



INTER-OFFICE MEMORANDUM
November 7, 2023

SUBJECT: APPROVAL OF RESOLUTION: FY2023 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 2023 were approved by the City of Jacksonville in September of 2022. JEA is seeking a budgetary amendment after the close of the fiscal year to appropriate revenues exceeding the approved budget, adjust expense budget for unbudgeted withdrawals of stabilization funds, and appropriate capital expenses. See below tables for amended budget values:

SCHEDULES A & B

Electric System – Schedule A	Original Budget	Amended Budget	Change
Base Rate Revenues	791,048,000	802,962,758	11,914,758
Environmental Charge Revenue	7,442,000	3,111,378	(4,330,622)
Conservation Charge & Demand Side Revenue	732,000	211,812	(520,188)
Other Revenues	37,660,665	77,954,967	40,294,302
Natural Gas Pass Through Revenue	1,498,857	826,185	(672,672)
Investment Income	5,793,688	19,148,349	13,354,661
Demand-side Management - Rate Stabilization	(279,667)	(2,847,864)	(2,568,197)
Environmental – Rate Stabilization	(1,933,468)	(6,115,680)	(4,182,212)
Non-Fuel Purchased Power	245,277,616	312,068,264	66,790,648

Total Schedule A budget increases from \$1,515,782,272 to \$1,575,822,511

Water & Wastewater System – Schedule A	Original Budget	Amended Budget	Change
Environmental – Rate Stabilization	-	(26,643,922)	(26,643,922)
Operating Capital Outlay ¹	117,953,177	144,597,099	26,643,922

Total Schedule A budget unchanged at \$603,538,007

District Energy System – Schedule A	Original Budget	Amended Budget	Change
Base Rate Revenues	12,851,763	12,761,117	(90,646)
Investment Income	-	99,708	99,708
Operating Capital Outlay ¹	2,745,494	2,754,556	9,062

Total Schedule A budget increases from \$12,851,763 to \$12,860,825

¹ Original Budget does not include Funds Transfers performed throughout Fiscal Year 2023 and reflects budget as approved in September 2022.

Water System - Schedule B Capital Funds	Original Budget	Amended Budget ²	Change
Operating Capital Outlay ¹	117,953,177	144,597,099	26,643,922
Other Proceeds	139,449,096	206,611,659	67,162,563

District Energy System - Schedule B ³	Amended Budget Q3 2023	Amended Budget Q4 2023	Change
Renewal & Replacement Deposits	450,600	415,355	(35,245)
Operating Capital Outlay	2,710,249	2,754,556	44,307
Other Proceeds	275,151	266,089	(9,062)

¹ Original Budget does not include Funds Transfers performed throughout Fiscal Year 2023 and reflects budget as approved in September 2022.

² Includes Capital Budget Amendment submitted for Q4 FY2023

³ The District Energy System had a budget amendment submitted in Q3 FY2023.

Water System Capital Projects - Schedule B	Original Budget	Amended Budget	Change
Water Projects	117,561,000	138,327,413	20,766,413
Sewer Projects	233,489,000	316,735,817	83,246,817
Other Projects	48,950,000	38,743,255	(10,206,745)

Total Schedule B Budget Water System Capital Projects increases from \$400,000,000 to \$493,806,485

DISCUSSION

Electric System: Base revenues have been adjusted to reflect actuals. Increased sales has led to an increase in base rate revenues. In addition, the Other Revenue category has been adjusted to reflect the additional \$40.3M contribution to the Non-Fuel Purchased Power Rate Stabilization Fund that was carried over from a remaining surplus in FY2022.

Water System: Due to unbudgeted withdrawals from the Environmental Rate Stabilization Fund, the FY2023 expense budget is being adjusted to reflect the total withdrawal from the fund. The offsetting adjustment is to Operating Capital Outlay for a balanced budget. There was no amendment required for revenues.

District Energy System: Due to increased Investment Income, which is a function of higher interest rates, total District Energy System revenues exceeded the original budget by \$9k. The Investment Income revenue increase was partially offset by a decrease in District Energy System sales revenues as compared with budget. The resulting \$9k in additional overall revenue has been contributed to the Operating Capital Outlay for a balanced revenue and expense budget.

