

REASON

ANOTHER VIEW



No cooling towers here. Jacksonville Solar, owned by PSEG Solar Source LLC, generates clean energy for JEA as part of a 30-year agreement on this Westside location.

My view of JEA over four decades



Mike Clark

I have seen the bad JEA. I have seen the good JEA.

Whether good or bad, it has been “our JEA,” the people’s utility since it was established in 1895.

Now Jacksonville is faced with a once-in-a-lifetime decision. Should we sell it?

The first and foremost question is financial. If the bottom line looks positive then a possible sale needs to be pursued.

I asked former JEA Board Chairman Preston Haskell last week what price would be reasonable for selling JEA. His answer: \$2 billion net after taking on JEA’s debt.

Well, consultants last week delivered a report that the net could range from \$3 billion to \$6.4 billion. Wow.

If the city could get that price and protect the revenue in a lockbox that produced an annual annuity, and if current employee jobs could be protected, then the sale becomes enticing.

The city should act rapidly on this issue while still allowing for a full discussion among JEA’s owners, the people.

This is both a professional and a personal issue to me.

My four-plus decades as a Jacksonville newspaper reporter and editor began with an assignment to cover JEA in 1973 for the Jacksonville Journal, the afternoon paper. I had earlier covered the municipal utility in Springfield, Ill., so it seemed a logical assignment.

I had no idea what I was getting into.

An oil embargo from Arab nations hit JEA hard. Since JEA relied almost entirely on foreign oil, JEA customers were victimized with sky-high oil prices.

JEA’s fuel charges skyrocketed so that electric bills were among the highest in the country. People were outraged. The outrage spilled over into massive meetings that filled the Civic Auditorium.

Ralph Nader came to town to rage about the poor management.

Reporters were writing stories about JEA practically every day.

Pressure on JEA to save money led to cutting corners on maintenance of the oil-fired power plants. That led to more problems down the road.

Then JEA and business leaders wanted to commit JEA to buying two floating nuclear power plants, to be built here and floated off Jacksonville Beach. It took Harry Shorstein, a courageous city general counsel, to prevent a potential city bankruptcy from the radical idea.

So the 1970s were

dominated by the bad JEA.

Former city Finance Director Royce Lyles took over as managing director. He wasn’t an engineer, which was a dramatic departure for JEA.

He straightened out JEA’s management, got the utility off oil and onto coal. That was a good period for JEA.

Then the JEA board and management became infatuated with their low rates. Instead, they loaded up on debt. That debt eventually had to be paid, resulting in rate increases.

JEA also got caught a second time with primarily one source of fuel — this time, coal. Coal prices were cheaper at one time, but the lack of diversity left JEA vulnerable to coal price increases.

So the bad JEA was back in the 2000s

The board had been out of the spotlight for so long, they started developing bad habits, meeting behind closed doors and conducting reviews of the CEO with practically no public comment by board members.

Mayor Lenny Curry, outraged at what he was reading in the Times-Union, forced a massive change to members of the board.

The lesson here is that there is a constant balancing act involving an independent authority like JEA. It needs its independence in order to take unpopular actions like raising electric rates.

At other times the authority has become distant from

its customers. Under CEO Paul McElroy, JEA began a major customer service campaign to regain touch. That has largely worked thanks to high approval levels registered by J.D. Power surveys.

Today, the good JEA is back, meaning it would be an attractive purchase target.

The question of selling JEA raises a number of important issues, none of them easy.

The electric utility market, like many others, is about to move into an era of rapid change.

Renewable power, especially solar in Florida, is taking over from fossil fuels.

Would a smaller publicly owned utility be best positioned for such a market or a larger investor-owned utility?

If JEA were sold to an investor-owned utility, then regulation moves to the Public Service Commission in Tallahassee.

Local control can be a blessing and a curse.

The blessing is that it can have a broader public role than simply being a provider of electric and water services. JEA can be a true partner with the city.

