR. GULLIFORD: You're done?

MR. MCELROY: You're done.

MR. GULLIFORD: You're out?

MR. MCELROY: And -- yes, and that was one of the positives. At least looking at it again, again, one of the positives was -- one of the concerns with nuclear is the tail end in terms of once the plant finally finishes, meaning licensed and operating, you still have all the fuel, and that's got to be maintained for 1,000 years.

MR. GULLIFORD: Thank you, Mr. Chairman.

MR. CRESCIMBENI: Thank you, Mr. Gulliford.

Mr. McElroy, does JEA have the ability even though we're contractually obligated through the Power Purchase Agreement to buy power for 20 years, do we have the ability to assign that or resell that to someone else? Because I'm thinking there's two giant utilities in South Carolina that might be looking for some more sources of electricity because their power -- their Purchase Power Agreement with the two nuclear reactors in South Carolina are out the window at this point. So are we in a position to sell that power to somebody else? I mean --

MR. MCELROY: We are. Yes, with limitations.

MR. CRESCIMBENI: Okay.

MR. MCELROY: And so --

MR. CRESCIMBENI: Is the limitation the distribution system?

MR. MCELROY: The limitation is really a -- a tax and deal structure requirement, funding requirement. It needs to be sold. We can distribute it on a short-term sales essentially to everybody, but a longer term contract, you know, a back-to-back purchase power, it would have to be to another municipal entity in the --

MR. CRESCIMBENI: Are those utilities in South Carolina --

MR. MCELROY: It was an --

MR. CRESCIMBENI: -- is a State owned --

MR. MCELROY: Yes.

MR. CRESCIMBENI: -- does that constitute a municipal?

MR. MCELROY: Yes, it does.

MR. CRESCIMBENI: Councilwoman Boyer.

MS. BOYER: Thank you. Through the Chair to Mr. McElroy, I'm just trying to follow to make sure I understand the details of a few things that you said.

So we are not -- JEA is not a member of the consortium, correct, or are we?

MR. MCELROY: The -- correct, we are not.

MS. BOYER: We are not a member of the consortium. We simply have a contract to purchase power once -- and does that contract kick in once they start to supply it regardless of how many years in the future that date is?

MR. MCELROY: Yes.

MS. BOYER: And have you provided us or can you provide us any provisions in the existing contract to purchase power that would be an opportunity to terminate or -- I mean, are there any terms and conditions under which we can get out of the contract?

MR. MCELROY: Mr. Chairman, I would like to take that conversation, if I may, on --

MS. BOYER: Fine. And then I'm just trying to look at the numbers and make sure I understand the numbers in terms of how we get up to a blended fuel rate. So if I'm looking at your CO2 emissions chart, your last comment on that -- in the margin is that the addition of 250 megawatts of solar and Plant Vogtle reduce CO2. And in a prior comment, you're saying there's 50 megawatts of solar, so I'm assuming it's 200 megawatts of Plant Vogtle, is that the contract amount?

MR. MCELROY: No, I apologize, I misspoke. It's 250 megawatts of solar and it would be 200 -- 250 additional megawatts of solar and 206 megawatts from Plant Vogtle.

MS. BOYER: Okay. And so going back to your -- 206 per year is the requirement in the contract that we purchased?

MR. MCELROY: Yes.

MS. BOYER: 206 a year?

MR. MCELROY: Yes.

MS. BOYER: And going back to your first chart, I know there's no page numbers on these, but where you're talking about the growth rate and expected need, our actual consumption is 12,900 gigawatts; is that correct?

MR. MCELROY: Yes.

MS. BOYER: And so if I look at 206 megawatts -- now, okay, that's what I'm asking you to do. So what I'm trying to understand is the percentage of our annual need that would be supplied by the contract department with Plant Vogtle. So if it were, say, 10 percent of what we needed and it were above market and you were blending it in with 90 percent that was at market, it wouldn't have too much of an effect on our weight. If it was 50 percent, it would have more, so that's what I'm trying to understand.

MR. MCELROY: When we entered into the arrangement with the growth pattern we saw, we would not go more than 10 percent. That was -- that was sort of saying -- and that's going to be a component of the overall money and the costs. Because we haven't grown and we're lower in sales, unit sales, it will be approximately 13 percent.

MS. BOYER: So based on your projected growth between now and the time you -- the plant would be finished, factoring that in, we're still saying that the 206 ends up being about 13 percent of your total demand or your total production?

MR. MCELROY: Yes.

MS. BOYER: Okay. Thank you.

MR. CRESCIMBENI: Thank you, Ms. Boyer. And I move -- I think I made this announcement prior to the Committee's expansion, but if you have any questions about the actual contract between JEA and Plant Vogtle, we encourage you to have an offline conversation with Paul, or better yet, with Jason Gabriel. That's not anything we want to discuss in an open meeting.

Council President Brosche.

MS. BROSCHE: Thank you, Mr. Chairman.

Through the Chair to Mr. McElroy, on your growth rate and expected need chart that you started early in the presentation with, could you share what the biggest two or three factors are to the miss in growth rate.

MR. MCELROY: The two largest factors -- well, actually it's -- it's -- probably the largest factor is energy efficiency, and it is efficiency and conservation. I mean, that's -- that's across the country and across the economy. As we would continue to shift more to service economy, overall our economy, and then -- actually if you look back and look at economic growth, it was tied to electric growth.

The economy is still growing. It's sort of bifurcated, and that's as we move forward towards a service economy, then that service economy pushes more efficiency certainly in the -- in the business sector, and then the efficiency at home, in residential and that's time driven by the market and by basically Federal guidelines for energy efficiency for all the lines.

MS. BROSCHE: Okay. And so we've heard about that in a number of presentations from you.

So back when we were estimating that it was 2 percent, was energy efficiency a part of the conversation and just has been more than we expected or was it really not part of the conversation back then?

MR. MCELROY: If we look back in 2008, we found energy conservation. And then the difference between was -- well, efficiency conservation, we sort of do without, and efficiency, you would continue to have the same benefits and features but use less power.

And in -- in 2008 we had this movement in conservation, people in conservation for a year or two and -- but then you fall back to how you -- so we had -- we had -- you know, when you look back ten years ago, potentially the iPhone was 2007, 2008, and that sort of drove the miniaturization of all of these technologies. We used to have the big-screen TVs and those massive big-screen TVs, we were all watching football games on them back in the early 2000s, that could be as much as 10 percent of an electric bill. Today we get a big-screen TV that's twice the size that runs on $8 a year.

So -- so I think it's really the -- it's really efficiency common-wide both in terms of the shift in the economy towards the service industry and less energy intensive business, economic activity and just energy efficiency, that the market has just grown. And the Federal guidelines have done a big push on that, and we are really seeing great results. Some of those guidelines for energy efficiency for residential products, consumer products continue to go for the next ten years.

MS. BROSCHE: Okay. On that same slide where the top line describes average annual growth rate, peak, can you clarify what you mean by peak.

MR. MCELROY: Through the Chair, yes, when we look at the -- when we look at energy demand or how much we provide or sell in a point in time, we -- it fluctuates greatly depending upon the consumer demand.

