

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Original Certificate of) DOCKET NO. 20190168-WS
Authorization and Initial Rates and Charges)
for Water and Wastewater Service in Duval,) FILED:
Baker and Nassau Counties, Florida by)
FIRST COAST REGIONAL UTILITIES,)
INC.)
_____)

NOTICE OF FILING

JEA, by and through its undersigned attorneys, hereby gives notice of filing its Prefiled
Direct Testimony of Robert Zammataro in the above-referenced docket.

Respectfully submitted this 26th day of June, 2020.

/s/ Thomas A. Crabb
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished via electronic mail
to the following this 26th day of June, 2020.

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/s/ Thomas A. Crabb
Thomas A. Crabb

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**DIRECT TESTIMONY OF
ROBERT J. ZAMMATARO
ON BEHALF OF JEA**

1 **Q. Please state your name and current employment.**

2 A. My name is Robert J. Zammataro and I am employed by JEA as the Director of
3 Water and Wastewater Planning and Development.

4
5 **Q. Please describe your educational background and professional experience.**

6 A. I have a Bachelor of Science Degree in Environmental Engineering from the
7 University of Florida and I hold a license as a Professional Engineer. I have over 20 years of
8 experience in all aspects of water and wastewater utility services. That experience includes:
9 design, construction and project management of water and wastewater systems; planning for
10 and development of water, wastewater and reclaimed water systems including developing
11 strategic plans for capital improvements; and forecasting demand for water and wastewater
12 services.

13

14 **Q. Where have you gained your experience in the water and wastewater arena?**

15 A. My entire professional career has been centered in Northeast Florida, in and around
16 Duval, Nassau, St Johns, and Clay Counties and the St Johns River Water Management
17 District (“SJRWMD”). I am very familiar with the requirements for the design, construction
18 and operation of water, wastewater and reclaimed water systems in northeast region and
19 issues associated with planning for such systems. My experience in the area includes: Chief
20 Engineer of Development and Planning for the St. Johns County Utility Department; Bureau
21 Chief of District Projects and Construction for the SJRWMD; Manager of Water and
22 Wastewater System Planning for JEA; and Director of Water and Wastewater Planning and
23 Development for JEA. Attached as Exhibit RJZ – 1 is my complete Curriculum Vitae.

24

25 **Q. What is your current position at JEA and what are your responsibilities?**

1 A. My current position is Director of Water and Wastewater Planning and Development.

2 My responsibilities include to:

3 Plan, develop and administer capital budgets for JEA's Water and Wastewater

4 Utility;

5 Oversee publication and communication of JEA's annual master plan for

6 water, wastewater and reclaimed water systems including the Integrated Water

7 Resource Plan;

8 Oversee the writing of Cost Share and Developer Agreements for new

9 communities within the JEA service area;

10 Act as JEA's representative with relevant agencies such as the Florida

11 Department of Transportation, the City of Jacksonville ("City" or "COJ"),

12 Jacksonville Transit Authority, the SJRWD, and the Northeast Florida

13 Builders Association; and

14 Lead technical communications on and coordination of inter-local agreements

15 with St. Johns and Nassau Counties.

16

17 **Q. What is the purpose of your testimony?**

18 A. In my testimony I will cover omissions and inadequacies in the Feasibility

19 Assessment ("Feasibility Assessment" or "Assessment") provided by First Coast Regional

20 Utilities, Inc. ("First Coast") for the proposed water and wastewater utility, and compare

21 rates for services from JEA to the rates First Coast proposes to charge for the same services.

22 I will further discuss JEA's capability to serve the area and the proposals we have made to

23 First Coast to accommodate the infrastructure needed to serve the area and the cost of that

24 infrastructure. Additionally, I will also discuss the history of private utilities in Duval and St.

25 Johns County and why JEA is in a better position to serve.

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Q. Are you sponsoring any exhibits?

A. Yes, I sponsor the following exhibits:

- RJZ – 1 Robert J. Zammataro Curriculum Vitae
- RJZ – 2 Private Utility Systems Acquired by JEA
- RJZ – 3 JEA Honors and Awards
- RJZ – 4 City of Jacksonville-JEA Franchise Agreement
- RJZ – 5 Nassau County-JEA Franchise Agreement

Q. Please summarize your testimony.

A. My testimony outlines several omissions and errors in First Coast’s Feasibility Assessment which demonstrate that the system as proposed will not be adequate to serve the service area requested by First Coast and which calls into question First Coast’s commitment to serve the requested area. Further, JEA has an exclusive franchise to provide water and wastewater service in Duval and Nassau counties where the bulk of the requested service territory is located. The Planned Unit Development Ordinance (“PUD” or “PUD Ordinance”) for the 301 Capital Partners Development (“301 Development”) provides that water and wastewater will be provided by JEA. The PUD requires the developer to construct at its expense water and wastewater facilities to JEA standards and then to dedicate the facilities to JEA for operation and maintenance or for contract operation. JEA is capable of serving the 301 Development and the cost to customers within the development would be considerably less than service from First Coast -- approximately half as much. The long-term cost would be lower for customers to receive service from a regional utility such as JEA as opposed to a stand-alone, private utility. Granting the requested certificate to First Coast would deny water and wastewater customers in the development access to JEA’s system,

1 resources and economies of scale, and based on past history in northeast Florida, there is
2 substantial risk that the system would nonetheless require JEA's intervention and assistance.

3
4 **WATER AND WASTEWATER SERVICE BY JEA**

5
6 **Q. Please give us a history and overview of the JEA's water and wastewater utility**
7 **service.**

8 A. JEA's provision of water and wastewater service began in the late 1990's when the
9 water and wastewater systems owned by the COJ became part of JEA's utility service. Upon
10 taking over the systems, JEA embarked on a region-wide effort to acquire private water and
11 wastewater plants and systems with the goal of improving the service to utility customers
12 throughout greater Jacksonville and the surrounding counties, improving the water quality of
13 the St Johns River, and limiting demand on the Floridan aquifer. That effort included the
14 acquisition and upgrade of numerous small package water and wastewater plants at a cost of
15 millions of dollars. JEA also acquired several large private utilities soon after it took over
16 the Jacksonville systems. Exhibit RJZ-2 is a list of those systems, the date acquired, the
17 number of customers and the cost of the acquisition.

18 Since JEA took over providing water and wastewater service no new private utilities
19 have served customers in the Duval/St Johns/Nassau Counties.

20 Currently, JEA operates 137 wells, 38 water treatment plants, 11 wastewater
21 treatment plants, 1,482 wastewater pumping stations, 4,806 miles of water lines and 4,113
22 miles of wastewater collection lines. JEA uses state-of-the-art technology to monitor the
23 safety and supply of water to customers. JEA's water and wastewater utility has
24 approximately 500 employees.

25 Today, this regional approach to water and wastewater service allows JEA to provide

1 safe, reliable and cost-effective service to about 370,000 water customers and about 278,000
2 wastewater customers.

3

4 **Q. Are there any private water and wastewater utilities currently providing service**
5 **in the area?**

6 A. Yes. I am aware of only three private systems in Duval County, all three of which
7 existed prior to JEA owning and operating the water and wastewater utility. Those utilities
8 are: Normandy Village, Neighborhood Utilities, and Regency Utilities. All three of these
9 utilities have had operational issues that have resulted in those utilities being assisted by, or
10 requiring future assistance from, JEA.

11

12 **Q. Please explain.**

13 A. Normandy Village has been cited by the Florida Department of Environmental
14 Protection (“FDEP”) for failure to meet effluent limits and is under a consent order with
15 FDEP to come into compliance with FDEP standards. The FDEP has contacted JEA to ask if
16 JEA could handle the wastewater coming from the Normandy Village system in the event the
17 utility is financially unable to comply with the order.