The curse is that the partnership can turn into political meddling.

The good JEA today could produce a windfall in the billions that could be used to improve the quality of life in Jacksonville.

That would be a historic challenge. We shouldn’t shy away from it.

ANOTHER VIEW

Selling JEA: Good review needed

By Jake Godbold

There is absolutely no doubt if Mayor Lenny Curry can fast-track the sale of JEA and use much of the money to fund Peter Rummell’s healthy town development at the JEA property on the Southbank, Shad Khan’s development at Metropolitan Park and the Shipyards, expand the sports and entertainment complex and speed up Downtown development, the results could have a major impact on Jacksonville.

Having money for the early retirement of the pension fund debt also can be good.

And if those things happen before Curry leaves office, probably five years from now, it will make a great political story in a campaign for Florida governor.

But at what long term cost to taxpayers?

One thing is for sure. This is a massive issue that demands careful and intensive study that must involve the public. The childish political rift going on between Curry and City Council President Anna Lopez Brosche, if not stopped now, will leave us all doubting they are up to the task of deciding what is in the best interest for the future of Jacksonville.

We deserve better.

The fact that the JEA is one of only 31 publicly owned utilities in Florida is not a bad thing. It provides a guaranteed and reliable annual contribution to the city that has funded essentials like law enforcement, fire and rescue services and the construction of needed infrastructure.

There are good reasons JEA has always been called “the goose that lays the golden egg.”

Those who want to sell argue that once sold the JEA’s property will go on the tax rolls and continue to provide income annually to the city. That’s true, but it won’t be as much as the city now receives, opening a shortfall that will have to be filled.

As the Times-Union asked in an editorial, what if a private utility decides to move power plants to another county? Those property taxes will disappear. It’s also likely that if sold and kept in Jacksonville, one casualty will be many JEA employees.

In addition, currently the majority of JEA vendors are local. Under private utility ownership that, too, will change to national and international vendors, which will be another big hit on the local economy.

Over the years the utility has maintained one of the lowest rate structures in the country — excluding times when the nation has faced a full-scale energy crisis outside control of the JEA. It has maintained fair rates and provided reasonably efficient service.

When it became obvious we could no longer afford to depend on the use of imported oil, the JEA converted to coal with construction of two coal-fired plants that at the time was the largest bonded municipal project in U.S. history. And now JEA is converting to a more reliable, available and cost-efficient natural gas and other alternative sources of energy.

During former Mayor John Delaney’s administration, the JEA worked with the city to take over operation of the city’s water and sewer utilities. And it has been a great success. What will happen to water and sewer operations if the JEA is sold?

There are numerous other examples of the history of

ANOTHER VIEW

A common-sense view on immigration

By Jeb Bush

The first thing to solve about immigration is that the rule of law is being violated. You need to make sure that illegal immigration is contained, and that you have a serious plan to deal with the large numbers of people who are here illegally because they have overstayed their legal visa.

This year, 60 percent of all illegal immigrants will be in that category. A great

country should know who those folks are and figure out how to deal with them. Legal immigrants are to be respected and not put under the same net as the folks that come here illegally.

Secondly, you deal with border security issues and verify those things are important. There’s good work being done on that front, but it’s hard to measure enforcement. The numbers of people being caught often goes down,

which means you’re doing your job better.

It’s hard to make that case but those who want broad-based immigration reform so it can sustain economic growth need to make a compelling case. Clearly, the president and the administration are going to expect and demand that, and I think Americans will want that as well.

But once you get beyond that, you can see that the legal immigration system

can provide huge opportunities for sustained economic growth. You have to advocate for this, defend this and advance it.

Right now, those on the side of reform are timid rather than being bold. They’re fearful of the tweets and the anger. We need to assuage people’s fears and then offer hope that this is not a zero-sum game, that high-sustained economic

See BUSH, E3

See GODBOLD, E2