



IMPROVING LIVES. BUILDING COMMUNITY. to be the best utility in the country

JEA BOARD OF DIRECTORS MEETING

JEA Tower, T-19 | 21 West Church Street, Jacksonville, FL 32202

May 24, 2022 | 9:00 am – 12:00 pm

WELCOME

Meeting Called to Order

Time of Reflection

Introductions

Adoption of Agenda (Action)

Consent Agenda (Action)

Board Meeting Minutes – April 5, 2022

Modifications to JEA Disclosure Policies and Procedures

Annual Disclosure Reports

Increase in JEA Guaranty to The Energy Authority

Eminent Domain

Southside Integrated Piping System

Circuit 663

Bobby Stein, Chair

Safety Briefing & Moment

Brandon Edwards, Director, Security & Emergency
Preparedness

FINANCE & OPERATIONS COMMITTEE REPORT

General Joseph DiSalvo, Chair

COMMENTS / PRESENTATIONS

Council Liaison's Comments

Council Member Michael Boylan

Comments from the Public

Public

Managing Director / CEO Report

Jay Stowe, Managing Director / CEO

Industry Update

Joanie Teofilo, President & Chief Executive Officer, The Energy Authority

JEA Performance Update

Bryan Dewberry, Senior Manager, Project Support & Controls

FOR BOARD CONSIDERATION

BUSINESS EXCELLENCE

FY23 Budget (Action)

Juli Crawford, Director, Financial Planning & Analysis

Proposed Cost Participation Policy (Action)

Robert Zammataro, Director, Water / Wastewater Planning &
Development

Vogtle Update

Jay Stowe, Managing Director / CEO
Jody Brooks, Chief Administrative Officer

OTHER BUSINESS AND CLOSING CONSIDERATION

Old and Other New Business/Open Discussion

Chair's Report

Bobby Stein, Chair

Announcements – Next Board Meeting August 10, 2022

Adjournment



IMPROVING LIVES.BUILDING COMMUNITY. to be the best utility in the country

INFORMATIONAL MATERIAL

Appendix A: Customer Satisfaction Mid-Year Results

Appendix B: Corporate Headquarters Update

Appendix C: FY22 Corporate Communications and Community Outreach

Appendix D: Financial Statements

Appendix E: Finance & Operations Committee

BOARD CALENDAR

2022 Board Meetings

9:00 am – August 10, September 20

2022 Committee Meetings

Executive Committee

External Affairs Committee

Finance & Operations Committee–September 9, December 16

Governance & Compliance Committee – July 14

Workforce & Customer Committee



Board of Directors Meeting May 24, 2022

To submit a public comment to be read during the meeting, please email Melissa Charleroy at charmm2@jea.com. Public comments must be received no later than 9:10 am.

To provide public comment via WebEx, please refer to the Public Notice on jea.com for detailed instructions.

If you experience any technical difficulties during the meeting, contact Ontario Blackmon at (904) 665-4203 or JEA's WebEx Support Team at webexsupport@jea.com.



Safety Briefing and Moment

Brandon Edwards
Director, Security & Emergency Preparedness



Develop an Unbeatable Team

Safety Briefing



In the event of an emergency, JEA Security will call 911 and coordinate any required evacuation

Emergency Evacuation Route (use stairwell)

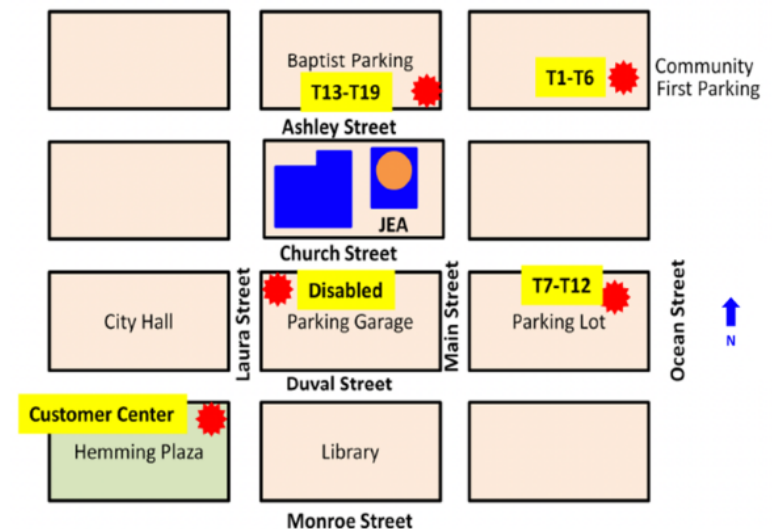
Assembly Location: First Baptist Church Parking Lot (corner of Ashley & Main St.)

Safety or Medical Assistance: Notify JEA Security Officer

Hazard & Situational Awareness

Cell Phone & Computer Etiquette

EVACUATION ASSEMBLY CENTERS During normal business hours



Be Prepared for Emergencies



HURRICANE PREPAREDNESS 2022

Brandon Edwards
*Director, Security & Emergency
Preparedness*



Storm Season Preparation



Training

Storms Seminars / Restoration 1-2-3 All-Employee Training

National Incident Management System (NIMS) Training

Incident Commander Workshop

Annual Hurricane Exercise – June 6th – 8th

Operations

Increase storm stock

Periodic tree trimming and vegetation removal

Continue to add back-up generators and diesel pumps



Restoration 1-2-3



PHASE 1 PUBLIC SAFETY

PHASE 2 INDIVIDUAL CUSTOMERS

PHASE 3 FINAL REPAIRS

WHAT YOU CAN DO:



STAY SAFE:

Phase 1 is our public safety phase, and we appreciate your patience as we restore these critical services first. If possible, stay off the roads and avoid downed power lines.

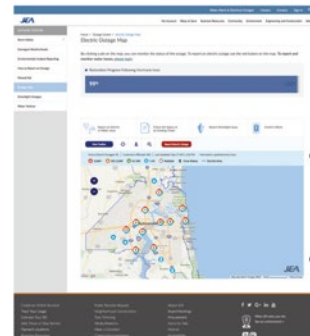
KNOW WE'RE ON IT:

Just as you'd pull over on the highway to let an ambulance pass, you can help us save lives and restore power to everyone faster by waiting for the announcement that JEA is accepting outage reports from individual customers.

WHAT YOU CAN DO:

REPORT YOUR OUTAGE:

Call (904) 665-6000 or visit jea.com/outage to report your power outage. If you've already registered for JEA alerts, you can also text "OUT" to MyJEA (69532).



WHAT YOU CAN DO:

IF YOU STILL DON'T HAVE POWER:

Sometimes, major storms can cause damage to your home that will prevent your power from coming back on even though JEA has made all necessary repairs to your circuit. If everyone else in your neighborhood has power and you don't, please call (904) 665-6000 so JEA can help you determine the cause of your continued outage. To help us better assist you:

CHECK YOUR CIRCUIT BREAKER:

Have any switches been tripped? **Note:** If your home has any storm-related flooding, address this issue first before attempting to assess any home electrical problems.

MAKE A VISUAL INSPECTION OF THE OUTSIDE OF YOUR HOME:

Is there any visible damage to your weatherhead – the place where electric wires attach to your home? Are there any wires dangling on the ground that should be connected to your home? If so, stay clear and call (904) 665-6000 to report it.



Finance & Operations Committee Report

General Joseph DiSalvo
Chair





Industry Update

Joanie Teofilo
The Energy Authority
*President & Chief Executive
Officer*





JEA Board of Directors Meeting

May 24, 2022

Joanie Teofilo

President & Chief Executive Officer

ORIGINS OF **TEA**



DRIVERS OF **CHANGE**

New technologies

Digitalization

Economic

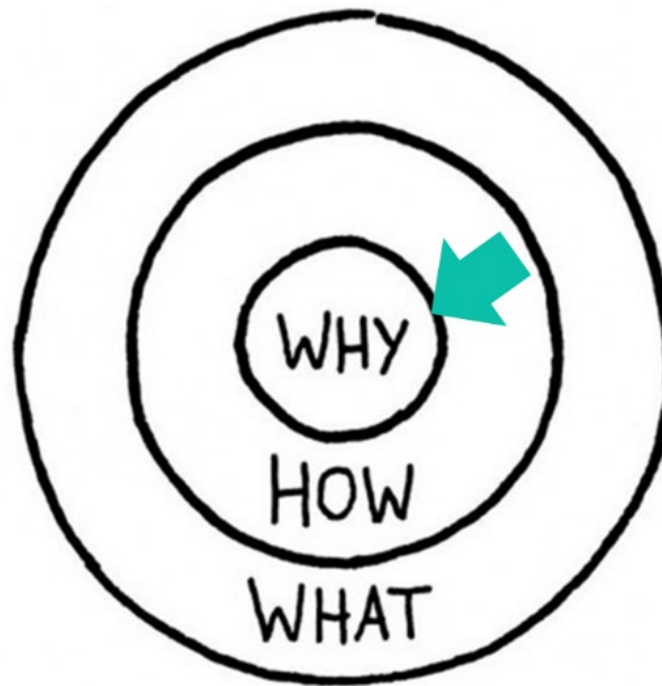
New competitors

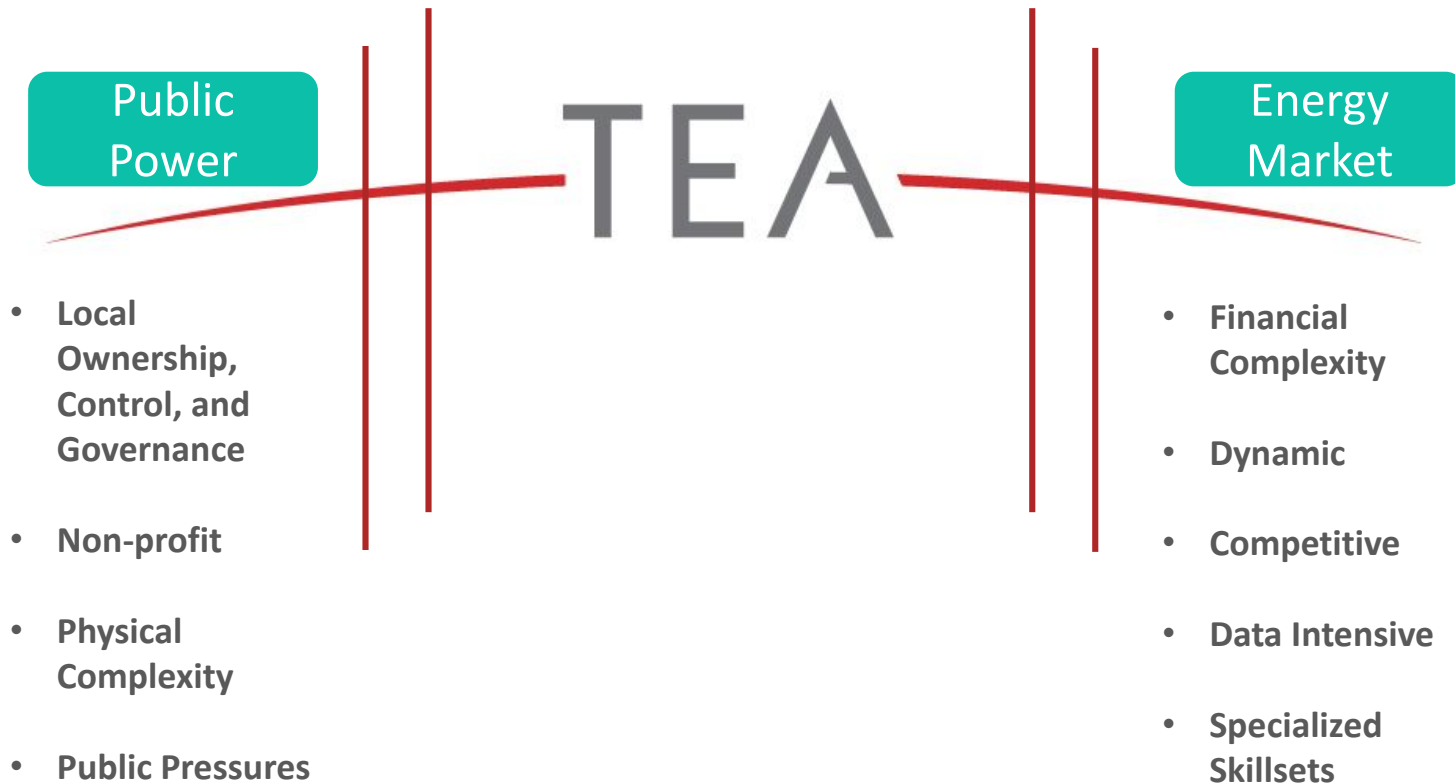
Regulatory and
Legislative

Changing customer expectations

Environmental

START WITH **WHY**

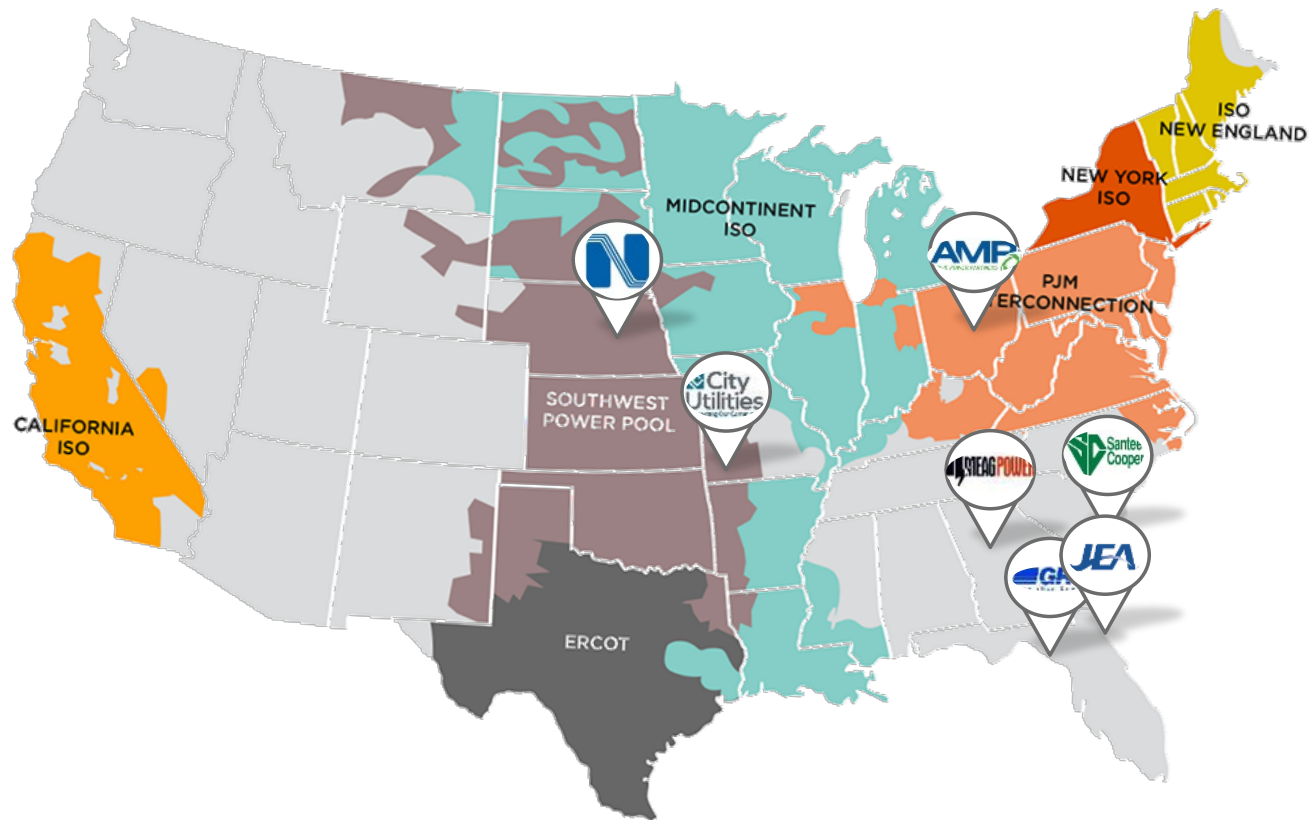




TEA TODAY



TEA **TODAY**



OUR **MISSION**

Maximize the value of
our clients' **assets.**



STRATEGIC SOLUTIONS



PORTFOLIO
MANAGEMENT



RTO MARKET
MANAGEMENT
AND TRADING



NATURAL GAS
MANAGEMENT



BILATERAL
ENERGY TRADING



POWER SUPPLY
MANAGEMENT

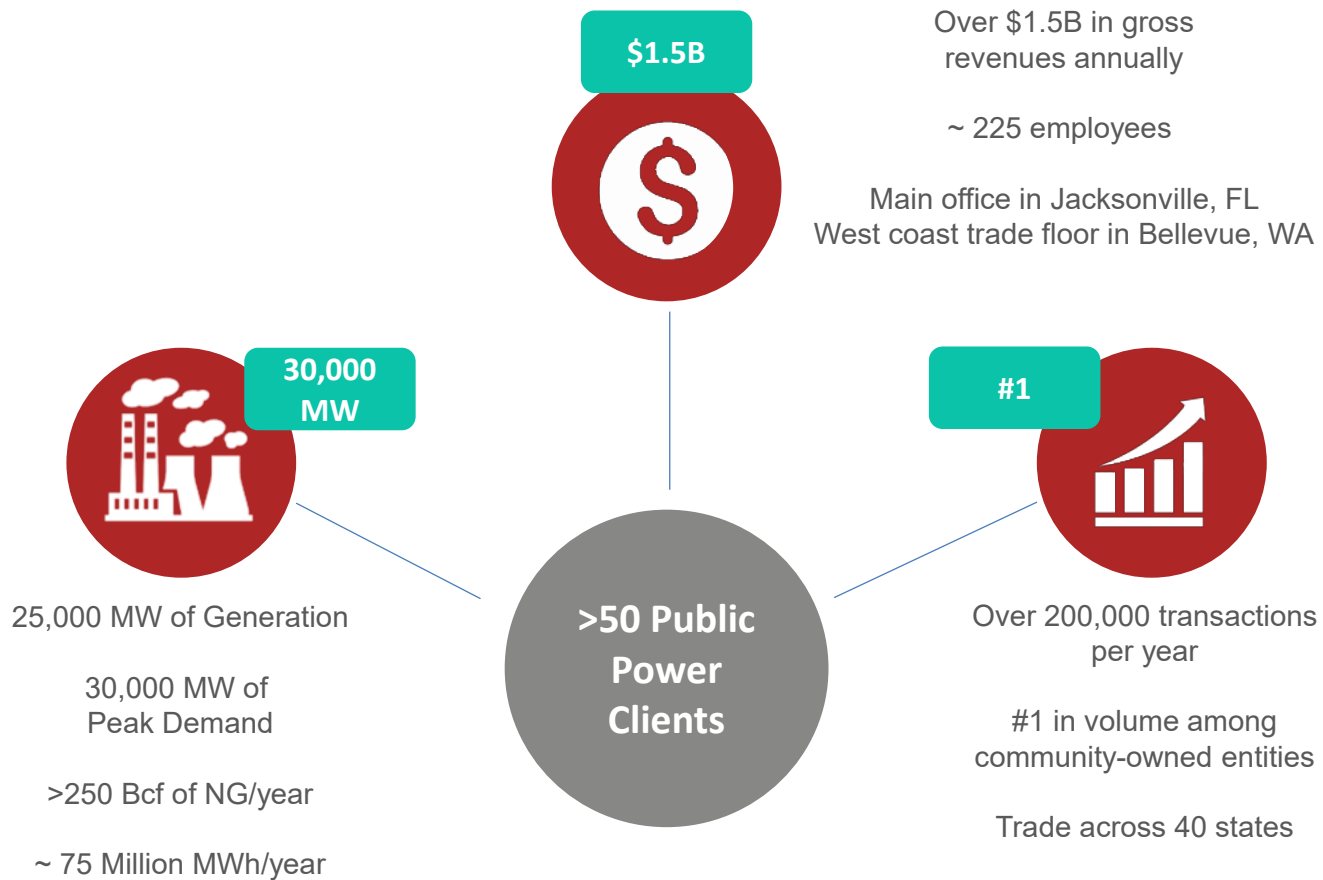


ADVISORY
SERVICES



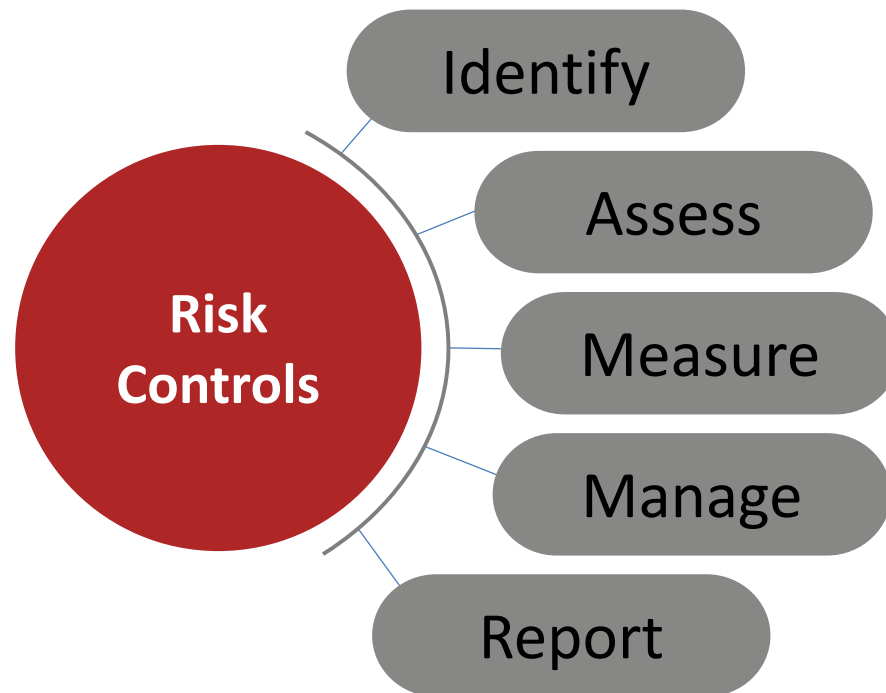
CONNECTED
ANALYTICS

ECONOMIES OF **SCALE**





RISK **REDUCTION**

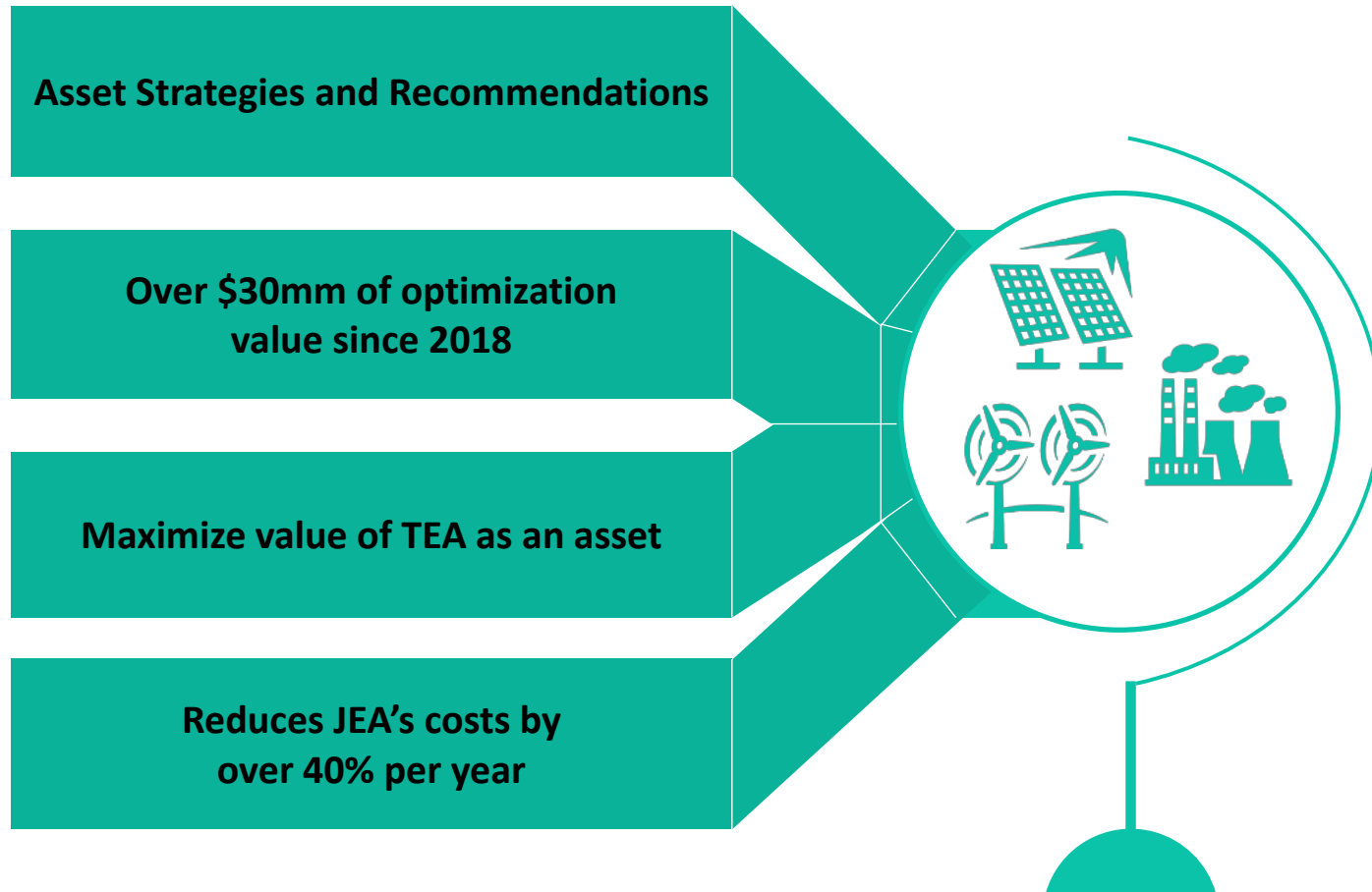


The Energy Authority

*... provides strong
wholesale power
marketing capability
and natural gas
acquisition services.*

- Moody's

PORTFOLIO **OPTIMIZATION**



TEA COMMUNITY



QUANTITATIVE **VALUE STREAMS**

- **Economies of Scale:**
 - Efficiencies formed by producing more volume and trading across commodities and regions
 - **~\$750k/year** in value to JEA vs self-build
- **Optimization and Advisory Services Value:**
 - Able to optimize portfolios, get better market pricing, and deliver more diverse analytical services
 - Over **\$30mm** in value to JEA since 2018
- **Investment Business:**
 - Owners leverage their investment in TEA's capabilities by selling services to other Public Power utilities
 - TEA gathers market knowledge to use in optimizing Members' portfolios, sharpens its knowledge of market opportunities, and keeps traders engaged
 - JEA benefits from over **\$6mm/year** in revenues

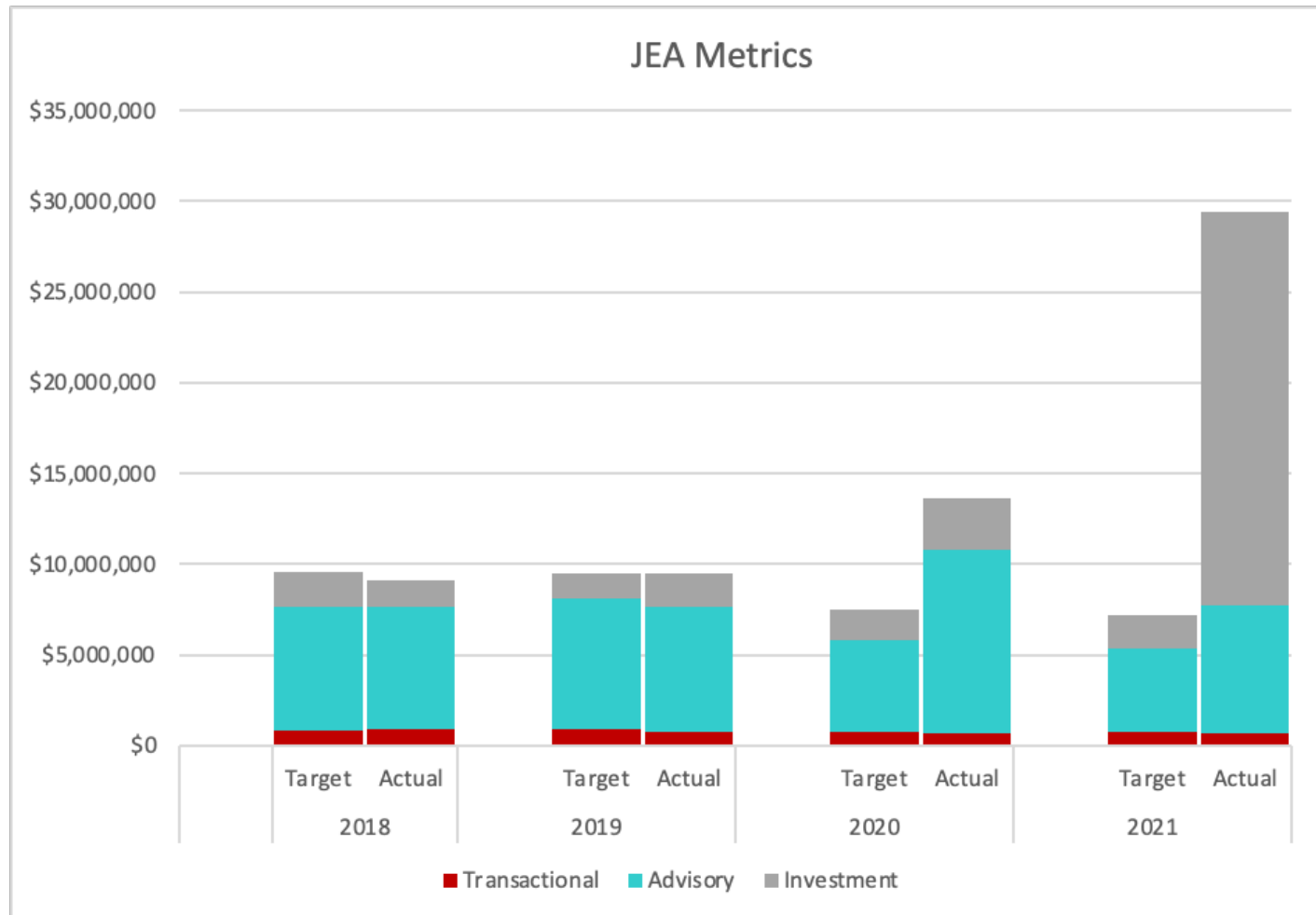
QUALITATIVE **VALUE STREAMS**

- **Depth:** Attract and retain people skilled in wholesale energy market analysis and transactions.
- **Advisory services:** Unlimited access to TEA's analytical, modeling, and consultative capabilities.
- **Nationwide scope:** multiple markets across commodities gives TEA a broader view of the interrelated energy markets.
- **Breadth:** Over 350 counterparties, 24X7 trading capabilities, redundant transactional systems, and automated processes.

QUALITATIVE **VALUE STREAMS**

- **Best practices:** robust risk control processes, proprietary credit models, and a strong reputation with bond rating agencies.
- **Financial strength:** Seven highly rated owners. Members benefit from TEA's multi-member guarantee, reputation with counterparties, and are often allowed to trade on an unsecured basis.
- **Transparency:** there is no black box. Members can review and receives 100% of the value of all transactions executed on its behalf by TEA.
- **Governance and Collaboration:** community of public power utilities.

JEA Benefits



Driving Innovation

Business Model Evolution

Expand business model to
promote growth and innovation



Strategic Growth & Innovation

Develop creative solutions to
capitalize on disruption



Cultural Transformation

Shift from opportunistic to
intentional innovation



Operational Excellence

Leverage investments to ensure
quality delivery of existing services

QUESTIONS?



Performance Update

Bryan Dewberry
*Senior Manager, Project Support
& Controls*



JEA Performance Scorecard | Data through April 30, 2022

- Pay-for-Performance Measure
- ▲ Higher is good
- ▼ Lower is good
- On Plan or Better
- At Risk
- Unfavorable

		FY20	FY21	FY22 Goal	FY22 YTD	FY22 Forecast
UNBEATABLE TEAM	• ▼ Safety - Lost Time Incident Rate (LTIR)	0.38	0.66	0.44	0.00	0.10
	Retention	94%	93%		93%	93%
	New Hires	97	182		138	214
	▲ Diversity - Female Representation %	22%	22%		22.7%	22.4%
	▲ Diversity - People of Color Representation %	25%	26%		26.5%	26.1%
	▲ Diversity - Veteran Representation %	19%	20%		18.5%	19.0%
CUSTOMER LOYALTY	• ▲ Customer Satisfaction - Residential (JD Power)	3rd Quartile	3rd Quartile	2nd Quartile	2nd Quartile	2nd Quartile
	• ▲ Customer Satisfaction - Commercial (JD Power)	2nd Quartile	4th Quartile	2nd Quartile	2nd Quartile	2nd Quartile
	▼ Nitrogen to the River (tons)	299	372	440	238	412
	▼ Sanitary Sewer Overflows (Total Count)	48	35	31	15	26
	▼ Environmental Compliance - Permit Exceedances	1	1	4	0	0
BUSINESS EXCELLENCE	▲ Sales - Electric System (MWh)	12,185	12,216	12,200	6,487	12,279
	▲ Sales - Water System (Million Gallons)	38,272	37,181	39,000	21,480	38,991
	▲ Sales - Wastewater System (Million Gallons)	28,160	28,139	29,000	16,484	29,244
	▲ Sales - Reclaim (Million Gallons)	4,427	4,463	5,000	2,653	5,125
	▲ Revenue - Total System (\$M)	\$1,600	\$1,628	\$1,638	\$954	\$1,851
	▼ Total Debt (\$M)	\$3,257	\$3,000	\$2,731	\$2,834	\$2,734
	▼ Net Funded Debt (\$M)	\$3,031	\$2,788	\$2,547	\$2,674	\$2,544
	▼ Operations & Maintenance (O&M) Spend (\$M)	\$393	\$381	\$441	\$227	\$426
	▲ Capital Spend (\$M)	\$387	\$355	\$500	\$208	\$560
	▼ Fuel & Purchased Power Expense (\$M)	\$343	\$425	\$534	\$291	\$612
	• ▲ Electric O&M (\$)	\$218	\$214	\$253	\$125	\$238
	• ▲ Water O&M (\$)	\$171	\$163	\$183	\$99	\$184
	▼ Reliability - Customers Experiencing Multiple Interruptions (CEMI-5)	0.25%	0.14%	0.80%	0.23%	0.08%
	▼ Reliability - Effective Forced Outage Rate (EFOR)	2.3%	4.0%	3.2%	0.2%	0.2%
	▼ Reliability - Water Unplanned Outages (Number of Customers)	15,342	12,257	7,700	2,626	4,502
	▼ Water Pressure (average min < 30 psi)	4.0	2.1	2.8	0.7	2.5

Pay for performance is currently projected at 2.66% of base salaries



FY2023 Budget

Juli Crawford
Director, Financial Planning & Analysis



IMPROVING LIVES. BUILDING COMMUNITY.

TO BE THE BEST UTILITY IN THE NATION

STRATEGIC FOCUS AREAS

Develop an UNBEATABLE TEAM

- Exceptional work culture
- Employee development
- Employee engagement
- Labor relations
- Long-term workforce planning
- Diversity, equity & inclusion
- 'Work from Wherever' approach

Deliver BUSINESS EXCELLENCE

- Reasonable rates
- Sound financial decisions
- Integrated Resource Plan
- Resilient/reliable infrastructure
- Technology, tools & data
- New business opportunities
- Real estate portfolio

Earn CUSTOMER LOYALTY

- Ease of doing business
- Environmental stewardship
- Economic development
- Community engagement
- Stakeholder relationships
- JEA brand management

Fiscal Year 2023 Budget Overview



Sound Financial Decisions

Continued focus on Non-Fuel Operating & Maintenance (O&M) spending to achieve strategic objectives

Continued focus on effective completion of capital projects with increases primarily driven by Greenland Reclamation Facility, Southwest Reclamation Facility Expansion, Water Purification Demonstration Facility, and Brandy Branch Generating Station Rotor Replacement, which make up approximately 22% of the capital budget

Fuel and purchased power forecast assumes continued higher fuel charge amounts in FY23 averaging in the mid \$50's/MWh and Vogtle Unit 3 online in the last quarter of FY23

The majority of FY23 Non-Fuel Purchased Power Budget is a \$124 million contribution to the rate stabilization fund to prepare for the significant increase in expenses once the Vogtle units come online

Reasonable Rates

Electric

1.5%
mid year

While load forecast is effectively flat, cost of service continues to increase

Water

0%

Load forecast indicates slight growth at 2% sales increase

District Energy - Chilled Water

**Rate
Restructure**

Long underfunded – making chilled water a viable asset to ensure long-term health of the system and upgrades for projected growth

FY2023 Budget proposal reflects JEA's commitment to be a good steward of customer dollars

For Every Dollar on an Electric Bill

JEA

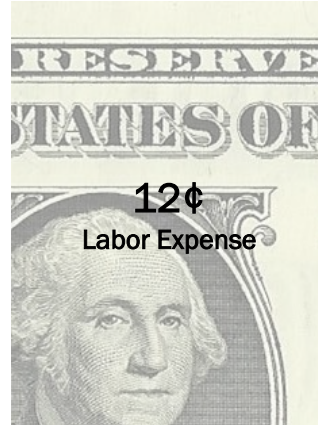
44¢

Fuel and Purchased Power



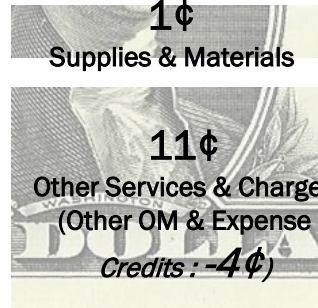
12¢

Labor Expense



1¢

Supplies & Materials



11¢

**Other Services & Charges
(Other OM & Expense
Credits: -4¢)**

20¢

O&M Expense

16¢

**Non-Fuel Purchased
Power**



6¢

**City
Contribution**



8¢

**Current Year
Capital Funds**

5¢

Debt Service

1¢

Other



Fuel and Purchased Power makes up the majority of the Electric System Operating Budget

For Every Dollar on a Water Bill



43¢

Current Year Capital Funds



1¢

Other O&M



12¢

Labor Expense

3¢

Supplies & Materials

7¢

Other Services & Charges

11¢

Shared Services

34¢

O&M Expense

4¢

**City
Contribution**



1¢

**Interlocal
Payments**



17¢

Debt Service



>1¢

Other

Current year capital funds make up the majority of the Water System Operating Budget

Meeting Financial Objectives



Taking a proactive approach to monitoring of FY2023 O&M spending to achieve strategic objectives

Increased headcounts to keep our Water System growing, along with increases to Technology Services, as technology is critical to future growth opportunities

Proactive rate adjustments are included to support the continued costs of doing business, lessening larger increases in the future

Continuous assessment of fuel and purchased power costs

Growing the District Energy System and making it a viable asset for our customers

Stable financial metrics

Proactive decision making will ensure full growth potential is achieved



Proposed Cost Participation Policy

*Robert Zammataro, P.E.
Director, Water Planning and Development*



Cost Participation Policy



Existing

Only utilized when JEA requires an increase in pipe size for additional system capacity

Only applies to mains off-site
(outside the development boundary)

Case by case analysis, dependent on the hydraulics of the system

Proposed

Promotes economic growth

Provides clear cut funding guidelines for developers

Revenue neutral (funded by line extension fees)

Removes onsite/offsite restriction

Works in conjunction with existing policies



Plant Vogtle Update

Units 3 & 4

Jay Stowe
Managing Director / CEO

Jody Brooks
Chief Administrative Officer



VOGTLE – ONE-TIME TENDER OFFER



Agreement allows MEAG to cap payment and tender a proportionate share of ownership to Georgia Power Company once the total cost crosses a threshold

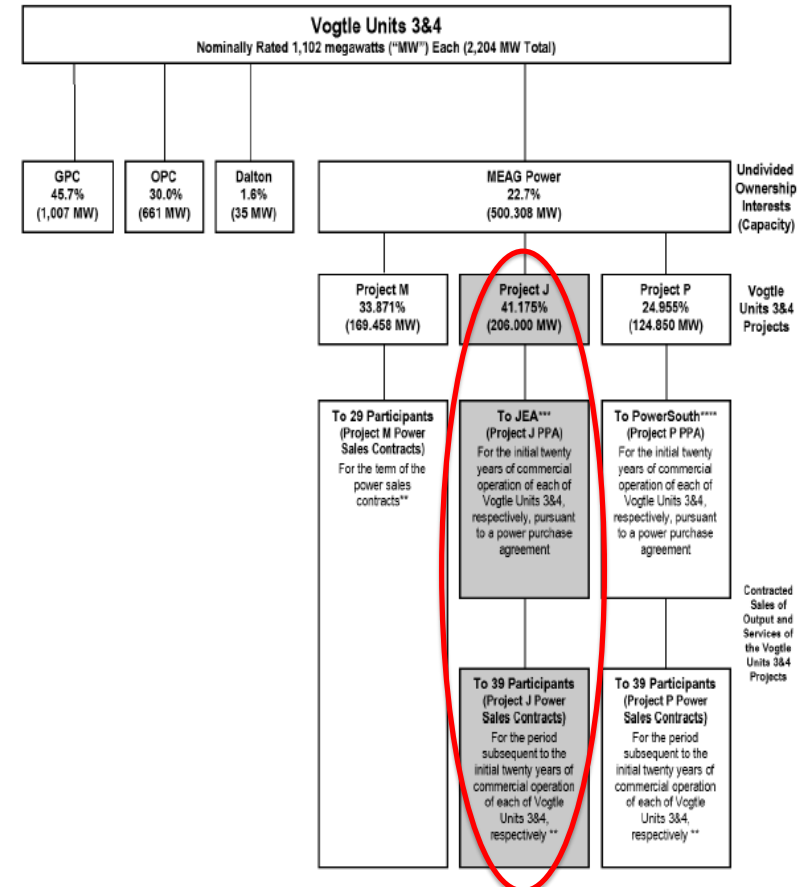
There is a disagreement among the co-owners as to the timing of the cost trigger

Parties have a limited amount of time to exercise the one-time tender offer

All 39 participants with JEA would have to agree on the tender offer

JEA is in close contact with MEAG regarding the benefits, risks, and costs

Initial financial modeling indicates that it may be advantageous for JEA (and other participants) to exercise the tender offer



Current Forecast for Commercial Operation: Unit 3 - March 2023 & Unit 4 - December 2023

JEA BOARD OF DIRECTORS MEETING MINUTES

April 5, 2022

The JEA Board met in regular session at 9:00 am on Tuesday, April 5, 2022, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. The public was invited to attend this meeting in-person at the physical location and virtually via WebEx. CDC guidelines and social distancing were required at the meeting location.

WELCOME

Meeting Called to Order – Board Chair Bobby Stein called the meeting to order at 9:00 am. Board members in attendance were Marty Lanahan, General Joseph DiSalvo, John Baker, Rick Morales, and Thomas VanOsdol. Dr. Zachary Faison participated in the meeting virtually. A quorum of the Board was physically present for the meeting.

Others in attendance in-person were Jay Stowe, Managing Director/CEO; Jody Brooks, Chief Administrative Officer; Laura Dutton, Chief Strategy Officer; David Emanuel, Chief Human Resources Officer; Sheila Pressley, Chief Customer Officer; Raynetta Curry Marshall, Chief Operating Officer; Ted Phillips, Chief Financial Officer; Laura Schepis, Chief External Affairs Officer; Regina Ross, Chief Legal Officer, Office of General Counsel; Jordan Pope, Vice President, Corporate Strategy; Madricka Jones, Executive Assistant to the CEO, and Melissa Charleroy, Manager, Board Services.

Time of Reflection – A moment of reflection was observed by all.

Introductions – Chair Stein recognizing there were no introductions to be made proceeded with the business of the meeting.

Adoption of the Agenda – On *motion* by John Baker and seconded by Marty Lanahan, the agenda was approved.

Safety Briefing and Moment – Sean Conner, Director, Water/Wastewater Project Engineering & Construction, presented the Safety Briefing and a Safety Moment on planning for safety.

CONSENT AGENDA

The Consent Agenda consists of agenda items that require Board approval but are routine in nature or have been discussed in previous public meetings of the Board.

On *motion* by Tom VanOsdol and seconded by General Joseph DiSalvo, all Consent Agenda items were approved.

Nominating Committee Minutes – February 11, 2022

Board Meeting Minutes – February 22, 2022

Board Meeting Minutes – January 11, 2022

401(a) Defined Contribution Retirement Plan Amended and Restated Plan Documents

Real Property Purchase – Northwest Utility Site

COMMENTS / PRESENTATIONS**Recognition of John Baker**

Board Chair Stein recognized John Baker for his service as Board Chair from April 2020 – March 2022 and provided a review of JEA's accomplishments until Chair Baker's leadership. Chair Stein called upon Valerie Gutierrez, Business Manager, International Brotherhood of Electrical Workers 2358. Ms. Gutierrez was joined by Randy Hilton, Professional Employees Association; Ronnie Burris, Laborers' International Union of North America Local 360; Kathleen Crowe, American Federation of State, County, and Municipal Employees; and Paul Avedon, Jacksonville Supervisors Association, who extended appreciation to Mr. Baker for his unwavering support and unrelenting guidance, as well as the support of the full Board. Ms. Gutierrez presented Mr. Baker with a plaque of appreciation. Mr. Baker extended words of appreciation to Board Members and union leaders. Board Members and Mr. Stowe each offered words of gratitude to Mr. Baker.

Comments from the Public

There were no in-person, virtual, or emailed public comments.

Managing Director / CEO Report – Jay Stowe, Managing Director/CEO, extended appreciation to Chair Stein for his willingness to serve as Board Chair. Mr. Stowe provided a review of the American Public Power Association (APPA) Legislative Rally and recognized Joy Ditto, President and CEO of APPA who will provide an industry update to the Board, Women's History Month virtual panel discussion, awards including 2021 safety award from the Florida Municipal Electric Association (FMEA), FMEA Lineman Rodeo results, APPA National Lineworkers Rodeo in Austin, TX, recognized as 14th on Forbes Best Mid-Sized Employers List, announced Moody's issued JEA a credit rating increase in the electric system, and provided a review of today's presentations.

Industry Update – Joy Ditto, President and CEO, APPA, presented JEA with the APPA Reliable Public Provider RP3 Diamond-level designation, as well as the 2021 APPA Safety award. Ms. Ditto provided an overview of APPA, highlighted APPA's strategic priorities, APPA's advocacy focus for the 2022 congressional agenda, congressional priorities, Bipartisan Infrastructure Bill, and public power challenges and opportunities. Board members held discussions on the importance of public power. This presentation was received for information.

FOR BOARD CONSIDERATION

Performance Update – Carl Becker, Manager, Benefits Services, provided an overview of the JEA Performance Scorecard data through February 28, 2022. Focusing on the three strategic focus areas, Mr. Becker highlighted results for customer satisfaction, electric costs, fuel & purchased power expenses, safety, and noted pay per performance is currently projected at 2.66% of base salaries. This presentation was received for information.

UNBEATABLE TEAM

Chair Stein departed the meeting at 10:25 am and returned at 10:26 am.

Workforce Planning Talent Inventory – Blake Osner, Director, Learning & Development, provided a presentation on the various elements of workforce planning including talent inventory, succession planning, employee development, effective hiring and retention, and knowledge transfer. Mr. Osner noted JEA's approach aligns with best practices for talent inventory and succession planning. Mr. Osner reviewed mitigation efforts for specialized individual contributors and technical roles, as well as ongoing

leadership succession planning. Mr. Osner reviewed upcoming efforts including updating talent inventory, impacts of Work from Wherever approach on succession planning, and learning from the Employee Engagement Survey.

CUSTOMER LOYALTY

Mr. Baker departed the meeting at 10:35 am and returned at 10:37 am.

Stakeholder Relations – Laura Schepis, Chief External Affairs Officer, provided a review of JEA’s partnerships with local business leaders and stakeholders. Ms. Schepis provided a video highlighting support for local businesses. Ms. Schepis reviewed JEA’s communication efforts including the new YOUTility campaign launching this spring. Board members held discussions regarding the Electric Integrated Resource Plan and extended appreciation to Mr. Stowe regarding economic development. Chair Stein extended his appreciation to Mr. VanOsdol for his leadership with JAXUSA Partnership. This presentation was received for information.

BUSINESS EXCELLENCE

Fulton Cut Transmission Lines – Raynetta Curry Marshall, Chief Operating Officer, provided a review of the high voltage lines including location, demand, feasibility study conducted in 2020, and phasing construction. An updated feasibility study is expected to be completed in April 2022. JEA will continue conversations with JAXPORT, Army Corps of Engineers, and the Office of General Counsel. JEA continues to conduct an analysis of cost participation options. Chair Stein requested General DiSalvo to work with staff as the Board Liaison to work towards a thoughtful solution. Mr. Baker offered comments and urged staff to work with all parties to find a solution. This presentation was received for information.

New Business Opportunities – Jordan Pope, Vice President, Corporate Strategy, provided an update on new business opportunities related to chilled water expansion and noted JEA is finalizing a chilled water rate study that will be presented at the Finance & Operations Committee in May. Mr. Pope recognized David Williams, Manager, District Energy Operations and presented a video highlighting chilled water operations and the benefits to our customers. Additional highlights included grid modernization, broadband market study, and District Energy Systems beyond chilled water, as well as other new business development opportunities. Board members held discussions regarding solar partnerships. This presentation was received for information.

Vogtle Update – Jody Brooks, Chief Administrative Officer, provided an update on Plant Vogtle Units 3 and 4 noting the owners voted on February 25, 2022 to continue with the project. For JEA’s planning purposes, it is anticipated unit 3 will go online in June 2023 and unit 4 in September 2024. Ms. Brooks noted JEA continues to monitor Inspections, Tests, Analyses, Acceptance Criteria (ITAAC) closures. Ms. Brooks stated JEA hosted a meeting with Southern Company on March 22, 2022 and will continue to update the Board. Board members held discussions regarding a future visit from MEAG and uranium and fuel costs. This presentation was received for information.

OTHER BUSINESS AND CLOSING CONSIDERATION

Old and Other New Business / Open Discussion – None

Chair’s Report – Chair Stein congratulated Mr. VanOsdol on his new role as Executive Vice President and Chief Mission Integration Officer of Ascension.

Announcements – None

JEA Board Meeting Minutes

April 5, 2022

Page 4

Adjournment – With no further business coming before the Board, Chair Stein declared the meeting adjourned at 11:06 am.

APPROVED BY:

Joseph DiSalvo, Secretary

Date: _____

Board Meeting Recorded by:

Melissa Charleroy
Manager, Board Services

**BOARD RESOLUTION: 2022-05**

May 24, 2022

MODIFICATIONS TO JEA DISCLOSURE POLICIES AND PROCEDURES

WHEREAS, the Board of JEA (the "Board") previously adopted Disclosure Policies and Procedures dated May 19, 2015, which have been amended from time to time (the "Initial Policies and Procedures"), to ensure that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with its obligations under continuing disclosure undertakings and applicable federal and state securities laws; and

WHEREAS, the attached Disclosure Policies and Procedures have been modified to restate in its entirety the initial Policies and Procedures; and

WHEREAS, the attached Disclosure Policies and Procedures have been reviewed and analyzed by JEA staff and Disclosure Counsel and revised to, among other things, update officer and staff titles, update and conform procedures to current practices, and to relocate certain operational and procedural steps to a separate internal control document; and

WHEREAS, the attached Disclosure Policies and Procedures address such matters as general disclosure practices, preparation of annual disclosure reports, official statement review and disclosure processes, and training; and

WHEREAS, revisions to the Disclosure Policies and Procedures are subject to approval by the Board.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby approves and adopts the attached Disclosure Policies and Procedures.

Dated this 24th day of May 2022.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

JEA

DISCLOSURE POLICIES AND PROCEDURES

APPROVED : May 24, 2022

INTRODUCTION

The Board of JEA (the "Board") previously adopted Disclosure Policies and Procedures dated May 19, 2015, as amended from time to time (the "Initial Policies and Procedures"). JEA is approving further amendments to the Initial Policies and Procedures in these Disclosure Policies and Procedures (the "Policies and Procedures"). The Policies and Procedures shall restate in its entirety the Initial Policies and Procedures.

DISCLOSURE POLICIES

The following policies are established by the Board (the "Disclosure Policies"). JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws. Further, it is the policy of JEA to make an effort to timely comply with its contractual obligations under the Continuing Disclosure Undertakings (as defined herein).

DISCLOSURE PROCEDURES

The following disclosure procedures (these "Disclosure Procedures") have been established by JEA to implement the Disclosure Policies and are intended to (a) ensure that the Disclosure Documents (as defined herein) are accurate and complete, and comply with all applicable federal and state securities laws and (b) promote best practices regarding the preparation of the Disclosure Documents.

Section 1.0 Definitions

Capitalized terms used in these Disclosure Procedures but not otherwise defined herein shall have the meanings set forth below:

“Annual Disclosure Reports” means the Electric System Annual Disclosure Report and/or the Water and Sewer System Annual Disclosure Report, as applicable.

“Authorized Officer” means, collectively, the Managing Director and Chief Executive Officer of JEA, and his or her designees, and the Chief Financial Officer (as defined herein).

“Board” means the Board of JEA.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Bonds by state and municipal entities selected by JEA. At any time JEA retains more than one bond counsel, all references to bond counsel shall be deemed to include one or more bond counsel, as deemed appropriate by an Authorized Officer of JEA.

“Bonds” means any bonds, notes or other securities offered by JEA, the disclosure relating to which may be subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and Rule 15c2-12 (as defined herein).

“Continuing Disclosure Undertakings” means JEA’s contractual obligations to provide ongoing financial information and operating data and notice of the occurrence of certain events in connection with each issuance of Bonds.

“Chief Financial Officer” means the Chief Financial Officer of JEA and his or her designees.

“Disclosure Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of federal and state securities law by state and municipal entities selected by JEA. At any time JEA retains more than one disclosure counsel, all references to disclosure counsel shall be deemed to include one or more disclosure counsel, as deemed appropriate by an Authorized Officer of JEA.

“Disclosure Documents” means JEA’s documents and materials specifically prepared, issued, and distributed in connection with the marketing and sale of Bonds, JEA’s contractual obligations under the Continuing Disclosure Undertakings, and any other obligations under

applicable federal securities laws or that otherwise could potentially subject JEA to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Reports;
- Official Statements;
- Any required filing made by JEA pursuant to a Continuing Disclosure Undertaking, including notices of listed events, that is posted on EMMA;
- Any voluntary filing made by JEA that is posted on EMMA; and
- Any other document that is reviewed and approved in accordance with these Disclosure Procedures.

“Disclosure Management Group” means the Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst.

“Electric System Annual Disclosure Report” means the Annual Disclosure Report for Electric Utility System containing financial information and operating data required to be filed pursuant to the Continuing Disclosure Undertakings relating to its Electric System, including the audited financial statements of JEA (the "Financial Statements"), which are incorporated by specific reference in certain other Disclosure Documents. The information includes narrative information relating to JEA as well as information required under the Continuing Disclosure Undertakings.

“EMMA” means the Electronic Municipal Market Access system website maintained by the Municipal Securities Rulemaking Board.

“Finance and Operations Committee” means the Finance and Operations Committee of the Board or any successor committee and/or committee approved by the Board.

“Financial Accounting and Reporting Staff” means the Controller, the Manager Financial Reporting and Accounting and Certified Public Accountants of JEA.

“Official Statements” means, collectively, preliminary and final official statements, remarketing circulars or offering memoranda, including any

amendments or supplements thereto, used in connection with the offering or remarketing of Bonds.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, in effect at the time of issuance of each of the Bonds.

“Staff” means employees of JEA.

“Water and Sewer System Annual Disclosure Report” means the Annual Disclosure Report for Water and Sewer System and District Energy System containing financial information and operating data required to be filed pursuant to the Continuing Disclosure Undertakings relating to its Water and Sewer System and District Energy System, including the Financial Statements, which are incorporated by specific reference in certain other Disclosure Documents. The information includes narrative information relating to JEA as well as information required under the Continuing Disclosure Undertakings.

Section 2.0 General Disclosure Practices

2.1 The Board, pursuant to supplemental resolutions adopted periodically by such Board, shall directly authorize or delegate authority and responsibility to the Disclosure Management Group to prepare and distribute Official Statements, and any updates thereto in the case of securities subject to remarketings, which will be prepared in accordance with these Disclosure Procedures unless the Board otherwise directs.

2.2 The Treasurer, with the assistance of the Disclosure Management Group, is primarily responsible for the preparation of Disclosure Documents, with the assistance of Disclosure Counsel, the Office of General Counsel, and any other Staff with specific expertise as may be deemed necessary by the Treasurer and shall coordinate the preparation of all Disclosure Documents, including the Annual Disclosure Reports and Official Statements, and shall coordinate the preparation and submission of any other disclosure filings that may be required throughout the year. All Disclosure Documents and any other disclosure filings shall be prepared in accordance with these Disclosure Procedures unless the Authorized Officer otherwise directs.

2.3 The Board shall directly approve and authorize the dissemination and use of the Annual Disclosure Reports by voting to adopt a resolution annually.

Section 3.0 Preparation of Annual Disclosure Reports

3.1 The Disclosure Management Group shall review the Annual Disclosure Reports filed for the previous fiscal year ended and update the Annual Disclosure Reports to reflect updated information, including, but not limited to, information from Disclosure Documents published and/or filed after the date of the Annual Disclosure Reports filed for the previous fiscal year ended as well as any additional relevant and material information. The Disclosure Management Group will coordinate with Staff to review the Annual Disclosure Reports to ensure the information contained therein is accurate and complete and complies with the requirements of the applicable Continuing Disclosure Undertakings.

3.2 Drafts of the Annual Disclosure Reports shall be distributed for review and comment to Staff, including, but not limited to, the Managing Director and Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer, Vice President, Electric Systems, Vice President, Water/Wastewater Systems, Chief External Affairs Officer, Chief Administrative Officer, Chief Legal Officer and certain other members of JEA's leadership team as determined by the Chief Financial Officer. The Disclosure Management Group and Staff shall review the drafts of the Annual Disclosure Reports and the Managing Director and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Vice President, Electric Systems, Vice President, Water/Wastewater Systems, Chief External Affairs Officer, Chief Administrative Officer and Chief Legal Officer shall provide their signoff via email or in another writing on the final versions of the Annual Disclosure Reports.

3.3 The Financial Statements shall be included in the Annual Disclosure Reports in accordance with Continuing Disclosure Undertakings.

3.4 After completing the procedures outlined in Section 3.1 through 3.3 above, drafts of the Annual Disclosure Reports shall be provided to Board members at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which they will be asked to authorize the dissemination and use of the Annual Disclosure Reports.

3.5 JEA shall file or cause its dissemination agent to file each of the Annual Disclosure Reports on EMMA upon the written direction of the Disclosure Management Group which direction may be provided to such dissemination agent via email.

Section 4.0 Official Statement Review and Disclosure Processes

4.1 The Treasurer, with the assistance of the Disclosure Management Group, shall identify those persons who, for a particular financing, are appropriate to assist JEA in the preparation and review of the related Disclosure Documents, including, but not limited to, Disclosure Counsel, Bond Counsel, the underwriter(s), underwriters' counsel, JEA's financial advisor and appropriate Staff (collectively, the "Working Group").

4.2 The Treasurer, or a member of the Disclosure Management Group designated by the Treasurer, shall be responsible for soliciting information from Staff, other necessary entities or other governmental officials (i.e., City, Office of General Counsel, etc.) for inclusion in the applicable Disclosure Documents, and shall identify Staff and any other governmental officials who may have information necessary to prepare or who should review portions of the Official Statements.

4.3 Upon request from the underwriters, the Treasurer, Disclosure Management Group, Disclosure Counsel, and Bond Counsel may hold a due diligence conference call with the Working Group, prior to the printing or posting of an Official Statement.

4.4 The Chief Financial Officer, the Disclosure Management Group, Vice President, Electric Systems or Vice President, Water/Wastewater Systems, as applicable, and Chief External Affairs Officer shall provide their signoff on each Official Statement via email or in another writing prior to the printing or posting of each Official Statement.

4.5 Members of the Working Group may, but are not required to be, invited to attend any JEA presentations to rating agencies and investors made in connection with the offering of Bonds. The Treasurer and the Disclosure Management Group shall review any materials used in presentations, meetings or telephone conferences with rating agencies or investors for consistency with the appropriate Disclosure Documents. Appropriate records of meetings and telephone conferences with rating agencies and investors will be kept by the Treasurer or a member of the Disclosure Management Group designated by the Treasurer.

Section 5.0 Training

5.1 To the extent requested by the Authorized Officer, training for Board members, the Disclosure Management Group, and Staff shall be conducted by

either Disclosure Counsel or their designee(s) regarding disclosure practices under applicable state and federal law. It is intended that this training shall assist these individuals in (a) understanding their responsibilities; (b) identifying relevant and material information which may need to be included in the Disclosure Documents; and (c) reporting issues and concerns relating to the information in the Disclosure Documents. Training may be conducted not less than once every two years.

5.2 Board Members shall be advised of their general disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents. From time to time, specialized training regarding such disclosure responsibilities shall be conducted for the members of the Finance and Operations Committee.

5.3 Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these Disclosure Procedures, and those persons responsible for executing them, shall attend disclosure training sessions. The determination as to whether or not an employee or group of employees shall receive such training shall be made by the Treasurer in consultation with Disclosure Counsel and the Chief Financial Officer.

AMENDMENTS TO DISCLOSURE POLICIES AND PROCEDURES

Any revisions to the Disclosure Policies shall be subject to the approval by the Board. The Chief Financial Officer will review any such revisions to the Disclosure Policies and revise the Disclosure Procedures, as needed.

Any revisions to the Disclosure Procedures shall be subject to the approval by the Chief Financial Officer and such revisions to the Disclosure Procedures will become immediately effective without approval by the Board.

A copy of the Policies and Procedures shall be distributed annually to Board members, the Disclosure Management Group and Staff participating in the disclosure process. Any updates to the Policies and Procedures shall be distributed to such groups upon their adoption or implementation, as the case may be.

JEA

DISCLOSURE POLICIES AND PROCEDURES

~~DATED~~APPROVED: May ~~19~~24, ~~2015~~2022

~~AMENDED: March 18, 2019~~

INTRODUCTION

The Board of JEA (the "Board") previously adopted Disclosure Policies and Procedures dated May 19, 2015, as amended from time to time (the "Initial Policies and Procedures"). JEA is approving further amendments to the Initial Policies and Procedures in these Disclosure Policies and Procedures (the "Policies and Procedures"). The Policies and Procedures shall restate in its entirety the Initial Policies and Procedures.

DISCLOSURE POLICIES

The following policies are established by the Board (the "Disclosure Policies"). JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities ~~laws including common law antifraud provisions under state law and any other applicable~~ laws. Further, it is the policy of JEA to ~~satisfy in a~~ make an effort to timely ~~manner~~ comply with its contractual obligations ~~undertaken pursuant to~~ under the Continuing Disclosure Undertakings (as defined herein) ~~entered into in connection with municipal bond offerings.~~

~~These~~

DISCLOSURE PROCEDURES

The following disclosure ~~policies and~~ procedures (~~these~~ "Disclosure Policies Procedures") have been established by JEA to implement the Disclosure Policies and are intended to (a) ensure that ~~JEA's~~ the Disclosure Documents (as defined herein) are accurate and complete, and comply with all applicable federal and state securities laws; and (b) promote best practices regarding the preparation of ~~JEA's~~ the Disclosure Documents.

~~The failure to comply with these Disclosure Policies shall not affect the authorization or the validity or enforceability of any Bonds that are issued by JEA in accordance with applicable law nor imply a failure to comply with federal or state securities laws.~~

Section 1.0 Definitions

Capitalized terms used in these Disclosure ~~Policies~~Procedures but not otherwise defined herein shall have the meanings set forth below:

“Annual Disclosure ~~Report~~Reports” means the Electric System Annual Disclosure Report and/or the Water and Sewer System Annual Disclosure Report, as applicable.

“Authorized Officer” means, collectively, the Managing Director and Chief Executive Officer of JEA, and his or her designees, and the Chief Financial Officer (as defined herein).

“Board” ~~shall mean~~means the Board of JEA.

“Bond Counsel” ~~shall mean~~means any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Bonds by state and municipal entities selected by JEA. At any time JEA retains more than one bond counsel, all references to bond counsel shall be deemed to include one or more bond counsel, as deemed appropriate by an Authorized Officer of JEA.

“Bonds” ~~shall refer to~~means any bonds, notes or other securities offered by JEA, the disclosure relating to which ~~is~~may be subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and ~~Securities Exchange Commission~~ Rule 15c2-12 (as defined herein).

“Continuing Disclosure Undertakings” means JEA’s contractual obligations ~~entered into by JEA to provide ongoing financial information and operating data and notice of the occurrence of certain events~~ in connection with each issuance of Bonds.

“Chief Financial Officer” means the Chief Financial Officer of JEA and his or her designees.

“Disclosure Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of federal and state securities

law by state and municipal entities selected by JEA. At any time JEA retains more than one disclosure counsel, all references to disclosure counsel shall be deemed to include one or more disclosure counsel, as deemed appropriate by an Authorized Officer of JEA.

“Disclosure Documents” means JEA’s documents and materials specifically prepared, issued, and distributed in connection with the marketing and sale of Bonds, JEA’s ~~disclosure~~ contractual obligations under the Continuing Disclosure Undertakings, and any other obligations under applicable federal securities laws or that otherwise could potentially subject JEA to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Reports;
- Official Statements;
- Any required filing made by JEA pursuant to a Continuing Disclosure Undertaking, including ~~material event~~ notices of listed events, that is posted on EMMA;
- Any voluntary filing made by JEA that is posted on EMMA;
- ~~Any document or other communication from JEA that could be viewed as reasonably expected to reach investors and the trading market for JEA’s Bonds;~~ and
- Any other document that is reviewed and approved in accordance with these Disclosure ~~Policies~~ Procedures.

“Disclosure Management Group” means the Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst.

“Electric System Annual Disclosure Report” means the Annual Disclosure Report for Electric Utility System containing financial information and operating data required to be filed pursuant to ~~JEA’s~~ the Continuing Disclosure Undertakings relating to its Electric System, including the audited financial statements of JEA (the “Financial Statements”), which are incorporated by specific reference in certain other ~~JEA~~ Disclosure Documents. The information includes narrative information relating to JEA as well as information ~~that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12~~ required under the Continuing Disclosure Undertakings.

“**EMMA**” means the Electronic Municipal Market Access system [website](#) maintained by the Municipal Securities Rulemaking Board.

“**Finance ~~Staff~~ and Operations Committee**” means the ~~Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst~~ [Finance and Operations Committee of the Board or any successor committee and/or committee approved by the Board.](#)

“**Financial Accounting and Reporting Staff**” means the Controller, the Manager Financial Reporting and Accounting and Certified Public Accountants of JEA.

“**Official Statements**” means, collectively, preliminary and final ~~Official Statements~~ [official statements](#), remarketing circulars or offering memoranda, [including any amendments or supplements thereto](#), used in connection with the offering or remarketing of Bonds. ~~The Official Statements do not attempt to repeat the information in the Annual Disclosure Reports, but instead generally include such information by specific cross-reference, as expressly authorized by Rule 15c2-12, and update only the information that has materially changed.~~

“**Rule 15c2-12**” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, ~~as amended, including any official interpretations thereof~~ [in effect at the time of issuance of each of the Bonds.](#)

“**Staff**” means employees of JEA.

“**Water and Sewer System Annual Disclosure Report**” means the Annual Disclosure Report for Water and Sewer System and District Energy System containing financial information and operating data required to be filed pursuant to ~~JEA’s~~ [the](#) Continuing Disclosure Undertakings relating to its Water and Sewer System and District Energy System, including the ~~audited financial statements of JEA~~ [Financial Statements](#), which are incorporated by specific reference in certain other ~~JEA~~ Disclosure Documents. The information includes narrative information relating to JEA as well as information ~~that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12~~ [required under the Continuing Disclosure Undertakings.](#)

Section 2.0 General Disclosure Practices

2.1 The Board, pursuant to supplemental resolutions adopted periodically by such Board, shall directly authorize or delegate authority and responsibility to ~~Finance Staff~~the Disclosure Management Group to prepare and distribute Official Statements, and any updates thereto in the case of securities subject to remarketings, which will be prepared in accordance with these Disclosure ~~Policies~~Procedures unless the Board otherwise directs.

2.2 The Treasurer, with the assistance of ~~Finance Staff~~the Disclosure Management Group, is primarily responsible for the preparation of Disclosure Documents, with the assistance of ~~Bond~~Disclosure Counsel, the Office of General Counsel, and any other Staff with specific expertise as may be deemed necessary by the Treasurer and shall ~~prepare~~coordinate the preparation of all Disclosure Documents, including the Annual Disclosure Reports and Official Statements, and shall ~~prepare~~coordinate the preparation and submitsubmission of any other disclosure filings that may be required throughout the year. All Disclosure Documents and any other disclosure filings shall be prepared in accordance with these Disclosure ~~Policies~~Procedures unless the ~~Board~~Authorized Officer otherwise directs.

2.3 The Board shall directly approve and authorize the dissemination and use of the Annual Disclosure Reports by voting to ~~accept a Board meeting agenda item annually. Such approval may be obtained without the Board formally adopting~~adopt a resolution. annually.

Section 3.0 Preparation of Annual Disclosure Reports

3.1 ~~Finance staff~~The Disclosure Management Group shall review the Annual Disclosure Reports filed for the previous fiscal year ended ~~as updated by any recent developments included in Official Statements prepared since~~and update the date of such Annual Disclosure Reports ~~and incorporating any changes into~~to reflect updated information, including, but not limited to, information from Disclosure Documents published and/or filed after the date of the Annual Disclosure Reports ~~as filed for the "most recent" disclosure and distribute sections to Staff with subject matter expertise in each topical area.~~previous fiscal year ended as well as any additional relevant and material information. The Disclosure Management Group will coordinate with Staff ~~shall~~to review ~~their respective sections~~the Annual Disclosure Reports to ensure ~~disclosures~~the information contained therein ~~are~~is accurate and complete. ~~Staff shall also make any necessary changes and provide them to Finance Staff to incorporate such changes into updated drafts of the Annual Disclosure Reports. The initial distribution of the sections of the Annual Disclosure Reports to Staff described in the preceding sentences shall be~~

~~made no later than February 28th of each calendar year~~ and complies with the requirements of the applicable Continuing Disclosure Undertakings.

~~3.2— Finance Staff shall be responsible for directly researching any updates for certain information included in the Annual Disclosure Reports, e.g., service area/demographic information as reported in U.S. Census Bureau and State of Florida economic websites and operational statistics and financial results as reported in the fiscal year's audited financial statements and published annual report ("Annual Report") of JEA.~~

~~3.3— External sources shall be contacted to provide input and any necessary updates with respect to certain other subject areas of each Annual Disclosure Report, e.g., The Energy Authority and their counsel, City of Jacksonville with respect to pension, city contributions, etc., the Office of General Counsel with respect to litigation issues, the local Chamber of Commerce with respect to some service area information and surveys, etc. Finance Staff shall keep written records of the request and transmittal of the information reviewed and submitted by such parties.~~

~~3.4— Information in each Annual Disclosure Report of the type contained under the captions "Schedules of Debt Service Coverage" and "Management's Discussion of Electric System Operations," "Management's Discussion of Water and Sewer System Operations" and "Management's Discussion of District Energy System Operations", as applicable (collectively, the "Coverage and Operating Information"), shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.~~

3.2 ~~3.5 Once revised in accordance with the procedures described in Sections 3.1 through 3.4 above, drafts~~ Drafts of the Annual Disclosure Reports shall be distributed for review and comment to Staff, including, but not limited to, the Managing Director and Chief Executive Officer ~~and senior leadership team for review and comment, particularly with the President and,~~ the Chief Operating Officer, Chief Financial Officer, Vice President ~~and General Manager, Energy, Electric Systems,~~ Vice President ~~and General Manager,~~ Water ~~and~~ Wastewater Systems, ~~Vice President Energy and Water Planning,~~ Chief ~~Public and Shareholder~~ External Affairs Officer ~~and Office of General Counsel representative reviewing the entire documents,~~ Chief Administrative Officer, Chief Legal Officer and certain other members of ~~the~~ JEA senior's leadership team ~~(e.g., Vice President and Chief Compliance Officer, Vice President and Chief Human Resources Officer)~~ as determined by the Chief Financial Officer ~~focusing on particular areas assigned to them. Finance Staff.~~ The Disclosure Management Group and Staff shall review ~~multiple~~ the drafts of the Annual Disclosure Reports and the Managing Director and Chief Executive Officer, ~~President and~~ Chief Operating Officer, Chief Financial Officer, Vice President ~~and General Manager, Energy, Electric Systems,~~

Vice President ~~and General Manager~~, Water ~~and~~ Wastewater Systems, ~~Vice President Energy and Water Planning~~, Chief ~~Public and Shareholder~~ External Affairs Officer ~~and Office of General Counsel representative~~, Chief Administrative Officer and Chief Legal Officer shall provide their signoff via email or in another writing on the final versions of the Annual Disclosure Reports.