18 Regency Utilities has abandoned all potable water treatment and now provides water
19 and wastewater service to customers only through bulk meters from JEA.

20 Neighborhood Utilities is a water only utility that currently uses JEA as a backup
21 source of water.

22

23 **Q. How would you characterize the success of private systems in northeast Florida.**

24 A. Private systems, particularly small systems, have a history of being short-lived. This
25 fact is one reason why planned unit development ordinances passed by the COJ include

1 requirements that treatment facilities installed in the development be operated solely by JEA.
2 My understanding is that the COJ's planning department wants to ensure that city
3 constituents in new developments will receive the same quality of utility service as other
4 citizens connected to JEA.

5

6 **Q. Does JEA also provide reclaimed water service?**

7 A. Yes. As part of JEA's commitment to improving the water quality of the St. Johns
8 River and limiting demand on the Floridan aquifer, JEA provides reclaimed water service for
9 irrigation to approximately 15,000 customers.

10

11 **Q. What other services does JEA provide in conjunction with water and wastewater
12 service?**

13 A. JEA strives to make customer interaction with JEA as easy and useful as possible. To
14 that end we maintain an interactive website that allows customers to manage their account
15 and pay their bills online, get rate information, track usage, learn how to conserve, as well as
16 various other aspects of utility service such as notices of outages and advisories.

17

18 **Q. What honors or awards has JEA received that relate to the water and
19 wastewater service it provides?**

20 A. JEA is a respected provider of utility service and the honors and awards we have
21 received are evidence of our achievements in the provision of service to our customers.
22 Exhibit RJZ-3 is a partial list of those awards and honors.

23

24 **Q. Does JEA have a franchise agreement with COJ to provide water and
25 wastewater service in Duval County?**

1 A. Yes. JEA has an exclusive franchise agreement to provide water and wastewater
2 service throughout all of Duval County. Exhibit RJZ-4 is a copy of that franchise agreement.

3

4 **Q. Does JEA have franchise agreements with other local governments?**

5 A. Yes. JEA has exclusive franchise agreements with Nassau and St Johns Counties (in
6 areas of those counties adjacent to Duval County) which allows for consistency of service
7 throughout the region. The Nassau County agreement includes the entirety of the service
8 territory proposed to be served by First Coast. The Nassau County Franchise Agreement is
9 attached as Exhibit RZ-5.

10

11 **FEASIBILITY ASSESSMENT**

12

13 **Q. What are the inadequacies in the First Coast's Feasibility Assessment?**

14 A. The overall site plan in the Feasibility Assessment for the wastewater plant is
15 inadequate to serve the total requested area. The plant site plan shows a one million gallons
16 per day ("MGD") capacity with room on the site to double the capacity to 2.0 MGD. The
17 PUD has 11,250 single family residences along with 3,750 multi-family residences for a total
18 of 15,000 residential units. In addition, the PUD identifies 1,050,000 square feet of
19 commercial and office space. Using only 250 gallons per day ("gpd") per residential unit and
20 0.1 gpd/sf of commercial usage the total estimated flow for this development is 3.86 MGD.
21 Typically, 350 gpd per customer is the planning number for wastewater plants, however with
22 modern energy-efficient appliances that number has dropped to 250 gpd. The proposed site
23 plan shown in the Feasibility Assessment accompanying the application does not show any
24 room to expand or accommodate the additional 1.8 MGD. This plant capacity problem is
25 further compounded by the addition of the Chemours property in Baker County to First

1 Coast's application. These flows from this additional area are not covered in the Feasibility
2 Assessment.

3

4 **Q. What is reclaimed water?**

5 A. Reclaimed water is highly treated effluent that is not potable, but can be distributed to
6 homes and commercial establishments for irrigation purposes. A distribution system separate
7 from the water distribution system is needed to provide this service to customers. It is
8 beneficial to both water customers and wastewater customers because it minimizes the
9 demand on potable water, and it provides a method of effluent disposal.

10

11 **Q. What are the omissions in the Feasibility Assessment with respect to wastewater
12 treatment and reclaimed water?**

13 A. In the Feasibility Assessment the wastewater plant proposed will be designed to
14 produce reclaimed water. However, nowhere in the Assessment are the piping costs for
15 distributing the reclaimed water provided. The Feasibility Assessment states that the
16 reclaimed water will be pumped to sod farms or tree farms until the development establishes
17 enough green space to irrigate. This plan would still require the water to be distributed
18 throughout the community to all the common areas.

19

20 **Q. Are there other errors or inadequacies in the Assessment with regard to
21 reclaimed water service? If so, what are they?**

22 A. Yes. Even with a fully developed reclaimed system, two key elements are missing
23 from the Assessment: plans for wet weather discharge, and seasonal storage or augmentation
24 for the dry season.

25

1 **Q. Please explain what you mean by a plan for wet weather discharge.**

2 A. The wastewater plant will need an alternative disposal method for effluent disposal
3 during the rainy season when no one is using reclaimed irrigation water. No such alternative
4 method is identified in the Assessment nor are the costs for such a method identified in the
5 Assessment.

6
7 **Q. Please explain what you mean by seasonal storage or augmentation.**

8 A. During the dry season the demand for reclaimed water is higher than the amount of
9 treated effluent available from the wastewater treatment plant, so the augmentation of the
10 resource is needed to meet the higher demand. Typically, augmentation wells or storage
11 ponds are used to cover the deficit. No seasonal augmentation was identified in the
12 application.

13

14 **Q. Is First Coast required to put in a reclaimed system?**

15 A. Not to my knowledge, but if First Coast does not put in a reclaimed water system, it
16 would need a permanent effluent disposal method, which method has not been identified or
17 accounted for in the Assessment. For example, if a spray irrigation field was used as a
18 disposal method it would require 130 acres of uplands with piping distribution system, spray
19 heads and controls.

20

21 **Q. Any other issues regarding reclaimed water?**

22 A. Yes, the proposed tariffs for the utility do not contain any rates for reclaimed water
23 service.

24

25 **Q. Are there any issues in regards to the conclusion of the Feasibility Assessment?**

1 A. Yes, Section 7, “Comparison of Alternatives,” only compares two options, the First
2 Coast onsite treatment facility compared to constructing a remote regional JEA facility. The
3 Assessment does not include directly connecting to the JEA system. This option would
4 provide over the 2,800 ERC’s which are being requested by First Coast. This option would
5 also cost considerably less than and be quicker to construct than the two options listed in the
6 Assessment.

7

8 **Q. What alternatives did JEA propose?**

9 A. JEA has proposed several alternatives to the developer. The first alternative included
10 the developer extending service mains from JEA’s existing system to serve the property. The
11 development would simply be connected by pipes to JEA’s system. This would
12 accommodate over 2800 ERCs. Another alternative is for the Developer to extend mains to a
13 JEA regional facility, with JEA paying for the cost of the new facility. Yet another JEA
14 proposal was for the Developer to construct an initial onsite facility and dedicate it to JEA for
15 operations, with JEA handling all future expansions. This third alternative is further
16 discussed by JEA witness Susan West and is shown in Exhibit SRW-5.

17

18

FIRST COAST’S PROPOSED RATES

19

20 **Q. What are the rates First Coast is proposing to charge customers and how do they**
21 **compare to JEA’s?**

22 A. JEA witness Julia Crawford provides a detailed analysis of the rates First Coast is
23 proposing to charge and how they compare to JEA’s. The rates proposed by First Coast are
24 substantially higher than JEA’s and, based on my general knowledge of rates for water and
25 wastewater service, substantially higher than the norm for the industry. The connection fees

1 (service availability charges) for water and wastewater service from First Coast are more
2 than three times higher than JEA's: \$9,993.00 as compared to \$3,308.00. Monthly rates for
3 water and wastewater service from First Coast for 6,000 gallons of usage would be more than
4 twice JEA's: \$204.88 for First Coast as compared to \$79.71 (3/4" meter) and \$66.36 (5/8"
5 meter) from JEA.