And so our peak -- and peak is the absolute highest point in a year that we're delivering electricity for, and that's usually the third cold day of a cold spell in January. And so there's a lot of demand on the system, a lot of sales being pushed out onto the -- that's our -- that's our peak, and that's what we have to bill for. We have to have the capability on the ground to deliver to that peak plus a margin of 10 percent.

MS. BROSCHE: Okay. Thank you very much, Mr. Chairman.

MR. CRESCIMBENI: Thank you, Council President Brosche.

Councilman Anderson.

MR. ANDERSON: Through the Chair, I just want to clarify, when we're talking about the nuclear liability, it generally is characterized as $1.2 billion liability that's been pretty widely published. And I'm -- I want to make sure that I understand that that really is a value for the -- our main contract, is that -- is that how you come up with that liability?

MR. MCELROY: Through the Chair, I think that number came out through the work that PFM did, that's what put that into our conversation, part of the cost of the power that we'll be -- we'll be receiving, so we'll get the -- it's really a -- we're buying the power at cost plus 50 cents of megawatt. And so the way the bill will be constructed is looking at the next cost to generate their power. And so they'll build it up in saying they had to borrow debt and invest it in their plant and -- but they're selling us a slice of 9.357 percent. So they'll slice, if you will, a portion of the debt that was issued to carry that portion of the plant for 20 of the 40 years.

And so you'll see some of it on the debt service. You'll see, you know, maintenance chart, you'll see the fuel chart, an operating chart, so there will be sort of a detailed list of -- what they did was they looked at how much debt had been acquired or issued so far upon the project at this point in time, and the prospect of finishing in 2021, 2022, and came up with that debt service component.

MR. ANDERSON: Okay. So it's an estimate?

MR. MCELROY: Yes.

MR. ANDERSON: Okay. And in your -- in your report to the Board, you talk about the fact that this liability is on a take or pay basis, that is, whether or not every unit is completed or operating or operable. So if the units never became operational, how would that liability be calculated?

MR. MCELROY: We would under the contract have responsibility over that 20 years for -- so that there was fixed construction costs, and it would basically be a debt service for that period of time.

MR. ANDERSON: So that's it. So in that instance, we would receive the debt service and not the power?

MR. MCELROY: Correct.

MR. CRESCIMBENI: Thank you, Mr. Anderson.

Council Vice President Bowman.

MR. BOWMAN: Thank you, Mr. Chair.

Through the Chair to Mr. McElroy, thanks for being here today. I certainly understand the math and the data that drove the decision in 2008 to do this. I guess what I'm having problems is is we're going to sign a contract without risk management and out clauses. And I understand the sensitivity that -- but I do think for the public to know that I do want to meet and I want to talk about that and -- but my specific questions are going to be, have any other end users challenged their agreement that they made at roughly the same time? And then did we have any protection for cost overruns schedule or other economic factors? I do think that -- I certainly hope you did not enter a contract without having some protections.

A question about the nuclear power plant, and I've gotten a lot of nights' sleep next to one, so maybe that's what's -- maybe that's what my friends notice here, but -- but once the plant is up and running, is it pretty much always going to be a fixed cost to produce power? Are there fluctuations of what it cost for them to produce electricity?

MR. MCELROY: Through the Chair, the expectation and really the history of the U.S. nuclear fleet generated is about 100 nuclear facilities in the country. It's fairly stable and you see, you know, your standard 1 to 3 percent O&M cost increases, but the biggest one in the plant is fixed and usually over 40 years, you'll have -- we have maintenance. They run at very high levels, 92 percent on or availability, are actually functioning, so they produce a lot of megawatts.

MR. BOWMAN: Okay. And you say 40 years, I know the Navy carriers get refilled at 25 years. Do we not refuel nuclear power plants? Is 40 years when the -- when the nuclear material is expended or does that include a refuel along the way?

MR. MCELROY: There are multiple refuels. It's a -- the 40 years is the license provided from the NRC, Nuclear Regulatory Commission, and generally if those units are still in the money and making a profit, because they're generally all owned by investor-owns, they'll go back in and apply for a 20-year extension. They'll have to make some modifications with their value calculations.

Fuel -- the units are out -- if they rotate -- a fuel pack lasts something like five years, and then so every one-third of five years, they do a shut-down and pull one-third of the rods out and put new ones in.

MR. BOWMAN: And -- and so given that scenario, does the cost of nuclear material fluctuate on the market like natural gas does or is it pretty much fixed costs?

MR. MCELROY: In -- historically, it's been pretty much a fixed cost. It's been a pretty flat one here.

MR. BOWMAN: All right. And my last question, I told you I just became the proud owner of a 16 SEER HVAC unit, and I looked into -- I was reading about the requirements at the State level and, I think, Federal level. And just in the last few years, the requirements of what you have to buy has gone up, and what I could have bought five years ago I can't buy today at a minimum level.

So my question to you is, for appliances, HVAC systems, LED lighting, et cetera, are there other enforcements of regulations at either the Fed level or State level that are being discussed that might take your slope of constant use that we're going to be forced to invest in things at -- even at a lower usage rate?

MR. MCELROY: Through the Chair, there's -- through the EIA, and we can provide that chart to you, there are -- in a typical residential unit, it takes -- takes the various appliances and devices that use electricity and projects out over through, I believe it's 2040 how new regulations will be phased in to increase efficiency over that period of time.

So there's another -- it's not as dramatic as it's been, but there's another several-point reduction in power utilization through efficiency laws and regulations, State and Federal.

MR. BOWMAN: And then -- that would be interesting. But it sounds like what you're telling me is that we've been on the steepest part of the flat slope, but it's still -- it's flattened out a little bit, but it's still in -- the efficiency still is going to continue to improve and we're going to need -- all right. Thank you -- thank you very much.

MR. CRESCIMBENI: Thank you, Councilman Bowman.

Councilman Dennis.

MR. DENNIS: Through the Chair, Mr. McElroy, thank you again for being here. I have a few questions, and some of the questions I've asked before, but just for clarification, how long have you been CEO of JEA?

MR. MCELROY: I've been CEO for five and a half years.

MR. DENNIS: Five and a half years, okay. And so how long have you been in the utility business?

I've been in the utility business for 16 years and one month.

MR. DENNIS: 16 months and one month. All right. 11 more months, you'll have 17 years.

My next question, is it safe to say that -- that the utility business is always changing?

MR. MCELROY: Yes, it is.

MR. DENNIS: And so in 16 years, you've seen regulations and the organization had to adapt to those regulations; am I correct?

MR. MCELROY: That's -- that's correct.

MR. DENNIS: So I'm perplexed that the industry has changed because regulations have changed, and why is -- why is it now the sky is falling versus in past years when, in my opinion, regulations were probably stricter or there was a -- a board of enforcement to regulate?

MR. MCELROY: Through the Chair to Councilman Dennis, I think we -- I know we went back to 2013, it may have been before that, but in terms of our budget presentations to the Finance Committee and to the investment community, when we looked at -- when we looked at the revenue slide that we normally do, we have been saying since then that sales are down --

MR. DENNIS: So I'll --

MR. MCELROY: -- or stable.

MR. DENNIS: -- so what I'll do, I'll kind of steer you to where I want you to go.

Let's talk about during the Clinton years and in regulations during the Clinton years and how it affected utility business. And if you need some help, I can kind of help you on some of those regulations during the Clinton years, then you move right along through the Bush years, some of those regulations through the Bush years, you know, Obama years, and now there's a lot of regulations that are being reversed by the Trump administration.