3.3 ~~3.6~~ The ~~audited financial statements of JEA~~ Financial Statements shall be included in the Annual Disclosure Reports in accordance with ~~JEA's Continuing Disclosure Undertakings and as required by Rule 15c2-12~~.

3.4 ~~3.7~~ After completing the procedures outlined in Section 3.1 through ~~3.6~~ 3.3 above, drafts of the ~~Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report~~ Reports shall be provided to Board members at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which they will be asked to authorize the dissemination and use of the Annual Disclosure Reports. ~~These drafts include the audited financial statements and all appendices. The Chief Financial Officer and Finance Staff will schedule times within this period when Board members may discuss any questions or comments to such Annual Disclosure Reports.~~

~~3.8 — The Chair, Vice Chair or Secretary of the Board and the Managing Director and Chief Executive Officer shall approve the Annual Disclosure Reports and authorize their use and public dissemination by Finance Staff in writing.~~

3.5 ~~3.9~~ JEA's ~~Bond Counsel~~ shall file or cause its dissemination agent to file each of the ~~Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report~~ Reports on EMMA upon the written direction of ~~Finance Staff~~ the Disclosure Management Group which direction may be provided to ~~Bond Counsel~~ such dissemination agent via email. ~~JEA staff shall then post each of the Annual Disclosure Reports on JEA's website and remove the previous year's Annual Disclosure Reports from JEA's website. While it is the intent of Finance Staff to file the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report simultaneously, such Annual Disclosure Reports may be filed as soon as they are completed as determined by the Chief Financial Officer, but in any event before June 1 of each year as required by the Continuing Disclosure Undertakings.~~

Section 4.0 Official Statement Review and Disclosure Processes

4.1 The Treasurer, with the assistance of ~~Finance Staff~~ the Disclosure Management Group, shall identify those persons who, for a particular financing, are appropriate to assist ~~Bond~~ JEA in the preparation and review of the related Disclosure Documents, including, but not limited to, Disclosure Counsel, Bond Counsel, the underwriter(s), underwriters' counsel, JEA's financial advisor and

appropriate Staff (collectively, the “Working Group”) ~~and appropriate Staff in the preparation and review of the related Disclosure Documents.~~

~~4.2 The Treasurer, Finance Staff or a member of the Working Group, as applicable, shall prepare a timeline in connection with the preparation and review of the Disclosure Documents. Such timeline shall be delivered by the Treasurer or Finance Staff to the Working Group and JEA’s outside auditors so that they are apprised of the JEA’s schedule for publishing such Disclosure Documents. The timeline for any particular bond financing for which Official Statements will be prepared shall vary depending on the type of Bonds being offered, the security for the Bonds, the purpose for the financing, and other factors unique to each bond financing.~~

~~4.2~~ 4.3 The Treasurer, or a member of the ~~Finance Staff~~Disclosure Management Group designated by the Treasurer, shall be responsible for soliciting ~~material~~ information from ~~JEA departments~~Staff, other necessary entities or other governmental officials (i.e., City ~~of Jacksonville~~, Office of General Counsel, etc.) for inclusion in the applicable Disclosure Documents, and shall identify Staff and any other governmental officials who may have information necessary to prepare or who should review portions of the Official Statements. ~~Staff and other governmental officials should be timely contacted in writing and informed that their assistance will be needed for the preparation of the Official Statements.~~

~~4.4 Updated Coverage and Operating Information for the Official Statements, if available, shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.~~

~~4.5 Staff and other governmental officials shall be contacted by the Treasurer or a member of the Finance Staff designated by the Treasurer as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or draft of those portions of the Disclosure Document assigned to them.~~

~~4.6 The written request for information shall include, but not be limited to, the description of any item or event of which Finance Staff is aware which could be material for review by such individuals, departments, other necessary entities or other governmental officials and potential inclusion in the Disclosure Document.~~

~~4.7 The Treasurer or a member of Finance Staff designated by the Treasurer shall maintain or cause to be maintained an accurate log of all individuals, departments, other necessary entities or other governmental officials that were requested to review or draft information in connection with a Disclosure Document, as well as an accurate log of responses to such requests, including what sections such individuals or entities listed above prepared or~~

~~reviewed and shall also be responsible for collecting all transmittal letters, certifications, and lists of sources for incorporation into the records to be maintained by the Finance Staff or Treasurer. Such information may be maintained by the filing of electronic communications or emails filed for each offering of Bonds.~~

~~4.3~~ 4.8 ~~The~~ Upon request from the underwriters, the Treasurer, Finance Staff Disclosure Management Group, Disclosure Counsel, and Bond Counsel ~~shall~~ may hold a due diligence conference call with the ~~underwriter(s) and underwriters' counsel~~ Working Group, prior to the printing or posting of a ~~preliminary~~ an Official Statement.

~~4.4~~ 4.9 The Chief Financial Officer, ~~Finance Staff~~ the Disclosure Management Group, Vice President ~~and General Manager, Energy, Electric Systems~~ or Vice President ~~and General Manager, Water and Wastewater Systems~~, as applicable, and Chief ~~Public and Shareholder~~ External Affairs Officer shall provide their signoff on ~~the preliminary~~ each Official Statement via email or in another writing prior to the printing or posting of a ~~preliminary~~ each Official Statement.

~~4.10 Underwriters' Counsel shall provide written discussion topics or questions in advance of the due diligence conference call, to the extent practical, to permit Finance Staff time for response from required Staff, to prepare for the due diligence session and to consider additional matters they deem material to the offering. The due diligence session shall not be limited to the list of written topics or questions or other questions solely from Underwriters' Counsel and may include any other topics deemed relevant by Finance Staff, JEA's financial advisor, Bond Counsel, underwriters counsel or the underwriters. Bond Counsel, JEA's financial advisor and the underwriters and underwriters' counsel shall participate in such due diligence session. Copies of the questions and the responses should be included by the Finance Staff in the files relating to the bond transaction.~~

~~4.11 If required by Rule 15c2-12 or otherwise, the Treasurer shall sign a certificate to the effect that the preliminary offering document or other disclosure document is deemed final as of its date other than information allowed to be omitted under Rule 15c2-12(b)(1).~~

~~4.12 At the time of the sale of the Bonds the Treasurer, in conjunction with Finance Staff and Bond Counsel, shall prepare a final Official Statement and satisfy themselves that based on the information provided to them in accordance with these Disclosure Policies at the time of sale such Official Statement is in satisfactory form and that no additional disclosure is required.~~

~~4.13 Annual audited JEA financial statements shall be incorporated by reference or included into the Disclosure Documents. Management's Discussion of Operations with respect to the Electric System's or the Water and Sewer~~

~~System's Schedules of Debt Service Coverage, as applicable, for the most recent JEA unaudited quarterly reporting period shall be included in the Official Statements if available and deemed by JEA, Bond Counsel and the underwriter(s) and underwriters' counsel to be material.~~

~~4.14— Before the printing of any preliminary or final Official Statement the Treasurer or a member of Finance Staff designated by the Treasurer and Bond Counsel shall obtain confirmations from the Office of General Counsel, by e-mail or otherwise, that they know of no material litigation that has been filed (or threatened with a reasonable likelihood of being filed) against JEA since the diligence session and know of no material change that is required to be reflected in the Recent Developments or any other heading of the Disclosure Document.~~

~~4.15— The Board shall approve any preliminary or final Official Statement prior to its use and public dissemination. The Board may do so by approving a form of preliminary or final Official Statement and delegate to the Managing Director and Chief Executive Officer the authority to make any additions, modifications or changes as may be necessary to comply with the standard for accuracy and completeness described in Section 7.5 below.~~

~~4.5~~ ~~4.16 Bond Counsel~~Members of the Working Group may, but are not required to be, invited to attend any JEA presentations to rating agencies and investors made in connection with the offering of Bonds. The Treasurer and ~~Finance Staff~~the Disclosure Management Group shall review any materials used in presentations, meetings or telephone conferences with rating agencies or investors for consistency with the appropriate Disclosure ~~Document~~Documents. Appropriate records of meetings and telephone conferences with rating agencies and investors will be kept by the Treasurer or a member of ~~Finance Staff~~the Disclosure Management Group designated by the Treasurer.

Section 5.0—~~On-Going Disclosure~~

~~5.1— The Chief Financial Officer, Treasurer, Finance Staff and Bond Counsel shall monitor State and national markets generally and, determine whether there is a need for additional disclosure by way of additional periodic filings with EMMA or any recommended supplement to any Disclosure Document.~~

~~5.2— The annual and quarterly Management's Discussion and Analysis and the Notes with respect to the general purpose financial statements (collectively, the "MD&A") shall be prepared by Financial Accounting and Reporting Staff and reviewed by Finance Staff. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the MD&A and Bond Counsel as they deem appropriate.~~

~~5.3 — The MD&A shall be reviewed by the Chief Financial Officer prior to being finalized. The Chief Financial Officer shall signoff and approve the MD&A via email or another writing prior to the posting of the MD&A on JEA's website.~~

~~Section 6.0~~ Training

~~5.1 6.1 Training~~ To the extent requested by the Authorized Officer, training for Board members, the Disclosure Management Group, and Staff shall be conducted by either ~~Bond~~Disclosure Counsel or their designee(s) regarding disclosure practices under applicable state and federal law. It is intended that this training shall assist these individuals in ~~(1a)~~ understanding their responsibilities; ~~(2b)~~ identifying ~~significant items~~relevant and material information which may need to be included in the Disclosure Documents; and ~~(3c)~~ reporting issues and concerns relating to ~~disclosure. A refresher training program shall~~the information in the Disclosure Documents. Training may be conducted not less than once every two years.

~~A. Board Members~~

~~5.2 a.~~ Board Members shall be advised of their general disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents.

~~b. Board Members shall be advised of their fiduciary duties under Florida State law.~~

~~c. Specialized~~ From time to time, specialized training regarding JEAsuch disclosure responsibilities shall be conducted for the members of the Finance and Audit Operations Committee ~~of the Board.~~

~~B. Finance Staff~~

~~5.3 a.~~ Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these ~~Policies and~~Disclosure Procedures, and those persons responsible for executing them, shall attend disclosure training sessions. ~~b.~~ The determination as to whether or not an employee or group of employees shall receive such training shall be made by the Treasurer in consultation with ~~Bond~~Disclosure Counsel and the Chief Financial Officer.

AMENDMENTS TO DISCLOSURE POLICIES AND PROCEDURES

Any revisions to the Disclosure Policies shall be subject to the approval by the Board. The Chief Financial Officer will review any such revisions to the Disclosure Policies and revise the Disclosure Procedures, as needed.

Any revisions to the Disclosure Procedures shall be subject to the approval by the Chief Financial Officer and such revisions to the Disclosure Procedures will become immediately effective without approval by the Board.

~~C. — Staff~~

~~a. — In addition to the Finance Staff identified above, information from various Electric System and Water and Sewer System level departments may be relevant in the disclosure update process. These System departments include:~~

- ~~— Electric Production Resource Planning~~
- ~~— Electric Transmission and Distribution Planning~~
- ~~— Electric Systems Operations~~
- ~~— Electric Transmission and Distribution Projects~~
- ~~— Electric Production~~
- ~~— Water and Wastewater Planning and Treatment Project Engineering~~
- ~~— Environmental Programs~~
- ~~— Permitting and Regulatory Conformance~~
- ~~— Government Affairs~~
- ~~— Emerging Workforce Strategies.~~

~~Section 7.0 — General Principles~~

~~7.1. — Each Staff member participating in the disclosure process shall be responsible for raising potential disclosure items at all times in the process.~~

~~7.2 — Each Staff member participating in the disclosure process should raise any issue regarding disclosure with the Treasurer or Chief Financial Officer at any time.~~

~~7.3 — Recommendations for improvement of these Disclosure Policies shall be solicited and considered by the Treasurer and if revision is deemed to be appropriate will be reviewed by the Bond Counsel and the Chief Financial Officer.~~

~~7.4 — The process of revising and updating Disclosure Documents by each Staff member should not be viewed as mechanical insertions of more current information; everyone involved in the process should consider the need for revisions in the form and content of the sections for which they are responsible.~~

~~7.5 — The standard for accuracy and completeness is that there shall be no untrue statement of material fact and no omission of a statement necessary to make the statements made, in light of the circumstances under which they were made, not misleading. All participants in the process should keep this standard in mind.~~

~~The Chief Financial Officer shall provide a report to the Finance and Audit Committee each year, at the time of the meeting of the Finance and Audit Committee immediately preceding the public dissemination of the Annual Disclosure Reports, regarding compliance with these Disclosure Policies during the preceding twelve month~~

~~period. Such report shall (i) state whether the Annual Disclosure Reports for the current year are being prepared in compliance with these Disclosure Policies and whether all Disclosure Documents prepared during the prior twelve month period were prepared in accordance with the Disclosure Policies; (ii) describe any issues or problems which arose in connection with compliance with the Disclosure Policies during such period; (iii) present any recommendations for changes to the Disclosure Policies; (iv) provide an informational copy of the then current draft of the Annual Disclosure Reports to any Finance and Audit Committee member who requests one; and (v) provide a printed copy of the final Annual Disclosure Reports to all Board members.~~

A copy of ~~these Disclosure~~the Policies and Procedures shall be distributed annually to Board members, the Disclosure Management Group and ~~all Finance Staff and~~ Staff participating in the disclosure process. Any updates to ~~these Disclosure~~the Policies and Procedures shall be distributed to such groups upon their ~~issuance~~adoption or implementation, as the case may be.

~~Section 8.0—Disclosure-Related Document Retention Practices.~~

~~8.1—Consistent with JEA's Continuing Disclosure Undertakings, the following documents shall be maintained for the later of five years or the period of time required by JEA's records management or records retention program:~~

- ~~• Annual Continuing Disclosure Filings~~
- ~~• Bond Issue Bound Books or CD-ROMs containing bond issue documents~~
- ~~• Bond Issue Executed Documents~~
- ~~• Disclosure Documents~~
- ~~• Investor Materials~~
- ~~• JEA Financial Statements related to bonds~~
- ~~• Note Issue Bound Books or CD-ROMs containing note issue documents~~
- ~~• Note Issue Executed Documents~~
- ~~• Rating Agency Presentation Materials~~
- ~~• Records of all disclosure activities, including but not limited to telephone calls, emails and other inquiries from investors~~
- ~~• Unaudited Quarterly and Annual Financial Statements Audited by Outside Auditing Firm~~

~~Section 9.0 — Role of Bond Counsel~~

~~9.1 — JEA will require Bond Counsel to perform the following services in connection with the preparation of its Disclosure Documents:~~

- ~~a. — review and comment on JEA's Disclosure Documents;~~
- ~~b. — participate in the due diligence process conducted by the underwriters and their counsel;~~
- ~~c. — review presentations, if requested and, if requested, attend and/or listen to rating agency or investor presentations related to JEA's bonds, notes and other securities;~~
- ~~d. — advise JEA regarding:
 - ~~(i) — specific disclosure issues relating to JEA's financial operations, operating performance and capital program development, including funding, progress and problems;~~
 - ~~(ii) — standards of disclosure under applicable securities laws;~~
 - ~~(iii) — adequacy of JEA's disclosure in any Disclosure Document;~~
 - ~~(iv) — completeness and clarity of the information provided by the City in any Disclosure Document; and~~
 - ~~(v) — other matters as directed by JEA;~~~~
- ~~e. — interface with the Treasurer and Finance Staff with respect to any Disclosure Document;~~
- ~~f. — provide a securities law supplemental opinion for each financing transaction;~~
- ~~g. — participate in the preparation, review and approval of the Annual Disclosure Reports; and~~
- ~~h. — conduct periodic training of Board members, Finance Staff and Staff on the disclosure process contemplated by the Disclosure Policies and Procedures set forth herein as may be requested from time to time by the Treasurer.~~

Document comparison by Workshare Compare on Saturday, April 30, 2022
11:18:08 AM

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Rendering set	GT-1

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Deletion	
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Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	0
Style changes	0
Format changes	0
Total changes	415

**BOARD RESOLUTION: 2022-06**

May 24, 2022

JEA FY2021 ANNUAL DISCLOSURE REPORTS

WHEREAS, each year JEA files with the Municipal Securities Rulemaking Board (the "MSRB"), through the Electronic Municipal Market Access ("EMMA") website, Annual Disclosure Reports in compliance with JEA's continuing disclosure undertakings for certain of its bonds and various credit agreements; and

WHEREAS, the attached Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the "Systems"), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems' bond offerings and reofferings; and

WHEREAS, each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA's Systems and JEA's most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA's outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA's audited financial statements for its fiscal year ended September 30, 2021, as Appendix A thereto; and

WHEREAS, in accordance with JEA Disclosure Policies and Procedures, the JEA Board is required to approve the Annual Disclosure Reports.

BE IT RESOLVED by the JEA Board of Directors that:

1. JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.
2. Drafts of the Annual Disclosure Reports were provided to the Board consistent with the JEA Disclosure Policies and Procedures.
3. The Board hereby approves and authorizes (i) the Annual Disclosure Reports in substantially the forms accompanying this Resolution - with appendices added, with such changes as are approved by the Managing Director/Chief Executive Officer of JEA and (ii) authorizes the filing and use of the Annual Disclosure Reports as described above.

Dated this 24th day of May 2022.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



**Annual Disclosure Reports
Located on Page 718**



**BOARD RESOLUTION: 2022-11**

May 24, 2022

A RESOLUTION BY THE BOARD ADOPTING THE RECOMMENDATION OF THE FINANCE AND OPERATIONS COMMITTEE TO INCREASE THE JEA GUARANTY TO THE ENERGY AUTHORITY; AUTHORIZING THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER, OR DESIGNEE, TO EXECUTE ALL AGREEMENTS AND SUPPLEMENTAL DOCUMENTS NECESSARY TO EFFECTUATE SUCH INCREASE; PROVIDING FOR CORRECTION OF ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, JEA and The Energy Authority (TEA) are parties to a series of agreements, attached hereto and incorporated herein (Agreements), which among other things, provide for JEA's guarantee of TEA payment obligations; and

WHEREAS, in light of current market conditions, TEA finds it necessary to modify its credit support; and

WHEREAS, the parties mutually seek to amend the Agreements to increase JEA's guaranty amount to TEA to \$45,000,000 on or before June 1, 2022, and to \$60,000,000 on or before December 1, 2022; and

WHEREAS, the proposed payments and amended Agreements were reviewed, considered, and recommended for Board approval by the Finance and Operations Committee (Committee) on May 23, 2022; and

WHEREAS, adoption of the Committee's recommendation best serves the interests of JEA and its customers.

BE IT RESOLVED by the JEA Board of Directors that:

1. The recitals stated above are hereby incorporated into and made part of this Resolution, and such recitals shall serve as findings of fact.
2. The Board hereby adopts the Committee's recommendation and approves amending the Agreements as described herein to increase JEA's guaranty amount to TEA as follows: \$45,000,000 on or before June 1, 2022, and \$60,000,000 on or before December 1, 2022.
3. The Managing Director/Chief Executive Officer, or designee, is authorized to execute amended Agreements in substantially the same form and format as attached hereto as well as any supplemental documentation necessary to effectuate the advance payments described herein.
4. To the extent that there are any typographical, administrative, and/or scrivener's errors contained herein that do not change to tone, tenor or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.
5. This Resolution shall be effective upon approval by the Board.

Dated this 24th day of May 2022.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

Execution Version**RESTATED AND AMENDED ELECTRIC ADVANCE AGREEMENT**

This Restated and Amended Electric Advance Agreement (this “Agreement”), dated as of June 1, 2022, is by and among JEA, a public body corporate and politic created under the laws of the State of Florida, Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia (“MEAG Power”), South Carolina Public Service Authority, a body corporate and politic created by the laws of the State of South Carolina (“Santee Cooper”), Nebraska Public Power District, a public corporation and political subdivision of the State of Nebraska (“NPPD”), American Municipal Power, Inc. (“AMP”), the City of Gainesville, Florida, a Florida municipal corporation doing business as Gainesville Regional Utilities (“GRU”), and City Utilities of Springfield, Missouri, a component unit of the City of Springfield, Missouri (“City Utilities”; together with JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU and any future entity which is admitted as a member of TEA and executes this Agreement (a “Future Member”), collectively, the “Members” and, individually, a “Member”) and The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”).

RECITALS

WHEREAS, the parties (other than any Future Members) hereto have executed and delivered that certain Restated and Amended Electric Advance Agreement dated as of March 1, 2018 (the “Original Agreement”), and

WHEREAS, the parties hereto have executed and delivered that certain Restated and Amended Operating Agreement dated as of October 3, 2017 (the “Operating Agreement”), and

WHEREAS, TEA finds it necessary to modify its credit support to trade as a power marketer, and

WHEREAS, the parties hereto desire to amend and restate the Original Agreement as set forth herein,

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the parties hereto agree as follows.

Section 1. Operating Agreement. The Operating Agreement shall remain in full force and effect in accordance with its terms and nothing herein shall amend the terms of the Operating Agreement.

Section 2. Supersession of Original Agreement. This Agreement supersedes the Original Agreement. Nonetheless, any Trade Guaranties (as defined below) as to which Beneficiary Designation Schedules (as described in the Trade Guaranty) have been issued and remain in effect shall remain in full force and effect.

Section 3. Advance. Each of the Members shall make an advance (the “Advance”) in the amount or amounts (“Advance Amount”) set forth on Schedule 1 hereto (“Schedule 1”), in one or more installments to TEA. Each Advance shall be made in the form of the delivery to TEA of a guaranty in the form attached hereto as Annex 1 (the “Trade Guaranty”) or Annex 2 (the “Bank Guaranty,” together with the Trade Guaranty, collectively, the “Guaranty”),

or both, or in such revised forms as may be agreed upon by the parties hereto. The Advance from each Member, or any part thereof, shall be provided by each Member to TEA (in the form of the Trade Guaranty or the Bank Guaranty, or a combination thereof, as requested by TEA from time to time) upon five business days' written notice to each Member. The Advance Amount from each Member shall be identical in the case of LPPS Members and one third of the Advance Amount of LPPS Members, in the case of MPPS Members, and the division of each Advance between the Trade Guaranty and Bank Guaranty shall be identical among all LPPS Members and one third of such amount in the case of MPPS Members. TEA shall not execute Beneficiary Designation Schedules, which are in effect from time to time with respect to the Trade Guaranty, that in the aggregate, together with the Face Amount (as defined herein) of the Bank Guaranty from time to time in effect, exceed the Advance Amounts for the Members set forth on Schedule 1. The "**Face Amount**" of the Bank Guaranty shall mean the sum of (i) the maximum amount of letters of credit a bank is committed to issue pursuant to the terms of a letter of credit and reimbursement agreement plus (ii) the total amount of any revolving line of credit to such bank, such sum then being multiplied by the proportionate share the Member obligates itself to guarantee pursuant to the terms of the Bank Guaranty. No Member shall be permitted to terminate its Guaranty prior to the effective date of the termination of its membership in TEA or its withdrawal as a Member of TEA.

Section 4. Form of Advance. The form of Advance may be changed, in whole or in part, (a) from the Trade Guaranty to the Bank Guaranty or (b) from the Bank Guaranty to the Trade Guaranty; *provided, however*, that no change from the Trade Guaranty to the Bank Guaranty or from the Bank Guaranty to the Trade Guaranty may be made if the result thereof is to reduce the amount of the Trade Guaranty to below the aggregate amount of guaranteed amounts indicated on the Beneficiary Designation Schedules with respect thereto at the time in effect or to reduce the Bank Guaranty below the amount required by the related reimbursement agreement. Such change shall be effected by TEA's (i) verifying the outstanding Beneficiary Designation Schedules then in effect relating to the Trade Guaranty and the Face Amount of the Bank Guaranty so as to confirm that the Advance Amount per Member for the Guaranty is not exceeded, and (ii) providing the written consent of the bank to which the Bank Guaranty has been given of any adjustment to the amount thereof. In no case shall the total amount of the Advance, whether in the form of the Trade Guaranty or the Bank Guaranty, or both, exceed the sum of the Advance Amounts allocated to the Members on Schedule 1.

Section 5. Loan Agreement. TEA agrees not to consent to any amendments, modifications or renewals of the Letter of Credit and Loan Agreement between it and the Bank to which the Bank Guaranty has been given which results in a material adverse change from the perspective of TEA or the Guarantors in the terms of such Letter of Credit and Loan Agreement without the receipt of the written consent of all LPPS Members and a majority of all Members and each affected guarantor.

Section 6. Repayment and Equalization of Advances. Repayment of Advances for which any Member has paid under its Guaranty shall be made ratably to each Member from available revenues of TEA (on a parity with repayment of "Advances" under that certain Restated and Amended Natural Gas Advance Agreement dated as of December 1, 2013, as amended among TEA and the respective Members that are participating in its natural gas trading operation,) after provision shall be made for payment in full of TEA's other creditors and after TEA sets aside an

amount reasonably required for working capital based on historic levels of working capital maintained. If any Member has paid under its Guaranty, such Member may request reimbursement by following the Repayment and Equalization Procedures on Schedule 2 hereto ("Schedule 2") so that any amounts paid under any Guaranty shall be borne ratably among the Members in proportion to their respective membership interests in TEA. Notwithstanding any provision of this Section 6 to the contrary, if a Member has paid under its Guaranty due to (i) a payment or performance default by a Member in a transaction with TEA, the non-defaulting Members shall not be required to make any contribution or payment as provided for herein to such defaulting Member, or (ii) attorney's fees and other costs incurred by the beneficiary of the Guaranty to enforce the Guaranty against a defaulting Member which fees and other costs are being recovered by such beneficiary, the other non-defaulting Members shall not be required to make any contribution or payment relating to such attorney's fees and other costs to such defaulting Member.

Section 7. Use of Advances. The Advances shall be used by TEA solely for the purpose of facilitating trading activities for electric capacity, energy or related transmission as approved by TEA's board of directors and in which TEA is not involved as agent other than for Members, and may also be used as credit support for a revolving line of credit for working capital purposes. In no case shall any of the Advances be used by TEA for the purpose of supporting, facilitating or otherwise for transactions or trading activities for natural gas.

Section 8. Future Members. Future Members shall be bound by the terms of this Agreement by executing an instrument substantially in the form of Annex 3 attached hereto and made a part hereof; such instrument shall also be executed by TEA evidencing its approval. Upon the execution and delivery by any Future Member of an instrument substantially similar to Annex 3, together with the approval thereof by TEA; and upon the execution and delivery by any Future Member of the Trade Guaranty and the Bank Guaranty (to the extent such guaranties are in effect), such Future Member shall be deemed a party to this Agreement.

Section 9. Withdrawing Members and Members to be Terminated. Subject to and except as provided in the provisions of the form of MISO Addendum to Trade Guaranty Agreement contained in Annex 4 hereto, TEA shall notify all counterparties to whom a Trade Guaranty has been given that a guarantor under the Trade Guaranty is, effective the withdrawal date or the termination date, no longer a guarantor under the Trade Guaranty as to transactions which have not been entered into as of such date. TEA shall promptly notify the bank to which the Bank Guaranty has been given of the impending withdrawal or termination of the applicable Member and shall use its best efforts to obtain from such bank its agreement to release such member from the Bank Guaranty as to all transactions which have been entered into on and after the withdrawal or termination date. To the extent that TEA is unsuccessful in obtaining such release from such bank, TEA will take the steps necessary to issue to such Member which has withdrawn or has been terminated on the effective date of such withdrawal or termination a Trade Guaranty in an amount equivalent to the Face Amount of the Bank Guaranty of such withdrawn or terminated Member. Unless otherwise agreed to by TEA, the withdrawn or terminated Member shall remain liable on all Guaranties relating to all transactions entered into prior to the effective date of its withdrawal from TEA. To the extent the withdrawn or terminated Member is required to pay on any Guaranty after the date of its withdrawal, it shall be entitled to the benefits of this Agreement as to equalization of Advances and contribution and payments among the Members as provided in Section 6 hereof. It shall also be entitled to all rights of subrogation to which the

Member which paid on the Guaranty enjoys, subject to the provisions of this Agreement and the Bylaws of TEA. A withdrawn or terminated Member shall not be entitled to be repaid by TEA for any amounts paid under any Guaranty prior to the other Members' having been repaid by TEA, without the approval of the board of directors of TEA.

Section 10. MISO Addendum Undertakings. TEA agrees with respect to the Trade Guaranty provided to the Midcontinent Independent System Operator, Inc. ("MISO") as amended by the MISO Addendum as follows:

(a) With respect to a proposal that an additional guarantor be added to such Trade Guaranty under the MISO Addendum to which MISO shall have timely objected in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty, unless TEA shall have otherwise made arrangements for such additional guarantor to be added to such Trade Guaranty, TEA upon the request of any one or more of the guarantors under such Trade Guaranty shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with the terms of Paragraph 7 (as amended by the MISO Addendum) thereof.

(b) Upon notification by MISO pursuant to Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty that one or more guarantors thereunder have become uncreditworthy, TEA shall use its best commercial efforts to provide Financial Security (used herein as defined for purposes of the MISO Addendum), such as a letter of credit qualified under the MISO Addendum, in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty. In the event TEA is not able to comply in providing such Financial Security, unless it shall then proceed to cure such violation and become entitled to participate in MISO's services, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof.

(c) Upon request of the guarantors that such Trade Guaranty be withdrawn or terminated, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof. In the event that one or more of the guarantors under such Trade Guaranty shall request the withdrawal or release of the obligation of such guarantor(s) under the Trade Guaranty, TEA shall use its best commercial efforts to provide Financial Security (including a letter of credit qualified as provided in the MISO Addendum), as provided in Paragraph 7 (as amended by the MISO Addendum) of such Trade Guaranty so as to obtain MISO's approval of the withdrawal or release of such guarantor(s).

Section 11. SPP Undertakings. The parties hereto agree with respect to the initial Trade Guaranty provided to SPP as follows:

(a) The form of guaranty attached as Annex 5 hereto (the "SPP Trade Guaranty") shall be deemed for purposes of the Agreement to be a Trade Guaranty subject to the terms of this Agreement.

(b) The amounts set out in the SPP Trade Guaranty and any other provisions therein may be modified consistent with the provisions of this Agreement, and the addition or removal of

“Guarantors” thereunder shall be permitted as provided in the Agreement and in the SPP Trade Guaranty.

Section 12. Notices. Notices required hereunder shall be provided as required by Section 17.1 of the Operating Agreement.

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws.

Section 14. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 15. No Third-Party Beneficiaries. Nothing in this Agreement shall entitle any person other than the Members, TEA or their respective successors and assigns to any claim, cause of action, remedy or right of any kind.

Section 16. Severability. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 17. Equitable Relief. The Members and TEA agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that TEA and the members shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 18. Counterparts. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Members and TEA; and this Agreement shall be binding upon all of the Members and TEA with the same force and effect as if all the Members and TEA had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

Section 19. Amendments. This Agreement may not be amended or modified except by a written instrument signed by TEA and each of the Members.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

JEA

By: _____
Jay Stowe
Managing Director and
Chief Executive Officer

Approved as to Form

Regina Ross
Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA**

By: _____
James E. Fuller
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Jimmy D. Staton
President and Chief Executive Officer

AMERICAN MUNICIPAL POWER, INC.

By: _____
Jolene Thompson
President and Chief Executive Officer

Approved as to Form:

By: _____
Rachel Gerrick
Senior Vice President and
General Counsel

NEBRASKA PUBLIC POWER DISTRICT

By: _____
Thomas J. Kent
President and Chief Executive Officer

CITY OF GAINESVILLE, FLORIDA

By: _____
Tony Cunningham
Interim General Manager for Utilities

Approved as to Form and
Legality:

Lisa Bennett
Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Gary Gibson
President and Chief Executive Officer

Approved as to Form

Dwayne Fulk
Vice President-Chief Legal Officer

THE ENERGY AUTHORITY, INC.

By: _____
Joanie C. Teofilo
President and Chief Executive Officer

SCHEDULE 1

Member	Advance Amount Effective June 1, 2022	Advance Amount Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total Advance Amount	\$255,000,000	\$340,000,000

SCHEDULE 2

REPAYMENT AND EQUALIZATION PROCEDURES

In accordance with the Restated and Amended Electric Advance Agreement (the “Agreement”), dated as of June 1, 2022 (the “Agreement”), the Members desire to set forth the terms and conditions under which reimbursements shall be made to a Member if such Member makes a payment under a Guaranty. Capitalized terms used in this Schedule 2 without definition shall have the meanings ascribed to such terms in the Agreement.

If a Member receives a demand for payment (“Demand”) under a Guaranty, such Member (the “Paying Member”) shall provide notice of the Demand to TEA, which notice shall include a copy of the Demand and payment instructions for reimbursement, no later than the second Business Day after receipt of such Demand.

TEA will coordinate with the Paying Member and party who has issued the Demand to verify the amount of the Guaranty and amount owed by TEA, confirm the terms of the Guaranty, and determine if TEA can resolve the issue through other means. If TEA is unable to resolve the issue and a payment remains due from the Paying Member, TEA will be responsible for providing notice of the Demand to each other Member (each a “Contributing Member”).

TEA shall notify each Contributing Member of a payment due from the Contributing Member under the Demand no later than the second Business Day after TEA’s receipt of notice from the Paying Member. TEA’s notice (the “TEA Informational Notice”) to each Contributing Member shall include (i) a copy of the Demand, (ii) a calculation of the reimbursement amount due to the Paying Member from such Contributing Member (the “Contribution Amount”), (iii) documentation confirming the amounts owed under the Demand, including to the applicable Beneficiary Designation Schedule, (iv) the Paying Member’s payment instructions, and (v) Member contact information for communications regarding the Demand. Contribution Amounts shall be allocated among the Contributing Members in proportion to their respective contributions to the Advance.

Following payment under the Demand, the Paying Member shall confirm payment and provide evidence of such payment (e.g., wire confirmation) (“Payment Confirmation”) directly to the Contributing Members and TEA. No later than the later of (i) the Business Day following receipt of the Payment Confirmation from the Paying Member or (ii) the second Business Day after receipt of the TEA Informational Notice, each Contributing Member shall transmit a reimbursement payment to the Paying Member in accordance with the payment instructions provided in the TEA Informational Notice.

For purposes of this Schedule 2, Business Day means any day other than a Saturday, Sunday, or federal legal holiday in the United States. Unless otherwise provided herein, any notices made pursuant to this Schedule 2 shall be sent to Members in accordance with the notice instructions in the applicable Beneficiary Designation Schedule.

ANNEX 1

TRADE GUARANTY AGREEMENT

This Trade Guaranty Agreement (this “Guaranty”) is dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”) that become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the “Guarantors”), in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the “Counterparties”). This Guaranty amends and restates, and upon execution, supersedes, that certain Trade Guaranty Agreement dated as of March 1, 2018, of the Guarantors.

In consideration of the premises and the Counterparties’ from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY.** Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due, whether accruing prior to the date hereof or hereafter (the “Obligations”) under the contract (the “Contract”) designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A, but only to the extent of the respective guaranty amount for each Guarantor (the “Guaranty Amount”) set out therein. The Guarantors acknowledge and agree that all payment obligations outstanding or having accrued as of the date hereof shall be included within the Obligations and shall be expressly guaranteed hereunder by the Guarantors. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed the amounts indicated as the Guaranty Limits for the Guarantors on Schedule I or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the “Guaranty Limit”). If TEA shall at any time fail or refuse to pay any Obligations to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy but will be obligated to pay the Obligations to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney’s fees.

2. **DEMANDS AND NOTICE.** If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment

hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska; American Municipal Power, Inc. is a non-profit corporation organized under the laws of the State of Ohio; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities is a Florida municipal corporation; and City Utilities of Springfield, Missouri is a component unit of the City of Springfield, Missouri. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA

received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency,

bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT**. This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW**. This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY**. Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

EXECUTED as of the day and year first above written.

JEA

By: _____

Title: Managing Director and Chief
Executive Officer

Approved as to Form

Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title: President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Title: President and Chief Executive Officer

**NEBRASKA PUBLIC POWER
DISTRICT**

By: _____
Title: President and Chief Executive Officer

**AMERICAN MUNICIPAL POWER,
INC.**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Senior Vice President and
General Counsel

CITY OF GAINESVILLE, FLORIDA

By: _____
Title: Interim General Manager for Utilities

Approved as to Form and
Legality:

Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Vice President-Chief Legal Officer

SCHEDULE I

Member	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

EXHIBIT A**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of June 1, 2022, from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and any future guarantors[, as amended by that certain MISO Addendum to Trade Guaranty Agreement dated as of June 1, 2022] (the “Guaranty”). Capitalized terms used herein and not defined are used as defined in such Guaranty.

Counterparty: [Entity name]

Contract: [Identify contract by name of contract, date, and other identifying information]

Guarantor	Guaranty Amount	Guaranty Limit*
JEA		
MEAG Power		
Santee Cooper		
NPPD		
AMP		
GRU		
City Utilities		
Total Guaranty Amount and Guaranty Limit of all Guarantors		

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA’s obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Notice Addresses:

<p>JEA 21 West Church Street, Suite 1600 Jacksonville, FL 32202-3139 Attn: Chief Financial Officer</p> <p>Municipal Electric Authority of Georgia 1470 Riveredge Parkway Atlanta, GA 30328 Attn: Chief Executive Officer</p> <p>South Carolina Public Service Authority One Riverwood Drive Moncks Corner, SC 29461-2901 Attn: General Counsel</p> <p>Nebraska Public Power District 1414 15th Street Columbus, NE 68601 Attn: Chief Executive Officer</p>	<p>American Municipal Power, Inc. 1111 Schrock Road Columbus, OH 43229 Attn: President</p> <p>Gainesville Regional Utilities 301 SE 4th Avenue Gainesville, Florida 32601 Attn: General Manager for Utilities</p> <p>City Utilities of Springfield, Missouri 301 E. Central Springfield, Missouri 65802 Attn: President and Chief Executive Officer</p>
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Executed this ____ day of _____, 20__.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:

EXHIBIT B
GUARANTY ADDENDUM NO. _____

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022 (the “Trade Guaranty”), and that certain MISO Addendum to Trade Guaranty Agreement (together with the Trade Guaranty, the “Guaranty”), each of which is executed by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc. (“TEA”), which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*.

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____
Name:
Title:

**[Need to issue new Beneficiary Designation Schedule to specify different Guaranty
Amounts for each Guarantor]**

ANNEX 2

Unconditional Guaranty (Electric)

Dated: June 1, 2022

THE ENERGY AUTHORITY, INC.

301 West Bay Street
Suite 2600
Jacksonville, FL 32202
(the “Borrower”)

[MEMBER]

[Guarantor Address]
(the “Guarantor” and together with
other Members executing a guaranty
in favor of the Bank, called the “Guarantors”)

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, FL 32801
Attention: Financial Services Group
(hereinafter referred to as the “Bank”)

Recitations of Fact

A. The Guarantor is a member (“Member”) of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, “Operating Agreement”) and a Restated and Amended Electric Advance Agreement among the Borrower, the Guarantor and the other Members dated as of June 1, 2022 (as it may be amended from time to time, the “Advance Agreement” and together with the Operating Agreement, collectively called the “Operating Instruments”). Capitalized terms used herein and not defined are used as defined in the Advance Agreement.

B. The Borrower will enter into from time to time various contracts for the purchase or sale of electric capacity or energy or related transmission.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower may desire to borrow from time to time funds from the Bank for certain working capital needs.

E. The Borrower and the Bank have entered into a Letter of Credit and Loan Agreement dated as of March 1, 2018 (as it may be amended, the “Loan Agreement”), providing

for the issuance of letters of credit (“Letters of Credit”) by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit and providing for a revolving line of credit (the “Revolving Line”) with the obligations of the Borrower thereunder evidenced by a Revolving Promissory Note (the “Promissory Note”).

F. The Bank is only willing (i) to issue Letters of Credit under the Loan Agreement and (ii) to advance funds under the Revolving Line if the reimbursement, repayment and other obligations of the Borrower are guaranteed or security otherwise provided by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit and to make advances under the Revolving Line, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Loan Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit or on account of amounts due under the Promissory Note, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Loan Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys’ fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the “Guaranteed Obligations”). No payment by any other Guarantor (as defined in the Loan Agreement) shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term “Guarantor Share” means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA) + NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA) + NB}$$

where “NA” equal the total number of Approved LPPS Members and “NB” equals the total number of Approved MPPS Members. The term “Approved LPPS Members” means American Municipal Power, Inc., JEA, Municipal Electric Authority of Georgia, Nebraska Public Power District, South Carolina Public Service Authority and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term “Approved MPPS Members” means the City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank’s acceptance of a new Member’s Guaranty. No change from one class of membership to another

shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless the Bank shall have approved such modification in writing.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection [*in the case of GRU*: ; provided, however, this Guaranty is a limited obligation of the Guarantor payable solely from lawfully available revenues of the electric, natural gas, water, wastewater and telecommunications system owned by the Guarantor]. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations. [*To be included in Guaranties of existing Guarantors only.* Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to the Bank dated January 1, 2019.]

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as the result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Loan Agreement), without affecting, impairing, lessening or releasing the obligations of the

Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall be limited to \$69 million and for all purposes of determining the Guaranteed Obligations there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Loan Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$69 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Loan Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the

Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower and on each date on which an advance is made by the Bank under the Revolving Line (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the Guarantor's audited financial statement balance sheet shows the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent;

(b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to the Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Loan Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgement, lien, garnishment or attachment within 30 days of the entry of the decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Loan Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Loan Agreement are freely assignable, in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of _____ without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Loan Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Loan Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Loan Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Loan Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Loan Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or

government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

[GUARANTOR]

By _____
Name:
Title:

EXHIBIT A

EXHIBIT B

Notice of Termination

The undersigned Guarantor hereby notifies [Name of Bank] (the “Bank”) that it is terminating its Unconditional Guaranty dated June 1, 2022 (the “Guaranty”) effective at the end of the day on _____, _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the “Effective Date”). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading “Termination of Guaranty” and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

[GUARANTOR]

Date: _____

By _____

Name:

Title:

ANNEX 3

Reference is made to that certain Restated and Amended Electric Advance Agreement dated as of June 1, 2022, by and among JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri and The Energy Authority, Inc. (the "Agreement"). The undersigned hereby agrees to become a party to the Agreement and a Future Member as designated therein. As such, it shall be bound by the terms of the Agreement and entitled to the benefits thereof. Capitalized terms used herein and not defined are used as defined in the Agreement.

[Deliver executed Trade Guaranty and executed Bank Guaranty, as applicable.]

Date: _____

[FUTURE MEMBER]

By: _____
Name:
Title:

Accepted by:

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title: President and Chief Executive Officer

ANNEX 4

MISO ADDENDUM TO TRADE GUARANTY AGREEMENT

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation which become guarantors thereunder through a Guaranty Addendum as described therein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as provided therein (the “Guaranty”).

The Guarantors hereby agree to amend the Guaranty, such amendments to be solely for the benefit of the Midcontinent Independent System Operator, Inc. (“MISO”) and shall not apply to any Counterparty (as defined in the Guaranty) other than MISO, who for purposes of this Addendum is also referred to herein as the “Counterparty.” Except as amended hereby for the benefit of MISO, the Guaranty shall remain in full force and effect.

1. Paragraph 1 of the Guaranty is hereby amended by (i) revising the last sentence thereof and (ii) adding two additional sentences, each to read as follows:

In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs. Each Guarantor shall pay all reasonable attorney fees and other costs incurred by the Counterparty to enforce this Guaranty against such Guarantor. The Contract designated on the Beneficiary Designation Schedule shall be MISO’s Transmission and Energy Market Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the “Tariff”), any agreements entered into by TEA under, pursuant to or in connection with the Tariff and/or any agreements to which Counterparty and TEA are parties, as may be amended or supplemented from time to time whether now existing or hereafter arising in accordance with their respective terms.

2. Paragraph 4 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

4. **DEFENSES**. Without limiting a Guarantor’s own defenses and rights hereunder, each Guarantor reserves to itself all rights and defenses to which TEA is or may be entitled arising from or solely out of the Contract, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

3. Paragraph 5 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto and consented to in writing by the Counterparty; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor or Guarantors shall be adjusted accordingly (so long as (i) the aggregate Guaranty Amount from all Guarantors including the additional Guarantor is not reduced and (ii) the Guaranty Amount of any existing Guarantor is not increased) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; *provided*, that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA, received by TEA, assert such objection within 10 business days after receipt by the Counterparty of the last of (i) the proposed Guaranty Addendum, (ii) the proposed Beneficiary Designation Schedule and (iii) all information required by Counterparty in Attachment L entitled "Credit Policy" as in effect from time to time (the "Credit Policy") to the Tariff, to complete its analysis of such additional Guarantor. If such objection has been asserted within such period, the proposed additional guarantor shall not be added to this Guaranty as a guarantor and this Guaranty shall remain in effect and the Guaranty Amounts for each existing Guarantor shall remain at their existing levels, except that this Guaranty may be terminated in the manner and with the effect as provided in Paragraph 7 hereof. Under no circumstance shall any such proposed additional guarantor be added as a Guarantor hereunder until either (a) the Counterparty completes its review of such party's creditworthiness and the Counterparty acknowledges, in writing, its acceptance of, or states that it has no objection to, such party as an additional Guarantor, or (b) the Counterparty fails to object to the addition of such proposed additional guarantor within the time frame prescribed herein.

In the event one or more of the Guarantors becomes uncreditworthy at any time, in the Counterparty's reasonable judgment in a manner consistent with the Credit Policy, the Counterparty shall furnish written notification thereof to TEA, in response to which, TEA shall, within two Business Days (as defined in the Tariff) of receipt of such written notification (three Business Days if such notification occurs after noon Indianapolis Time) provide other Financial Security (as defined in the Tariff) (*e.g.*, a letter of credit in the form attached to the Credit Policy from time to

time), as provided in the Credit Policy, to secure the full amount of the obligations guaranteed by the particular Guarantor or Guarantors determined to be uncreditworthy by the Counterparty as provided hereinabove. Should TEA fail to timely provide such Financial Security, TEA's later provision of such Financial Security and TEA otherwise being in compliance with the Credit Policy and all other terms and conditions of the Tariff shall entitle TEA to resume participation in MISO's energy markets and in MISO's transmission and/or market service.

4. Paragraph 7 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

7. **DURATION OF GUARANTY.** The Guarantors or TEA may request the withdrawal of this Guaranty as provided in the Credit Policy; *provided*, this Guaranty shall not terminate until MISO has approved such withdrawal or termination, in writing, which will not be approved unless and until the conditions therefor, as set forth in the Credit Policy, have been satisfied. MISO will return this Guaranty within five business days of MISO's written approval of the withdrawal or termination of this Guaranty. If one or more of the Guarantors requests the withdrawal of the obligation of such Guarantor(s) under this Guaranty and other Financial Security complying with the Credit Policy (including a letter of credit complying with the Credit Policy) is provided to the Counterparty which, together with any remaining amount under this Guaranty, secures the full amount of the obligations guaranteed by the Guarantors prior to such request for withdrawal (including all obligations incurred prior to the release or withdrawal of the Guaranty), MISO will approve the release or withdrawal as provided in the Credit Policy.

5. Paragraph 8 of the Guaranty entitled "Guaranty Addenda" shall be deleted in its entirety and the following is hereby inserted in lieu thereof:

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, each such new member shall agree that this Guaranty is its legal, valid and binding obligations as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Paragraph 3(a) hereof; *provided*, neither the addition of a new member to TEA nor execution by such new member of a Guaranty Addendum shall permit such new member to become a party to the Beneficiary Designation Schedule executed in favor of the Counterparty other than as provided in Paragraph 5 hereof.

6. Paragraph 11 of the Guaranty is hereby amended by deleting the phrase “State of Florida” and inserting in lieu thereof “State of Indiana”.

7. A new paragraph 13 is inserted to the Guaranty as follows:

13. **WAIVER OF JURY TRIAL.** GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY OTHER MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS COVERED BY THIS GUARANTY.

8. A new paragraph 14 is hereby inserted into the Guaranty as follows:

14. **FINANCIAL REPORTING.** The Guarantors shall each submit all information and documents as, and when, required of Applicants and/or Participants under the Credit Policy (in effect from time to time), including, without limitation, providing Rating Agency reports, current financial statements and information and disclosing any Material Change (as defined in the Tariff) in its financial condition as required in such Credit Policy.

EXECUTED as of the 1st day of June, 2022.

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

Approved as to form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By _____
Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

ANNEX 5

GUARANTY AGREEMENT

This Guaranty Agreement (the “Guaranty”) is made by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”), that become guarantors hereunder through an amendment hereto (referred to individually as “Guarantor” and collectively as the “Guarantors”), in favor of Southwest Power Pool, Inc. (“Creditor”), an Arkansas nonprofit corporation.

WHEREAS, Guarantors are each members of TEA, and TEA and Creditor are parties to certain agreements pursuant to, or in connection with, the Creditor’s Open Access Transmission Tariff, whether now existing or hereafter arising in accordance with their respective terms (each referred to individually as “Agreement” and collectively as “Agreements”);

WHEREAS, Guarantors will receive substantial and direct benefits from the extensions of credit contemplated by the Agreements and have agreed to enter into this Guaranty to provide assurance for the performance of TEA’s obligations in connection with the Agreements and to induce Creditor to enter into the Agreements; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Creditor’s further performance of its obligations under the terms of the Agreements;

NOW, THEREFORE, in consideration of the promises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantors hereby agree as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and absolutely guarantee the punctual payment as and when due of TEA’s payment obligations arising under any Agreement, as such Agreement may be amended or modified from time to time, together with any interest thereon (collectively, the “Guaranteed Obligations”). Guarantors’ obligations and liability under this Guaranty shall be limited to payment obligations only; and Guarantors shall have no obligation otherwise to perform under any Agreement, including, without limitation, to sell, deliver, purchase, receive or transmit any electrical energy product or service. Each Guarantor’s aggregate amount guaranteed from time to time under this Guaranty, the Trade Guaranty Agreement dated as of June 1, 2022, from the Guarantors relating to TEA, any bank guaranty from the Guarantors relating to TEA, and such other amounts relating to any future Guarantors, shall not exceed the respective amounts set forth in Schedule 1 attached hereto (the “Guaranty Limit”). Furthermore, the respective guaranty amount for each Guarantor with respect to this Guaranty (the “Guaranty Amount”) shall be limited to the respective amount set forth in the Beneficiary Designation Schedule, a form of which is attached hereto as Schedule 2.

2. **Guaranty Absolute.** The liability of Guarantors under this Guaranty shall be absolute and unconditional irrespective of:
- (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement;
 - (b) any modification, extension or waiver of any of the terms of any Agreement;
 - (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith;
 - (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed, or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;
 - (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Creditor to exercise, in whole or in part, any right or remedy held by Creditor with respect to any Agreement or any transaction under any Agreement;
 - (f) any change in the existence, structure or ownership of Guarantors or TEA, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting TEA or its assets; or
 - (g) any other circumstance that might otherwise constitute a defense available to, or a discharge of, TEA under any Agreement, or any other agreement or instrument (including any Guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

The obligations of Guarantors hereunder are several from TEA or any other person, and are primary obligations concerning which the Guarantors are each the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Creditor, in order to enforce payment by Guarantors under this Guaranty, to show any proof of TEA's default, to exhaust its remedies against TEA, any other Guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations. Creditor shall not be required to mitigate damages or take any other action to reduce, collect, or enforce the Guaranteed Obligations. Nonetheless, payment by any Guarantor of any of the Guaranteed Obligations shall, to the extent of the amount of such payment, absolve the remaining Guarantors of any liability to pay such amount of the Guaranteed Obligations.

The liability of the Guarantors under this Guaranty with respect to the aggregate principal amount of Guaranteed Obligations shall not exceed the lesser of the principal amount of obligations outstanding or the aggregate “Guaranty Amount” in Schedule 1, and Creditor shall limit TEA’s obligations to such amount.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Creditor upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of TEA or any other Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, TEA or any other Guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantors hereby waive:
- (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Creditor in reliance hereon or in connection herewith;
 - (b) notice of the entry into any Agreement between TEA and Creditor and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
 - (c) notice of any increase, reduction or rearrangement of TEA’s obligations under any Agreement or any extension of time for the payment of any sums due and payable to Creditor under any Agreement;
 - (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice of any other kind with respect to the Guaranteed Obligations; and
 - (e) any requirement that suit be brought against, or any other action by Creditor be taken against, or any notice of default or other notice be given to, or any demand be made on, TEA or any other person, or that any other action be taken or not taken as a condition to Guarantors’ liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantors.
4. **Expenses.** Notwithstanding and in addition to the limit on Guarantors’ liability hereunder set forth in Section 1, Guarantors agree to pay on demand any and all costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing Guarantors’ payment obligations under this Guaranty; provided that Guarantors shall not be liable for any expenses of Creditor if no payment under this Guaranty is due.

5. **Subrogation.** Guarantors shall be subrogated to all rights of Creditor against TEA in respect of any amounts paid by Guarantors pursuant to this Guaranty; provided that Guarantors waive any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Creditor against TEA or any collateral which Creditor now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Creditor in full. If any amount shall be paid to the Guarantors on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Creditor and shall forthwith be paid to Creditor to be applied to the Guaranteed Obligations. If (a) Guarantors shall perform and shall make payment to Creditor of all or any part of the Guaranteed Obligations and (b) all the Guaranteed Obligations shall have been paid in full, Creditor shall, at Guarantors' request, execute and deliver to the Guarantors appropriate documents necessary to evidence the transfer by subrogation to the Guarantors of any interest in the Guaranteed Obligations resulting from such payment by Guarantors.
6. **Setoff.** Creditor is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by Creditor to or for the account of Guarantors against any and all of the obligations of Guarantors under this Guaranty, irrespective of whether or not Creditor shall have made any demand under this Guaranty or such Agreement and although such obligations may be contingent and unmatured. Creditor agrees promptly to notify Guarantors after any such set-off and application made by Creditor; provided that the failure to give such notice shall not affect the validity of such set-off and application.
7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, by express courier with traceable receipt, by facsimile, or personally delivered. Notices shall be sent to the following addresses:

If to Creditor:

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Attention: Credit and Risk Management Department

If to Guarantors:

(A) To JEA:

JEA
21 West Church Street

Suite 1600
Jacksonville, Florida 32202-3139
Attn: Managing Director and Chief Executive Officer

With a copy, which shall not constitute notice, to:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attention: Chief Legal Officer

(B) To MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, Georgia 30328
Attention: Chief Executive Officer

(C) To Santee Cooper:

Santee Cooper
One Riverwood Drive
Moncks Comer, South Carolina 29461-2901
Attention: General Counsel

(D) To NPPD:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: President and Chief Executive Officer

With a copy, which shall not constitute notice, to:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: General Counsel

(E) To AMP:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: President

With a copy, which shall not constitute notice, to:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: General Counsel

(F) To GRU:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: General Manager for Utilities (*for overnight courier
or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A134
Gainesville, Florida 32614-7117
Attn: General Manager for Utilities (*for U.S. mail*)

With a copy, which shall not constitute notice, to:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: Attorney for GRU (*for overnight courier or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A138
Gainesville, Florida 32614-7117
Attn: Attorney for GRU (*for U.S. mail*)

(G) To City Utilities:

City Utilities of Springfield, Missouri
301 E. Central
Springfield, Missouri 65802
Attention: President and Chief Executive Officer (*for courier delivery*)

City Utilities of Springfield, Missouri
P.O. Box 551
Springfield, Missouri 65801-0551
Attention: President and Chief Executive Officer (*for U.S. Mail*)

With a copy, which shall not constitute notice, to:

Dwayne Fulk, Esq.
City Utilities of Springfield, Missouri

301 East Central
Springfield, Missouri 65801-0551

8. **Demand and Payment.** Any demand by Creditor for payment hereunder shall be in writing, signed by a duly authorized officer of Creditor and delivered to Guarantors pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify TEA, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations, and (c) set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantors shall pay, or cause to be paid, such Guaranteed Obligations within two (2) business days of receipt of such demand.
9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Creditor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
10. **Term; Termination.** This Guaranty shall continue in full force and effect for the term of the Agreements. Notwithstanding the foregoing, this Guaranty may be terminated at any time by Guarantors by providing at least sixty (60) days' prior written notice to Creditor; provided, however, upon termination hereof, Guarantors agree that the obligations and liabilities hereunder shall continue in full force and effect with respect to any obligations incurred prior to the termination date, and any fees and costs of enforcement in connection herewith.
11. **Assignment; Successors and Assigns.** Creditor may, upon notice to Guarantors, assign its rights hereunder without the consent of Guarantors. Each Guarantor may assign its rights hereunder with the prior written consent of Creditor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.
12. **Amendments, Etc.** A written amendment executed by Guarantors only may (a) increase the guaranty limit specified in Section 1 and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantors and Creditor. No waiver of any provision of this Guaranty nor consent to any departure by Guarantors therefrom shall in any event be effective unless such waiver shall be in writing and signed by Creditor. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.
14. **Representation and Warranties.**

Each Guarantor represents and warrants (but only as to itself) as follows:

- (a) JEA is a public body corporate and politic created under the laws of the State of Florida; MEAG Power is a public corporation and instrumentality of the State of Georgia; Santee Cooper is a body corporate and politic created by the laws of the State of South Carolina; NPPD is a public corporation and political subdivision of the State of Nebraska; AMP is a non-profit corporation organized under the laws of the State of Ohio; GRU is a Florida municipal corporation; and City Utilities is a component unit of the City of Springfield, Missouri. Each Guarantor has full corporate power to execute, deliver and perform this Guaranty. This representation is evidenced by a copy of the resolution(s) of the governing body of each Guarantor authorizing this Guaranty, which is attached to and made a part of this Guaranty. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in an amendment hereto;
 - (b) the execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary governmental action and do not contravene Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets;
 - (c) this Guaranty is not in violation of other undertakings or requirements applicable to Guarantor, and is enforceable against Guarantor in accordance with these terms;
 - (d) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting Creditor's rights and to general equity principles; and
 - (e) the audited financial statements of Guarantor for the most recent fiscal year and (if applicable) the unaudited financial statements of Guarantor for the most recent quarter (the "Financial Statements"), heretofore delivered to Creditor by Guarantor present fairly the financial condition and results of operations of Guarantor as of the dates and for the period specified therein in conformity with United States generally accepted accounting principles, and, except as otherwise expressly stated therein, consistently applied. Except as expressly stated to Creditor in writing, there has been no Material Adverse Change in the financial condition of Guarantor and its consolidated subsidiaries since the dates of the Financial Statements.
15. **Limitation by Law.** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

16. **GOVERNING LAW; SUBMISSION TO EXCLUSIVE JURISDICTION. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARKANSAS AND ANY APPLICABLE FEDERAL LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY ARKANSAS STATE COURT SITTING IN PULASKI COUNTY, ARKANSAS, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE PARTIES HEREBY WAIVE ANY OBJECTION TO VENUE IN PULASKI COUNTY, ARKANSAS, AND ANY OBJECTION TO ANY ACTION OR PROCEEDING ON THE BASIS OF FORUM NON CONVENIENS.**

IN WITNESS WHEREOF, Guarantors has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 1st day of June, 2022 (“Effective Date”).

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By: _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

Approved as to Form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

SCHEDULE 1

Guarantor	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

SCHEDULE 2**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____, refers to that certain Guaranty Agreement dated as of June 1, 2022 from JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, City Utilities, and any future guarantors, in favor of Southwest Power Pool, Inc. (the "Guaranty Agreement"). Capitalized terms used herein and not defined are used as defined in the Guaranty Agreement attached hereto.

Creditor: Southwest Power Pool, Inc.

	Guaranty Amount	Guaranty Limit*
JEA	\$ _____	\$ _____
MEAG Power	\$ _____	\$ _____
Santee Cooper	\$ _____	\$ _____
NPPD	\$ _____	\$ _____
AMP	\$ _____	\$ _____
GRU	\$ _____	\$ _____
City Utilities	\$ _____	\$ _____
Total Guaranty Amount and Guaranty Limit of all Guarantors:	\$ _____	\$ _____

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under the Guaranty Agreement does not exceed the respective Guaranty Limits set out above as specified in the Guaranty Agreement; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty Agreement that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty Agreement shall have been increased in the Guaranty Agreement.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Notice Addresses under this Schedule 2:

JEA
21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
Attn: Chief Financial Officer

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, OH 43229
Attn: President

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

City Utilities of Springfield, Missouri
301 E. Central
Springfield, MO 65802
Attn: President and Chief Executive Officer

Nebraska Public Power District
1414 15th Street
Columbus, NE 68601
Attn: Chief Executive Officer

Executed this __ day of _____, 20____.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:

Execution Version**RESTATED AND AMENDED ELECTRIC ADVANCE AGREEMENT**

This Restated and Amended Electric Advance Agreement (this “Agreement”), dated as of ~~March~~June 1, ~~2018~~2022, is by and among JEA, a public body corporate and politic created under the laws of the State of Florida, Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia (“MEAG Power”), South Carolina Public Service Authority, a body corporate and politic created by the laws of the State of South Carolina (“Santee Cooper”), Nebraska Public Power District, a public corporation and political subdivision of the State of Nebraska (“NPPD”), American Municipal Power, Inc. (“AMP”), the City of Gainesville, Florida, a Florida municipal corporation doing business as Gainesville Regional Utilities (“GRU”), and City Utilities of Springfield, Missouri, a component unit of the City of Springfield, Missouri (“City Utilities”; together with JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and any future entity which is admitted as a member of TEA and executes this Agreement (a “Future Member”), collectively, the “Members” and, individually, a “Member”) and The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”).

RECITALS

WHEREAS, the parties (other than any Future Members) hereto have executed and delivered that certain Restated and Amended Electric Advance Agreement dated as of ~~January~~March 1, ~~2005~~2018 (the “Original Agreement”) ~~and desire to amend the Original Agreement.”),~~ and

WHEREAS, the parties hereto have executed and delivered that certain Restated and Amended Operating Agreement dated as of October 3, 2017 (the “Operating Agreement”), and

WHEREAS, TEA finds it necessary to ~~supplement~~modify its credit support to trade as a power marketer, ~~and to modify the form of the Guaranty (as defined below) by the MISO Addendum to Trade Guaranty Agreement (the “MISO Addendum”) set forth in Annex 4 hereto,~~ and

WHEREAS, the parties ~~agree~~hereto desire to amend and restate the Original Agreement, and as set forth herein,

WHEREAS, TEA finds it necessary ~~to supplement its credit support to trade as a power marketer and to modify the form of the Trade Guaranty provided to Southwest Power Pool, Inc. (“SPP”), and~~

WHEREAS, TEA finds it necessary ~~to supplement its credit support in order to obtain a revolving line of credit for working capital purposes.~~

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the parties hereto agree as follows.

Section 1. Operating Agreement. The Operating Agreement shall remain in full force and effect in accordance with its terms and nothing herein shall amend the terms of the Operating Agreement.

Section 2. Supersession of Original Agreement. This Agreement supersedes the Original Agreement. Nonetheless, any Trade Guaranties (as defined below) as to which Beneficiary Designation Schedules (as described in the Trade Guaranty) have been issued and remain in effect shall remain in full force and effect.

Section 3. Advance. Each of the Members shall make an advance (the "Advance") in ~~one or more installments to TEA of \$28,928,571.43 in the case of LPPS Members and \$9,642,857.14 in the case of MPPS Members upon receipt of a written request therefor of TEA's president or vice president for finance and administration the amount or amounts ("Advance Amount") set forth on Schedule 1 hereto ("Schedule 1"), in one or more installments to TEA.~~ Each Advance shall be made in the form of the delivery to TEA of a guaranty in the form attached hereto as Annex 1 (the "Trade Guaranty") or Annex 2 (the "Bank Guaranty," together with the Trade Guaranty, collectively, the "Guaranty²"), or both, or in such revised forms as may be agreed ~~upon~~ by the parties hereto. The Advance from each Member, or any part thereof, shall be provided by each Member to TEA (in the form of the Trade Guaranty or the Bank Guaranty, or a combination thereof, as requested by TEA from time to time) upon five business days' written notice ~~being provided~~ to each Member. The ~~amount of the~~ Advance Amount from each Member shall be identical in the case of LPPS Members and one third of the Advance ~~given by~~ Amount of LPPS Members, in the case of MPPS Members, and the division of each Advance between the Trade Guaranty and Bank Guaranty shall be identical among all ~~of the~~ LPPS Members and one third of such amount in the case of MPPS Members. TEA shall not execute Beneficiary Designation Schedules, which are in effect from time to time with respect to the Trade Guaranty ~~which, that~~ in the aggregate, together with the Face Amount (as defined herein) of the Bank Guaranty from time to time in effect, exceed ~~\$28,928,571.43 for each LPPS Member and \$9,642,857.14 for each MPPS Member the Advance Amounts for the Members set forth on Schedule 1.~~ The "Face Amount" of the Bank Guaranty shall mean the sum of (i) the maximum amount of letters of credit ~~which~~ a bank is committed to issue pursuant to the terms of a letter of credit and reimbursement agreement plus (ii) the total amount of any revolving line of credit to such bank, such ~~difference~~ sum then being multiplied by the proportionate share ~~which~~ the Member obligates itself to guarantee pursuant to the terms of the Bank Guaranty. No ~~member~~ Member shall be permitted to terminate its Guaranty prior to the effective date of the termination of its membership in TEA or its withdrawal as a ~~member~~ Member of TEA.

Section 4. Form of Advance. ~~Upon five business days' written notice from TEA to each Member, the~~ The form of Advance may be changed, in whole or in part, (a) from the Trade Guaranty to the Bank Guaranty or (b) from the Bank Guaranty to the Trade Guaranty; *provided, however,* that no change from the Trade Guaranty to the Bank Guaranty or from the Bank Guaranty to the Trade Guaranty may be made if the result thereof is to reduce the amount of the Trade Guaranty to below the aggregate amount of guaranteed amounts indicated on the Beneficiary Designation Schedules with respect thereto at the time in effect or to reduce the Bank Guaranty below the amount required by the related reimbursement agreement. Such change shall be effected by TEA's (i) verifying the outstanding Beneficiary Designation Schedules then in effect relating to the Trade Guaranty and the Face Amount of the Bank Guaranty so as to confirm that the ~~\$28,928,571.43 or \$9,642,857.14 aggregate limit~~ Advance Amount per Member ~~(depending on for the class of Member)~~ for Guaranty is not exceeded, and ~~(iii)~~ (iii) providing the written consent of the bank to which the Bank Guaranty has been given of any adjustment to the amount thereof. In no case shall the total amount of the Advance, whether in the form of the Trade Guaranty or the Bank

Guaranty, or both, exceed \$28,928,571.43 or \$9,642,857.14 from each Member (depending on the class of Member), computed as to the Bank Guaranty by the Face Amount thereof. ~~Changes in the authorized maximum amount of the Trade Guaranty for each Member, as determined in accordance with the provisions of this Agreement, shall be evidenced by written notice from each Member to TEA reciting the then authorized maximum amount of such Member's Trade Guaranty. Changes in the authorized maximum amount of the Bank Guaranty for each member as determined in accordance with the provisions of this Agreement, shall be evidenced by the execution and delivery of a new instrument constituting the Bank Guaranty from each member, including the bank's (to which the Bank Guaranty has been given) written consent. Furthermore, in no case shall the aggregate amount of that portion of the Advance which is in the form of the Bank Guaranty (computed by the Face Amount thereof) exceed \$13,166,666.67 or, in the case of a MPPS Member, \$4,388,888.89 unless the Trade Guaranty and all then existing Beneficiary Designation Schedules thereunder, with the written consent of all beneficiaries thereunder, are amended to reduce the Guaranty Limit stated therein to an amount which, when added to any proposed revisions of the Face Amount of the Bank Guaranty does not exceed \$28,928,571.43 or, in the case of a MPPS Member, \$9,642,857.14; the sum of the Advance Amounts allocated to the Members on Schedule 1.~~

Section 5. Loan Agreement. TEA agrees not to consent to any amendments, modifications or renewals of the Letter of Credit and Loan Agreement between it and the Bank to which the Bank Guaranty has been given which results in a material adverse change from the perspective of TEA or the Guarantors in the terms of such Letter of Credit and Loan Agreement without the receipt of the written consent of all LPPS Members and a majority of all Members and each affected guarantor.

Section 6. Repayment and Equalization of Advances. Repayment of Advances for which any Member has paid under its Guaranty shall be made ratably to each Member from available revenues of TEA (on a parity with repayment of "Advances" under that certain ~~Amended and Restated~~ and Amended Natural Gas Advance Agreement dated as of December 1, 2013, as amended among TEA and ~~its members which~~ the respective Members that are participating in its natural gas trading operation, ~~as amended~~.) after provision shall be made for payment in full of TEA's other creditors and after TEA sets aside an amount reasonably required for working capital based on historic levels of working capital maintained. If any Member has paid under its Guaranty, ~~the Members shall promptly communicate among themselves and effect contribution and payments among themselves~~ such Member may request reimbursement by following the Repayment and Equalization Procedures on Schedule 2 hereto ("Schedule 2") so that any amounts paid under any Guaranty shall be borne ratably among the Members in proportion to their respective membership interests in TEA. Notwithstanding any provision of this Section 6 to the contrary, if a Member has paid under its Guaranty due to (i) a payment or performance default by a Member in a transaction with TEA, the non-defaulting Members shall not be required to make any contribution or payment as provided for herein to such defaulting Member, or (ii) attorney's fees and other costs incurred by the beneficiary of the Guaranty to enforce the Guaranty against a defaulting Member which fees and other costs are being recovered by such beneficiary, the other non-defaulting Members shall not be required to make any contribution or payment relating to such attorney's fees and other costs to such defaulting Member.

Section 7. Use of Advances. The Advances shall be used by TEA solely for the purpose of facilitating trading activities for electric capacity, energy or related transmission as approved by TEA's board of directors and in which TEA is not involved as agent other than for Members, and may also be used as credit support for a revolving line of credit for working capital purposes. In no case shall any of the Advances be used by TEA for the purpose of supporting, facilitating or otherwise for transactions or trading activities for natural gas.

Section 8. Future Members. Future Members shall be bound by the terms of this Agreement by executing an instrument substantially in the form of Annex 3 attached hereto and made a part hereof; such instrument shall also be executed by TEA evidencing its approval. Upon the execution and delivery by any Future Member of an instrument substantially similar to Annex 3, together with the approval thereof by TEA; and upon the execution and delivery by any Future Member of the Trade Guaranty and the Bank Guaranty (to the extent such guaranties are in effect), such Future Member shall be deemed a party to this Agreement.

Section 9. Withdrawing Members and Members to be Terminated. Subject to and except as provided in the provisions of the form of MISO Addendum to Trade Guaranty Agreement contained in Annex 4 hereto, TEA shall notify all counterparties to whom a Trade Guaranty has been given that a guarantor under the Trade Guaranty is, effective the withdrawal date or the termination date, no longer a guarantor under the Trade Guaranty as to transactions which have not been entered into as of such date. TEA shall promptly notify the bank to which the Bank Guaranty has been given of the impending withdrawal or termination of the applicable Member and shall use its best efforts to obtain from such bank its agreement to release such member from the Bank Guaranty as to all transactions which have been entered into on and after the withdrawal or termination date. To the extent that TEA is unsuccessful in obtaining such release from such bank, TEA will take the steps necessary to issue to such Member which has withdrawn or has been terminated on the effective date of such withdrawal or termination a Trade Guaranty in an amount equivalent to the Face Amount of the Bank Guaranty of such withdrawn or terminated Member. Unless otherwise agreed to by TEA, the withdrawn or terminated Member shall remain liable on all Guaranties relating to all transactions entered into prior to the effective date of its withdrawal from TEA. To the extent the withdrawn or terminated Member is required to pay on any Guaranty after the date of its withdrawal, it shall be entitled to the benefits of this Agreement as to equalization of Advances and contribution and payments among the Members as provided in Section 56 hereof. It shall also be entitled to all rights of subrogation to which the Member which paid on the Guaranty enjoys, subject to the provisions of this Agreement and the Bylaws of TEA. A withdrawn or terminated Member shall not be entitled to be repaid by TEA for any amounts paid under any Guaranty prior to the other Members' having been repaid by TEA, without the approval of the board of directors of TEA.

Section 10. MISO Addendum Undertakings. TEA agrees with respect to the Trade Guaranty provided to the Midcontinent Independent System Operator, Inc. ("MISO") as amended by the MISO Addendum as follows:

(a) With respect to a proposal that an additional guarantor be added to such Trade Guaranty under the MISO Addendum to which MISO shall have timely objected in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty, unless TEA shall have otherwise made arrangements for such additional guarantor to be added to such Trade

Guaranty, TEA upon the request of any one or more of the guarantors under such Trade Guaranty shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with the terms of Paragraph 7 (as amended by the MISO Addendum) thereof.