6

7 **Q. What is the long-term stability of the rates for JEA compared to First Coast?**

8 A. Due to the financial stability of JEA and its large customer base JEA is better suited
9 to handle problems or events which may occur that affect utility service, such as a hurricane.
10 First Coast would have a substantially smaller customer base to distribute costs from any
11 unforeseen event. When unforeseen problems and costs occur the First Coast customers
12 would be more directly impacted. JEA has gone through two hurricanes in the past five
13 years and the water/wastewater rates have remained stable. JEA is in a better position to
14 serve the community long term.

15

16 **Q. Does that conclude your testimony?**

17 A. Yes.

18

19

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25

EXPERIENCE

JEA

Director W/WW Planning and Development: Jul. 2019 - Current

- Develops long range requirements of the markets served by JEA including new development and real estate acquisitions as needed to meet new capacity requirements.
- Establishes planning criteria, forecasts of product demand (peak and average) and develop grid capacity expansion plans which meet planning criteria for reliability, quantity, quality of supply, and cost effectiveness
- Develops plans for the future water supply needs of base customers and new markets, including coordination with Operations' of the long term planning of JEA's existing grid assets for rehabilitation and refurbishment.
- Lead the Development processes which include Plan Review and professional, technical and business communication with Developers and there Engineering consulting firms.
- Administer and update Policies and Procedures to include Water, Sewer and Reclaimed Water Design Guidelines, and Developer related policies to include Cost Participation and Cost Recovery.
- Prepare Agenda Items and presentations to the JEA Board of Directors on topics such as Developer Policies and Agreements including Cost Participation and Cost Recovery, Integrated Water Resource Planning (IWRP), Reclaim Initiatives, and Long-Term Capital / System Planning and other initiatives.
- Oversees the publications and communications of annual master plan for water plant, wastewater plant, water distribution, wastewater collection, and reclaimed water; along with a periodic Integrated Water Resource Plan (IWRP)
- Perform in the role as the central JEA representative with stakeholders such as NEFBA, and project partners such as FDOT, COJ, and JTA.
- Leads technical communication concerning the inter-local agreements with St Johns County and Nassau County to include coordinating and transmitting annual financial and other reporting requirements and other territorial agreements or utility acquisitions.
- Manages territorial agreements, and leads JEA in discussions and coordinates analyses concerning any potential utility acquisitions.
- Perform in the role as a JEA representative with stakeholders such as St. Johns River Water Management District (SJRWMD)
- Plans, develops and administers the Capital budgets for system planning and development functions including cost participation projects, to include participation in JEA's five and ten year financial projections.
- Develop and administer the Capital and O&M budgets for assigned processes in a timely and accurate manner to include acquiring appropriations for initial Project Requests and Change Orders, assure monthly cash flow forecasts are completed in a timely and accurate manner, and Trends for budget and / or cash flows are transmitted in a transparent and timely fashion.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT

Bureau Chief of District Projects and Construction: Feb. 2017 – Jul. 2019

Provides general oversight and direction for the Bureau of District Projects and Construction which includes four departments:

-
- Project Management – Responsible for managing all District led capital improvement projects which included projects such as: Taylor Creek Water Supply Reservoir(\$40M), Black Creek Water Resource Development(\$41M) and Fellsmere Water Management Area(\$55M). The Department’s budget averages \$30M annually.
 - Construction Inspection services – Provides contractor supervision and construction services for projects constructed by the District.
 - Surveying – Provides in-house surveying services to support District activities, such as: Topographical surveys for engineering design, boundary surveys for real-estate purchase and legal descriptions for easements.
 - Engineering – Provides design services for capital projects and operation and maintenance activities.

JEA

Manager W/WW System Planning:

Nov. 2013 – Feb. 2017

Oversee & Manage the Planning Team, responsibilities include:

Planning:

Led a Planning Team of eight 8 people which were responsible for laying out the JEA Capital Improvement Plan (CIP). The JEA CIP averaged \$150 Million/year over five years. Typical projects range from \$200k to \$15 Mil.

Additional responsibilities include:

- Develop Project Definitions which define the scope of significant capital projects
- Coordinate with other internal departments – Real Estate, Budget, Finance, Operations, Maintenance, Project Engineering, General Counsel, Project Outreach
- Present information to the Executive Leadership Team through written reports and presentations.
- Master Plan for Water, Wastewater and Reclaimed water systems.
- Establish methodology for population projections and water use forecast.
- Responsible for maintaining Capacity Analysis Reports for all treatment plants.
- Water supply goals in relation with the CUP.
- Establishing a 5year Capital Budget based on future growth and capacity of the existing system.

GIS and Mapping:

- Establishing a database for all grid projects (Piping and Roads) which allows all the capital and Operational project to be mapped by year and function. This map has become the foundation for the current interagency map.
- Mapping of all letters of availability and link to the permitting database which has leveraged the GIS system to allow access to the development data by location.

Hydraulic Modeling:

- Responsible for overseeing hydraulic water and wastewater system models.
- Developing a basis for loading existing flows into the model which are well defined and repeatable.
- Standardizing the modeling process to help facilitate request from other departments.
- Ensuring the water model is capable of meeting ISO requirements for COJ.

ST. JOHNS COUNTY UTILITY DEPARTMENT

Chief Engineer of Development/Planning:

Dec. 2006 – Nov. 2013

Oversee & Manage the Utility Development Process:

- Coordinate and review all planning documents, such as PUDs, DRIs, Comp Plan Amendment, and Development Orders.
- Authored the current SJCUD Development Reimbursement Ordinance.
- Resolve Developer/ Contractor conflicts within the guidelines of the rules and regulations.
- Develop and refine the work flow process for the development group.
- Designed GIS/Development Database to assist in tracking all new development.
- Prepare Developer Reimbursement Agreements.
- Developed inspection procedures and protocols for construction inspectors.
- Establish staff's goals and objectives.
- Develop, Prepare and Maintain the County Utility Standards Manual.

Develop & Execute the Utility Planning Program:

- Establish methodology for population projections.
- Developed design basis for hydraulic modeling of the water and reuse system.
- Current project manager on the Integrated Water Resource Plan. Assisting Jones Edmund and CDM Smith to develop the Constraints and Drivers for the Stella model.
- Completed Ponte Vedra Service Area Master Plan.
- Completed 2040 Population and build out projections for the County Utility Service Area.
- Responsible for maintaining Capacity Analysis Reports for all Water Treatment plants.
- Responsible for maintaining hydraulic water and wastewater system models.

MITTAUER & ASSOCIATES

Project Manager:

May 2003 – Dec. 2006

Responsibilities included:

- Managing Water & Wastewater improvement projects for public municipalities.
- Project Work included; Customer Services, Designing, Drafting, Permitting and Construction Management.

Projects included:

- Town of Callahan - Water Plant improvements, Wastewater Plant improvements, Lift Station rehabilitation, Consumptive use permitting, and preliminary design for an Advanced Wastewater Treatment Facility.
 - City of Flagler Beach - Sewer Main and Lift Station Rehabilitation.
 - Town of Branford - Water Plant Improvements.
 - City of Moorehaven - Water Main Replacement.
 - City of Groveland - Citywide Hydraulic Modeling, WWTF preliminary design report for a 1.0 MGD public access reuse facility.
 - Town of Ponce Deleon - New water supply well along with disinfection equipment.
 - Town of Yankeetown - WTP improvements including SRF Facilities Plan for new Membrane filtration system, forced air degassifier, ground storage tank and new supply well.
-

CITY OF GREEN COVE SPRINGS

Director of Utilities:

June 2000 – May 2003

Responsibilities included:

- Managing Water & Wastewater distribution systems and treatment facilities.
- Establishing capital improvement plan and annual operating budget.
- Project management for new capital projects.