So my question is, during those years, the agency utility had to adjust to those regulations in order to continue to survive and thrive and provide electricity and utility service for its customers. So I'm a little confused on -- today it seems like a lot of those regulations are being rolled back. Why is this, you know, the sky is falling? So if you can go each -- you know, 16 years, you were there in the Clinton years, so if you could go down each administration and talk about some of those regulations. If you -- and if you're having some problems, I can feed it to you.

MR. MCELROY: Through the Chair, I'm not familiar with the regulations during the Clinton years, which were in the '90s. I was probably more focused -- my position was in the mid to late 2000s.

MR. DENNIS: Okay. So you can start from the Bush -- from the Bush administration, some of those regulations, and how utility adapted to still, you know, provide utility service for its customers.

MR. MCELROY: Through the Chair, I think a big portion of that was -- was addressed here. We may actually touch on it in the next section as well in terms of the changes in the utility industry's power supply over that period of time with reduction of relying on oil through the '70s and '80s. We'll get into natural gas into the '90s, the hiccup we have with natural gas and move into coal for a period of time, then we transition to where we are in the supply business today, which is renewable -- natural gas, some coal, but -- and a core of a nuclear plant.

MR. DENNIS: So through the Chair --

MR. CRESCIMBENI: Mr. Dennis, would you like -- you may be uncomfortable about recalling all those specifics. Would you want --

MR. DENNIS: Yes.

MR. CRESCIMBENI: -- to add this as an action item for a future --

MR. DENNIS: So I was going to ask the Bush administration, if I could turn the question during the Bush administration, right. So during that time period, what utility due to -- to pivot to -- to reposition itself in order to adapt and continue to grow, you know --

MR. MCELROY: Well, through the Chair, I mean, I think as I've stated earlier, up until 2008, the electric industry grew with the economy, they were tied together. If we look back at any point in time in history, the GEP over the last -- was tied to the growth of electricity, so economic growth, growth, growth electric --

MR. DENNIS: So give me an action item, because during that time there was that great recession, so the economy kind of tanked during that time, during the late 2000s.

So that can be an action item, Councilman Crescimbeni.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Councilman Ferraro.

MR. FERRARO: Thank you, through the Chair.

Thank you for being here, Mr. McElroy. I wanted to touch base a little bit on the Plant Vogtle overruns. So when we talk about the cost overruns, it sounds like it's just an open end, we don't know what the price is going to be, and I want to ask you about the principal owners. So with JEA, we've got an open end where we don't have a cap of whatever the cost is going to be for Plant Vogtle. We've also assumed some of the principal owners of some other counties in Georgia, I think it was, that were assuming their debt as well. Is that also the same? So when we're talking about an open-end cost, do we have it in multiple areas or is that all fixed into one?

MR. MCELROY: Through the Chair, the -- the primary owners of the plant, both the existing and operating power plant, which is right next door to it, and the construction side, there are three principal owners. One is Georgia Power, and that's a Southern -- it's owned by the Southern Company. The other one is Oglethorpe Power. Oglethorpe is a co-op in Georgia, cooperative electric company. And the third one is MEAG, Municipal Electric of Georgia.

MEAG is similar to Florida Municipal Electric Authority here in -- in -- in Florida. And Jacksonville Beach, for example, gets their power from FMEA, plants that they have down south, and I believe they actually have a 1 percent of one of the nuclear plants around. And so they're the -- they're the primary principal owners and they are issuing their debt and capital into the -- into the construction project.

Then it's a matter of -- essentially, the bookkeeping, if you will. We buy MEAG, who we are having contract with, their investment and the power that will be produced from there. They've got a certain allocation, 500 megawatts or so, and we've got 200 of that. And so they take all of their costs of capital that they issue, they take the operating cost over a period of time, and they divide that up. We prorated everything and levelized everything over a 40-year history model between ourselves and the MEAG cities, so, I think, between us. We have the first 20 years of that slice of pie, and they deliver those costs to us as with the power.

I hope I helped you there.

MR. FERRARO: I'm asking -- so we've got a 20-year cost. I'm asking, the other -- the other counties that we absorb, that JEA took on their debt isn't, say, 20 years or more?

MR. MCELROY: Well, they -- they -- certain parts of their -- so MEAG as an entity has about 50 cities that they serve with power, they sell power to. About 39 of those are in that 20-percent slice that we have with us. We get the first 20 years, they get the second 20 years of that 40-year deal of that slice or that purchase power. They also sell a piece of their power, MEAG, to an Alabama group, and the others go directly to their cities.

So MEAG is issuing debt on behalf of MEAG, and we are -- and they're taking a portion of their -- their debt payments, who are principal and interest payments, and allocating that into the project and we -- we get a piece of that. We're not -- we're not taking on debt of the other cities.

The three owners -- and there is a fourth, a small 1 percent with Dalton, the City of Dalton. But the three primary owners meet. And Georgia Power is the lead manager, the lead general manager on this. It now under the last 12 months has evolved to a more equal partnership going forward to meet and watch and decide on going-forward cost decisions, project management decisions on just a daily basis.

MR. FERRARO: Okay. And I know you don't have the answer to it now, but if you can get with me later, if we left now, how much would that debt be -- it sounds --

MR. MCELROY: Yes.

MR. FERRARO: And on Plant Vogtle, I think the last -- did you say today that we would be getting 9 percent of power?

MR. MCELROY: It's about -- yeah, it's 9 -- it's roughly 9 and a half percent of the power out at the plant.

MR. FERRARO: Because last week, the number was 13.

MR. MCELROY: Can I -- through the Chair, I can just clarify that. What -- if you take the plant and it's going to produce about 2,200 megawatts of power, of the 2,200 megawatts of the plant production, we're going to have about 10 percent. So that's the 200 megawatts that we're contracted for. So when we get that power to Jacksonville, it becomes 13 percent of all the power that we need to deliver to our consumers, so --

MR. FERRARO: Okay. I'm real concerned with this because it -- I'm worried that this is turning into something with JEA like the pension did with the police and fire, it's -- it's growing and the numbers keep growing, so I'm very concerned with it. So I heard you talk today about the pay as the power comes in, and I know we're paying before the power comes in, but we're going to pay again, but I'm also worried about these environmental benefits because the whole reason it sounded like this was being changed was fuel costs and then also the environmental benefits. So if this ends up not being a nuclear -- we talked about this last time, if this ends up not being nuclear, it just ends up becoming a power plant and we still receive power, but it's not a nuclear power plant, then all these benefits that we're talking about, we won't end up receiving them, and then it will be another cost to the taxpayers and -- am I on the right track?

MR. MCELROY: Well, through the Chair, I don't think technically there's -- I don't think technically you can convert the nuclear plant the way it's structured into a gas plant or another plant efficiently.

MR. FERRARO: I understand that, but we have two other -- two other tasks that are supposed to be; am I following you?

MR. MCELROY: So, you know, they -- I guess you could -- you could say you could -- you could cease that and store it and then develop, you know, a gas plant to provide that capacity and --

MR. FERRARO: Or if it doesn't become --

MR. MCELROY: Yes.

MR. FERRARO: -- the nuclear power plant, they'll turn it into those to build still a power plant but not have nuclear?