(b) Upon notification by MISO pursuant to Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty that one or more guarantors thereunder have become uncreditworthy, TEA shall use its best commercial efforts to provide Financial Security (used herein as defined for purposes of the MISO Addendum), such as a letter of credit qualified under the MISO Addendum, in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty. In the event TEA is not able to comply in providing such Financial Security, unless it shall then proceed to cure such violation and become entitled to participate in MISO's services, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof.

(c) Upon request of the guarantors that such Trade Guaranty be withdrawn or terminated, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof. In the event that one or more of the guarantors under such Trade Guaranty shall request the withdrawal or release of the obligation of such guarantor(s) under the Trade Guaranty, TEA shall use its best commercial efforts to provide Financial Security (including a letter of credit qualified as provided in the MISO Addendum), as provided in Paragraph 7 (as amended by the MISO Addendum) of such Trade Guaranty so as to obtain MISO's approval of the withdrawal or release of such guarantor(s).

Section 11. SPP Undertakings. The parties hereto agree with respect to the initial Trade Guaranty provided to SPP as follows:

(a) The form of guaranty attached as Annex 5 hereto (the "SPP Trade Guaranty") shall be deemed for purposes of the Agreement to be a Trade Guaranty subject to the terms of this Agreement.

(b) The amounts set out in the SPP Trade Guaranty and any other provisions therein may be modified consistent with the provisions of this Agreement, and the addition or removal of "Guarantors" thereunder shall be permitted as provided in the Agreement and in the SPP Trade Guaranty.

Section 12. Notices. Notices required hereunder shall be provided as required by Section 17.1 of the Operating Agreement.

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws.

Section 14. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 15. No Third-Party Beneficiaries. Nothing in this Agreement shall entitle any person other than the Members, TEA or their respective successors and assigns to any claim, cause of action, remedy or right of any kind.

Section 16. Severability. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 17. Equitable Relief. The Members and TEA agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that TEA and the members shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 18. Counterparts. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Members and TEA; and this Agreement shall be binding upon all of the Members and TEA with the same force and effect as if all the Members and TEA had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

Section 19. Amendments. This Agreement may not be amended or modified except by a written instrument signed by TEA and each of the Members.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

JEA

By: _____
~~Paul E. McElroy~~
Managing Director and
Chief Executive Officer

Approved as to Form

~~Jody Brooks~~Regina Ross
Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA**

By: _____
James E. Fuller
President and Chief Executive Officer
~~Executive Officer~~

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
~~James E. Brogdon, Jr.~~
President and Chief Executive Officer

AMERICAN MUNICIPAL POWER, INC.

By: _____
Mare S. Gerken
Jolene Thompson
____ President and Chief Executive Officer

Approved as to Form:

By: _____
Rachel Gerrick
Senior Vice President and
____ General
____ Counsel for Corporate Affairs

NEBRASKA PUBLIC POWER DISTRICT

By: _____
Patrick L. Pope
____ President and Chief Executive Officer

CITY OF GAINESVILLE, FLORIDA

By: _____
Edward J. Bielarski, Jr.
Interim General Manager for Utilities

Approved as to Form and
Legality:

Keino Young
Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

Scott A. Miller
President and Chief Executive Officer

Approved as to Form

Dwayne Fulk
General Counsel

THE ENERGY AUTHORITY, INC.

By: _____
Joanie C. Teofilo
President and Chief
Executive Officer

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SCHEDULE 1

<u>Member</u>	<u>Advance Amount Effective June 1, 2022</u>	<u>Advance Amount Effective December 1, 2022</u>
<u>JEA</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>MEAG Power</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>Santee Cooper</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>NPPD</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>AMP</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>GRU</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>City Utilities</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>Total Advance Amount</u>	<u>\$255,000,000</u>	<u>\$340,000,000</u>

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SCHEDULE 2**REPAYMENT AND EQUALIZATION PROCEDURES**

In accordance with the Restated and Amended Electric Advance Agreement (the “Agreement”), dated as of June 1, 2022 (the “Agreement”), the Members desire to set forth the terms and conditions under which reimbursements shall be made to a Member if such Member makes a payment under a Guaranty. Capitalized terms used in this Schedule 2 without definition shall have the meanings ascribed to such terms in the Agreement.

If a Member receives a demand for payment (“Demand”) under a Guaranty, such Member (the “Paying Member”) shall provide notice of the Demand to TEA, which notice shall include a copy of the Demand and payment instructions for reimbursement, no later than the second Business Day after receipt of such Demand.

TEA will coordinate with the Paying Member and party who has issued the Demand to verify the amount of the Guaranty and amount owed by TEA, confirm the terms of the Guaranty, and determine if TEA can resolve the issue through other means. If TEA is unable to resolve the issue and a payment remains due from the Paying Member, TEA will be responsible for providing notice of the Demand to each other Member (each a “Contributing Member”).

TEA shall notify each Contributing Member of a payment due from the Contributing Member under the Demand no later than the second Business Day after TEA’s receipt of notice from the Paying Member. TEA’s notice (the “TEA Informational Notice”) to each Contributing Member shall include (i) a copy of the Demand, (ii) a calculation of the reimbursement amount due to the Paying Member from such Contributing Member (the “Contribution Amount”), (iii) documentation confirming the amounts owed under the Demand, including to the applicable Beneficiary Designation Schedule, (iv) the Paying Member’s payment instructions, and (v) Member contact information for communications regarding the Demand. Contribution Amounts shall be allocated among the Contributing Members in proportion to their respective contributions to the Advance.

Following payment under the Demand, the Paying Member shall confirm payment and provide evidence of such payment (e.g., wire confirmation) (“Payment Confirmation”) directly to the Contributing Members and TEA. No later than the later of (i) the Business Day following receipt of the Payment Confirmation from the Paying Member or (ii) the second Business Day after receipt of the TEA Informational Notice, each Contributing Member shall transmit a reimbursement payment to the Paying Member in accordance with the payment instructions provided in the TEA Informational Notice.

For purposes of this Schedule 2, Business Day means any day other than a Saturday, Sunday, or federal legal holiday in the United States. Unless otherwise provided herein, any notices made

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pursuant to this Schedule 2 shall be sent to Members in accordance with the notice instructions in the applicable Beneficiary Designation Schedule.

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ANNEX 1**TRADE GUARANTY AGREEMENT**

This Trade Guaranty Agreement (this “Guaranty”) is dated as of ~~March~~June 1, ~~2018~~2022, by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), ~~Public Utility District No. 1 of Cowlitz County, Washington (“Cowlitz”),~~ and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”) ~~which~~that become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the “Guarantors”), in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the “Counterparties”). This Guaranty amends and restates, and upon execution, supersedes, that certain Trade Guaranty Agreement dated as of ~~January~~March 1, ~~2014~~2018, of the Guarantors.

In consideration of the premises and the Counterparties’ from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY.** Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due, whether accruing prior to the date hereof or hereafter (the “Obligations”) under the contract (the “Contract”) designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A ~~which is completed and executed by TEA,~~ but only to the extent of the respective guaranty amount for each Guarantor (the “Guaranty Amount”) set out therein. The Guarantors acknowledge and agree that all payment obligations outstanding or having accrued as of the date hereof shall be included within the Obligations and shall be expressly guaranteed hereunder by the Guarantors. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed ~~\$17,428,571.43 each in the case of AMP, JEA, MEAG Power, NPPD and Santee Cooper, \$5,809,523.81 each in the case of GRU, City Utilities and Cowlitz~~ the amounts indicated as the Guaranty Limits for the Guarantors on Schedule I or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the “Guaranty Limit”). If TEA shall at any time fail or refuse to pay any Obligations to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount ~~and to for the extent of Counterparty, which shall not exceed~~ the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy, but will be obligated to pay the Obligations to the extent of the Guaranty Amount ~~and to for the extent of Counterparty, which shall not exceed~~ the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney’s fees.

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2. **DEMANDS AND NOTICE.** If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska; American Municipal Power, Inc. is a non-profit corporation organized under the laws of the State of Ohio; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities is a Florida municipal corporation; ~~and City Utilities of Springfield, Missouri is a component unit of the City of Springfield, Missouri; and Public Utility District No. 1 of Cowlitz County, Washington is a public utility district organized and validly existing under and pursuant to the laws of the State of Washington.~~ Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

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5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto

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as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT.** This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW.** This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY.** Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

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EXECUTED as of the day and year first above written.

JEA

By: _____

Title: Managing Director and Chief
Executive Officer

Approved as to Form

Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title: President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Title: ~~Interim~~ President and Chief Executive
Officer

**NEBRASKA PUBLIC POWER
DISTRICT**

By: _____
Title: President and Chief Executive Officer

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**AMERICAN MUNICIPAL POWER,
INC.**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Senior Vice President and
General
~~— Counsel for Corporate Affairs~~

CITY OF GAINESVILLE, FLORIDA

By: _____
Title: Interim General Manager for Utilities

Approved as to Form and
Legality:

~~Utilities~~ Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Title: ~~General Manager~~ President and Chief
Executive Officer

Approved as to Form:

~~General Counsel~~

**~~PUBLIC UTILITY DISTRICT NO. 1 OF
COWLITZ COUNTY, WASHINGTON~~**

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Vice President-Chief Legal Officer

By: _____

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SCHEDULE I

<u>Member</u>	<u>Guaranty Limit*</u>	<u>Guaranty Limit*</u>
	<u>Effective June 1, 2022</u>	<u>Effective December 1, 2022</u>
<u>JEA</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>MEAG Power</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>Santee Cooper</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>NPPD</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>AMP</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>GRU</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>City Utilities</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>Total</u>	<u>\$255,000,000</u>	<u>\$340,000,000</u>

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Title: General Manager

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EXHIBIT A**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022, from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and any future guarantors[, as amended by that certain MISO Addendum to Trade Guaranty Agreement dated as of ~~January~~June 1, ~~2014~~2022] (the "Guaranty"). Capitalized terms used herein and not defined are used as defined in such Guaranty ~~Agreement~~.

Counterparty:

<u>Counterparty:</u>	<u>Guaranty</u> <u>Amount</u> <u>[Entity name]</u>	<u>Guaranty</u> <u>Limit</u>
JEA		\$17,428,571.43
MEAG Power		17,428,571.43
Santee Cooper		17,428,571.43
NPPD		17,428,571.43
AMP		17,428,571.43
GRU		5,809,523.81
City Utilities		5,809,523.81
Cowlitz		5,809,523.81

Contract: Total Guaranty Amount of all Guarantors [Identify contract by name of contract, date, and other identifying information]

Identification of contract (include date, name of contract and other identifying information):

<u>Guarantor</u>	<u>Guaranty</u> <u>Amount</u>	<u>Guaranty</u> <u>Limit*</u>
JEA		
MEAG Power		
Santee Cooper		
NPPD		
AMP		
GRU		
City Utilities		
<u>Total Guaranty Amount</u> <u>and Guaranty Limit</u> <u>of all Guarantors</u>		

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The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities ~~and Cowlitz~~ on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty ~~which~~ that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

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* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA’s obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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Notice Addresses:

<p>JEA 21 West Church Street, Suite 1600 Jacksonville, FL 32202-3139 Attn: Chief Financial Officer</p> <p>Municipal Electric Authority of Georgia 1470 Riveredge Parkway Atlanta, GA 30328 Attn: Chief Executive Officer</p> <p>South Carolina Public Service Authority One Riverwood Drive Moncks Corner, SC 29461-2901 Attn: General Counsel</p> <p>Nebraska Public Power District 1414 15th Street Columbus, NE 68601 Attn: Chief Executive Officer</p>	<p>American Municipal Power, Inc. 1111 Schrock Road Columbus, OH 43229 Attn: President</p> <p>Gainesville Regional Utilities 301 SE 4th Avenue Gainesville, Florida 32601 Attn: General Manager for Utilities</p> <p>City Utilities of Springfield, Missouri 301 E. Central Springfield, Missouri 65802 Attn: General Manager<u>President and Chief Executive Officer</u></p> <p>Public Utility District No. 1 of -Cowlitz County, Washington 961 12th Avenue P.O. Box 3007 Longview, WA 98632</p>
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Executed this _____ day of _____, 20__.

THE ENERGY AUTHORITY, INC.

By: _____

Name: _____

Title: _____

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EXHIBIT B
GUARANTY ADDENDUM NO. ____

Reference is made to that certain Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022 (the "Trade Guaranty"), and that certain MISO Addendum to Trade Guaranty Agreement (together with the Trade Guaranty, the "Guaranty"), each of which ~~are~~is executed by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and all future members of The Energy Authority, Inc. ("TEA"), which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*.

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____
 By: _____
Name:
 Title:

[Need to issue new Beneficiary Designation Schedule to specify different Guaranty
 Amounts for each Guarantor]

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ANNEX 2

Unconditional Guaranty (Electric)

Dated: ~~March~~June 1, ~~2018~~2022

THE ENERGY AUTHORITY, INC.

301 West Bay Street
Suite 2600
Jacksonville, FL 32202
(the "Borrower")

[MEMBER]

[Guarantor Address]
(the "Guarantor" and together with
other Members executing a guaranty
in favor of the Bank, called the "Guarantors")

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, FL 32801
Attention: Financial Services Group
(hereinafter referred to as the "Bank")

Recitations of Fact

A. The Guarantor is a member ("Member") of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, "Operating Agreement") and a Restated and Amended Electric Advance Agreement among the Borrower, the Guarantor and the other Members dated as of ~~March~~June 1, ~~2018~~2022 (as it may be amended from time to time, the "Advance Agreement" and together with the Operating Agreement, collectively called the "Operating Instruments"). Capitalized terms used herein and not defined are used as defined in the Advance Agreement.

B. The Borrower will enter into from time to time various contracts for the purchase or sale of electric capacity or energy or related transmission.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower may desire to borrow from time to time funds from the Bank for certain working capital needs.

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E. The Borrower and the Bank have entered into a Letter of Credit and Loan Agreement dated as of March 1, 2018, (as it may be amended, the “Loan Agreement”), providing for the issuance of letters of credit (“Letters of Credit”) by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit and providing for a revolving line of credit (the “Revolving Line”) with the obligations of the Borrower thereunder evidenced by a Revolving Promissory Note (the “Promissory Note”).

F. The Bank is only willing (i) to issue Letters of Credit under the Loan Agreement and (ii) to advance funds under the Revolving Line if the reimbursement, repayment and other obligations of the Borrower are guaranteed or security otherwise provided by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit and to make advances under the Revolving Line, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Loan Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit or on account of amounts due under the Promissory Note, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Loan Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys’ fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the “Guaranteed Obligations”). No payment by any other Guarantor (as defined in the Loan Agreement) shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term “Guarantor Share” means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA) + NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA) + NB}$$

where “NA” equal the total number of Approved LPPS Members and “NB” equals the total number of Approved MPPS Members. The term “Approved LPPS Members” means American Municipal Power, Inc., JEA, Municipal Electric Authority of Georgia, Nebraska Public Power District, South Carolina Public Service Authority and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term “Approved MPPS Members” means the City of Gainesville, Florida doing business as Gainesville Regional Utilities,

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City Utilities of Springfield, Missouri, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank's acceptance of a new Member's Guaranty. No change from one class of membership to another shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless the Bank shall have approved such modification in writing.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection [*in the case of GRU*: ; provided, however, this Guaranty is a limited obligation of the Guarantor payable solely from lawfully available revenues of the electric, natural gas, water, wastewater and telecommunications system owned by the Guarantor]. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations. [*To be included in Guaranties of existing Guarantors only.* Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to the Bank dated January 1, ~~2016~~2019.]

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as the result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

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APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Loan Agreement), without affecting, impairing, lessening or releasing the obligations of the Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall be limited to \$69 million and for all purposes of determining the Guaranteed Obligations there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Loan Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$69 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of

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any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Loan Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower and on each date on which an advance is made by the Bank under the Revolving Line (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the Guarantor's audited financial statement balance sheet shows the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent;

(b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to the Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Loan Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor

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exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgement, lien, garnishment or attachment within 30 days of the entry of the decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Loan Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and

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legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Loan Agreement are freely assignable, in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of _____ without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Loan Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Loan Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Loan Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Loan Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Loan Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on

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the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

[GUARANTOR]

By _____
Name: _____
Title: _____

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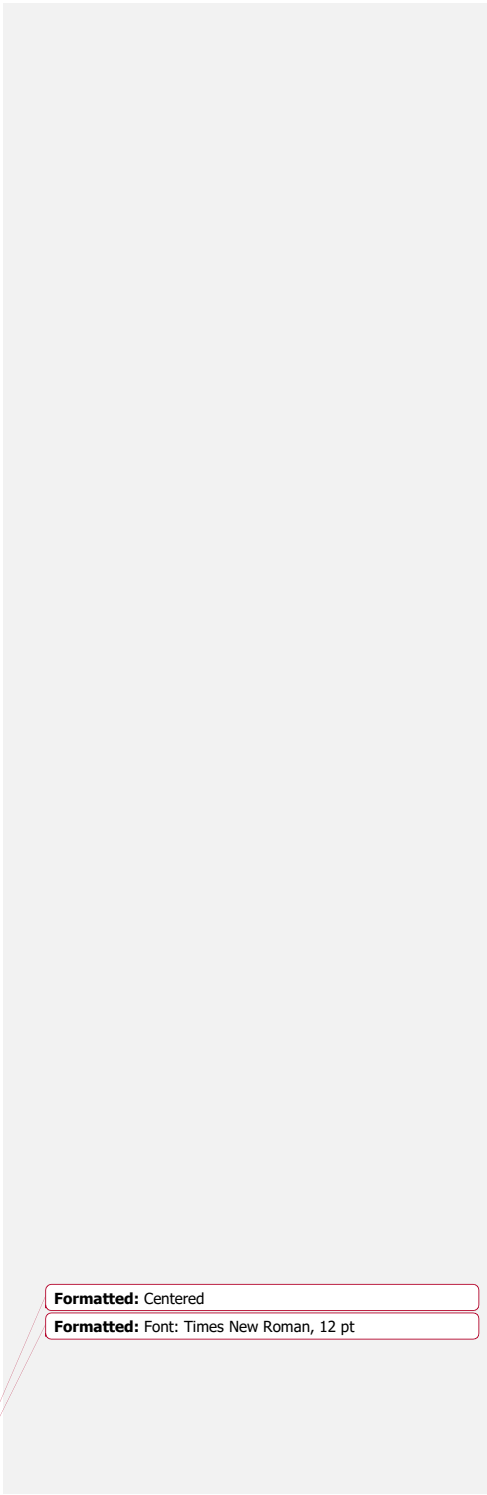
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EXHIBIT A



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EXHIBIT B**Notice of Termination**

The undersigned Guarantor hereby notifies [Name of Bank] (the "Bank") that it is terminating its Unconditional Guaranty dated June 1, 2022 (the "Guaranty") effective at the end of the day on _____, _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the "Effective Date"). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading "Termination of Guaranty" and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

[GUARANTOR]

Date: _____

By _____

Name: _____

Title: ~~Its~~ _____

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ANNEX 3

Reference is made to that certain Restated and Amended Electric Advance Agreement dated as of ~~March~~June 1, ~~2018~~2022, by and among JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri and The Energy Authority, Inc. (the "Agreement"). The undersigned hereby agrees to become a party to the Agreement and a Future Member as designated therein. As such, it shall be bound by the terms of the Agreement and entitled to the benefits thereof. Capitalized terms used herein and not defined are used as defined in the Agreement.

[Deliver executed Trade Guaranty and executed Bank Guaranty, as applicable.]

Date: _____

[FUTURE MEMBER]

By: _____
Name:
Title:

By: _____

Accepted by:

THE ENERGY AUTHORITY, INC.

By: _____

By: _____
Name:
Title: President and Chief Executive Officer

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ANNEX 4**MISO ADDENDUM TO TRADE GUARANTY AGREEMENT**

Reference is made to that certain Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022, by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, ~~Public District No. 1 of Cowlitz County, Washington~~, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation which become guarantors thereunder through a Guaranty Addendum as described therein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as provided therein (the “Guaranty”).

The Guarantors hereby agree to amend the Guaranty, such amendments to be solely for the benefit of the Midcontinent Independent System Operator, Inc. (“MISO”) and shall not apply to any Counterparty (as defined in the Guaranty) other than MISO, who for purposes of this Addendum is also referred to herein as the “Counterparty.” Except as amended hereby for the benefit of MISO, the Guaranty shall remain in full force and effect.

1. Paragraph 1 of the Guaranty is hereby amended by (i) revising the last sentence thereof and (ii) adding two additional sentences, each to read as follows:

In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs. Each Guarantor shall pay all reasonable attorney fees and other costs incurred by the Counterparty to enforce this Guaranty against such Guarantor. The Contract designated on the Beneficiary Designation Schedule shall be MISO’s Transmission and Energy Market Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the “Tariff”), any agreements entered into by TEA under, pursuant to or in connection with the Tariff and/or any agreements to which Counterparty and TEA are parties, as may be amended or supplemented from time to time whether now existing or hereafter arising in accordance with their respective terms.

2. Paragraph 4 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

4. **DEFENSES.** Without limiting a Guarantor’s own defenses and rights hereunder, each Guarantor reserves to itself all rights and defenses to which TEA is or may be entitled arising from or solely out of the Contract, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

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3. Paragraph 5 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto and consented to in writing by the Counterparty; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor or Guarantors shall be adjusted accordingly (so long as (i) the aggregate Guaranty Amount from all Guarantors including the additional Guarantor is not reduced and (ii) the Guaranty Amount of any existing Guarantor is not increased) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; *provided*, that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA, received by TEA, assert such objection within 10 business days after receipt by the Counterparty of the last of (i) the proposed Guaranty Addendum, (ii) the proposed Beneficiary Designation Schedule and (iii) all information required by Counterparty in Attachment L entitled "Credit Policy" as in effect from time to time (the "Credit Policy") to the Tariff, to complete its analysis of such additional Guarantor. If such objection has been asserted within such period, the proposed additional guarantor shall not be added to this Guaranty as a guarantor and this Guaranty shall remain in effect and the Guaranty Amounts for each existing Guarantor shall remain at their existing levels, except that this Guaranty may be terminated in the manner and with the effect as provided in Paragraph 7 hereof. Under no circumstance shall any such proposed additional guarantor be added as a Guarantor hereunder until either (a) the Counterparty completes its review of such party's creditworthiness and the Counterparty acknowledges, in writing, its acceptance of, or states that it has no objection to, such party as an additional Guarantor, or (b) the Counterparty fails to object to the addition of such proposed additional guarantor within the time frame prescribed herein.

In the event one or more of the Guarantors becomes uncreditworthy at any time, in the Counterparty's reasonable judgment in a manner consistent with the Credit Policy, the Counterparty shall furnish written notification thereof to TEA, in response to which, TEA shall, within two Business Days (as defined in the Tariff) of receipt of such written notification (three Business Days if such notification occurs after noon Indianapolis Time) provide other Financial Security (as defined in the Tariff) (e.g., a

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letter of credit in the form attached to the Credit Policy from time to time), as provided in the Credit Policy, to secure the full amount of the obligations guaranteed by the particular Guarantor or Guarantors determined to be uncreditworthy by the Counterparty as provided hereinabove. Should TEA fail to timely provide such Financial Security, TEA's later provision of such Financial Security and TEA otherwise being in compliance with the Credit Policy and all other terms and conditions of the Tariff shall entitle TEA to resume participation in MISO's energy markets and in MISO's transmission and/or market service.

4. Paragraph 7 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

7. **DURATION OF GUARANTY.** The Guarantors or TEA may request the withdrawal of this Guaranty as provided in the Credit Policy; *provided*, this Guaranty shall not terminate until MISO has approved such withdrawal or termination, in writing, which will not be approved unless and until the conditions therefor, as set forth in the Credit Policy, have been satisfied. MISO will return this Guaranty within five business days of MISO's written approval of the withdrawal or termination of this Guaranty. If one or more of the Guarantors requests the withdrawal of the obligation of such Guarantor(s) under this Guaranty and other Financial Security complying with the Credit Policy (including a letter of credit complying with the Credit Policy) is provided to the Counterparty which, together with any remaining amount under this Guaranty, secures the full amount of the obligations guaranteed by the Guarantors prior to such request for withdrawal (including all obligations incurred prior to the release or withdrawal of the Guaranty), MISO will approve the release or withdrawal as provided in the Credit Policy.

5. Paragraph 8 of the Guaranty entitled "Guaranty Addenda" shall be deleted in its entirety and the following is hereby inserted in lieu thereof:

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, each such new member shall agree that this Guaranty is its legal, valid and binding obligations as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Paragraph 3(a) hereof; *provided*, neither the addition of a new member to TEA nor execution by such new member of a Guaranty Addendum shall permit such new member to become a party to the Beneficiary

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Designation Schedule executed in favor of the Counterparty other than as provided in Paragraph 5 hereof.

6. Paragraph 11 of the Guaranty is hereby amended by deleting the phrase "State of Florida" and inserting in lieu thereof "State of Indiana".

7. A new paragraph 13 is inserted to the Guaranty as follows:

13. **WAIVER OF JURY TRIAL.** GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY OTHER MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS COVERED BY THIS GUARANTY.

8. A new paragraph 14 is hereby inserted into the Guaranty as follows:

14. **FINANCIAL REPORTING.** The Guarantors shall each submit all information and documents as, and when, required of Applicants and/or Participants under the Credit Policy (in effect from time to time), including, without limitation, providing Rating Agency reports, current financial statements and information and disclosing any Material Change (as defined in the Tariff) in its financial condition as required in such Credit Policy.

EXECUTED as of the 1st day of ~~March, 2018~~June, 2022.

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By _____
Rachel Gerrick
Senior Vice President and
General
Counsel ~~for Corporate Affairs~~

By _____
~~Mare S. Gerken~~Jolene Thompson
President and Chief Executive Officer

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
~~Paul E. McElroy~~Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

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By _____
James E. Fuller
President and Chief Executive Officer

Approved as to form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

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By _____
Dwayne Fulk
~~General Counsel~~ Vice President-Chief
Legal Officer

By _____
~~Scott Miller~~ Gary Gibson
~~General Manager~~
President and Chief Executive Officer

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NEBRASKA PUBLIC POWER DISTRICT

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By _____
~~Patrick L. Pope~~ Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
~~James E. Brogden, Jr.~~ Jimmy D. Staton
~~Interim~~ President ~~&and~~ Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
~~Keino Young~~ Lisa Bennett
~~Utilities~~ Attorney for GRU

By _____
~~Edward J. Bielarski, Jr.~~ Tony Cunningham
~~Interim~~ General Manager for Utilities

**PUBLIC UTILITY DISTRICT NO. 1 OF
COWLITZ COUNTY, WASHINGTON**

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By _____

Steven D. Kern

General Manager

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ANNEX 5**GUARANTY AGREEMENT**

This Guaranty Agreement (the "Guaranty") is made by JEA, Municipal Electric Authority of Georgia ("MEAG Power"), South Carolina Public Service Authority ("Santee Cooper"), Nebraska Public Power District ("NPPD"), American Municipal Power, Inc. ("AMP"), City of Gainesville, Florida doing business as Gainesville Regional Utilities ("GRU"), City Utilities of Springfield, Missouri ("City Utilities"), ~~Public Utility District No. 1 of Cowlitz County, Washington ("Cowlitz")~~, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation ("TEA") ~~which~~, that become guarantors hereunder through an amendment hereto (referred to individually as "Guarantor" and collectively as the "Guarantors"), in favor of Southwest Power Pool, Inc. ("Creditor"), an Arkansas nonprofit corporation.

WHEREAS, Guarantors are each members of TEA, and TEA and Creditor are parties to certain agreements pursuant to, or in connection with, the Creditor's Open Access Transmission Tariff, whether now existing or hereafter arising in accordance with their respective terms (each referred to individually as "Agreement" and collectively as "Agreements");

WHEREAS, Guarantors will receive substantial and direct benefits from the extensions of credit contemplated by the Agreements and have agreed to enter into this Guaranty to provide assurance for the performance of TEA's obligations in connection with the Agreements and to induce Creditor to enter into the Agreements; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Creditor's further performance of its obligations under the terms of the Agreements;

NOW, THEREFORE, in consideration of the promises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantors hereby agree as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and absolutely guarantee the punctual payment as and when due of TEA's payment obligations arising under any Agreement, as such Agreement may be amended or modified from time to time, together with any interest thereon (collectively, the "Guaranteed Obligations"). Guarantors' obligations and liability under this Guaranty shall be limited to payment obligations only; and Guarantors shall have no obligation otherwise to perform under any Agreement, including, without limitation, to sell, deliver, purchase, receive or transmit any electrical energy product or service. Each Guarantor's aggregate amount guaranteed from time to time under this Guaranty ~~and, the Trade Guaranty Agreement dated as of March 1, 2018~~ June 1, 2022, from the Guarantors relating to TEA ~~shall not exceed \$17,428,571.43 each in, any bank guaranty from the case of JEA, MEAG Power, Santee Cooper, NPPD and AMP, \$5,809,523.81 each in the case of GRU, City Utilities and Cowlitz or Guarantors relating to TEA, and~~ such other amounts relating to any future Guarantors ~~(the "Trade Guaranty," shall not exceed the respective amounts set forth in Schedule 1 attached hereto (the "Guaranty Limit").~~ Furthermore, the respective guaranty amount for each Guarantor with respect to this Guaranty ~~(the~~

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“Guaranty Amount”) shall be limited to the respective amount set forth in the Beneficiary Designation Schedule 1, a form of which is attached hereto (the “Guaranty Amount”); as Schedule 2.

2. **Guaranty Absolute.** The liability of Guarantors under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement;
- (b) any modification, extension or waiver of any of the terms of any Agreement;
- (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith;
- (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed, or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;
- (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Creditor to exercise, in whole or in part, any right or remedy held by Creditor with respect to any Agreement or any transaction under any Agreement;
- (f) any change in the existence, structure or ownership of Guarantors or TEA, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting TEA or its assets; or
- (g) any other circumstance that might otherwise constitute a defense available to, or a discharge of, TEA under any Agreement, or any other agreement or instrument (including any Guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

The obligations of Guarantors hereunder are several from TEA or any other person, and are primary obligations concerning which the Guarantors are each the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Creditor, in order to enforce payment by Guarantors under this Guaranty, to show any proof of TEA’s default, to exhaust its remedies against TEA, any other Guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations. Creditor shall not be required to mitigate damages or take any other action to reduce, collect, or enforce the Guaranteed Obligations. Nonetheless, payment by any Guarantor of any of the Guaranteed Obligations shall, to the extent of the

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amount of such payment, absolve the remaining Guarantors of any liability to pay such amount of the Guaranteed Obligations.

The liability of the Guarantors under this Guaranty with respect to the aggregate principal amount of Guaranteed Obligations shall not exceed the lesser of the principal amount of obligations outstanding or the aggregate "Guaranty Amount" in Schedule 1, and Creditor shall limit TEA's obligations to such amount.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Creditor upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of TEA or any other Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, TEA or any other Guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantors hereby waive:
- (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Creditor in reliance hereon or in connection herewith;
 - (b) notice of the entry into any Agreement between TEA and Creditor and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
 - (c) notice of any increase, reduction or rearrangement of TEA's obligations under any Agreement or any extension of time for the payment of any sums due and payable to Creditor under any Agreement;
 - (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice of any other kind with respect to the Guaranteed Obligations; and
 - (e) any requirement that suit be brought against, or any other action by Creditor be taken against, or any notice of default or other notice be given to, or any demand be made on, TEA or any other person, or that any other action be taken or not taken as a condition to Guarantors' liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantors.
4. **Expenses.** Notwithstanding and in addition to the limit on Guarantors' liability hereunder set forth in Section 1, Guarantors agree to pay on demand any and all costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing

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Guarantors' payment obligations under this Guaranty; provided that Guarantors shall not be liable for any expenses of Creditor if no payment under this Guaranty is due.

5. **Subrogation.** Guarantors shall be subrogated to all rights of Creditor against TEA in respect of any amounts paid by Guarantors pursuant to this Guaranty; provided that Guarantors waive any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Creditor against TEA or any collateral which Creditor now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Creditor in full. If any amount shall be paid to the Guarantors on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Creditor and shall forthwith be paid to Creditor to be applied to the Guaranteed Obligations. If (a) Guarantors shall perform and shall make payment to Creditor of all or any part of the Guaranteed Obligations and (b) all the Guaranteed Obligations shall have been paid in full, Creditor shall, at Guarantors' request, execute and deliver to the Guarantors appropriate documents necessary to evidence the transfer by subrogation to the Guarantors of any interest in the Guaranteed Obligations resulting from such payment by Guarantors.
6. **Setoff.** Creditor is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by Creditor to or for the account of Guarantors against any and all of the obligations of Guarantors under this Guaranty, irrespective of whether or not Creditor shall have made any demand under this Guaranty or such Agreement and although such obligations may be contingent and unmatured. Creditor agrees promptly to notify Guarantors after any such set-off and application made by Creditor; provided that the failure to give such notice shall not affect the validity of such set-off and application.
7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, by express courier with traceable receipt, by facsimile, or personally delivered. Notices shall be sent to the following addresses:

If to Creditor:

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Attention: Credit and Risk Management Department

If to Guarantors:

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(A) To JEA:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attn: Managing Director and Chief Executive Officer

With a copy, which shall not constitute notice, to:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attention: Chief Legal Officer

(B) To MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, Georgia 30328
Attention: Chief Executive Officer

(C) To Santee Cooper:

Santee Cooper
One Riverwood Drive
Moncks Comer, South Carolina 29461-2901
Attention: General Counsel

(D) To NPPD:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: President and Chief Executive Officer

With a copy, which shall not constitute notice, to:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: General Counsel

(E) To AMP:

American Municipal Power, Inc.
1111 Schrock Road

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Suite 100
Columbus, Ohio 43229
Attn: President

With a copy, which shall not constitute notice, to:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: General Counsel

(F) To GRU:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: General Manager for Utilities *(for overnight courier
or hand delivery)*

City of Gainesville, Florida
P.O. Box 147117, Station A134
Gainesville, Florida 32614-7117
Attn: General Manager for Utilities *(for U.S. mail)*

With a copy, which shall not constitute notice, to:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: ~~Utilities~~-Attorney for GRU *(for overnight courier or hand delivery)*

City of Gainesville, Florida
P.O. Box 147117, Station A138
Gainesville, Florida 32614-7117
Attn: ~~Utilities~~-Attorney for GRU *(for U.S. mail)*

(G) To City Utilities:

City Utilities of Springfield, Missouri
301 E. Central
Springfield, Missouri 65802
Attention: ~~General Manager~~President and Chief Executive Officer *(for
courier delivery)*

City Utilities of Springfield, Missouri
P.O. Box 551
Springfield, Missouri 65801-0551

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Attention: ~~General Manager~~President and Chief Executive Officer (for
U.S. Mail)

With a copy, which shall not constitute notice, to:

Dwayne Fulk, Esq.
City Utilities of Springfield, Missouri
301 East Central
Springfield, Missouri 65801-0551

To ~~Cowlitz~~
~~Public Utility District No. 1 of Cowlitz County, Washington~~
~~961 12th Avenue~~
~~P.O. Box 3007~~
~~Longview, WA 98632~~

8. **Demand and Payment.** Any demand by Creditor for payment hereunder shall be in writing, signed by a duly authorized officer of Creditor and delivered to Guarantors pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify TEA, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations, and (c) set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantors shall pay, or cause to be paid, such Guaranteed Obligations within two (2) business days of receipt of such demand.
9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Creditor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
10. **Term; Termination.** This Guaranty shall continue in full force and effect for the term of the Agreements. Notwithstanding the foregoing, this Guaranty may be terminated at any time by Guarantors by providing at least sixty (60) days' prior written notice to Creditor; provided, however, upon termination hereof, Guarantors agree that the obligations and liabilities hereunder shall continue in full force and effect with respect to any obligations incurred prior to the termination date, and any fees and costs of enforcement in connection herewith.
11. **Assignment; Successors and Assigns.** Creditor may, upon notice to Guarantors, assign its rights hereunder without the consent of Guarantors. Each Guarantor may assign its rights hereunder with the prior written consent of Creditor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

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12. **Amendments, Etc.** A written amendment executed by Guarantors only may (a) increase the guaranty limit specified in Section 1 and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantors and Creditor. No waiver of any provision of this Guaranty nor consent to any departure by Guarantors therefrom shall in any event be effective unless such waiver shall be in writing and signed by Creditor. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.
14. **Representation and Warranties.**

Each Guarantor represents and warrants (but only as to itself) as follows:

- (a) JEA is a public body corporate and politic created under the laws of the State of Florida; MEAG Power is a public corporation and instrumentality of the State of Georgia; Santee Cooper is a body corporate and politic created by the laws of the State of South Carolina; NPPD is a public corporation and political subdivision of the State of Nebraska; AMP is a non-profit corporation organized under the laws of the State of Ohio; GRU is a Florida municipal corporation; and City Utilities is a component unit of the City of Springfield, Missouri; ~~and Cowlitz is a public utility district organized and validly existing under and pursuant to the laws of the State of Washington.~~ Each Guarantor has full corporate power to execute, deliver and perform this Guaranty. This representation is evidenced by a copy of the resolution(s) of the governing body of each Guarantor authorizing this Guaranty, which is attached to and made a part of this Guaranty. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in an amendment hereto;
- (b) the execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary governmental action and do not contravene Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets;
- (c) this Guaranty is not in violation of other undertakings or requirements applicable to Guarantor, and is enforceable against Guarantor in accordance with these terms;
- (d) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting Creditor's rights and to general equity principles; and

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- (e) the audited financial statements of Guarantor for the most recent fiscal year and (if applicable) the unaudited financial statements of Guarantor for the most recent quarter (the “Financial Statements”), heretofore delivered to Creditor by Guarantor present fairly the financial condition and results of operations of Guarantor as of the dates and for the period specified therein in conformity with United States generally accepted accounting principles, and, except as otherwise expressly stated therein, consistently applied. Except as expressly stated to Creditor in writing, there has been no Material Adverse Change in the financial condition of Guarantor and its consolidated subsidiaries since the dates of the Financial Statements.
15. **Limitation by Law.** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.
16. **GOVERNING LAW; SUBMISSION TO EXCLUSIVE JURISDICTION.** THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARKANSAS AND ANY APPLICABLE FEDERAL LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY ARKANSAS STATE COURT SITTING IN PULASKI COUNTY, ARKANSAS, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE PARTIES HEREBY WAIVE ANY OBJECTION TO VENUE IN PULASKI COUNTY, ARKANSAS, AND ANY OBJECTION TO ANY ACTION OR PROCEEDING ON THE BASIS OF FORUM NON CONVENIENS.

IN WITNESS WHEREOF, Guarantors has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 1st day of ~~March, 2018~~June, 2022 (“Effective Date”).

Approved as to form

JEA

By Regina Ross
Chief Legal Officer

By Paul E. McElroy
Managing Director and Chief Executive Officer

MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA

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By _____
James E. Fuller
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
~~Patrick L. Pope~~ Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
~~James E. Brogdon, Jr.~~ Jimmy D. Staton
~~Interim~~ President ~~&~~ and Chief Executive Officer

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By: _____
Rachel Gerrick
Senior Vice President and
General
Counsel ~~for Corporate Affairs~~

By _____
~~Marc S. Gerken~~ Jolene Thompson
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
~~Keino Young~~ Lisa Bennett
~~Utilities~~ Attorney for GRU

By _____
~~Edward J. Bielarski, Jr.~~ Tony Cunningham
~~Interim~~ General Manager for Utilities

Approved as to Form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

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Dwayne Fulk
~~General Counsel~~ Vice President-Chief
~~Legal Officer~~

By ~~Scott A. Miller~~ Gary Gibson
~~General Manager~~
~~President and Chief Executive Officer~~

~~PUBLIC UTILITY DISTRICT NO. 1 OF~~
~~COWLITZ COUNTY, WASHINGTON~~

By
~~Steven D. Kern~~
~~General Manager~~

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SCHEDULE 1

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<u>Guarantor</u>	<u>Guaranty Limit*</u>	<u>Guaranty Limit*</u>
	<u>Effective</u> <u>June 1, 2022</u>	<u>Effective</u> <u>December 1, 2022</u>
<u>JEA</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>MEAG Power</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>Santee Cooper</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>NPPD</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>AMP</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>GRU</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>City Utilities</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>Total</u>	<u>\$255,000,000</u>	<u>\$340,000,000</u>

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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SCHEDULE 2**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____, refers to that certain ~~Trade~~-Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022 from JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, City Utilities, ~~Cowlitz~~ and any future guarantors, in favor of Southwest Power Pool, Inc. (the "~~Trade~~-Guaranty Agreement"). Capitalized terms used herein and not defined are used as defined in the Guaranty Agreement attached hereto.

Creditor: Southwest Power Pool, Inc.

	Guaran Amour	Trade Guarant y Limit*	
JEA	\$ _____ _____ —	\$17, 428, 571. 43\$	
MEAG Power	\$ _____ _____ —	17.4 28.5 71.4 3\$	
Santee Cooper	\$ _____ _____ —	17.4 28.5 71.4 3\$	
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NPPD	\$ _____	17.4 28.5 <u>71.4</u> 3\$ _____ _____ _____
AMP	\$ _____	17.4 28.5 <u>71.4</u> 3\$ _____ _____ _____
GRU	\$ _____	5.80 9.52 <u>3.81</u> \$ _____ _____ _____
City Utilities	\$ _____	5.80 9.52 <u>3.81</u> \$ _____ _____ _____
Cowlitz	\$ _____	5,800.5 23.81 _____ _____ _____
Total Guaranty Amount <u>and</u> <u>Guaranty Limit of all</u> <u>Guarantors:</u>	\$ _____	\$ _____ _____ _____

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The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities ~~and Cowlitz~~ on this date under the Guaranty Agreement does not exceed the respective ~~Trade~~ Guaranty Limits set out above as specified in the ~~Trade~~ Guaranty Agreement; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty ~~which~~ Agreement that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the ~~Trade~~ Guaranty Limit as described in such Guaranty Agreement shall have been increased in the ~~Trade~~ Guaranty Agreement.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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Notice Addresses under this Schedule 12:

JEA
21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
Attn: Chief Financial Officer

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, OH 43229
Attn: President

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

City Utilities of Springfield, Missouri
301 E. Central
Springfield, MO 65802
Attn: ~~General Manager~~ President and Chief Executive Officer

Nebraska Public Power District
1414 15th Street
Columbus, NE 68601
Attn: Chief Executive Officer

~~Public Utility District No. 1 of
Cowlitz County, Washington
961 12th Avenue
P. O. Box 3007
Longview, WA 98632~~

Executed this __ day of _____, 2018, 20.

THE ENERGY AUTHORITY, INC.,

By: _____

~~Malinda Prudencio~~

~~VP, Risk Control and Chief Risk Officer~~

By: _____

Name:

Title:

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TRADE GUARANTY AGREEMENT

This Trade Guaranty Agreement (this “Guaranty”) is dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”) that become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the “Guarantors”), in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the “Counterparties”). This Guaranty amends and restates, and upon execution, supersedes, that certain Trade Guaranty Agreement dated as of March 1, 2018, of the Guarantors.

In consideration of the premises and the Counterparties’ from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY.** Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due, whether accruing prior to the date hereof or hereafter (the “Obligations”) under the contract (the “Contract”) designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A, but only to the extent of the respective guaranty amount for each Guarantor (the “Guaranty Amount”) set out therein. The Guarantors acknowledge and agree that all payment obligations outstanding or having accrued as of the date hereof shall be included within the Obligations and shall be expressly guaranteed hereunder by the Guarantors. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed the amounts indicated as the Guaranty Limits for the Guarantors on Schedule I or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the “Guaranty Limit”). If TEA shall at any time fail or refuse to pay any Obligations to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy but will be obligated to pay the Obligations to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney’s fees.

2. **DEMANDS AND NOTICE.** If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified

in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska; American Municipal Power, Inc. is a non-profit corporation organized under the laws of the State of Ohio; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities is a Florida municipal corporation; and City Utilities of Springfield, Missouri is a component unit of the City of Springfield, Missouri. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty

Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency,

bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT**. This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW**. This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY**. Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

EXECUTED as of the day and year first above written.

JEA

By: _____

Title: Managing Director and Chief
Executive Officer

Approved as to Form

Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title: President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Title: President and Chief Executive Officer

**NEBRASKA PUBLIC POWER
DISTRICT**

By: _____
Title: President and Chief Executive Officer

**AMERICAN MUNICIPAL POWER,
INC.**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Senior Vice President and
General Counsel

CITY OF GAINESVILLE, FLORIDA

By: _____
Title: Interim General Manager for Utilities

Approved as to Form and
Legality:

Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Vice President-Chief Legal Officer

SCHEDULE I

Member	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

EXHIBIT A**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of June 1, 2022, from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and any future guarantors[, as amended by that certain MISO Addendum to Trade Guaranty Agreement dated as of June 1, 2022] (the “Guaranty”). Capitalized terms used herein and not defined are used as defined in such Guaranty.

Counterparty: [Entity name]

Contract: [Identify contract by name of contract, date, and other identifying information]

Guarantor	Guaranty Amount	Guaranty Limit*
JEA		
MEAG Power		
Santee Cooper		
NPPD		
AMP		
GRU		
City Utilities		
Total Guaranty Amount and Guaranty Limit of all Guarantors		

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA’s obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Notice Addresses:

<p>JEA 21 West Church Street, Suite 1600 Jacksonville, FL 32202-3139 Attn: Chief Financial Officer</p> <p>Municipal Electric Authority of Georgia 1470 Riveredge Parkway Atlanta, GA 30328 Attn: Chief Executive Officer</p> <p>South Carolina Public Service Authority One Riverwood Drive Moncks Corner, SC 29461-2901 Attn: General Counsel</p> <p>Nebraska Public Power District 1414 15th Street Columbus, NE 68601 Attn: Chief Executive Officer</p>	<p>American Municipal Power, Inc. 1111 Schrock Road Columbus, OH 43229 Attn: President</p> <p>Gainesville Regional Utilities 301 SE 4th Avenue Gainesville, Florida 32601 Attn: General Manager for Utilities</p> <p>City Utilities of Springfield, Missouri 301 E. Central Springfield, Missouri 65802 Attn: President and Chief Executive Officer</p>
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Executed this ____ day of _____, 20__.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:

EXHIBIT B
GUARANTY ADDENDUM NO. _____

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022 (the “Trade Guaranty”), and that certain MISO Addendum to Trade Guaranty Agreement (together with the Trade Guaranty, the “Guaranty”), each of which is executed by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc. (“TEA”), which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*.

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____
Name:
Title:

[Need to issue new Beneficiary Designation Schedule to specify different Guaranty Amounts for each Guarantor]

MISO ADDENDUM TO TRADE GUARANTY AGREEMENT

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation which become guarantors thereunder through a Guaranty Addendum as described therein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as provided therein (the “Guaranty”).

The Guarantors hereby agree to amend the Guaranty, such amendments to be solely for the benefit of the Midcontinent Independent System Operator, Inc. (“MISO”) and shall not apply to any Counterparty (as defined in the Guaranty) other than MISO, who for purposes of this Addendum is also referred to herein as the “Counterparty.” Except as amended hereby for the benefit of MISO, the Guaranty shall remain in full force and effect.

1. Paragraph 1 of the Guaranty is hereby amended by (i) revising the last sentence thereof and (ii) adding two additional sentences, each to read as follows:

In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs. Each Guarantor shall pay all reasonable attorney fees and other costs incurred by the Counterparty to enforce this Guaranty against such Guarantor. The Contract designated on the Beneficiary Designation Schedule shall be MISO’s Transmission and Energy Market Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the “Tariff”), any agreements entered into by TEA under, pursuant to or in connection with the Tariff and/or any agreements to which Counterparty and TEA are parties, as may be amended or supplemented from time to time whether now existing or hereafter arising in accordance with their respective terms.

2. Paragraph 4 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

4. **DEFENSES.** Without limiting a Guarantor’s own defenses and rights hereunder, each Guarantor reserves to itself all rights and defenses to which TEA is or may be entitled arising from or solely out of the Contract, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

3. Paragraph 5 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto and consented to in writing by the Counterparty; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor or Guarantors shall be adjusted accordingly (so long as (i) the aggregate Guaranty Amount from all Guarantors including the additional Guarantor is not reduced and (ii) the Guaranty Amount of any existing Guarantor is not increased) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; *provided*, that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA, received by TEA, assert such objection within 10 business days after receipt by the Counterparty of the last of (i) the proposed Guaranty Addendum, (ii) the proposed Beneficiary Designation Schedule and (iii) all information required by Counterparty in Attachment L entitled “Credit Policy” as in effect from time to time (the “Credit Policy”) to the Tariff, to complete its analysis of such additional Guarantor. If such objection has been asserted within such period, the proposed additional guarantor shall not be added to this Guaranty as a guarantor and this Guaranty shall remain in effect and the Guaranty Amounts for each existing Guarantor shall remain at their existing levels, except that this Guaranty may be terminated in the manner and with the effect as provided in Paragraph 7 hereof. Under no circumstance shall any such proposed additional guarantor be added as a Guarantor hereunder until either (a) the Counterparty completes its review of such party’s creditworthiness and the Counterparty acknowledges, in writing, its acceptance of, or states that it has no objection to, such party as an additional Guarantor, or (b) the Counterparty fails to object to the addition of such proposed additional guarantor within the time frame prescribed herein.

In the event one or more of the Guarantors becomes uncreditworthy at any time, in the Counterparty’s reasonable judgment in a manner consistent with the Credit Policy, the Counterparty shall furnish written notification thereof to TEA, in response to which, TEA shall, within two Business Days (as defined in the Tariff) of receipt of such written notification (three Business Days if such notification occurs after noon Indianapolis Time) provide other Financial Security (as defined in the Tariff) (e.g., a letter of credit in the form attached to the Credit Policy from time to time), as provided in the Credit Policy, to secure the full amount of the obligations guaranteed by the particular Guarantor or Guarantors determined to be uncreditworthy by the Counterparty as provided

hereinabove. Should TEA fail to timely provide such Financial Security, TEA's later provision of such Financial Security and TEA otherwise being in compliance with the Credit Policy and all other terms and conditions of the Tariff shall entitle TEA to resume participation in MISO's energy markets and in MISO's transmission and/or market service.

4. Paragraph 7 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

7. **DURATION OF GUARANTY.** The Guarantors or TEA may request the withdrawal of this Guaranty as provided in the Credit Policy; *provided*, this Guaranty shall not terminate until MISO has approved such withdrawal or termination, in writing, which will not be approved unless and until the conditions therefor, as set forth in the Credit Policy, have been satisfied. MISO will return this Guaranty within five business days of MISO's written approval of the withdrawal or termination of this Guaranty. If one or more of the Guarantors requests the withdrawal of the obligation of such Guarantor(s) under this Guaranty and other Financial Security complying with the Credit Policy (including a letter of credit complying with the Credit Policy) is provided to the Counterparty which, together with any remaining amount under this Guaranty, secures the full amount of the obligations guaranteed by the Guarantors prior to such request for withdrawal (including all obligations incurred prior to the release or withdrawal of the Guaranty), MISO will approve the release or withdrawal as provided in the Credit Policy.

5. Paragraph 8 of the Guaranty entitled "Guaranty Addenda" shall be deleted in its entirety and the following is hereby inserted in lieu thereof:

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, each such new member shall agree that this Guaranty is its legal, valid and binding obligations as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Paragraph 3(a) hereof; *provided*, neither the addition of a new member to TEA nor execution by such new member of a Guaranty Addendum shall permit such new member to become a party to the Beneficiary Designation Schedule executed in favor of the Counterparty other than as provided in Paragraph 5 hereof.

6. Paragraph 11 of the Guaranty is hereby amended by deleting the phrase "State of Florida" and inserting in lieu thereof "State of Indiana".

7. A new paragraph 13 is inserted to the Guaranty as follows:

13. **WAIVER OF JURY TRIAL.** GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY OTHER MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS COVERED BY THIS GUARANTY.

8. A new paragraph 14 is hereby inserted into the Guaranty as follows:

14. **FINANCIAL REPORTING.** The Guarantors shall each submit all information and documents as, and when, required of Applicants and/or Participants under the Credit Policy (in effect from time to time), including, without limitation, providing Rating Agency reports, current financial statements and information and disclosing any Material Change (as defined in the Tariff) in its financial condition as required in such Credit Policy.

EXECUTED as of the 1st day of June, 2022.

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

Approved as to form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By _____
Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

Unconditional Guaranty (Electric)

Dated: June 1, 2022

THE ENERGY AUTHORITY, INC.

301 West Bay Street
Suite 2600
Jacksonville, FL 32202
(the “Borrower”)

JEA

21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
(the “Guarantor” and together with
other Members executing a guaranty
in favor of the Bank, called the “Guarantors”)

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, FL 32801
Attention: Financial Services Group
(hereinafter referred to as the “Bank”)

Recitations of Fact

A. The Guarantor is a member (“Member”) of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, “Operating Agreement”) and a Restated and Amended Electric Advance Agreement among the Borrower, the Guarantor and the other Members dated as of June 1, 2022 (as it may be amended from time to time, the “Advance Agreement” and together with the Operating Agreement, collectively called the “Operating Instruments”). Capitalized terms used herein and not defined are used as defined in the Advance Agreement.

B. The Borrower will enter into from time to time various contracts for the purchase or sale of electric capacity or energy or related transmission.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower may desire to borrow from time to time funds from the Bank for certain working capital needs.

E. The Borrower and the Bank have entered into a Letter of Credit and Loan Agreement dated as of March 1, 2018 (as it may be amended, the “Loan Agreement”), providing

for the issuance of letters of credit (“Letters of Credit”) by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit and providing for a revolving line of credit (the “Revolving Line”) with the obligations of the Borrower thereunder evidenced by a Revolving Promissory Note (the “Promissory Note”).

F. The Bank is only willing (i) to issue Letters of Credit under the Loan Agreement and (ii) to advance funds under the Revolving Line if the reimbursement, repayment and other obligations of the Borrower are guaranteed or security otherwise provided by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit and to make advances under the Revolving Line, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Loan Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit or on account of amounts due under the Promissory Note, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Loan Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys’ fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the “Guaranteed Obligations”). No payment by any other Guarantor (as defined in the Loan Agreement) shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term “Guarantor Share” means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA) + NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA) + NB}$$

where “NA” equal the total number of Approved LPPS Members and “NB” equals the total number of Approved MPPS Members. The term “Approved LPPS Members” means American Municipal Power, Inc., JEA, Municipal Electric Authority of Georgia, Nebraska Public Power District, South Carolina Public Service Authority and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term “Approved MPPS Members” means the City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank’s acceptance of a new Member’s Guaranty. No change from one class of membership to another

shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless the Bank shall have approved such modification in writing.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations. Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to the Bank dated January 1, 2019.

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as the result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Loan Agreement), without affecting, impairing, lessening or releasing the obligations of the Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to

the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall be limited to \$69 million and for all purposes of determining the Guaranteed Obligations there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Loan Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$69 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Loan Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for

making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower and on each date on which an advance is made by the Bank under the Revolving Line (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the Guarantor's audited financial statement balance sheet shows the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent;

(b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to the Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Loan Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgement, lien, garnishment or attachment within 30 days of the entry of the decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the

Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Loan Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Loan Agreement are freely assignable,

in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of Florida without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Loan Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Loan Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Loan Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Loan Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Loan Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

JEA

By: _____
Jay Stowe
Managing Director and
Chief Executive Officer

Approved as to Form

Regina Ross
Chief Legal Officer

EXHIBIT A

None.

EXHIBIT B

Notice of Termination

The undersigned Guarantor hereby notifies [Name of Bank] (the “Bank”) that it is terminating its Unconditional Guaranty dated June 1, 2022 (the “Guaranty”) effective at the end of the day on _____, _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the “Effective Date”). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading “Termination of Guaranty” and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

JEA

Date: _____

By _____

Name:

Title:

GUARANTY AGREEMENT

This Guaranty Agreement (the “Guaranty”) is made by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”), that become guarantors hereunder through an amendment hereto (referred to individually as “Guarantor” and collectively as the “Guarantors”), in favor of Southwest Power Pool, Inc. (“Creditor”), an Arkansas nonprofit corporation.

WHEREAS, Guarantors are each members of TEA, and TEA and Creditor are parties to certain agreements pursuant to, or in connection with, the Creditor’s Open Access Transmission Tariff, whether now existing or hereafter arising in accordance with their respective terms (each referred to individually as “Agreement” and collectively as “Agreements”);

WHEREAS, Guarantors will receive substantial and direct benefits from the extensions of credit contemplated by the Agreements and have agreed to enter into this Guaranty to provide assurance for the performance of TEA’s obligations in connection with the Agreements and to induce Creditor to enter into the Agreements; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Creditor’s further performance of its obligations under the terms of the Agreements;

NOW, THEREFORE, in consideration of the promises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantors hereby agree as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and absolutely guarantee the punctual payment as and when due of TEA’s payment obligations arising under any Agreement, as such Agreement may be amended or modified from time to time, together with any interest thereon (collectively, the “Guaranteed Obligations”). Guarantors’ obligations and liability under this Guaranty shall be limited to payment obligations only; and Guarantors shall have no obligation otherwise to perform under any Agreement, including, without limitation, to sell, deliver, purchase, receive or transmit any electrical energy product or service. Each Guarantor’s aggregate amount guaranteed from time to time under this Guaranty, the Trade Guaranty Agreement dated as of June 1, 2022, from the Guarantors relating to TEA, any bank guaranty from the Guarantors relating to TEA, and such other amounts relating to any future Guarantors, shall not exceed the respective amounts set forth in Schedule 1 attached hereto (the “Guaranty Limit”). Furthermore, the respective guaranty amount for each Guarantor with respect to this Guaranty (the “Guaranty Amount”) shall be limited to the respective amount set forth in the Beneficiary Designation Schedule, a form of which is attached hereto as Schedule 2.
2. **Guaranty Absolute.** The liability of Guarantors under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement;
- (b) any modification, extension or waiver of any of the terms of any Agreement;
- (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith;
- (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed, or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;
- (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Creditor to exercise, in whole or in part, any right or remedy held by Creditor with respect to any Agreement or any transaction under any Agreement;
- (f) any change in the existence, structure or ownership of Guarantors or TEA, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting TEA or its assets; or
- (g) any other circumstance that might otherwise constitute a defense available to, or a discharge of, TEA under any Agreement, or any other agreement or instrument (including any Guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

The obligations of Guarantors hereunder are several from TEA or any other person, and are primary obligations concerning which the Guarantors are each the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Creditor, in order to enforce payment by Guarantors under this Guaranty, to show any proof of TEA's default, to exhaust its remedies against TEA, any other Guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations. Creditor shall not be required to mitigate damages or take any other action to reduce, collect, or enforce the Guaranteed Obligations. Nonetheless, payment by any Guarantor of any of the Guaranteed Obligations shall, to the extent of the amount of such payment, absolve the remaining Guarantors of any liability to pay such amount of the Guaranteed Obligations.

The liability of the Guarantors under this Guaranty with respect to the aggregate principal amount of Guaranteed Obligations shall not exceed the lesser of the

principal amount of obligations outstanding or the aggregate “Guaranty Amount” in Schedule 1, and Creditor shall limit TEA’s obligations to such amount.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Creditor upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of TEA or any other Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, TEA or any other Guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantors hereby waive:
 - (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Creditor in reliance hereon or in connection herewith;
 - (b) notice of the entry into any Agreement between TEA and Creditor and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
 - (c) notice of any increase, reduction or rearrangement of TEA’s obligations under any Agreement or any extension of time for the payment of any sums due and payable to Creditor under any Agreement;
 - (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice of any other kind with respect to the Guaranteed Obligations; and
 - (e) any requirement that suit be brought against, or any other action by Creditor be taken against, or any notice of default or other notice be given to, or any demand be made on, TEA or any other person, or that any other action be taken or not taken as a condition to Guarantors’ liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantors.
4. **Expenses.** Notwithstanding and in addition to the limit on Guarantors’ liability hereunder set forth in Section 1, Guarantors agree to pay on demand any and all costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing Guarantors’ payment obligations under this Guaranty; provided that Guarantors shall not be liable for any expenses of Creditor if no payment under this Guaranty is due.
5. **Subrogation.** Guarantors shall be subrogated to all rights of Creditor against TEA in respect of any amounts paid by Guarantors pursuant to this Guaranty; provided that

Guarantors waive any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Creditor against TEA or any collateral which Creditor now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Creditor in full. If any amount shall be paid to the Guarantors on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Creditor and shall forthwith be paid to Creditor to be applied to the Guaranteed Obligations. If (a) Guarantors shall perform and shall make payment to Creditor of all or any part of the Guaranteed Obligations and (b) all the Guaranteed Obligations shall have been paid in full, Creditor shall, at Guarantors' request, execute and deliver to the Guarantors appropriate documents necessary to evidence the transfer by subrogation to the Guarantors of any interest in the Guaranteed Obligations resulting from such payment by Guarantors.

6. **Setoff.** Creditor is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by Creditor to or for the account of Guarantors against any and all of the obligations of Guarantors under this Guaranty, irrespective of whether or not Creditor shall have made any demand under this Guaranty or such Agreement and although such obligations may be contingent and unmatured. Creditor agrees promptly to notify Guarantors after any such set-off and application made by Creditor; provided that the failure to give such notice shall not affect the validity of such set-off and application.
7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, by express courier with traceable receipt, by facsimile, or personally delivered. Notices shall be sent to the following addresses:

If to Creditor:

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Attention: Credit and Risk Management Department

If to Guarantors:

(A) To JEA:

JEA
21 West Church Street
Suite 1600

Jacksonville, Florida 32202-3139
Attn: Managing Director and Chief Executive Officer

With a copy, which shall not constitute notice, to:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attention: Chief Legal Officer

(B) To MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, Georgia 30328
Attention: Chief Executive Officer

(C) To Santee Cooper:

Santee Cooper
One Riverwood Drive
Moncks Comer, South Carolina 29461-2901
Attention: General Counsel

(D) To NPPD:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: President and Chief Executive Officer

With a copy, which shall not constitute notice, to:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: General Counsel

(E) To AMP:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: President

With a copy, which shall not constitute notice, to:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: General Counsel

(F) To GRU:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: General Manager for Utilities (*for overnight courier
or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A134
Gainesville, Florida 32614-7117
Attn: General Manager for Utilities (*for U.S. mail*)

With a copy, which shall not constitute notice, to:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: Attorney for GRU (*for overnight courier or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A138
Gainesville, Florida 32614-7117
Attn: Attorney for GRU (*for U.S. mail*)

(G) To City Utilities:

City Utilities of Springfield, Missouri
301 E. Central
Springfield, Missouri 65802
Attention: President and Chief Executive Officer (*for courier delivery*)

City Utilities of Springfield, Missouri
P.O. Box 551
Springfield, Missouri 65801-0551
Attention: President and Chief Executive Officer (*for U.S. Mail*)

With a copy, which shall not constitute notice, to:

Dwayne Fulk, Esq.
City Utilities of Springfield, Missouri

301 East Central
Springfield, Missouri 65801-0551

8. **Demand and Payment.** Any demand by Creditor for payment hereunder shall be in writing, signed by a duly authorized officer of Creditor and delivered to Guarantors pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify TEA, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations, and (c) set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantors shall pay, or cause to be paid, such Guaranteed Obligations within two (2) business days of receipt of such demand.
9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Creditor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
10. **Term; Termination.** This Guaranty shall continue in full force and effect for the term of the Agreements. Notwithstanding the foregoing, this Guaranty may be terminated at any time by Guarantors by providing at least sixty (60) days' prior written notice to Creditor; provided, however, upon termination hereof, Guarantors agree that the obligations and liabilities hereunder shall continue in full force and effect with respect to any obligations incurred prior to the termination date, and any fees and costs of enforcement in connection herewith.
11. **Assignment; Successors and Assigns.** Creditor may, upon notice to Guarantors, assign its rights hereunder without the consent of Guarantors. Each Guarantor may assign its rights hereunder with the prior written consent of Creditor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.
12. **Amendments, Etc.** A written amendment executed by Guarantors only may (a) increase the guaranty limit specified in Section 1 and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantors and Creditor. No waiver of any provision of this Guaranty nor consent to any departure by Guarantors therefrom shall in any event be effective unless such waiver shall be in writing and signed by Creditor. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.
14. **Representation and Warranties.**

Each Guarantor represents and warrants (but only as to itself) as follows:

- (a) JEA is a public body corporate and politic created under the laws of the State of Florida; MEAG Power is a public corporation and instrumentality of the State of Georgia; Santee Cooper is a body corporate and politic created by the laws of the State of South Carolina; NPPD is a public corporation and political subdivision of the State of Nebraska; AMP is a non-profit corporation organized under the laws of the State of Ohio; GRU is a Florida municipal corporation; and City Utilities is a component unit of the City of Springfield, Missouri. Each Guarantor has full corporate power to execute, deliver and perform this Guaranty. This representation is evidenced by a copy of the resolution(s) of the governing body of each Guarantor authorizing this Guaranty, which is attached to and made a part of this Guaranty. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in an amendment hereto;
 - (b) the execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary governmental action and do not contravene Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets;
 - (c) this Guaranty is not in violation of other undertakings or requirements applicable to Guarantor, and is enforceable against Guarantor in accordance with these terms;
 - (d) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting Creditor's rights and to general equity principles; and
 - (e) the audited financial statements of Guarantor for the most recent fiscal year and (if applicable) the unaudited financial statements of Guarantor for the most recent quarter (the "Financial Statements"), heretofore delivered to Creditor by Guarantor present fairly the financial condition and results of operations of Guarantor as of the dates and for the period specified therein in conformity with United States generally accepted accounting principles, and, except as otherwise expressly stated therein, consistently applied. Except as expressly stated to Creditor in writing, there has been no Material Adverse Change in the financial condition of Guarantor and its consolidated subsidiaries since the dates of the Financial Statements.
15. **Limitation by Law.** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

16. **GOVERNING LAW; SUBMISSION TO EXCLUSIVE JURISDICTION. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARKANSAS AND ANY APPLICABLE FEDERAL LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY ARKANSAS STATE COURT SITTING IN PULASKI COUNTY, ARKANSAS, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE PARTIES HEREBY WAIVE ANY OBJECTION TO VENUE IN PULASKI COUNTY, ARKANSAS, AND ANY OBJECTION TO ANY ACTION OR PROCEEDING ON THE BASIS OF FORUM NON CONVENIENS.**

IN WITNESS WHEREOF, Guarantors has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 1st day of June, 2022 (“Effective Date”).

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By: _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

Approved as to Form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

SCHEDULE 1

Guarantor	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

SCHEDULE 2**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____, refers to that certain Guaranty Agreement dated as of June 1, 2022 from JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, City Utilities, and any future guarantors, in favor of Southwest Power Pool, Inc. (the "Guaranty Agreement"). Capitalized terms used herein and not defined are used as defined in the Guaranty Agreement attached hereto.

Creditor: Southwest Power Pool, Inc.

	Guaranty Amount	Guaranty Limit*
JEA	\$ _____	\$ _____
MEAG Power	\$ _____	\$ _____
Santee Cooper	\$ _____	\$ _____
NPPD	\$ _____	\$ _____
AMP	\$ _____	\$ _____
GRU	\$ _____	\$ _____
City Utilities	\$ _____	\$ _____
Total Guaranty Amount and Guaranty Limit of all Guarantors:	\$ _____	\$ _____

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under the Guaranty Agreement does not exceed the respective Guaranty Limits set out above as specified in the Guaranty Agreement; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty Agreement that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty Agreement shall have been increased in the Guaranty Agreement.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Notice Addresses under this Schedule 2:

JEA
21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
Attn: Chief Financial Officer

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, OH 43229
Attn: President

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

City Utilities of Springfield, Missouri
301 E. Central
Springfield, MO 65802
Attn: President and Chief Executive Officer

Nebraska Public Power District
1414 15th Street
Columbus, NE 68601
Attn: Chief Executive Officer

Executed this __ day of _____, 20____.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:



BOARD RESOLUTION: 2022-08

May 24, 2022

A RESOLUTION OF JEA AUTHORIZING NEGOTIATED ACQUISITION AND EXECUTION OF ACQUISITION AGREEMENTS FOR UTILITY EASEMENT RIGHTS IN CERTAIN LAND DESCRIBED HEREIN FOR WATER AND SEWER LINES AND ASSOCIATED FACILITIES, UNDER CERTAIN TERMS AND CONDITIONS, AND FAILING SUCCESSFUL NEGOTIATIONS AS TO ANY AND ALL SUCH LAND, AUTHORIZING CONDEMNATION PROCEEDINGS; DECLARING THE NECESSITY FOR ACQUIRING UTILITY EASEMENT RIGHTS THROUGH CONDEMNATION BY RIGHT OF EMINENT DOMAIN IN CERTAIN LAND; AUTHORIZING THE OFFICE OF GENERAL COUNSEL TO INSTITUTE APPROPRIATE CONDEMNATION PROCEEDINGS; WAIVING ANY CONFLICTING PROVISIONS OF THE REAL ESTATE SERVICES PROCUREMENT DIRECTIVES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, JEA is authorized to construct, operate and maintain facilities for public utilities for the general public and is vested by law with the power of eminent domain to acquire fee and easement rights, for all public utilities including, but not limited to, electric, water, reclaimed water, and sewer purposes in the event that negotiations for their purchase is concluded unsuccessfully; now therefore:

BE IT RESOLVED by the JEA Board of Directors that:

- 1. Managing Director Authorized to Acquire.** The Managing Director, or his designee, is hereby authorized to negotiate and acquire and to enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights in the lands described in Exhibit "A", to construct, operate and maintain water and sewer lines and related facilities. JEA declares that the land described in Exhibit "A" is necessary for this use. The Managing Director, or his designee, shall accomplish such acquisition of utility easement rights on such terms and conditions as specified by JEA.
- 2. Declaration of Necessity.** In the event any such negotiation is concluded unsuccessfully within a reasonable period of time, as determined by JEA, JEA declares the necessity for acquiring through condemnation by right of eminent domain utility easement rights in the lands described in Exhibit "A". The purpose of the utility easement rights is to construct, operate and maintain water and sewer lines and related facilities and to accommodate future expansion of water and sewer lines.
- 3. Acquisition of Utility Easements.** JEA shall acquire by eminent domain utility easement rights in the land described in the attached Exhibit "A" for the public purposes stated herein.
- 4. Institution of Legal Proceedings.** The Office of General Counsel is authorized and empowered to institute at the direction of the Managing Director and on behalf of JEA the appropriate legal proceedings to acquire by condemnation utility easement rights in the land described in the attached Exhibit "A".
- 5. Waiver.** Any conflicting provisions of the Real Estate Procurement Directives are hereby waived.

Dated this 24th day of May 2022

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



INTER-OFFICE MEMORANDUM

April 26, 2022

SUBJECT: REAL ESTATE EASEMENT CONDEMNATION RESOLUTION:
SOUTHSIDE INTEGRATED PIPING SYSTEM

FROM: Jay Stowe, Managing Director / CEO

TO: JEA Board of Directors

BACKGROUND:

In support of JEA's water system in eastern and southern Duval County, Real Estate Services has been acquiring easements for the construction of a new 30-inch water pipeline. Southside Integrated Piping System ("SIPS") is critical for the continued reliability and economic growth of JEA's water system and is scheduled to begin construction October 2022.

DISCUSSION:

Real Estate Services has been negotiating with the property owners since May 2020 but has not yet reached an agreement to purchase the remaining easements for the project.

Condemnation Authority is being sought at this time for three (3) different properties to ensure that any delays in negotiations or acquisitions do not jeopardize the project schedule. Utility easement rights will be acquired to accommodate the planned waterline project. The Office of General Counsel has been involved throughout the process and recommends that the Board approve this action at this time.

FINANCIAL IMPACT:

Through Eminent Domain, the condemning authority is responsible for all fees and expenses per the Florida Statutes.

RECOMMENDATION:

Staff recommends that the Board approve Resolution 2022-08 for Condemnation to be filed with the Court in order to obtain easements to the property, for the purposes referenced above, should negotiations prove unsuccessful.

Further, that the Board approve pre-suit mediation as allowed by Chapter 73.015(3), Florida Statutes, and delegate mediation settlement authority to the Managing Director/CEO or his designee.