Projects included:

- Harbor Road Reclaimed Water Treatment Facility Improvements
- Reynolds Water Treatment Expansion
- Water Main Rehabilitation Project
Project included replacing over 17 miles of old water mains within the City of Green Cove Springs.
- Consumptive Use Permitting
Completed the 20-year consumptive use permit application with the Saint Johns Water Management District.
- System Mapping
Initiated computerized mapping of the City and utilities.

CLAY COUNTY UTILITY AUTHORITY

Utility Engineer:

Feb. 1999 – June 2000

- New Service Connections.
- Review of new subdivision design submittals.
- Assisting in plant and distribution design.
- Project management for projects 100K or less.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Domestic Waste Engineer:

Sept. 1997 – Feb. 99

- Reviewing permit applications and preliminary design reports for domestic wastewater treatment facilities and collection systems.
- Writing permits for domestic wastewater facilities.
- Inspecting treatment facilities for compliance with Florida Administrative Codes.
- Coordinating database management for Water Facilities in the Northeast district.

EDUCATION

- University of Florida -- Bachelor of Science degree in Environmental Engineering, May 1997
- Brevard Community College -- Associate in the Arts, May 1994
- Vermont Technical College -- Associate of Applied Science in Architectural Engineering & Building Technology, May 1992

Water/Wastewater Systems Acquired by JEA

Seller	Announcement Date	# of Water Connections⁽¹⁾	# of Sewer Connections⁽¹⁾	Transaction Value (\$MM)
Gate Maritime Properties, Inc.	6/13/2000	unknown	unknown	\$1.0
Regency Utilities Inc. (partial acquisition)	4/10/2001	unknown	unknown	\$7.7
United Water Florida, LLC	12/28/2001	37,000	37,000	\$219.0
Florida Water Services Corporation	10/15/2003	5,800	5,300	\$25.0
Nocatee Utility Corporation	12/6/2004	17,500	17,500	\$2.3
St. Joe Utilities Company	12/22/2004	8,600	8,600	\$2.3
		68,900	68,400	\$257.2

JEA Awards and Accolades (Five year History)

2020

- Florida Water Environment Association David W. York Water Reuse Project of the Year Award (2020) for the JEA's Water Purification Research and Development Project.
- Florida Water Environment Association OneWater Professional of the Year to Ryan Popko (2020).

2019

- First Coast Manufacturers Association (FCMA) Environmental Excellence Award (2019) for JEA Water Purification Project (Jacksonville, FL).
- American Academy of Environmental Engineers & Scientists (AAEES) Excellence in Environmental Engineering & Science – Honor Award/Research (2019) for JEA Water Purification Technology Evaluation and R&D Testing (Jacksonville, FL).
- Earle B. Phelps Award the Florida Water Environment Association (FWEA) gives the Earle B. Phelps Award annually to recognize wastewater treatment facilities which have maintained the highest removal of major pollution-causing constituents prior to discharging treated effluent to receiving waters.
 - Secondary > 10 MGD: Buckman – Honorable Mention
 - Secondary > 10 MGD: Southwest – Runner-up
 - Advanced Secondary 5-15 MGD: Cedar Bay – Runner-up
 - Advanced Secondary > 15 MGD: Arlington East – Honorable Mention
- American Water Works Association Florida Section Region II Volunteer of the Year to Ryan Popko (2019).
- FWRC Florida Operations Challenge: 1st Place Collections Event; 1st Place – Safety Event; 2nd Place – Pump Maintenance Event – Represented Florida in WEFTEC World Operations Challenge – 4th Place Collections Event
- FSAWWA Ductile Iron Pipe Tapping Champions- Bobby Haspel, Tim Maxwell, Caleb Barker, Sam Maxwell
- FSAWWA Hydrant Hysteria Champions- Sammy Howard & John Alderman

2018

- FWEA Safety Award - This award recognizes the outstanding effort of the management and operational staff which resulted in an outstanding safety record.
2018 Awards: Buckman WRF won 2nd place
- Earle B. Phelps Award (2018):
 - Secondary Wastewater Treatment, > 5 MGD: Buckman WRF – First Place
 - Advanced Secondary Wastewater Treatment, 5 – 10 MGD: District II WRF – First Place
 - Advanced Secondary Wastewater Treatment, > 10 MGD: Southwest District WRF – Honorable Mention
- FWEA Excellence in Benchmarking -JEA also received the Excellence in Benchmarking Award by the FWEA/Florida Benchmarking Consortium (FBC) for 2018. The Benchmarking Excellence

Award recognizes those utilities who are “High Performers” in the FBC annual survey in the Water/Wastewater Service Area. JEA was one of five utilities to receive this award.

- FWRC Florida Operations Challenge: 1st Place Collections Event; 1st Place – Safety Event; 2nd Place – Pump Maintenance Event – Represented Florida in WEFTEC World Operations Challenge
- FSAWWA Hydrant Hysteria Champions- Sammy Howard and Walter Kennedy
- FSAWWA Ductile Iron Pipe Tapping Champions- Bobby Haspel, Brandon Barr, Wade Hoilman, Walter Kennedy

2017

- Florida Water Environment Association Environmental Stewardship Award for Odor Control (2017) for JEA Odor Control Program
- FWRC Florida Operations Challenge: 1st Place Pump Maintenance; 2nd Place – Collections Event – Represented Florida in WEFTEC World Operations Challenge
- FSAWWA Ductile Iron Pipe Tapping Champions- Sammy Howard, Bobby Haspel, Brandon Barr, Mike Mace

2016

- FWEA/FBC “Benchmarking Excellence Award” for outstanding performance with the Florida Benchmarking Consortium benchmarking data for the previous reporting cycle.
- FWRC Florida Operations Challenge: 2nd Place Collections Event
- FSAWWA Ductile Iron Pipe Tapping Champions- Sammy Howard, Bobby Haspel, Brandon Barr, Mike Mace.
- FWRC Florida Operations Challenge: 2nd Place Collections Event

2015

- David York Award -The JEA South Grid Reuse System has been awarded the 2015 David W. York Reuse Award, the State’s highest, most prestigious, reuse award. The South Grid Reuse System consisting of four plants -Arlington East, Mandarin, Blacks Ford, and Julington Creek Water Reclamation Facilities (WRF) and an extensive common reclaimed water distribution system connected in a 26 mile North/South corridor extending from approximately the Dames Pt. Bridge to the Nocatee/210 Corridor.

JEA has invested nearly \$100 million in this infrastructure since the early 2000’s, which provides reclaimed water in JEA’s highest growth areas.

With the improvement in the economy and the home building segment, we are adding over 1,000 homes per year to this system – efficiently serving areas of growth with reclaimed water as an alternative resource and helping to preserve Floridan Aquifer water for essential uses. Water & Waste Digest Top Water & Wastewater Projects Award Winner (2017) for JEA Blacks Ford WWTP Package Plant.

- Earl B. Phelps Award - JEA also received awards at the Florida Water Resources Conference for two of its wastewater plants, District II and Southwest WRF.
- FWRC Florida Operations Challenge: 2nd Place Collections Event

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To: Jim Dickenson, Managing Director/CEO
JEA Tower-16

From: Debra A. Braga, Assistant General Counsel 

Re: Transmittal of Interlocal Agreement Regarding Franchise Fee

Date: February 6, 2008

Enclosed find the *recorded* Interlocal Agreement Regarding Franchise Fee filed with the Clerk of the Court, Duval County, Florida, for completion of your files.