MR. MCELROY: Correct.

MR. FERRARO: So --

MR. MCELROY: And that's --

MR. FERRARO: -- it goes back to my question --

MR. MCELROY: Yeah.

MR. FERRARO: -- if it doesn't become a nuclear power plant, we'll end up losing any of these environmental benefits that we were supposed to have.

MR. MCELROY: That is correct. That is correct. We would not be able to replace -- we would not be able to replace the nuclear power that we're expecting to get from Vogtle with any other [unintelligible] on the market. There's just none available.

MR. FERRARO: Okay. Do you see it not becoming a nuclear power plant with all these cost overruns and things that are happening and people perhaps backing out or not being able to pay into it?

MR. MCELROY: I -- through the Chair, I think the -- when we look back, it was very instructive in terms of the Georgia Public Service Commission ruling and the filing of staff. The ruling was -- was very powerful, very strong that they supported it and were going to give guidance and help Georgia Power finish the plan as a nuclear plant.

MR. FERRARO: Okay. Thank you.

MR. CRESCIMBENI: Thank you, Mr. Ferraro.

We are at our stop point for the court reporter. I've got Mr. Love and Ms. Morgan still on the queue. We'll resume in ten minutes, take a break, then ask questions. We're going to take a quick recess for the court reporter. We'll reconvene in ten minutes.

(Recess from 4:44 p.m. to 4:53 p.m.)

MR. CRESCIMBENI: Okay. We are going to reconvene the Special Committee on the potential sale of JEA.

Mr. McElroy, when I spoke to you last week, you had a function or some kind of

commitment today at 5 p.m.; is that right?
MR. MCELROY: That's correct.
MR. CRESCIMBENI: All right. So I'm going to have you deal with these last few sets of questions. We'll have to postpone and come back to the remaining items on your list at next week's meeting. Is that okay?
MR. MCELROY: Thank you. That would be great. Thank you.
MR. CRESCIMBENI: All right. Councilman Love.
MR. LOVE: Thank you. Through the Chair, Mr. Bowman, who left, but he had a nuclear power carrier that he was on. He was a lot [unintelligible] to me, I was on an oil burner, so he doesn't realize how much -- how much of an advantage it is to have nuclear power on -- you roll out longer, you don't have to refuel, you always have hot water. We didn't have hot water on our oil burner very often, so there are some advantages in nuclear power. In fact, carbon output, nuclear power, what is it?
MR. MCELROY: Zero.
MR. LOVE: Zero, nice. Okay. And then in 2008, when you were making this decision, who

was the CEO? Jim Dickinson?

MR. MCELROY: Jim Dickinson.

MR. LOVE: Okay. So -- and he's a mechanical engineer, or was a mechanical engineer?

MR. MCELROY: He was -- he was an engineer. I'm not sure which side.

MR. LOVE: I'm not sure he was a mechanical because I thought -- because I'm a mechanical.

MR. MCELROY: It's an interesting --

MR. LOVE: So at that time with the restrictions that we could see coming and with the -- you know, the price of fuel, do you think that the investing in Plant Vogtle was a good thing in 2008? Under the situation do you think that was a good idea, only what you knew in 2008?

MR. MCELROY: Only what we knew in 2008, it was certainly part of the plan, yes.

MR. LOVE: That's what I thought. Thank you.

MR. CRESCIMBENI: Thank you, Mr. Love.

Councilwoman Morgan.

MS. MORGAN: Thank you so much. Through

the Chair, thank you so much, Mr. McElroy, and I will try not to belabor anything that we've already covered, and it does make it just a little more difficult for me to ask some of my questions.

And, number one, I kind of really wanted to bring you back on what Council Member Love has said, and that is, that for me, listening to what you had to say about Plant Vogtle, and in that very first page talking about the decision factors on why we ever did this, is it really any different from the mission of JEA every day, and that is, efficiency, serving your customers? How different is that mission from why we did Plant Vogtle, or is there any difference?

MR. MCELROY: Through the Chair, I think the mission is still the same, to certainly serve our customers as best we absolutely can to keep our costs as low as possible and to watch our customer money and to make decisions based upon the best information available to us.

MS. MORGAN: And that is true, even making a decision about an investment like this.

So with all of that being said, fast-forwarding to today and to the future, do you see that there will always be a need for a utility company?

MR. MCELROY: Through the Chair, if -- electric, water, or sewer? I mean, so if we can break that down. I think beyond my -- certainly beyond my horizon, there will be a -- there will be an electric utility in some fashion. It will be centralized water and delivery and sewer services certainly in my lifetime.

MS. MORGAN: Yes, sir. And through the Chair, so, Mr. McElroy, I guess what I'm getting to is in some form or fashion, there -- there appears to be for us as we're trying to look into that crystal ball and look into the future, in the very future, we will still need the services that are provided by a JEA or a Plant Vogtle or some kind of utility to run the things that we have to run and to provide services for your customers.

MR. MCELROY: Certainly we -- in our five- and ten-year plans, we'll be delivering electricity and water and collecting wastewater.

MS. MORGAN: Okay. Thank you so much.

MR. CRESCIMBENI: Thank you, Ms. Morgan.

Mr. McElroy, thank you for being here. I have one final thing for you -- for you today, do you live in Nocatee by any chance?

MR. MCELROY: No. Duval County.

MR. CRESCIMBENI: I received an e-mail today. I want to read this e-mail to you, and you're welcome to comment on it. It says, "Though I am not a Duval County voter, I would like to share my experience/observations with JEA. I live in St. Johns County, in Nocatee. I have JEA as my utility for both electric and water. Also, FPL is the only utility provider of electricity at Nocatee.

"Experience/objection number one, during the past two major storms, JEA customers in Nocatee had electricity first. FPL customers lagged two or three days behind. In fact, I lent my generator last storm to someone in need.

"Experience/observation number two, there was a streetlight out by my house, and I reported it to JEA. I got it fixed within 48 hours. Very impressed with the turnaround time.

"Experience/observation number 3, I run in to JEA employees in Nocatee but haven't run in to any FPL employee. Not sure why I put that, but I feel that having JEA people in my neighborhood makes me want to root for them. If I was to choose providers, I would definitely keep JEA. Their service has really impressed me, and I hope the analysis will finally keep them."

Any response?

MR. MCELROY: Thank you, and thank you to the author on behalf of the folks and our corporate 2,000 JEA --

MR. CRESCIMBENI: Thank you, sir, for being here. We'll see you next Thursday.

MR. MCELROY: Thank you.

MR. CRESCIMBENI: The Chair accidentally left off the public comment portion on the agenda today, so I apologize for that. The speaker cards are out here on the table up front. Anybody who is interested in speaking or addressing the committee, please fill out those public speaker cards and we will take those up towards the end of the meeting agenda.

All right. We got one out of six done. All right. Moving on to item 4, reports from the Council Auditor, Mr. Billy. These are follow-up on action items assigned to the Council Auditor's Office from the last meeting and I think maybe a meeting before.

MR. BILLY: Yes, I think these are probably from a prior meeting.

Mr. Peterson is handing out the answers to some questions. The first was, what is the purchase -- how much would St. Johns and Nassau Counties have to pay to purchase the JEA assets in their jurisdictions?