Water Capital: The Water System Fiscal Year 2023 Capital Budget has exceeded the original projected budget of \$400M. The amended amount is \$494M and accommodates the final fiscal expenses for over 400 total Water System projects. JEA has done extensive work, expansion, inspection, and rehab at several of our water reclamation facilities and pumping stations this fiscal year. The amendment reflects the following needed budgetary increases:

- Sewer Projects - \$83M
- Water Projects - \$21M

In addition, it includes the following, offsetting budgetary decreases:

- Water Other Capital Projects - \$10M

RECOMMENDATION

Staff recommends that the Board approve the attached Resolution 2023-44, 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, adjust expense budget for unbudgeted withdrawals of stabilization funds, and appropriate capital expenses. 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

**JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2023**

AMENDED

	Electric System	Water System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
Total Net Revenues	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
FUEL EXPENSES:				
Fuel & Purchased Power	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
FUEL SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 802,962,758	\$ 450,442,215	\$ 12,761,117	\$ 1,266,166,090
Environmental Charge Revenue	3,111,378	27,223,026	-	30,334,404
Conservation Charge & Demand Side Revenue	211,812	-	-	211,812
Other Revenues	77,954,967	19,887,497	-	97,842,464
Natural Gas Pass Through Revenue	826,185	-	-	826,185
Total Base Related Revenues	\$ 885,067,100	\$ 497,552,738	\$ 12,761,117	\$ 1,395,380,955
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 269,166,868	\$ 198,437,566	\$ 6,449,156	\$ 474,053,590
Environmental	16,998,000	6,501,783	-	23,499,783
Conservation & Demand-side Management	7,111,667	-	-	7,111,667
Natural Gas Pass Through Expense	1,595,137	-	-	1,595,137
Non-Fuel Purchased Power	312,068,264	-	-	312,068,264
Non-Fuel Uncollectibles & PSC Tax	1,515,596	573,198	-	2,088,794
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	\$ 613,455,532	\$ 206,512,547	\$ 6,449,156	\$ 826,417,235
BASE OPERATING INCOME:	\$ 271,611,568	\$ 291,040,191	\$ 6,311,961	\$ 568,963,720
NON-OPERATING REVENUE:				
Investment Income	19,148,349	3,242,935	99,708	22,490,992
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	102,742,334	-	102,742,334
Total Non Operating Revenues	\$ 19,148,349	\$ 105,985,269	\$ 99,708	\$ 125,233,326
NON-OPERATING EXPENSES:				
Debt Service	76,798,079	103,138,134	3,241,758	183,177,971
Demand-side Management - Rate Stabilization	-2,847,864	-	-	-2,847,864
Environmental - Rate Stabilization	-6,115,680	(26,643,922)	-	-32,759,602
Total Non Operating Expenses	\$ 67,834,535	\$ 76,494,212	\$ 3,241,758	\$ 147,570,505
BASE INCOME BEFORE TRANSFERS	\$ 222,925,382	\$ 320,531,248	\$ 3,169,911	\$ 546,626,541
City Contribution Expense	95,491,107	26,933,389	-	122,424,496
Interlocal Payments	-	6,403,033	-	6,403,033
Renewal and Replacement Fund	72,700,000	27,734,150	415,355	100,849,505
Operating Capital Outlay	54,262,275	144,597,099	2,754,556	201,613,930
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	\$ 222,925,382	\$ 320,531,248	\$ 3,169,911	\$ 546,626,541
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 1,575,822,511	\$ 603,538,007	\$ 12,860,825	\$ 2,192,221,343
TOTAL APPROPRIATIONS	\$ 1,575,822,511	\$ 603,538,007	\$ 12,860,825	\$ 2,192,221,343
BUDGETED EMPLOYEE POSITIONS	1,583	705	6	2,294
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

**JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2023**

AMENDED

	Electric System	Water System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 72,700,000	\$ 27,734,150	\$ 415,355	\$ 100,849,505
Operating Capital Outlay	54,262,275	144,597,099	2,754,556	201,613,930
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Debt Proceeds	-	-	6,432,000	6,432,000
Other Proceeds	147,671,725	206,611,659	266,089	354,549,473
Total Capital Funds	<u>\$ 275,106,000</u>	<u>\$ 493,806,485</u>	<u>\$ 9,868,000</u>	<u>\$ 778,780,485</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 61,902,000	\$ -	\$ -	\$ 61,902,000
Transmission & Distribution Projects	146,086,000	-	-	146,086,000
District Energy Projects	-	-	9,868,000	9,868,000
Water Projects	-	138,327,413	-	138,327,413
Sewer Projects	-	316,735,817	-	316,735,817
Other Projects	67,118,000	38,743,255	-	105,861,255
Total Capital Projects Subtotal	<u>\$ 275,106,000</u>	<u>\$ 493,806,485</u>	<u>\$ 9,868,000</u>	<u>\$ 778,780,485</u>
Capital Reserve	-	-	-	-
Total Capital Projects	<u>\$ 275,106,000</u>	<u>\$ 493,806,485</u>	<u>\$ 9,868,000</u>	<u>\$ 778,780,485</u>

**JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2023**

ORIGINAL

	Electric System	Water System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
Total Net Revenues	<u>\$ 671,607,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,607,062</u>
FUEL EXPENSES:	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
Fuel & Purchased Power	<u>\$ 671,607,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,607,062</u>
FUEL SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 791,048,000	\$ 450,442,215	\$ 12,851,763	\$ 1,254,341,978
Environmental Charge Revenue	7,442,000	27,223,026	-	34,665,026
Conservation Charge & Demand Side Revenue	732,000	-	-	732,000
Other Revenues	37,660,665	19,887,497	-	57,548,162
Natural Gas Pass Through Revenue	1,498,857	-	-	1,498,857
Total Base Related Revenues	<u>\$ 838,381,522</u>	<u>\$ 497,552,738</u>	<u>\$ 12,851,763</u>	<u>\$ 1,348,786,023</u>
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 269,166,868	\$ 198,437,566	\$ 6,449,156	\$ 474,053,590
Environmental	16,998,000	6,501,783	-	23,499,783
Conservation & Demand-side Management	7,111,667	-	-	7,111,667
Natural Gas Pass Through Expense	1,595,137	-	-	1,595,137
Non-Fuel Purchased Power	245,277,616	-	-	245,277,616
Non-Fuel Uncollectibles & PSC Tax	1,515,596	573,198	-	2,088,794
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 546,664,884</u>	<u>\$ 206,512,547</u>	<u>\$ 6,449,156</u>	<u>\$ 759,626,587</u>
BASE OPERATING INCOME:	<u>\$ 291,716,638</u>	<u>\$ 291,040,191</u>	<u>\$ 6,402,607</u>	<u>\$ 589,159,436</u>
NON-OPERATING REVENUE:				
Investment Income	5,793,688	3,242,935	-	9,036,623
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	102,742,334	-	102,742,334
Total Non Operating Revenues	<u>\$ 5,793,688</u>	<u>\$ 105,985,269</u>	<u>\$ -</u>	<u>\$ 111,778,957</u>
NON-OPERATING EXPENSES:				
Debt Service	76,798,079	103,138,134	3,241,758	183,177,971
Demand-side Management - Rate Stabilization	-279,667	-	-	-279,667
Environmental - Rate Stabilization	-1,933,468	-	-	-1,933,468
Total Non Operating Expenses	<u>\$ 74,584,944</u>	<u>\$ 103,138,134</u>	<u>\$ 3,241,758</u>	<u>\$ 180,964,836</u>
BASE INCOME BEFORE TRANSFERS	<u>\$ 222,925,382</u>	<u>\$ 293,887,326</u>	<u>\$ 3,160,849</u>	<u>\$ 519,973,557</u>
City Contribution Expense	95,491,107	26,933,389	-	122,424,496
Interlocal Payments	-	6,403,033	-	6,403,033
Renewal and Replacement Fund	72,700,000	27,734,150	415,355	100,849,505
Operating Capital Outlay	54,262,275	117,953,177	2,745,494	174,960,946
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 222,925,382</u>	<u>\$ 293,887,326</u>	<u>\$ 3,160,849</u>	<u>\$ 519,973,557</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<u>\$ 1,515,782,272</u>	<u>\$ 603,538,007</u>	<u>\$ 12,851,763</u>	<u>\$ 2,132,172,042</u>
TOTAL APPROPRIATIONS	<u>\$ 1,515,782,272</u>	<u>\$ 603,538,007</u>	<u>\$ 12,851,763</u>	<u>\$ 2,132,172,042</u>
BUDGETED EMPLOYEE POSITIONS	1,583	705	6	2,294
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

**JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2023**

ORIGINAL

	Electric System	Water System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 72,700,000	\$ 27,734,150	\$ 415,355	\$ 100,849,505
Operating Capital Outlay	54,262,275	117,953,177	2,745,494	174,960,946
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Debt Proceeds	-	-	3,500,000	3,500,000
Other Proceeds	147,671,725	139,449,096	275,151	287,395,972
Total Capital Funds	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 61,902,000	\$ -	\$ -	\$ 61,902,000
Transmission & Distribution Projects	146,086,000	-	-	146,086,000
District Energy Projects	-	-	6,936,000	6,936,000
Water Projects	-	117,561,000	-	117,561,000
Sewer Projects	-	233,489,000	-	233,489,000
Other Projects	67,118,000	48,950,000	-	116,068,000
Total Capital Projects Subtotal	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>
Capital Reserve	-	-	-	-
Total Capital Projects	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>