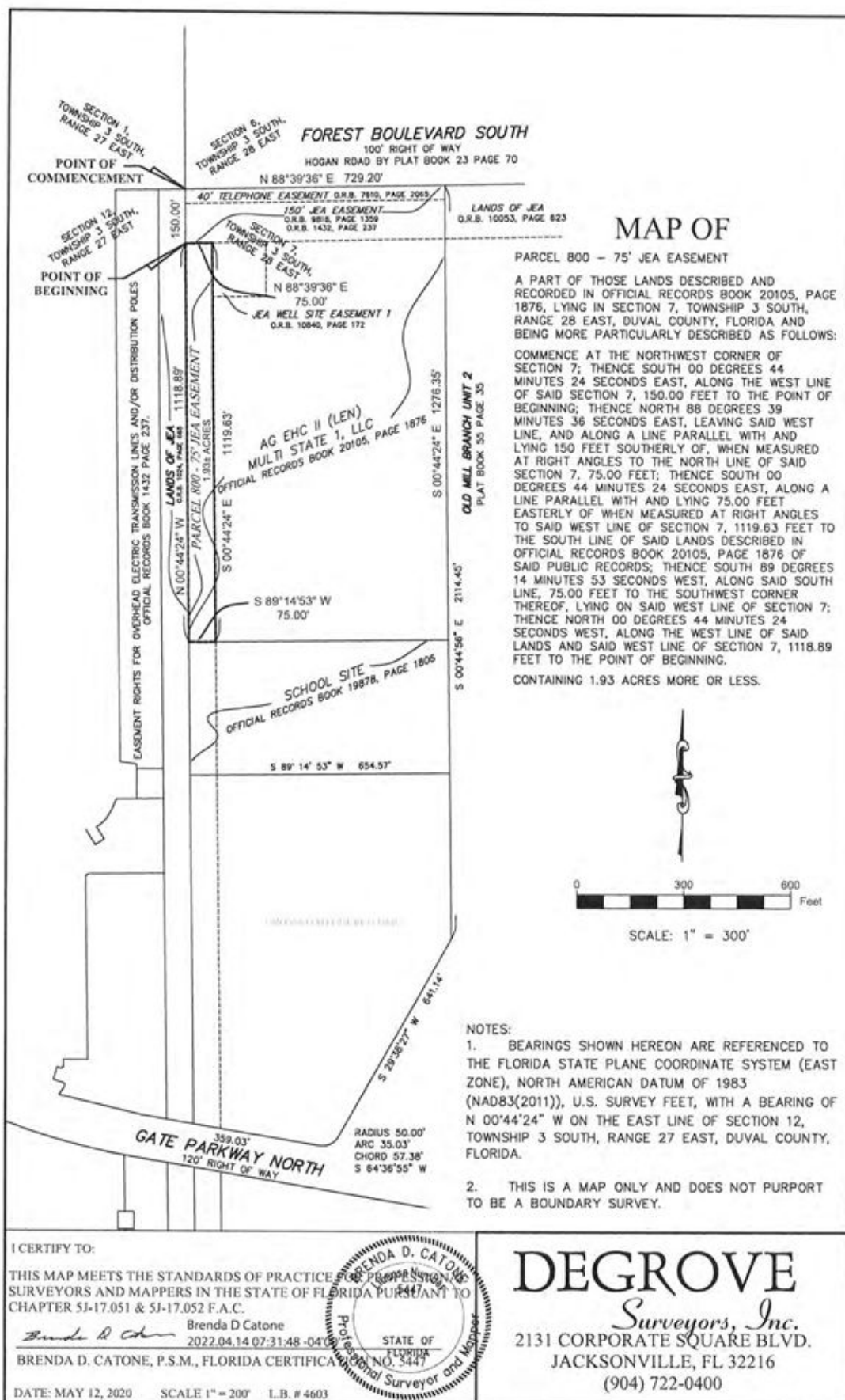
Lastly, staff recommends that the Board approve continuing negotiations with the property owners until and after any Order of Taking in order to expedite the process, control costs and provide a fair settlement between parties.

Jay Stowe, Managing Director/CEO

JCS/LMD/PWM/EMC

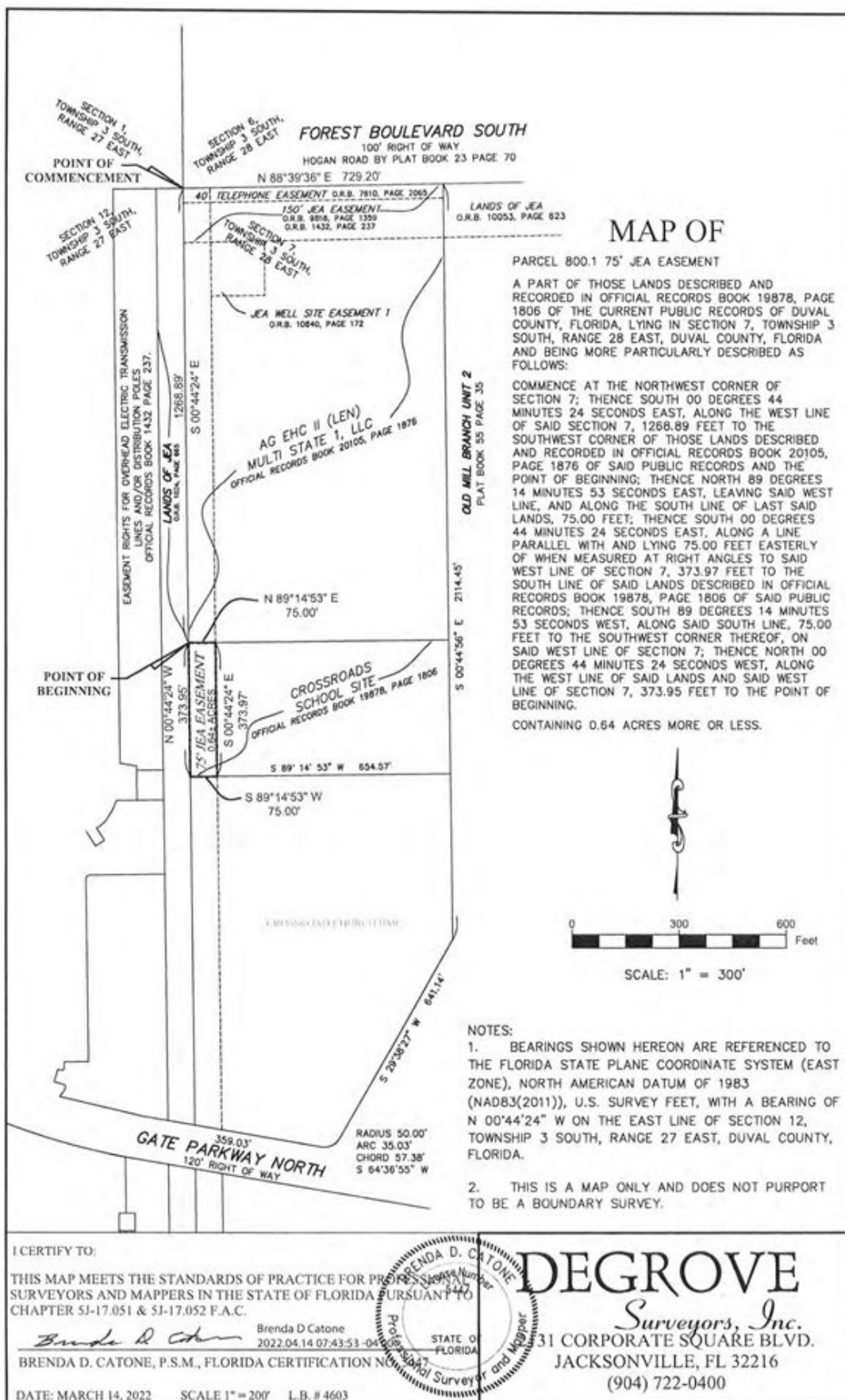
Attachments: Location Map / Ownership Interests / JEA Resolution for Condemnation

Exhibit "A"



NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

Exhibit "A"



NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

Exhibit "A"

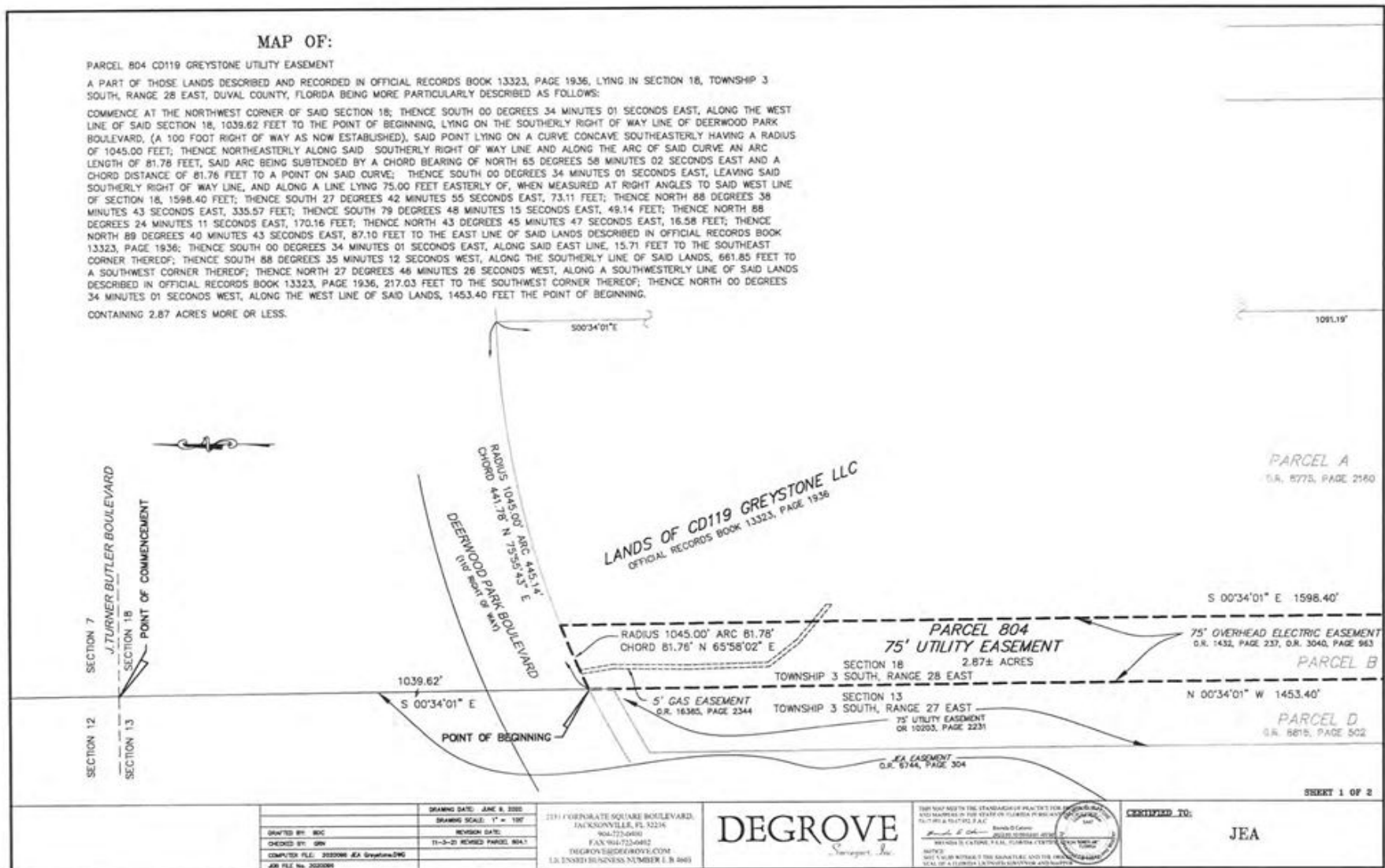




Exhibit "A"

PARCEL 700 CD119 GREYSTONE TEMPORARY CONSTRUCTION EASEMENT

A PART OF THOSE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1936, LYING IN SECTION 18, TOWNSHIP 3 SOUTH, RANGE 28 EAST, DUVAL COUNTY, FLORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SAID SECTION 18; THENCE SOUTH 00 DEGREES 34 MINUTES 01 SECONDS EAST, ALONG THE WEST LINE OF SAID SECTION 18, 1039.62 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF DEERWOOD PARK BOULEVARD, (A 100 FOOT RIGHT OF WAY AS NOW ESTABLISHED), SAID POINT LYING ON A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 1045.00 FEET; THENCE NORTHEASTERLY ALONG SAID SOUTHERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 445.14 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 75 DEGREES 55 MINUTES 43 SECONDS EAST AND A CHORD DISTANCE OF 441.78 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 00 DEGREES 34 MINUTES 01 SECONDS EAST, LEAVING SAID SOUTHERLY RIGHT OF WAY LINE, 1091.19 FEET THENCE NORTH 89 DEGREES 25 MINUTES 59 SECONDS EAST, 331.44 FEET; THENCE SOUTH 00 DEGREES 34 MINUTES 01 SECONDS EAST, ALONG AN EAST LINE OF SAID LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1936, 632.90 FEET TO A POINT LYING NORTH 00 DEGREES 34 MINUTES 01 SECONDS WEST, 15.71 FEET FROM THE SOUTHEAST CORNER OF SAID LANDS; THENCE SOUTH 89 DEGREES 40 MINUTES 43 SECONDS WEST, LEAVING SAID EAST LINE, 87.10 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE SOUTH 89 DEGREES 40 MINUTES 43 SECONDS WEST, 6.98 FEET; THENCE SOUTH 43 DEGREES 45 MINUTES 47 SECONDS WEST, 16.58 FEET; THENCE SOUTH 88 DEGREES 24 MINUTES 11 SECONDS WEST, 170.16 FEET; THENCE NORTH 79 DEGREES 48 MINUTES 15 SECONDS WEST, 49.14 FEET; THENCE SOUTH 88 DEGREES 38 MINUTES 43 SECONDS WEST, 335.57 FEET; THENCE NORTH 27 DEGREES 42 MINUTES 55 SECONDS WEST, 73.21 FEET; THENCE NORTH 00 DEGREES 36 MINUTES 17 SECONDS WEST, 21.94 FEET; THENCE SOUTH 27 DEGREES 42 MINUTES 55 SECONDS EAST, 86.54 FEET; THENCE NORTH 88 DEGREES 38 MINUTES 43 SECONDS EAST, 330.37 FEET; THENCE SOUTH 79 DEGREES 48 MINUTES 15 SECONDS EAST, 49.12 FEET; THENCE NORTH 88 DEGREES 24 MINUTES 11 SECONDS EAST, 165.02 FEET; THENCE NORTH 43 DEGREES 45 MINUTES 47 SECONDS EAST, 16.79 FEET; THENCE NORTH 89 DEGREES 40 MINUTES 43 SECONDS EAST, 11.27 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 10.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 0.15 ACRES MORE OR LESS.

NOTES:

1. BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATE SYSTEM EAST ZONE, NORTH AMERICAN DATUM OF 1983, (NAD83(2011)) U.S. SURVEY FEET, WITH A BEARING OF NORTH 88°35'12" EAST ON THE SOUTH LINE OF THOSE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1936 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA..
2. THIS IS A MAP ONLY AND DOES NOT PURPORT TO BE A BOUNDARY SURVEY.
3. O.R.B. DENOTES OFFICIAL RECORD BOOK.
4. THIS MAP WAS PREPARED WITH THE BENEFIT OF COMMITMENT FOR TITLE INSURANCE PREPARED BY FIDELITY NATIONAL TITLE INSURANCE COMPANY, ORDER NO. 8180221, WITH A COMMITMENT DATE OF 4-28-20. ONLY THE FOLLOWING EXCEPTIONS LISTED IN ITS SCHEDULE B-II AFFECT THE SUBJECT PROPERTY:
 8. EASEMENT GRANTED TO CITY OF JACKSONVILLE RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 957 OF SAID RECORDS. THE EASEMENT IS SHOWN ON THE SURVEY. THE PORTION OF THE EASEMENT AFFECTING THE SUBJECT PROPERTY WAS ABANDONED BY O.R.B. 9512, PAGE 512.
 12. COVENANTS, RESTRICTIONS AND EASEMENTS AS CONTAINED IN WARRANTY DEED RECORDED IN OFFICIAL RECORDS BOOK 8775, PAGE 2160, TOGETHER WITH AMENDMENT RECORDED IN OFFICIAL RECORDS BOOK 9122, PAGE 1531, BOTH THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA. THIS IS A BLANKET DOCUMENT AFFECTING THE ENTIRE SUBJECT PROPERTY.
 14. DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR GREYSTONE PARK RECORDED IN OFFICIAL RECORDS BOOK 9218, PAGE 584, TOGETHER WITH AMENDMENT RECORDED IN OFFICIAL RECORDS BOOK 9368, PAGE 1323, AS AFFECTED BY ASSIGNMENT OF DEVELOPER RIGHTS RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1941, OF THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA. THIS IS A BLANKET DOCUMENT AFFECTING THE ENTIRE SUBJECT PROPERTY.
 15. GRANT OF EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 9512, PAGE 512 OF THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA. AFFECTS THE SUBJECT PROPERTY. THIS IS AN ABANDONMENT OF A PORTION OF THE EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 957.

SHEET 2 OF 2

Ownership Interests:

Parcel 800: AG EHC II (LEN) MULTI STATE 1, LLC, a Delaware limited liability company

Parcel 800.1: Gate Parkway Charter Property, LLC, a Florida limited liability company

Parcels 700 & 804: CD119 Greystone, LLC, a Florida limited liability company



BOARD RESOLUTION: 2022-09

May 24, 2022

A RESOLUTION BY THE JEA BOARD AUTHORIZING NEGOTIATED ACQUISITION AND EXECUTION OF ACQUISITION AGREEMENTS FOR UTILITY EASEMENT RIGHTS IN CERTAIN LAND DESCRIBED HEREIN FOR OVERHEAD ELECTRIC LINES AND ASSOCIATED FACILITIES, UNDER CERTAIN TERMS AND CONDITIONS, AND FAILING SUCCESSFUL NEGOTIATIONS AS TO ANY AND ALL SUCH LAND, AUTHORIZING CONDEMNATION PROCEEDINGS; DECLARING THE NECESSITY FOR ACQUIRING UTILITY EASEMENT RIGHTS THROUGH CONDEMNATION BY RIGHT OF EMINENT DOMAIN IN CERTAIN LAND; AUTHORIZING THE OFFICE OF GENERAL COUNSEL TO INSTITUTE APPROPRIATE CONDEMNATION PROCEEDINGS; WAIVING ANY CONFLICTING PROVISIONS OF THE REAL ESTATE SERVICES PROCUREMENT DIRECTIVES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, JEA is authorized to construct, operate and maintain facilities for public utilities for the general public and is vested by law with the power of eminent domain to acquire fee and easement rights, for all public utilities including, but not limited to, electric, water, reclaimed water, and sewer purposes in the event that negotiations for their purchase is concluded unsuccessfully; now therefore:

BE IT RESOLVED by the JEA Board of Directors that:

- 1. Managing Director Authorized to Acquire.** The Managing Director, or his designee, is hereby authorized to negotiate, acquire and to enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights in the lands described in Exhibit "A", to construct, operate and maintain overhead electric lines and related facilities. JEA declares that the land described in Exhibit "A" is necessary for this use. The Managing Director, or his designee, shall accomplish such acquisition of utility easement rights on such terms and conditions as specified by JEA.
- 2. Declaration of Necessity.** In the event any such negotiation is concluded unsuccessfully within a reasonable period of time, as determined by JEA, JEA declares the necessity for acquiring through condemnation by right of eminent domain utility easement rights in the lands described in Exhibit "A". The purpose of the utility easement rights is to construct, operate and maintain overhead electric lines and related facilities and to accommodate future expansion and reliability of the electric system.
- 3. Acquisition of Utility Easements.** JEA shall acquire by eminent domain utility easement rights in the land described in the attached Exhibit "A" for the public purposes stated herein.
- 4. Institution of Legal Proceedings.** The Office of General Counsel is authorized and empowered to institute at the direction of the Managing Director and on behalf of JEA the appropriate legal proceedings to acquire by condemnation utility easement rights in the land described in the attached Exhibit "A".
- 5. Waiver.** Any conflicting provisions of the Real Estate Procurement Directives are hereby waived.
- 6. Correction of Errors.** To the extent that there are administrative, typographical, and/or scrivener's errors contained herein that do not substantively change the tone, tenor or effect of this Resolution, then such errors may be revised and corrected by the Managing Director, or authorized designee, with no further action required by the Board.
- 7. Effective Date.** This Resolution shall be effective upon its adoption by the Board.

Dated this 24th day of May 2022.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



INTER-OFFICE MEMORANDUM

April 26, 2022

SUBJECT: **REAL ESTATE EASEMENT CONDEMNATION RESOLUTION:
CIRCUIT 663 - PHASE 1: PARCEL 835**

FROM: Jay Stowe, Managing Director / CEO

TO: JEA Board of Directors

BACKGROUND:

In support of JEA's electric system in southwestern Duval County, Real Estate Services has been acquiring easements for the construction of a new 69kv Electric Transmission Circuit. Circuit 663 is critical for the continued reliability and economic growth of JEA's Electric System and is scheduled to begin construction July 2022.

DISCUSSION:

Real Estate Services has been negotiating with the property owners since October 2021 but has not yet reached an agreement to purchase the subject easement for the project.

Condemnation Authority is being sought at this time for the subject easement to ensure that any delays in negotiations or acquisitions do not jeopardize the project schedule. Utility easement rights will be acquired to accommodate the planned electric project. The Office of General Counsel has been involved throughout the process and recommends that the Board approve this action at this time.

FINANCIAL IMPACT:

Through Eminent Domain, the condemning authority is responsible for all fees and expenses per the Florida Statutes.

RECOMMENDATION:

Staff recommends that the Board approve Resolution 2022-09 for Condemnation to be filed with the Court in order to obtain easements to the property, for the purposes referenced above, should negotiations prove unsuccessful.

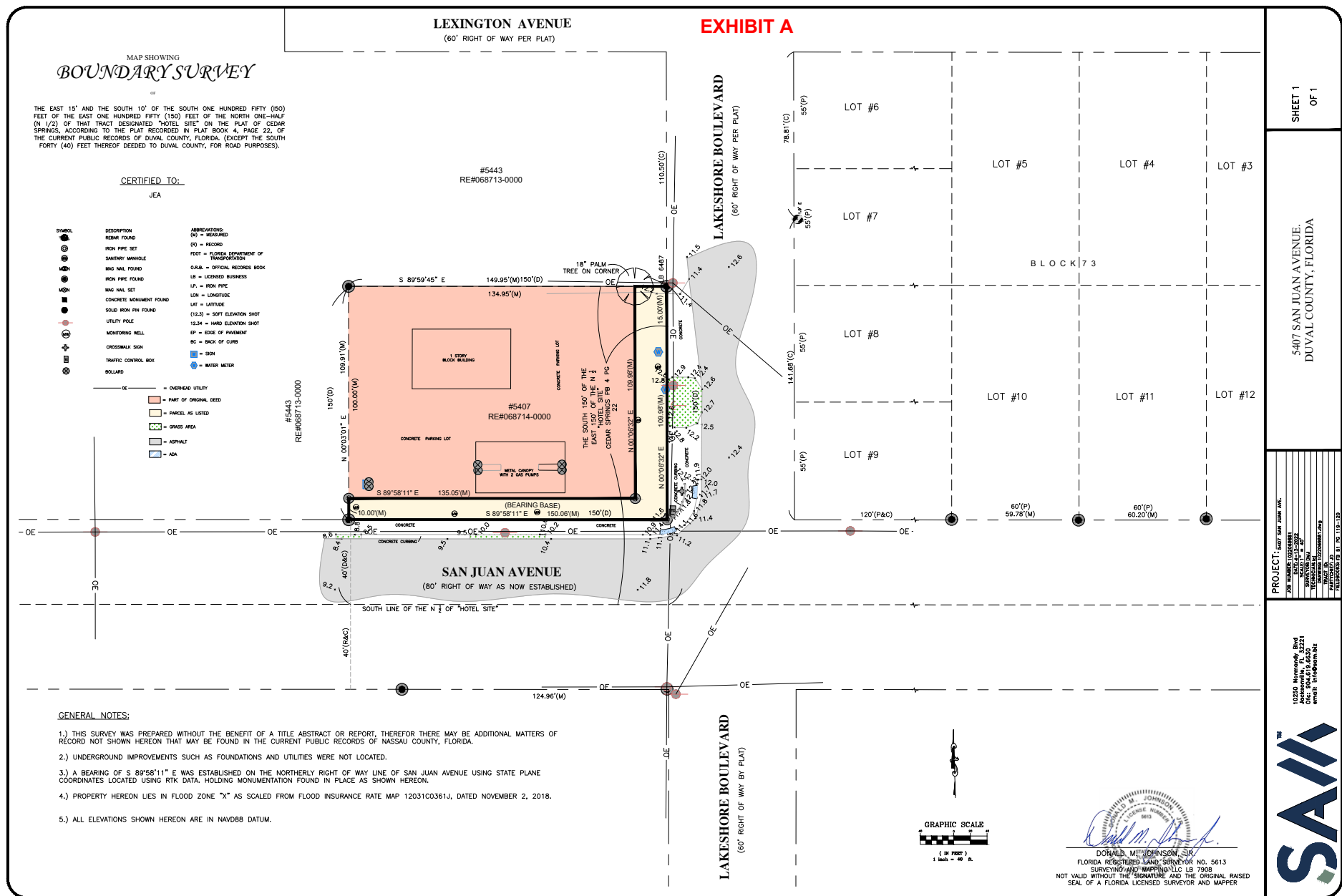
Further, that the Board approve pre-suit mediation as allowed by Chapter 73.015(3), Florida Statutes, and delegate mediation settlement authority to the Managing Director/CEO or his designee.

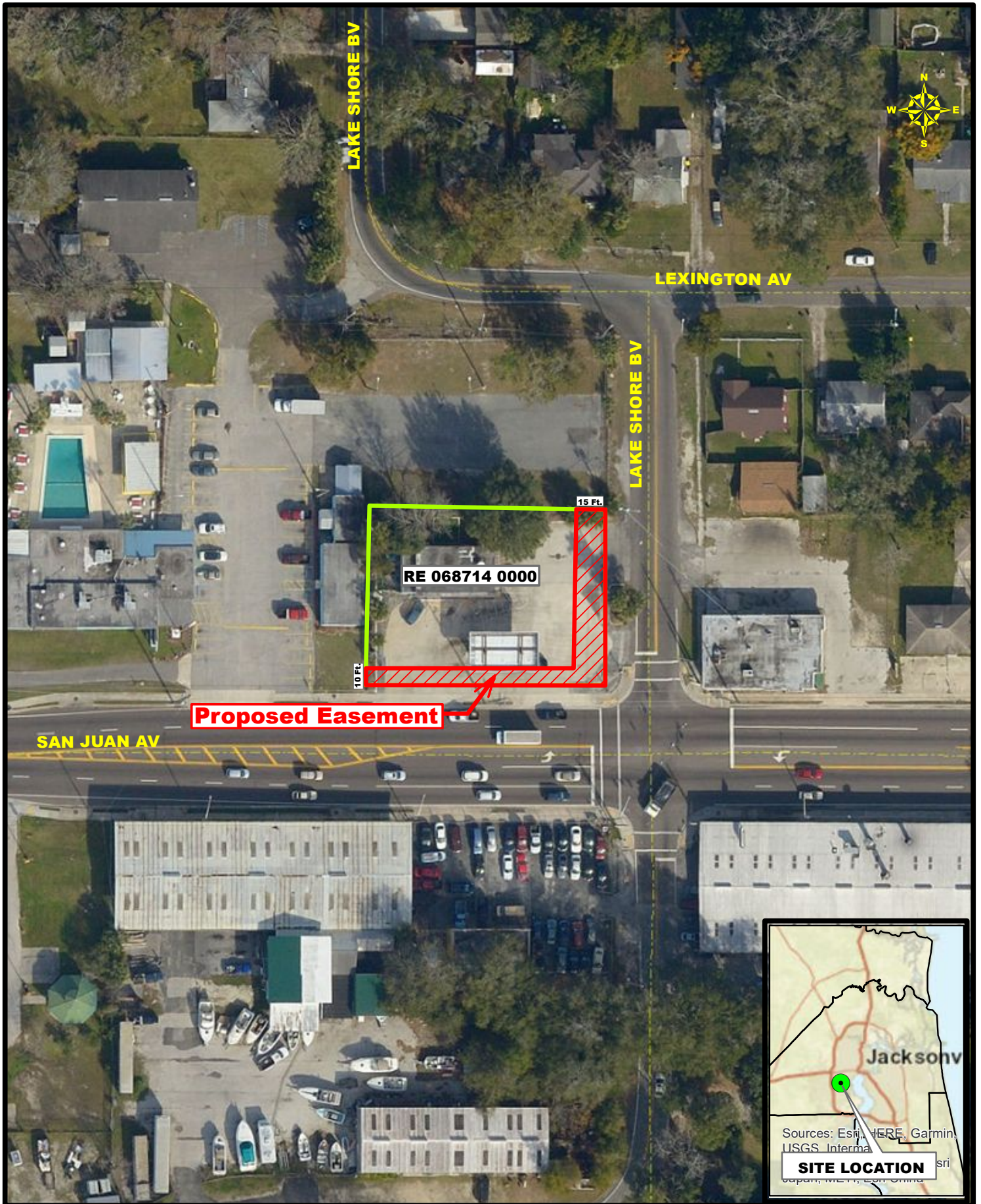
Lastly, staff recommends that the Board approve continuing negotiations with the property owner until and after any Order of Taking in order to expedite the process, control costs and provide a fair settlement between parties.

Jay Stowe, Managing Director/CEO

JCS/LMD/PWM/BLT

Attachments: Location Map / Ownership Interests / JEA Resolution for Condemnation





Circuit 663 - Phase 1: Parcel 835



Ownership Interest:

Parcel 835: IBEX Food Mart, Inc., a Florida corporation



BOARD RESOLUTION: 2022-12

May 24, 2022

A RESOLUTION BY THE BOARD ADOPTING THE RECOMMENDATION OF THE FINANCE AND OPERATIONS COMMITTEE TO APPROVE THE PROPOSED FISCAL YEAR 2023 OPERATING AND CAPITAL BUDGETS; AUTHORIZING THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER, OR DESIGNEE, TO SUBMIT THE PROPOSED BUDGET TO THE CITY OF JACKSONVILLE; PROVIDING FOR CORRECTION OF ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in accordance with Section 21.07 of the JEA Charter, JEA shall prepare and submit its budget for the ensuing year to the City of Jacksonville on or before July 1 of each year; and

WHEREAS, JEA staff has prepared fiscal year operating and capital budgets for JEA's Electric System, Water System, and District Energy System (collectively, the "Budgets"), attached hereto as Exhibit "A" and incorporated herein; and

WHEREAS, the proposed Budgets were reviewed and recommended for Board approval by the Finance and Operations Committee (Committee) on May 23, 2022; and

WHEREAS, Staff requests that the Board adopt the Committee's recommendation, approve the proposed Budgets, and authorize the Budgets to be submitted to the City of Jacksonville for final action.

BE IT RESOLVED by the JEA Board of Directors that:

1. The recitals stated above are hereby incorporated into and made part of this Resolution, and such recitals shall serve as findings of fact.
2. The Board hereby adopts the Committee's recommendation and approves the Budgets in substantially the form and format attached hereto.
3. The Managing Director/Chief Executive Officer, or designee, is authorized to submit the Budgets to the City of Jacksonville for final action.
4. To the extent that there are any typographical, administrative, and/or scrivener's errors contained herein that do not change to tone, tenor or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.
5. This Resolution shall be effective upon approval by the Board.

Dated this 24th day of 2022.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



FY23 Budget

Supplemental Information



Electric System Generation Mix & Percent Hedged



Fuel	FY22		FY23		FY24		FY25	
	Generation Mix	Price Hedged	Generation Mix	Price Hedged	Generation Mix	Price Hedged	Generation Mix	Price Hedged
Natural Gas	56%	60%	62%	22%	62%	26%	58%	18%
Coal	6%	100%	3%	14%	3%	0%	4%	0%
Pet Coke	6%	0%	6%	0%	7%	0%	7%	0%
Purchased Power ¹	21%	38%	12%	0%	7%	0%	5%	0%
FPL PPA	10%	63%	13%	61%	13%	68%	12%	77%
Nuclear ²	0%	100%	2%	100%	6%	100%	13%	100%
Renewable ³	1%	100%	1%	100%	1%	100%	1%	100%
Total/Weighted Average	100%	55%	100%	25%	100%	32%	100%	34%

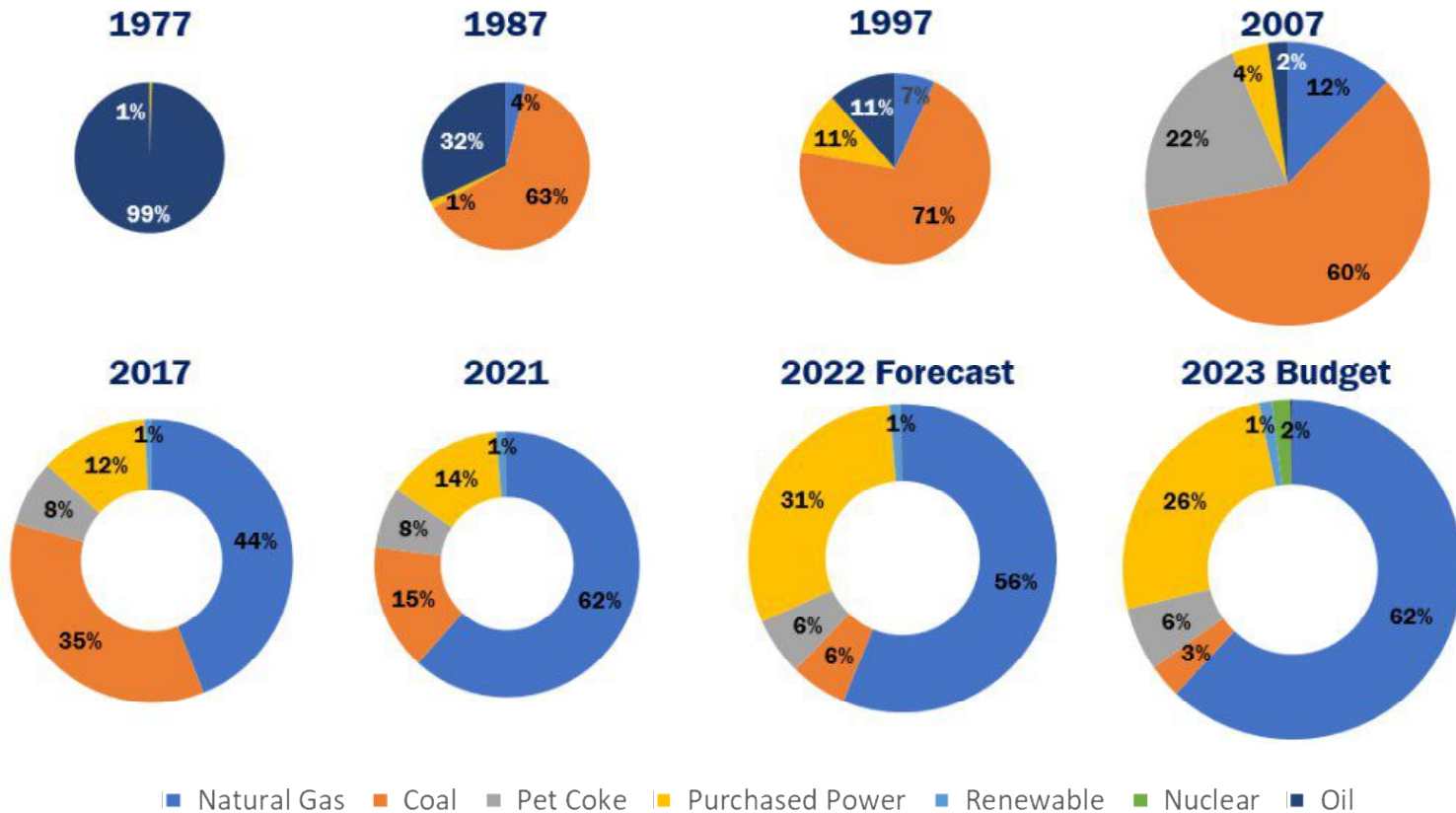
1. Purchased Power reflects power purchased in the wholesale energy market

2. Vogtle

3. Includes landfill gas and solar

Fuel hedging protects customers from extreme fuel charges

Electric Fuel Mix



Improving fuel diversity has been an effort to support resiliency and reliability

Electric System Debt Outstanding



Electric System (ES, BPSS, SJRPP)

Debt outstanding: \$1,442M, \$62M lower due to October 1, 2022 principal payments

Variable rate debt: \$482M, \$86M unhedged

Interest rates are net of Build America Bonds (BABs) subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2022 Forecast	Principal Sep 2023 Budget	Change	Sep 2023 Wtd Avg Interest Budget
Electric System (ES)				
Fixed rate bonds	\$875	\$842	(\$33)	3.98%
Hedged variable rate bonds	400	396	(4)	4.38%
Unhedged variable rate bonds	94	86	(8)	2.00%
Revolving credit facility	--	--	--	--
Total	\$1,369	\$1,324	(\$45)	3.97%
Bulk Power Supply System (BPSS)				
Fixed rate bonds	\$27	\$25	(2)	3.94%
Total	\$27	\$25	(2)	3.94%
SJRPP				
Fixed rate bonds	\$108	\$93	(\$15)	3.37%
Revolving credit facility	--	--	--	--
Total	\$108	\$93	(\$15)	3.37%
Combined ES, BPSS and SJRPP	\$1,504	\$1,442	(\$62)	3.94%

Electric Summary Income Statement



JEA Electric System Summary Statement of Revenues, Expenses, and Changes in Net Position (In thousands)								
	FY19	FY20	FY21	FY22F	FY23B	FY24F	FY25F	FY26F
Total Operating Revenues	\$1,300,208	\$1,241,506	\$1,308,997	\$1,500,278	\$1,453,085	\$1,444,591	\$1,465,770	\$1,532,863
Operating Expenses:								
Fuel	\$330,328	\$290,965	\$364,074	\$406,556	\$444,581	\$384,571	\$366,482	\$411,015
Purchased Power	\$135,245	\$85,046	\$111,387	\$245,388	\$259,402	\$296,243	\$335,672	\$328,144
Maintenance & Other Operating expenses	\$251,277	\$262,096	\$236,363	\$262,426	\$304,899	\$292,523	\$301,622	\$308,643
Depreciation	\$207,837	\$203,029	\$217,772	\$279,015	\$197,249	\$197,764	\$200,714	\$183,157
State utility taxes & franchise fees	\$60,767	\$58,806	\$60,080	\$66,564	\$75,489	\$70,188	\$69,699	\$71,521
Recognition of deferred cost and revenues, net	\$34,135	\$21,970	\$20,975	\$158,702	\$21,457	\$15,760	\$16,804	\$17,221
Total operating expenses	\$1,019,589	\$921,912	\$1,010,651	\$1,418,651	\$1,384,576	\$1,293,004	\$1,314,490	\$1,320,814
Operating Income	\$280,619	\$319,594	\$298,346	\$81,627	\$68,509	\$151,587	\$151,280	\$212,049
Total nonoperating revenues (expenses), net	(\$75,085)	(\$61,676)	(\$51,910)	(\$40,355)	(\$28,395)	(\$37,396)	(\$41,359)	(\$43,228)
Income before contributions	\$205,534	\$257,918	\$246,436	\$41,272	\$40,114	\$114,191	\$109,921	\$168,821
Total contributions, net	(\$92,952)	(\$93,871)	(\$93,609)	(\$94,547)	(\$95,491)	(\$96,446)	(\$97,410)	(\$98,385)
Change in net position	\$112,582	\$164,047	\$152,827	(\$53,275)	(\$55,377)	\$17,745	\$12,511	\$70,436

Water System Debt Outstanding



Water System

Debt outstanding: \$1,187M, \$10M lower due to October 1, 2022 principal payments

Variable rate debt: \$233M, \$148M unhedged

Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2022 Forecast	Principal Sep 2023 Budget	Change	Sep 2023 Wtd Avg Interest Budget
Water System				
Fixed rate bonds	\$956	\$954	(\$2)	3.82%
Hedged variable rate bonds	90	85	(5)	4.40%
Unhedged variable rate bonds	151	148	(3)	2.00%
Revolving credit facility	–	–	–	–
Total	\$1,197	\$1,187	(\$10)	3.65%

Water Summary Income Statement



JEA Water System Summary Statement of Revenues, Expenses, and Changes in Net Position (In thousands)								
	FY19	FY20	FY21	FY22F	FY23F	FY24F	FY25F	FY26F
Total Operating Revenues	\$463,817	\$483,859	\$470,787	\$509,937	\$513,891	\$518,529	\$528,512	\$530,288
Operating Expenses								
Maintenance & Other Operating expenses	\$160,671	\$175,711	\$165,659	\$205,863	\$211,344	\$213,893	\$220,356	\$227,020
Depreciation	\$152,047	\$159,650	\$171,357	\$172,095	\$178,087	\$183,724	\$192,639	\$195,798
State utility taxes & franchise fees	\$10,802	\$10,963	\$10,886	\$11,309	\$11,475	\$11,702	\$11,937	\$12,181
Recognition of deferred cost and revenues, net	\$10,657	\$6,649	\$9,743	\$14,000	\$20,000	\$15,000	\$15,000	\$15,000
Total operating expenses	\$334,177	\$352,973	\$357,645	\$403,267	\$420,906	\$424,319	\$439,931	\$449,999
Operating Income	\$129,640	\$130,886	\$113,142	\$106,670	\$92,985	\$94,210	\$88,580	\$80,289
Total nonoperating revenues (expenses), net	(\$35,086)	(\$32,056)	(\$36,128)	(\$29,253)	(\$25,786)	\$(25,758)	\$(28,805)	\$(46,602)
Income before contributions	\$94,554	\$98,830	\$77,014	\$77,417	\$67,199	\$68,452	\$59,776	\$33,687
Total contributions, net	(\$10,312)	\$8,035	\$13,878	\$28,592	\$75,809	\$84,489	\$85,024	\$85,559
Change in net position	\$84,242	\$106,865	\$90,892	\$106,009	\$143,008	\$152,941	\$144,800	\$119,246

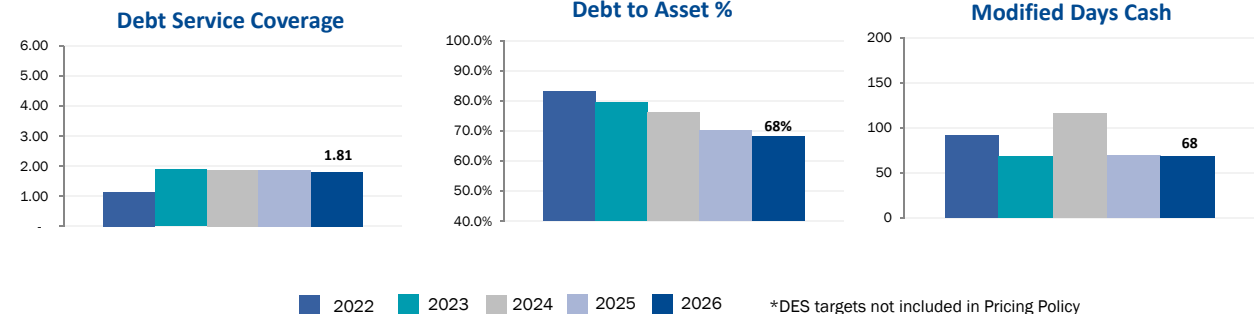
DES Financial Projections



(\$ in millions)	Principal Sep 2022 Forecast	Principal Sep 2023 Budget	Change	Sep 2023 Wtd Avg Interest Budget
District Energy System				
Fixed rate bonds	\$30	\$28	(\$2)	4.31%
Revolving credit facility	3	11	8	2.00%
Total	\$33	\$39	\$6	3.65%

Debt Service Coverage & Debt to Asset% improvements reflect the recommended rate restructuring informed by 2022 Cost of Service/Rate Study

Formal financial metric targets in the pricing policy are under consideration



\$26.6 million capital plan FY22 – FY26

JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2023

	Electric System	Water System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
Total Net Revenues	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
FUEL EXPENSES:				
Fuel & Purchased Power	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
FUEL SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 791,048,000	\$ 450,442,215	\$ 12,851,763	\$ 1,254,341,978
Environmental Charge Revenue	7,442,000	27,223,026	-	34,665,026
Conservation Charge & Demand Side Revenue	732,000	-	-	732,000
Other Revenues	37,660,665	19,887,497	-	57,548,162
Natural Gas Pass Through Revenue	1,498,857	-	-	1,498,857
Total Base Related Revenues	\$ 838,381,522	\$ 497,552,738	\$ 12,851,763	\$ 1,348,786,022
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 269,166,868	\$ 198,437,566	\$ 6,449,156	\$ 474,053,589
Environmental	16,998,000	6,501,783	-	23,499,783
Conservation & Demand-side Management	7,111,667	-	-	7,111,667
Natural Gas Pass Through Expense	1,595,137	-	-	1,595,137
Non-Fuel Purchased Power	245,277,616	-	-	245,277,616
Non-Fuel Uncollectibles & PSC Tax	1,515,596	573,198	-	2,088,794
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	\$ 546,664,884	\$ 206,512,547	\$ 6,449,156	\$ 759,626,587
BASE OPERATING INCOME:	\$ 291,716,639	\$ 291,040,191	\$ 6,402,607	\$ 589,159,437
NON-OPERATING REVENUE:				
Investment Income	5,793,688	3,242,935	-	9,036,623
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	102,742,334	-	102,742,334
Total Non Operating Revenues	\$ 5,793,688	\$ 105,985,269	\$ -	\$ 111,778,957
NON-OPERATING EXPENSES:				
Debt Service	76,798,079	103,138,134	3,241,758	183,177,971
Demand-side Management - Rate Stabilization	-279,667	-	-	-279,667
Environmental - Rate Stabilization	-1,933,468	-	-	-1,933,468
Total Non Operating Expenses	\$ 74,584,944	\$ 103,138,134	\$ 3,241,758	\$ 180,964,836
BASE INCOME BEFORE TRANSFERS	\$ 222,925,383	\$ 293,887,326	\$ 3,160,849	\$ 519,973,558
City Contribution Expense	95,491,107	26,933,389	-	122,424,496
Interlocal Payments	-	6,403,033	-	6,403,033
Renewal and Replacement Fund	72,700,000	27,734,150	415,355	100,849,505
Operating Capital Outlay	54,262,276	117,953,177	2,745,494	174,960,947
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	\$ 222,925,383	\$ 293,887,326	\$ 3,160,849	\$ 519,973,558
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 1,515,782,272	\$ 603,538,007	\$ 12,851,763	\$ 2,132,172,042
TOTAL APPROPRIATIONS	\$ 1,515,782,272	\$ 603,538,007	\$ 12,851,763	\$ 2,132,172,042
BUDGETED EMPLOYEE POSITIONS	1,583	705	6	2,294
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

**JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2023**

	Electric System	Water System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 72,700,000	\$ 27,734,150	\$ 415,355	\$ 100,849,505
Operating Capital Outlay	54,262,276	117,953,177	2,745,494	174,960,947
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Debt Proceeds	-	-	3,500,000	3,500,000
Other Proceeds	147,671,724	139,449,096	275,151	287,395,971
Total Capital Funds	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 61,902,000	\$ -	\$ -	\$ 61,902,000
Transmission & Distribution Projects	146,086,000	-	-	146,086,000
District Energy Projects	-	-	6,936,000	6,936,000
Water Projects	-	117,561,000	-	117,561,000
Sewer Projects	-	233,489,000	-	233,489,000
Other Projects	67,118,000	48,950,000	-	116,068,000
Total Capital Projects Subtotal	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>
Capital Reserve	-	-	-	-
Total Capital Projects	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>

JEA
Five Year Capital Improvement Program
Fiscal Years 2023-2027
(\$000'S Omitted)

Project Title	FY2023	FY2024	FY2025	FY2026	FY2027	Project Total
Electric System Generation	61,902	35,276	87,880	257,415	291,446	733,919
Electric System Transmission and Distribution	146,086	137,284	107,503	98,749	95,003	584,626
Electric System Other	67,118	43,857	31,297	36,987	37,437	216,696
Total	\$275,106	\$216,417	\$226,680	\$393,151	\$423,886	\$1,535,241
Water Treatment and Distribution	117,561	127,127	187,388	98,453	83,896	614,425
Sewer, Wastewater, and Reclaimed	233,489	331,748	442,669	337,040	277,815	1,622,762
Water Other Capital	48,950	39,315	31,216	34,236	34,751	188,468
Total	\$400,000	\$498,190	\$661,273	\$469,730	\$396,462	\$2,425,656
District Energy System	\$6,936	\$2,684	\$4,434	\$6,866	\$699	\$21,619

**JEA
ST. JOHNS RIVER POWER PARK (SJRPP)
AND PLANT SCHERER (SCHERER)
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2023**

	SJRPP	SCHERER
OPERATING BUDGET:		
Revenue:		
Operating Revenue from JEA	\$ 21,233,968	\$ 10,261,838
Expenses:		
Fuel and O & M	\$ -	\$ 6,382,750
Transmission	-	-
Debt Service	18,849,330	3,448,078
Renewal & Replacement	2,384,638	431,010
Total Expenses	\$ 21,233,968	\$ 10,261,838
CAPITAL BUDGET :		
	\$ -	\$ -

MWHs Purchased by JEA Electric System

Notes: Scherer Unit 4 was retired as of January 1, 2022.

SJRPP was decommissioned as of January 5, 2018.

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
GENERATION						
Brandy Branch Generating - CT1 Rotor Replacement	9,794	3,080	0	0	0	12,874
Brandy Branch Generating - B52, B53 HRSG Feedwater Heater Replacement	8,595	0	0	0	0	8,595
Kennedy Generating - CT7 Hot Gas Path Inspection	5,923	0	0	0	0	5,923
Brandy Branch Generating - CT2 Hot Gas Path Inspection	5,745	0	0	0	0	5,745
Brandy Branch Generating - CT3 Hot Gas Path Inspection	5,745	0	0	0	0	5,745
Northside Generating - Generation Support Capital Improvements	4,000	4,000	4,000	4,000	4,000	20,000
Kennedy Generating - CT7 Rotor Replacement	3,106	0	0	0	0	3,106
Northside Generating - Energy Project Management Capital Improvement	3,000	6,000	6,000	6,000	6,000	27,000
Northside Generating - CT4 Major Inspection	2,800	0	0	0	0	2,800
Brandy Branch Generating - General Capital Improvements	2,000	2,000	2,000	2,000	2,000	10,000
Northside Generating - N00 6 Fuel Oil Tank Farm Electric Heat Tracing	1,835	0	0	0	0	1,835
Brandy Branch Generating - B52, B53 Transition Duct Liner	1,234	0	0	0	0	1,234
Northside Generating - N00 Pneumatic Conveying System for Biomass	1,178	0	0	0	0	1,178
Northside Generating - N00 Nitrogen and Dry Air Layup System	1,080	999	0	0	0	2,079
Northside Generating - N02 Fuel Feeder Replacement	1,045	677	0	0	0	1,723
Northside Generating - N02 Grid Floor Nozzle Replacement	962	1,274	0	0	0	2,236
Kennedy Generating - MarkVIe and EX2100e Upgrade	831	0	0	0	0	831
Northside Generating - N01 Boiler Elevator Overhaul	528	0	0	0	0	528
Northside Generating - N34 Electrical Equipment Upgrades	517	0	0	0	0	517
Vibration Monitoring System Upgrade	439	0	0	0	0	439
Northside Generating - N33, N34, N35, N36 Control System Upgrade	331	0	0	0	0	331
Brandy Branch Generating – B52, B53 Non-Optical Flame Detection Upgrade	264	0	0	0	0	264
Brandy Branch Generating - CT1 Hot Gas Path Inspection	250	6,550	0	0	0	6,800
Brandy Branch Generating - B50 Standby Diesel Generator Integration	213	612	0	0	0	825
Northside Generating - N02 Duct Burner Overhaul	163	1,562	0	0	0	1,725
Brandy Branch Generating and Kennedy Generating - Fire Protection Updates	110	0	0	0	0	110
Northside Generating - N01, N02 UPS Replacement	94	0	0	0	0	94
Northside Generating - N02 Turbine Valve and Actuator Overhaul	57	782	0	0	0	839
Brandy Branch Generating - B54 Excitation Transformer Replacement	46	0	0	0	0	46
Northside Generating – N01 HP/IP, Generator, Valves, and Actuators Overhaul	15	2,964	0	0	0	2,979
Northside Generating - Byproduct Storage Area II	0	1,800	11,855	5,626	0	19,281
Northside Generating - Intake and Discharge Flume Concrete Repair	0	1,678	0	0	0	1,678
Greenland Energy - Excitation Controls and Static Starter System Upgrade	0	448	596	0	0	1,043
Brandy Branch Generating - CT2 Hot Gas Path Inspection	0	300	6,156	0	0	6,456
Brandy Branch Generating - CT3 Hot Gas Path Inspection	0	300	6,156	0	0	6,456
Greenland Energy - CT2 Hot Gas Path Inspection	0	250	5,550	0	0	5,800
Greenland Energy – 1X1 Combined Cycle Addition	0	0	40,000	220,000	270,000	530,000
Northside Generating - CT5 Major Inspection	0	0	2,800	0	0	2,800
Compression Upgrade to Greenland Pipeline – New Generating Capacity	0	0	1,000	6,000	0	7,000
Northside Generating - N35 Electrical Equipment Upgrades	0	0	582	0	0	582
Brandy Branch Generating - B52, B53 Catalyst Replacement	0	0	500	439	0	939
Northside Generating – N02 HP/IP and Generator Overhaul	0	0	425	3,404	0	3,829
Greenland Energy - CT1 Hot Gas Path Inspection	0	0	250	5,550	0	5,800
Northside Generating - N36 Electrical Equipment Upgrades	0	0	10	559	0	569

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Northside Generating – N36 Turbine Major and Generator Overhaul	0	0	0	2,853	0	2,853
Northside Generating - N03 Furnace Rear Waterwall Arch Tube Replacement	0	0	0	573	1,257	1,831
Kennedy Generating - CT8 Hot Gas Path Inspection	0	0	0	250	5,450	5,700
Northside Generating – N03 Generator and Turbine Valve Overhaul	0	0	0	125	1,642	1,767
Northside Generating – N03 Boiler Feed Pump Turbine Overhaul	0	0	0	35	1,096	1,131
GENERATION SUBTOTAL	61,902	35,276	87,880	257,415	291,446	733,919
TRANSMISSION AND DISTRIBUTION						
Electric Distribution Maintenance Capital Upgrades	12,500	13,100	13,100	13,100	13,100	64,900
Customer Order Management - New Electric Service Additions	12,000	12,500	13,000	13,500	14,000	65,000
Customer Order Management - Development Driven Projects	9,750	10,250	10,750	11,250	11,750	53,750
Mayo 230-138-26kV Substation	7,110	0	0	0	0	7,110
Greenland Energy to Mayo 230kV Circuit 950 Addition	6,500	8,500	900	0	0	15,900
Substation Repair & Replace Projects - Transformer Replacements	5,900	1,550	1,400	1,400	1,400	11,650
College St Substation 13.2kV Switchgear Replacement	4,350	1,500	107	0	0	5,957
Pole Replacement Program	4,200	4,400	4,400	4,400	4,400	21,800
Real Estate - North Jacksonville Transmission Corridor Acquisition	3,625	0	0	0	0	3,625
Westside 230kV Transmission Corridor and Substation Site Acquisition	3,500	3,500	0	0	0	7,000
Beeghly 393 Overhead Feeder Extension–Arnold Rd	3,450	580	0	0	0	4,030
General Underground Network and Commercial Repair & Replace	3,000	3,100	3,100	3,100	3,100	15,400
CEMI-5 Electric Distribution Betterment	3,000	3,000	3,000	3,000	3,000	15,000
Eagle LNG 138-13.8 kV Substation	2,750	6,867	1,000	0	0	10,617
Steelbald T4 Spare Transformer Addition for CMC Steel	2,435	100	0	0	0	2,535
Kennedy Substation Control Cable and Protection System Replacement	2,193	0	0	0	0	2,193
Ribault 138-26 kV T2 and Circuit Breaker 452 Addition	2,190	27	0	0	0	2,217
Electric Meters - Growth	2,100	2,100	2,100	2,100	2,100	10,500
Joint Participation Electric Relocation Projects	2,000	2,000	2,000	2,000	2,000	10,000
Underground Network Improvement Plan	1,988	1,988	1,988	0	0	5,964
Transmission and Substation Class Circuit Breaker Replacement Program	1,934	1,132	904	750	750	5,470
69kv - 663 line rebuild	1,879	0	0	0	0	1,879
St Johns 4kV Substation Rebuild	1,800	3,290	0	0	0	5,090
Normandy Substation - New Control House	1,800	188	0	0	0	1,988
Electric Distribution System Improvements	1,690	1,720	1,750	1,780	1,833	8,773
Circuits 853/822 Tower 39 Foundation Rehabilitation	1,650	0	0	0	0	1,650
Imeson 138-26kV T2 Procurement	1,600	1,047	0	0	0	2,647
Circuit 650 UG 69kV Reconductor Project	1,540	0	0	0	0	1,540
Georgia Street Pipe Type Cable Pump Plant Replacement	1,400	0	0	0	0	1,400
26kV Feeder Circuit Breaker Replacement	1,393	1,607	1,536	1,536	754	6,826
Energy Management System - Outage Management System Integration	1,300	200	0	0	0	1,500
JP - FDOT - Circuit 917 Relocation Between 9B and I-95	1,141	0	0	0	0	1,141
Water Street T2 Network Transformer Replacement	1,141	357	0	0	0	1,498
Mayo Substation Distribution Feeders	1,128	100	0	0	0	1,228
Ritter Park Circuit 428 Extension	1,120	0	0	0	0	1,120
Forest Sub 217 Feeder - Electric Distribution	1,100	0	0	0	0	1,100
Imeson 26kV Circuit 493 New Feeder Addition	1,100	0	0	0	0	1,100
Mayo Substation 230 kV Addition - Phase 2	1,012	3,429	29	0	0	4,470

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Distribution System - Pole Removal	1,000	1,000	1,000	1,000	1,000	5,000
Transmission Line Relay Replacement Project	899	899	865	300	0	2,962
Normandy Substation Protection Improvement	840	0	0	0	0	840
SJRPP 230 - 26kV Substation	830	5,528	24	0	0	6,382
Hartley Rd Substation T1 and T2 LTC Replacement	820	0	0	0	0	820
Electric Meters - Replacement	810	810	810	810	810	4,050
General Substation Improvements	800	800	800	800	800	4,000
Mayo 230-138-26kV Substation - Protection & Controls	800	180	0	0	0	980
Park and King 4kV Substation Rebuild	763	0	0	0	0	763
General Distribution Improvements	750	750	750	750	750	3,750
Imeson 26kv Circuit 493 Substation Breaker and Cap Bank Addition	655	0	0	0	0	655
Ritter Park 429 Extension - Busch Dr	650	0	0	0	0	650
URD-2026 Reliability Improvement	645	0	0	0	0	645
Transmission Outdoor Potential Device Replacement	607	665	539	637	0	2,448
Mayo Substation - 138kV Transmission Interconnects	586	0	0	0	0	586
Automatic Recloser Deployment	500	750	750	750	750	3,500
Transmission Insulator Replacement	500	500	500	500	500	2,500
4kV Rehab – Distribution Projects	500	500	500	500	500	2,500
Underground Cable Replacement Program - Existing Developments	500	500	500	500	500	2,500
Substation RTU Replacements - D20 to RTAC	500	500	500	500	500	2,500
Circuit 830 Static Wire Replacement	493	0	0	0	0	493
Starratt Rd Circuit 367 Reconductor Ph2	480	0	0	0	0	480
Ribault 138-26 kV T2 and Circuit 452 Addition - Protection & Controls	475	105	0	0	0	580
Ribault 26 kV Circuit 452 Addition	470	190	0	0	0	660
230 KV_ 138KV_69 kV Pole Refurbishment	450	300	300	300	300	1,650
West Jax Substation Protection Improvement	444	0	0	0	0	444
Starratt 138-26kV T2 and Circuit 368, 369 Addition - Substation	413	1,302	2,866	350	0	4,930
College St Substation 13kV Protection and Arc Flash Upgrade	410	0	0	0	0	410
Water Street Substation Compressor Replacement	400	0	0	0	0	400
Circuit 825 Static Wire Replacement	395	0	0	0	0	395
Transmission Capacitor Bank Controls Replacement	395	0	0	0	0	395
Ritter Park 429 Underground Feeder Extension - Yeager Rd	350	0	0	0	0	350
Greenland Energy 230kV Bay & Breaker Addition for Circuit 950	300	700	100	0	0	1,100
General Transmission Improvements	300	300	300	300	300	1,500
Steelbald Solar Center - Protection & Controls	287	0	0	0	0	287
West Jax 230/69 kV Substation Reliability Improvement - Protection & Controls	245	175	2	0	0	422
Richmond & Shadowlawn - OH-UG Electric Conversion	243	0	0	0	0	243
SOCC - Console Upgrade	240	0	0	0	0	240
Energy Management System - Base Upgrade Project	230	130	130	240	130	860
230kV Breaker Replacement - Protection & Controls	225	0	0	0	0	225
Capital Tools and Equipment - Underground Network and Service Centers	220	231	231	231	231	1,144
Northside Substation Improvements - Phase 2	220	0	0	0	0	220
Ritter Park 429 - Cedar Bay Rd Reconductor	210	0	0	0	0	210
St Johns 4kV Substation Rebuild - Protection & Controls	200	100	0	0	0	300
Energy Management System - RTU Upgrade Project	190	50	50	50	50	390
Circuit 645 UG 69kV Cable Replacement Project- PART B	182	0	0	0	0	182

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Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Greenland Energy 230kV Bay & Breaker Addition for Circuit 950 - Protection & Controls	180	300	10	0	0	490
Hamilton 312 Reconductor	169	0	0	0	0	169
Circuit 645 UG 69kV Cable Replacement Project- PART A	165	0	0	0	0	165
Distribution Breaker Telemetry Enhancements	160	160	110	0	0	430
Eagle LNG 138-13.8 kV Substation - Protection & Controls	157	700	200	0	0	1,057
SJRPP Substation Distribution Feeders	150	1,370	0	0	0	1,520
Real Estate Services - Dunn Creek Sub Property Acquisition	150	1,150	0	0	0	1,300
Mayo Substation 230 kV Addition - Phase 2 - Protection & Controls	150	175	25	0	0	350
General Protection System Improvements Transmission	150	150	150	150	150	750
SEL-3355 Hardware Replacement	150	150	0	0	0	300
West Jax 230/69 kV Substation Reliability Improvement	127	1,259	0	0	0	1,386
Ckt 680 UG 69kV Reconductor Project	125	633	0	0	0	758
Ckt 690 UG 69kV Reconductor Project	125	576	0	0	0	701
Georgia St 13kV UG Distribution Survey	120	3,000	0	0	0	3,120
Beeghly Circuit 394 New Feeder Addition	120	2,480	0	0	0	2,600
Westlake 333 Cisco Dr Reconductor	120	1,335	0	0	0	1,455
Eagle LNG 138kV Circuit 847 Interconnect	118	250	100	0	0	468
Bartram 230 kV Bay and Breaker Addition for Circuit 917 - Protection & Controls	114	0	0	0	0	114
Dinsmore 489 Lannie Rd Reconductor	100	650	100	0	0	850
General Transmission Improvements	100	100	100	100	100	500
Imeson 26kv Circuit 493 Substation Breaker and Cap Bank Addition - Protection & Controls	81	0	0	0	0	81
Lane 437 Reconductor	80	800	0	0	0	880
Capital Tools and Equipment - T&S Maintenance	80	80	80	80	80	400
McDuff Substation 4kV Circuits 4, 6, and 9 Relocation	80	0	0	0	0	80
Georgia St 170 Distribution Feeder Addition	60	380	0	0	0	440
Overhead-Underground Conversion in Neighborhoods	60	60	60	60	60	300
Electric Customer Service Response Tools and Equipment	55	55	55	55	55	275
SJRPP 230-26kV Distribution Substation - Protection & Controls	50	550	200	0	0	800
Starratt 138-26kV T2 and Circuit 368, 369 Addition - Protection & Controls	30	120	645	110	0	905
St Johns 4kV Distribution Feeder Getaway Rebuild	24	286	0	0	0	310
Starratt T2 Circuits 368 and 369 Addition	24	24	427	0	0	475
Circuit 684S Pipe-Type Cable Replacement	15	1,185	0	0	0	1,200
Real Estate - Imeson Substation - Property Acquisition	10	0	0	0	0	10
SouthWest Substation-Transmission	0	5,000	5,000	5,000	0	15,000
Substation Repair & Replace Projects	0	3,000	3,000	3,000	3,000	12,001
Transmission Repair & Replace Projects	0	2,500	2,500	2,500	2,500	10,000
SouthWest Substation - Substation	0	2,000	7,000	5,000	0	14,000
New Nocatee T-2 Transformer	0	758	3,705	350	0	4,813
Nocatee T2 Circuit 239, 240, 241 Addition	0	500	3,910	500	0	4,910
SouthWest Substation - Distribution	0	300	400	300	0	1,000
Nocatee 230-26 kV T2 Addition - Protection & Controls	0	150	645	110	0	905
Pecan Park Area Transmission	0	0	5,000	5,000	5,000	15,000
Pecan Park Area Substation	0	0	1,000	6,000	7,000	14,000
Pecan Park Area Distribution	0	0	500	2,000	2,500	5,000
West Jax T3 200 Mega Volt Autotransformer Addition	0	0	0	2,000	2,500	4,500
Durbin 230 - 26kV Substation	0	0	0	0	3,900	3,900

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Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Durbin Substation Distribution Feeders	0	0	0	0	1,200	1,200
College Substation Reconfiguration	0	0	0	0	1,000	1,000
Durbin Sub 230kV Circuit 924/932 Interconnect	0	0	0	0	300	300
College Substation Network Feeders	0	0	0	0	250	250
College Substation Reconfiguration - Protection & Controls	0	0	0	0	100	100
TRANSMISSION AND DISTRIBUTION SUBTOTAL	146,086	137,284	107,503	98,749	95,003	584,626
ELECTRIC OTHER						
Technology Services Projects	18,000	15,175	15,150	15,150	15,000	78,475
Fleet - Replacement	12,100	11,100	1,710	7,400	8,000	40,310
Capital Administrative Overhead	11,100	11,250	11,250	11,250	11,250	56,100
Facilities - Commonwealth - Admin Upgrades	5,749	1,275	0	0	0	7,024
Facilities - Southside Renovations - Phase 2	5,510	0	0	0	0	5,510
Facilities - Industrial Training Center	3,880	0	0	0	0	3,880
Facilities - Satellite Service Center	2,532	0	0	0	0	2,532
Facilities - Emergency Ops Center Hardened Facility	2,000	0	0	0	0	2,000
Facilities - JEA Headquarters	1,292	0	0	0	0	1,292
Fleet - Expansion	1,285	600	600	600	600	3,685
Security - General Improvements	650	650	650	650	650	3,250
Facilities - Roof Replacements	450	450	450	450	450	2,250
Facilities - Heating, Ventilation, and Air	430	430	430	430	430	2,150
Facilities - Lighting for Greenland Energy Center	315	0	0	0	0	315
Security - Fencing	260	260	260	260	260	1,300
Facilities - Paving and Site Improvements	250	250	250	250	250	1,250
Facilities - Generators	225	300	1	1	1	528
Facilities - Westside Building 5 Glove Lab Upgrades	200	1,300	0	0	0	1,500
Facilities - Building Upgrades	200	200	200	200	200	1,000
Facilities - Southside Asphalt Pavement Upgrade	200	0	0	0	0	200
Facilities - Duval County Schools PV System Removal	184	0	0	0	0	184
Facilities - Electrical and Lighting	100	100	100	100	100	500
Facilities - Plumbing Upgrades	100	100	100	100	100	500
Utility Locate Group - Capital Equipment	50	50	50	50	50	250
Laboratory Equipment Upgrades	35	75	75	75	75	335
Security - Fire System Sprinklers	20	20	20	20	20	100
Facilities - Elevators	1	1	1	1	1	5
Facilities - Kennedy Generating - Pump Shop Demolition	0	271	0	0	0	271
ELECTRIC OTHER SUBTOTAL	67,118	43,857	31,297	36,987	37,437	216,696
ELECTRIC GRAND TOTAL	275,106	216,417	226,680	393,151	423,886	1,535,241

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
WATER						
Water Purification Demonstration Facility	34,756	3,712	0	0	0	38,467
SIPS - Deerwood - Southside Blvd Intertie to Deerwood III Water Plant - New	17,500	18,514	1,170	0	0	37,185
Water Meters - AMI Conversion	13,334	13,333	13,333	0	0	40,000
SIPS - US1 Booster Station - Old St Augustine Rd to US1 Booster Station - New	8,488	0	0	0	0	8,488
Galvanized Pipe Replacement - Program	8,054	17,000	39,000	35,000	37,000	136,054
RiverTown Water Plant - New 4.7 MGD Water Plant	6,644	0	0	0	0	6,644
McDuff Water Plant - Refurbishment Project	5,222	10	0	0	0	5,232
Water Delivery System - Repair & Replace	5,000	5,000	5,500	5,500	5,500	26,500
Well Rehabilitation and Replacement Program	4,863	3,320	3,320	3,320	3,320	18,143
Lofton Oaks Water Plant - Improvements	4,145	26	0	0	0	4,171
Norwood Water Plant - Rehabilitation	3,550	10	0	0	0	3,560
Water Transmission Replacement	2,712	2,000	2,000	2,000	2,000	10,712
Pritchard Rd - Old Plank Rd to Cisco Dr W - New Transmission	2,581	580	0	0	0	3,161
Lakeshore Water Plant - Reservoir Rehabilitation - Phase 2	2,460	1,014	0	0	0	3,474
Water Meters - Growth	2,450	2,030	2,030	2,030	2,030	10,570
Martin Luther King - Fairfax to Brentwood Water Main Replacement	2,368	5,772	21	0	0	8,161
Water Meters - Large Water Meter Replacement	2,248	2,318	2,353	500	0	7,419
Water Meters - Replacement	2,169	2,169	2,169	6,500	6,500	19,507
JP - Nassau - William Burgess Blvd - US 17 to Miner Rd - New	2,118	1,440	0	0	0	3,557
New World Av - Waterworks Ave to Chaffee Rd - New Transmission	2,089	0	0	0	0	2,089
SIPS - Greenland - Southside Blvd - Deerwood 3 to Greenland	2,084	11,465	36,643	6,947	0	57,140
Development Driven Projects	2,040	200	200	200	200	2,840
Beverly Hills Water Main Replacement	1,775	0	0	0	0	1,775
Royal Lakes Water Plant High Service Pump Expansion	1,764	7,414	9,853	39	0	19,070
Main Extensions and Taps	1,500	1,500	1,500	1,500	1,500	7,500
Water Treatment Plant Large Capital Improvements	1,460	5,450	11,600	6,200	9,225	33,935
SIPS - Main St Water Plant - 1st St to Franklin St - New Transmission	1,291	0	0	0	0	1,291
McDuff - Olga to Park - Water Main	1,159	0	0	0	0	1,159
E 1st St Main St to E 4th St - New Raw Water Main	1,155	0	0	0	0	1,155
North Grid Trihalomethane Mitigation Project	1,052	1,200	13,000	6,993	0	22,245
Oakridge Water Plant - High Service Pump Replacement	913	1,574	5,408	124	0	8,018
Forest Blvd - Stone Rd to T-Line - New Raw Water Main	770	805	3	0	0	1,578
Water Plant Capital Renewal & Replacement	750	750	750	750	750	3,750
JP - Joint Participation Projects	700	700	700	700	700	3,500
JP - JTA - 8th St Water Main Replacement - Mt Herman St to Boulevard St	585	0	0	0	0	585
Cecil Commerce Center - New Well No. 4	581	1,211	1,404	0	0	3,197
Ridenour Water Plant - New Well No. 8	520	1,706	309	0	0	2,535
Well Field Repair & Replace	500	500	500	500	500	2,500
Deerwood III Water Plant - Well 2 Replacement	494	493	1,167	0	0	2,153
Real Estate Services - Ridenour Water Plant - Well 9 - Property Acquisition	475	0	0	0	0	475
Lovegrove Water Plant - Electric System Upgrade	400	1,300	2,500	101	0	4,301
Southeast Water Plant - New Well No. 4	365	814	972	0	0	2,151