And per the interlocal agreement between JEA and each of those counties, those counties may purchase the assets for a price that's equal to 110 percent of the net investment by JEA. JEA calculates those amounts as being for Nassau County $44,665,872, and for St. Johns County, $217,968,703.

Next question --

MR. CRESCIMBENI: Are there any questions on that from anyone?

MR. BECTON: Yeah.

MR. CRESCIMBENI: All right. Mr. Becton.

MR. BECTON: Thank you. Through the Chair, is that for both electricity and water and sewer and do you have like a percentage of what it is of each?

MR. BILLY: Through the Chair to Council Member Becton, that's just for the water and sewer portion.

MR. BECTON: Okay.

MR. CRESCIMBENI: So both of these numbers from Nassau and St. Johns are just water, sewer?

MR. BILLY: Yes, that's correct.

MR. CRESCIMBENI: Okay. Mr. Billy, we had a question and Mr. McElroy is not here to answer it, but I'm assuming that these aren't independent systems, you feed to Nassau -- or are they to Nassau and St. Johns County or are they somehow tied into a system that may also be in --

MR. BILLY: Through the Chair -- to the Chair, and I think obviously JEA would best want to answer that, but I do know the conversations, we talked -- we had water wells in one conversation and I believe he said, oh, well, wells for Nassau County are in Nassau County, but I think some of the infrastructure for St. Johns County may be tied into between Duval and St. Johns, but they would really have to give you the details.

MR. CRESCIMBENI: Mr. Pope, are you -- can you answer that or would you prefer a follow-up with us?

My next question would be, how do you bifurcate the two systems and who pays for that expense of that bifurcation?

MR. POPE: Jordan Pope, JEA. The Nassau water/wastewater system is its own system. It's independent.

St. Johns is inter-tied. To bifurcate that would be quite complex. I don't know who would pay for that or what it would take, but it is interconnected with what the JEA called Duval County system.

MR. CRESCIMBENI: Got you. Thank you.

Mr. Becton, do you have any other ones?

MR. BECTON: No, thank you.

MR. CRESCIMBENI: All right. Mr. Billy, go ahead.

MR. BILLY: Okay. The next question had

to do with interlocal -- or, I'm sorry, investor-owned utilities, there was a question about the investor-owned utility, and it was specifically in our report.

When they prevailed at the Value Adjustment Board, do they challenge those same valuations the following year, because there was a number of years that they filed a petition?

And the properties that they challenged in fiscal year '16 were different than the ones that were reduced in fiscal year '15, so different properties.

MR. CRESCIMBENI: Any questions on that?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. Mr. Billy.

MR. BILLY: What is the origin and difference for charging the Public Service Tax and the Franchise Fee?

The Public Service Tax was originally filed in 1945 to provide the authority to tax public services, including electricity, metered or bottled gas, and water service. The Franchise Fee has been in place since at least 1983 and is really a charge for the use of the public right-of-way. Both charges are passed on directly to the customer.

MR. CRESCIMBENI: Councilwoman Boyer.

MS. BOYER: Thank you. Mr. Chairman, if you'll indulge me, I got on the queue too late on the prior question.

MR. CRESCIMBENI: That's fine.

MS. BOYER: So my question for the auditors is just -- and we can take this offline, but I don't know if you have information about the content of the challenges and how the properties were valued previously, because I'm trying to understand the assessed values that we carry on our books and how that compares to reality, because I think that we'd probably have to scrutinize them a lot since we're tax exempt.

And if you have any information on what actually transpired in those valuations, like are they valuing a power plant based on some criteria? I mean, you know, I know some things are front footage and some things are square footage and some things are other valuations. What in other counties are they using as the valuation for a power plant criteria or what are they using, and if we were to apply that to ours, do we get a different number? So I'd be very interested if you've already done that or if you haven't, if we could get some of that, that insight.

MR. BILLY: Through the Chair to Council Member Boyer, I don't think we got into that level of detail. We'd certainly be happy to look into that for you, and -- so let us see what kind of information we can find along those lines and we'd be happy to provide that to you.

MS. BOYER: And my thought would be even just follow up on one or two of the challenges, it will give you a lot of information and we'll know whether -- and then compare to ours, we'll know whether we're in line or like way off. I mean, that's what I'm looking for, is kind of the margin of error.

MR. BILLY: We're happy to do that.

MR. CRESCIMBENI: Mr. Anderson.

MR. ANDERSON: Through the Chairman, Mr. Billy, I kind of take a different cut on this. I -- it's a point that when we're looking at the value of the ad valorem contribution, we need to understand that any buyer would normally challenge those values, is that what you're essentially driving at?

MR. BILLY: Through the Chair to Councilman Anderson, that is a point we will make in our report, that is, the normal course of business for many businesses, not just utilities, to challenge assessments in order to -- no one wants to pay more taxes than necessary, we're trying to keep the expenses low.

I think the other aspect that Ms. Boyer was looking at is how realistic are the numbers that we've got, you know, on our books, on our property appraiser's books.

MR. ANDERSON: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Anderson.

As someone who has served way too many years on VAB, I can tell you that we've never experienced that locally because we don't have any private utilities, but there are certain types of businesses that file every year, and, you know, they hire someone to handle that for them. And examples of like big-box stores, pharmacies, they're repeat customers year in and year out at VAB. And I'm guessing, Mr. Billy, you've looked at other VAB areas where IOUs existed in those counties and you're seeing some sort of recurring activity on -- on challenges to the board or petitions on valuation to the board to the local VAB or are you just -- you just did a spot check of this?

MR. BILLY: We looked at -- we picked out several counties within the state of Florida where we knew that there were utilities that had assets and we made calls to those -- those counties.

MR. CRESCIMBENI: Okay. Thank you.

Councilwoman Boyer.

MS. BOYER: Through the Chair to Councilman Anderson, I agree with your point, but my point also was I've had occasion recently to look at the Southside generating station property record card and realized that the property appraiser changed the value on that like 30 years because there was no reason to because it was tax exempt. So I question the real- -- how realistic the numbers are because we have to focus on them.

MR. BILLY: Mr. Chair, if I may, along the lines of what Council Member Boyer was just saying, some years back, and I don't know how many years now, we had looked at something like this, and maybe it was one of the previous reports, you know, because -- the 2011 or the 2008 report, when we talked to the personnel at the Duval County Property's -- Property Appraiser at that time, I think that was -- what we were told is that this is all exempt. And so they have -- so there was no reason to spend the time getting a deep, you know, detailed and accurate up-to-date assessment. And that was many years ago, but that's what I recall.

MR. CRESCIMBENI: Thank you, Mr. Billy. You want to move on to the --

MR. BILLY: Yes, there was a question --

MR. CRESCIMBENI: Mr. Anderson, you want to follow up?

MR. ANDERSON: Yes, sorry, just real quick.

So you gave us -- you gave the Committee a value of the JEA properties last -- last committee meeting, so -- so I think what Council Member Boyer is pointing out is is that value is necessarily low.

MR. BILLY: Through the Chair, that is possible. I mean, we don't -- we're not sure.

MR. ANDERSON: Okay.

MR. BILLY: That is a number that's on the books and I know that is the number that -- that's the assessment number that's been quoted, that's what's on the books.

MR. ANDERSON: Right.

