



Building Community

INTER-OFFICE MEMORANDUM

October 25, 2022

SUBJECT: APPROVAL OF RESOLUTION: FY2022 BUDGETARY AMENDMENT

FROM: Jay C. Stowe, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND

JEA’s Operating and Capital Budgets are typically approved in September prior to October 1st of the new fiscal year. JEA’s Operating and Capital budgets for Fiscal Year 2022 were approved by the City of Jacksonville in September of 2021. JEA is seeking a budgetary amendment after the close of the fiscal year to appropriate revenues exceeding the approved budget. See below tables for amended budget values:

Electric System – Schedule A	Original Budget	Amended Budget	Change
Fuel Revenues	368,899,940	632,360,355	263,460,415
Fuel Expenses	368,899,940	632,360,355	263,460,415
Base Rate Revenues	785,192,000	802,124,219	16,932,219
Environmental Charge Revenue	7,442,000	7,618,896	176,896
Conservation Charge & Demand Side Revenue	732,000	929,123	197,123
Other Revenues	123,615,440	127,433,324	3,817,884
Natural Gas Pass Through Revenue	823,420	1,375,866	552,446
Investment Income	3,194,911	3,713,207	518,296
Demand-Side Management Rate Stabilization	(395,800)	(198,677)	197,123
Environmental - Rate Stabilization	(3,821,756)	(3,644,860)	176,896
Operating Capital Outlay*	116,621,139	137,112,784	20,491,645

Total Schedule A budget increases from \$1,289,899,711 to \$1,575,554,990

Water & Wastewater System – Schedule A	Original Budget	Amended Budget	Change
Base Rate Revenues	439,929,234	448,371,458	8,442,224
Other Revenues	25,494,531	30,607,269	5,112,738
Investment Income	2,075,631	3,678,216	1,602,585
Capacity Fees - Revenue	47,000,000	47,210,691	210,691
Operating Capital Outlay*	149,471,315	164,442,543	14,971,228
Capacity Fees - Expense	47,000,000	47,210,691	210,691

Total Schedule A budget increases from \$541,509,396 to \$556,877,634

District Energy System – Schedule A	Original Budget	Amended Budget	Change
Base Rate Revenues	8,839,543	8,989,050	149,507
Other Revenues	-	8,178	8,178
Investment Income	-	20,779	20,779
Operating Capital Outlay*	113,517	316,609	203,092

Total Schedule A budget increases from \$8,839,543 to \$9,018,007

Electric System - Schedule B	Original Budget	Amended Budget	Change
Operating Capital Outlay*	116,621,139	137,112,784	20,491,645
Other Proceeds	55,886,073	34,065,228	(21,820,845)

Water System - Schedule B	Original Budget	Amended Budget	Change
Operating Capital Outlay*	149,471,315	164,442,543	14,971,228
Capacity Fees	47,000,000	47,210,691	210,691
Debt Proceeds	129,885,420	115,600,619	(14,284,801)

District Energy System - Schedule B	Original Budget	Amended Budget	Change
Operating Capital Outlay*	113,517	316,609	203,092
Other Proceeds	-	864,480	864,480

* Original Budget does not include Funds Transfers performed throughout Fiscal Year 2022 and reflects budget as approved in September 2021.

DISCUSSION

Electric System: In December of 2021, JEA began charging customers a variable fuel rate that is set monthly to align with fuel and purchased power expenses. The increases in fuel and purchased power expenses throughout Fiscal Year 2022 have resulted in an increase in fuel and purchased power revenue. Additionally, Base Revenues, including Environmental and Conservation & Demand-Side Management Revenues, have increased due to actual sales exceeding budgeted sales. Natural Gas prices have increased Natural Gas Revenue. Other Revenue and Investment Income have also exceeded budget.

Water System: In Fiscal Year 2022, JEA has experienced higher than budgeted sales in the Water System resulting in higher than budgeted Water and Sewer Revenues. Additionally, increases to Capacity Fees effective April 1, 2022 have resulted in higher than budgeted Capacity Fee Revenue. Other Revenues and Investment Income have also increased from the original budget.

District Energy System: Due to effects of the aforementioned variable fuel rate, increased consumption revenue for the District Energy System has resulted in actual Operating Revenues exceeding the budgeted revenues in Fiscal Year 2022. Other Revenue and Investment Income are not typically budgeted for within the District Energy System, and therefore have also exceeded budgeted revenues.

RECOMMENDATION

Staff recommends that the Board approve the attached Resolution 2022-24, which authorizes the Managing Director/CEO to make a budgetary amendment after the close of the fiscal year to

appropriate revenues exceeding the approved budget. This includes authorizing the Managing Director/CEO to update Schedules A and B with amended budget values, seek legislative approval for the budget amendment through the City of Jacksonville Office of General Counsel, and notify the City Council President of intent to, reason for, and action of seeking legislative approval.



Jay C. Stowe, Managing Director/CEO

JCS/TBP/JEO/LAW