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Southeast Water Plant - Ground Storage Tank	321	3,301	0	0	0	3,621
Hampton Falls Dr Electrical Ease. - San Pablo to Suni Pines Connection - 12 inch Water Main Replacement	290	0	0	0	0	290
301 Development - Water	250	3,000	6,000	5,750	0	15,000
Water Treatment Plant Reservoir Repair & Replace	250	100	100	100	100	650
Brierwood Water Plant - Well 1 Rehabilitation	229	203	0	0	0	432
Cisco Dr - Westlake Water Plant to Garden St - New Transmission	215	1,000	9,386	0	0	10,601
Water Treatment Plants - Sodium Hypochlorite Storage Tank Upgrades	200	200	200	200	200	1,000
JP - COJ - McCoy's Creek - Cherokee St. to St. Johns River	182	227	0	0	0	409
Deerwood Water Plant - Well 5 Rehabilitation	152	0	0	0	0	152
Bessie Circle - Water Main Installation	135	0	0	0	0	135
Grid - Cost Participation - New	100	100	100	100	100	500
Arlington Water Plant Well No 4 Rehabilitation	92	0	0	0	0	92
Lofton Oaks Water Plant - Well 1 Rehabilitation	90	0	0	0	0	90
JP- FDOT - North Grid - Lem Turner - Capper Rd to Leonid	80	5	2	0	0	87
Ridenour Water Plant - Well 5 Rehabilitation	78	0	0	0	0	78
Beacon Hills Water Plant - Rehabilitation	62	995	1,756	4,169	19	7,001
JP - FDOT - JTB Blvd at Kernan Blvd - Water Main Replacement	60	14	3	0	0	77
JP - FDOT/COJ - Chaffee Rd - Westmeadows Dr S to Samaritan Wy - New Transmission	60	1,500	752	500	0	2,812
Community Hall Water Plant - Well 3 Rehabilitation	58	0	0	0	0	58
Ridenour Water Plant - Well 4 Rehabilitation	58	0	0	0	0	58
JP - FDOT - I95 and MLK Interchange - Water Main Replacement	50	11	0	0	0	61
JP - JTA - San Pablo Rd - Beach Blvd to Atlantic Blvd	43	0	0	0	0	43
JP - FDOT - SR212 (US90/Beach Blvd.) Southside Blvd. to Eve Dr - Water Main Replacement	36	0	0	0	0	36
JP - FDOT - Timuquana Rd (SR134) - Wesconnett to US17 - Water Main Replacement	28	0	0	0	0	28
JP - JTA - Alta Drive Roadway Improvements	13	0	0	0	0	13
JP - FDOT - I10 Widening - I295 to I95 - Water Main Replacement	12	12	0	0	0	24
JP - FDOT - Lane Ave S - Water Main Replacement - Distribution	10	0	0	0	0	10
JP - Pages Dairy Rd - Felmor Rd to Chester Ave - Transmission	7	0	0	0	0	7
JP - FDOT- SR202 - JTB at San Pablo Rd	2	0	0	0	0	2
Water Pipeline Crossings Resiliency	1	1	1	1	1	5
Main St Water Plant - Ozone Generator - Addition	0	600	3,000	2,000	0	5,600
North Grid - Arnold Rd - Pecan Park Rd to Northwest Water Reclamation Facility	0	250	250	250	250	1,000
Westlake Water Plant - Well No 4 and Raw Water Main	0	191	1,223	957	92	2,463
Brierwood Water Plant - Rehabilitation	0	68	740	3,357	1,347	5,512
Westlake Water Plant - Expansion from 3.0 to 7.0 MGD	0	19	1,960	1,361	10,540	13,879
Blount Island Fire Protection System - Repair & Replace	0	0	4,300	0	0	4,300
Ft. Caroline Rd - McCormick Rd to Fulton Rd - Distribution - New	0	0	210	805	1,271	2,286
North Grid - Downtown Water Plant	0	0	0	0	750	750
Market Adjustment	-40,685	0	0	0	0	-40,685
WATER SUBTOTAL	117,561	127,127	187,388	98,453	83,896	614,425
SEWER						
Greenland Reclamation Facility - 4.0 MGD	56,725	46,053	6,639	0	0	109,417
Southwest Reclamation Facility - Expansion to 16 MGD	44,528	41,548	18,386	51	0	104,514

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Nassau Regional Reclamation Facility - Expansion to 3 MGD	28,239	36,059	12,509	0	0	76,807
Buckman Reclamation Facility - Biosolids Conversion - Process Facility	18,782	45,598	91,007	73,594	7,411	236,393
US 1 - Greenland Reclamation Facility to CR 210 - Transmission - New - Reclaim	18,488	1,035	0	0	0	19,523
Nassau Regional Reclamation Facility - Effluent Management	7,891	271	0	0	0	8,162
Nassau - Radio Ave - Class III/IV - New Pump Station	5,999	10	0	0	0	6,009
Buckman Reclamation Facility - Biosolids RAW Sludge Holding Tank Restoration	5,980	7,718	0	0	0	13,697
Buckman Reclamation Facility - Disinfection System Replacement	5,790	0	0	0	0	5,790
Southwest - 5104 118th St - Class III/IV	5,701	1,254	0	0	0	6,955
Mandarin-Greenland Interconnect - Reclaim	5,411	0	0	0	0	5,411
SR200 - William Burgess Blvd to Police Lodge Rd - Transmission - Reclaim	4,510	0	0	0	0	4,510
Pumping Stations - Capital Equipment Replacement	4,500	4,500	4,500	4,500	4,500	22,500
Southwest - 6217 Wilson Bv - Class III/IV	4,415	894	0	0	0	5,309
Sewer Collection System Trenchless Repair & Replace	4,300	4,300	4,300	4,300	4,300	21,500
Sewer Collection System Repair & Replace	4,000	4,000	4,500	4,500	4,500	21,500
Manhole Inspection, Prioritization, and Rehabilitation or Replacement	3,600	3,600	3,600	3,600	3,600	18,000
Mandarin Reclamation Facility - Sludge Holding Tanks Rehabilitation	3,477	73	0	0	0	3,550
JP - SJC - CR210 - South Hampton to Ashford Mills - Transmission - Reclaim	3,073	0	0	0	0	3,073
Southwest - 5825 Robitzsch Lane - Class III/IV	2,966	564	0	0	0	3,529
Greenland - Burnt Mill Pump Station to Greenland Energy - Transmission - Force Main	2,958	610	0	0	0	3,568
Buckman Reclamation Facility - Fine Screen Replacement	2,935	0	0	0	0	2,935
Arlington East Reclamation Facility - Parallel Sludge Line	2,768	11,240	17,375	5,733	0	37,115
Monterey - 3254 Townsend Rd - Class III/IV - Pump Upgrade	2,505	0	0	0	0	2,505
Water Reclamation Facilities - Capital Equipment Replacement	2,500	2,500	2,500	2,500	2,500	12,500
5th St W - Imeson Rd to Melson Ave - Transmission - New - Force Main	2,478	119	0	0	0	2,597
Arlington East Reclamation Facility Upgrades - Influent Structure	2,385	18,634	9,628	0	0	30,648
District II - 11308 Harts Rd - Class III/IV	2,350	0	0	0	0	2,350
Resiliency - Pump Stations, Plants, Electrical Reliability	2,227	4,504	3,758	3,430	3,829	17,748
Mandarin - 106 Twin Creeks - Class III/IV - Booster Pump Station	2,170	200	0	0	0	2,370
Buckman Reclamation Facility - Biosolids Conversion - Operations/Maintenance Bldgs	1,981	0	0	0	0	1,981
Real Estate - Nassau Regional Reclamation Facility - Storage Tank and Boosters - Property Acquisition	1,970	0	0	0	0	1,970
District II - Robena Rd Booster Pump Station	1,910	0	0	0	0	1,910
Wastewater Large Capital Improvements	1,831	10,931	51,030	15,452	11,800	91,043
9247 Baymeadows Rd - Class III/IV - Pump Upgrade	1,799	150	0	0	0	1,949
Buckman Reclamation Facility - Biosolids Dryer Rehabilitation	1,793	0	0	0	0	1,793
Southwest - 4881 Timuquana Rd - Class III/IV	1,619	0	0	0	0	1,619
Development Driven Projects - Pump Stations	1,575	200	200	200	200	2,375
Arlington East Reclamation Facility Upgrades - Aeration Basin and Blowers	1,564	11,755	18,187	2,766	0	34,272
Development Driven Projects - Reclaim	1,512	200	200	200	200	2,312
25th St at Marlo St Gravity Sewer Replacement	1,509	2,343	0	0	0	3,852
Monterey - 5838 Pompano - Class III/IV - Pump Upgrade	1,501	538	0	0	0	2,038
SCADA RTU and Control Panel Upgrades	1,500	1,500	1,500	1,500	1,500	7,500
Main Extensions and Taps - Sewer	1,500	1,500	1,500	1,500	1,500	7,500
Large Diameter Cured In Place Piping	1,500	1,490	1,166	1,499	2,500	8,155
Buckman Reclamation Facility - Biosolids Facility Rehabilitation	1,382	5,639	0	0	0	7,021

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Nassau - Radio Av - Reclaim Water Storage Tank and Booster Pump Station - Reclaim	1,240	0	0	0	0	1,240
Ridenour Water Plant - Storage and Repump - Reclaim	1,128	2,250	6,250	1,498	0	11,126
Cedar Bay Backup Power System	1,100	0	0	0	0	1,100
SEQ to Gate Parkway - Transmission - New - Reclaim	1,000	2,000	1,050	0	0	4,050
SWDE - Water Purification Piloting	1,000	1,000	0	0	0	2,000
JP - COJ - McCoys Creek – Cherokee St. to St. Johns River – Sewer	970	282	1,047	654	0	2,953
Margaret St. Area Sewer Main Installation	951	0	0	0	0	951
JP - Nassau - Chester Rd - David Hallman to Pages Dairy Rd - Reclaim	890	0	0	0	0	890
Air Release Valves - Inspection, Prioritization, and Rehabilitation or Replacement	875	875	570	570	570	3,460
4511 Spring Park Rd Lift Station	826	0	0	0	0	826
JP - Nassau - Wm Burgess Blvd - US 17 to Miner Rd - New - Force Main	808	381	0	0	0	1,188
Buckman Reclamation Facility - Biosolids Process Renewal and Replacement	740	740	740	740	740	3,700
Monterey - 7732 Merrill Rd - Class III/IV - Pump Station Upgrade & 2530 Mayapple Pump Station Upgrade	718	2,792	392	0	0	3,902
Arlington East Reclamation Facility - Secondary MCC Replacement	663	0	0	0	0	663
JP - Nassau - Chester Rd - David Hallman to Pages Dairy Rd - Force Main	650	0	0	0	0	650
Development Driven Projects - Sewer	636	200	200	200	200	1,436
Arlington East - 8331 Princeton Sq - Class III/IV - Pump Upgrade	600	2,490	2,146	989	0	6,225
McMillan St Pump Station Effluent Piping S20B - Force Main Replacement	522	82	0	0	0	604
Southwest Service Area Infiltration and Inflow Analysis and Remediation	500	500	500	0	0	1,500
Wastewater Odor Control - All Plants and Pump Stations	500	250	250	250	250	1,500
Buckman Reclamation Facility - Blower System Improvements	481	0	0	0	0	481
Norwood Ave. Sewer Main Installation	441	0	0	0	0	441
RiverTown Booster Pump Station - Reclaim	405	2,541	0	0	0	2,946
Arlington East - 8751 Bayleaf Dr - Class III/IV - Pump Upgrade	402	2,450	1,788	0	0	4,640
JP - Joint Participation Projects - Sewer	400	400	400	400	400	2,000
Pirates Cove Rd 8" Force Main Replacement	379	0	0	0	0	379
District II - 10800 Key Haven Bv - Class III/IV	367	2,256	0	0	0	2,623
South Shores Sub-Aqueous Force Main Rehabilitation	353	0	0	0	0	353
Nocatee South Reclaim Improvements	350	1,884	0	0	0	2,234
Buckman Reclamation Facility -1636 Talleyrand Av - Class III/IV	336	803	2,834	4,526	166	8,665
District II - Reclaimanch Rd - Tradeport Dr to DUV-14491 Master Pump Station - Force Main	304	129	0	0	0	432
SWDE - Deep Injection Exploratory Wells	300	9,230	45,070	39,000	12,000	105,600
Arlington East Reclamation Facility - Reclaim Filter - Increase Capacity from 8 to 10 MGD	300	1,500	0	0	0	1,800
SCADA Renewal & Replacement	268	268	268	268	268	1,340
301 Development - Sewer	250	4,000	8,000	7,750	0	20,000
SWDE - Arlington East Reclamation Facility - Disinfection Conversion to High Level UV	250	2,100	10,000	7,600	0	19,950
SWDE - Planning, Zoning, and Land Acquisition	250	500	250	0	0	1,000
Clark and Main: Kentucky St to Gun Club Rd - Force Main	247	1,176	0	0	0	1,422
Buckman Reclamation Facility Outfall Improvements- Phase 1	200	725	4,125	4,125	0	9,175
Davis - Gate Pkwy to RG Skinner - Transmission - Reclaim	191	1,306	7,206	2,688	0	11,392
Twin Creeks Reclaim Storage Tank and Booster Pump Station - Reclaim	190	0	0	0	0	190
Ponte Vedra Additional SBR, Influent Jet Headers, & UV replacement	157	592	3,661	1,935	0	6,345
Monterey - 8043 Carlotta Rd - Class III/IV - Pump Upgrade	152	175	1,715	0	0	2,042
JP - COJ - Six Mile Bridge and Utilities Replacement	107	1,934	200	0	0	2,241

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Buckman Reclamation Facility - Aeration Basin Air Header and Diffuser Replacement	107	464	1,371	1,371	1,371	4,682
Waste Water Pumping Station Safety Improvements - Guard Rail Installation	100	100	100	100	100	500
Grid - Cost Participation - New - Force Main	100	100	100	100	100	500
Grid - Cost Participation - New - Reclaim	100	100	100	100	100	500
JP - COJ - Old Middleburg Rd - Argyle Forest Blvd to Maynard Place - Transmission - New - Force Main	56	400	1,404	600	0	2,460
Reuse Delivery Repair & Replace	55	55	55	55	55	275
JP - FDOT - Timuquana Rd (SR134) - Wesconnett to US17 - Force Main Replacement	54	0	0	0	0	54
Monterey Reclamation Facility Improvements - Phase 1	50	0	0	0	0	50
Southwest - POW MIA Memorial Pkwy - Normandy Blvd to Parkland Master Pump Station - Force Main	50	240	600	710	0	1,600
Southwest - 103rd Street at Piper Glen Blvd - Force Main	50	200	400	300	0	950
Diesel-driven Backup Pump Repair & Replace	50	50	50	50	50	250
Manhole SCADA Repair & Replace	50	50	50	50	50	250
Reuse Facility - Capital Equipment Replacement	50	50	50	50	50	250
JP- FDOT - District II - Lem Turner - Capper Rd to Leonid - Force Main	47	5	2	0	0	54
Nassau Regional Reclamation Facility - SR200 West of I-95 RW Storage Tank and Booster Pump Station - Reclaim	44	1,216	2,663	6,960	1,135	12,018
Nocatee North Reclaim Storage Tank	18	148	689	5,391	15	6,261
CR210 - Longleaf Pine Pkwy to Shearwater Rd - Trans - Reclaim	12	178	6,124	150	0	6,465
JP - FDOT - I10 Widening - I295 to I95 - Force Main Replacement	12	12	0	0	0	24
Holiday Road Master Pump Station Rehabilitation - Phases 1 and 2	10	0	0	0	0	10
JP - JTA - Alta Drive Roadway Improvements - Sewer	7	0	0	0	0	7
Sewer Pipeline Crossings Resiliency	1	1	1	1	1	5
Ductile Iron Force Main Replacement	0	2,983	2,098	3,000	3,000	11,081
Blacks Ford Reclamation Facility - Expansion from 6 to 9 MGD	0	1,000	7,500	12,500	14,000	35,000
Southwest - 7703 Blanding Bv - Class III/IV	0	689	0	0	0	689
Monterey Reclamation Facility Improvements- Phase 2	0	628	6,174	6,599	893	14,294
Monument Rd - Arlington Reclamation Facility to St Johns Bluff Rd - Transmission - New - Reclaim	0	541	834	8,672	13	10,060
SWDE - Buckman Reclamation Facility	0	537	18,008	24,040	73,301	115,886
T-Line - Park Ave to Pulaski Rd Master Pump Station - Easement Acquisitions	0	500	0	0	0	500
SWDE - Southwest Reclamation Facility	0	428	12,603	17,029	31,285	61,344
SWDE - Arlington East Reclamation Facility	0	402	11,919	16,126	29,519	57,966
SWDE - Cedar Bay Reclamation Facility	0	270	8,471	11,572	20,614	40,927
Northwest - Arnold Rd - Pecan Park Rd to Northwest Reclamation Facility - Reclaim	0	250	250	250	250	1,000
Northwest - Arnold Rd - Pecan Park Rd to Northwest Reclamation Facility - Force Main	0	250	250	250	250	1,000
Southwest - Morse Ave - Reclaimicker Rd to Firestone Rd - Force Main	0	150	500	350	0	1,000
SWDE - Monterey Reclamation Facility	0	131	4,804	6,570	9,854	21,360
Lenox Ave - Fouraker Rd to Palisades Dr - Distribution - New - Force Main	0	115	461	0	0	576
District II - Capper Rd - Meadowlea Dr to Lem Turner - Force Main	0	90	230	230	0	550
Southwest - Chaffee Rd S - Crystal Springs Rd - Force Main	0	50	525	1,500	1,425	3,500
Veterans Pkwy - Longleaf Pine Pkwy to CR210 - Transmission - Reclaim	0	26	595	2,040	2,419	5,080
118th St - Kinkaid Rd to Ricker Rd - Transmission - New - Force Main	0	0	961	3,000	3,000	6,961
Northwest Reclamation Facility - 1.5 MGD	0	0	500	3,750	6,250	10,500
Southwest-PAR-13437-Class III/IV Pump Upgrade	0	0	500	0	0	500
RiverTown - New Storage and Pumping System - Reclaim	0	0	400	950	2,500	3,850
Greenland Reclamation Facility Alt Discharge to Mandarin WRF Outfall	0	0	150	500	500	1,150

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Busch Dr - Balmoral Dr to Harts Rd - Transmission - Force Main	0	0	30	600	183	813
Herschel St. 12in Force Main Replacement	0	0	0	1,045	1,659	2,705
Arlington East Reclamation Facility - Reclaimed Water System Expansion	0	0	0	560	4,200	4,760
St Johns Bluff Rd - UNF to Bradley Master Pump Station - Transmission - Rehab Parallel Force Main	0	0	0	400	2,000	2,400
Arlington East - Deerwood Pk - Burnt Mill to JTB - Force Main	0	0	0	400	1,000	1,400
Lorain St 8" Force Main Replacement	0	0	0	373	0	373
CR210 - Twin Creeks to Russell Sampson Rd - Transmission - Reclaim	0	0	0	90	1,100	1,190
District II - Pulaski Rd Booster Pump Station - Phase 2	0	0	0	87	805	892
Russell Sampson Rd - St. Johns Pkwy to CR210 - Transmission - Reclaim	0	0	0	41	600	641
District II - Yellow Bluff Rd - New Berlin Rd to Victoria Lakes - Transmission - New - Force Main	0	0	0	10	260	270
SWDE - Ponte Vedra Reclamation Facility	0	0	0	0	558	558
SWDE - Nassau Regional Reclamation Facility	0	0	0	0	405	405
District II - New Berlin Rd - Yellow Bluff Rd to Eastport Rd - New - Force Main	0	0	0	0	10	10
JP - FDOT - Copper Circle Lift Station Replacement	-218	0	0	0	0	-218
Market Adjustment	-80,804	0	0	0	0	-80,804
SEWER SUBTOTAL	233,489	331,748	442,669	337,040	277,815	1,622,761
WATER OTHER						
Technology Services Projects	14,000	12,175	12,125	11,600	11,550	61,450
Fleet - Replacement	8,600	1,920	2,270	4,100	4,632	21,522
Capital Administrative Overhead	7,500	7,750	8,000	8,250	8,500	40,000
Fleet - Expansion	4,219	1,100	800	800	800	7,719
Facilities - Generators	2,253	10,977	4,535	5,000	5,000	27,765
Facilities - Main St Lab Emergency Generator Project	1,513	0	0	0	0	1,513
Facilities - Blacks Ford Reclamation Facility New Parking and Storage Building	1,486	0	0	0	0	1,486
Facilities - District II Reclamation Facility New Plant Entrance	1,390	0	0	0	0	1,390
Facilities - Satellite Service Centers	844	0	0	0	0	844
Facilities - Mandarin Reclamation Facility - Facility Parking and Storm Water Upgrades - Phase 2	711	1,658	0	0	0	2,369
Security Improvements	650	650	650	650	650	3,250
Laboratory Instrumentation - PFAS	650	0	0	0	0	650
Facilities - Heating, Ventilation, and Air	520	520	520	520	520	2,600
Facilities - Arlington East Reclamation Facility Storage Building	518	0	0	0	0	518
Facilities - Fleet Service Operations Building Renovations	500	0	0	0	0	500
Facilities - District II Reclamation Facility - New Storage Building and Site Upgrades	469	0	0	0	0	469
Facilities - Roof Replacements	435	435	435	435	435	2,175
Facilities - Blanding Blvd Lift Station Entrance Drive	413	0	0	0	0	413
Facilities - Building Upgrades	400	400	400	400	400	2,000
Facilities - Electric and Lighting Systems	400	400	400	400	400	2,000
Security - Fencing	260	260	260	260	260	1,300
Facilities - Plumbing Upgrades	250	250	250	250	250	1,250
Facilities - Paving and Site Improvements	250	250	250	250	250	1,250
Facilities - Elevators	250	250	1	1	1	503
Laboratory Equipment Upgrades	250	100	100	100	100	650
Real Estate - Easement Location and Acquisitions	150	150	150	150	150	750

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WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Utility Locate Group - Capital Equipment	50	50	50	50	50	250
Security - Fire Alarm and Sprinkler Systems	20	20	20	20	20	100
Facilities - Buckman Reclamation Facility - Street Lighting and Paving Upgrades	0	0	0	1,000	783	1,783
WATER OTHER SUBTOTAL	48,950	39,315	31,216	34,236	34,751	188,468
WATER GRAND TOTAL	400,000	498,190	661,273	469,729	396,462	2,425,654

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DES FY23-FY27

DES Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Hogans Creek - Line Extension - Jags Performance Facility	6,432	0	0	0	0	6,432
District Energy System - Repair & Replace Improvements	450	765	980	1,000	645	3,840
Security - District Energy System	50	50	50	50	50	250
Capital Administrative Overhead	4	4	4	4	4	18
Springfield - Replace Chiller 1	0	920	0	0	0	920
Springfield - Replace Chiller 4	0	920	0	0	0	920
Downtown Plant Expansion - New Chiller & Cooling Tower	0	25	1,500	4,313	0	5,838
Springfield - Replace Chiller 3	0	0	950	0	0	950
Springfield - Replace Chiller 5	0	0	950	0	0	950
Hogans Creek - Replace Chiller 3	0	0	0	1,500	0	1,500
DES GRAND TOTAL	6,936	2,684	4,434	6,866	699	21,619

ELECTRIC	Description	Explanation
B50, B51, etc	specific steam turbine units at Brandy Branch Generating	
CEMI-5	Customers Experiencing More than 5 Interruptions	CEMI-5 is a software report and metric that stands for Customers Experiencing More Than Five Outages of one minute or more in the past year. The new report has helped us improve on our already unbeatable performance of low extended outage frequency and duration rates. CEMI-5 directs JEA's engineers and field personnel to the specific addresses of customers who've experienced six or more extended outages (of one minute or more) over the last 12 months
CT1, CT2, etc	specific gas turbine units	
DCPS	Duval County Public Schools	
HP/IP	High Pressure/Intermediate Pressure	A type of turbine
HRSG	Heat Recovery System Generator	An energy recovery heat exchanger that recovers heat from a hot gas stream, such as a combustion turbine. It produces steam that can be used in a process or used to drive a steam turbine.
LNG	Liquid Natural Gas	
N00, N01, N02, etc	specific steam turbine units	
OH-UG	Overhead to Underground	Moving electric lines from overhead to underground
PV	Photovoltaic	solar panels
RTAC	Real-Time Automation Controller	Multifunctional platform designed for demanding utility applications.
RTU	Remote Terminal Unit	A remote terminal unit (RTU) is a microprocessor-controlled electronic device that interfaces objects in the physical world to a distributed control system or SCADA (supervisory control and data acquisition) system by transmitting telemetry data to a master system, and by using messages from the master supervisory system to control connected objects
SAIDI	System Average Interruption Duration Index	Indicates the total duration of interruptions for the average customer across the electric system during a predefined period of time such as a month or a year. It is commonly measured in minutes or hours of interruption.
SEL-3355	Schweitzer Engineering Laboratories	Schweitzer Engineering Laboratories - computing platform
SOCC	system ops and control center	central command/control of the electric system
UPS	Universal Power Supply	
WATER	Description	Explanation
AMI	Advanced Metering Infrastructure	Integrated system of equipment, comm., and information management systems for utilities to remotely collect water usage data in real time
Class III/IV	the size/processing capability of a sewage pump station	Class III - 1,000 Gallons per Minute (GPM) to 2,000 GPM / Class IV - Over 2,000 GPM
JP	Joint Project	Projects that involve agreements and collaboration with other local and State entities.
MCC	Motor control center	
MGD	Million Gallons per Day	the max amount of volume a water or wastewater plant can process
PFAS	Per- and polyfluoroalkyl substances	synthetic organofluorine chemical compounds
RTU	Remote Terminal Unit	A RTU is a microprocessor based device that monitors and controls field devices, that then connects to plant control or SCADA (supervisory control and data acquisition) systems.
SBR	Sequencing Batch Reactor	a type of sludge process for wastewater treatment
SCADA	supervisory control and data acquisition	supervisory control and data acquisition
SIPS	Southside Integrated Piping System	SIPS projects are part of the Total Water Management Plan and done to improve reliability and optimize Water Mains in the South Grid.
SJC	St Johns County	
SWDE	Surface Water Discharge Elimination	
UV	Ultraviolet	Utilizing deep injection wells to divert treated wastewater from the river, due to Florida Senate Bill (SB) 64

source files in SP/Manager/FY22

**BOARD RESOLUTION: 2022-10**

May 24, 2022

**A RESOLUTION BY THE BOARD APPROVING REVISIONS TO THE
WATER/WASTEWATER COST PARTICIPATION POLICY PROVIDING
FUNDING FOR JEA INFRASTRUCTURE IMPROVEMENTS**

WHEREAS, in accordance with the Water/Wastewater Cost Participation Policy (Policy), JEA administers a program that provides partial funding for the completion of infrastructure improvements necessary to serve new developments and the needs of JEA; and

WHEREAS, the Policy was initially approved by the Board on July 13, 2003, and most recently revised on February 18, 2014; and

WHEREAS, based upon its review, staff seeks to update the Policy to better support local economic growth, minimize financial risks, and more specifically define cost participation guidelines for developers; and

WHEREAS, the proposed Policy revisions, attached hereto as Exhibit "A" and incorporated herein, were reviewed and recommended for Board approval by the Finance and Operations Committee (Committee) on May 23, 2022; and

WHEREAS, staff requests that the Board adopt the Committee's recommendation and approve the proposed Policy revisions.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby adopts the Committee's recommendation and approves the revised Policy in substantially the same form and format attached hereto.
2. The Managing Director/Chief Executive Officer is authorized to execute the Policy and to take all steps necessary to implement the Policy.
3. To the extent that there are any typographical, administrative, and/or scrivener's errors contained herein that do not change the tone, tenor or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.
4. This Resolution shall be effective upon approval by the Board, and the revised Policy shall be effective on May 24, 2022.

Dated this 24th day of May 2022.


 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

	ORGANIZATIONAL POLICY & PROCEDURE:	JEA W/WW Cost Participation		
	Corporate Policy Ref:			
	Version Effective Date:	May 24 th , 2022	Version:	6

POLICY OBJECTIVES:

To ensure uniformity and consistency in the application of the JEA W/WW Cost Participation Policy where regional infrastructure is provided to JEA via a Cost Participation Agreement. To Invest in the community with consideration of existing customers and to establish a clear policy which will allow Developers to financially plan.

ASSIGNMENT OF RESPONSIBILITY:

The Director of Water Planning & Development shall have the responsibility to establish, maintain, disseminate, and make administrative modifications to the procedure.

PROCEDURE**Definitions**

- 1.1 **Capital Costs** – Money expended for the purpose of installing utility infrastructure to provide capacity to a defined geographic area.
- 1.2 **Cost Participation Agreement** – A contract between JEA and a Developer detailing the financial participation by JEA with the Developer to pay for a portion of the cost for upsizing and /or extending the JEA utility system in agreement with the subject policy.
- 1.3 **Developer** – Any person or entity who improves a parcel of land which may include the extension of the utility system from the existing point of connection to the proposed improvement/s for the purpose of providing service to said development.
- 1.4 **Development** – Any parcel of land upon where improvements are being made that require utility infrastructure to serve said improvements as defined by the City of Jacksonville, St Johns County, Nassau County or Clay County planning departments, or any other appropriate local or federal entity having jurisdiction over said parcel of land.
- 1.5 **Equivalent Residential Connection (ERC)** – A unit of measure of flow in gallons per day or as defined by the rate tariff. Used to provide a consistent representation of flows from single-family residential, multi-family residential and commercial developments.
- 1.6 **Pipe Diameter** – refers to the pipes nominal inside diameter used for hydraulic capacity calculations
- 1.7 **Transmission mains** - Water mains all pipes 16” in diameter and greater, Sewer Gravity trunk mains 16” in diameter and greater, and Sewer force mains all pipes 12” and greater.
- 1.8 **Upsizing of Utility System** – To increase the size of the utility system above what is required for the development, as determined by JEA Water/Sewer System Planning.
- 1.9 **WSSP** – Water/Sewer System Planning

Project Type**Developer Cost Participation Projects:**

Developers are required to survey, design, and permit all infrastructure related to the subject development and shall cover bidding and administrative cost related to the improvements. In the event that transmission mains are installed or JEA requires an increase in main size the developments may qualify for cost participation as described below.

- 2.1 Developments that require “Transmission” mains, JEA may cost participate in the construction cost as listed in table below. JEA shall review the need for the Transmission mains in association with the subject development for conformity with the JEA master plan with regard to size and location.

Water Mains		Sewer Mains		Gravity Mains	
Nominal Pipe Size (inches)	JEA Cost Participation	Nominal Pipe Size (inches)	JEA Cost Participation	Nominal Pipe Size (inches)	JEA Cost Participation
16	44%	12	31%		
20	64%	16	61%	16	61%
24	75%	20	75%	20	75%
30	84%	24	83%	24	83%

Cost participation shall be limited to “X” number of feet in length. Where “X” equals the number of ERC’s identified in the Developments Master plan times twelve (12).

- 2.2 Developments that require the upsizing of infrastructure. JEA may require the developer to design based on JEA’s master plan requirements and provide an estimated installation cost for JEA’s portion of the project. JEA may cost participate and pay the Developer directly the amount that covers JEA’s portion of the work provided the Developer pays the base value of the infrastructure required to meet the needs of the development. In this case, JEA’s cost will be based on the lowest alternate bid value and is less than JEA’s estimated cost. Developer to provide calculations for approval that support base bid sizing. Clearly depict base bid design without cost participation and bid the alternate design incorporating the upsized infrastructure improvements. Design information shall support base and alternate designs. Cost participation will be for material cost difference. Cost participation in installation cost is subject to an approved, clearly explained difference in construction installation costs. No other costs are included in the cost participation.

General Application:

This procedure is established in order to provide the citizens within JEA's service area (in Jacksonville/Duval County, St. Johns County, Nassau County or Clay County) with infrastructure required for new residential and commercial developments. JEA has worked with developers to ensure that the water and sewer services are present according to the developers' schedule and JEA standards. This procedure applies to situations where JEA's master plan infrastructure installation is involved within the JEA five-year work plan, or in areas where deemed appropriate by JEA WSSP.

- 3.1 A JEA Cost Participation Agreement is utilized to implement a JEA Cost Participation Project.
- 3.2 In this procedure, a Project is defined as a design and installation of any combination of the following utility systems:
 - **Water Main Extensions:** projects where System Planning has identified the need for a water main extension of a regional capacity as defined in JEA's master plan or by JEA WSSP review of the developments master plan.
 - **Gravity Sewer Main Extensions:** projects where System Planning has identified the need for a gravity sewer main extension of a regional capacity as defined in JEA's master plan or by JEA WSSP review of the developments master plan.
 - **Sewer Force Main Installations:** projects where System Planning has identified the need for a sewer force main extension of a regional capacity as defined in JEA's master plan or by JEA WSSP review of the developments master plan.
 - **Pump Station/Lift Station Installations:** projects where upgrades are necessary to provide capacity in addition to the requirements of the development or by JEA WSSP review of the developments master plan.
- 3.3 A project may not be divided into more than one project for the purpose of evading the requirements of this procedure. Exceptions may be granted for phased construction of the entire project as determined by JEA WSSP.
- 3.4 Procurement requirements:
 - Projects shall be procured consistent with the requirements of Section 255.0525(2), Florida Statutes. The requirements set forth below reflect the statutory requirements as of the date of this Policy's adoption. In the event Section 255.0525(2) is amended, the requirements set forth below may be amended for consistency with statutory requirements without requiring Board authorization.
 - Developers shall be responsible for verifying the current procurement procedures at the time the project is performed.

Process

The general process steps for JEA to enter into a Cost Participation Agreement project are as follows:

- 4.1 Developer initiates the project by requesting availability for service.
- 4.2 JEA System Planning Group will provide all necessary information including points of connection, system pressure, etc. to the Developer as defined in the JEA Design Guidelines
- 4.3 Developer shall schedule a development meeting to present the project scope details. The Developer's need for transmission sized mains for the development should be presented by the Developer's Engineer of Record. At this time, JEA will indicate the potential for cost participation.
- 4.4 Developer shall provide: Project scope and calculations – project scope shall include the details on project location, overall project master plan and specific utility phase (water, sewer, and reuse) plan.
- 4.5 JEA W/WW Planning and Development Team will communicate JEA's commitment to the Developer based upon the information submitted.
- 4.6 Developer's Engineer of Record designs the project and submits plans for review and approval. For developments requiring utility upsizing described in Section 2.0, calculations and alternative designs shall be included with the submitted plan set for review.
- 4.7 JEA W/WW Planning and Development Team reviews and approves water and sewer plans.
- 4.8 Developer shall provide: Developer's estimated cost for JEA's portion of the project and project schedule. Project schedule shall include the construction start and expected in-service dates.
- 4.9 JEA W/WW Planning and Development Team prepares a Cost Participation Agreement substantially in the same form as the attached Cost Participation Agreement template for the project.
- 4.10 JEA W/WW Planning and Development Team ensures that the project is properly funded and included in the current or future capital budget project list and adjusts cash flows as necessary.
- 4.11 Developer provides Draft Bid Documents and Draft Bid Notice for review and approval by JEA prior to bidding the project.
- 4.12 Developer provides Bid tabulation/ Schedule of values for the projects.
- 4.13 Developer provides evidence of advertisement prior to bid opening in compliance with all JEA procurement requirements, (currently, for which JEA's cost participation is estimated to cost more than \$200,000).
- 4.14 JEA W/WW Planning and Development Team finalizes a Cost Participation Agreement for the project.
- 4.15 JEA W/WW Planning and Development Team initiates the funding process for the Project. Executed Cost Participation Agreement.
- 4.16 Cost Participation Projects are reimbursed to the Developer at the 50% and 100% stages of completion, as stated in the cost Participation agreement attached. Developer's invoices for reimbursement should include supporting documentation including contractor's payment applications detailing the cost participation items included in the project schedule of values.
- 4.17 Track project data for future performance and reporting.

APPROVED BY:	Robert Zammataro, Director of Water System Planning & Development 2/10/2022
ORIGINAL EFFECTIVE DATE:	7/13/2003
REVISED DATE(S):	9/3/2004, 3/1/2006, 11/01/2011, 2/18/2014, 5/24/2022
KEYWORD(S):	Cost, Extension, Agreement, Utility System,
LINKS/ATTACHMENTS:	JEA Cost Participation Agreement for Extension of Utility System

**JEA COST PARTICIPATION
AGREEMENT FOR
EXTENSION OF UTILITY SYSTEM**

THIS AGREEMENT, made and entered into this _____ day of _____ by and between _____ whose address is _____ (hereinafter called "Developer"), and JEA, whose address is 21 W. Church St., Jacksonville, FL 32202 (hereinafter called "JEA").

RECITALS

WHEREAS, Developer owns certain real property in _____ County, which is more particularly described on Exhibit "A" attached hereto and, by reference made a part hereof (hereinafter referred to as "Developer Property"); and

WHEREAS, Developer has plans to develop immediately the Developer's Property by platting and/or other improvements thereon consisting of: _____ (hereinafter referred to as the "Development"); and

WHEREAS, Developer desires to extend existing and proposed improvements to JEA's water, wastewater and/or reclaimed water system (hereinafter called "JEA's Utility System") to serve the Development by: _____, (hereinafter called "Developer's Extension"); and

WHEREAS, JEA is willing to expand JEA's Utility System to provide such service, so that the Development may have furnished to it and to its occupants an adequate water supply and wastewater disposal system, subject to all the terms and conditions of this Agreement; and

WHEREAS, JEA and the Developer recognize that water is a natural resource of limited supply and wastewater treatment and disposal is a necessity for public health and thus, the water supply and disposal of wastewater must be regulated and controlled and the subject only of a reasonable and beneficial use to assure an adequate supply of water and adequate wastewater treatment capacity for all members of the public served by JEA; and

WHEREAS, the Developer and JEA further recognize that the supply of water and wastewater disposal service by JEA to the Development is subject to regulation, prohibition, limitation and restriction by local, state and federal governmental agencies, as well as JEA; and

WHEREAS, in order to facilitate the timely completion of the expansion of JEA's Utility System, the Developer and JEA wish to set forth the terms and conditions for sharing the cost of the construction and installation of the Developer's Extension.

NOW, THEREFORE, in consideration of the mutual undertakings and agreements herein contained and assumed, and other good and valuable consideration, receipt of which is hereby acknowledged, Developer and JEA hereby covenant and agree as follows:

1. Effect of Recitals. The above recitals are incorporated into the body of this Agreement and are adopted as findings

of fact.

2. Term. The term of this Agreement shall begin upon execution by both parties (the “Effective Date”) and shall end upon acceptance by JEA of Developer’s Extension unless earlier terminated as provided herein, but in no event shall the term of this Agreement exceed ____ years from the Effective Date. Notwithstanding anything to the contrary herein, JEA may, in its sole discretion, extend the term of this Agreement for a period not to exceed one year if such extension is necessary to complete the Developer’s Extension, so long as Developer is making progress toward completion.

3. Conveyance of Developer’s Extension. Developer shall, in accordance with the terms of this Agreement, (i) complete the Developer’s Extension on or before _____ and (ii) cause to be conveyed to JEA, free and clear of all encumbrances, the Developer’s Extension in consideration for the payment by JEA to Developer of the lump sum price of \$_____ (“Contract Price”), [which sum represents the difference between the value of the Developer’s Extension as constructed and the value of a project that would have been required to solely serve the Development] OR [which sum represents JEA’s cost participation percentage as set forth in Section 2.1 of the JEA Cost Participation Policy], pursuant to Section 8 of this Agreement. Developer shall submit to JEA engineering plans and specifications for the Developer’s Extension prepared by Developer’s engineer and at Developer’s cost, which plans, and specifications shall be approved in writing by JEA prior to any construction. Said plans and specifications shall comply with the JEA Water and Wastewater standards in effect at the time the plans and specifications are submitted to JEA. All construction of Developer’s Extension shall be done by the Developer at Developer’s cost pursuant to JEA’s Cost Participation Policy and Procurement Code, and shall be consistent with JEA’s Water and Wastewater Standards. Following conveyance by Developer, and acceptance by JEA, Developer’s Extension, additions, repairs and replacements thereto shall at all times remain the sole, complete and exclusive property of and under the control of JEA, and the Developer shall have no right or claim in and to the Developer’s Extension, but the Developer’s Extension shall be used for providing service to the Development.

4. Contractor Selection. Developer shall procure all contractors performing work in connection with the construction and installation of the Developer’s Extension in compliance with the applicable provisions of the JEA Procurement Code and Cost Participation Policy. Contractor selection shall be subject to the consent of JEA, which shall not be unreasonably withheld.

5. Plans. Prior to commencement of construction, Developer shall submit construction plans to JEA that include, at a minimum, a route survey depicting all improvements located in rights-of-way and/or dedicated easements, including, but not limited to, roads, driveways, landscaping, right-of-way boundaries, easements, and existing utilities. JEA will review said plans for constructability, hydraulic efficiency and conformity with JEA specifications. *Soft digs and geotechnical surveys may be required and will be determined during the plan review phase.* Upon satisfactory completion of the aforementioned plan review process, a minimum of five (5) sets of signed and sealed engineering plans must be submitted to JEA Environmental Services for FDEP permit processing. Once construction has commenced, Developer may not modify construction plans without JEA’s written approval, which shall not be unreasonably withheld.

6. Performance Bond. Developer shall not begin construction on the Developer’s Extension until it has posted a

performance bond in a form acceptable to JEA guaranteeing completion of the Developer's Extension.

7. Permits. The Developer shall be responsible for procurement of all applicable permits and will submit to JEA one (1) copy of each permit issued for the project e.g.: FDEP, SJRWMD, applicable FDOT, County or City right of way permits, railroad crossing, etc. JEA reserves the right to withhold funding until all applicable permits have been obtained.

8. Contract Price. The Contract Price constitutes the total lump sum compensation payable to the Developer under this Agreement. All duties, responsibilities and obligations assigned to or undertaken by the Developer shall be at the Developers expense without change in the Contract Price. Should Developer make any changes to the design, plans and/or specifications after receiving JEA's approval under Section 5 above, any additional costs associated with these changes shall be the responsibility of the Developer. Should circumstances be found by the awarded contractor which were not included in Developer's design, plan and specifications and result in additional costs to the awarded contractor, these additional costs shall be the sole responsibility of the Developer. JEA approval of any modification of construction plans is solely for the purposes of confirming that such modification is consistent with applicable JEA Water and Wastewater Standards and does not constitute consent on the part of JEA for assumption of additional costs associated with such modification.

9. Developer's Representative. The Developer is responsible for management of the construction phases of the project and will appoint a qualified professional engineer ("Engineer") licensed in the State of Florida as its project representative during the construction period. The Engineer will make visits to the site at intervals appropriate to the various stages of construction as Engineer deems necessary in order to observe as an experienced and qualified design professional the progress that has been made and the quality of the various aspects of the contractor's executed work. Based on information obtained during such visits and observations, Engineer will endeavor on the behalf of the Developer to determine, in general, if the work is proceeding in accordance with the plans described in Section 2 of this Agreement, any document described on Exhibit B, as described in Section 6 of this Agreement, and the construction contract for the Developer's Extension.

10. Project Close-out and Acceptance. Project close-out shall occur when the Developer has made satisfactory completion of the construction and acceptance processes as stated herein and in Exhibit B titled, "JEA Project Checklist" and likewise satisfied the terms of this Agreement in full.

11. Payment Procedures. Upon satisfactory review of the Developer's Application for Payment by JEA's construction inspector, JEA shall make a 50% progress payment on account of the Contract Price. This 50% payment shall be measured by the schedule of values or in the case of unit price work, based on the number of units completed.

(a) Final Payment - Upon satisfactory completion of the Work in accordance with the project close-out and acceptance process as stated in Section 10 herein, the Developer shall submit to JEA a request for final payment for the balance of the contract amount. Upon review and approval of JEA Project Manager, JEA will pay the balance of the lump sum contract price.

(b) The Developer warrants and guarantees that title to all work, materials, and equipment covered by any Application for Payment whether incorporated in the Project or not, will pass to JEA no later than the time of payment free and clear of all liens, judgments, encumbrances and mortgages.

12. Indemnification and Hold Harmless Provisions. In special consideration of the work herein described, the sufficiency of which is hereby acknowledged, Developer hereby agrees as follows:

Developer shall hold harmless, indemnify and defend JEA and its officers, employees, agents, and contractors against any claim, action, loss, damage, injury, liability, cost and expense of whatsoever kind or nature (including, but not limited to attorney's fees and court costs) arising out of injury (whether mental or corporeal) to persons, including death or damage to property arising out of or incidental to this Agreement, whether or not such injury is due to or caused by the negligence of JEA or otherwise, excluding only the sole gross negligence of JEA.

13. Grant of Easement and or Deed Rights. Developer shall grant to JEA, its successors and assigns, the (i) exclusive, perpetual right, privilege and easement to construct, reconstruct, operate, maintain, repair, replace, improve, alter, remove, relocate and inspect water transmission and distribution mains, wastewater collection mains, reclaimed water distribution mains, pipe lines, lateral lines, valves, connections and appurtenant equipment over, across and under a twenty (20) foot strip of land centered on where the system lies on the Developer's Property or (ii) for certain systems including but not limited to pump or lift stations, a fee simple conveyance by Special Warranty Deed over property of variable dimensions together with the right of ingress and egress for both (i) and (ii). The easement rights granted with respect to public places shall be subject to the authority of the public authority having jurisdiction over such public places. Prior to JEA providing service to the Development, Developer shall execute a grant or grants of easement and or deed, in recordable form to be approved by JEA, specifically granting to JEA the above rights necessary, in the discretion of JEA, to provide water and wastewater utility service to the Developer's Property. Nothing contained in this Agreement shall prevent Developer or any subsequent owner of Developer's Property from exercising itself or granting exclusive or non-exclusive rights, privileges and/or easements to any other parties for the furnishing of utility services other than water and wastewater, provided that JEA's use, occupancy and enjoyment of its easements are not unreasonably interfered with. JEA shall not be obligated to furnish any water or wastewater service to any building which may be built on Developer's Property to which it does not have access.

14. Developer's Right to Connect. Provided that Developer has complied with the terms of this Agreement and provided that the Developer's Extension is installed with the approval of JEA and in compliance with the requirements of all public, governmental or other agencies having supervision, regulation, direction or control of such water and wastewater utility systems, JEA shall allow Developer or its successors in-title to connect the Developer's Extension into JEA's Utility System.

15. Contract Administration. Developer shall be responsible for administering all aspects of the construction contract for the construction of Developer's Extension, including, but not limited to, review and processing of invoices and other contract documents, review and resolution of technical issues (whether foreseen or unforeseen) that arise during construction, and facilitating project close-out upon completion of construction. Developer shall be responsible for all costs associated with said contract administration. It shall also be Developer's responsibility to coordinate construction schedules of its contractors.

16. JEA's Right of Termination of Agreement and Service. Unless there is a material default of this Agreement by JEA which is not cured within ten (10) days following the receipt by JEA of Developer's notice of such default, JEA shall have the right to refuse to provide service, the right to terminate service to any building within Developer's Property, and the right to terminate this Agreement in the event Developer defaults or fails to comply with any of the terms and conditions of this

Agreement in a timely manner and fails to cure such default or fails to comply within ten (10) days following the receipt by Developer of JEA's notice of such default or failure to comply. In the event of termination, Developer shall be responsible for all actual costs of removing the connection and restoring JEA's water and/or sewerage system(s) to the condition(s) existing immediately prior to the connection(s).

17. Force Majeure. Neither party shall be liable or responsible to the other party as a result of injury to property or person, or failure to comply with the terms hereof, proximately caused by Force Majeure. The term "Force Majeure" as employed herein shall be acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, blockades, riots, acts of Armed Forces, epidemics, delays by carriers, inability to obtain materials or right-of-way on reasonable terms, acts of public authorities, acts of vandals or other third parties, or any other causes whether or not of the same kind as enumerated herein which are beyond the control of the party claiming force majeure and qualify under Florida's impossibility of performance principles.

18. Approval by Governmental Agencies. JEA's obligations under this Agreement are contingent upon Developer obtaining all necessary approvals for Developer's Extension from all applicable governmental agencies. Developer hereby assumes the risk of loss as a result of the denial or withdrawal of the approval of any concerned governmental agency, or caused by an act of any governmental agency which affects the ability of JEA to provide water, wastewater and/or reclaimed water service to Developer not within the sole control of JEA and which, by exercise of due diligence, JEA is unable to overcome.

19. No Prohibition of Further Extension. This Agreement shall not prohibit or prevent JEA from extending JEA's utility system in or to areas not referred to herein to serve other developers or consumers; provided, however, such extension of utility service shall not cause the Developer's extension to become overloaded and shall not adversely affect the reservation of capacity.

20. Modification of Development Plans. Should the Developer modify its development plans for Developer's Property which would require greater water usage, greater fire flows, additional water facilities, greater wastewater flows, or additional wastewater facilities than the water and wastewater demands designed and approved under the engineering plans and specifications which are the subject of this Agreement, then Developer shall enter into a new agreement with JEA providing for the construction of such additional water or wastewater facilities meeting all JEA's and governmental design requirements and shall pay all additional contributions and fees as may be authorized by JEA's Tariff or the Florida Public Service Commission, or its successor, at the date said new agreement is executed.

21. Notice of Connection to Wastewater System. Developer shall give JEA written notice that Developer is connecting the Developer's Extension to JEA's wastewater collection system no less than two (2) days prior to said connection for inspection. If Developer fails to give said written notice, JEA may require Developer to uncover and expose said connection for inspection, at the sole cost of Developer.

22. Connection of Buildings. Developer shall at its sole cost and expense connect the private property water pipes and the private property wastewater pipes of each building constructed on Developer's Property to the meters and wastewater laterals of Developer's Extension as reflected in plans and specifications approved by JEA.

23. Application for Service. Developer, its successors, or the occupant(s) of the Developer's Property, shall make written application to JEA for the opening of an account(s) for service. Said application is to be made only after the payment of all

costs set forth herein. At the time of making said application for service, the applicant shall pay all service charges as set forth in JEA's Tariff.

24. Notice of Transfer of Developer's Property. Developer agrees to provide proper written notice to JEA of the actual date of the legal transfer of water and wastewater services from Developer to any third party. Developer shall remain responsible for all costs and expenses, including utility bills, which arise as a result of Developer's failure to notify or improper notification to JEA.

25. Insurance. Developer shall not commence work under this Agreement until it has obtained insurance in the types and amounts set forth in Exhibit C, attached hereto and incorporated herein, and provided JEA with Certificates of Insurance naming JEA as additional insured.

26. No Prohibition of Further Extension. This Agreement shall not prohibit or prevent JEA from extending JEA's utility system in or to areas not referred to herein to serve other developers or consumers; provided, however, such extension of utility service shall not cause the Developer's extension to become overloaded and shall not adversely affect the reservation of capacity.

27. Modification of Development Plans. Should the Developer modify its development plans for Developer's Property which would require greater water usage, greater fire flows, additional water facilities, greater wastewater flows, or additional wastewater facilities than the water and wastewater demands designed and approved under the engineering plans and specifications which are the subject of this Agreement, then Developer shall enter into a new agreement with JEA providing for the construction of such additional water or wastewater facilities meeting all JEA's and governmental design requirements and shall pay all additional contributions and fees as may be authorized by JEA's Tariff or the Florida Public Service Commission, or its successor, at the date said new agreement is executed.

28. Miscellaneous.

(a) This Agreement supersedes all previous agreements or representations either verbal or written heretofore in effect between Developer and JEA and made with respect to the matters contained herein, and when duly executed constitutes the complete Agreement between Developer and JEA. Any amendment to this Agreement shall be in writing and executed by the fully authorized representatives of Developer and JEA.

(b) Developer is an independent contractor in the performance of all activities under this Agreement. Nothing in this Agreement shall be construed to create an employment, agency, or partnership relationship between Developer and JEA.

(c) No third-party beneficiary status or interest is conveyed to any third party by this Agreement.

(d) Except as provided herein, neither Developer nor JEA shall assign, transfer, or sell any of the rights created under, or associated with, this Agreement without the express written consent of the non-assigning party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, nothing in this section shall prevent Developer from assigning or otherwise transferring its rights and duties under this Agreement to an affiliate, subsidiary, or parent company of Developer upon written notice to JEA.

(e) Developer shall maintain records sufficient to document completion of the work performed under this Agreement. Upon JEA's request, Developer shall allow JEA to audit its financial and operating records for the purpose of

determining invoice accuracy or otherwise assessing compliance with this Agreement. Developer agrees to allow JEA personnel or their qualified representative access such records at Developer's offices upon reasonable notice. All audit work will be done on Developer's premises, and no Developer documentation will be removed from Developer's offices. Developer agrees to have knowledgeable personnel available to answer questions for the auditors during the time the auditors are at Developer's offices and for a period of two weeks thereafter. Developer shall provide to JEA audited financial statements for the most recent fiscal year upon JEA's request no later than five days after receipt of written request from JEA.

(f) This Agreement was made and executed in Jacksonville, Florida, and shall be interpreted and construed according to the laws of the State of Florida. Litigation involving this Agreement, or any provision thereof shall take place in the State or Federal Courts located in Jacksonville, Duval County, Florida.

(g) Should any provision of the Agreement be determined by the courts to be illegal or in conflict with any law of the State of Florida, the validity of the remaining provisions will not be impaired.

(h) The headings used in the paragraphs of this Agreement are solely for the convenience of the parties and the parties agree that they shall be disregarded in the construction of this Agreement.

(i) This Agreement shall inure to and be binding upon the heirs, successors and assigns of the parties hereto. It is understood that Developer may assign its rights hereunder to successor/owners of the Developer's parcels of real property included in the Developer's Property.

IN WITNESS WHEREOF, the parties hereto have duly executed this contract, in duplicate, the date and year first above written.

ATTEST:

JEA

By _____

VP, Water/Wastewater Systems

ATTEST:

DEVELOPER

Signature

Signature

Print or Type Name

Print or Type Name

Title

Title

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

Director, Financial Planning
& Analysis, JEA

Form Approved:

Office of General Counsel

Exhibit A

Developer's Property Legal Description

(Attached)

Exhibit B

JEA Project Checklist



Acceptance Checklist

Project Name:	_____	Availability #:	_____
Engineer:	_____	Phone :	_____
Developer:	_____	Phone :	_____
Utility Contractor:	_____	Phone :	_____

_____ **Address of Pump/Lift Station:** _____

_____ **Electric Meter #:** _____

_____ **Service Provider:** _____

_____ **Bill of Sale for water and/or sewer improvements:** This is required under the water and sewer code, whereby all materials and appurtenances in the system(s) legally become the property of JEA. **Original signature and Notarized**

_____ **Dedication Warranty:** 2-year contractor warranty for infrastructure improvements.
Original signature & must include Contractor's License No.

_____ **Engineer's Final Certification:** Certificate in accordance with para 654.124
(Subdivision Regulations is on file) **Original signature with PE seal**

_____ **Owner's Affidavit of Construction Completion:** The original affidavit should be completed by the owner or developer. The affidavit should address JEA not the City of Jacksonville.
Original signature and Notarized

_____ **Schedule of Values:** Be sure to include all applicable project information, including pump station information at the bottom of the document.

_____ **As-Built Approval Letter(s)**

_____ **Clearance Certificates on Water, Sewer and Reclaim Mains:**
Letters of certification from JEA and/or FDEP.

_____ **Approved Deed of Dedication, Easement(s), Recorded Plat, Hold Harmless Agreement**

_____ **Pump Station "Start-Up":** A copy of the pump station start-up report with the name of the pump (ex. Myers), control panel (ex. Unitron) and pump site address.

_____ **Record of Final Inspection:** Final inspection record should indicate attendees and deficiencies noted. The original with Project Engineer/Inspector's Certification that all punch-list items have been satisfied.

Please submit all applicable documents for final utility acceptance and service.

Revised 1/3/2019

Exhibit C

Insurance Requirements



Customer Satisfaction FY22 Mid-Year Results

Sheila Pressley
Chief Customer Officer

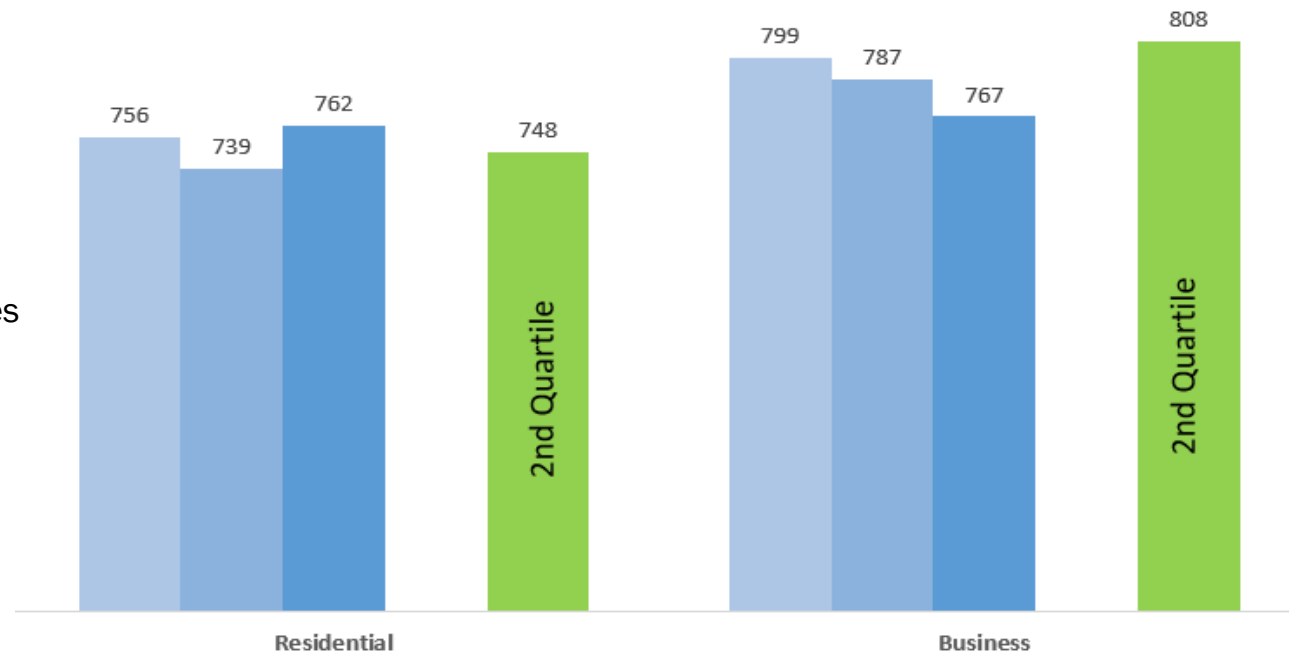


FY22 Mid-Year Results



Customer Satisfaction Index Scores by Study Year

■ 2019 ■ 2020 ■ 2021 ■ FY 2022 YTD



Residential customer satisfaction declined nationally as utilities reinstituted pre-pandemic credit policies and rate adjustments

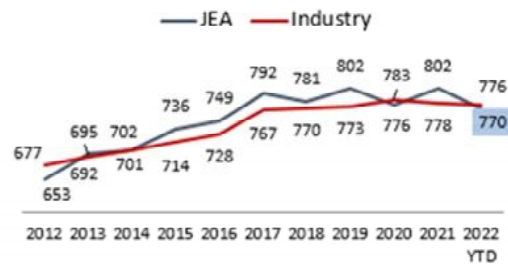
2nd Quartile rankings in overall residential and business customer satisfaction

Residential Customer Satisfaction Trends

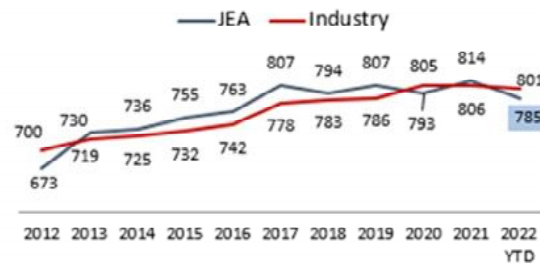


All Drivers: Trends at a Glance - Residential

Power Quality & Reliability



Billing & Payment



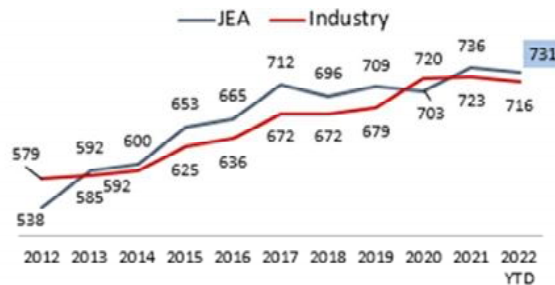
Corporate Citizenship



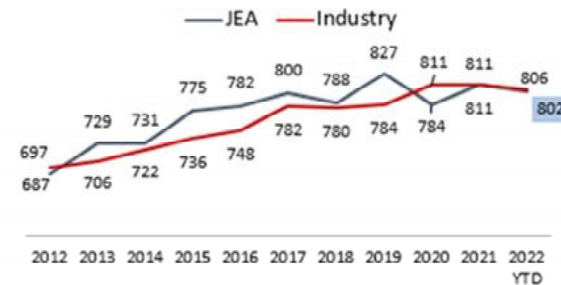
Price



Communications



Customer Care

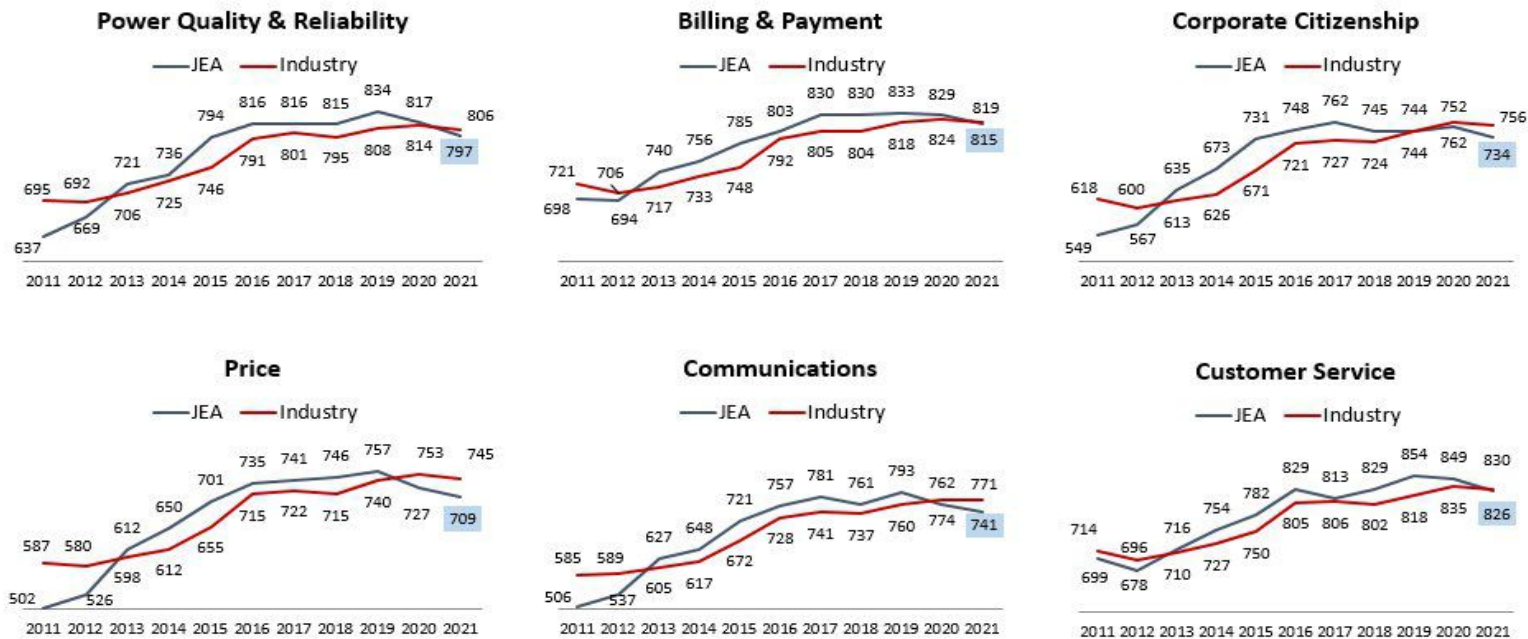


Customer satisfaction drivers are directionally trending with the industry

Business Customer Satisfaction Trends



All Drivers: Trends at a Glance - Business



Customer satisfaction drivers are directionally trending with the industry

**INTER-OFFICE MEMORANDUM**

May 17, 2022

SUBJECT: CORPORATE HEADQUARTERS UPDATE**FROM:** Jay Stowe, Managing Director/CEO**TO:** JEA Board of Directors**BACKGROUND:**

JEA has been planning for a new corporate headquarters (HQ) for several years to address business continuity risks while meeting our headquarters needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019 meeting and the lease was executed on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville. Reviews by the JEA Board and its Corporate Headquarters Committee in May 2020 resulted in approved changes to the scope of the HQ project. A lease amendment reflecting the scope changes was executed on June 23, 2020. JEA executed a third lease amendment on February 26, 2021 setting the guaranteed maximum price (GMP) for construction scope with Ryan Companies in line with the target budget established in the June 2020 lease amendment. A fourth amendment to the lease was executed on July 19, 2021 establishing a process for change orders and associated scope changes within the tenant improvement allowance funds to maintain the lease budget and GMP. A fifth amendment to the lease executed December 30, 2021 provides that JEA pay certain carry costs due to delayed tenant improvement design and construction after building core and shell completion and documents how JEA security and specialty subcontractors will work with the building management group during tenant improvement construction and post occupancy. Spring 2020 changes to the building size and scope support the decision to migrate to a flexible work model.

DISCUSSION:

Ryan achieved the core and shell completion milestone in March and is completing punch list items with review by JEA and JEA's Owner's Representatives and consultants. Ryan is reworking limited perimeter hardscape elements at the request of the City. Tenant improvement (interiors) construction commenced in January 2022 and is currently estimated to be complete in September. There are limited emerging supply chain issues for mechanical components and interior finishes that Ryan is working to expedite. Possible impacts to the schedule are unknown and being reviewed closely. The interiors will offer a variety of workspaces to support the flexible work model. There continues to be significant coordination between the design, construction, and project management groups.

Interior room storefront
frames being installed



Steel supports for room divider
in level 2 multi-purpose room



RECOMMENDATION:

This is provided as information only.

Jay Stowe, Managing Director/CEO

JCS/LMD/NKV

May 2022

CORPORATE COMMUNICATIONS & COMMUNITY OUTREACH



The Customer & Community Engagement Team develops engaging communications across a range of channels to educate our customers and community on JEA services and programs in order to help them save money and time and provide peace of mind.

ADVERTISING & SOCIAL MEDIA CAMPAIGNS-CUSTOMER COMMUNICATIONS-DIGITAL COMMUNICATIONS-VIDEOGRAPHY-COMMUNITY OUTREACH

JEA CONCLUDES CUSTOMER EDUCATION CAMPAIGN

In May, we concluded our major **"YOUR COMMUNITY, YOUR YOUTILITY"** campaign focusing on reliability. The campaign highlighted JEA's commitment to its customers and community and identified services and programs available.



▶ **YOUR COMMUNITY. YOUR YOUTILITY.**



Monthly Paid Impressions

MEDIA	IMPRESSIONS
Television/Cable	2,117,000
Radio	1,950,000
Out-of-Home	4,989,077
Online Display/Video	8,208,622
Paid Social	1,318,033
Online Paid Search	85,325
Print	3,000
TOTAL	18,671,057



Media Highlights

We received positive local media coverage focusing on several JEA initiatives during the month of April. Some of the key stories highlighted the JEA-sponsored high school robotics team, our EV drive event at TIAA Bank Field and JEA's participation in announcing Jacksonville's ISO insurance rating.

The coverage included the following stories:

Local and national news outlets reported on Team Resistance, the JEA-sponsored student robotics team that qualified for a national competition in Houston: [News4Jax](#), [Action News Jax](#), [Yahoo! News](#).

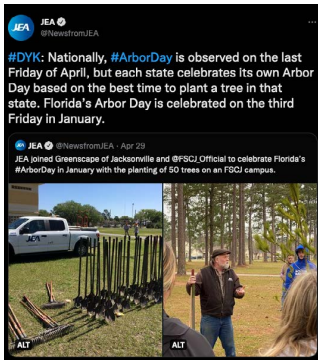
Two local outlets reported on JEA's EV event that took place on April 16. Attendees were able to test drive EVs and learn more from our experts about making the switch to electric: [News4Jax & ActionNewsJax](#).

[News4Jax](#) reported on Jacksonville's home insurance rates potentially falling thanks to Jacksonville retaining its Class 1 ISO rating. The Class 1 ISO rating and improved scores marked a culmination of years of collaborative work between JEA, JFRD and the City.

Following the April board meeting, the Jax Daily Record reported on [the board's approval of a Northwest Jacksonville land purchase](#). The land will be the site of JEA's new water reclamation facility. Also, [The Jacksonville Business Journal](#) reported on JEA's willingness to work with JaxPort on the issue involving the Fulton Cut Electrical Transmission lines crossing the St. Johns River.

Digital Communications Updates

- The Digital Communications team collaborated with the Water/Wastewater team to **create a campaign targeting nearly 12,000 northwest St. Johns County residents**, to encourage them to cut down on their water consumption to ensure high-quality service and high pressures. We produced an email, which was sent May 2, as well as promotions for a virtual town hall meeting on May 12, coordinated by Project Outreach, to educate residents about our development projects, water conservation best practices, and new residential water-efficiency rebate programs.
- We are moving forward with Procurement and Technology Services to **pursue creation of a JEA mobile app by creating a Request for Information** with Procurement, to go to the marketplace in mid-May to seek information from potential development partners.



- Throughout April and May our **Social Media Team has promoted a variety of JEA observances, events and messages**, including features on Hurricane Preparedness Week, Move Over May, Earth Month and Earth Day observances at JEA, National Arbor Day, Water Conservation, awards for our Water/Wastewater team at the Florida Water Resource Conference, Volunteer Appreciation Week, National Lineworker Appreciation Day, and JEA's RP3 designation from APPA, among many other social highlights.
- In partnership with Customer Solutions & Market Development, we **launched a new slate of residential water and electric efficiency rebates** on jea.com through our new implementation vendor, Franklin Energy. The new rebate programs began in mid-April and can be found at jea.com/rebates.

Social Media Mentions

For April, JEA's positive and neutral social media sentiment was a combined 92 percent.

Much of the neutral sentiment came from conversations about JEA's Earth Day Drive Electric event on April 16 and media coverage of the JAXPORT request for JEA to raise the Fulton Cut transmission lines over the St. Johns River.

Positive mentions for the month included appreciative words on National Lineman Day, congratulations to JEA's water/wastewater team for its performance at the Florida Water Resource Conference Operations Challenge at the end of April, and positive remarks for JEA's community outreach, volunteers and ambassadors.

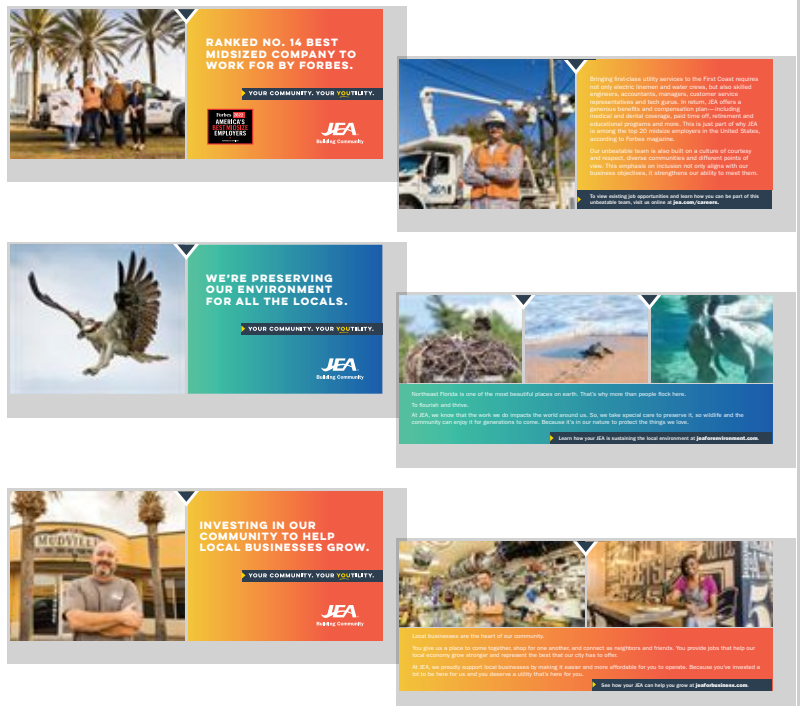
DURING THE MONTH OF
APRIL POSITIVE & NEUTRAL
MENTIONS UP

92
PERCENT.



Customer Education/Bill Inserts

The April set of JEA bill inserts worked in tandem with the reliability campaign. They emphasized the priority JEA places on building an unbeatable workforce, supporting our commercial customers, and protecting the environment.



Video Highlight



JEA Drive Electric recently organized a large EV car show at the stadium downtown. The consensus: EV owners love their electric vehicles.



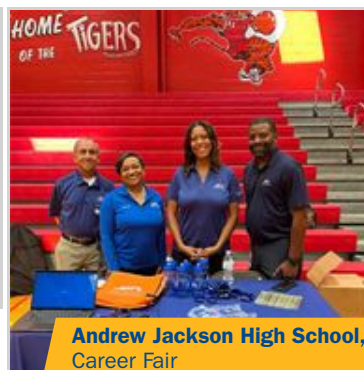
JEA & Ryan Companies Volunteers Join Forces at Yancey Park to show their commitment to our community and the environment.