MR. CRESCIMBENI: Mr. Billy, how many properties are we talking about? You're looking at -- are we looking at real property or tangible?

MR. BILLY: Both. Both. Through the Chair, and now when we get our number, we did back off the tangible part for St. Johns River Power Park and we also backed off of the JEA's tower, and that's listed, you know, on assumptions, but everything else we just went with what was --

MR. CRESCIMBENI: Do you have a schedule of those --

MR. BILLY: It's not a schedule. It might be hundreds or thousands, over a thousand properties.

MR. CRESCIMBENI: Okay. All right.
Mr. Becton.
MR. BECTON: Thank you. Through the Chair, just to better, I guess, quantify -- or better state what Mr. Billy's just trying to tell us is that the values on the books is just inaccurate. We -- it's kind of hard -- it's kind of hard to say it's low or it's high. It just may -- I mean, if you haven't looked at it, because in certainly everyday -- every month during this time of year, we have petitions come before the Value Adjustment Board, when it comes to commercial properties, yes, there -- they could be based on, you know, property assessment for the property appraiser's estimates, but also they come in and have other ways of determining value from, for example, like an income approach and -- that show, you know, businesses getting to show their books and they're renting and receiving income from different properties. So I guess I just kind of wanted to opine on that. Thank you.
MR. CRESCIMBENI: So, Mr. Billy, did the Council -- you're saying that the property

appraiser was instructed not to value those, or how is that that they just aren't --

MR. BILLY: No. Through the Chair, and that was a conversation which made it into our 2011 report. So I think to answer this question, you'd have to ask the property appraiser.

MR. CRESCIMBENI: Well, that was going to be my next question. Would you mind reaching out to the property appraiser and finding out what's the -- why they specifically aren't -- are not evaluating those like they do every other piece of real property on a schedule, like, I think, once every three or five years. And regardless of what the answer is, ask the property appraiser if they could perform that analysis for us?

MR. BILLY: Yes, I'll make that request.

MR. CRESCIMBENI: Thank you. If you want to go ahead with the next item.

MR. BILLY: All right. There was a question about the Franchise Fee. And we agreed that the language in the code, it talked about up to the first 2.4 million. The question -- or per customer per fiscal year.

The question was, does that mean that they pay 2.4 million or is it tax on the 2.4 million?

It's applied to the first 2.4 million, the electric revenues. So what that means is that the most a customer would be charged for the Franchise Fee in a fiscal year is going to be $72,000, which is 3 percent of the 2.4 million.

MR. CRESCIMBENI: Mr. Billy, at one time I think we ran an analysis on what the -- what we're missing in terms if we applied the 3 percent to everybody that's over 2.4 million. Do you remember that maybe four or five or six years ago?

MR. BILLY: Through the Chair, I don't recall that.

MR. CRESCIMBENI: Okay. Let me look at my records, and I may follow up as an action item that -- to see what that -- what that determination would be.

Any IOU that took over, though, that's an exemption that -- that's pursuant to ordinance code, correct, so that would continue on unless we changed the exemption?

MR. BILLY: Yes, that's correct.

MR. CRESCIMBENI: All right. Next one.

MR. BILLY: Okay. And then there was a question, on page 1 our report, we had a chart of the potential net proceeds to the City if JEA were sold, and then we -- the starting point were the gross value numbers. We used the PFM numbers from their report, and then we had deductions. And that was for all of the JEA, and the question, can you break this between water and sewer?

And so the attachments, or the second page of your handout is the breakdown between the electric and water/sewer, are those exact numbers that you see on page 1 of our report.

And so we get down to a net on the electric side of 497 million up to about a billion 497 on that high side. And then water/sewer could be anywhere from 1.2 million to 3.7 million. And that's just a breakdown of the numbers that are in the middle of page 1.

MR. CRESCIMBENI: All right. Any questions for Mr. Billy on any of these points?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: Mr. Billy, on the follow-up to the upfront and actuarial liability, is that assumption based on no JEA employees continuing on or is that assumption based on just a hard stop date of benefit UALL?

MR. BILLY: Right. This is a UALL out of JEA's audited financials, so I believe the Council Auditor, we said to determine the effect if all the JEA employees went away, you'd really have the actuary rerun the model, because that wasn't contemplated in the pension form model.

MR. CRESCIMBENI: Okay. What -- do you have any guess as to what that -- whether be an additional liability or, if so, how substantial it would be?

MR. BILLY: No, sir, I have no guess on that. That's really an actuary question. I have no guess on that.

MR. CRESCIMBENI: All right. Mr. Anderson.

MR. ANDERSON: Through the Chair, Mr. Billy, some of these would actually generate cash for the city, right? So if the -- hypothetically if the electric authority was sold and this liability went away, then there is a contribution that is not going to be required; is that right?

MR. BILLY: Through the Chair to Councilman Anderson, for JEA employees, the employer -- JEA makes a contribution and so does the employee. So the J- -- that's JEA making that --

MR. ANDERSON: Okay.

MR. BILLY: -- contribution, not the City.

MR. ANDERSON: So there's no savings from the City standpoint related to the pension at all other than --

MR. BILLY: I'm not aware of any, but we have to have the actuary run the audit without those employees to see what the effect would be.

MR. ANDERSON: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Anderson.

Any other questions for Mr. Billy?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: All right. Let's move on to item 5, Council President Brosche.

By the way, Legislative Services, the notebooks that are here for the council members who are not here, will you make sure they get those, all the attachments that were passed out today?

MS. LOPEZ: Yes.

MS. BROSCHE: Thank you, Mr. Chairman.

Ms. Evans and Mr. Peterson are passing out information that was posted on the Jessie Ball duPont Fund website that is sharing that they have commissioned the University of Florida Public Utility Research Center to conduct an independent analysis of a potential sale of JEA.

And so there's an article explaining the Jessie Ball duPont Fund's decision to underwrite the analysis. And behind that article is the -- is a 14-page public -- excuse me, proposed scope of work, which was the basis of the Jessie Ball duPont Fund moving forward with the University of Florida Public Utility Research Center.

And the proposed scope of work, essentially they used the scope of work that this Committee defined, and then Councilman Crescimbeni and I had a meeting with Sherry Magill to go over that, talk about some of the challenges with trying to move forward quickly with procurement. And so they ended up taking that list of questions. And if you go through the pages, you'll see topic number 1 that they're going to analyze, topic number 2, and how, and basically there's some commentary after each of the topics that they plan to analyze and produce a report for both the Jessie Ball duPont Fund and the City Council.

Specifically on page 9 is a discussion of the deliverables and the schedule that shows that number for a final report, and their estimating would be five months after final inception of the report. So you can see that they're going to be reporting progress on their research and then providing drafts of the report and then issue a final. And then there are also some more -- more information about the team and some of their research publications in here as well. So it was very helpful to go through and read what it is that they're going to do.

And I had the opportunity to speak with Dr. Magill today, and she mentioned that she spoke with Mr. -- I think it's Kury, Ted Kury, who said he would be willing to come and answer any questions that the Committee has if we wanted to schedule some time for him to come to one of our meetings. I'm not that sure that we do, but I would leave it up to the Committee and we can reach out and invite him if we do.

MR. CRESCIMBENI: Okay. I think the next meeting -- I had tentatively spoken with the Civic Counsel, who reached out and wanted to come and talk about what they were doing.

