

SURVIVING IN A COMPETITIVE ENVIRONMENT

How Private Sector Techniques Made
a Public Water & Wastewater Utility
More Efficient

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Jacksonville/Duval County

- Governments Consolidated in 1968
- Population within City Limits = 750,000
 - Metro Area = 1,000,000 +
- Public W&S Utility formed in 1879
- Public Electric Utility formed in 1895
- > 100 W&S Utilities @ Consolidation
- Currently Experiencing Economic Boom

THE NEW JEA

ELECTRIC

- 350,000 Customers
- 4 Power Plants
- 100 Substations
- 700 mi. transmission
- 5000 mi. distribution
- \$675,000,000 revenues

WATER & SEWER

- 170,000 & 130,000
- 5 & 27 Plants
- 600 Lift Stations
- 2100 mi. collection
- 2800 mi. distribution
- \$125,000,000 revenues

Every Morning in Africa,
a gazelle wakes up.
It knows that it must run faster
than the fastest lion or
it will be killed.

Every morning a lion wakes up.
It knows that it must outrun the
slowest gazelle or
it will starve to death.

It doesn't matter whether you are a
lion or gazelle.

When the sun comes up, you
had better be running!

- Author Unknown

WHY A UTILITY MERGER?

- JEA's Reputation
- More General Fund Revenues
- Rate increases no longer acceptable
- Efficiencies = lower costs
- Privatization
- Deregulation
- Right people/right place/right time

THE MERGER DEAL

- JEA increases contribution to City General Fund from \$54 million to \$63 million
- Guarantee no W&S rate increases for 5 yrs.
- JEA only continues to use City legal staff
- No employee lay-offs
- W&S employees keep civil service rights
- 6 unions recognized per agreements

RESULTS

- Highest Bond Rating of Any Muni
 - W&S Rated “Double A” Immediately
- Lowest Electric Rates in Southeastern US
- W&S Rate Freeze for *at Least* Five Years
- Utility Very Highly Rated by Customers
- \$500 Million Five-Year W&S Program
 - \$250 Million FY 97/98 Alone
- \$500 Million Five-Year Electric Program

How Savings Are Realized

- Stream-lined Procurement Process
- Strategic Alliances
- Debt Management Strategy
- Employee Compensation Packages
- Employee Early Retirement Package
- Cross-training
- Technology
- Innovation/Risk-taking
- Capital Investment/O&M Reduction

JEA's Core Purpose

***“To improve the quality of life
in the communities we serve”***

Examples of Private Behavior at JEA

- CEO/EVP/VP Organization
- 150 *Appointed* Positions
- Marketing Director & Staff
- Key Account Executives
- Flat Organization
- Long-term Perspective
- Appointed Compensation
- Employee Compensation
- Risk-taking
- Cross-training
- Debt-mgt. Strategy
- Economic Development

The Future

- Deregulation/Competition
- Lower Rates
- Flatter Organization
- Fewer, More Highly-skilled, Highly-paid Employees
- Innovative Employee Compensation Packages
- Technology to Highest Levels
- Service Diversification
- O&M Excellence
- Long-term Business Relationships
- Economic Development