Community Impact

55 **APRIL**
Volunteers **225**
Hours

At JEA, community and service go hand in hand. Our employees volunteer their time and serve in numerous organizations throughout our community. We celebrated this meaningful work April 17-23 during Ambassador and Volunteer Appreciation Week April 17-23. Highlights of their recent activities include:

- **Henry Kite Elementary School**, return to in-person Power Pals program
- **JEA & Ryan Yancey Park**, beautification project
- **Emergency Preparedness Expo**, sharing about JEA's Restoration 1-2-3
- **Catty Shack Ranch & Wildlife Refuge**, facility cleanup
- **Andrew Jackson HS Career Fair**, informing students about JEA careers
- **Barnabas**, empty bowls event for people in need in Northeast Florida
- **Animal Care and Protective Services**, making treats for pets awaiting adoption
- **Communities in Schools of Jacksonville**, virtual reading
- **Hope at Hand**, cutting out words and images for upcoming lessons
- **Junior Achievement** partnership with RV Daniels Elementary School
- **Jax Chamber Business Expo**, sharing JEA's services and customer



April Ambassador of the Month



Freddy Gonzalez
Manager, Wastewater Treatment and Reuse

April Volunteer of the Month



Lisa Jennings
Program Manager Project Outreach



Monthly Financial Statements

March 2022

Monthly Financial Statements

March 2022

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**Statements of Net Position
(in thousands)**

	March 2022 (unaudited)	September 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 358,090	\$ 350,495
Investments	192	4,140
Customer accounts receivable, net of allowance (\$1,531 and \$3,155, respectively)	194,234	221,348
Inventories:		
Materials and supplies	66,640	62,796
Fuel	45,286	32,911
Other current assets	26,117	24,434
Total current assets	<u>690,559</u>	<u>696,124</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	191,299	362,618
Investments	430,165	269,820
Accounts and interest receivable	488	240
Total restricted assets	<u>621,952</u>	<u>632,678</u>
Costs to be recovered from future revenues	863,176	881,949
Hedging derivative instruments	236,121	150,453
Other assets	30,219	22,939
Total noncurrent assets	<u>1,751,468</u>	<u>1,688,019</u>
Capital assets:		
Land and easements	216,060	213,649
Plant in service	12,628,514	12,415,504
Less accumulated depreciation	<u>(7,813,751)</u>	<u>(7,522,027)</u>
Plant in service, net	5,030,823	5,107,126
Construction work in progress	313,007	369,367
Net capital assets	<u>5,343,830</u>	<u>5,476,493</u>
Total assets	<u>7,785,857</u>	<u>7,860,636</u>
Deferred outflows of resources		
Unrealized pension contributions and losses	157,296	157,296
Accumulated decrease in fair value of hedging derivatives	84,229	129,355
Unamortized deferred losses on refundings	85,076	89,729
Unrealized asset retirement obligations	43,155	37,669
Unrealized OPEB contributions and losses	7,302	7,302
Total deferred outflows of resources	<u>377,058</u>	<u>421,351</u>
Total assets and deferred outflows of resources	<u>\$ 8,162,915</u>	<u>\$ 8,281,987</u>

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Statements of Net Position
(in thousands)

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	March 2022 (unaudited)	September 2021
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 107,747	\$ 76,702
Customer deposits and prepayments	85,404	75,030
Billings on behalf of state and local governments	23,949	26,006
Compensation and benefits payable	8,821	13,361
City of Jacksonville payable	10,278	10,193
Asset retirement obligations	2,061	3,307
Total current liabilities	238,260	204,599
Current liabilities payable from restricted assets:		
Debt due within one year	74,070	91,535
Interest payable	50,851	51,454
Construction contracts and accounts payable	24,060	45,466
Renewal and replacement reserve	33,920	32,776
Total current liabilities payable from restricted assets	182,901	221,231
Noncurrent liabilities:		
Long-term debt:		
Debt payable, less current portion	2,760,220	2,908,175
Unamortized premium, net	182,988	194,070
Fair value of debt management strategy instruments	84,119	129,355
Total long-term debt	3,027,327	3,231,600
Net pension liability	729,569	729,569
Asset retirement obligations	41,094	34,362
Compensation and benefits payable	32,697	33,433
Net OPEB liability	5,136	5,136
Other liabilities	18,229	18,338
Total noncurrent liabilities	3,854,052	4,052,438
Total liabilities	4,275,213	4,478,268
Deferred inflows of resources		
Revenues to be used for future costs	90,860	156,814
Accumulated increase in fair value of hedging derivatives	236,231	150,453
Unrealized OPEB gains	14,725	14,725
Unrealized pension gains	14,273	14,273
Total deferred inflows of resources	356,089	336,265
Net position		
Net investment in capital assets	2,766,528	2,696,104
Restricted for:		
Capital projects	355,371	296,059
Debt service	36,005	90,423
Other purposes	28,163	44,774
Unrestricted	345,546	340,094
Total net position	3,531,613	3,467,454
Total liabilities, deferred inflows of resources, and net position	\$ 8,162,915	\$ 8,281,987

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**Statements of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited)**

	Month March		Year-to-Date March	
	2022	2021	2022	2021
Operating revenues				
Electric - base	\$ 68,593	\$ 64,720	\$ 390,948	\$ 398,333
Electric - fuel and purchased power	38,940	22,267	252,303	175,266
Water and sewer	43,005	42,124	235,947	217,044
District energy system	559	536	3,690	3,508
Other operating revenues	4,275	3,010	120,365	17,861
Total operating revenues	155,372	132,657	1,003,253	812,012
Operating expenses				
Operations and maintenance:				
Maintenance and other operating expenses	37,014	32,494	230,083	180,214
Fuel	27,104	25,721	195,398	160,969
Purchased power	18,754	7,055	101,014	43,876
Depreciation	32,473	33,163	304,400	195,785
State utility and franchise taxes	6,384	5,535	36,151	34,129
Recognition of deferred costs and revenues, net	3,168	2,379	(9,570)	12,554
Total operating expenses	124,897	106,347	857,476	627,527
Operating income	30,475	26,310	145,777	184,485
Nonoperating revenues (expenses)				
Interest on debt	(9,811)	(12,833)	(57,411)	(62,433)
Earnings from The Energy Authority	946	7,205	15,729	8,364
Allowance for funds used during construction	992	694	5,443	3,828
Other nonoperating income, net	572	543	3,304	3,405
Investment income	(6,320)	(1,256)	(5,334)	993
Other interest, net	(6)	(12)	15	25
Total nonoperating expenses, net	(13,627)	(5,659)	(38,254)	(45,818)
Income before contributions	16,848	20,651	107,523	138,667
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(10,101)	(10,002)	(60,606)	(60,007)
Developers and other	11,075	5,577	47,695	39,226
Reduction of plant cost through contributions	(6,770)	(828)	(30,453)	(19,974)
Total contributions, net	(5,796)	(5,253)	(43,364)	(40,755)
Change in net position	11,052	15,398	64,159	97,912
Net position, beginning of period	3,520,561	3,306,504	3,467,454	3,223,990
Net position, end of period	\$ 3,531,613	\$ 3,321,902	\$ 3,531,613	\$ 3,321,902

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Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date	
	March	
	2022	2021
Operating activities		
Receipts from customers	\$ 888,069	\$ 834,666
Payments to suppliers	(425,882)	(316,880)
Payments for salaries and benefits	(135,278)	(122,184)
Other operating activities	119,434	20,655
Net cash provided by operating activities	446,343	416,257
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(60,506)	(59,907)
Net cash used in noncapital and related financing activities	(60,506)	(59,907)
Capital and related financing activities		
Acquisition and construction of capital assets	(188,946)	(178,115)
Defeasance of debt	(74,885)	(104,390)
Interest paid on debt	(63,386)	(64,935)
Repayment of debt principal	(91,535)	(102,700)
Capital contributions	17,242	19,252
Revolving credit agreement withdrawals	1,000	-
Other capital financing activities	4,539	5,295
Net cash used in capital and related financing activities	(395,971)	(425,593)
Investing activities		
Proceeds from sale and maturity of investments	133,612	112,593
Purchase of investments	(297,495)	(172,312)
Distributions from The Energy Authority	8,177	553
Investment income	2,116	3,495
Net cash used in investing activities	(153,590)	(55,671)
Net change in cash and cash equivalents	(163,724)	(124,914)
Cash and cash equivalents at beginning of year	713,113	641,132
Cash and cash equivalents at end of period	\$ 549,389	\$ 516,218
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 145,777	\$ 184,485
Adjustments:		
Depreciation and amortization	304,674	196,348
Recognition of deferred costs and revenues, net	(9,570)	12,554
Other nonoperating income, net	70	112
Changes in noncash assets and noncash liabilities:		
Accounts receivable	26,866	44,807
Inventories	(16,219)	5,960
Other assets	2,610	929
Accounts and accrued expenses payable	34,763	(24,512)
Current liabilities payable from restricted assets	(3,931)	(1,855)
Other noncurrent liabilities and deferred inflows	(38,697)	(2,571)
Net cash provided by operating activities	\$ 446,343	\$ 416,257
Noncash activity		
Contribution of capital assets from developers	\$ 30,453	\$ 19,974
Unrealized investment fair market value changes, net	\$ (7,483)	\$ (2,355)

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Combining Statement of Net Position
(in thousands - unaudited) March 2022

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 224,969	\$ 54,966	\$ -	\$ 279,935	76,668	\$ 1,487	\$ 358,090
Investments	-	192	-	192	-	-	192
Customer accounts receivable, net of allowance (\$1,531)	140,506	-	-	140,506	53,455	273	194,234
Inventories:							
Materials and supplies	2,313	-	-	2,313	64,327	-	66,640
Fuel	45,286	-	-	45,286	-	-	45,286
Other current assets	22,622	54	(75)	22,601	3,504	12	26,117
Total current assets	435,696	55,212	(75)	490,833	197,954	1,772	690,559
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	1,759	79,253	-	81,012	109,144	1,143	191,299
Investments	315,462	1,092	-	316,554	113,611	-	430,165
Accounts and interest receivable	-	481	-	481	7	-	488
Total restricted assets	317,221	80,826	-	398,047	222,762	1,143	621,952
Costs to be recovered from future revenues	396,268	185,894	-	582,162	280,984	30	863,176
Hedging derivative instruments	236,121	-	-	236,121	-	-	236,121
Other assets	27,894	7,050	(4,765)	30,179	40	-	30,219
Total noncurrent assets	977,504	273,770	(4,765)	1,246,509	503,786	1,173	1,751,468
Capital assets:							
Land and easements	127,067	6,660	-	133,727	79,282	3,051	216,060
Plant in service	6,121,473	1,316,043	-	7,437,516	5,129,697	61,301	12,628,514
Less accumulated depreciation	(3,856,070)	(1,313,993)	-	(5,170,063)	(2,610,525)	(33,163)	(7,813,751)
Plant in service, net	2,392,470	8,710	-	2,401,180	2,598,454	31,189	5,030,823
Construction work in progress	72,873	-	-	72,873	236,710	3,424	313,007
Net capital assets	2,465,343	8,710	-	2,474,053	2,835,164	34,613	5,343,830
Total assets	3,878,543	337,692	(4,840)	4,211,395	3,536,904	37,558	7,785,857
Deferred outflows of resources							
Unrealized pension contributions and losses	90,081	4,616	-	94,697	62,599	-	157,296
Accumulated decrease in fair value of hedging derivatives	67,809	-	-	67,809	16,420	-	84,229
Unamortized deferred losses on refundings	47,998	2,567	-	50,565	34,360	151	85,076
Unrealized asset retirement obligations	42,881	274	-	43,155	-	-	43,155
Unrealized OPEB contributions and losses	4,308	-	-	4,308	2,994	-	7,302
Total deferred outflows of resources	253,077	7,457	-	260,534	116,373	151	377,058
Total assets and deferred outflows of resources	\$ 4,131,620	\$ 345,149	\$ (4,840)	\$ 4,471,929	\$ 3,653,277	\$ 37,709	\$ 8,162,915

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Combining Statement of Net Position
(in thousands - unaudited) March 2022

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 71,396	\$ 27,645	\$ (36)	\$ 99,005	\$ 8,689	\$ 53	\$ 107,747
Customer deposits and prepayments	56,403	-	-	56,403	29,001	-	85,404
Billings on behalf of state and local governments	20,082	-	-	20,082	3,867	-	23,949
Compensation and benefits payable	3,957	-	-	3,957	4,823	41	8,821
City of Jacksonville payable	8,041	-	-	8,041	2,237	-	10,278
Asset retirement obligations	1,787	274	-	2,061	-	-	2,061
Total current liabilities	161,666	27,919	(36)	189,549	48,617	94	238,260
Current liabilities payable from restricted assets:							
Debt due within one year	47,120	15,285	-	62,405	9,850	1,815	74,070
Interest payable	23,484	4,166	-	27,650	22,597	604	50,851
Construction contracts and accounts payable	4,570	656	(39)	5,187	18,741	132	24,060
Renewal and replacement reserve	-	33,920	-	33,920	-	-	33,920
Total current liabilities payable from restricted assets	75,174	54,027	(39)	129,162	51,188	2,551	182,901
Noncurrent liabilities:							
Long-term debt:							
Debt payable, less current portion	1,349,290	195,050	-	1,544,340	1,187,055	28,825	2,760,220
Unamortized premium (discount), net	94,770	231	-	95,001	88,004	(17)	182,988
Fair value of debt management strategy instruments	67,809	-	-	67,809	16,310	-	84,119
Total long-term debt	1,511,869	195,281	-	1,707,150	1,291,369	28,808	3,027,327
Net pension liability	430,446	-	-	430,446	299,123	-	729,569
Asset retirement obligations	41,094	-	-	41,094	-	-	41,094
Compensation and benefits payable	23,229	-	-	23,229	9,374	94	32,697
Net OPEB liability	3,030	-	-	3,030	2,106	-	5,136
Other liabilities	18,229	4,765	(4,765)	18,229	-	-	18,229
Total noncurrent liabilities	2,027,897	200,046	(4,765)	2,223,178	1,601,972	28,902	3,854,052
Total liabilities	2,264,737	281,992	(4,840)	2,541,889	1,701,777	31,547	4,275,213
Deferred inflows of resources							
Revenues to be used for future costs	56,691	5,094	-	61,785	29,075	-	90,860
Accumulated increase in fair value of hedging derivatives	236,121	-	-	236,121	110	-	236,231
Unrealized OPEB gains	8,688	-	-	8,688	6,037	-	14,725
Unrealized pension gains	7,355	1,807	-	9,162	5,111	-	14,273
Total deferred inflows of resources	308,855	6,901	-	315,756	40,333	-	356,089
Net position							
Net investment in (divestment of) capital assets	1,112,082	(5,957)	-	1,106,125	1,656,365	4,038	2,766,528
Restricted for:							
Capital projects	219,795	-	-	219,795	135,944	(368)	355,371
Debt service	22,349	7,706	-	30,055	5,043	907	36,005
Other purposes	(1,759)	26,939	39	25,219	2,944	-	28,163
Unrestricted	205,561	27,568	(39)	233,090	110,871	1,585	345,546
Total net position	1,558,028	56,256	-	1,614,284	1,911,167	6,162	3,531,613
Total liabilities, deferred inflows of resources, and net position	\$ 4,131,620	\$ 345,149	\$ (4,840)	\$ 4,471,929	\$ 3,653,277	\$ 37,709	\$ 8,162,915

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Combining Statement of Net Position
(in thousands) September 2021

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 222,273	\$ 51,335	\$ -	\$ 273,608	\$ 75,668	\$ 1,219	\$ 350,495
Investments	-	4,140	-	4,140	-	-	4,140
Customer accounts receivable, net of allowance (\$3,155)	165,572	-	-	165,572	55,273	503	221,348
Inventories:							
Materials and supplies	2,248	-	-	2,248	60,548	-	62,796
Fuel	32,911	-	-	32,911	-	-	32,911
Other current assets	22,864	125	(4,279)	18,710	5,720	4	24,434
Total current assets	445,868	55,600	(4,279)	497,189	197,209	1,726	696,124
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	164,501	82,618	-	247,119	112,468	3,031	362,618
Investments	168,306	9,677	-	177,983	91,837	-	269,820
Accounts and interest receivable	-	233	-	233	7	-	240
Total restricted assets	332,807	92,528	-	425,335	204,312	3,031	632,678
Costs to be recovered from future revenues	376,214	220,155	-	596,369	285,550	30	881,949
Hedging derivative instruments	150,453	-	-	150,453	-	-	150,453
Other assets	20,335	7,051	(4,765)	22,621	318	-	22,939
Total noncurrent assets	879,809	319,734	(4,765)	1,194,778	490,180	3,061	1,688,019
Capital assets:							
Land and easements	124,836	6,660	-	131,496	79,102	3,051	213,649
Plant in service	6,007,751	1,316,043	-	7,323,794	5,030,852	60,858	12,415,504
Less accumulated depreciation	(3,643,809)	(1,313,789)	-	(4,957,598)	(2,532,588)	(31,841)	(7,522,027)
Plant in service, net	2,488,778	8,914	-	2,497,692	2,577,366	32,068	5,107,126
Construction work in progress	120,138	-	-	120,138	246,928	2,301	369,367
Net capital assets	2,608,916	8,914	-	2,617,830	2,824,294	34,369	5,476,493
Total assets	3,934,593	384,248	(9,044)	4,309,797	3,511,683	39,156	7,860,636
Deferred outflows of resources							
Unrealized pension contributions and losses	90,081	4,616	-	94,697	62,599	-	157,296
Accumulated decrease in fair value of hedging derivatives	102,752	-	-	102,752	26,603	-	129,355
Unamortized deferred losses on refundings	51,043	3,099	-	54,142	35,430	157	89,729
Unrealized asset retirement obligations	37,601	68	-	37,669	-	-	37,669
Unrealized OPEB contributions and losses	4,308	-	-	4,308	2,994	-	7,302
Total deferred outflows of resources	285,785	7,783	-	293,568	127,626	157	421,351
Total assets and deferred outflows of resources	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

JEA
Combining Statement of Net Position
(in thousands) September 2021

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 67,698	\$ 517	\$ (33)	\$ 68,182	\$ 8,418	\$ 102	\$ 76,702
Customer deposits and prepayments	57,354	-	-	57,354	17,676	-	75,030
Billings on behalf of state and local governments	22,218	-	-	22,218	3,788	-	26,006
Compensation and benefits payable	7,229	-	-	7,229	6,069	63	13,361
City of Jacksonville payable	7,978	-	-	7,978	2,215	-	10,193
Asset retirement obligations	3,239	68	-	3,307	-	-	3,307
Total current liabilities	165,716	585	(33)	166,268	38,166	165	204,599
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	-	80,395	9,370	1,770	91,535
Interest payable	24,886	4,947	-	29,833	20,994	627	51,454
Construction contracts and accounts payable	9,226	5,732	(4,246)	10,712	33,924	830	45,466
Renewal and replacement reserve	-	32,776	-	32,776	-	-	32,776
Total current liabilities payable from restricted assets	100,332	57,630	(4,246)	153,716	64,288	3,227	221,231
Noncurrent liabilities:							
Long-term debt:							
Debt payable, less current portion	1,444,040	237,590	-	1,681,630	1,196,905	29,640	2,908,175
Unamortized premium (discount), net	99,631	331	-	99,962	94,127	(19)	194,070
Fair value of debt management strategy instruments	102,752	-	-	102,752	26,603	-	129,355
Total long-term debt	1,646,423	237,921	-	1,884,344	1,317,635	29,621	3,231,600
Net pension liability	430,446	-	-	430,446	299,123	-	729,569
Asset retirement obligations	34,362	-	-	34,362	-	-	34,362
Compensation and benefits payable	23,915	-	-	23,915	9,441	77	33,433
Net OPEB liability	3,030	-	-	3,030	2,106	-	5,136
Other liabilities	18,338	4,765	(4,765)	18,338	-	-	18,338
Total noncurrent liabilities	2,156,514	242,686	(4,765)	2,394,435	1,628,305	29,698	4,052,438
Total liabilities	2,422,562	300,901	(9,044)	2,714,419	1,730,759	33,090	4,478,268
Deferred inflows of resources							
Revenues to be used for future costs	121,643	5,094	-	126,737	30,077	-	156,814
Accumulated increase in fair value of hedging derivatives	150,453	-	-	150,453	-	-	150,453
Unrealized OPEB gains	8,688	-	-	8,688	6,037	-	14,725
Unrealized pension gains	7,355	1,807	-	9,162	5,111	-	14,273
Total deferred inflows of resources	288,139	6,901	-	295,040	41,225	-	336,265
Net position							
Net investment in (divestment of) capital assets	1,089,669	(15,562)	-	1,074,107	1,619,661	2,336	2,696,104
Restricted for:							
Capital projects	184,086	-	-	184,086	111,339	634	296,059
Debt service	64,931	14,542	-	79,473	9,180	1,770	90,423
Other purposes	3,060	30,166	4,246	37,472	7,302	-	44,774
Unrestricted	167,931	55,083	(4,246)	218,768	119,843	1,483	340,094
Total net position	1,509,677	84,229	-	1,593,906	1,867,325	6,223	3,467,454
Total liabilities, deferred inflows of resources, and net position	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended March 2022

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 69,293	\$ -	\$ -	\$ 69,293	\$ -	\$ -	\$ (700)	\$ 68,593
Electric - fuel and purchased power	39,778	2,176	(2,177)	39,777	-	-	(837)	38,940
Water and sewer	-	-	-	-	43,031	-	(26)	43,005
District energy system	-	-	-	-	-	585	(26)	559
Other operating revenues	2,425	(5)	-	2,420	2,047	-	(192)	4,275
Total operating revenues	111,496	2,171	(2,177)	111,490	45,078	585	(1,781)	155,372
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	21,522	619	-	22,141	16,277	377	(1,781)	37,014
Fuel	27,104	-	-	27,104	-	-	-	27,104
Purchased power	20,931	-	(2,177)	18,754	-	-	-	18,754
Depreciation	17,950	34	-	17,984	14,273	216	-	32,473
State utility and franchise taxes	5,392	-	-	5,392	992	-	-	6,384
Recognition of deferred costs and revenues, net	687	1,239	-	1,926	1,242	-	-	3,168
Total operating expenses	93,586	1,892	(2,177)	93,301	32,784	593	(1,781)	124,897
Operating income	17,910	279	-	18,189	12,294	(8)	-	30,475
Nonoperating revenues (expenses)								
Interest on debt	(5,418)	(695)	-	(6,113)	(3,595)	(103)	-	(9,811)
Earnings from The Energy Authority	946	-	-	946	-	-	-	946
Allowance for funds used during construction	238	-	-	238	743	11	-	992
Other nonoperating income, net	348	21	-	369	203	-	-	572
Investment income	(4,177)	(16)	-	(4,193)	(2,127)	-	-	(6,320)
Other interest, net	(6)	-	-	(6)	-	-	-	(6)
Total nonoperating expenses, net	(8,069)	(690)	-	(8,759)	(4,776)	(92)	-	(13,627)
Income before contributions	9,841	(411)	-	9,430	7,518	(100)	-	16,848
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,879)	-	-	(7,879)	(2,222)	-	-	(10,101)
Developers and other	321	-	-	321	10,754	-	-	11,075
Reduction of plant cost through contributions	(321)	-	-	(321)	(6,449)	-	-	(6,770)
Total contributions, net	(7,879)	-	-	(7,879)	2,083	-	-	(5,796)
Change in net position	1,962	(411)	-	1,551	9,601	(100)	-	11,052
Net position, beginning of period	1,556,066	56,667	-	1,612,733	1,901,566	6,262	-	3,520,561
Net position, end of period	\$ 1,558,028	\$ 56,256	\$ -	\$ 1,614,284	\$ 1,911,167	\$ 6,162	\$ -	\$ 3,531,613

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended March 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 65,317	\$ -	\$ -	\$ 65,317	\$ -	\$ -	\$ (597)	\$ 64,720
Electric - fuel and purchased power	22,773	2,444	(2,445)	22,772	-	-	(505)	22,267
Water and sewer	-	-	-	-	42,140	-	(16)	42,124
District energy system	-	-	-	-	-	559	(23)	536
Other operating revenues	1,771	1	-	1,772	1,422	-	(184)	3,010
Total operating revenues	89,861	2,445	(2,445)	89,861	43,562	559	(1,325)	132,657
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	19,883	807	-	20,690	12,816	313	(1,325)	32,494
Fuel	25,721	-	-	25,721	-	-	-	25,721
Purchased power	9,500	-	(2,445)	7,055	-	-	-	7,055
Depreciation	18,321	34	-	18,355	14,594	214	-	33,163
State utility and franchise taxes	4,598	-	-	4,598	937	-	-	5,535
Recognition of deferred costs and revenues, net	506	1,157	-	1,663	716	-	-	2,379
Total operating expenses	78,529	1,998	(2,445)	78,082	29,063	527	(1,325)	106,347
Operating income	11,332	447	-	11,779	14,499	32	-	26,310
Nonoperating revenues (expenses)								
Interest on debt	(7,979)	(815)	-	(8,794)	(3,934)	(105)	-	(12,833)
Earnings from The Energy Authority	7,205	-	-	7,205	-	-	-	7,205
Allowance for funds used during construction	229	-	-	229	464	1	-	694
Other nonoperating income, net	315	24	-	339	204	-	-	543
Investment income	(626)	29	-	(597)	(659)	-	-	(1,256)
Other interest, net	(12)	-	-	(12)	-	-	-	(12)
Total nonoperating expenses, net	(868)	(762)	-	(1,630)	(3,925)	(104)	-	(5,659)
Income before contributions	10,464	(315)	-	10,149	10,574	(72)	-	20,651
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,801)	-	-	(7,801)	(2,201)	-	-	(10,002)
Developers and other	368	-	-	368	5,209	-	-	5,577
Reduction of plant cost through contributions	(368)	-	-	(368)	(460)	-	-	(828)
Total contributions, net	(7,801)	-	-	(7,801)	2,548	-	-	(5,253)
Change in net position	2,663	(315)	-	2,348	13,122	(72)	-	15,398
Net position, beginning of period	1,409,473	87,004	-	1,496,477	1,803,706	6,321	-	3,306,504
Net position, end of period	\$ 1,412,136	\$ 86,689	\$ -	\$ 1,498,825	\$ 1,816,828	\$ 6,249	\$ -	\$ 3,321,902

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the six months ended March 2022

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 395,214	\$ -	\$ -	\$ 395,214	\$ -	\$ -	\$ (4,266)	\$ 390,948
Electric - fuel and purchased power	256,771	40,793	(40,793)	256,771	-	-	(4,468)	252,303
Water and sewer	-	-	-	-	236,050	-	(103)	235,947
District energy system	-	-	-	-	-	3,844	(154)	3,690
Other operating revenues	111,379	228	-	111,607	9,905	1	(1,148)	120,365
Total operating revenues	763,364	41,021	(40,793)	763,592	245,955	3,845	(10,139)	1,003,253
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	115,252	29,672	-	144,924	93,270	2,028	(10,139)	230,083
Fuel	195,398	-	-	195,398	-	-	-	195,398
Purchased power	141,807	-	(40,793)	101,014	-	-	-	101,014
Depreciation	216,598	205	-	216,803	86,275	1,322	-	304,400
State utility and franchise taxes	30,691	-	-	30,691	5,460	-	-	36,151
Recognition of deferred costs and revenues, net	(48,379)	34,001	-	(14,378)	4,808	-	-	(9,570)
Total operating expenses	651,367	63,878	(40,793)	674,452	189,813	3,350	(10,139)	857,476
Operating income	111,997	(22,857)	-	89,140	56,142	495	-	145,777
Nonoperating revenues (expenses)								
Interest on debt	(31,617)	(5,257)	-	(36,874)	(19,922)	(615)	-	(57,411)
Earnings from The Energy Authority	15,729	-	-	15,729	-	-	-	15,729
Allowance for funds used during construction	1,318	-	-	1,318	4,067	58	-	5,443
Other nonoperating income, net	1,954	129	-	2,083	1,221	-	-	3,304
Investment income	(3,761)	12	-	(3,749)	(1,586)	1	-	(5,334)
Other interest, net	4	-	-	4	11	-	-	15
Total nonoperating expenses, net	(16,373)	(5,116)	-	(21,489)	(16,209)	(556)	-	(38,254)
Income before contributions	95,624	(27,973)	-	67,651	39,933	(61)	-	107,523
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(47,273)	-	-	(47,273)	(13,333)	-	-	(60,606)
Developers and other	2,257	-	-	2,257	45,438	-	-	47,695
Reduction of plant cost through contributions	(2,257)	-	-	(2,257)	(28,196)	-	-	(30,453)
Total contributions, net	(47,273)	-	-	(47,273)	3,909	-	-	(43,364)
Change in net position	48,351	(27,973)	-	20,378	43,842	(61)	-	64,159
Net position, beginning of year	1,509,677	84,229	-	1,593,906	1,867,325	6,223	-	3,467,454
Net position, end of period	\$ 1,558,028	\$ 56,256	\$ -	\$ 1,614,284	\$ 1,911,167	\$ 6,162	\$ -	\$ 3,531,613

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the six months ended March 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 402,358	\$ -	\$ -	\$ 402,358	\$ -	\$ -	\$ (4,025)	\$ 398,333
Electric - fuel and purchased power	178,895	13,556	(13,556)	178,895	-	-	(3,629)	175,266
Water and sewer	-	-	-	-	217,200	-	(156)	217,044
District energy system	-	-	-	-	-	3,659	(151)	3,508
Other operating revenues	12,297	88	-	12,385	6,584	-	(1,108)	17,861
Total operating revenues	593,550	13,644	(13,556)	593,638	223,784	3,659	(9,069)	812,012
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	108,494	1,525	-	110,019	77,281	1,983	(9,069)	180,214
Fuel	160,969	-	-	160,969	-	-	-	160,969
Purchased power	57,432	-	(13,556)	43,876	-	-	-	43,876
Depreciation	107,779	205	-	107,984	86,525	1,276	-	195,785
State utility and franchise taxes	28,898	-	-	28,898	5,231	-	-	34,129
Recognition of deferred costs and revenues, net	3,221	6,939	-	10,160	2,394	-	-	12,554
Total operating expenses	466,793	8,669	(13,556)	461,906	171,431	3,259	(9,069)	627,527
Operating income	126,757	4,975	-	131,732	52,353	400	-	184,485
Nonoperating revenues (expenses)								
Interest on debt	(34,751)	(4,891)	-	(39,642)	(22,156)	(635)	-	(62,433)
Earnings from The Energy Authority	8,364	-	-	8,364	-	-	-	8,364
Allowance for funds used during construction	1,332	-	-	1,332	2,491	5	-	3,828
Other nonoperating income, net	2,021	146	-	2,167	1,238	-	-	3,405
Investment income	514	80	-	594	398	1	-	993
Other interest, net	4	-	-	4	21	-	-	25
Total nonoperating expenses, net	(22,516)	(4,665)	-	(27,181)	(18,008)	(629)	-	(45,818)
Income before contributions	104,241	310	-	104,551	34,345	(229)	-	138,667
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(46,805)	-	-	(46,805)	(13,202)	-	-	(60,007)
Developers and other	666	-	-	666	38,560	-	-	39,226
Reduction of plant cost through contributions	(666)	-	-	(666)	(19,308)	-	-	(19,974)
Total contributions, net	(46,805)	-	-	(46,805)	6,050	-	-	(40,755)
Change in net position	57,436	310	-	57,746	40,395	(229)	-	97,912
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of period	\$ 1,412,136	\$ 86,689	\$ -	\$ 1,498,825	\$ 1,816,828	\$ 6,249	\$ -	\$ 3,321,902

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Combining Statement of Cash Flows
(in thousands - unaudited) for the six months ended March 2022

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 640,825	\$ 40,546	\$ (36,587)	\$ 644,784	\$ 248,202	\$ 4,074	\$ (8,991)	\$ 888,069
Payments to suppliers	(399,021)	(6,404)	36,587	(368,838)	(65,457)	(1,726)	10,139	(425,882)
Payments for salaries and benefits	(96,622)	-	-	(96,622)	(38,290)	(366)	-	(135,278)
Other operating activities	107,648	228	-	107,876	12,705	1	(1,148)	119,434
Net cash provided by operating activities	252,830	34,370	-	287,200	157,160	1,983	-	446,343
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(47,195)	-	-	(47,195)	(13,311)	-	-	(60,506)
Net cash used in noncapital and related financing activities	(47,195)	-	-	(47,195)	(13,311)	-	-	(60,506)
Capital and related financing activities								
Acquisition and construction of capital assets	(77,886)	-	-	(77,886)	(108,856)	(2,204)	-	(188,946)
Defeasance of debt	(47,630)	(27,255)	-	(74,885)	-	-	-	(74,885)
Interest paid on debt	(34,145)	(5,273)	-	(39,418)	(23,338)	(630)	-	(63,386)
Repayment of debt principal	(66,220)	(14,175)	-	(80,395)	(9,370)	(1,770)	-	(91,535)
Capital contributions	-	-	-	-	17,242	-	-	17,242
Revolving credit agreement withdrawals	-	-	-	-	-	1,000	-	1,000
Other capital financing activities	2,999	56	-	3,055	1,484	-	-	4,539
Net cash used in capital and related financing activities	(222,882)	(46,647)	-	(269,529)	(122,838)	(3,604)	-	(395,971)
Investing activities								
Proceeds from sale and maturity of investments	87,126	13,598	-	100,724	32,888	-	-	133,612
Purchase of investments	(239,034)	(1,109)	-	(240,143)	(57,352)	-	-	(297,495)
Distributions from The Energy Authority	8,177	-	-	8,177	-	-	-	8,177
Investment income	932	54	-	986	1,129	1	-	2,116
Net cash provided by (used in) investing activities	(142,799)	12,543	-	(130,256)	(23,335)	1	-	(153,590)
Net change in cash and cash equivalents	(160,046)	266	-	(159,780)	(2,324)	(1,620)	-	(163,724)
Cash and cash equivalents at beginning of year	386,774	133,953	-	520,727	188,136	4,250	-	713,113
Cash and cash equivalents at end of period	\$ 226,728	\$ 134,219	\$ -	\$ 360,947	\$ 185,812	\$ 2,630	\$ -	\$ 549,389
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 111,997	\$ (22,857)	\$ -	\$ 89,140	\$ 56,142	\$ 495	\$ -	\$ 145,777
Adjustments:								
Depreciation and amortization	216,598	205	-	216,803	86,549	1,322	-	304,674
Recognition of deferred costs and revenues, net	(48,379)	34,001	-	(14,378)	4,808	-	-	(9,570)
Other nonoperating income, net	59	-	-	59	11	-	-	70
Changes in noncash assets and noncash liabilities:								
Accounts receivable	25,065	(247)	-	24,818	1,818	230	-	26,866
Inventories	(12,440)	-	-	(12,440)	(3,779)	-	-	(16,219)
Other assets	295	71	-	366	2,252	(8)	-	2,610
Accounts and accrued expenses payable	(2,721)	27,128	-	24,407	10,428	(72)	-	34,763
Current liabilities payable from restricted assets	-	(3,931)	-	(3,931)	-	-	-	(3,931)
Other noncurrent liabilities and deferred inflows	(37,644)	-	-	(37,644)	(1,069)	16	-	(38,697)
Net cash provided by operating activities	\$ 252,830	\$ 34,370	\$ -	\$ 287,200	\$ 157,160	\$ 1,983	\$ -	\$ 446,343
Noncash activity								
Contribution of capital assets from developers	\$ 2,257	\$ -	\$ -	\$ 2,257	\$ 28,196	\$ -	\$ -	\$ 30,453
Unrealized investment fair market value changes, net	\$ (4,753)	\$ (42)	\$ -	\$ (4,795)	\$ (2,688)	\$ -	\$ -	\$ (7,483)

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Combining Statement of Cash Flows**(in thousands - unaudited) for the six months ended March 2021**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 614,552	\$ 13,556	\$ (13,461)	\$ 614,647	\$ 224,457	\$ 3,523	\$ (7,961)	\$ 834,666
Payments to suppliers	(285,174)	(3,439)	13,461	(275,152)	(49,033)	(1,764)	9,069	(316,880)
Payments for salaries and benefits	(86,434)	-	-	(86,434)	(35,406)	(344)	-	(122,184)
Other operating activities	14,017	(84)	-	13,933	7,830	-	(1,108)	20,655
Net cash provided by operating activities	256,961	10,033	-	266,994	147,848	1,415	-	416,257
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(46,826)	-	-	(46,826)	(13,081)	-	-	(59,907)
Net cash used in noncapital and related financing activities	(46,826)	-	-	(46,826)	(13,081)	-	-	(59,907)
Capital and related financing activities								
Acquisition and construction of capital assets	(88,646)	-	-	(88,646)	(89,001)	(468)	-	(178,115)
Defeasance of debt	(104,390)	-	-	(104,390)	-	-	-	(104,390)
Interest paid on debt	(34,587)	(5,222)	-	(39,809)	(24,478)	(648)	-	(64,935)
Repayment of debt principal	(67,765)	(13,340)	-	(81,105)	(19,870)	(1,725)	-	(102,700)
Capital contributions	-	-	-	-	19,252	-	-	19,252
Other capital financing activities	2,523	305	-	2,828	2,467	-	-	5,295
Net cash used in capital and related financing activities	(292,865)	(18,257)	-	(311,122)	(111,630)	(2,841)	-	(425,593)
Investing activities								
Proceeds from sale and maturity of investments	89,343	14,473	-	103,816	8,777	-	-	112,593
Purchase of investments	(144,388)	(14,995)	-	(159,383)	(12,929)	-	-	(172,312)
Distributions from The Energy Authority	553	-	-	553	-	-	-	553
Investment income	2,093	91	-	2,184	1,310	1	-	3,495
Net cash provided by (used in) investing activities	(52,399)	(431)	-	(52,830)	(2,842)	1	-	(55,671)
Net change in cash and cash equivalents	(135,129)	(8,655)	-	(143,784)	20,295	(1,425)	-	(124,914)
Cash and cash equivalents at beginning of year	355,876	141,132	-	497,008	138,268	5,856	-	641,132
Cash and cash equivalents at end of period	\$ 220,747	\$ 132,477	\$ -	\$ 353,224	\$ 158,563	\$ 4,431	\$ -	\$ 516,218
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 126,757	\$ 4,975	\$ -	\$ 131,732	\$ 52,353	\$ 400	\$ -	\$ 184,485
Adjustments:								
Depreciation and amortization	107,779	205	-	107,984	87,088	1,276	-	196,348
Recognition of deferred costs and revenues, net	3,221	6,939	-	10,160	2,394	-	-	12,554
Other nonoperating income (loss), net	91	-	-	91	21	-	-	112
Changes in noncash assets and noncash liabilities:								
Accounts receivable	42,784	-	-	42,784	2,158	(135)	-	44,807
Inventories	4,852	-	-	4,852	1,108	-	-	5,960
Other assets	(422)	533	-	111	836	(18)	-	929
Accounts and accrued expenses payable	(20,160)	(764)	-	(20,924)	(3,480)	(108)	-	(24,512)
Current liabilities payable from restricted assets	-	(1,855)	-	(1,855)	-	-	-	(1,855)
Other noncurrent liabilities and deferred inflows	(7,941)	-	-	(7,941)	5,370	-	-	(2,571)
Net cash provided by operating activities	\$ 256,961	\$ 10,033	\$ -	\$ 266,994	\$ 147,848	\$ 1,415	\$ -	\$ 416,257
Noncash activity								
Contribution of capital assets from developers	\$ 666	\$ -	\$ -	\$ 666	\$ 19,308	\$ -	\$ -	\$ 19,974
Unrealized investment fair market value changes, net	\$ (1,462)	\$ (12)	\$ -	\$ (1,474)	\$ (881)	\$ -	\$ -	\$ (2,355)

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Debt Service Coverage**March 2022****(unaudited)**

	Month March		Year-to-Date March	
	2022	2021	2022	2021
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	9.57 x	9.98 x	10.85 x	10.89 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	5.25 x	4.38 x	5.90 x	4.76 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	1.67 x	1.07 x	12.80 x	1.30 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (annual minimum 1.15x)	1.12 x	1.25 x	3.43 x	1.16 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	8.50 x	8.92 x	7.32 x	6.91 x
Senior and subordinated debt service coverage excluding capacity fees ⁽¹⁾	6.38 x	6.74 x	5.69 x	5.32 x
Senior and subordinated debt service coverage including capacity fees ⁽¹⁾	7.36 x	7.80 x	6.35 x	6.04 x
District Energy System				
Debt service coverage	0.83 x	0.98 x	1.20 x	1.11 x

⁽¹⁾ Annual minimum coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

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Electric System

Operating Statistics

March 2022 and 2021 (unaudited)

	Month			Year-to-Date		
	2022	2021	Variance	2022	2021	Variance
Electric revenues sales (000s omitted):						
Residential	\$ 50,718	\$ 46,764	8.46%	\$ 312,922	\$ 298,120	4.97%
Commercial	33,520	29,131	15.07%	192,789	175,758	9.69%
Industrial	17,172	15,725	9.20%	102,386	90,864	12.68%
Public street lighting	1,243	1,157	7.43%	7,231	6,846	5.62%
Electric revenues - territorial	102,653	92,777	10.64%	615,328	571,588	7.65%
Sales for resale - off system	168	60	180.00%	414	1,403	-70.49%
Electric revenues	102,821	92,837	10.75%	615,742	572,991	7.46%
Regulatory	6,250	(4,491)	-239.17%	36,285	9,839	268.79%
Allowance for doubtful accounts	-	(256)	-100.00%	(42)	(1,577)	-97.34%
Net electric revenues	109,071	88,090	23.82%	651,985	581,253	12.17%
MWh sales						
Residential	404,866	403,249	0.40%	2,499,130	2,596,543	-3.75%
Commercial	309,355	293,597	5.37%	1,795,528	1,786,610	0.50%
Industrial	202,180	210,036	-3.74%	1,254,796	1,240,231	1.17%
Public street lighting	4,567	4,623	-1.21%	27,526	27,942	-1.49%
Total MWh sales - territorial	920,968	911,505	1.04%	5,576,980	5,651,326	-1.32%
Sales for resale - off system	2,663	1,013	162.88%	6,323	3,987	58.59%
Total MWh sales	923,631	912,518	1.22%	5,583,303	5,655,313	-1.27%
Average number of accounts						
Residential	444,177	435,989	1.88%	442,339	433,951	1.93%
Commercial	54,879	54,115	1.41%	54,715	53,967	1.39%
Industrial	198	196	1.02%	198	196	1.02%
Public street lighting	3,991	3,979	0.30%	3,983	3,966	0.43%
Total average accounts	503,245	494,279	1.81%	501,235	492,080	1.86%
Residential averages						
Revenue per account - \$	114.18	107.26	6.46%	707.43	686.99	2.97%
kWh per account	911	925	-1.45%	5,650	5,983	-5.58%
Revenue per kWh - ¢	12.53	11.60	8.02%	12.52	11.48	9.06%
Degree days						
Heating degree days	88	129	(41)	1,034	1,130	(96)
Cooling degree days	75	96	(21)	443	598	(155)
Total degree days	163	225	(62)	1,477	1,728	(251)
Degree days - 30 year average	207			1,588		

JEA
Water and Sewer System
Operating Statistics
March 2022 and 2021 (unaudited)

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	Month								
	Water			Sewer			Reuse		
	2022	2021	Variance	2022	2021	Variance	2022	2021	Variance
Revenues (000s omitted):									
Residential	\$ 9,674	\$ 9,364	3.31%	\$ 14,341	\$ 14,477	-0.94%	\$ 1,290	\$ 1,274	1.26%
Commercial and industrial	4,530	4,421	2.47%	10,050	10,470	-4.01%	450	413	8.96%
Irrigation	2,603	2,499	4.16%	N/A	N/A	N/A	22	16	37.50%
Gross revenues	16,807	16,284	3.21%	24,391	24,947	-2.23%	1,762	1,703	3.46%
Rate stabilization	28	(259)	-110.81%	40	(395)	-110.13%	3	(27)	-111.11%
Allowance for doubtful accounts	-	(43)	-100.00%	-	(66)	-100.00%	-	(4)	-100.00%
Net revenues	\$ 16,835	\$ 15,982	5.34%	\$ 24,431	\$ 24,486	-0.22%	\$ 1,765	\$ 1,672	5.56%
Kgal sales (000s omitted)									
Residential	1,512,866	1,632,007	-7.30%	1,359,757	1,473,439	-7.72%	188,995	203,503	-7.13%
Commercial and industrial	1,170,492	1,191,140	-1.73%	1,033,933	1,100,768	-6.07%	91,493	84,518	8.25%
Irrigation	377,964	367,043	2.98%	N/A	N/A	N/A	46,222	21,243	117.59%
Total kgal sales	3,061,322	3,190,190	-4.04%	2,393,690	2,574,207	-7.01%	326,710	309,264	5.64%
Average number of accounts:									
Residential	317,779	308,144	3.13%	283,907	274,585	3.39%	21,608	18,781	15.05%
Commercial and industrial	26,907	26,488	1.58%	19,132	18,807	1.73%	809	732	10.52%
Irrigation	38,174	37,815	0.95%	N/A	N/A	N/A	43	41	4.88%
Total average accounts	382,860	372,447	2.80%	303,039	293,392	3.29%	22,460	19,554	14.86%
Residential averages:									
Revenue per account - \$	30.44	30.39	0.16%	50.51	52.72	-4.19%	59.70	67.83	-11.99%
Kgals per account	4.76	5.30	-10.19%	4.79	5.37	-10.80%	8.75	10.84	-19.28%
Revenue per kgals - \$	6.39	5.74	11.32%	10.55	9.83	7.32%	6.83	6.26	9.11%
	Year-to-Date								
	Water			Sewer			Reuse		
	2022	2021	Variance	2022	2021	Variance	2022	2021	Variance
Revenues (000s omitted):									
Residential	\$ 50,705	\$ 48,288	5.01%	\$ 76,459	\$ 73,857	3.52%	\$ 7,709	\$ 6,424	20.00%
Commercial and industrial	24,416	23,455	4.10%	57,128	55,343	3.23%	3,073	2,308	33.15%
Irrigation	15,422	13,417	14.94%	N/A	N/A	N/A	136	147	-7.48%
Gross revenues	90,543	85,160	6.32%	133,587	129,200	3.40%	10,918	8,879	22.96%
Rate stabilization	1,724	(2,073)	-183.16%	(681)	(3,113)	-78.12%	(41)	(216)	-81.02%
Allowance for doubtful accounts	-	(242)	-100.00%	-	(369)	-100.00%	-	(26)	-100.00%
Net revenues	\$ 92,267	\$ 82,845	11.37%	\$ 132,906	\$ 125,718	5.72%	\$ 10,877	\$ 8,637	25.93%
Kgal sales (000s omitted)									
Residential	8,903,844	8,560,242	4.01%	7,873,938	7,538,756	4.45%	1,179,332	935,498	26.06%
Commercial and industrial	6,918,620	6,610,543	4.66%	6,167,589	5,917,015	4.23%	642,511	472,881	35.87%
Irrigation	2,416,252	1,941,223	24.47%	N/A	N/A	N/A	434,814	513,493	-15.32%
Total kgal sales	18,238,716	17,112,008	6.58%	14,041,527	13,455,771	4.35%	2,256,657	1,921,872	17.42%
Average number of accounts:									
Residential	315,738	306,138	3.14%	281,890	272,609	3.40%	20,984	18,243	15.02%
Commercial and industrial	26,815	26,393	1.60%	19,067	18,765	1.61%	794	712	11.52%
Irrigation	38,164	37,786	1.00%	N/A	N/A	N/A	43	40	7.50%
Total average accounts	380,717	370,317	2.81%	300,957	291,374	3.29%	21,821	18,995	14.88%
Residential averages:									
Revenue per account - \$	160.59	157.73	1.81%	271.24	270.93	0.11%	367.38	352.14	4.33%
Kgals per account	28.20	27.96	0.86%	27.93	27.65	1.01%	56.20	51.28	9.59%
Revenue per kgals - \$	5.69	5.64	0.89%	9.71	9.80	-0.92%	6.54	6.87	-4.80%

Rain statistics	Month				Year-to-Date			
	2022	2021	Variance	30 Year Avg	2022	2021	Variance	30 Year Avg
Rainfall	9.95	2.82	7.13	3.29	22.17	19.26	2.91	18.24
Rain Days	14	7	7	8	43	60	(17)	46

Appendix

JEA
Schedule of Cash and Investments
(in thousands - unaudited) March 2022

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	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 101,281	\$ 34,665	\$ 135,946	\$ 30,516	\$ 1,487	\$ 167,949
Rate stabilization:						
Environmental	19,649	-	19,649	29,075	-	48,724
Purchased Power	9,695	-	9,695	-	-	9,695
DSM/Conservation	8,651	-	8,651	-	-	8,651
Total rate stabilization funds	37,995	-	37,995	29,075	-	67,070
Customer deposits	45,418	-	45,418	17,077	-	62,495
General reserve	-	20,493	20,493	-	-	20,493
Self insurance reserve funds:						
Self funded health plan	13,707	-	13,707	-	-	13,707
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	23,707	-	23,707	-	-	23,707
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 224,969	\$ 55,158	\$ 280,127	\$ 76,668	\$ 1,487	\$ 358,282
Restricted assets						
Renewal and replacement funds	\$ 219,509	\$ 33,920	\$ 253,429	\$ 129,546	\$ (368)	\$ 382,607
Debt service reserve account	53,352	8,085	61,437	56,606	-	118,043
Debt service funds	45,833	11,872	57,705	27,268	1,511	86,484
Construction funds	286	-	286	6,391	-	6,677
Environmental funds	17	-	17	1,449	-	1,466
Subtotal	318,997	53,877	372,874	221,260	1,143	595,277
Unrealized holding gain (loss) on investments	(1,776)	36	(1,740)	1,495	-	(245)
Other funds	-	26,432	26,432	-	-	26,432
Total restricted cash and investments	\$ 317,221	\$ 80,345	\$ 397,566	\$ 222,755	\$ 1,143	\$ 621,464
Total cash and investments	\$ 542,190	\$ 135,503	\$ 677,693	\$ 299,423	\$ 2,630	\$ 979,746

JEA
Schedule of Cash and Investments
(in thousands) September 2021

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 56,985	\$ 34,229	\$ 91,214	\$ 28,547	\$ 1,219	\$ 120,980
Rate stabilization:						
Fuel	41,767	-	41,767	-	-	41,767
Environmental	19,756	-	19,756	30,077	-	49,833
Purchased Power	10,513	-	10,513	-	-	10,513
DSM/Conservation	7,233	-	7,233	-	-	7,233
Total rate stabilization funds	79,269	-	79,269	30,077	-	109,346
Customer deposits	45,179	-	45,179	17,044	-	62,223
General reserve	-	21,246	21,246	-	-	21,246
Self insurance reserve funds:						
Self funded health plan	14,272	-	14,272	-	-	14,272
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	24,272	-	24,272	-	-	24,272
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 222,273	\$ 55,475	\$ 277,748	\$ 75,668	\$ 1,219	\$ 354,635
Restricted assets						
Renewal and replacement funds	\$ 183,800	\$ 32,776	\$ 216,576	\$ 97,066	\$ 634	\$ 314,276
Debt service reserve account	55,844	10,087	65,931	55,665	-	121,596
Debt service funds	89,817	19,489	109,306	30,006	2,397	141,709
Construction funds	286	-	286	14,266	-	14,552
Environmental funds	83	-	83	3,118	-	3,201
Subtotal	329,830	62,352	392,182	200,121	3,031	595,334
Unrealized holding gain (loss) on investments	2,977	72	3,049	4,184	-	7,233
Other funds	-	29,871	29,871	-	-	29,871
Total restricted cash and investments	\$ 332,807	\$ 92,295	\$ 425,102	\$ 204,305	\$ 3,031	\$ 632,438
Total cash and investments	\$ 555,080	\$ 147,770	\$ 702,850	\$ 279,973	\$ 4,250	\$ 987,073

JEA
INVESTMENT PORTFOLIO REPORT
March 2022
(unaudited)

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INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL
Treasuries	\$ 29,782,031	0.73%	3.02%
Agencies			
Federal Farm Credit Bank	24,938,536	1.08%	2.53%
Federal Home Loan Bank	122,186,824	1.01%	12.41%
Total	147,125,360	1.02%	14.94%
Municipal Bonds	116,570,184	2.98%	11.84%
Commercial Paper	164,608,642	0.51%	16.71%
U.S. Treasury Money Market Funds (1)	139,047,078	0.02%	14.12%
Agency Money Market Funds (2)	108,575,000	0.03%	11.02%
PALM Money Market Fund	30,500,000	0.06%	3.10%
Florida Prime Fund	130,288,000	0.14%	13.23%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	65,446,189	0.16%	6.65%
SJRPP	14,516,493	0.16%	1.47%
Water & Sewer, DES	38,427,478	0.16%	3.90%
Total Portfolio	\$ 984,886,455	0.58%	100.00%

Weighted Avg. Annual Yield Excluding Bank & Money Market Funds: 1.32%

Weighted Avg. Annual Yield Including Bank & Money Market Funds: 0.75%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Treasury Funds: Fidelity, Goldman Sachs, State Street

(2) Government Funds: State Street, Wells Fargo Allspring

(3) Month-end bank balances

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Schedule of Outstanding Indebtedness**March 2022****(unaudited)**

	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric Enterprise				
<i>Electric System</i>				
Fixed Rate Senior	3.000 - 6.056%	2022-2044	440,625,000	17,195,000
Fixed Rate Subordinated	3.375 - 6.406%	2022-2039	434,550,000	15,850,000
Variable Rate Senior	0.356 - 0.773%	2022-2040	439,835,000	8,925,000
Variable Rate Subordinated	0.262 - 0.326%	2022-2038	54,225,000	2,740,000
Total Electric System	<u>2.787% (wtd avg)</u>	<u>2022-2044</u>	<u>1,369,235,000</u>	<u>44,710,000</u>
<i>Bulk Power Supply System</i>				
Fixed Rate Senior	2.750 - 5.920%	2022-2038	27,175,000	2,410,000
<i>St. Johns River Power Park</i>				
Fixed Rate Senior	2.500 - 5.450%	2022-2039	210,335,000	15,285,000
Total Electric Enterprise	<u>2.958% (wtd avg)</u>	<u>2022-2044</u>	<u>1,606,745,000</u>	<u>62,405,000</u>
Water and Sewer System				
Fixed Rate Senior	3.000 - 6.310%	2022-2044	867,510,000	2,220,000
Fixed Rate Subordinated	2.750 - 5.000%	2023-2040	88,845,000	-
Variable Rate Senior ⁽¹⁾	0.349 - 6.365%	2022-2042	142,165,000	5,055,000
Variable Rate Subordinated	0.245 - 0.350%	2022-2038	98,385,000	2,575,000
Total Water and Sewer System	<u>3.148% (wtd avg)</u>	<u>2022-2044</u>	<u>1,196,905,000</u>	<u>9,850,000</u>
District Energy System				
Fixed Rate Senior	3.000 - 4.538%	2022-2034	29,640,000	1,815,000
Other Obligations	1.386%	2024	1,000,000	-
Total District Energy System	<u>4.214% (wtd avg)</u>	<u>2022-2034</u>	<u>30,640,000</u>	<u>1,815,000</u>
Total JEA	<u>3.052% (wtd avg)</u>	<u>2022-2044</u>	<u>2,834,290,000</u>	<u>74,070,000</u>

JEA**Debt Ratio****(unaudited)**

	Current YTD
Electric Enterprise	55.5%
Water and Sewer System	38.9%

⁽¹⁾ Includes a variable rate CPI bond with a current variable rate of 6.365%, which is synthetically fixed at 4.09% with a CPI interest rate swap.

JEA
Interest Rate Swap Position Report
March 2022
(unaudited)

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JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
<i>Electric System</i>									
1	Goldman Sachs	9/18/2003	9/16/2033	\$ 84,800,000	3.717	0.157	3.560	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	4.351	0.323	4.028	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	78,300,000	3.661	0.157	3.504	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	3.716	0.157	3.559	n/a	68% 1 mth Libor
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	3.907	0.323	3.584	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	3.836	0.323	3.513	n/a	SIFMA
Total				<u>399,510,000</u>					
<i>Water/Sewer System</i>									
7	Morgan Stanley	10/31/2006	10/1/2022	5,055,000	4.090	6.365	(2.275)	n/a	CPI
9	Merrill Lynch	3/8/2007	10/1/2041	85,290,000	3.895	0.323	3.572	n/a	SIFMA
Total				<u>90,345,000</u>					
Grand Total				<u>\$ 489,855,000</u>	Wtd Avg Spread		<u>3.570</u>		

Note: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

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Electric System
Production Statistics
March 2022 and 2021 (unaudited)

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	Month			Year-to-Date		
	2022	2021	Variance	2022	2021	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ 204,447	\$ 29,767	586.82%	\$ 1,593,559	\$ 2,057,814	-22.56%
Barrels #6 oil consumed	1,928	274	603.65%	15,028	18,971	-20.78%
\$/ per barrel consumed	\$ 106.04	\$ 108.64	-2.39%	\$ 106.04	\$ 108.47	-2.24%
kWh oil generated (1)	-	11,958	-100.00%	7,289,009	9,576,198	-23.88%
Cost per MWh - oil	\$ -	\$ 2,489.30	-100.00%	\$ 218.62	\$ 214.89	1.74%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 6,628,786	\$ 3,876,342	71.01%	\$ 38,593,914	\$ 26,330,095	46.58%
MMBTU's consumed	1,249,629	1,369,615	-8.76%	7,048,329	9,636,669	-26.86%
\$/ per MMBTU consumed	\$ 5.30	\$ 2.83	87.43%	\$ 5.48	\$ 2.73	100.40%
kWh - gas generated (1)	102,589,210	123,649,448	-17.03%	603,374,306	869,421,517	-30.60%
Cost per MWh - gas	\$ 64.61	\$ 31.35	106.11%	\$ 63.96	\$ 30.28	111.21%
<i>Biomass units #1-2</i>						
Biomass Expense - variable	\$ 128,081.00	\$ -		\$ 540,973.00	\$ -	
kWh - Biomass generated	3,042,441	-		3,042,441	-	
Cost per MWh - Biomass	\$ 42.10	\$ -		\$ 177.81	\$ -	
<i>Coal</i>						
Coal expense	\$ 2,739,150	\$ 1,166,370	134.84%	\$ 18,871,613	\$ 8,374,206	125.35%
kWh generated	32,026,779	45,213,349	-29.17%	256,238,528	328,310,225	-21.95%
Cost per MWh - coal	\$ 85.53	\$ 25.80	231.54%	\$ 73.65	\$ 25.51	188.74%
<i>Pet coke and limestone</i>						
Expense	\$ 3,791,208	\$ 2,365,291	60.29%	\$ 25,478,145	\$ 18,253,800	39.58%
kWh generated	43,895,764	57,172,205	-23.22%	355,201,556	500,208,052	-28.99%
Cost per MWh - pet coke and limestone	\$ 86.37	\$ 41.37	108.76%	\$ 71.73	\$ 36.49	96.56%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 112,266	\$ 170,301	-34.08%	\$ 564,384	\$ 1,212,666	-53.46%
Barrels #2 oil consumed	845	1,407	-39.94%	3,798	10,316	-63.18%
\$/ per barrel consumed	\$ 132.86	\$ 121.04	9.77%	\$ 148.60	\$ 117.55	26.41%
kWh - oil generated	68,163	439,266	-84.48%	825,124	4,317,328	-80.89%
Cost per MWh - oil	\$ 1,647.02	\$ 387.69	324.82%	\$ 684.00	\$ 280.88	143.52%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 679,142	\$ 1,522,529	-55.39%	\$ 7,163,054	\$ 3,766,121	90.20%
MMBTU's consumed	127,900	540,100	-76.32%	1,294,458	1,365,083	-5.17%
\$/ per MMBTU consumed	\$ 5.31	\$ 2.82	88.36%	\$ 5.53	\$ 2.76	100.57%
kWh - gas generated (1)	9,467,257	48,188,246	-80.35%	111,582,280	121,047,715	-7.82%
Cost per MWh - gas	\$ 71.74	\$ 31.60	127.05%	\$ 64.20	\$ 31.11	106.33%
Gas expense BB simple - variable	\$ 30,782	\$ 110,297	-72.09%	\$ 1,441,674	\$ 2,724,786	-47.09%
MMBTU's consumed	\$ 6,589	\$ 46,893	-85.95%	\$ 266,640	\$ 1,028,171	-74.07%
\$/ per MMBTU consumed	\$ 4.67	\$ 2.35	98.62%	\$ 5.41	\$ 2.65	104.02%
kWh - gas generated (1)	452,500	4,598,080	-90.16%	23,578,593	96,677,048	-75.61%
Cost per MWh - gas simple	\$ 68.03	\$ 23.99	183.59%	\$ 61.14	\$ 28.18	116.94%
Gas expense BB combined - variable	\$ 14,890,088	\$ 7,880,408	88.95%	\$ 89,782,649	\$ 47,781,343	87.90%
MMBTU's consumed	2,908,464	2,899,433	0.31%	16,721,690	16,911,360	-1.12%
\$/ per MMBTU consumed	\$ 5.12	\$ 2.72	88.36%	\$ 5.37	\$ 2.83	90.03%
kWh - gas generated (1)	422,168,080	434,636,412	-2.87%	2,456,605,144	2,520,422,694	-2.53%
Cost per MWh - gas combined	\$ 35.27	\$ 18.13	94.53%	\$ 36.55	\$ 18.96	92.78%
Gas expense GEC simple - variable	\$ 522,107	\$ 1,722,851	-69.70%	\$ 10,983,407	\$ 7,171,073	53.16%
MMBTU's consumed	91,191	538,994	-83.08%	1,795,587	1,968,337	-8.78%
\$/ per MMBTU consumed	\$ 5.73	\$ 3.20	79.12%	\$ 6.12	\$ 3.64	67.90%
kWh - gas generated	7,515,097	50,397,111	-85.09%	158,494,945	175,960,833	-9.93%
Cost per MWh - gas simple	\$ 69.47	\$ 34.19	103.23%	\$ 69.30	\$ 40.75	70.04%
Natural gas expense - fixed	\$ 3,010,381	\$ 3,047,135	-1.21%	\$ 19,830,708	\$ 19,548,285	1.44%
Total generated power:						
Fuels expense	\$ 32,736,438	\$ 21,891,291	49.54%	\$ 214,844,080	\$ 137,220,189	56.57%
kWh generated	621,225,291	764,306,075	-18.72%	3,976,231,926	4,625,941,610	-14.04%
Cost per MWh	\$ 52.70	\$ 28.64	83.98%	\$ 54.03	\$ 29.66	82.15%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

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Electric System
Production Statistics (Continued)
March 2022 and 2021 (unaudited)

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	Month			Year-to-Date		
	2022	2021	Variance	2022	2021	Variance
Cost of fuels						
Natural gas	\$ 25,761,286	\$ 18,159,562	41.86%	\$ 167,795,406	\$ 107,321,703	56.35%
Petcoke	3,791,208	2,365,291	60.29%	25,478,145	18,253,800	39.58%
Coal	2,739,150	1,166,370	134.84%	18,871,613	8,374,206	125.35%
Fuel oil #2	112,266	170,301	-34.08%	564,384	1,212,666	-53.46%
Fuel oil #6	204,447	29,767	586.82%	1,593,559	2,057,814	-22.56%
Biomass	128,081	-		540,973	-	
Total	\$ 32,736,438	\$ 21,891,291	49.54%	\$ 214,844,080	\$ 137,220,189	56.57%
Purchased power:						
<i>TEA & other</i>						
Purchases	\$ 11,824,693	\$ 7,054,631	67.62%	\$ 80,596,576	\$ 43,875,554	83.69%
kWh purchased	156,027,985	106,143,758	47.00%	1,044,362,232	684,029,024	52.68%
Cost per MWh	\$ 75.79	\$ 66.46	14.03%	\$ 77.17	\$ 64.14	20.31%
<i>FPL</i>						
Purchases	\$ 6,928,820	\$ -		\$ 20,416,729	\$ -	
kWh purchased	138,273,000	-		416,355,000	-	
Cost per MWh	\$ 50.11			\$ 49.04		
<i>Plant Scherer</i>						
Purchases	\$ 817,590	\$ 3,310,326	-75.30%	\$ 17,081,635	\$ 24,955,060	-31.55%
kWh purchased	-	70,028,000	-100.00%	284,609,000	529,024,000	-46.20%
Cost per MWh		\$ 47.27		\$ 60.02	\$ 47.17	27.23%
<i>SJRPP</i>						
Purchases	\$ 2,176,742	\$ 2,444,677	-10.96%	\$ 40,793,208	\$ 13,556,221	200.92%
Total purchased power:						
Purchases	\$ 21,747,845	\$ 12,809,634	69.78%	\$ 158,888,148	\$ 82,386,835	92.86%
kWh purchased	294,300,985	176,171,758	67.05%	1,745,326,232	1,213,053,024	43.88%
Cost per MWh	\$ 73.90	\$ 72.71	1.63%	\$ 91.04	\$ 67.92	34.04%
Subtotal - generated and purchased power:	\$ 54,484,283	\$ 34,700,925	57.01%	\$ 373,732,228	\$ 219,607,024	70.18%
Fuel interchange sales	(167,663)	(37,135)	351.50%	(332,451)	(254,631)	30.56%
Earnings of The Energy Authority	(938,009)	(7,204,811)	-86.98%	(15,636,401)	(8,363,617)	86.96%
Realized and Unrealized (Gains) Losses	(6,958,755)	(21,000)	33036.93%	(35,954,817)	(1,671,110)	2051.55%
Fuel procurement and handling	835,025	1,059,237	-21.17%	5,393,930	6,767,786	-20.30%
Byproduct reuse	166,746	778,468	-78.58%	2,081,714	4,355,111	-52.20%
Total generated and net purchased power:						
Cost, net	47,421,627	29,275,684	61.98%	329,284,203	220,440,563	49.38%
kWh generated and purchased	915,526,276	940,477,833	-2.65%	5,721,558,158	5,838,994,634	-2.01%
Cost per MWh	\$ 51.80	\$ 31.13	66.40%	\$ 57.55	\$ 37.75	52.44%
Reconciliation:						
Generated and purchased power per above	\$ 47,421,627	\$ 51.80		\$ 329,284,203	\$ 57.55	
SJRPP operating expenses:						
SJRPP debt service	\$ (1,933,437)	(2.11)		(11,964,146)	(2.09)	
SJRPP R & R	\$ (243,306)	(0.27)		(28,829,062)	(5.04)	
Scherer operating expenses:						
Scherer power production	\$ (194,728)	(0.21)		(3,159,578)	(0.55)	
Scherer R & R	\$ (186,900)	(0.20)		(2,581,861)	(0.45)	
Scherer transmission	\$ -	-		(1,640,810)	(0.29)	
Scherer taxes	\$ (110,980)	(0.12)		(665,901)	(0.12)	
MEAG	\$ (2,425,185)	(2.65)		(13,692,942)	(2.39)	
FPL capacity	\$ (1,400,000)	(1.53)		(4,200,000)	(0.73)	
Florida and other capacity	\$ (1,317,558)	(1.44)		(6,111,268)	(1.07)	
Rounding	\$ -	-		(1)	(0.00)	
Energy expense per budget page	\$ 39,609,533	\$ 43.26		\$ 256,438,634	\$ 44.82	

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Electric System	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
Budget vs. Actual	2021-22	2021-22	2021-22	%	2020-21	%
March 2022 and 2021 (unaudited)						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 368,899,940	\$ 27,298,743	\$ 36,055,010	32.08%	\$ 29,392,769	22.67%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	281,848,943	23,141,093	26,779,454		23,707,996	
Other Purchased Power	93,782,639	5,599,644	12,830,079		(973,549)	
Subtotal Energy Expense	375,631,582	28,740,737	39,609,533	-37.82%	22,734,447	-74.23%
Transfer to (from) Rate Stabilization, Net	(7,284,992)	(1,482,943)	-		6,572,484	
Transfer to (from) Other Regulatory Funds, Net	-	-	(3,554,730)		-	
Fuel Related Uncollectibles	553,350	40,949	207		85,838	
Total	368,899,940	27,298,743	36,055,010	-32.08%	29,392,769	-22.67%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	785,192,000	58,104,522	60,628,423		58,241,329	
Conservation Charge Revenue	732,000	54,168	28,958		25,340	
Environmental Charge Revenue	7,442,000	550,711	566,191		559,985	
Investment Income	3,194,911	267,125	181,326		332,365	
Natural Gas Revenue Pass Through	823,420	68,618	121,920		77,877	
Other Revenues	123,615,440	1,967,953	2,280,655		108,906,107	
Total	920,999,771	61,013,097	63,807,473	4.58%	168,143,003	-62.05%
Nonfuel Related Expenses						
Non-Fuel O&M	255,776,299	20,678,823	19,225,958		17,126,348	
DSM / Conservation O&M	7,227,800	587,449	786,969		366,532	
Environmental O&M	2,263,500	188,624	53,108		118,974	
Rate Stabilization - DSM	(395,800)	(32,983)	(297,527)		106,133	
Rate Stabilization - Environmental	(3,821,756)	(318,480)	15,791		(108,468)	
Natural Gas Expense Pass Through	918,473	75,201	115,918		114,191	
Debt Principal - Electric System	44,710,000	3,725,833	3,725,833		4,928,333	
Debt Interest - Electric System	65,106,948	5,425,579	5,764,215		6,056,951	
Early Debt Retirement	-	-	-		106,848,624	
R&R - Electric System	66,329,200	5,527,434	5,527,433		5,211,688	
Operating Capital Outlay	115,291,939	-	-		14,000,000	
Operating Capital Outlay - Environmental	3,294,788	274,566	497,291		570,042	
City Contribution Expense	94,545,651	7,878,804	7,878,804		7,800,796	
Taxes & Uncollectibles	1,391,596	104,860	19,049		187,687	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	15,285,000	1,273,750	1,273,750		1,181,250	
* SJRPP D/S Interest	5,036,315	419,693	672,694		800,443	
** Other Non-Fuel Purchased Power	243,039,818	13,891,397	3,739,187		3,315,947	
Total Nonfuel Expenses	920,999,771	59,700,550	48,998,473	17.93%	168,625,471	70.94%
Non-Fuel Balance	-	1,312,547	14,809,000		(482,468)	
Total Balance	-	1,312,547	14,809,000		(482,468)	
Total Revenues	1,289,899,711	88,311,840	99,862,483	13.08%	197,535,772	-49.45%
Total Expenses	1,289,899,711	86,999,293	85,053,483	2.24%	198,018,240	57.05%
KWH Sold - Territorial	12,200,000,000	902,805,000	920,967,896	2.01%	911,504,808	1.04%
KWH Sold - Off System	-	-	2,663,000		1,013,000	
	12,200,000,000	902,805,000	923,630,896	2.31%	912,517,808	1.22%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

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Electric System		Year-to-Date				Prior Year-to-Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance		ACTUAL	Variance
March 2022 and 2021 (unaudited)	2021-22	2021-22	2021-22	%		2020-21	%
Fuel Related Revenues & Expenses							
Fuel Rate Revenues	\$ 368,899,940	\$ 168,179,580	\$ 219,702,051	30.64%	\$	182,183,975	20.59%
Fuel Expense and Purchased Power:							
Fuel Expense - Electric System	281,848,943	132,434,868	186,364,907			146,671,976	
Other Purchased Power	93,782,639	42,779,717	70,073,727			31,967,398	
Subtotal Energy Expense	375,631,582	175,214,585	256,438,634	-46.36%		178,639,374	-43.55%
Transfer to (from) Rate Stabilization, Net	(7,284,992)	(7,287,272)	(41,766,988)			3,012,583	
Transfer to (from) Other Regulatory Funds, Net	-	-	4,988,868			-	
Fuel Related Uncollectibles	553,350	252,267	41,537			532,018	
Total	368,899,940	168,179,580	219,702,051	-30.64%		182,183,975	-20.59%
Fuel Balance	-	-	-			-	
Nonfuel Related Revenues							
Base Rate Revenues	785,192,000	357,964,982	361,418,406			357,998,588	
Conservation Charge Revenue	732,000	333,715	279,488			299,818	
Environmental Charge Revenue	7,442,000	3,392,770	3,427,753			3,468,453	
Investment Income	3,194,911	1,586,924	992,525			1,976,377	
Natural Gas Revenue Pass Through	823,420	411,708	606,571			392,834	
Other Revenues	123,615,440	111,807,718	112,705,118			119,870,055	
Total	920,999,771	475,497,817	479,429,861	0.83%		484,006,125	-0.95%
Nonfuel Related Expenses							
Non-Fuel O&M	255,776,299	123,631,772	105,122,429			95,580,933	
DSM / Conservation O&M	7,227,800	3,584,168	2,067,432			2,141,118	
Environmental O&M	2,263,500	1,242,473	290,896			641,751	
Rate Stabilization - DSM	(395,800)	(197,898)	1,418,155			1,014,421	
Rate Stabilization - Environmental	(3,821,756)	(1,910,880)	(107,127)			(489,538)	
Natural Gas Expense Pass Through	918,473	456,561	705,148			498,490	
Debt Principal - Electric System	44,710,000	22,354,998	22,355,000			29,570,000	
Debt Interest - Electric System	65,106,948	32,553,474	31,393,268			33,669,148	
Early Debt Retirement	-	-	-			106,848,624	
R&R - Electric System	66,329,200	33,164,600	33,164,600			31,270,125	
Operating Capital Outlay	115,291,939	76,000,000	76,000,000			98,000,000	
Operating Capital Outlay - Environmental	3,294,788	1,647,396	3,243,985			3,605,241	
City Contribution Expense	94,545,651	47,272,824	47,272,825			46,804,778	
Taxes & Uncollectibles	1,391,596	643,313	197,969			1,156,581	
Emergency Reserve	5,000,000	-	-			-	
Nonfuel Purchased Power:							
* SJRPP D/S Principal	15,285,000	7,642,500	7,642,500			7,087,500	
* SJRPP D/S Interest	5,036,315	2,518,158	4,362,505			4,800,843	
** Other Non-Fuel Purchased Power	243,039,818	134,691,428	107,589,043			21,547,635	
Total Nonfuel Expenses	920,999,771	485,294,887	442,718,628	8.77%		483,747,650	8.48%
Non-Fuel Balance	-	(9,797,070)	36,711,233			258,475	
Total Balance	-	(9,797,070)	36,711,233			258,475	
Total Revenues	1,289,899,711	643,677,397	699,131,912	8.62%		666,190,100	4.94%
Total Expenses	1,289,899,711	653,474,467	662,420,679	-1.37%		665,931,625	0.53%
KWH Sold - Territorial	12,200,000,000	5,561,917,000	5,576,979,630	0.27%		5,651,325,518	-1.32%
KWH Sold - Off System	-	-	6,323,000			3,987,000	
	12,200,000,000	5,561,917,000	5,583,302,630	0.38%		5,655,312,518	-1.27%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