Does anybody want to have Mr. Kury here with the Civic Counsel's presentation benefit, would there be any benefit for him to hear that? Is this thing on? Anybody object to having the folks from the Public Utility Research Center at our next meeting?

Mr. Gulliford.

MR. GULLIFORD: Thank you, Mr. Chairman. I don't necessarily object, but it might be appropriate if you're going to do that to start your meeting earlier, maybe two o'clock or even earlier than than, consideration of somebody coming from Gainesville. So I don't care if both of them are here, but I think starting earlier might be a more appropriate action.

MR. CRESCIMBENI: Thank you, sir.

Anyone else?

MR. ANDERSON: Good point.

MR. CRESCIMBENI: Gainesville and Beaches, right, Mr. Gulliford?

MR. GULLIFORD: Yes, sir, you got it.

MR. CRESCIMBENI: Ms. Morgan.

MS. MORGAN: Yes, sir. Thank you so much. Through the Chair, my only hesitation is we have Mr. McElroy, who has to come back, and he only got through one point, so getting him through the next five points and then having Civic Counsel and then having another person, it just seems -- well, it doesn't seem like we'll be able to do that with the time given and given the fact that we like to ask questions.

MR. CRESCIMBENI: All right. Well, we'll figure something out between now and next week. I think the remainder of Mr. McElroy's items are probably going to be -- with the exception of the St. Johns River Power Park, I think they'll be quicker, quicker items.

And just for the record, tab 6 on JEA report, the Committee asked for a ten-year capital projection. JEA was a little reluctant to provide that because of disclosure requirements they have to meet after a five-year projection, so I agreed to just allow them to present publicly the five-year capital projections. If you to have a conversation with them -- I think Mr. Shellenberg's question actually, if you want to have a conversation with them about 6 through 10, that probably needs to be done offline. Remember that next week.

All right. Anything else from the Council Auditor? If not, nothing else from Ms. Brosche.

We have a public comment. Do we have any speaker cards? If you'll make your way forward. Wayne Dunn, Bert Sparks, Raymond Olan-Diaz, Valerie Gutierrez, Fred Reins, come forward, please, and have a seat on the front row.

Mr. Dunn, are you still here? Are you Mr. Dunn? All right. I don't see Mr. Dunn.

All right. Bert Sparks.

MR. SPARKS: Thank you. Bert Sparks. Record's on file. Mine's going to be short and sweet. I want to just make a note to you, Mr. Love, while that time that Jim was our CEO in 2008, Paul was our CEO post -- last year, I want to give that to you then.

And then the out -- you'll ask any constituents to come forward saying that JEA is a good thing. I mean, y'all are -- represent your areas, and I work throughout the whole city. I've not once came across somebody on Sunset into Nocatee, to anything in between has one customer, one person said selling JEA is a good thing. So to me it can be a quick wash. I don't understand why we got to keep going if y'all are here to represent your constituents. Thank you for your time.

MR. CRESCIMBENI: Any questions for Mr. Sparks?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: Thank you, Mr. Sparks.

Mr. Olan-Diaz.

MR. OLSON: Raymond Olan-Diaz, Jr. My address is on file. Ms. Gutierrez is my president, told me to be nice.

I appreciate you guys. I appreciate everything you doing. I just got a couple points.

First of all, you guys requested some financial public information, and the mayor office or whoever denied it. I don't see why, first of all. I thought we trying to work together to get to a solution. I understand all the paperwork you guys are doing here and all the information, but after we talking to the mayor and the CEO, neither of them are behind this to be sold. And I don't know any of you that are behind this to be sold except for the man that is not here in the corner. So why are we wasting the taxpayers' money? Why we are here for? If nobody wants to sell, why we here? You will alleviate a lot of headaches, a lot of worries for my fellow brothers and sisters and the City people, you know, the tax people.

It seems to me that this is just a political game right now, nothing else. Why the City would not help when it's nothing to gain or lose? Why did they deny you guys' request? Why nobody come forward and say, I want to sell. I'm the one behind pushing it? Because every time we ask, we get blocked or we get ignored, and it's pretty, pretty sad for that. It really is. It worries me, you know.

But I do appreciate everything you guys

are going forward, but if we not going to have somebody come forward and say, I'm going to sell, I think this is a waste of time, which is not -- say, okay, you're not selling, why we doing this? Leave it like it is. Thank you.

MR. CRESCIMBENI: Thank you, sir. I have a question from Mr. Becton.

Mr. Becton.

MR. BECTON: Thank you. Through the Chair, Mr. Diaz, I want to answer that question under a previous speaker, opined on the same way, but did you know if we didn't sell, there is a trend of sales reducing that perhaps this Council and understanding the opportunities that may lay out there much better could perhaps change our charter or make other adjustments to make JEA stronger, that could be a moti- -- that certainly is one of the areas for which I look at why we're here, not only to make that point of sell or don't sell, but in the case we don't sell, how can we make this utility better in this [unintelligible]. And hearing this information, hearing the facts, and hearing the different opportunities that we -- that lay in front of us to be able to make adjustments within our charter, we may can make JEA, you know, where sales increase rather than decrease for years to come. Did you -- did you know -- think about that?

MR. OLAN-DIAZ: To the Chair, I got an answer for that too. What -- the last JEA Board that they had, the new member named Mr. Sopp, he said it more better than anybody else. He said, if you went up for ten years and you make money out of it, why you looking to sell? Why do you don't look to do the same for the next ten years?

I don't got no problem you trying to find out the value of JEA, don't get me wrong, the problem that I got is the sale part behind it, and nobody behind that sale part. I'm willing to do whatever it takes to make JEA better because it -- for the future, not only for me, for my grandkids that live right here, but don't tell me that somebody is behind it saying, let's investigate, then the sale work behind it. I don't buy it. Somebody's behind it and I would like to know who it is. Now, if you're going to go forward to do it better, I'm with you, buddy. I'll pack a pack and go work at it, you know. I don't got no problem with that.

MR. BECTON: All right. Thank you.

MR. OLAN-DIAZ: Thank you.

MR. CRESCIMBENI: Mr. Diaz, if you'll hang around for a few minutes after the meeting, I'd like to have a little chat with you.

MR. OLAN-DIAZ: Yes, sir, my pleasure.

MR. CRESCIMBENI: Ms. Gutierrez.

Ms. Gutierrez, before you begin, did he follow your instructions about being nice?

MS. GUTIERREZ: Yes, he did, and I'm very proud of him.

Valerie Gutierrez. I represent over 500 IBEW members, JEA employees. I wanted to use this moment to clarify something. The individuals that met with the mayor on Tuesday, you know, I encourage all my members or any JEA employee to seek out -- to discuss with the Council, with the mayor. And I know most of them, after I talked to them afterwards, they kind of had a different viewpoint on really what happened versus what Mr. Jim Pickett had indicated.

So I appreciate, Mr. Ferraro, you know, I understood you kind of set up the meeting with the mayor and one of the individuals that were there, but just to let you know, that those individuals -- and I know they go in there saying that they represented IBEW or any of the other unions, but they do not speak on our behalf or our membership, and I just wanted to get that clarified, that -- but, like I said, I definitely -- you know, if they want to go talk to the mayor, by all means, they have that means, or even to reach out to the Council Members. So I appreciate it. Thank you.

