



SENATOR DEBBIE MAYFIELD
17th District

THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

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Appropriations Subcommittee on the Environment
and Natural Resources
Appropriations Subcommittee on General
Government
Judiciary

JOINT COMMITTEE:
Joint Legislative Auditing Committee,
Alternating Chair

August 15, 2018

Kathy Dubose
JLAC Coordinator
111 West Madison Street, Room 876
Tallahassee, Florida 32399-1400

Re: Jacksonville Electric Authority

Dear Kathy,

I am requesting that the Office of Program Policy Analysis and Government Accountability (OPPAGA) for the State of Florida perform a financial and operational study on the Jacksonville Electric Authority (JEA) to ensure that it is fulfilling its duty in an efficient and cost-effective manner that is in the best interest of the citizens of Jacksonville.

Citizens from the community have expressed concern over recent events and published reports that suggest serious issues surrounding the spending and operational decisions of the JEA. One alarming example of potential mismanagement stems from an agreement between the JEA and the Municipal Electric Authority of Georgia (MEAG). This agreement is related to the construction and operation of the Vogtle Nuclear Power Plant in Georgia, under which JEA assumes 10% of the debt incurred from the expansion of the Vogtle Nuclear Power Plant itself, and JEA agrees to purchase, for a period of 20 years, 10% of the power generated by this plant.

The original forecasted obligation for JEA, based on the estimated construction cost, was \$140 million. Recent forecasts now project the obligation has ballooned to \$2.3 to \$2.5 billion.

This is just one of the many factors that have prompted my request for this study.

The study shall, at a minimum, analyze all revenues, expenditures, administrative costs, bond agreements, and contract and employment records overall and with specific attention given to the Vogtle Nuclear Power plant agreement, and should also provide a complete review of the rates of the subject entities. A report shall be submitted to the Speaker and the President by February 1, 2019.

REPLY TO:

- 900 E. Strawbridge Avenue, Melbourne, Florida 32901 (321) 409-2025 FAX: (888) 263-3815
- 1801 27th Street, Vero Beach, Florida 32980 (772) 226-1970
- 324 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5017

Senate's Website: www.flsenate.gov

JOE NEGRON
President of the Senate

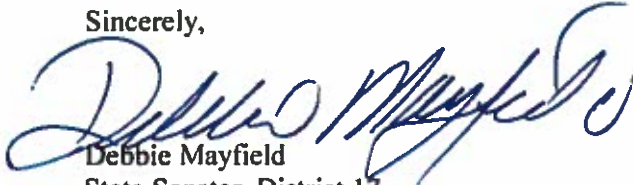
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President Pro Tempore

August 15, 2018

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As a matter of state and local interest, I urge you to consider this request and direct OPPAGA to conduct a financial and operational study of the JEA. If you have any questions or concerns regarding this request, please don't hesitate to contact me directly.

Sincerely,



Debbie Mayfield
State Senator, District 17

Cc: Joe Negron, Senate President
Richard Corcoran, Speaker of the House
Jennifer Sullivan, JLAC Co-Chair
Phil Twogood, OPPAGA Coordinator

April 30, 2018

The Honorable Debbie Mayfield
Chair, Joint Legislative Auditing Committee
900 E. Strawbridge Avenue
Melbourne, FL 32901

Dear Chair Mayfield:

I am writing to inform you of a disturbing issue and ask for your help as Chairwoman of the Joint Legislative Audit Committee. The customers of JEA, Jacksonville's municipal electric provider, are paying for a sweetheart deal forced on them by JEA and the Municipal Electric Authority of Georgia (MEAG). As you may know, the CEO of JEA recently resigned after being questioned about this deal in a public meeting of the Jacksonville City Council. He refused to answer questions and referred the Council to his lawyer, who said there could be future litigation over the issue and directed his client not to answer these important questions.

Here are some of the key facts that are of great concern to many of us in the Jacksonville community. In 2008, JEA signed an agreement with the MEAG to pay for 10 percent of the construction debt of nuclear Plant Vogtle in Georgia, as well as a 20-year power purchase agreement for energy generated by the plant. This deal was agreed to while Paul McElroy, the recently resigned JEA CEO, was JEA's CFO.

A September 2017 *Jacksonville Times-Union* article detailed how JEA has already paid \$12 million towards Plant Vogtle and is obligated to pay their portion of the construction debt even if the project is cancelled. Annual payments on the debt must begin in January 2019. In September, payments were estimated to start at \$41 million a year and raise to \$94 million a year over time. However, that was based on much lower construction costs. An analysis by Moody's is now projecting payments of \$123 million annually based on \$1.77 billion in debt.

However, at a Jacksonville City Council meeting in March 2018, JEA disclosed that their portion of projected borrowings for Plant Vogtle could now exceed \$2.58 billion; This is based on the current projected construction costs of Plant Vogtle exceeding \$25 billion. That would put annual debt payments at well over \$125 million annually, regardless of whether the plant is ever operational and not including the cost of any electricity.

At this March meeting, JEA's then CEO also disclosed that if the Plant comes online it could provide 13 percent of JEA's power. However, he said that purchasing power from Vogtle would currently be at above market values.

In December, Moody's cited JEA's involvement in Plant Vogtle as one reason it downgraded the utility's ratings outlook to negative. And this is not the first time JEA has invested in a nuclear plant that never provided any benefit to customers. JEA had also previously spent \$7.5 million to reserve the option to buy ownership in a Duke Energy nuclear plant in South Carolina, that Duke has announced it plans to cancel.

Obviously the commitment that has been made on behalf of JEA customers is of great concern. The costs appear to be growing each day with no end in sight for a plant that may never produce any energy or provide any benefit to JEA ratepayers. We are asking your committee to audit JEA's agreement with MEAG over Plant Vogtle and help provide much deserved information to the customers and public. Without the help of you and your committee we are convinced that our questions will go unanswered and that JEA customers will be left with an ever-increasing bill. Please help us restore transparency and accountability at the JEA.

Sincerely,

Dwight Brisbane

Dwight Brisbane, Jr.
Fix JEA Now

Cc: Senator Audrey Gibson
Representative Tracie Davis
Representative Cyndi Stevenson