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Water and Sewer System		Month				Prior Year Month	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance		ACTUAL	Variance
March 2022 and 2021 (unaudited)	2021-22	2021-22	2021-22	%		2020-21	%
REVENUES							
Water & Sewer Revenues	\$ 466,939,234	\$ 40,318,910	\$ 41,967,167			\$ 41,998,633	
Capacity & Extension Fees	47,000,000	3,411,333	4,304,267			4,748,057	
Capital Contributions	-	-	-			-	
Investment Income	2,075,631	172,969	181,408			210,096	
Other Income	25,494,531	2,124,544	2,884,603			1,610,266	
Total	541,509,396	46,027,756	49,337,445	7.19%		48,567,052	1.59%
EXPENSES							
O & M Expenses	192,815,330	14,934,079	15,046,660			12,497,885	
Debt Principal - Water & Sewer	9,850,000	820,833	820,833			780,833	
Debt Interest - Water & Sewer	57,285,355	4,773,779	4,421,833			4,551,497	
Rate Stabilization - Environmental	-	-	(71,139)			681,126	
R&R - Water & Sewer	28,358,000	2,363,167	2,363,167			2,217,175	
Operating Capital Outlay	145,320,814	18,886,918	18,886,918			19,212,602	
Operating Capital Outlay - Capacity/Extension	47,000,000	3,916,667	4,304,267			4,748,057	
Operating Capital Outlay - Contributions	-	-	-			-	
Operating Capital Outlay - Environmental	6,790,147	900,150	1,241,353			715,880	
City Contribution Expense	26,666,722	2,222,227	2,222,227			2,200,225	
Uncollectibles & Fees	700,409	58,367	1,782			114,000	
Interlocal Agreements	25,722,619	1,035,966	-			-	
Emergency Reserve	1,000,000	-	-			-	
Total Expenses	541,509,396	49,912,153	49,237,901	1.35%		47,719,280	-3.18%
Total Balance	\$ -	\$ (3,884,397)	\$ 99,544			\$ 847,772	
Sales kgals							
Water	39,000,000	3,350,044	3,061,322	-8.62%		3,190,190	-4.04%
Sewer	34,000,000	2,910,681	2,720,400	-6.54%		2,883,471	-5.66%
Total	73,000,000	6,260,724	5,781,722	-7.65%		6,073,661	-4.81%
		Year-To-Date				Prior Year to Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance		ACTUAL	Variance
March 2022 and 2021 (unaudited)	2021-22	2021-22	2021-22	%		2020-21	%
REVENUES							
Water & Sewer Revenues	\$ 466,939,234	\$ 225,767,684	\$ 229,587,346			\$ 218,008,819	
Capacity & Extension Fees	47,000,000	21,474,482	17,241,992			19,190,525	
Capital Contributions	-	-	-			61,057	
Investment Income	2,075,631	1,037,814	1,101,169			1,277,488	
Other Income	25,494,531	12,747,264	12,578,233			7,751,622	
Total	541,509,396	261,027,244	260,508,740	-0.20%		246,289,511	5.77%
EXPENSES							
O & M Expenses	192,815,330	93,935,668	84,740,999			75,085,707	
Debt Principal - Water & Sewer	9,850,000	4,924,998	4,924,998			4,685,002	
Debt Interest - Water & Sewer	57,285,355	28,642,674	24,882,098			25,859,336	
Rate Stabilization - Environmental	-	-	(1,111,433)			5,402,037	
R&R - Water & Sewer	28,358,000	14,179,000	14,179,000			13,303,050	
Operating Capital Outlay	145,320,814	91,624,242	91,624,242			83,675,610	
Operating Capital Outlay - Capacity/Extension	47,000,000	23,500,002	17,241,992			19,190,525	
Operating Capital Outlay - Contributions	-	-	-			61,057	
Operating Capital Outlay - Environmental	6,790,147	1,389,247	4,916,686			2,393,567	
City Contribution Expense	26,666,722	13,333,361	13,333,361			13,201,347	
Uncollectibles & Fees	700,409	350,202	87,842			637,880	
Interlocal Agreements	25,722,619	4,722,619	4,722,619			942,201	
Emergency Reserve	1,000,000	-	-			-	
Total Expenses	541,509,396	276,602,013	259,542,404	6.17%		244,437,319	-6.18%
Total Balance	\$ -	\$ (15,574,769)	\$ 966,336			\$ 1,852,192	
Sales kgals							
Water	39,000,000	18,318,319	18,238,716	-0.43%		17,112,008	6.58%
Sewer	34,000,000	16,097,487	16,298,184	1.25%		15,377,643	5.99%
Total	73,000,000	34,415,806	34,536,900	0.35%		32,489,651	6.30%

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District Energy System

Budget vs. Actual March 2022 and 2021 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2021-22	BUDGET 2021-22	ACTUAL 2021-22	Variance %	ACTUAL 2020-21	Variance %
REVENUES						
Revenues	\$ 8,839,543	\$ 598,182	\$ 585,936		\$ 558,917	
Investment Income	-	-	101		145	
Total	8,839,543	598,182	586,037	-2.03%	559,062	4.83%
EXPENSES						
O & M Expenses	5,127,990	422,791	372,136		308,025	
Debt Principal - District Energy System	1,815,000	151,250	151,250		147,500	
Debt Interest - District Energy System	1,356,208	113,017	101,711		104,491	
R&R - District Energy System	402,200	33,517	33,517		36,079	
Operating Capital Outlay	138,145	-	-		-	
Total Expenses	8,839,543	720,575	658,614	8.60%	596,095	-10.49%
Total Balance	\$ -	\$ (122,393)	\$ (72,577)		\$ (37,033)	

Budget vs. Actual March 2022 and 2021 (unaudited)	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2021-22	BUDGET 2021-22	ACTUAL 2021-22	Variance %	ACTUAL 2020-21	Variance %
REVENUES						
Revenues	\$ 8,839,543	\$ 4,057,073	\$ 3,845,177		\$ 3,658,763	
Investment Income	-	-	690		1,463	
Total	8,839,543	4,057,073	3,845,867	-5.21%	3,660,226	5.07%
EXPENSES						
O & M Expenses	5,127,990	2,619,342	2,022,694		1,994,770	
Debt Principal - District Energy System	1,815,000	907,500	907,500		885,000	
Debt Interest - District Energy System	1,356,208	678,102	606,857		626,946	
R&R - District Energy System	402,200	201,100	201,100		216,475	
Operating Capital Outlay	138,145	-	-		-	
Total Expenses	8,839,543	4,406,044	3,738,151	15.16%	3,723,191	-0.40%
Total Balance	\$ -	\$ (348,971)	\$ 107,716		\$ (62,965)	



Monthly Financial Statements

April 2022

Monthly Financial Statements

April 2022

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**Statements of Net Position
(in thousands)**

	April 2022 (unaudited)	September 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 312,636	\$ 350,495
Investments	192	4,140
Customer accounts receivable, net of allowance (\$1,349 and \$3,155, respectively)	199,228	221,348
Inventories:		
Materials and supplies	65,857	62,796
Fuel	52,828	32,911
Other current assets	33,622	24,434
Total current assets	<u>664,363</u>	<u>696,124</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	226,050	362,618
Investments	405,182	269,820
Accounts and interest receivable	585	240
Total restricted assets	<u>631,817</u>	<u>632,678</u>
Costs to be recovered from future revenues	860,566	881,949
Hedging derivative instruments	292,220	150,453
Other assets	30,575	22,939
Total noncurrent assets	<u>1,815,178</u>	<u>1,688,019</u>
Capital assets:		
Land and easements	216,471	213,649
Plant in service	12,633,334	12,415,504
Less accumulated depreciation	<u>(7,845,283)</u>	<u>(7,522,027)</u>
Plant in service, net	5,004,522	5,107,126
Construction work in progress	343,497	369,367
Net capital assets	<u>5,348,019</u>	<u>5,476,493</u>
Total assets	<u>7,827,560</u>	<u>7,860,636</u>
Deferred outflows of resources		
Unrealized pension contributions and losses	157,296	157,296
Accumulated decrease in fair value of hedging derivatives	84,268	129,355
Unamortized deferred losses on refundings	84,502	89,729
Unrealized asset retirement obligations	43,090	37,669
Unrealized OPEB contributions and losses	7,302	7,302
Total deferred outflows of resources	<u>376,458</u>	<u>421,351</u>
Total assets and deferred outflows of resources	<u>\$ 8,204,018</u>	<u>\$ 8,281,987</u>

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Statements of Net Position
(in thousands)

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	April 2022	September 2021
	(unaudited)	
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 118,383	\$ 76,702
Customer deposits and prepayments	92,447	75,030
Billings on behalf of state and local governments	22,250	26,006
Compensation and benefits payable	9,750	13,361
City of Jacksonville payable	10,258	10,193
Asset retirement obligations	2,219	3,307
Total current liabilities	<u>255,307</u>	<u>204,599</u>
Current liabilities payable from restricted assets:		
Debt due within one year	74,070	91,535
Interest payable	9,947	51,454
Construction contracts and accounts payable	25,173	45,466
Renewal and replacement reserve	34,164	32,776
Total current liabilities payable from restricted assets	<u>143,354</u>	<u>221,231</u>
Noncurrent liabilities:		
Long-term debt:		
Debt payable, less current portion	2,760,220	2,908,175
Unamortized premium, net	181,069	194,070
Fair value of debt management strategy instruments	84,119	129,355
Total long-term debt	<u>3,025,408</u>	<u>3,231,600</u>
Net pension liability	729,569	729,569
Asset retirement obligations	40,871	34,362
Compensation and benefits payable	33,186	33,433
Net OPEB liability	5,279	5,136
Other liabilities	18,251	18,338
Total noncurrent liabilities	<u>3,852,564</u>	<u>4,052,438</u>
Total liabilities	<u>4,251,225</u>	<u>4,478,268</u>
Deferred inflows of resources		
Revenues to be used for future costs	83,200	156,814
Accumulated increase in fair value of hedging derivatives	292,330	150,453
Unrealized OPEB gains	14,725	14,725
Unrealized pension gains	14,273	14,273
Total deferred inflows of resources	<u>404,528</u>	<u>336,265</u>
Net position		
Net investment in capital assets	2,768,273	2,696,104
Restricted for:		
Capital projects	400,242	296,059
Debt service	42,255	90,423
Other purposes	27,592	44,774
Unrestricted	309,903	340,094
Total net position	<u>3,548,265</u>	<u>3,467,454</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,204,018</u>	<u>\$ 8,281,987</u>

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**Statements of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited)**

	Month April		Year-to-Date April	
	2022	2021	2022	2021
Operating revenues				
Electric - base	\$ 66,157	\$ 59,963	\$ 457,105	\$ 458,297
Electric - fuel and purchased power	41,844	30,483	294,146	205,748
Water and sewer	38,426	36,230	274,373	253,274
District energy system	654	561	4,344	4,069
Other operating revenues	2,948	4,163	123,313	22,024
Total operating revenues	150,029	131,400	1,153,281	943,412
Operating expenses				
Operations and maintenance:				
Maintenance and other operating expenses	31,290	32,678	261,373	212,892
Fuel	22,709	26,537	218,107	187,506
Purchased power	26,330	7,935	127,343	51,811
Depreciation	33,260	32,712	337,660	228,497
State utility and franchise taxes	5,541	5,090	41,692	39,219
Recognition of deferred costs and revenues, net	3,075	2,558	(6,495)	15,112
Total operating expenses	122,205	107,510	979,680	735,037
Operating income	27,824	23,890	173,601	208,375
Nonoperating revenues (expenses)				
Interest on debt	(8,770)	(9,584)	(66,181)	(72,017)
Earnings from The Energy Authority	1,322	403	17,051	8,767
Allowance for funds used during construction	1,095	736	6,538	4,564
Other nonoperating income, net	544	595	3,848	4,000
Investment income	440	518	(4,894)	1,511
Other interest, net	(966)	(9)	(951)	16
Total nonoperating expenses, net	(6,335)	(7,341)	(44,589)	(53,159)
Income before contributions	21,489	16,549	129,012	155,216
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(10,102)	(10,000)	(70,708)	(70,007)
Developers and other	9,914	9,618	57,609	48,844
Reduction of plant cost through contributions	(4,649)	(6,693)	(35,102)	(26,667)
Total contributions, net	(4,837)	(7,075)	(48,201)	(47,830)
Change in net position	16,652	9,474	80,811	107,386
Net position, beginning of period	3,531,613	3,321,902	3,467,454	3,223,990
Net position, end of period	\$ 3,548,265	\$ 3,331,376	\$ 3,548,265	\$ 3,331,376

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Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date	
	April	
	2022	2021
Operating activities		
Receipts from customers	\$ 1,028,522	\$ 967,783
Payments to suppliers	(480,551)	(371,648)
Payments for salaries and benefits	(162,819)	(148,057)
Other operating activities	116,236	23,412
Net cash provided by operating activities	501,388	471,490
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(70,608)	(69,908)
Net cash used in noncapital and related financing activities	(70,608)	(69,908)
Capital and related financing activities		
Acquisition and construction of capital assets	(224,772)	(207,281)
Defeasance of debt	(74,885)	(104,390)
Interest paid on debt	(114,377)	(119,833)
Repayment of debt principal	(91,535)	(102,700)
Capital contributions	22,507	22,177
Revolving credit agreement withdrawals	1,000	-
Other capital financing activities	4,615	5,518
Net cash used in capital and related financing activities	(477,447)	(506,509)
Investing activities		
Proceeds from sale and maturity of investments	173,591	145,742
Purchase of investments	(312,490)	(184,079)
Distributions from The Energy Authority	8,806	714
Investment income	2,333	3,956
Net cash used in investing activities	(127,760)	(33,667)
Net change in cash and cash equivalents	(174,427)	(138,594)
Cash and cash equivalents at beginning of year	713,113	641,132
Cash and cash equivalents at end of period	\$ 538,686	\$ 502,538
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 173,601	\$ 208,375
Adjustments:		
Depreciation and amortization	337,935	229,151
Recognition of deferred costs and revenues, net	(6,495)	15,112
Other nonoperating income, net	(945)	29
Changes in noncash assets and noncash liabilities:		
Accounts receivable	21,777	49,221
Inventories	(22,977)	7,823
Other assets	(3,793)	1,376
Accounts and accrued expenses payable	51,707	(31,561)
Current liabilities payable from restricted assets	(3,618)	(1,907)
Other noncurrent liabilities and deferred inflows	(45,804)	(6,129)
Net cash provided by operating activities	\$ 501,388	\$ 471,490
Noncash activity		
Contribution of capital assets from developers	\$ 35,102	\$ 26,667
Unrealized investment fair market value changes, net	\$ (7,483)	\$ (2,355)

JEA
Combining Statement of Net Position
(in thousands - unaudited) April 2022

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 176,342	\$ 54,969	\$ -	\$ 231,311	79,940	\$ 1,385	\$ 312,636
Investments	-	192	-	192	-	-	192
Customer accounts receivable, net of allowance (\$1,349)	143,215	-	-	143,215	55,635	378	199,228
Inventories:							
Materials and supplies	2,261	-	-	2,261	63,596	-	65,857
Fuel	52,828	-	-	52,828	-	-	52,828
Other current assets	26,592	64	(97)	26,559	7,053	10	33,622
Total current assets	401,238	55,225	(97)	456,366	206,224	1,773	664,363
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	57,299	76,857	-	134,156	91,155	739	226,050
Investments	290,478	1,093	-	291,571	113,611	-	405,182
Accounts and interest receivable	-	578	-	578	7	-	585
Total restricted assets	347,777	78,528	-	426,305	204,773	739	631,817
Costs to be recovered from future revenues	395,637	184,644	-	580,281	280,255	30	860,566
Hedging derivative instruments	292,220	-	-	292,220	-	-	292,220
Other assets	28,250	7,051	(4,765)	30,536	39	-	30,575
Total noncurrent assets	1,063,884	270,223	(4,765)	1,329,342	485,067	769	1,815,178
Capital assets:							
Land and easements	127,067	6,660	-	133,727	79,693	3,051	216,471
Plant in service	6,122,497	1,316,043	-	7,438,540	5,133,493	61,301	12,633,334
Less accumulated depreciation	(3,873,200)	(1,314,028)	-	(5,187,228)	(2,624,676)	(33,379)	(7,845,283)
Plant in service, net	2,376,364	8,675	-	2,385,039	2,588,510	30,973	5,004,522
Construction work in progress	84,184	-	-	84,184	255,679	3,634	343,497
Net capital assets	2,460,548	8,675	-	2,469,223	2,844,189	34,607	5,348,019
Total assets	3,925,670	334,123	(4,862)	4,254,931	3,535,480	37,149	7,827,560
Deferred outflows of resources							
Unrealized pension contributions and losses	90,081	4,616	-	94,697	62,599	-	157,296
Accumulated decrease in fair value of hedging derivatives	67,848	-	-	67,848	16,420	-	84,268
Unamortized deferred losses on refundings	47,617	2,553	-	50,170	34,182	150	84,502
Unrealized asset retirement obligations	42,865	225	-	43,090	-	-	43,090
Unrealized OPEB contributions and losses	4,308	-	-	4,308	2,994	-	7,302
Total deferred outflows of resources	252,719	7,394	-	260,113	116,195	150	376,458
Total assets and deferred outflows of resources	\$ 4,178,389	\$ 341,517	\$ (4,862)	\$ 4,515,044	\$ 3,651,675	\$ 37,299	\$ 8,204,018

JEA
Combining Statement of Net Position
(in thousands - unaudited) April 2022

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 81,869	\$ 27,658	\$ (48)	\$ 109,479	\$ 8,855	\$ 49	\$ 118,383
Customer deposits and prepayments	55,150	-	-	55,150	37,297	-	92,447
Billings on behalf of state and local governments	18,420	-	-	18,420	3,830	-	22,250
Compensation and benefits payable	7,180	-	-	7,180	2,555	15	9,750
City of Jacksonville payable	8,029	-	-	8,029	2,229	-	10,258
Asset retirement obligations	1,994	225	-	2,219	-	-	2,219
Total current liabilities	172,642	27,883	(48)	200,477	54,766	64	255,307
Current liabilities payable from restricted assets:							
Debt due within one year	47,120	15,285	-	62,405	9,850	1,815	74,070
Interest payable	5,099	694	-	5,793	4,053	101	9,947
Construction contracts and accounts payable	3,214	725	(49)	3,890	21,038	245	25,173
Renewal and replacement reserve	-	34,164	-	34,164	-	-	34,164
Total current liabilities payable from restricted assets	55,433	50,868	(49)	106,252	34,941	2,161	143,354
Noncurrent liabilities:							
Long-term debt:							
Debt payable, less current portion	1,349,290	195,050	-	1,544,340	1,187,055	28,825	2,760,220
Unamortized premium (discount), net	93,895	206	-	94,101	86,984	(16)	181,069
Fair value of debt management strategy instruments	67,809	-	-	67,809	16,310	-	84,119
Total long-term debt	1,510,994	195,256	-	1,706,250	1,290,349	28,809	3,025,408
Net pension liability	430,446	-	-	430,446	299,123	-	729,569
Asset retirement obligations	40,871	-	-	40,871	-	-	40,871
Compensation and benefits payable	23,538	-	-	23,538	9,554	94	33,186
Net OPEB liability	3,113	-	-	3,113	2,166	-	5,279
Other liabilities	18,251	4,765	(4,765)	18,251	-	-	18,251
Total noncurrent liabilities	2,027,213	200,021	(4,765)	2,222,469	1,601,192	28,903	3,852,564
Total liabilities	2,255,288	278,772	(4,862)	2,529,198	1,690,899	31,128	4,251,225
Deferred inflows of resources							
Revenues to be used for future costs	48,731	5,094	-	53,825	29,375	-	83,200
Accumulated increase in fair value of hedging derivatives	292,220	-	-	292,220	110	-	292,330
Unrealized OPEB gains	8,688	-	-	8,688	6,037	-	14,725
Unrealized pension gains	7,355	1,807	-	9,162	5,111	-	14,273
Total deferred inflows of resources	356,994	6,901	-	363,895	40,633	-	404,528
Net position							
Net investment in (divestment of) capital assets	1,108,444	(7,295)	-	1,101,149	1,663,206	3,918	2,768,273
Restricted for:							
Capital projects	264,762	-	-	264,762	135,901	(421)	400,242
Debt service	26,323	8,981	-	35,304	5,892	1,059	42,255
Other purposes	(1,759)	26,591	49	24,881	2,711	-	27,592
Unrestricted	168,337	27,567	(49)	195,855	112,433	1,615	309,903
Total net position	1,566,107	55,844	-	1,621,951	1,920,143	6,171	3,548,265
Total liabilities, deferred inflows of resources, and net position	\$ 4,178,389	\$ 341,517	\$ (4,862)	\$ 4,515,044	\$ 3,651,675	\$ 37,299	\$ 8,204,018

JEA
Combining Statement of Net Position
(in thousands) September 2021

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 222,273	\$ 51,335	\$ -	\$ 273,608	\$ 75,668	\$ 1,219	\$ 350,495
Investments	-	4,140	-	4,140	-	-	4,140
Customer accounts receivable, net of allowance (\$3,155)	165,572	-	-	165,572	55,273	503	221,348
Inventories:							
Materials and supplies	2,248	-	-	2,248	60,548	-	62,796
Fuel	32,911	-	-	32,911	-	-	32,911
Other current assets	22,864	125	(4,279)	18,710	5,720	4	24,434
Total current assets	445,868	55,600	(4,279)	497,189	197,209	1,726	696,124
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	164,501	82,618	-	247,119	112,468	3,031	362,618
Investments	168,306	9,677	-	177,983	91,837	-	269,820
Accounts and interest receivable	-	233	-	233	7	-	240
Total restricted assets	332,807	92,528	-	425,335	204,312	3,031	632,678
Costs to be recovered from future revenues	376,214	220,155	-	596,369	285,550	30	881,949
Hedging derivative instruments	150,453	-	-	150,453	-	-	150,453
Other assets	20,335	7,051	(4,765)	22,621	318	-	22,939
Total noncurrent assets	879,809	319,734	(4,765)	1,194,778	490,180	3,061	1,688,019
Capital assets:							
Land and easements	124,836	6,660	-	131,496	79,102	3,051	213,649
Plant in service	6,007,751	1,316,043	-	7,323,794	5,030,852	60,858	12,415,504
Less accumulated depreciation	(3,643,809)	(1,313,789)	-	(4,957,598)	(2,532,588)	(31,841)	(7,522,027)
Plant in service, net	2,488,778	8,914	-	2,497,692	2,577,366	32,068	5,107,126
Construction work in progress	120,138	-	-	120,138	246,928	2,301	369,367
Net capital assets	2,608,916	8,914	-	2,617,830	2,824,294	34,369	5,476,493
Total assets	3,934,593	384,248	(9,044)	4,309,797	3,511,683	39,156	7,860,636
Deferred outflows of resources							
Unrealized pension contributions and losses	90,081	4,616	-	94,697	62,599	-	157,296
Accumulated decrease in fair value of hedging derivatives	102,752	-	-	102,752	26,603	-	129,355
Unamortized deferred losses on refundings	51,043	3,099	-	54,142	35,430	157	89,729
Unrealized asset retirement obligations	37,601	68	-	37,669	-	-	37,669
Unrealized OPEB contributions and losses	4,308	-	-	4,308	2,994	-	7,302
Total deferred outflows of resources	285,785	7,783	-	293,568	127,626	157	421,351
Total assets and deferred outflows of resources	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

JEA
Combining Statement of Net Position
(in thousands) September 2021

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 67,698	\$ 517	\$ (33)	\$ 68,182	\$ 8,418	\$ 102	\$ 76,702
Customer deposits and prepayments	57,354	-	-	57,354	17,676	-	75,030
Billings on behalf of state and local governments	22,218	-	-	22,218	3,788	-	26,006
Compensation and benefits payable	7,229	-	-	7,229	6,069	63	13,361
City of Jacksonville payable	7,978	-	-	7,978	2,215	-	10,193
Asset retirement obligations	3,239	68	-	3,307	-	-	3,307
Total current liabilities	165,716	585	(33)	166,268	38,166	165	204,599
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	-	80,395	9,370	1,770	91,535
Interest payable	24,886	4,947	-	29,833	20,994	627	51,454
Construction contracts and accounts payable	9,226	5,732	(4,246)	10,712	33,924	830	45,466
Renewal and replacement reserve	-	32,776	-	32,776	-	-	32,776
Total current liabilities payable from restricted assets	100,332	57,630	(4,246)	153,716	64,288	3,227	221,231
Noncurrent liabilities:							
Long-term debt:							
Debt payable, less current portion	1,444,040	237,590	-	1,681,630	1,196,905	29,640	2,908,175
Unamortized premium (discount), net	99,631	331	-	99,962	94,127	(19)	194,070
Fair value of debt management strategy instruments	102,752	-	-	102,752	26,603	-	129,355
Total long-term debt	1,646,423	237,921	-	1,884,344	1,317,635	29,621	3,231,600
Net pension liability	430,446	-	-	430,446	299,123	-	729,569
Asset retirement obligations	34,362	-	-	34,362	-	-	34,362
Compensation and benefits payable	23,915	-	-	23,915	9,441	77	33,433
Net OPEB liability	3,030	-	-	3,030	2,106	-	5,136
Other liabilities	18,338	4,765	(4,765)	18,338	-	-	18,338
Total noncurrent liabilities	2,156,514	242,686	(4,765)	2,394,435	1,628,305	29,698	4,052,438
Total liabilities	2,422,562	300,901	(9,044)	2,714,419	1,730,759	33,090	4,478,268
Deferred inflows of resources							
Revenues to be used for future costs	121,643	5,094	-	126,737	30,077	-	156,814
Accumulated increase in fair value of hedging derivatives	150,453	-	-	150,453	-	-	150,453
Unrealized OPEB gains	8,688	-	-	8,688	6,037	-	14,725
Unrealized pension gains	7,355	1,807	-	9,162	5,111	-	14,273
Total deferred inflows of resources	288,139	6,901	-	295,040	41,225	-	336,265
Net position							
Net investment in (divestment of) capital assets	1,089,669	(15,562)	-	1,074,107	1,619,661	2,336	2,696,104
Restricted for:							
Capital projects	184,086	-	-	184,086	111,339	634	296,059
Debt service	64,931	14,542	-	79,473	9,180	1,770	90,423
Other purposes	3,060	30,166	4,246	37,472	7,302	-	44,774
Unrestricted	167,931	55,083	(4,246)	218,768	119,843	1,483	340,094
Total net position	1,509,677	84,229	-	1,593,906	1,867,325	6,223	3,467,454
Total liabilities, deferred inflows of resources, and net position	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended April 2022

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 66,875	\$ -	\$ -	\$ 66,875	\$ -	\$ -	\$ (718)	\$ 66,157
Electric - fuel and purchased power	42,661	2,177	(2,176)	42,662	-	-	(818)	41,844
Water and sewer	-	-	-	-	38,453	-	(27)	38,426
District energy system	-	-	-	-	-	683	(29)	654
Other operating revenues	1,375	-	-	1,375	1,839	-	(266)	2,948
Total operating revenues	110,911	2,177	(2,176)	110,912	40,292	683	(1,858)	150,029
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	17,142	658	-	17,800	14,981	367	(1,858)	31,290
Fuel	22,709	-	-	22,709	-	-	-	22,709
Purchased power	28,506	-	(2,176)	26,330	-	-	-	26,330
Depreciation	17,974	34	-	18,008	15,036	216	-	33,260
State utility and franchise taxes	4,646	-	-	4,646	895	-	-	5,541
Recognition of deferred costs and revenues, net	686	1,240	-	1,926	1,149	-	-	3,075
Total operating expenses	91,663	1,932	(2,176)	91,419	32,061	583	(1,858)	122,205
Operating income	19,248	245	-	19,493	8,231	100	-	27,824
Nonoperating revenues (expenses)								
Interest on debt	(4,717)	(694)	-	(5,411)	(3,256)	(103)	-	(8,770)
Earnings from The Energy Authority	1,322	-	-	1,322	-	-	-	1,322
Allowance for funds used during construction	272	-	-	272	811	12	-	1,095
Other nonoperating income, net	318	22	-	340	204	-	-	544
Investment income	224	15	-	239	201	-	-	440
Other interest, net	(709)	-	-	(709)	(257)	-	-	(966)
Total nonoperating expenses, net	(3,290)	(657)	-	(3,947)	(2,297)	(91)	-	(6,335)
Income before contributions	15,958	(412)	-	15,546	5,934	9	-	21,489
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,879)	-	-	(7,879)	(2,223)	-	-	(10,102)
Developers and other	427	-	-	427	9,487	-	-	9,914
Reduction of plant cost through contributions	(427)	-	-	(427)	(4,222)	-	-	(4,649)
Total contributions, net	(7,879)	-	-	(7,879)	3,042	-	-	(4,837)
Change in net position	8,079	(412)	-	7,667	8,976	9	-	16,652
Net position, beginning of period	1,558,028	56,256	-	1,614,284	1,911,167	6,162	-	3,531,613
Net position, end of period	\$ 1,566,107	\$ 55,844	\$ -	\$ 1,621,951	\$ 1,920,143	\$ 6,171	\$ -	\$ 3,548,265

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended April 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 60,723	\$ -	\$ -	\$ 60,723	\$ -	\$ -	\$ (760)	\$ 59,963
Electric - fuel and purchased power	31,199	2,223	(2,223)	31,199	-	-	(716)	30,483
Water and sewer	-	-	-	-	36,248	-	(18)	36,230
District energy system	-	-	-	-	-	587	(26)	561
Other operating revenues	3,083	17	-	3,100	1,247	-	(184)	4,163
Total operating revenues	95,005	2,240	(2,223)	95,022	37,495	587	(1,704)	131,400
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	18,148	1,502	-	19,650	14,415	317	(1,704)	32,678
Fuel	26,537	-	-	26,537	-	-	-	26,537
Purchased power	10,158	-	(2,223)	7,935	-	-	-	7,935
Depreciation	18,335	34	-	18,369	14,127	216	-	32,712
State utility and franchise taxes	4,182	-	-	4,182	908	-	-	5,090
Recognition of deferred costs and revenues, net	1,111	1,156	-	2,267	291	-	-	2,558
Total operating expenses	78,471	2,692	(2,223)	78,940	29,741	533	(1,704)	107,510
Operating income	16,534	(452)	-	16,082	7,754	54	-	23,890
Nonoperating revenues (expenses)								
Interest on debt	(5,079)	(815)	-	(5,894)	(3,584)	(106)	-	(9,584)
Earnings from The Energy Authority	403	-	-	403	-	-	-	403
Allowance for funds used during construction	249	-	-	249	487	-	-	736
Other nonoperating income, net	339	24	-	363	232	-	-	595
Investment income	298	9	-	307	210	1	-	518
Other interest, net	(9)	-	-	(9)	-	-	-	(9)
Total nonoperating expenses, net	(3,799)	(782)	-	(4,581)	(2,655)	(105)	-	(7,341)
Income before contributions	12,735	(1,234)	-	11,501	5,099	(51)	-	16,549
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,801)	-	-	(7,801)	(2,199)	-	-	(10,000)
Developers and other	272	-	-	272	9,346	-	-	9,618
Reduction of plant cost through contributions	(272)	-	-	(272)	(6,421)	-	-	(6,693)
Total contributions, net	(7,801)	-	-	(7,801)	726	-	-	(7,075)
Change in net position	4,934	(1,234)	-	3,700	5,825	(51)	-	9,474
Net position, beginning of period	1,412,136	86,689	-	1,498,825	1,816,828	6,249	-	3,321,902
Net position, end of period	\$ 1,417,070	\$ 85,455	\$ -	\$ 1,502,525	\$ 1,822,653	\$ 6,198	\$ -	\$ 3,331,376

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the seven months ended April 2022

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 462,089	\$ -	\$ -	\$ 462,089	\$ -	\$ -	\$ (4,984)	\$ 457,105
Electric - fuel and purchased power	299,432	42,970	(42,970)	299,432	-	-	(5,286)	294,146
Water and sewer	-	-	-	-	274,503	-	(130)	274,373
District energy system	-	-	-	-	-	4,527	(183)	4,344
Other operating revenues	112,754	228	-	112,982	11,744	1	(1,414)	123,313
Total operating revenues	874,275	43,198	(42,970)	874,503	286,247	4,528	(11,997)	1,153,281
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	132,394	30,330	-	162,724	108,251	2,395	(11,997)	261,373
Fuel	218,107	-	-	218,107	-	-	-	218,107
Purchased power	170,313	-	(42,970)	127,343	-	-	-	127,343
Depreciation	234,572	239	-	234,811	101,311	1,538	-	337,660
State utility and franchise taxes	35,337	-	-	35,337	6,355	-	-	41,692
Recognition of deferred costs and revenues, net	(47,693)	35,241	-	(12,452)	5,957	-	-	(6,495)
Total operating expenses	743,030	65,810	(42,970)	765,870	221,874	3,933	(11,997)	979,680
Operating income	131,245	(22,612)	-	108,633	64,373	595	-	173,601
Nonoperating revenues (expenses)								
Interest on debt	(36,334)	(5,951)	-	(42,285)	(23,178)	(718)	-	(66,181)
Earnings from The Energy Authority	17,051	-	-	17,051	-	-	-	17,051
Allowance for funds used during construction	1,590	-	-	1,590	4,878	70	-	6,538
Other nonoperating income, net	2,272	151	-	2,423	1,425	-	-	3,848
Investment income	(3,537)	27	-	(3,510)	(1,385)	1	-	(4,894)
Other interest, net	(705)	-	-	(705)	(246)	-	-	(951)
Total nonoperating expenses, net	(19,663)	(5,773)	-	(25,436)	(18,506)	(647)	-	(44,589)
Income before contributions	111,582	(28,385)	-	83,197	45,867	(52)	-	129,012
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(55,152)	-	-	(55,152)	(15,556)	-	-	(70,708)
Developers and other	2,684	-	-	2,684	54,925	-	-	57,609
Reduction of plant cost through contributions	(2,684)	-	-	(2,684)	(32,418)	-	-	(35,102)
Total contributions, net	(55,152)	-	-	(55,152)	6,951	-	-	(48,201)
Change in net position	56,430	(28,385)	-	28,045	52,818	(52)	-	80,811
Net position, beginning of year	1,509,677	84,229	-	1,593,906	1,867,325	6,223	-	3,467,454
Net position, end of period	\$ 1,566,107	\$ 55,844	\$ -	\$ 1,621,951	\$ 1,920,143	\$ 6,171	\$ -	\$ 3,548,265

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the seven months ended April 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 463,082	\$ -	\$ -	\$ 463,082	\$ -	\$ -	\$ (4,785)	\$ 458,297
Electric - fuel and purchased power	210,093	15,779	(15,779)	210,093	-	-	(4,345)	205,748
Water and sewer	-	-	-	-	253,448	-	(174)	253,274
District energy system	-	-	-	-	-	4,246	(177)	4,069
Other operating revenues	15,380	105	-	15,485	7,831	-	(1,292)	22,024
Total operating revenues	688,555	15,884	(15,779)	688,660	261,279	4,246	(10,773)	943,412
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	126,642	3,027	-	129,669	91,696	2,300	(10,773)	212,892
Fuel	187,506	-	-	187,506	-	-	-	187,506
Purchased power	67,590	-	(15,779)	51,811	-	-	-	51,811
Depreciation	126,114	239	-	126,353	100,652	1,492	-	228,497
State utility and franchise taxes	33,080	-	-	33,080	6,139	-	-	39,219
Recognition of deferred costs and revenues, net	4,332	8,095	-	12,427	2,685	-	-	15,112
Total operating expenses	545,264	11,361	(15,779)	540,846	201,172	3,792	(10,773)	735,037
Operating income	143,291	4,523	-	147,814	60,107	454	-	208,375
Nonoperating revenues (expenses)								
Interest on debt	(39,830)	(5,706)	-	(45,536)	(25,740)	(741)	-	(72,017)
Earnings from The Energy Authority	8,767	-	-	8,767	-	-	-	8,767
Allowance for funds used during construction	1,581	-	-	1,581	2,978	5	-	4,564
Other nonoperating income, net	2,360	170	-	2,530	1,470	-	-	4,000
Investment income	812	89	-	901	608	2	-	1,511
Other interest, net	(5)	-	-	(5)	21	-	-	16
Total nonoperating expenses, net	(26,315)	(5,447)	-	(31,762)	(20,663)	(734)	-	(53,159)
Income before contributions	116,976	(924)	-	116,052	39,444	(280)	-	155,216
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(54,606)	-	-	(54,606)	(15,401)	-	-	(70,007)
Developers and other	938	-	-	938	47,906	-	-	48,844
Reduction of plant cost through contributions	(938)	-	-	(938)	(25,729)	-	-	(26,667)
Total contributions, net	(54,606)	-	-	(54,606)	6,776	-	-	(47,830)
Change in net position	62,370	(924)	-	61,446	46,220	(280)	-	107,386
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of period	\$ 1,417,070	\$ 85,455	\$ -	\$ 1,502,525	\$ 1,822,653	\$ 6,198	\$ -	\$ 3,331,376

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Combining Statement of Cash Flows

(in thousands - unaudited) for the seven months ended April 2022

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 737,806	\$ 42,628	\$ (38,795)	\$ 741,639	\$ 292,814	\$ 4,652	\$ (10,583)	\$ 1,028,522
Payments to suppliers	(448,037)	(6,746)	38,795	(415,988)	(74,522)	(2,038)	11,997	(480,551)
Payments for salaries and benefits	(116,232)	-	-	(116,232)	(46,139)	(448)	-	(162,819)
Other operating activities	106,162	250	-	106,412	11,237	1	(1,414)	116,236
Net cash provided by operating activities	279,699	36,132	-	315,831	183,390	2,167	-	501,388
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(55,074)	-	-	(55,074)	(15,534)	-	-	(70,608)
Net cash used in noncapital and related financing activities	(55,074)	-	-	(55,074)	(15,534)	-	-	(70,608)
Capital and related financing activities								
Acquisition and construction of capital assets	(92,237)	-	-	(92,237)	(130,246)	(2,289)	-	(224,772)
Defeasance of debt	(47,630)	(27,255)	-	(74,885)	-	-	-	(74,885)
Interest paid on debt	(57,722)	(9,439)	-	(67,161)	(45,981)	(1,235)	-	(114,377)
Repayment of debt principal	(66,220)	(14,175)	-	(80,395)	(9,370)	(1,770)	-	(91,535)
Capital contributions	-	-	-	-	22,507	-	-	22,507
Revolving credit agreement withdrawals	-	-	-	-	-	1,000	-	1,000
Other capital financing activities	3,075	56	-	3,131	1,484	-	-	4,615
Net cash used in capital and related financing activities	(260,734)	(50,813)	-	(311,547)	(161,606)	(4,294)	-	(477,447)
Investing activities								
Proceeds from sale and maturity of investments	112,110	13,598	-	125,708	47,883	-	-	173,591
Purchase of investments	(239,034)	(1,109)	-	(240,143)	(72,347)	-	-	(312,490)
Distributions from The Energy Authority	8,806	-	-	8,806	-	-	-	8,806
Investment income	1,094	65	-	1,159	1,173	1	-	2,333
Net cash provided by (used in) investing activities	(117,024)	12,554	-	(104,470)	(23,291)	1	-	(127,760)
Net change in cash and cash equivalents	(153,133)	(2,127)	-	(155,260)	(17,041)	(2,126)	-	(174,427)
Cash and cash equivalents at beginning of year	386,774	133,953	-	520,727	188,136	4,250	-	713,113
Cash and cash equivalents at end of period	\$ 233,641	\$ 131,826	\$ -	\$ 365,467	\$ 171,095	\$ 2,124	\$ -	\$ 538,686
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 131,245	\$ (22,612)	\$ -	\$ 108,633	\$ 64,373	\$ 595	\$ -	\$ 173,601
Adjustments:								
Depreciation and amortization	234,572	239	-	234,811	101,586	1,538	-	337,935
Recognition of deferred costs and revenues, net	(47,693)	35,241	-	(12,452)	5,957	-	-	(6,495)
Other nonoperating income, net	(700)	-	-	(700)	(245)	-	-	(945)
Changes in noncash assets and noncash liabilities:								
Accounts receivable	22,357	(342)	-	22,015	(363)	125	-	21,777
Inventories	(19,930)	-	-	(19,930)	(3,047)	-	-	(22,977)
Other assets	(2,952)	84	-	(2,868)	(919)	(6)	-	(3,793)
Accounts and accrued expenses payable	8,092	27,140	-	35,232	16,577	(102)	-	51,707
Current liabilities payable from restricted assets	-	(3,618)	-	(3,618)	-	-	-	(3,618)
Other noncurrent liabilities and deferred inflows	(45,292)	-	-	(45,292)	(529)	17	-	(45,804)
Net cash provided by operating activities	\$ 279,699	\$ 36,132	\$ -	\$ 315,831	\$ 183,390	\$ 2,167	\$ -	\$ 501,388
Noncash activity								
Contribution of capital assets from developers	\$ 2,684	\$ -	\$ -	\$ 2,684	\$ 32,418	\$ -	\$ -	\$ 35,102
Unrealized investment fair market value changes, net	\$ (4,753)	\$ (42)	\$ -	\$ (4,795)	\$ (2,688)	\$ -	\$ -	\$ (7,483)

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Combining Statement of Cash Flows**(in thousands - unaudited) for the seven months ended April 2021**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 710,519	\$ 15,779	\$ (15,714)	\$ 710,584	\$ 262,781	\$ 3,899	\$ (9,481)	\$ 967,783
Payments to suppliers	(332,958)	(5,091)	15,714	(322,335)	(58,067)	(2,019)	10,773	(371,648)
Payments for salaries and benefits	(104,868)	-	-	(104,868)	(42,767)	(422)	-	(148,057)
Other operating activities	16,346	(47)	-	16,299	8,405	-	(1,292)	23,412
Net cash provided by operating activities	289,039	10,641	-	299,680	170,352	1,458	-	471,490
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(54,627)	-	-	(54,627)	(15,281)	-	-	(69,908)
Net cash used in noncapital and related financing activities	(54,627)	-	-	(54,627)	(15,281)	-	-	(69,908)
Capital and related financing activities								
Acquisition and construction of capital assets	(101,751)	-	-	(101,751)	(105,000)	(530)	-	(207,281)
Defeasance of debt	(104,390)	-	-	(104,390)	-	-	-	(104,390)
Interest paid on debt	(60,369)	(10,169)	-	(70,538)	(48,020)	(1,275)	-	(119,833)
Repayment of debt principal	(67,765)	(13,340)	-	(81,105)	(19,870)	(1,725)	-	(102,700)
Capital contributions	-	-	-	-	22,177	-	-	22,177
Other capital financing activities	2,595	305	-	2,900	2,618	-	-	5,518
Net cash used in capital and related financing activities	(331,680)	(23,204)	-	(354,884)	(148,095)	(3,530)	-	(506,509)
Investing activities								
Proceeds from sale and maturity of investments	122,492	14,473	-	136,965	8,777	-	-	145,742
Purchase of investments	(156,155)	(14,995)	-	(171,150)	(12,929)	-	-	(184,079)
Distributions from The Energy Authority	714	-	-	714	-	-	-	714
Investment income	2,492	96	-	2,588	1,366	2	-	3,956
Net cash provided by (used in) investing activities	(30,457)	(426)	-	(30,883)	(2,786)	2	-	(33,667)
Net change in cash and cash equivalents	(127,725)	(12,989)	-	(140,714)	4,190	(2,070)	-	(138,594)
Cash and cash equivalents at beginning of year	355,876	141,132	-	497,008	138,268	5,856	-	641,132
Cash and cash equivalents at end of period	\$ 228,151	\$ 128,143	\$ -	\$ 356,294	\$ 142,458	\$ 3,786	\$ -	\$ 502,538
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 143,291	\$ 4,523	\$ -	\$ 147,814	\$ 60,107	\$ 454	\$ -	\$ 208,375
Adjustments:								
Depreciation and amortization	126,114	239	-	126,353	101,306	1,492	-	229,151
Recognition of deferred costs and revenues, net	4,332	8,095	-	12,427	2,685	-	-	15,112
Other nonoperating income (loss), net	(19)	-	-	(19)	48	-	-	29
Changes in noncash assets and noncash liabilities:								
Accounts receivable	46,614	-	-	46,614	2,954	(347)	-	49,221
Inventories	5,772	-	-	5,772	2,051	-	-	7,823
Other assets	(777)	1,935	-	1,158	233	(15)	-	1,376
Accounts and accrued expenses payable	(23,468)	(2,244)	-	(25,712)	(5,722)	(127)	-	(31,561)
Current liabilities payable from restricted assets	-	(1,907)	-	(1,907)	-	-	-	(1,907)
Other noncurrent liabilities and deferred inflows	(12,820)	-	-	(12,820)	6,690	1	-	(6,129)
Net cash provided by operating activities	\$ 289,039	\$ 10,641	\$ -	\$ 299,680	\$ 170,352	\$ 1,458	\$ -	\$ 471,490
Noncash activity								
Contribution of capital assets from developers	\$ 938	\$ -	\$ -	\$ 938	\$ 25,729	\$ -	\$ -	\$ 26,667
Unrealized investment fair market value changes, net	\$ (1,462)	\$ (12)	\$ -	\$ (1,474)	\$ (881)	\$ -	\$ -	\$ (2,355)

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Debt Service Coverage**April 2022****(unaudited)**

	Month April		Year-to-Date April	
	2022	2021	2022	2021
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	9.90 x	9.67 x	10.71 x	10.71 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	5.46 x	4.26 x	5.84 x	4.69 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	0.95 x	1.24 x	11.99 x	1.29 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (annual minimum 1.15x)	1.13 x	1.13 x	3.10 x	1.16 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	7.84 x	6.47 x	7.39 x	6.85 x
Senior and subordinated debt service coverage excluding capacity fees ⁽¹⁾	5.58 x	5.02 x	5.67 x	5.28 x
Senior and subordinated debt service coverage including capacity fees ⁽¹⁾	6.78 x	5.66 x	6.41 x	5.99 x
District Energy System				
Debt service coverage	1.26 x	1.07 x	1.21 x	1.10 x

⁽¹⁾ Annual minimum coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

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Electric System

Operating Statistics

April 2022 and 2021 (unaudited)

	Month			Year-to-Date		
	2022	2021	Variance	2022	2021	Variance
Electric revenues sales (000s omitted):						
Residential	\$ 48,261	\$ 41,999	14.91%	\$ 361,183	\$ 340,119	6.19%
Commercial	33,314	27,569	20.84%	226,103	203,327	11.20%
Industrial	18,553	14,838	25.04%	120,939	105,702	14.42%
Public street lighting	1,234	1,159	6.47%	8,465	8,005	5.75%
Electric revenues - territorial	101,362	85,565	18.46%	716,690	657,153	9.06%
Sales for resale - off system	76	429	-82.28%	490	1,832	-73.25%
Electric revenues	101,438	85,994	17.96%	717,180	658,985	8.83%
Regulatory	8,056	5,928	35.90%	44,341	15,767	181.23%
Allowance for doubtful accounts	42	-		-	(1,577)	-100.00%
Net electric revenues	109,536	91,922	19.16%	761,521	673,175	13.12%
MWh sales						
Residential	377,610	362,222	4.25%	2,876,740	2,958,765	-2.77%
Commercial	303,588	280,037	8.41%	2,099,116	2,066,647	1.57%
Industrial	223,458	214,028	4.41%	1,478,254	1,454,259	1.65%
Public street lighting	4,585	4,525	1.33%	32,111	32,467	-1.10%
Total MWh sales - territorial	909,241	860,812	5.63%	6,486,221	6,512,138	-0.40%
Sales for resale - off system	1,348	11,889	-88.66%	7,671	15,876	-51.68%
Total MWh sales	910,589	872,701	4.34%	6,493,892	6,528,014	-0.52%
Average number of accounts						
Residential	445,319	436,839	1.94%	442,764	434,363	1.93%
Commercial	54,938	54,202	1.36%	54,747	54,001	1.38%
Industrial	199	197	1.02%	198	196	1.02%
Public street lighting	3,992	3,988	0.10%	3,984	3,969	0.38%
Total average accounts	504,448	495,226	1.86%	501,693	492,529	1.86%
Residential averages						
Revenue per account - \$	108.37	96.14	12.72%	815.75	783.03	4.18%
kWh per account	848	829	2.26%	6,497	6,812	-4.62%
Revenue per kWh - ¢	12.78	11.59	10.23%	12.56	11.50	9.22%
Degree days						
Heating degree days	32	69	(37)	1,066	1,199	(133)
Cooling degree days	135	97	38	578	695	(117)
Total degree days	167	166	1	1,644	1,894	(250)
Degree days - 30 year average	179			1,767		

JEA
Water and Sewer System
Operating Statistics
April 2022 and 2021 (unaudited)

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	Month								
	Water			Sewer			Reuse		
	2022	2021	Variance	2022	2021	Variance	2022	2021	Variance
Revenues (000s omitted):									
Residential	\$ 8,075	\$ 8,058	0.21%	\$ 12,705	\$ 12,396	2.49%	\$ 1,418	\$ 1,334	6.30%
Commercial and industrial	3,943	3,720	5.99%	9,459	8,283	14.20%	556	475	17.05%
Irrigation	2,582	3,030	-14.79%	N/A	N/A	N/A	15	31	-51.61%
Gross revenues	14,600	14,808	-1.40%	22,164	20,679	7.18%	1,989	1,840	8.10%
Rate stabilization	(1,460)	(427)	241.92%	1,065	(597)	-278.39%	95	(53)	-279.25%
Allowance for doubtful accounts	-	(1)	-100.00%	-	(1)	-100.00%	-	-	-
Net revenues	\$ 13,140	\$ 14,380	-8.62%	\$ 23,229	\$ 20,081	15.68%	\$ 2,084	\$ 1,787	16.62%
Kgal sales (000s omitted)									
Residential	1,610,815	1,602,999	0.49%	1,389,606	1,357,413	2.37%	238,306	228,163	4.45%
Commercial and industrial	1,200,292	1,086,404	10.48%	1,051,095	892,705	17.74%	117,820	99,863	17.98%
Irrigation	431,174	542,597	-20.54%	N/A	N/A	N/A	40,862	107,355	-61.94%
Total kgal sales	3,242,281	3,232,000	0.32%	2,440,701	2,250,118	8.47%	396,988	435,381	-8.82%
Average number of accounts:									
Residential	318,725	309,011	3.14%	284,819	275,398	3.42%	21,881	19,055	14.83%
Commercial and industrial	26,972	26,534	1.65%	19,172	18,838	1.77%	816	737	10.72%
Irrigation	38,236	37,889	0.92%	N/A	N/A	N/A	43	41	4.88%
Total average accounts	383,933	373,434	2.81%	303,991	294,236	3.32%	22,740	19,833	14.66%
Residential averages:									
Revenue per account - \$	25.34	26.08	-2.84%	44.61	45.01	-0.89%	64.81	70.01	-7.43%
Kgals per account	5.05	5.19	-2.70%	4.88	4.93	-1.01%	10.89	11.97	-9.02%
Revenue per kgals - \$	5.01	5.03	-0.40%	9.14	9.13	0.11%	5.95	5.85	1.71%
Year-to-Date									
	Water			Sewer			Reuse		
	2022	2021	Variance	2022	2021	Variance	2022	2021	Variance
Revenues (000s omitted):									
Residential	\$ 58,780	\$ 56,346	4.32%	\$ 89,164	\$ 86,253	3.37%	\$ 9,127	\$ 7,758	17.65%
Commercial and industrial	28,359	27,175	4.36%	66,587	63,626	4.65%	3,629	2,783	30.40%
Irrigation	18,004	16,447	9.47%	N/A	N/A	N/A	151	178	-15.17%
Gross revenues	105,143	99,968	5.18%	155,751	149,879	3.92%	12,907	10,719	20.41%
Rate stabilization	264	(2,500)	-110.56%	384	(3,710)	-110.35%	54	(269)	-120.07%
Allowance for doubtful accounts	-	(243)	-100.00%	-	(370)	-100.00%	-	(26)	-100.00%
Net revenues	\$ 105,407	\$ 97,225	8.42%	\$ 156,135	\$ 145,799	7.09%	\$ 12,961	\$ 10,424	24.34%
Kgal sales (000s omitted)									
Residential	10,514,659	10,163,241	3.46%	9,263,544	8,896,169	4.13%	1,417,638	1,163,661	21.83%
Commercial and industrial	8,118,912	7,696,947	5.48%	7,218,684	6,809,720	6.01%	760,331	572,744	32.75%
Irrigation	2,847,426	2,483,820	14.64%	N/A	N/A	N/A	475,676	620,848	-23.38%
Total kgal sales	21,480,997	20,344,008	5.59%	16,482,228	15,705,889	4.94%	2,653,645	2,357,253	12.57%
Average number of accounts:									
Residential	316,165	306,549	3.14%	282,308	273,008	3.41%	21,112	18,359	15.00%
Commercial and industrial	26,837	26,413	1.61%	19,082	18,775	1.64%	797	716	11.31%
Irrigation	38,174	37,801	0.99%	N/A	N/A	N/A	43	40	7.50%
Total average accounts	381,176	370,763	2.81%	301,390	291,783	3.29%	21,952	19,115	14.84%
Residential averages:									
Revenue per account - \$	185.92	183.81	1.15%	315.84	315.94	-0.03%	432.31	422.57	2.30%
Kgals per account	33.26	33.15	0.33%	32.81	32.59	0.68%	67.15	63.38	5.95%
Revenue per kgals - \$	5.59	5.54	0.90%	9.63	9.70	-0.72%	6.44	6.67	-3.45%
Rain statistics									
	Month				Year-to-Date				
	2022	2021	Variance	30 Year Avg	2022	2021	Variance	30 Year Avg	
Rainfall	5.22	5.49	(0.27)	2.93	27.39	24.75	2.64	21.17	
Rain Days	6	8	(2)	6	49	68	(19)	52	

Appendix

JEA
Schedule of Cash and Investments
(in thousands - unaudited) April 2022

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	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 55,543	\$ 34,666	\$ 90,209	\$ 33,617	\$ 1,385	\$ 125,211
Rate stabilization:						
Environmental	19,670	-	19,670	29,375	-	49,045
Purchased Power	7,280	-	7,280	-	-	7,280
DSM/Conservation	8,038	-	8,038	-	-	8,038
Total rate stabilization funds	34,988	-	34,988	29,375	-	64,363
Customer deposits	45,500	-	45,500	16,948	-	62,448
General reserve	-	20,495	20,495	-	-	20,495
Self insurance reserve funds:						
Self funded health plan	13,743	-	13,743	-	-	13,743
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	23,743	-	23,743	-	-	23,743
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 176,342	\$ 55,161	\$ 231,503	\$ 79,940	\$ 1,385	\$ 312,828
Restricted assets						
Renewal and replacement funds	\$ 264,476	\$ 34,164	\$ 298,640	\$ 130,724	\$ (421)	\$ 428,943
Debt service reserve account	53,352	8,085	61,437	56,606	-	118,043
Debt service funds	31,422	9,675	41,097	9,555	1,160	51,812
Construction funds	286	-	286	5,170	-	5,456
Environmental funds	17	-	17	1,215	-	1,232
Subtotal	349,553	51,924	401,477	203,270	739	605,486
Unrealized holding gain (loss) on investments	(1,776)	36	(1,740)	1,496	-	(244)
Other funds	-	25,990	25,990	-	-	25,990
Total restricted cash and investments	\$ 347,777	\$ 77,950	\$ 425,727	\$ 204,766	\$ 739	\$ 631,232
Total cash and investments	\$ 524,119	\$ 133,111	\$ 657,230	\$ 284,706	\$ 2,124	\$ 944,060

JEA
Schedule of Cash and Investments
(in thousands) September 2021

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 56,985	\$ 34,229	\$ 91,214	\$ 28,547	\$ 1,219	\$ 120,980
Rate stabilization:						
Fuel	41,767	-	41,767	-	-	41,767
Environmental	19,756	-	19,756	30,077	-	49,833
Purchased Power	10,513	-	10,513	-	-	10,513
DSM/Conservation	7,233	-	7,233	-	-	7,233
Total rate stabilization funds	79,269	-	79,269	30,077	-	109,346
Customer deposits	45,179	-	45,179	17,044	-	62,223
General reserve	-	21,246	21,246	-	-	21,246
Self insurance reserve funds:						
Self funded health plan	14,272	-	14,272	-	-	14,272
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	24,272	-	24,272	-	-	24,272
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 222,273	\$ 55,475	\$ 277,748	\$ 75,668	\$ 1,219	\$ 354,635
Restricted assets						
Renewal and replacement funds	\$ 183,800	\$ 32,776	\$ 216,576	\$ 97,066	\$ 634	\$ 314,276
Debt service reserve account	55,844	10,087	65,931	55,665	-	121,596
Debt service funds	89,817	19,489	109,306	30,006	2,397	141,709
Construction funds	286	-	286	14,266	-	14,552
Environmental funds	83	-	83	3,118	-	3,201
Subtotal	329,830	62,352	392,182	200,121	3,031	595,334
Unrealized holding gain (loss) on investments	2,977	72	3,049	4,184	-	7,233
Other funds	-	29,871	29,871	-	-	29,871
Total restricted cash and investments	\$ 332,807	\$ 92,295	\$ 425,102	\$ 204,305	\$ 3,031	\$ 632,438
Total cash and investments	\$ 555,080	\$ 147,770	\$ 702,850	\$ 279,973	\$ 4,250	\$ 987,073

JEA
INVESTMENT PORTFOLIO REPORT
APRIL 2022
(unaudited)

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INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL
Treasuries	\$ 29,782,031	0.73%	3.14%
Agencies			
Federal Farm Credit Bank	24,938,536	1.08%	2.63%
Federal Home Loan Bank	122,186,824	1.01%	12.90%
Total	147,125,360	1.02%	15.53%
Municipal Bonds	116,570,184	2.97%	12.31%
Commercial Paper	125,129,877	0.60%	13.21%
U.S. Treasury Money Market Funds (1)	158,047,078	0.27%	16.69%
Agency Money Market Funds (2)	133,575,000	0.28%	14.10%
PALM Money Market Fund	30,500,000	0.46%	3.22%
Florida Prime Fund	127,421,000	0.45%	13.45%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	39,598,793	0.41%	4.18%
SJRPP	13,179,015	0.41%	1.39%
Water & Sewer, DES	26,270,720	0.41%	2.77%
Total Portfolio	\$ 947,199,058	0.81%	100.00%

Weighted Avg. Annual Yield Excluding Bank & Money Market Funds: 1.32%

Weighted Avg. Annual Yield Including Bank & Money Market Funds: 0.77%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Treasury Funds: Fidelity, Goldman Sachs, State Street

(2) Government Funds: State Street, Wells Fargo Allspring

(3) Month-end bank balances

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Schedule of Outstanding Indebtedness**April 2022****(unaudited)**

	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric Enterprise				
<i>Electric System</i>				
Fixed Rate Senior	3.000 - 6.056%	2022-2044	440,625,000	17,195,000
Fixed Rate Subordinated	3.375 - 6.406%	2022-2039	434,550,000	15,850,000
Variable Rate Senior	0.491 - 0.920%	2022-2040	439,835,000	8,925,000
Variable Rate Subordinated	0.292 - 0.519%	2022-2038	54,225,000	2,740,000
Total Electric System	<u>2.835% (wtd avg)</u>	<u>2022-2044</u>	<u>1,369,235,000</u>	<u>44,710,000</u>
<i>Bulk Power Supply System</i>				
Fixed Rate Senior	2.750 - 5.920%	2022-2038	27,175,000	2,410,000
<i>St. Johns River Power Park</i>				
Fixed Rate Senior	2.500 - 5.450%	2022-2039	210,335,000	15,285,000
Total Electric Enterprise	<u>2.999% (wtd avg)</u>	<u>2022-2044</u>	<u>1,606,745,000</u>	<u>62,405,000</u>
Water and Sewer System				
Fixed Rate Senior	3.000 - 6.310%	2022-2044	867,510,000	2,220,000
Fixed Rate Subordinated	2.750 - 5.000%	2023-2040	88,845,000	-
Variable Rate Senior ⁽¹⁾	0.484 - 8.480%	2022-2042	142,165,000	5,055,000
Variable Rate Subordinated	0.284 - 0.478%	2022-2038	98,385,000	2,575,000
Total Water and Sewer System	<u>3.173% (wtd avg)</u>	<u>2022-2044</u>	<u>1,196,905,000</u>	<u>9,850,000</u>
District Energy System				
Fixed Rate Senior	3.000 - 4.538%	2022-2034	29,640,000	1,815,000
Other Obligations	1.602%	2024	1,000,000	-
Total District Energy System	<u>4.221% (wtd avg)</u>	<u>2022-2034</u>	<u>30,640,000</u>	<u>1,815,000</u>
Total JEA	<u>3.086% (wtd avg)</u>	<u>2022-2044</u>	<u>2,834,290,000</u>	<u>74,070,000</u>

JEA**Debt Ratio****(unaudited)**

	Current YTD
Electric Enterprise	56.6%
Water and Sewer System	38.7%

⁽¹⁾ Includes a variable rate CPI bond with a current variable rate of 8.480%, which is synthetically fixed at 4.090% with a CPI interest rate swap.