Do not hesitate to contact me should you have any questions and/or comments.

DAB:ml
Enclosure
cc: Sharon Chappelle (w/enc.)

Prepared by and return to:
Debra Braga, Assistant General Counsel
117 West Duval Street, Suite 480
Jacksonville, FL 32202

Doc # 2008028825, OR BK 14371 Page 98,
Number Pages: 4
Filed & Recorded 02/05/2008 at 11:08 AM,
JIM FULLER CLERK CIRCUIT COURT DUVAL COUNTY

INTERLOCAL AGREEMENT REGARDING FRANCHISE FEE

This Interlocal Agreement Regarding Franchise Fee, hereinafter "Franchise Fee Agreement" is entered into this 13th day of February, 2008, by and between the City of Jacksonville, a municipal corporation and political subdivision of the State of Florida, (hereinafter City), and JEA, a body corporate and politic, (hereinafter JEA).

WHEREAS, JEA provides electric, water and sewer utility services within the jurisdiction of the City; and

WHEREAS, JEA operates pursuant to City Charter section 21, which provides for the governance of JEA, and oversight of JEA by the City Council; and

WHEREAS, on or about November of 2007, the City and JEA agreed to the payment of a Franchise Fee, as set forth in City Charter Section 21.07, and adopted by the City Council as ordinance 2007-838; and

WHEREAS, the parties intend that this Franchise Fee Agreement provide for the administration of the Franchise Fee, as contained in the Charter.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Amount of the Franchise Fee. As established in the City Charter Section 21.07, the Franchise Fee shall be initially established at three percent (3%) of the revenues of the electric system and the water and sewer system. This amount may be increased up to a maximum of six percent (6%) by ordinance of the City Council as provided for in City Charter Section 21.07(l).
2. Territory for Payment of Franchise Fee. The Franchise Fee shall be limited to revenues derived within Duval County not including Urban Service Districts 2-5.

3. Calculation of Franchise Fee. The Franchise Fee shall be calculated each month by multiplying three percent (3%) by the sum of JEA's base rate electric revenues, fuel rate revenues, water rate revenues and sewer rate revenues for that month excluding unbilled revenues and uncollectible accounts. The franchise fee shall be calculated on revenues derived from the sale of gross kilowatt-hours and number of cubic feet of potable water and cubic feet of sewer service as set forth in Section 21.07(c) of the City Charter.
 - a. Franchise Fee Cap. The Franchise Fee shall be limited to a per customer maximum of two million four hundred thousand dollars (\$2,400,000) per fiscal year of electric rate revenues as specifically set forth in City Charter Section 21.07(l).
 - b. Adjustment for Franchise Fee Cap. Until such time as determined by JEA that JEA's billing system is capable of implementing the Franchise Fee customer cap as determined by the City Council, the City and JEA agree on the following procedure to implement the Franchise Fee customer cap. At least annually, JEA shall identify the customers affected and issue a report to the City summarizing the amount of the Franchise Fee billed. On an annual basis, the City will issue a check payable to each eligible customer in an amount equivalent to reduce the Franchise Fee amount collected to the Franchise Fee cap. JEA shall be authorized to pass-through to the customers the amount of the franchise fees set forth herein and such associated charges including but not limited to public service tax, gross receipts tax, and sales tax resulting from the stated three percent (3%) franchise fee on rate revenues notwithstanding the \$2,400,000 limit. The City will issue checks payable to each customer for the specific franchise fee amount collected over the cap.
4. Exclusions from Franchise Fee. No Franchise Fee shall be paid on Franchise Fees, state utility taxes, fuel related interchange sales, sales for resale, City of Jacksonville accounts, JEA accounts, investment income or other revenues not specifically set forth in paragraph 3 herein.
5. Collection, remittance and timeliness of the Franchise Fee. The Franchise Fee shall be effective for revenues derived after March 31, 2008. The Franchise Fee will be applied to all services rendered for which revenues are posted after March 31, 2008. The Franchise Fee will not be pro-rated, regardless of when services were used by the customers. The Franchise Fee shall be payable monthly, with the first payment due on June 1, 2008, and shall continue until the requirements of the Franchise Fee are modified, either by amendment to section 21 of the City Charter, or by amendment to this Agreement. The Franchise Fee shall be paid on the first business day of each month. JEA shall collect the Franchise Fee from its customers, and the Franchise Fee shall be considered a pass through from the customers, in accordance with the proportionate share of rate revenues. The Mayor is authorized to grant an extension of time for 30 additional days for the

payment of the Franchise Fee for good cause shown by JEA. JEA shall submit a written request for an extension of time for payment at least five (5) days prior to the normal due date which sets forth the circumstances which require the extension in time for payment.

6. Consideration for the Franchise Fee. The consideration for the Franchise Fee is the exclusive right for JEA to serve electric, water and sewer customers, for use by JEA of the public rights of way, both existing and new, for its electric, water and sewer system, and for any other utility systems, as that term is defined in City Charter Section 21.02(a).
7. Amendments to the Interlocal Agreement Regarding Franchise Fee. The Parties agree that this Agreement may be amended by ordinance of the City Council, following the usual procedure for passage of ordinances, subject to the requirements set forth in Ordinance 2007-838, and without compliance with the provisions regarding amendments to the JEA charter, as are set forth in City Charter Section 21.11. The Parties also agree that non-material changes to this Agreement may be made based on the mutual consent of the Parties, subject to the approval of the City Council Auditor's office, and with notice to the City Council. "Non-material" changes shall be those changes which are solely of an administrative nature, and do not involve any change in the amount of the Franchise Fee.
8. Modifications to the JEA Contribution. As further consideration for the Franchise Fee, the parties have agreed to a modification to the JEA Contribution, which is currently contained in City Charter Section 21.07. Those modifications require approval by the City Council, and are contained in Ordinance 2007-1132, filed October 23, 2007. The agreed upon modifications to City Charter Section 21.07(c) and (d) involve a reduction in the minimum required increase in the contribution, the deletion of the alternative method of calculation of the contribution based upon a percentage rate, a modification of the base year assessment total, and the agreement that the City Council may reconsider the assessment calculations in 2016.
9. Definitions. Terms used in this agreement shall be as defined in City Charter Section 21.

[Remainder of page intentionally left blank. Signature page follows immediately.]

IN WITNESS WHEREOF, the parties have caused this Franchise Fee Agreement to be duly executed as of the date first written above.

Attest:

CITY OF JACKSONVILLE

By: *John Peyton*

By: *Kerri Stewart*

John Peyton
Mayor

Kerri Stewart
Deputy Chief Administrative Officer
For: Mayor John Peyton
Under Authority of:
Executive Order No. 07-12

Attest:



JEA

By: *Carol L. Dickenson*

By: *James A. Dickenson*

James A. Dickenson
Managing Director/CEO

I hereby certify that the expenditure contemplated by the foregoing instrument has been duly authorized, and provision has been made for the payment of the monies provided therein to be paid.

Nanette C. Rond

Signature

Print Name: Nanette C. Rond

Title: non cum Budget

For JEA

Form Approved:

Delma A. Brown
Office of General Counsel

NASSAU COUNTY/JEA WATER AND WASTEWATER INTERLOCAL AGREEMENT

This Water and Wastewater Interlocal Agreement (the "Agreement") is made and entered into this 17th day of December, 2001, by and between Nassau County, a political subdivision of the State of Florida (hereinafter referred to as the "County") and JEA, an electric, water and wastewater utilities authority established under the laws of the State of Florida.