MR. CRESCIMBENI: Thank you, ma'am. A question from Mr. Dennis.

MR. DENNIS: Through the Chair to Miss Valerie, can you just summarize your conversation with the individuals at that meeting? You said it was totally different than --

MS. GUTIERREZ: Well, I think they went in there, you know, a little skeptical and then, you know, they still came out with some more questions than answers, so, you know, they're still kind of looking at the big picture and -- in fact, I think -- I don't know if he wants to be put on the spot --

MR. SPARKS: Go ahead.

MS. GUTIERREZ: -- Mr. Sparks was in the meeting and -- you know, so it was just a different kind of tone than I think what the media was portraying after the meeting -- that the line we were all behind what Kury has said, and I just wanted to clarify the record that that's not -- that was not the case.

MR. DENNIS: Through the Chair, thank you so much.

MS. GUTIERREZ: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Mr. Ferraro.

MR. FERRARO: Yes, Ms. Gutierrez, I was in that meeting, and the question that some of the members and the people that are in my district asked to the mayor was did you have any intention on selling the JEA. Did they tell you what he had said to them?

MS. GUTIERREZ: Yes, he said -- they said no, or that he had said no.

MR. FERRARO: Right. So a lot of these people who work for JEA, they're in my district, they've asked if they could get in front and have a meeting, so that's what they wanted to do. Do you plan on having a meeting with the mayor?

MS. GUTIERREZ: We're considering that, yes. And --

MR. FERRARO: And did you know he would like to meet and talk with members? Did you know that?

MS. GUTIERREZ: Yes, I did. And the only thing that I kind of had reservations a little bit is he's only reached out to us, IBEW, and I'm wondering why he's not reaching out to the other union leadership to kind of let them know exactly what you're just saying, what his take on all of this selling of JEA, why is he not inviting them to the table and having the discussion with them as well.

MR. FERRARO: Okay. Thank you.

MS. GUTIERREZ: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Ferraro. Thank you, Ms. Gutierrez.

The last speaker is Fred Riens or Riens.

MR. RIENS: Yes. Thank you. I'd like to -- 31-year employee and with the wastewater system.

And, first of all, I don't understand how they say there's no growth. Last night on the news channel, I don't want to say which one, they told us about 1,000 new homes coming in in Nocatee, right there in St. Augustine. And what -- they can come up with a number to sell it and charge these people, but when we do sell and get our bundle of money, are they -- Nassau and St. Johns, aren't they going to come back and say, hey, this percentage of the company that you got paid for, we want our part of it? So it's not going to be a cut-and-dry, all -- winner take all when you sell it to them. They're going to demand their money, and we're picking up stations there every week. The growth is unreal in both areas.

So it's not like we're just going to pull a number out and it's going to be a win/win, we're going to have to reimburse them for their part of the cut when we get it. So it won't be as simple as winner take all. That's all. Thank you.

MR. CRESCIMBENI: Any questions for Mr. Riens?

THE COMMITTEE: (No response.)

MR. CRESCIMBENI: Okay. Thank you, Mr. Riens.

All right. That concludes the public comment.

Anybody have any announcements?

MS. BOYER: I'm having a baby.

MR. CRESCIMBENI: Sorry, who is having a baby?

MS. BOYER: Nicole and Jesse had their baby.

MR. CRESCIMBENI: Well, let's hear the news. Do you got any statistics?

MS. BOYER: No, I don't. I don't have weight and height. Do you have weight and height? I just have 4:23. He was born at 4:23. That's all I have.

MR. CRESCIMBENI: Okay. I'm not sure Nicole is actually watching this afternoon, but if she is, congratulations. I'm glad to hear everybody's healthy and here in the world, and I know she's really looking forward to starting a family.

Any other announcements? I don't know if anybody can beat that one.

MR. LOVE: I think I can beat that one.

Thank you, Mr. Chairman. I think I can, at least from my --

MR. CRESCIMBENI: You're not having a baby, are you?

MR. LOVE: My son Jimmy Love got a letter today from JU saying he's been accepted to the nurse practitioner's school, so I was very happy to --

MR. CRESCIMBENI: Well, Mr. Love, let me tell you that he will -- is he starting in August?

MR. LOVE: Yeah.

MR. CRESCIMBENI: He will be with my daughter because she also got a letter that she got accepted.

MR. LOVE: How is that?

MR. CRESCIMBENI: Somebody just dropped off. Mr. Ferraro, do you want to --

MR. FERRARO: Well, I don't have any -- I was going to make a statement, not an announcement, I can't follow behind that, but I just wanted to say something to the JEA workers.

We hear you loud and clear, and I don't think anybody up here has said that they're for the selling of the JEA. But as you heard, there a lot of questions about where we're going and how much money is going to be owed by the taxpayers, and we are interested in their hearing that. And really that's going to affect retirements if this thing gets out of hand like the pension did before. So as somebody sitting on the Committee, I want you to know that I'm interested in that.

And I have heard no evidence, and I said this before, that would push me into a sale of JEA. I know that workers are listening and we talk in front of people, but I'm very interested in hearing about some of the finances of how stable this company is, and I would expect that the members would be as interested, because when you are retired, you don't want this to come back and be a problem like it was for the police and fire. So that was the statement I wanted to make. So thank you.

MR. CRESCIMBENI: Thank you, Mr. Ferraro.

Mr. Dennis.

MR. DENNIS: Through the Chair, I just want to piggyback on Councilman Ferraro, we do have a couple of bills as -- that went through the Council, one that will be up before the Council on Tuesday, and so, you know, a lot of times that -- you know, we could say a thing verbally, but it's, you know, totally different once we press a button. So just encourage you-all to go out Tuesday and continue to express your -- your voice. I mean, it's your life. And so, you know, we work for you. We work for the citizens of Jacksonville. So, again, we have a few bills that's going through, and, you know, that will telltale on who is for and who's not.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

All right. Well, we've reached the conclusion of our agenda. I want to thank the committee for being here as well as the new members, who, once again, persisted through to the very end. Thank you very much.

I also want to thank a lot of other folks that have really been burning the midnight oil on trying to answer questions, certainly Jordan Pope and his crew over at JEA, the Council Auditor's Office, our Legislative Services folks that run copies at the very last minute because the information, you know, is pouring in continuously, and our hats are off to all of you for helping with respect to this process.

The next meeting will be next Thursday, April 12th. Look for a possible start time change or end time change. We may talk about that because we have a lot of additional items, and I'm sure both JEA and Council Auditor will have -- ready to be teed up and -- because that's the meeting, so just kind of keep an eye on that. Don't forgot to bring your notebook back -- notebook binders back next Thursday, and we'll just continue to add JEA stuff to that.

If there's nothing else, I thank you again for being here. This meeting is adjourned.

(Proceedings concluded at 5:39 p.m.)

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REPORTER'S CERTIFICATE

STATE OF FLORIDA)
COUNTY OF DUVAL)

I, Stephanie Powers Cusimano, Registered Professional Reporter and Notary Public in and for the State of Florida at Large, hereby certify that I was authorized to and did stenographically report the proceedings and that the foregoing transcript, pages 1 through 103, is a true record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 18th day of April 2018.

Stephanie Powers Cusimano
RPR, Court Reporter