

21 West Church Street
Jacksonville, Florida 32202-3139



June 24th, 2020

E L E C T R I C

Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

W A T E R

Commission Clerk:

S E W E R

On behalf of JEA, please accept the 2020 Ten-Year Site Plan – Data Request #3.

If you have any questions, please contact me by phone at (904) 665-8765 or by email at landsg@jea.com.

Sincerely,

A handwritten signature in black ink, appearing to read "S Landaeta", written in a cursive style.

Stephany Landaeta Gutierrez
Associate Engineer
JEA



Please respond to the following questions, which constitute Staff's Data Request #3.

1. Referring to Schedule 3.1, please discuss how the Company's Forecast of Summer Peak Demand would be expected to change (i.e. increase, decrease, and to what degree, in general terms) if updated to reflect the impacts of the COVID-19 Pandemic for 2020.

E L E C T R I C

W A T E R

S E W E R

JEA has been performing monthly studies to capture any potential COVID-19 Forecast impacts. The latest study was done using Moody's Analytics forecast from their April release. JEA's seasonal summer peak are observed to have minimal changes due to COVID-19 pandemic impact. The summer peak growth rate remains the same at approximately 0.3% in a 10-year horizon.

2. Referring to Schedule 3.2, please discuss how the Company's Forecast of Winter Peak Demand would be expected to change (i.e. increase, decrease, and to what degree, in general terms) if updated to reflect the impacts of the COVID-19 Pandemic for 2020.

Based on the latest April COVID-19 Forecast study, JEA's seasonal winter peaks are observed to have minimal changes due to COVID-19 pandemic impact. The winter peak growth rate also remains the same at approximately 0.6% in a 10-year horizon.

JEA will continue monitoring COVID-19 pandemic impact on JEA's seasonal peaks.

3. Please discuss how the Company's Fuel Price Forecasts would be expected to change (i.e. increase, decrease, and to what degree, in general terms) if updated to reflect the impacts of the COVID-19 Pandemic for 2020.

The full impact of the COVID-19 Pandemic is unknown at this time. The influence on JEA's fuel price forecast ultimately depends on the severity of the pandemic and what measures are enacted to control the spread.



E L E C T R I C

W A T E R

S E W E R

Initially, the stay at home orders caused demand for fuel to fall more quickly than the reduction in supply. This loss of demand was abrupt and not anticipated. As the economy reopens, demand is expected to rebound. However, this pickup in demand could be temporary if another wave of COVID-19 cases occur.

The supply infrastructure remains intact to continue at pre-pandemic production levels, but there's several factors at play. Protective measures for labor can disrupt or slow production. This is more evident in coal mining because it's more labor intensive than crude oil and natural gas production. If fuel prices decrease, then higher cost production may come offline and cause a decrease in supply, which may cause prices to rebound. In some cases, in the short term, financing allows fuel production to continue at a loss thereby allowing supply to remain elevated when prices fall. In other cases, collaboration among the international producers (OPEC+) can also play a role in restricting the supply to keep prices elevated. Supply could also lag demand in increasing in the same way that it lagged decreasing demand due to the rapid impact of the pandemic. This could lead to a temporary shortage of supply and a run up in prices. There's also correlation between different fuel types. For example, U.S. oil shale production has a large influence on associated natural gas production.

When the pandemic is finally over, the recovery will depend largely on the duration and severity of the contraction. A short and relatively weak pandemic would allow for a "V" type economic recovery and fuel prices would be expected to return to pre-pandemic levels. On the other hand, a drawn out severe pandemic could cause lasting damage to the economy and demand for fuel, but also to fuel productive capability. It is difficult to predict the long term impact on supply and price of fuels.