WHEREAS, JEA is authorized to provide electric, water and wastewater (which includes reuse) services pursuant to authority granted by the State of Florida and Duval County;

WHEREAS, United Water Florida ("United Water") currently owns and operates a water and wastewater utility system (the "Utility System") part of which is located within Nassau County and the Utility System has operated pursuant to Water Franchise Certificate No. 263-W and Sewer Franchise Certificate No. 179-S (the "Certificates") issued by the Florida Public Service Commission (the "PSC");

WHEREAS, the Certificates authorize United Water to provide water and wastewater (including reuse) services within designated service areas around the State;

WHEREAS, the PSC certificated service areas for United Water include territory in Nassau County (the "Service Territory");

WHEREAS, the PSC certificated service areas of United Water will be grandfathered to the purchaser of United Water pursuant to Florida Statutes;

WHEREAS, Nassau County recently passed a resolution to assume regulatory jurisdiction over investor owned utilities operating in Nassau County;

WHEREAS, JEA is prepared to enter into a purchase and sale agreement with United Water for the acquisition of United Water's entire Utility System in Florida including the portions located in Nassau County and the right to provide service throughout the Service Territory;

WHEREAS, the County and JEA (collectively referred to as the "parties") have determined to enter into this Interlocal Agreement in an effort to assure that water and wastewater (including reuse) services within Nassau County are provided in an orderly fashion;

WHEREAS, the County and JEA believe that this Agreement will promote cooperation and coordination between the parties in providing utility services within the Service Territory and elsewhere in Nassau County;

WHEREAS, JEA and the County both acknowledge the desirability and the need to provide water and wastewater services in a manner which is both economical and consistent with the water conservation and management policies of the State of Florida, the St. Johns River Water Management District and Nassau County;

WHEREAS, the parties seek through this Interlocal Agreement to establish the terms and conditions by which JEA will have exclusive authority to provide water and wastewater (including reuse) services within the Service Territory and elsewhere in Nassau County;

WHEREAS, the parties seek through this Agreement to establish the conditions and procedures by which JEA can extend water and wastewater (including reuse) services in Nassau County outside the Service Territory;

NOW THEREFORE, in consideration of the recitals, agreements, and mutual covenants contained herein, and other good and valuable consideration, the parties agree as follows:

SECTION 1. RECITALS. The above recitals are true and correct, and form a material part of this Agreement.

SECTION 2. COUNTY'S CONSENT TO JEA SERVICES.

2.1 JEA Service Territory. Subject to the terms and conditions of this Agreement, the parties agree that JEA will provide retail and wholesale water and wastewater services¹ within the Service Territory during the term of this Agreement. The parties further agree that, subject to the terms and conditions of this Agreement, JEA may provide retail and wholesale water and wastewater services to any area in Nassau County west of the Intracoastal Waterway excluding the incorporated municipalities of Callahan and Hilliard. This area west of the Intercoastal is hereinafter referred to as the "Additional Territory". JEA will not serve or offer to serve customers located within Nassau County outside of the Service Territory or the Additional Territory unless the County and JEA agree in writing for JEA to do so. The written agreement of the County shall be obtained prior to JEA providing or offering to provide services to customers in Nassau County outside of the Service Territory and the Additional Territory. JEA agrees that it will not seek to provide or extend water or wastewater services in Nassau County outside of the Service Territory and Additional Territory without the County's prior written approval except

¹Unless specifically noted or inappropriate in context, the term wastewater services as used in this Agreement shall include the provision of reuse of reclaimed water.

as provided by Section 2.3. Nassau County will not authorize or certificate any other utility to provide water or wastewater services in the Service Territory or Additional Territory without JEA's prior written approval. Nothing contained in this Agreement shall be construed to prevent JEA from providing water or wastewater services within Duval County or any other county in the State of Florida, nor shall anything contained herein be construed to prevent the County from providing or authorizing others to provide services outside of the Service Territory and Additional Territory in Nassau County, Florida.

2.2 Limitations on JEA Service Territory. The County and JEA agree that the rights of JEA to provide water and wastewater services in Nassau County are limited by this Agreement to the Service Territory and the Additional Territory. If JEA wishes to extend services in Nassau County outside of these areas, any such extension must be accomplished with the specific authorization of the County and as more specifically set forth in Section 3 below.

2.3 Contract Operations. Notwithstanding anything to the contrary stated in Sections 2.1 and 2.2 or elsewhere in this Agreement, JEA can provide contract operations service to any utility in or outside the County.

SECTION 3. EXTENSION OF SERVICE AREA. JEA may only extend water and wastewater services to areas in Nassau County that are not within the Service Territory or Additional Territory after application to and approval by the Board of County Commissioners of Nassau County (the "Board"). The application and decision by the Board to permit or deny such extension shall be based upon applicable county ordinances.

SECTION 4. UTILITY SYSTEM RATES; OPERATING STANDARDS; REPORTS.

The following standards and conditions shall apply to JEA's ownership and ongoing operation of the Utility System and any extensions thereto including facilities used by JEA to provide service to the Additional Territory.

4.1 No Discrimination in Rates and Level of Service. The rates and fees charged by JEA for retail water and wastewater services shall be the same in the Service Territory and Additional Territory as charged by JEA for retail water and wastewater services within the City of Jacksonville. A current schedule of those rates is attached hereto as Exhibit "A." No JEA imposed surcharge, tax or rate differential shall apply to customers in the Service Territory or other areas served by JEA within Nassau County without the consent of the County. If, during the term of the Agreement, JEA proposes any new rate schedule or amended rate schedule applicable to its retail water, wastewater or reuse service, JEA shall forward to the County a copy of such rate schedule or amended rate schedule prior to the effective date thereof. Furthermore, JEA agrees to provide the County written notice in accordance with Section 10 of this Agreement as soon as a proposed increase in rates is recommended to its governing Board. Any increase or decrease in rates shall be consistent with state law and terms and conditions of this Agreement.

The County will not attempt to impose or assert authority over the rates and fees charged by JEA to customers in the Service Territory or Additional Territory. If the County imposes franchise fees or taxes under Section 4.3, customers in the County will be charged such fees or taxes in addition to the JEA rates. The quality and level of services provided by JEA shall be equal for customers within Nassau County as that offered by JEA

to customers in the City of Jacksonville. JEA shall not discriminate between the quality and level of services offered to customers within Nassau County as compared to services by JEA in any other county. JEA agrees to provide services to the existing customers of United Water and to future customers in the Service Territory and Additional Territory according to JEA's uniform service availability policies.

4.2 Standards. JEA agrees to operate and maintain the Utility System in accordance with standards equal to or greater than those for the City of Jacksonville. If additional facilities are installed by JEA in the County, such facilities shall be constructed in accordance with standards equal to or greater than the standards applicable to JEA's system in Duval County.

4.3 Franchise Fees and Taxes. The County will not charge JEA any connection fees, tap-in fees, or other fees or charges for services by JEA to the Service Territory and Additional Territory. JEA has the right to collect on its behalf its uniform rates, fees and charges from its customers in the County. JEA further agrees to collect from its wholesale and retail water and wastewater customers within the County all applicable county fees and utility taxes pertaining to water and/or wastewater services.

4.4 Asset Reporting. JEA shall segregate all asset information for the Utility System and any future extensions in Nassau County permitted under this Agreement. This requirement does not apply to meters, meter boxes, taps and other non-segregatable items which shall be allocated on a per ERC basis. Such information shall be provided to the County on an annual basis and shall include, without limitation, the value of all such assets, any contributions in aid of construction applicable thereto, and other capital asset

information reasonably requested by the County to allow verification of compliance with the terms of this Agreement. The asset reporting requirements of this Section 4.4 are only applicable to transmission and treatment facilities owned by JEA outside of the Service Territory if those facilities provide service exclusively to the Service Territory or to the Additional Territory. JEA shall provide its annual financial statements, budget, current 5-year capital improvement plan and renewal and replacement program to the County within 15 days of approval by the JEA Board or, if Board approval is not required, approval by JEA management.

4.5 Balancing of Water Supply and Reuse. To the extent reasonably possible, JEA will conduct its operations in Nassau County in a manner which is intended to help minimize potable water use and maximize water reclamation and reuse. JEA will cooperate with the County in implementing programs to achieve these goals.

4.6 Abandonment of Portions of the Utility System. JEA will not retire or abandon any portion of the Utility System, including any water treatment plant, storage tank, pumping stations, or wastewater treatment plant unless reasonably necessary to provide reliable, safe and sufficient service and/or to comply with requirements imposed by law, including statutes, rules or orders of regulatory or judicial authorities.

4.7 Customer Service. JEA shall coordinate with the County with respect to customer services offered within the Service Territory. JEA shall provide a toll free telephone number for use by JEA customers within the Service Territory and the Additional Territory.

4.8 Approval of Developer Agreements. Proposed developer agreements for the provision of water or wastewater services within the Service Territory or Additional Territory shall be presented by JEA to the County for review and comment. Prior approval by the Board of County Commissioners of developer agreements within the Service Territory and Additional Territory shall not be required as long as the terms of such agreements are consistent with Master Plans submitted in accordance with Section 10 of this Agreement. If the County has any objections based on conflict with this Agreement, the County Comprehensive Plan or County ordinances, the County shall promptly notify JEA and the parties will address the objections. Any proposed developer agreements that are not consistent with such Master Plans will not be finalized without prior approval by the Board of County Commissioners.

4.9 Coordination. JEA agrees that it shall provide water and wastewater services only to those areas within the Service Territory and Additional Territory approved for construction by the appropriate County planning and development agencies. JEA further agrees that it shall comply with all rules and regulations enacted by the County governing water and wastewater service requests, but it reserves the right to challenge any rules or regulations it deems to be unlawful. JEA's construction activities within the County's rights-of-way will be coordinated with the County.

SECTION 5. PURCHASE OF THE UTILITY SYSTEM BY COUNTY. The County shall have the right to purchase the JEA water and wastewater facilities in Nassau County under the conditions set forth below.

5.1 Exclusive Right to Purchase. The County shall have exclusive right to purchase the JEA facilities in Nassau County under any of the circumstances listed below (the "Exclusive Purchase Events"). Upon the occurrence of any Exclusive Purchase Event, JEA shall promptly provide the County with written notice of the Exclusive Purchase Event and the details thereof. Within 90 days of receipt of such notice, the County shall provide a written response which either (a) exercises the right of the County to enter into negotiations for the purchase of the JEA facilities in Nassau County, or (b) rejects the right and discharges JEA from any further obligation to offer the facilities to the County for purchase. If no response is received within 90 days, then the County will be deemed to have rejected the right to purchase. Exclusive Purchase Events are any of the following:

5.1.1 Any change in the majority ownership interest of JEA.

5.1.2 The expiration of the initial and each successive term of this Agreement; provided, however, that if the parties mutually agree to extend the term of the Agreement for a successive 5-year period, the County's first right of refusal to purchase the facilities based on the expiration of this Agreement shall be deemed to have been waived by the County until the end of that five year extension.

5.1.3 A transfer or assignment of this Agreement by JEA without the prior written agreement of the County.

5.2 County First Right of Refusal.

JEA has the right to sell its facilities in Nassau County. Prior to any sale by JEA of the facilities in Nassau County, the County shall have a first right of refusal at the purchase

price specified in Section 5.5 or the purchase price which JEA intends to sell to a third party, whichever is lower. The County shall have 90 days from receipt of written notice from JEA of an intent to sell the facilities in Nassau County to enter into purchase discussions in accordance with this Section. Failure by the County to respond in writing within the 90-day period shall be deemed a decision not to enter into negotiations. The County's first right of refusal under this Section does not apply to financing or tax management strategies that JEA may decide to utilize. The County agrees to cooperate with JEA by not exercising this Right of First Refusal provided that such financing or strategy does not conflict with the substantive purpose of this Section 5.2 and so long as JEA maintains control over the system.

5.3 Disposition of Funds Upon Purchase by the County. In the event that the County purchases the JEA facilities in Nassau County pursuant to the terms of this Section 5, any unused, prepaid impact fees collected from the customers located within the Service Territory or the Additional Territory shall be transferred to the County.

5.4 Reservation of Capacity. In the event that the County purchases or otherwise takes over ownership and operation of the JEA facilities in Nassau County pursuant to the terms of this Section 5, the County and its successors in interest to the facilities shall be entitled to water and wastewater capacity from JEA equal to the capacity used by JEA to serve the customers at the time of transfer. Such capacity (including treatment and transmission) shall be provided by JEA at no charge. Service shall be provided in accordance with JEA's then existing tariffed rates (as may be amended from time to time) for wholesale or bulk customers. Additional capacity may be purchased by

the County or its successors if such additional capacity is deemed available by JEA. JEA shall have no obligation to construct new facilities in order to make additional capacity available to the County. If capacity is available from JEA, the County shall be entitled to purchase additional capacity at no more than JEA's then existing capacity charges for new customers in the City of Jacksonville.

5.5 Purchase Price. In the event the County is entitled to purchase the JEA facilities in Nassau County in accordance with any provision of this Section 5, JEA agrees to sell the facilities, including all additions, replacements and modifications thereto, to the County based upon the following formula applied at the time of the sale:

The Purchase Price shall be equal to One Hundred Ten percent (110%) of the Net Investment by JEA.

Where:

(a) "Investment" means that capital amount paid by JEA to purchase, improve and/or expand water and wastewater assets within the Service Territory or Additional Territory, as may be expanded, in Nassau County, excluding contributions by developers in cash, services or facilities (contributions-in-aid-of-construction (CIAC) made after the purchase of the Utility System by JEA.

(b) "Depreciation" shall be calculated at a rate of two and a half percent (2.5%) per year of the Investment for the term of the Agreement, as adjusted by the salvage or resale of decommissioned assets or land at the amount received by JEA.

(c) "Net Investment" equals Investment by JEA less Depreciation.

(d) The preceding purchase price formula and the other provisions of this Section 5 are applicable to any extensions of the Service Territory or Additional Territory whether or not such extensions are contiguous to the original Service Territory acquired by JEA from United Water.

5.6 County Resale Condition. If within five (5) years of purchasing utility assets from JEA under Section 5.5, the County contracts to resell the assets and such resale produces net proceeds, then the County shall pay to JEA within 30 days of receipt of the net proceeds a sum equal to fifty percent (50%) of the difference between the resale purchase price less one hundred and fifteen percent (115%) of the sum of the purchase price paid by the County to JEA plus capital investments made by the County. The procedure used to calculate net investment in Section 5.5 shall be used to derive net proceeds for this Section 5.6.

SECTION 6. EX-OFFICIO BOARD REPRESENTATIVE. Nassau County shall have one ex officio non-voting representative to JEA's Board of Directors who shall be selected by the Nassau County Board of County Commissioners and who shall have full rights of participation in discussions concerning all matters which may affect directly or indirectly the provision of water and sewer services within Nassau County under the terms of this Interlocal Agreement.

SECTION 7. TRANSFER OF WATER AND WASTEWATER. The parties agree that there shall be no transfer of potable water from Nassau County without the County's approval. The County and JEA agree that there shall be no flow of raw wastewater (excluding reclaimed water) to Nassau from Duval County without Nassau County's

approval. Commercial or industrial developments within the County shall have a priority claim to the reclaimed water generated by wastewater treatment facilities in Nassau County. This priority does not extend to residential retail reuse and nothing in this Interlocal Agreement should be construed to require residential reuse.

SECTION 8. LUMP SUM PAYMENT. As consideration for the County's entry into this Agreement and its consent to all of the terms and conditions of this Agreement, including but not limited to granting JEA rights to operate and provide services in the Additional Territory, JEA agrees to make a one-time lump sum payment to the County in the amount of One Million Five Hundred Thousand Dollars (\$1.5 Million) within ten (10) days of the effective date of this Agreement. The payment of this Section is in full and complete settlement of any claims or rights that the County may have to provide retail or wholesale water and wastewater services to any portion of the Service Territory or Additional Territory. The parties acknowledge and agree that upon payment of the lump sum set forth in this Section, the County shall have no further claims or rights to serve in the Service Territory or Additional Territory while this Agreement remains in effect and, further, that all of United Water's obligations to the County under that certain Water and Wastewater Service Agreement No. 99302 dated March 15, 1999 between United Water and Nassau County shall be deemed fully satisfied, discharged and extinguished.

SECTION 9. CONTRIBUTION TO THE COUNTY BY JEA. Within ten (10) days of the effective date of this Agreement, JEA agrees to pay to Nassau County a lump sum amount based on the net present value (using five percent discount rate) of five percent (5%) of all projected gross revenues from the sale of water and wastewater (excluding

reclaimed water) which JEA expects to realize during the ten year period beginning the month following the effective date of this Agreement in providing services to the Service Territory and Additional Territory in Nassau County. This lump sum amount has been calculated to be Seven Hundred Twenty Thousand Dollars (\$720,000) as reflected on Exhibit "B". JEA will apply this procedure for two additional ten-year periods to coincide with the term of the Agreement. At the end of each successive ten (10) year period, JEA will calculate a "true-up" based upon the actual revenues realized. If JEA pays a contribution to the City of Jacksonville on the sale of reclaimed water in the future, JEA will include the sale of reclaimed water from within the County in the true-up and subsequent contribution to Nassau County. If the revenues exceed the projected amount, JEA will pay the county within 60 days the amount that would have been due under this section based on the actual revenues. If the revenues were lower than the projected amount, the County shall have no obligation to repay any amount received by JEA. These payments shall be used by the County for governmental purposes.

SECTION 10. **PLANNING.** JEA shall provide the County a 5-year Water, Wastewater and Reuse Facilities Master Plans for the Service Territory and the Additional Territory within six (6) months of the effective date of this Interlocal Agreement. Master Plans shall provide for water and wastewater lines to be constructed simultaneously in all new developments. JEA will provide water and wastewater master planning services to assist the County in growth management and development matters in the Service Territory and the Additional Territory upon receipt from the County of reasonably necessary information from the County indicating the proposed location of future arterial and collector

roads, the zonings as to properties to be developed; and the areas and projected population growth areas.

SECTION 11. INFRASTRUCTURE. JEA will provide regional water, wastewater facilities associated with the construction or reconstruction of principal and minor arterial roads and major collector roads within Nassau County in accordance with the conditions set forth in this paragraph. Arterial and collector roads shall be as defined in the Nassau County Florida Local Government Comprehensive Planning Program, Existing and Future Land Use Map Series as of November 30, 2001. Those definitions are attached hereto as Exhibit C. JEA's obligation to fund regional water and wastewater facilities will be limited to those areas along the principal and minor arterial and major collector roads where development densities are either medium or high as designated on the County's Future Land Use Maps as amended from time to time, and that are expected to develop within a three year time frame as defined in the County's Five Year Master Plan prepared under Section 10 of this Agreement. Unless JEA obtains written approval under Section 3 of this Agreement to provide service to areas east of the Intercoastal Waterway, JEA shall not have any obligation to install facilities east of the Intracoastal Waterway.

JEA will consider, but shall not have an obligation to construct regional water and wastewater facilities along minor collector roads. In accordance with existing JEA practice in JEA's current service area, JEA shall not have any obligation to install at JEA expense any local water or wastewater facilities including minor transmission mains, gravity collection lines, or water distribution mains.

SECTION 12. BOND COVENANTS. If it is discovered that any provision of this Agreement is inconsistent with bond covenants, the parties agree that they will work to resolve any inconsistencies or terminate this agreement. Each party agrees to disclose this Agreement in any future bond issue if material to the issue.

SECTION 13. TERM OF AGREEMENT. This Agreement shall remain in effect for a period of thirty (30) years from the effective date set forth in Section 23 of this Agreement. The Agreement may be renewed for up to two (2) successive five-year periods by mutual agreement of the parties. If either party wishes not to renew this Agreement, such party shall provide at least twelve (12) months written notice to the other party prior to the expiration of the initial or subsequent terms as applicable.

SECTION 14. DISCLAIMER OF THIRD PARTY BENEFICIARIES: This Agreement is solely for the benefit of the parties hereto and no right or cause of action shall accrue upon or by reasons of, to or for the benefit of any third party not a party hereto.

SECTION 15. ASSIGNMENTS. Neither party shall have the right to assign or transfer this Agreement, in whole or in part, without the prior written agreement of the other party.

SECTION 16. SPECIFIC PERFORMANCE. The parties shall have the right to specific performance of this Agreement and to such other remedies as may be available in law or equity.

SECTION 17. NOTICE; PROPER FORM. Any notices or demands hereunder to the parties shall be given by certified mail, return receipt requested, at the respective

addresses shown below, or such other addresses the parties shall specify by written notice to the other delivered in accordance herewith, postage prepaid:

The County: Nassau County Clerk of Court
P.O. Box 456
Fernandina Beach, FL 32034

JEA: Chief Executive Officer
21 W Church St
Jacksonville, FL 322202-3139

SECTION 18. APPLICABLE LAW. This Agreement and the provisions contained herein shall be construed, controlled, and interpreted according to the laws of the State of Florida.

SECTION 19. ATTORNEYS FEES. In the event of litigation between the parties concerning this Agreement, the prevailing party shall be entitled to the recovery of reasonable attorney's fees and taxable costs arising before or at trial and on appeal.

SECTION 20. SEVERABILITY. In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree or any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

SECTION 21. MODIFICATIONS IN WRITING. No waiver or modification of this Agreement or of any covenant, condition or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith.

SECTION 22. NO WAIVER. Any failure of either party to comply with any obligation, covenant, agreement or condition herein may be expressly waived in writing by the other, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. The recitals and exhibits to this Agreement shall be considered a part of this Agreement, and are incorporated herein by this reference.

SECTION 23. CONDITION PRECEDENT. This Agreement shall be null and void if JEA does not close on the purchase of the United Water System by July 31, 2002.

SECTION 24. INTERPRETATION. In construing this Agreement, it is hereby declared by the County and JEA to be their mutual purpose and intent to prevent needless and wasteful expenditures and harm to water conservation and management efforts which might result from unrestrained competition.

SECTION 25. EFFECTIVE DATE. This Agreement shall be effective upon closing of JEA's purchase of United Water.

SECTION 26. ENTIRE AGREEMENT. This instrument constitutes the entire agreement between the parties and supersedes all previous discussion, understandings and agreements. Amendments to and waivers of the provisions herein shall be made by the parties in writing.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the

dates and year set forth below.


BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA


MARIANNE MARSHALL
Its: Chairman

ATTEST:


J. M. "CHIP" OXLEY, JR.
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney


MICHAEL S. MULLEN

JEA

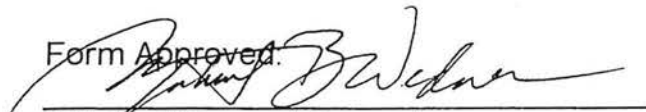
By


Walter P. Bussells, Managing Director
and Chief Executive Officer

Attest


Cathy Barnwell
Staff Support Assistant

Form Approved


Office of General Counsel