JEA
Interest Rate Swap Position Report
April 2022
(unaudited)

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JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
<i>Electric System</i>									
1	Goldman Sachs	9/18/2003	9/16/2033	\$ 84,800,000	3.717	0.310	3.408	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	4.351	0.470	3.880	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	78,300,000	3.661	0.310	3.352	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	3.716	0.310	3.407	n/a	68% 1 mth Libor
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	3.907	0.470	3.437	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	3.836	0.470	3.366	n/a	SIFMA
Total				<u>399,510,000</u>					
<i>Water/Sewer System</i>									
7	Morgan Stanley	10/31/2006	10/1/2022	5,055,000	4.090	8.480	(4.390)	n/a	CPI
9	Merrill Lynch	3/8/2007	10/1/2041	85,290,000	3.895	0.470	3.425	n/a	SIFMA
Total				<u>90,345,000</u>					
Grand Total				<u>\$ 489,855,000</u>	Wtd Avg Spread		<u>3.400</u>		

Note: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

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Electric System
Production Statistics
April 2022 and 2021 (unaudited)

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	Month			Year-to-Date		
	2022	2021	Variance	2022	2021	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ -	\$ -		\$ 1,593,558	\$ 2,057,813	-22.56%
Barrels #6 oil consumed	-	-		15,028	18,971	-20.78%
\$/ per barrel consumed	\$ -	\$ -		\$ 106.04	\$ 108.47	-2.24%
kWh oil generated (1)	-	-		7,289,009	9,576,198	-23.88%
Cost per MWh - oil	\$ -	\$ -		\$ 218.62	\$ 214.89	1.74%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 12,372,271	\$ 6,810,336	81.67%	\$ 50,966,186	\$ 33,140,430	53.79%
MMBTU's consumed	2,081,510	2,540,235	-18.06%	9,129,839	12,176,904	-25.02%
\$/ per MMBTU consumed	\$ 5.94	\$ 2.68	121.71%	\$ 5.58	\$ 2.72	105.12%
kWh - gas generated (1)	187,564,126	235,709,812	-20.43%	790,938,431	1,105,131,328	-28.43%
Cost per MWh - gas	\$ 65.96	\$ 28.89	128.30%	\$ 64.44	\$ 29.99	114.88%
<i>Biomass units #1-2</i>						
Biomass Expense - variable	\$ 125,641.00	\$ -		\$ 666,614.00	\$ -	
kWh - Biomass generated	4,586,301	-		7,628,743	-	
Cost per MWh - Biomass	\$ 27.39	\$ -		\$ 87.38	\$ -	
<i>Coal</i>						
Coal expense	\$ 1,769,292	\$ 1,719,709	2.88%	\$ 20,640,905	\$ 10,093,916	104.49%
kWh generated	21,448,913	62,637,780	-65.76%	277,687,441	390,948,006	-28.97%
Cost per MWh - coal	\$ 82.49	\$ 27.45	200.45%	\$ 74.33	\$ 25.82	187.89%
<i>Pet coke and limestone</i>						
Expense	\$ 3,371,455	\$ 3,702,276	-8.94%	\$ 28,849,600	\$ 21,956,076	31.40%
kWh generated	36,109,502	82,885,960	-56.43%	391,311,059	583,094,012	-32.89%
Cost per MWh - pet coke and limestone	\$ 93.37	\$ 44.67	109.03%	\$ 73.73	\$ 37.65	95.79%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 67,936	\$ 91,837	-26.03%	\$ 632,320	\$ 1,304,504	-51.53%
Barrels #2 oil consumed	285	381	-25.20%	4,083	10,697	-61.83%
\$/ per barrel consumed	\$ 238.37	\$ 241.04	-1.11%	\$ 154.87	\$ 121.95	26.99%
kWh - oil generated	60,232	108,396	-44.43%	885,356	4,425,724	-80.00%
Cost per MWh - oil	\$ 1,127.91	\$ 847.24	33.13%	\$ 714.20	\$ 294.75	142.30%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 727,053	\$ 150,157	384.20%	\$ 7,890,107	\$ 3,916,278	101.47%
MMBTU's consumed	122,417	55,510	120.53%	1,416,875	1,420,593	-0.26%
\$/ per MMBTU consumed	\$ 5.94	\$ 2.71	119.56%	\$ 5.57	\$ 2.76	102.00%
kWh - gas generated (1)	11,543,128	4,778,943	141.54%	123,125,408	125,826,658	-2.15%
Cost per MWh - gas	\$ 62.99	\$ 31.42	100.46%	\$ 64.08	\$ 31.12	105.89%
Gas expense BB simple - variable	\$ 2,092,301	\$ 422,758	394.92%	\$ 3,533,975	\$ 3,147,545	12.28%
MMBTU's consumed	\$ 446,223	170,867	161.15%	712,863	1,199,038	-40.55%
\$/ per MMBTU consumed	\$ 4.69	\$ 2.47	89.51%	\$ 4.96	\$ 2.63	88.85%
kWh - gas generated (1)	43,535,700	16,337,500	166.48%	67,114,293	113,014,548	-40.61%
Cost per MWh - gas simple	\$ 48.06	\$ 25.88	85.73%	\$ 52.66	\$ 27.85	89.06%
Gas expense BB combined - variable	\$ 7,026,859	\$ 3,192,789	120.09%	\$ 96,809,508	\$ 50,974,131	89.92%
MMBTU's consumed	1,312,733	1,179,393	11.31%	18,034,423	18,090,753	-0.31%
\$/ per MMBTU consumed	\$ 5.35	\$ 2.71	97.73%	\$ 5.37	\$ 2.82	90.51%
kWh - gas generated (1)	186,826,382	167,526,617	11.52%	2,643,431,526	2,687,949,312	-1.66%
Cost per MWh - gas combined	\$ 37.61	\$ 19.06	97.35%	\$ 36.62	\$ 18.96	93.12%
Gas expense GEC simple - variable	\$ 3,624,408	\$ 3,690,782	-1.80%	\$ 14,607,815	\$ 10,861,855	34.49%
MMBTU's consumed	575,259	1,218,683	-52.80%	2,370,846	3,187,020	-25.61%
\$/ per MMBTU consumed	\$ 6.30	\$ 3.03	108.04%	\$ 6.16	\$ 3.41	80.79%
kWh - gas generated	53,582,954	115,772,635	-53.72%	212,077,899	291,733,468	-27.30%
Cost per MWh - gas simple	\$ 67.64	\$ 31.88	112.18%	\$ 68.88	\$ 37.23	85.00%
Natural gas expense - fixed	\$ 2,394,024	\$ 2,979,588	-19.65%	\$ 22,224,732	\$ 22,527,872	-1.35%
Total generated power:						
Fuels expense	\$ 33,571,240	\$ 22,760,232	47.50%	\$ 248,415,320	\$ 159,980,420	55.28%
kWh generated	545,257,238	685,757,643	-20.49%	4,521,489,165	5,311,699,254	-14.88%
Cost per MWh	\$ 61.57	\$ 33.19	85.51%	\$ 54.94	\$ 30.12	82.42%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

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Electric System
Production Statistics (Continued)
April 2022 and 2021 (unaudited)

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	Month			Year-to-Date		
	2022	2021	Variance	2022	2021	Variance
Cost of fuels						
Natural gas	\$ 28,236,916	\$ 17,246,410	63.73%	\$ 196,032,323	\$ 124,568,111	57.37%
Petcoke	3,371,455	3,702,276	-8.94%	28,849,600	21,956,076	31.40%
Coal	1,769,292	1,719,709	2.88%	20,640,905	10,093,916	104.49%
Fuel oil #2	67,936	91,837	-26.03%	632,320	1,304,504	-51.53%
Fuel oil #6	-	-		1,593,558	2,057,813	-22.56%
Biomass	125,641	-		666,614	-	
Total	\$ 33,571,240	\$ 22,760,232	47.50%	\$ 248,415,320	\$ 159,980,420	55.28%
Purchased power:						
<i>TEA & other</i>						
Purchases	\$ 17,738,957	\$ 7,934,971	123.55%	\$ 98,335,532	\$ 51,810,525	89.80%
kWh purchased	255,162,351	128,820,905	98.08%	1,299,524,583	812,849,929	59.87%
Cost per MWh	\$ 69.52	\$ 61.60	12.86%	\$ 75.67	\$ 63.74	18.72%
<i>FPL</i>						
Purchases	\$ 8,591,265	\$ -		\$ 29,007,995	\$ -	
kWh purchased	138,475,000	-		554,830,000	-	
Cost per MWh	\$ 62.04			\$ 52.28		
<i>Plant Scherer</i>						
Purchases	\$ 968,357	\$ 4,938,285	-80.39%	\$ 18,049,992	\$ 29,893,345	-39.62%
kWh purchased	-	98,311,000	-100.00%	284,609,000	627,335,000	-54.63%
Cost per MWh	\$ 50.23			\$ 63.42	\$ 47.65	33.09%
<i>SJRPP</i>						
Purchases	\$ 2,176,397	\$ 2,223,064	-2.10%	\$ 42,969,605	\$ 15,779,284	172.32%
Total purchased power:						
Purchases	\$ 29,474,976	\$ 15,096,320	95.25%	\$ 188,363,124	\$ 97,483,154	93.23%
kWh purchased	393,637,351	227,131,905	73.31%	2,138,963,583	1,440,184,929	48.52%
Cost per MWh	\$ 74.88	\$ 66.46	12.66%	\$ 88.06	\$ 67.69	30.10%
Subtotal - generated and purchased power:	\$ 63,046,216	\$ 37,856,552	66.54%	\$ 436,778,444	\$ 257,463,574	69.65%
Fuel interchange sales	(75,998)	(429,590)	-82.31%	(408,449)	(684,220)	-40.30%
Earnings of The Energy Authority	(1,315,248)	(403,763)	225.75%	(16,951,649)	(8,767,380)	93.35%
Realized and Unrealized (Gains) Losses	(12,229,903)	(652,240)	1775.06%	(48,184,720)	(2,323,350)	1973.93%
Fuel procurement and handling	1,060,497	1,124,929	-5.73%	6,454,426	7,892,716	-18.22%
Byproduct reuse	306,910	316,147	-2.92%	2,388,625	4,671,259	-48.87%
Total generated and net purchased power:						
Cost, net	50,792,474	37,812,035	34.33%	380,076,677	258,252,599	47.17%
kWh generated and purchased	938,894,589	912,889,548	2.85%	6,660,452,748	6,751,884,183	-1.35%
Cost per MWh	\$ 54.10	\$ 41.42	30.61%	\$ 57.06	\$ 38.25	49.19%
Reconciliation:						
Generated and purchased power per above	\$ 50,792,474	\$ 54.10		\$ 380,076,677	\$ 57.06	
SJRPP operating expenses:						
SJRPP debt service	\$ (1,933,091)	(2.06)		(13,897,237)	(2.09)	
SJRPP R & R	\$ (243,306)	(0.26)		(29,072,368)	(4.36)	
Scherer operating expenses:						
Scherer power production	\$ (880,943)	(0.94)		(4,040,521)	(0.61)	
Scherer R & R	\$ 23,565	0.03		(2,558,296)	(0.38)	
Scherer transmission	\$ -	-		(1,640,810)	(0.25)	
Scherer taxes	\$ (110,980)	(0.12)		(776,881)	(0.12)	
MEAG	\$ (2,415,808)	(2.57)		(16,108,750)	(2.42)	
FPL capacity	\$ (1,400,000)	(1.49)		(5,600,000)	(0.84)	
Florida and other capacity	\$ (1,246,681)	(1.33)		(7,357,949)	(1.10)	
Rounding	\$ 2	0.00		1	0.00	
Energy expense per budget page	\$ 42,585,232	\$ 45.36		\$ 299,023,866	\$ 44.90	

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Electric System	Month				Prior Year Month	
	ANNUAL BUDGET		BUDGET		ACTUAL	
	2021-22		2021-22		2020-21	
Budget vs. Actual				Variance		Variance
April 2022 and 2021 (unaudited)				%		%
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 368,899,940	\$ 25,567,925	\$ 37,493,553	46.64%	\$ 27,713,028	35.29%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	281,848,943	18,935,459	22,708,744		23,549,069	
Other Purchased Power	93,782,639	7,798,106	19,876,488		7,220,409	
Subtotal Energy Expense	375,631,582	26,733,565	42,585,232	-59.29%	30,769,478	-38.40%
Transfer to (from) Rate Stabilization, Net	(7,284,992)	(1,203,992)	-		(3,056,450)	
Transfer to (from) Other Regulatory Funds, Net	-	-	(5,050,142)		-	
Fuel Related Uncollectibles	553,350	38,352	(41,537)		-	
Total	368,899,940	25,567,925	37,493,553	-46.64%	27,713,028	-35.29%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	785,192,000	54,420,530	58,666,748		53,135,975	
Conservation Charge Revenue	732,000	50,734	22,911		22,640	
Environmental Charge Revenue	7,442,000	515,794	551,892		528,123	
Investment Income	3,194,911	265,360	223,575		298,342	
Natural Gas Revenue Pass Through	823,420	68,618	81,656		72,330	
Other Revenues	123,615,440	1,967,953	2,089,946		2,089,426	
Total	920,999,771	57,288,989	61,636,728	7.59%	56,146,836	9.78%
Nonfuel Related Expenses						
Non-Fuel O&M	255,776,299	23,616,910	16,105,205		14,351,145	
DSM / Conservation O&M	7,227,800	646,923	672,889		505,977	
Environmental O&M	2,263,500	188,624	33,636		136,709	
Rate Stabilization - DSM	(395,800)	(32,983)	(612,967)		(38,945)	
Rate Stabilization - Environmental	(3,821,756)	(318,480)	21,173		(753,329)	
Natural Gas Expense Pass Through	918,473	80,556	106,383		83,845	
Debt Principal - Electric System	44,710,000	3,725,833	3,725,833		4,928,333	
Debt Interest - Electric System	65,106,948	5,425,579	5,062,754		5,241,848	
R&R - Electric System	66,329,200	5,527,433	5,527,433		5,211,688	
Operating Capital Outlay	115,291,939	53,000,000	53,000,000		11,000,000	
Operating Capital Outlay - Environmental	3,294,788	274,566	497,083		1,175,310	
City Contribution Expense	94,545,651	7,878,804	7,878,804		7,800,796	
Taxes & Uncollectibles	1,391,596	99,277	60,037		17,600	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	15,285,000	1,273,750	1,273,750		1,181,250	
* SJRPP D/S Interest	5,036,315	419,693	672,694		800,443	
** Other Non-Fuel Purchased Power	243,039,818	13,891,398	4,132,963		3,816,877	
Total Nonfuel Expenses	920,999,771	115,697,883	98,157,670	15.16%	55,459,547	-76.99%
Non-Fuel Balance	-	(58,408,894)	(36,520,942)		687,289	
Total Balance	-	(58,408,894)	(36,520,942)		687,289	
Total Revenues	1,289,899,711	82,856,914	99,130,281	19.64%	83,859,864	18.21%
Total Expenses	1,289,899,711	141,265,808	135,651,223	3.97%	83,172,575	-63.10%
KWH Sold - Territorial	12,200,000,000	845,564,000	909,241,740	7.53%	860,812,298	5.63%
KWH Sold - Off System	-	-	1,348,000		11,889,000	
	12,200,000,000	845,564,000	910,589,740	7.69%	872,701,298	4.34%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

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Electric System		Year-to-Date				Prior Year-to-Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance		ACTUAL	Variance
April 2022 and 2021 (unaudited)	2021-22	2021-22	2021-22	%		2020-21	%
Fuel Related Revenues & Expenses							
Fuel Rate Revenues	\$ 368,899,940	\$ 193,747,505	\$ 257,195,604	32.75%	\$	209,897,004	22.53%
Fuel Expense and Purchased Power:							
Fuel Expense - Electric System	281,848,943	151,370,327	209,073,651			170,221,045	
Other Purchased Power	93,782,639	50,577,823	89,950,215			39,187,807	
Subtotal Energy Expense	375,631,582	201,948,150	299,023,866	-48.07%		209,408,852	-42.79%
Transfer to (from) Rate Stabilization, Net	(7,284,992)	(8,491,264)	(41,766,988)			(43,867)	
Transfer to (from) Other Regulatory Funds, Net	-	-	(61,274)			-	
Fuel Related Uncollectibles	553,350	290,619	-			532,019	
Total	368,899,940	193,747,505	257,195,604	-32.75%		209,897,004	-22.53%
Fuel Balance	-	-	-			-	
Nonfuel Related Revenues							
Base Rate Revenues	785,192,000	412,385,512	420,085,154			411,134,563	
Conservation Charge Revenue	732,000	384,449	302,399			322,458	
Environmental Charge Revenue	7,442,000	3,908,564	3,979,646			3,996,576	
Investment Income	3,194,911	1,852,284	1,216,099			2,274,719	
Natural Gas Revenue Pass Through	823,420	480,326	688,227			465,164	
Other Revenues	123,615,440	113,775,671	114,795,064			121,959,481	
Total	920,999,771	532,786,806	541,066,589	1.55%		540,152,961	0.17%
Nonfuel Related Expenses							
Non-Fuel O&M	255,776,299	144,512,053	121,227,634			109,932,079	
DSM / Conservation O&M	7,227,800	4,231,091	2,740,322			2,647,094	
Environmental O&M	2,263,500	1,454,051	324,532			778,460	
Rate Stabilization - DSM	(395,800)	(230,881)	805,188			975,475	
Rate Stabilization - Environmental	(3,821,756)	(2,229,360)	(85,954)			(1,242,867)	
Natural Gas Expense Pass Through	918,473	537,117	811,531			582,335	
Debt Principal - Electric System	44,710,000	26,080,833	26,080,833			34,498,333	
Debt Interest - Electric System	65,106,948	37,979,053	36,456,022			38,910,995	
Early Debt Retirement	-	-	-			106,848,624	
R&R - Electric System	66,329,200	38,692,033	38,692,033			36,481,813	
Operating Capital Outlay	115,291,939	129,000,000	129,000,000			109,000,000	
Operating Capital Outlay - Environmental	3,294,788	1,921,962	3,741,068			4,780,551	
City Contribution Expense	94,545,651	55,151,629	55,151,629			54,605,574	
Taxes & Uncollectibles	1,391,596	742,590	258,007			1,174,181	
Emergency Reserve	5,000,000	-	-			-	
Nonfuel Purchased Power:							
* SJRPP D/S Principal	15,285,000	8,916,250	8,916,250			8,268,750	
* SJRPP D/S Interest	5,036,315	2,937,851	5,035,199			5,601,286	
** Other Non-Fuel Purchased Power	243,039,818	148,582,826	111,722,007			25,364,512	
Total Nonfuel Expenses	920,999,771	598,279,098	540,876,301	9.59%		539,207,195	-0.31%
Non-Fuel Balance	-	(65,492,292)	190,288			945,766	
Total Balance	-	(65,492,292)	190,288			945,766	
Total Revenues	1,289,899,711	726,534,311	798,262,193	9.87%		750,049,965	6.43%
Total Expenses	1,289,899,711	792,026,603	798,071,905	-0.76%		749,104,199	-6.54%
KWH Sold - Territorial	12,200,000,000	6,407,481,000	6,486,221,370	1.23%		6,512,137,816	-0.40%
KWH Sold - Off System	-	-	7,671,000			15,876,000	
	12,200,000,000	6,407,481,000	6,493,892,370	1.35%		6,528,013,816	-0.52%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

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Water and Sewer System		Month				Prior Year Month	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance	
April 2022 and 2021 (unaudited)	2021-22	2021-22	2021-22	%	2020-21	%	
REVENUES							
Water & Sewer Revenues	\$ 466,939,234	\$ 37,796,137	\$ 37,858,820		\$ 36,418,261		
Capacity & Extension Fees	47,000,000	3,917,214	5,264,570		2,825,821		
Capital Contributions	-	-	-		100,000		
Investment Income	2,075,631	172,969	200,068		209,456		
Other Income	25,494,531	2,124,544	3,217,138		1,250,871		
Total	541,509,396	44,010,864	46,540,596	5.75%	40,804,409	14.06%	
EXPENSES							
O & M Expenses	192,815,330	17,082,725	14,507,723		14,070,524		
Debt Principal - Water & Sewer	9,850,000	820,833	820,833		780,834		
Debt Interest - Water & Sewer	57,285,355	4,773,779	4,082,195		4,201,494		
Rate Stabilization - Environmental	-	-	273,566		1,077,359		
R&R - Water & Sewer	28,358,000	2,363,167	2,363,167		2,217,175		
Operating Capital Outlay	145,320,814	15,886,918	15,886,918		13,212,602		
Operating Capital Outlay - Capacity/Extension	47,000,000	3,916,667	5,264,570		2,825,821		
Operating Capital Outlay - Contributions	-	-	-		100,000		
Operating Capital Outlay - Environmental	6,790,147	900,150	1,175,578		290,731		
City Contribution Expense	26,666,722	2,222,227	2,222,227		2,200,225		
Uncollectibles & Fees	700,409	58,367	-		1,565		
Interlocal Agreements	25,722,619	-	-		-		
Emergency Reserve	1,000,000	-	-		-		
Total Expenses	541,509,396	48,024,833	46,596,777	2.97%	40,978,330	-13.71%	
Total Balance	\$ -	\$ (4,013,969)	\$ (56,181)		\$ (173,921)		
Sales kgals							
Water	39,000,000	3,171,252	3,242,281	2.24%	3,232,000	0.32%	
Sewer	34,000,000	2,669,087	2,837,689	6.32%	2,685,499	5.67%	
Total	73,000,000	5,840,338	6,079,970	4.10%	5,917,499	2.75%	
		Year-To-Date				Prior Year to Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance	
April 2022 and 2021 (unaudited)	2021-22	2021-22	2021-22	%	2020-21	%	
REVENUES							
Water & Sewer Revenues	\$ 466,939,234	\$ 263,563,821	\$ 267,446,167		\$ 254,427,080		
Capacity & Extension Fees	47,000,000	25,391,696	22,506,562		22,016,345		
Capital Contributions	-	-	-		161,057		
Investment Income	2,075,631	1,210,783	1,301,237		1,486,944		
Other Income	25,494,531	14,871,808	15,795,371		9,002,492		
Total	541,509,396	305,038,108	307,049,337	0.66%	287,093,918	6.95%	
EXPENSES							
O & M Expenses	192,815,330	110,542,961	99,248,722		89,156,231		
Debt Principal - Water & Sewer	9,850,000	5,745,831	5,745,831		5,465,836		
Debt Interest - Water & Sewer	57,285,355	33,416,453	28,964,293		30,060,830		
Rate Stabilization - Environmental	-	-	(837,867)		6,479,396		
R&R - Water & Sewer	28,358,000	16,542,167	16,542,167		15,520,225		
Operating Capital Outlay	145,320,814	107,511,160	107,511,160		96,888,211		
Operating Capital Outlay - Capacity/Extension	47,000,000	27,416,669	22,506,562		22,016,345		
Operating Capital Outlay - Contributions	-	-	-		161,057		
Operating Capital Outlay - Environmental	6,790,147	2,289,397	6,092,264		2,684,299		
City Contribution Expense	26,666,722	15,555,588	15,555,588		15,401,572		
Uncollectibles & Fees	700,409	408,569	87,842		639,444		
Interlocal Agreements	25,722,619	4,722,619	4,722,619		942,201		
Emergency Reserve	1,000,000	-	-		-		
Total Expenses	541,509,396	324,151,414	306,139,181	5.56%	285,415,647	-7.26%	
Total Balance	\$ -	\$ (19,113,306)	\$ 910,156		\$ 1,678,271		
Sales kgals							
Water	39,000,000	21,489,570	21,480,997	-0.04%	20,344,008	5.59%	
Sewer	34,000,000	18,766,574	19,135,873	1.97%	18,063,142	5.94%	
Total	73,000,000	40,256,145	40,616,870	0.90%	38,407,150	5.75%	

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District Energy System

Budget vs. Actual April 2022 and 2021 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2021-22	BUDGET 2021-22	ACTUAL 2021-22	Variance %	ACTUAL 2020-21	Variance %
REVENUES						
Revenues	\$ 8,839,543	\$ 648,775	\$ 682,762		\$ 587,445	
Investment Income	-	-	234		145	
Total	8,839,543	648,775	682,996	5.27%	587,590	16.24%
EXPENSES						
O & M Expenses	5,127,990	417,273	364,260		312,935	
Debt Principal - District Energy System	1,815,000	151,250	151,250		147,500	
Debt Interest - District Energy System	1,356,208	113,017	101,852		104,491	
R&R - District Energy System	402,200	33,517	33,517		36,079	
Operating Capital Outlay	138,145	-	-		-	
Total Expenses	8,839,543	715,057	650,879	8.98%	601,005	-8.30%
Total Balance	\$ -	\$ (66,282)	\$ 32,117		\$ (13,415)	

Budget vs. Actual April 2022 and 2021 (unaudited)	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2021-22	BUDGET 2021-22	ACTUAL 2021-22	Variance %	ACTUAL 2020-21	Variance %
REVENUES						
Revenues	\$ 8,839,543	\$ 4,705,848	\$ 4,527,939		\$ 4,246,208	
Investment Income	-	-	924		1,608	
Total	8,839,543	4,705,848	4,528,863	-3.76%	4,247,816	6.62%
EXPENSES						
O & M Expenses	5,127,990	3,030,050	2,386,954		2,307,706	
Debt Principal - District Energy System	1,815,000	1,058,750	1,058,750		1,032,500	
Debt Interest - District Energy System	1,356,208	791,119	708,709		731,437	
R&R - District Energy System	402,200	234,617	234,617		252,554	
Operating Capital Outlay	138,145	-	-		-	
Total Expenses	8,839,543	5,114,536	4,389,030	14.19%	4,324,197	-1.50%
Total Balance	\$ -	\$ (408,688)	\$ 139,833		\$ (76,381)	



FINANCE & OPERATIONS COMMITTEE

8th Floor, 21 West Church Street, Jacksonville, FL 32202

May 23, 2022 | 9:00 am – 11:00 am

WELCOME

Meeting Called to Order

Adoption of Agenda (Action)

General Joseph DiSalvo, Chair

Approval of Minutes – February 11, 2022 (Action)

Safety Briefing

Melissa Charleroy, Board Services Manager

COMMENTS / PRESENTATIONS

Comments from the Public

Public

FOR COMMITTEE CONSIDERATION

FY23 Budget (Action)

Electric System Cost-of-Service Study Update

Juli Crawford, Director, Financial
Planning & Analysis

District Energy System Cost-of-Service Results & Recommendations

Modifications to JEA Disclosure Policies and Procedures (Action)

Annual Disclosure Reports (Action)

Joe Orfano, Vice President, Financial Services

Increase in JEA Guaranty to The Energy Authority (Action)

Eminent Domain

Southside Integrated Piping System (Action)

Paul Mitchell, Vice President, Economic Development
Brandon Traub, Real Estate Coordinator

Circuit 663 (Action)

Proposed Cost Participation Policy (Action)

Robert Zammataro, Director, Water / Wastewater
Planning & Development

ADDITIONAL INFORMATION

Appendix A: Plant Capacity Fee Implementation

Appendix B: Compliance with JEA's Disclosure Policies and Procedures

Appendix C: Jacksonville Small and Emerging Business Update

Appendix D: Hurricane Preparedness

Appendix E: Electric System and Water & Sewer System Reserve Fund Report

Appendix F: JEA Energy Market Risk Management Policy Report

Appendix G: Annual Disclosure Reports

CLOSING CONSIDERATIONS

Announcements – Next Meeting September 9, 2022

General Joseph DiSalvo, Chair

Adjournment



Finance & Operations Committee

May 23, 2022

To submit a public comment to be read during the meeting, please email Melissa Charleroy at charmm2@jea.com. Public comments must be received no later than 9:10 am.

To provide public comment via WebEx, please refer to the Public Notice on jea.com for detailed instructions.

If you experience any technical difficulties during the meeting, contact Ontario Blackmon at (904) 665-4203 or JEA's WebEx Support Team at webexsupport@jea.com.



Safety Briefing

Melissa Charleroy
Board Services Manager



Safety Briefing



In the event of an emergency, JEA Security will call 911 and coordinate any required evacuation

Emergency Evacuation Route (use stairwell)

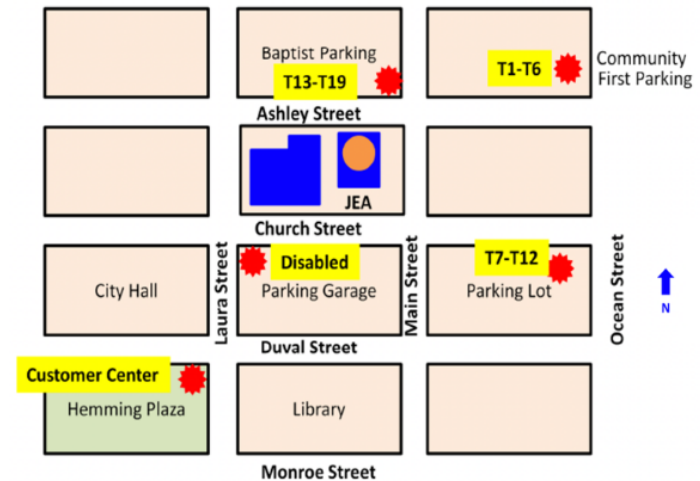
Assembly Location: Parking Lot (corner of Church & Ocean St.)

Safety or Medical Assistance: Notify JEA Security Officer

Hazard & Situational Awareness

Cell Phone & Computer Etiquette

EVACUATION ASSEMBLY CENTERS During normal business hours



Be Prepared for Emergencies



FY2023 Budget

Juli Crawford
*Director, Financial Planning &
Analysis*



IMPROVING LIVES. BUILDING COMMUNITY.

TO BE THE BEST UTILITY IN THE NATION

STRATEGIC FOCUS AREAS

Develop an UNBEATABLE TEAM

- Exceptional work culture
- Employee development
- Employee engagement
- Labor relations
- Long-term workforce planning
- Diversity, equity & inclusion
- 'Work from Wherever' approach

Deliver BUSINESS EXCELLENCE

- Reasonable rates
- Sound financial decisions
- Integrated Resource Plan
- Resilient/reliable infrastructure
- Technology, tools & data
- New business opportunities
- Real estate portfolio

Earn CUSTOMER LOYALTY

- Ease of doing business
- Environmental stewardship
- Economic development
- Community engagement
- Stakeholder relationships
- JEA brand management

Fiscal Year 2023 Budget Overview



Sound Financial Decisions

Continued focus on Non-Fuel Operating & Maintenance (O&M) spending to achieve strategic objectives

Continued focus on effective completion of capital projects with increases primarily driven by Greenland Reclamation Facility, Southwest Reclamation Facility Expansion, Water Purification Demonstration Facility, and Brandy Branch Generating Station Rotor Replacement, which make up approximately 22% of the capital budget

Fuel and purchased power forecast assumes continued higher fuel charge amounts in FY23 averaging in the mid \$50's/MWh and Vogtle Unit 3 online in the last quarter of FY23

The majority of FY23 Non-Fuel Purchased Power Budget is a \$124 million contribution to the rate stabilization fund to prepare for the significant increase in expenses once the Vogtle units come online

Reasonable Rates

Electric

1.5%
mid year

While load forecast is effectively flat, cost of service continues to increase

Water

0%

Load forecast indicates slight growth at 2% sales increase

District Energy - Chilled Water

**Rate
Restructure**

Long underfunded – making chilled water a viable asset to ensure long-term health of the system and upgrades for projected growth

FY2023 Budget proposal reflects JEA's commitment to be a good steward of customer dollars

Government Transfers via the JEA Bill



JEA plans to deliver over \$264M to the City of Jacksonville and over \$69M to the State of Florida

Total Paid to the City of Jacksonville

Total paid to COJ includes the city contribution, public service tax, and city franchise fees

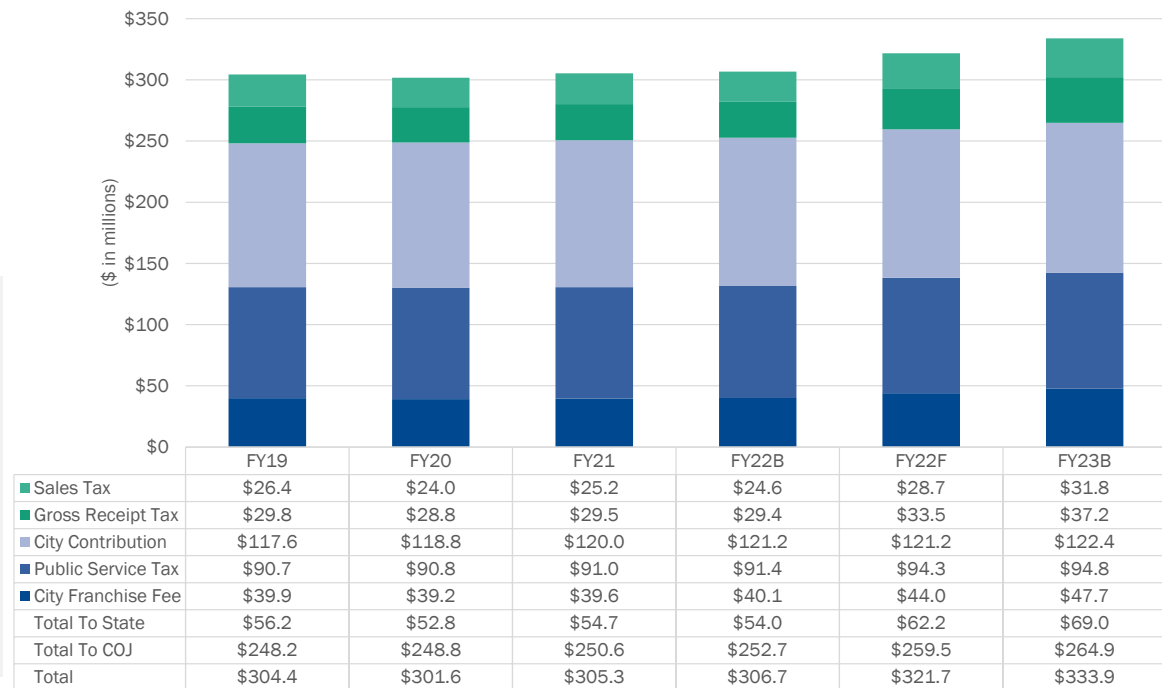
The City Contribution continues to increase based upon the agreement of the greater of 1% increase or millage basis

The City Contribution Agreement currently expires after FY2023

Total Paid to the State of Florida

Total paid to the State includes Gross Receipt Tax and Sales Tax

Sales tax includes county portion of 1% (through 2020) and 1.5% (2021 and on) of applicable sales is paid to COJ



Fiscal Year 2023 Labor Costs



Labor Costs

Base payroll expense for FY2023 increase of 4.6% vs FY2022 budget

Base payroll expense for FY2023 includes increase in headcount vs FY2022 budget, including 34 new FTEs for Technology Services and 55 for the Water System

Benefits include a \$1.5M increase in assumed incentive pay vs FY2022 budget

Payroll expense includes Bargaining Unit step increases per contractual agreements and estimated general increases for bargaining unit and appointed employees

Bargaining union contracts for FY2023 are currently being negotiated

Additional headcount reflects growing needs of the business, a result of workforce planning

(\$ in millions)	Budget FY2022	Budget FY2023	Budget FY2023 vs FY2022	Budget FY2023 vs FY2022 (%)
Total Headcount	2,183	2,294	111	5.1%

(\$ in millions)	Actual FY2021	Budget FY2022	Budget FY2023	Budget FY2023 vs FY2022 (\$)	Budget FY2023 vs FY2022 (%)
Payroll Expense ¹	\$205.9	\$225.9	\$236.4	\$10.5	4.6%
Benefits	\$39.2	43.9	46.1	\$2.2	4.9%
<i>Subtotal</i>	<i>\$245.1</i>	<i>\$269.8</i>	<i>\$282.5</i>	<i>\$12.7</i>	<i>4.7%</i>
Pension ²	44.4	47.9	49.5	\$1.6	3.4%
Total Labor Costs	\$289.5	\$317.7	\$332.0	\$14.3	4.5%

1) Payroll expense includes salary, wages, temporary and contract for the Electric, Water and DES systems. Does not include succession planning of \$3.4m in FY2021 through FY2023

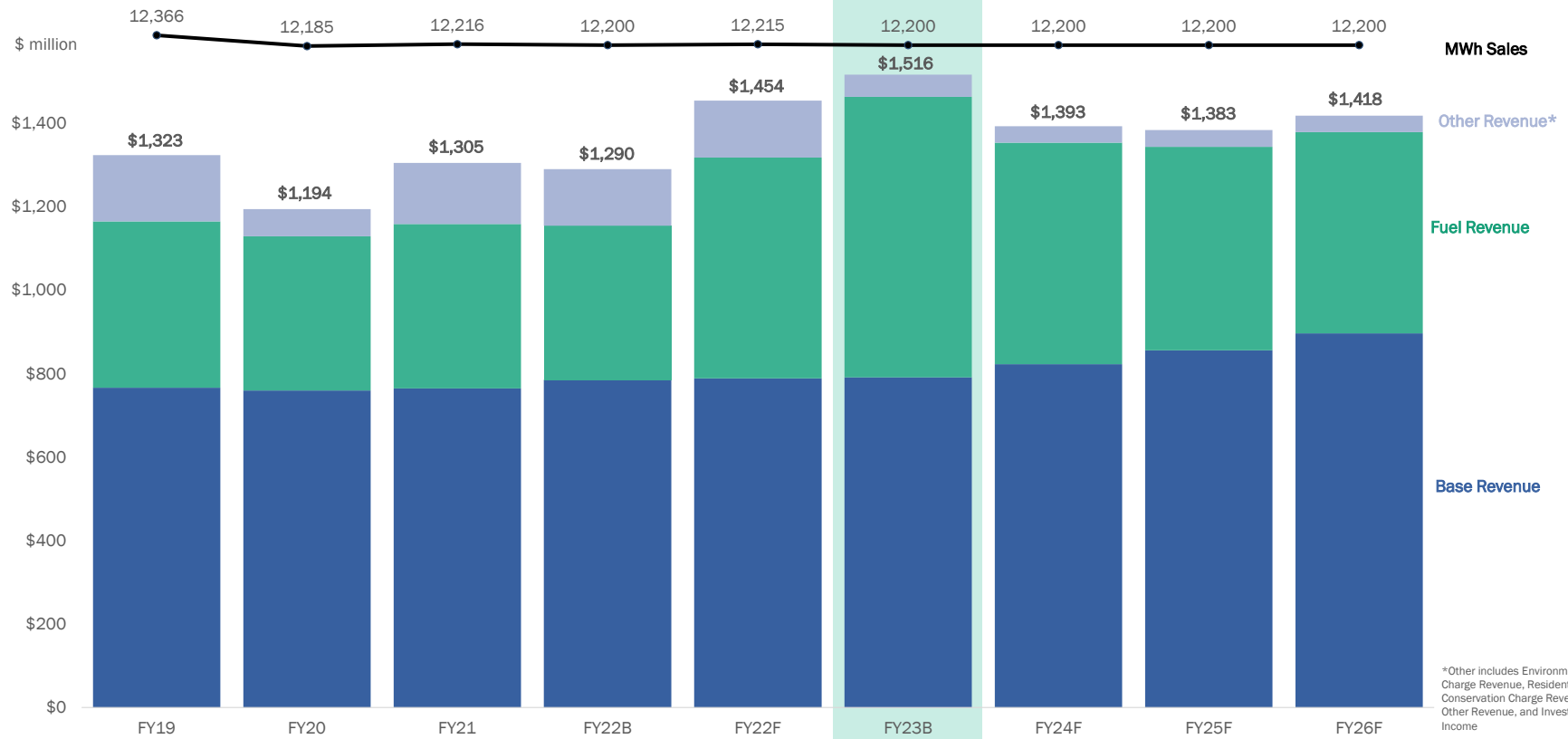
2) Pension includes employer portion of Defined Benefit and Defined Contribution Actuarial report for FY2023 pending as of April 2022



Electric System



Electric System Operating Revenue



FY23 assumes a base rate increase mid-year and higher fuel revenues due to expense forecast

Electric Base Rate Revenue



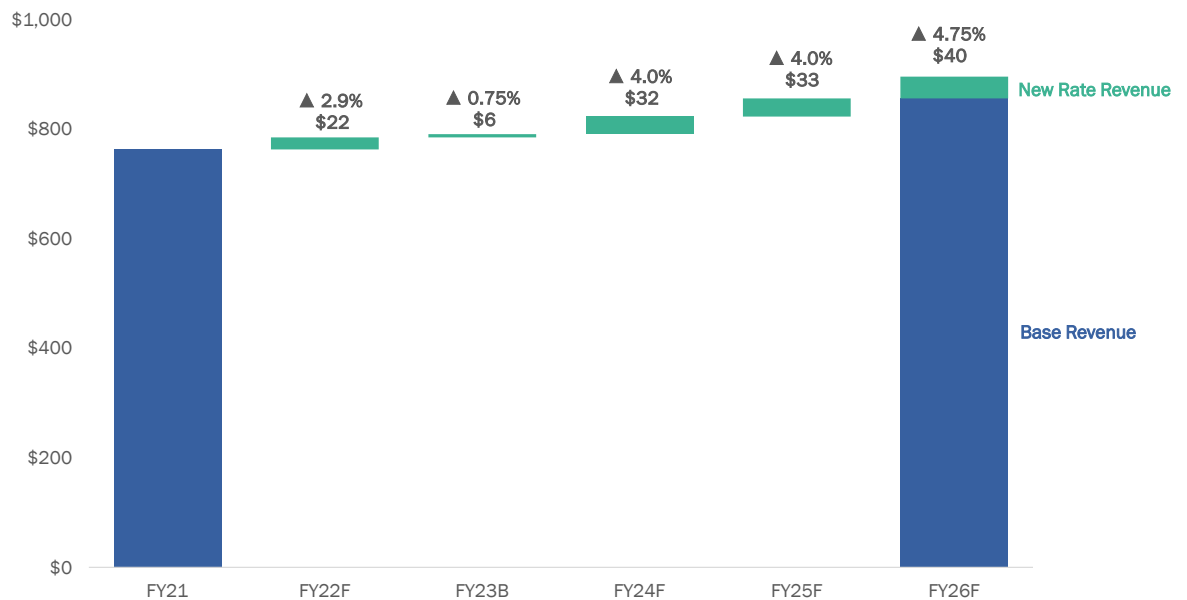
Base Revenue Rate increases are driven by:

Anticipated cost of MEAG PPA contract to further diversify JEA fuel with a carbon free source

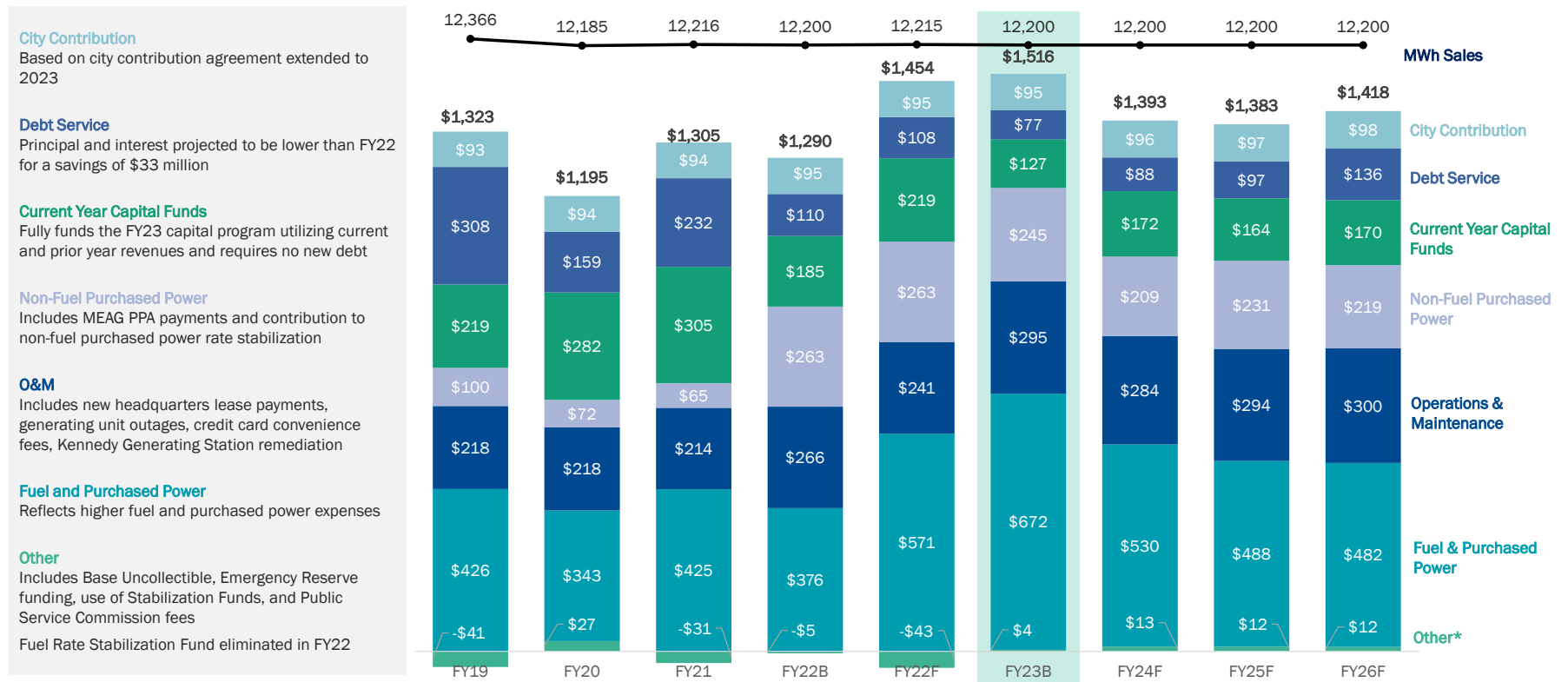
Increasing operating expense to support JEA strategic objectives

Strong Fixed Charge coverage and Liquidity metrics to maintain credit rating

New rate revenues ensure
JEA financial position for long term success

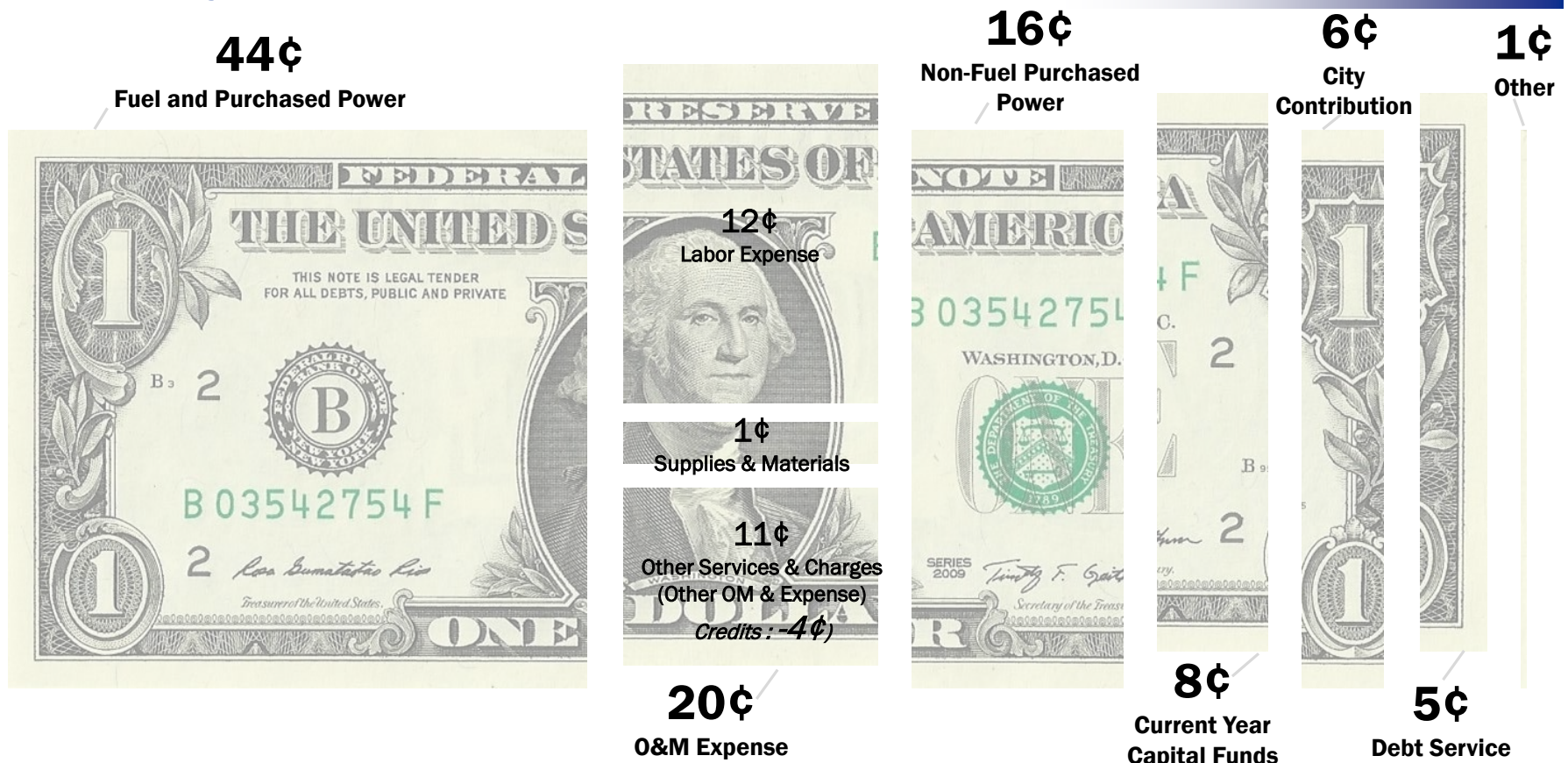


Electric System Operating Budget Components



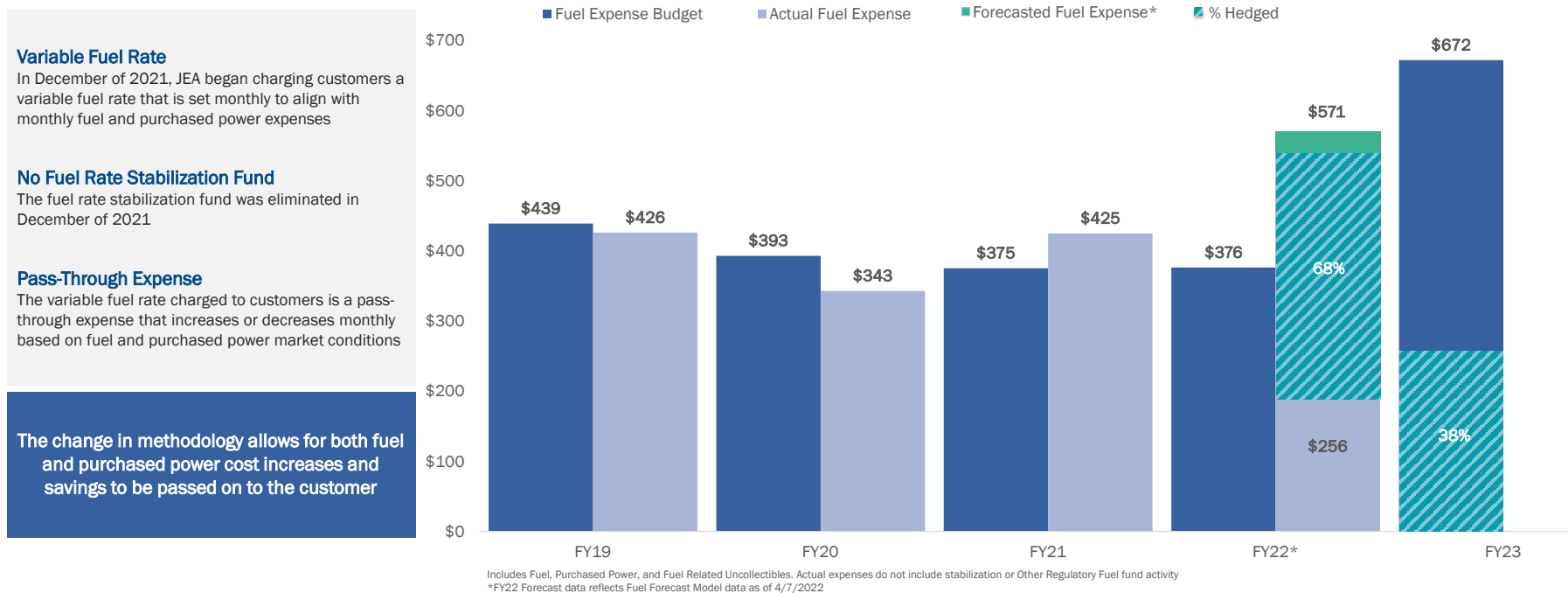
For Every Dollar on an Electric Bill

JEA



Fuel and Purchased Power makes up the majority of the Electric System Operating Budget

Fuel History

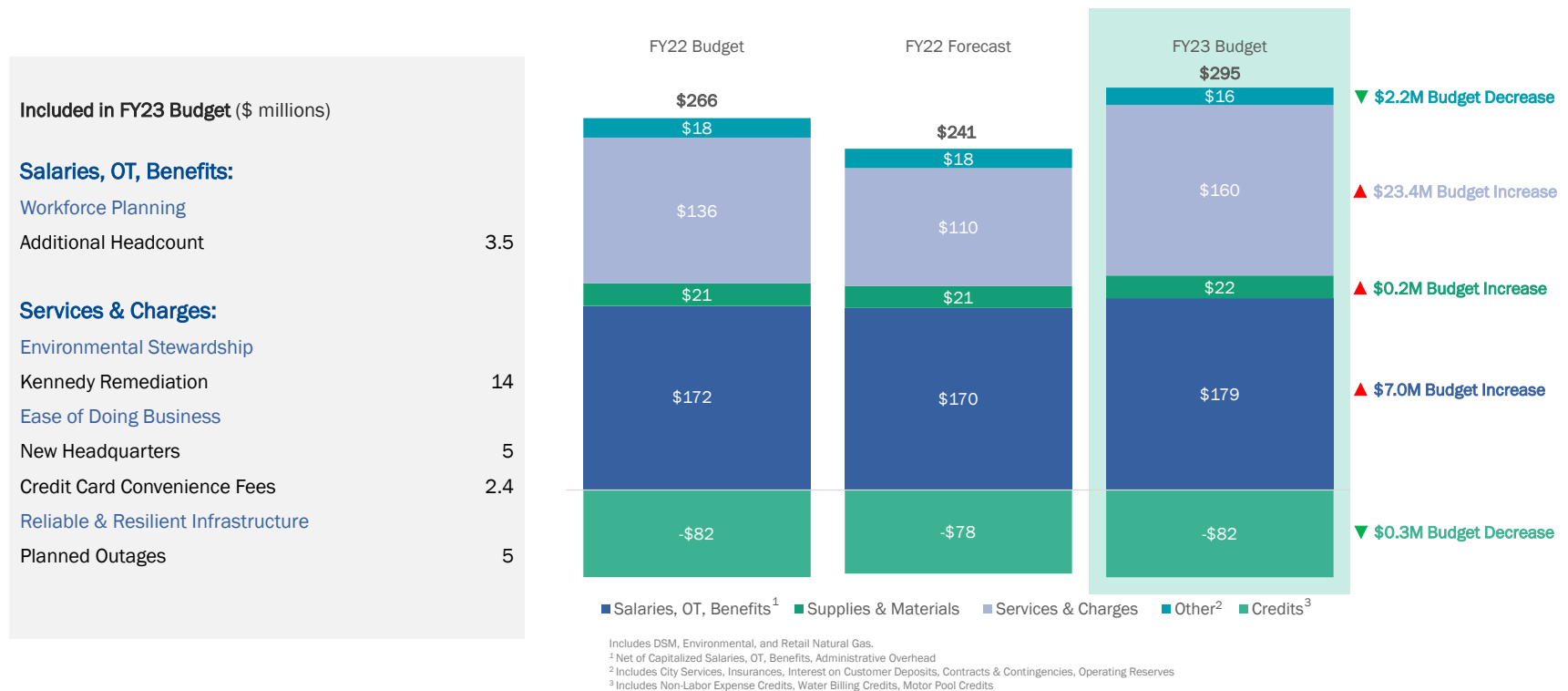


FY23 Fuel Expense Forecast significantly higher than previous four years

Electric System Operations & Maintenance (O&M) Budget



FY23 and FY22 Comparison (\$ million)



Total O&M Budget increase of \$28.7M (11%)

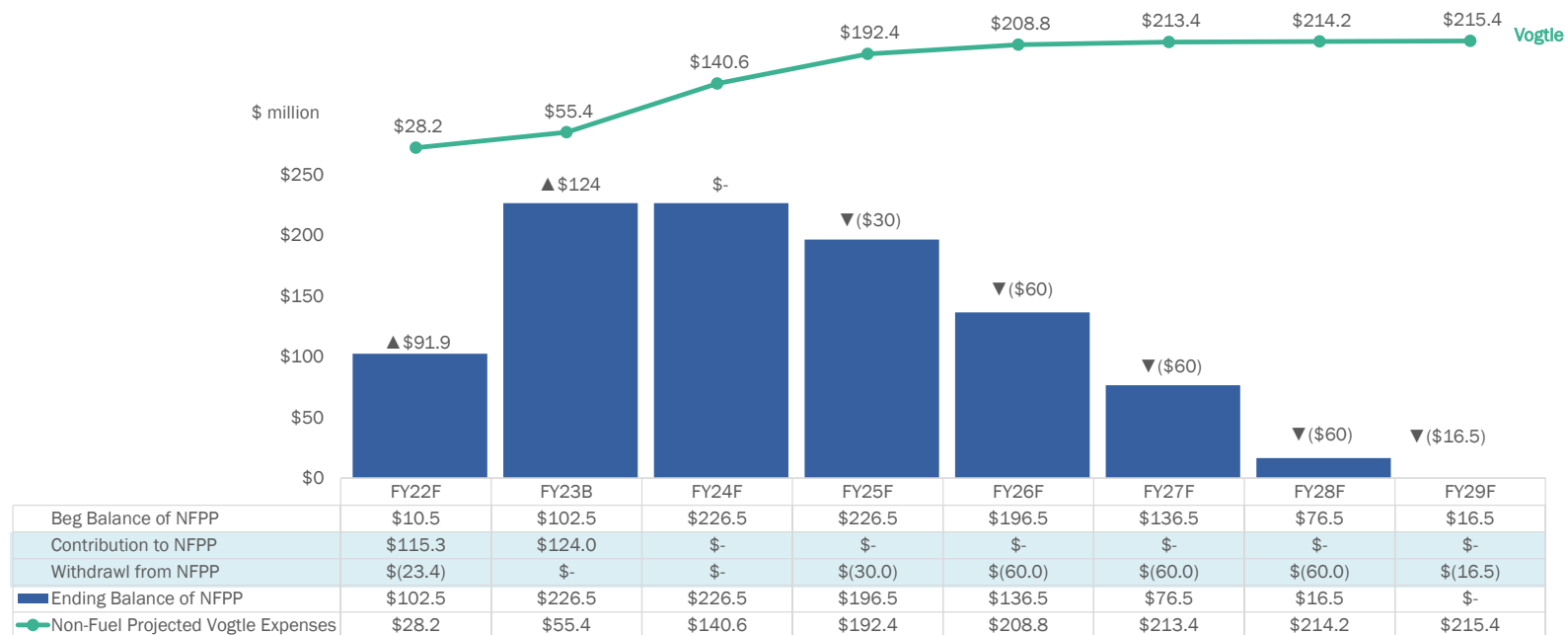
FY2023 Electric System Non-Fuel Purchased Power



	FY2022 Budget	FY2022 Forecast	FY2023 Budget
SJRPP (Shut down 1/5/18)	22,570,115	52,078,265	21,233,968
Scherer	88,653,996	64,425,968	10,261,838
Rate Stabilization	25,000,000	91,973,314	124,000,000
Vogtle Capacity	21,404,171	-	6,918,399
Vogtle Debt Service	80,522,851	28,247,656	48,508,731
FPL Capacity	17,010,000	12,600,000	16,800,000
Other Capacity	8,200,000	14,035,930	17,554,680
Total	\$263,361,133	\$263,361,133	\$245,277,616

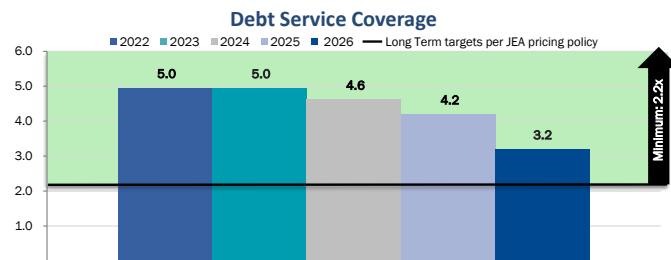
Contribution to Rate Stabilization makes up the majority of the Non-Fuel Purchased Power Budget

Non-Fuel Purchased Power (NFPP) Rate Stabilization Fund Activity

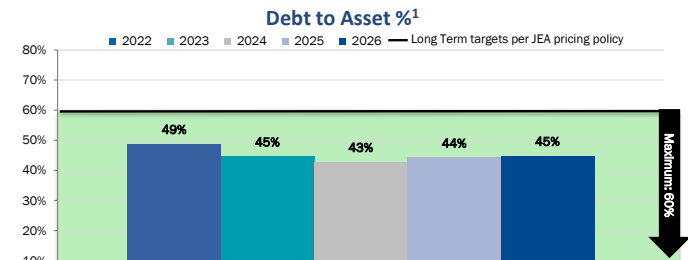


Withdrawals from the fund alleviate rate increase pressure starting in FY25

Electric System Financial Projections

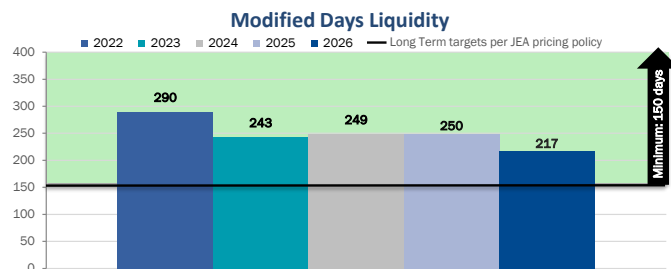


Strong Debt Service Coverage metrics are a result of prior accelerated debt repayments. Near-term opportunity to refinance debt for additional savings

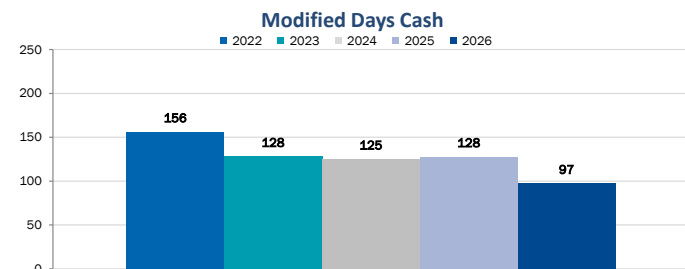


Debt to Asset % under internal policy targets

¹ Includes Electric System, Scherer and SJRPP



Liquidity metrics impacted by timing differences between modeled bridge financing from \$500M revolving credit facility and actual go-to-market execution of new bond issuances to fund portions of robust 5-year capital plan



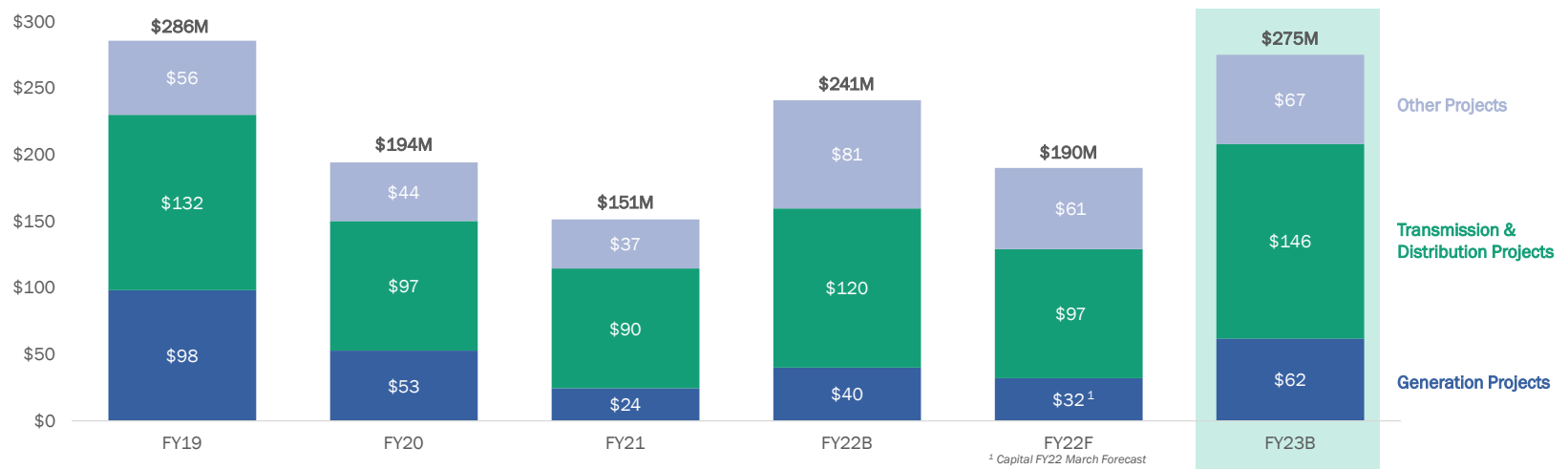
More efficient utilization of balance sheet cash funds results in projected lower cash on hand but still above minimum amounts prescribed in JEA pricing policy

Leveraging cash balances to smooth and lessen projected base rate increases

Debt to Asset ratio at mid 40% range in 2026 • \$1.315 billion capital plan FY22 – FY26

Electric System Capital Budget

Fiscal Year 2023 Budget: \$275M



Projected FY23 Capital Fund Ending Balance:
~\$67 Million

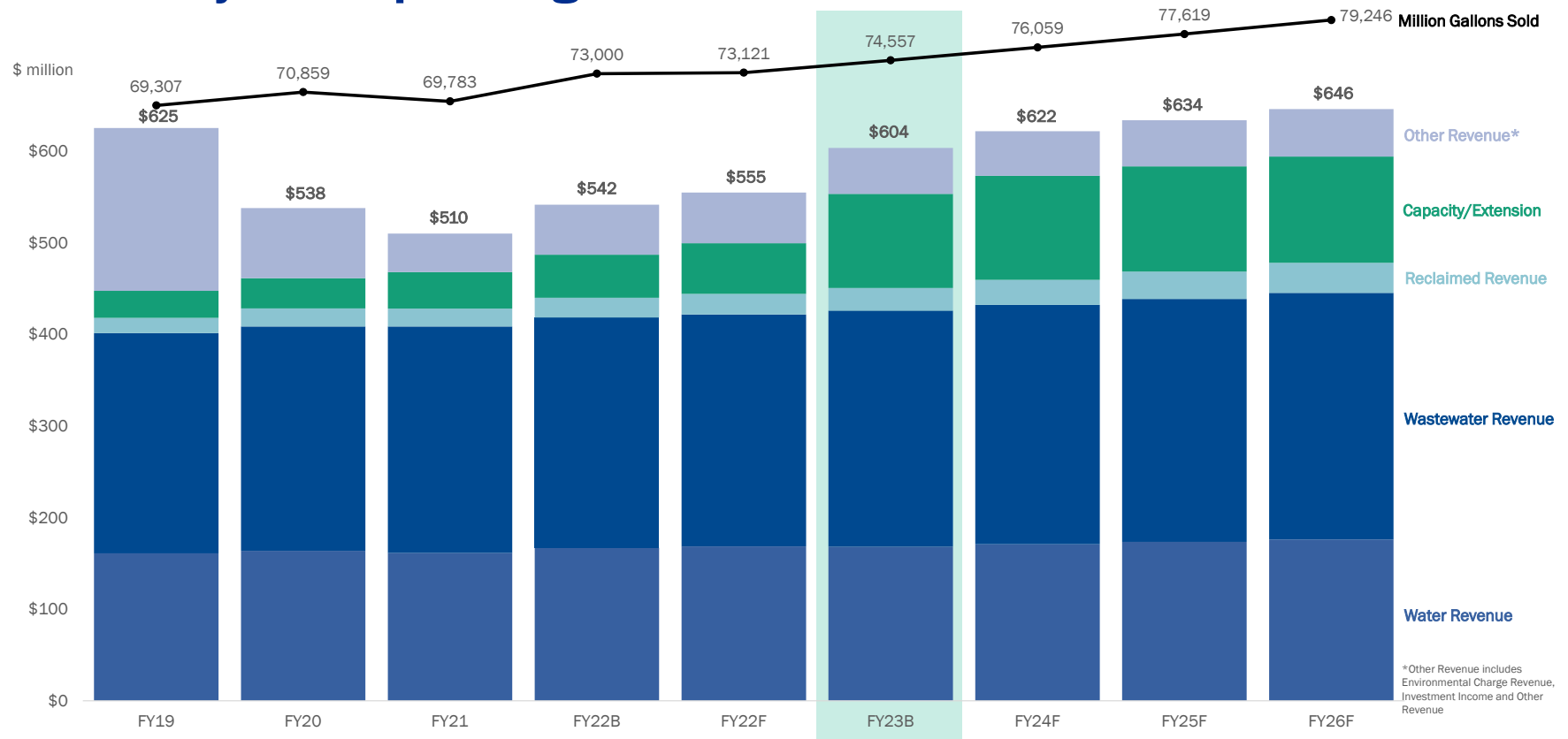
Brandy Branch Rotor Replacement \$10M • Mayo Substation \$8M • Brandy Branch Feedwater Heater Replacement \$9M



Water System

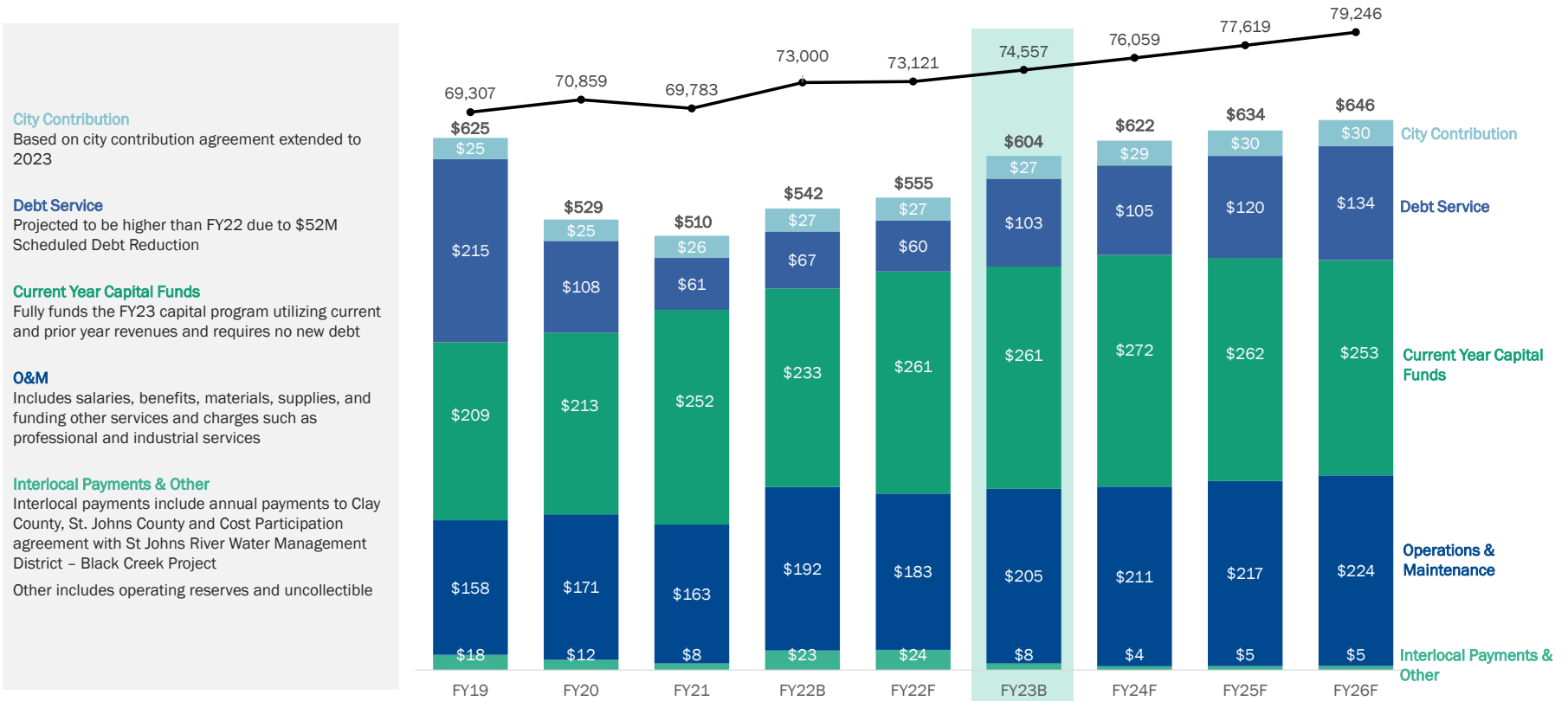


Water System Operating Revenue



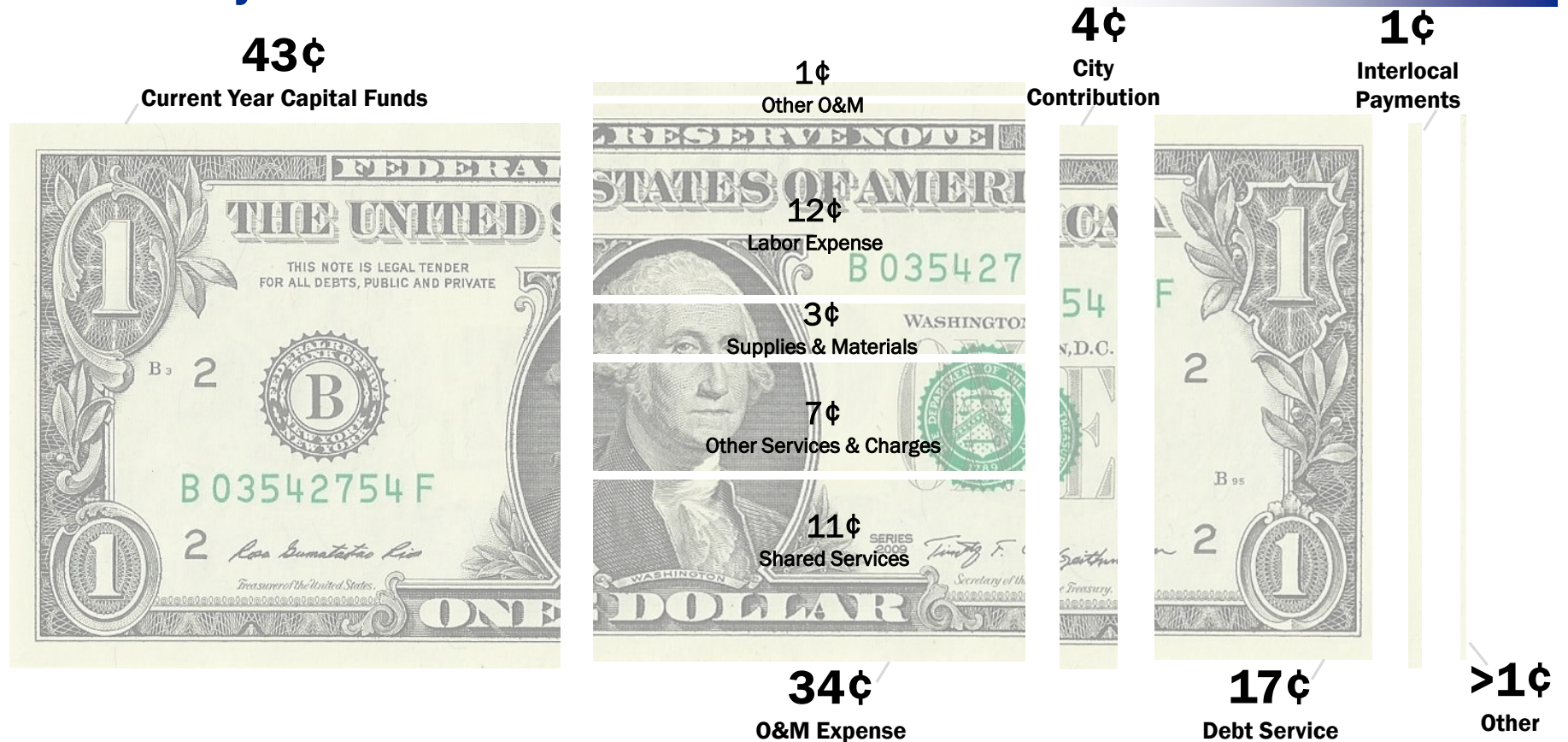
Forecasting steady growth through FY2026 with no recommended rate increases

Water System Operating Budget Components



For Every Dollar on a Water Bill

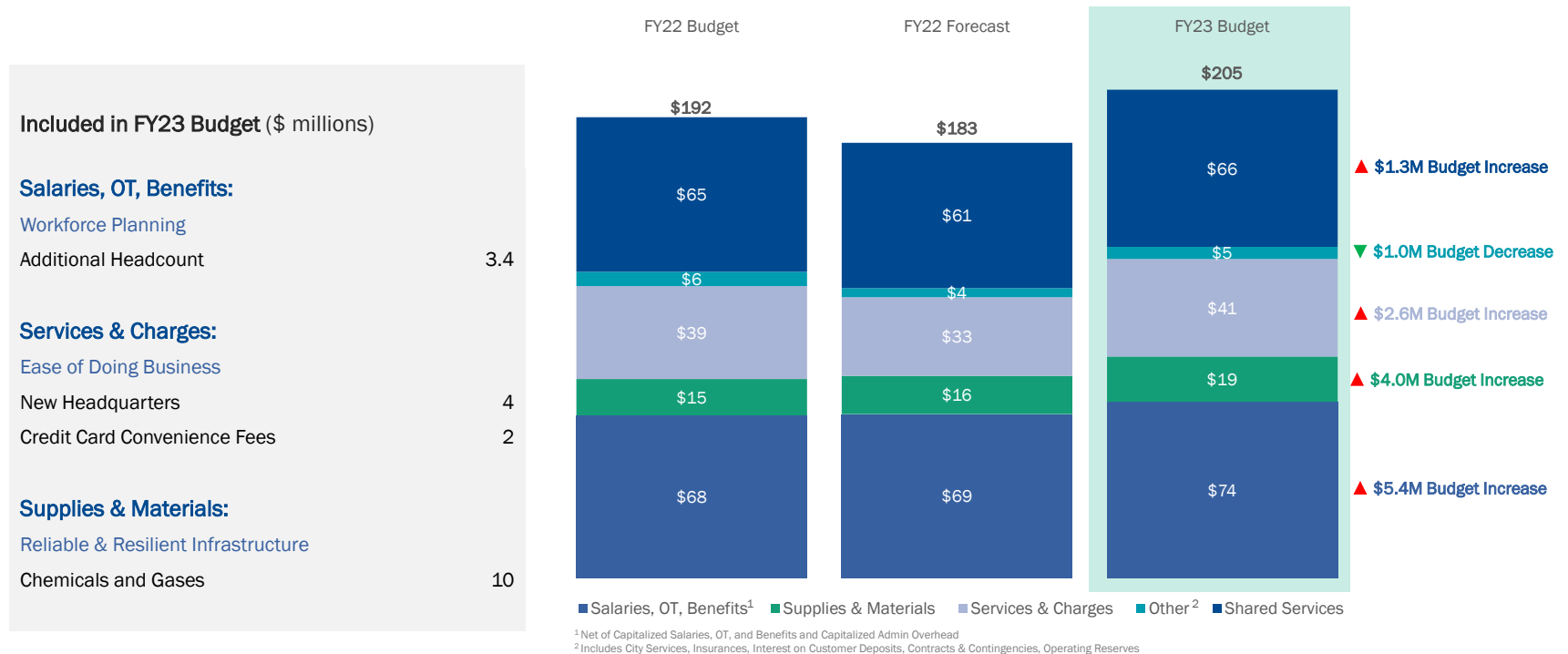
JEA



Current year capital funds make up the majority of the Water System Operating Budget

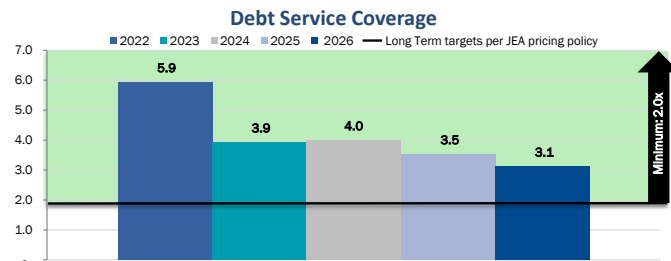
Water System Operating Budget

FY23 and FY22 Comparison (\$ million)

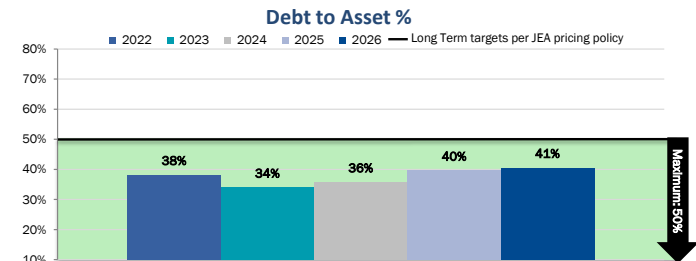


Total Operating Budget increase of \$12.4M (6.5%)

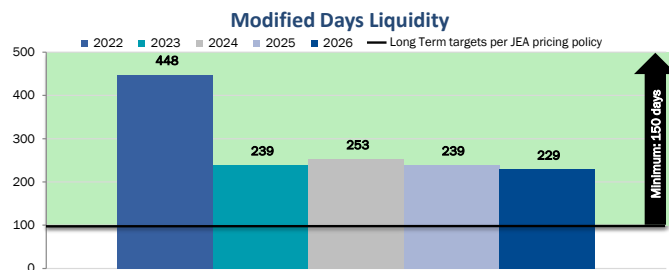
Water System Financial Projections



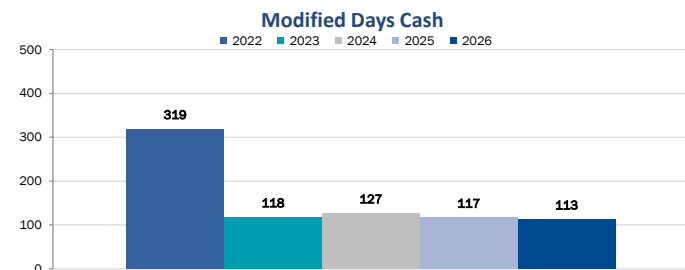
Strong Debt Service Coverage metrics are a result of prior accelerated debt repayments. Near-term opportunity to refinance debt for additional savings



Debt to Asset % under internal policy targets



Liquidity metrics impacted by revolver available balance allocation.
Modified days liquidity above pricing policy target

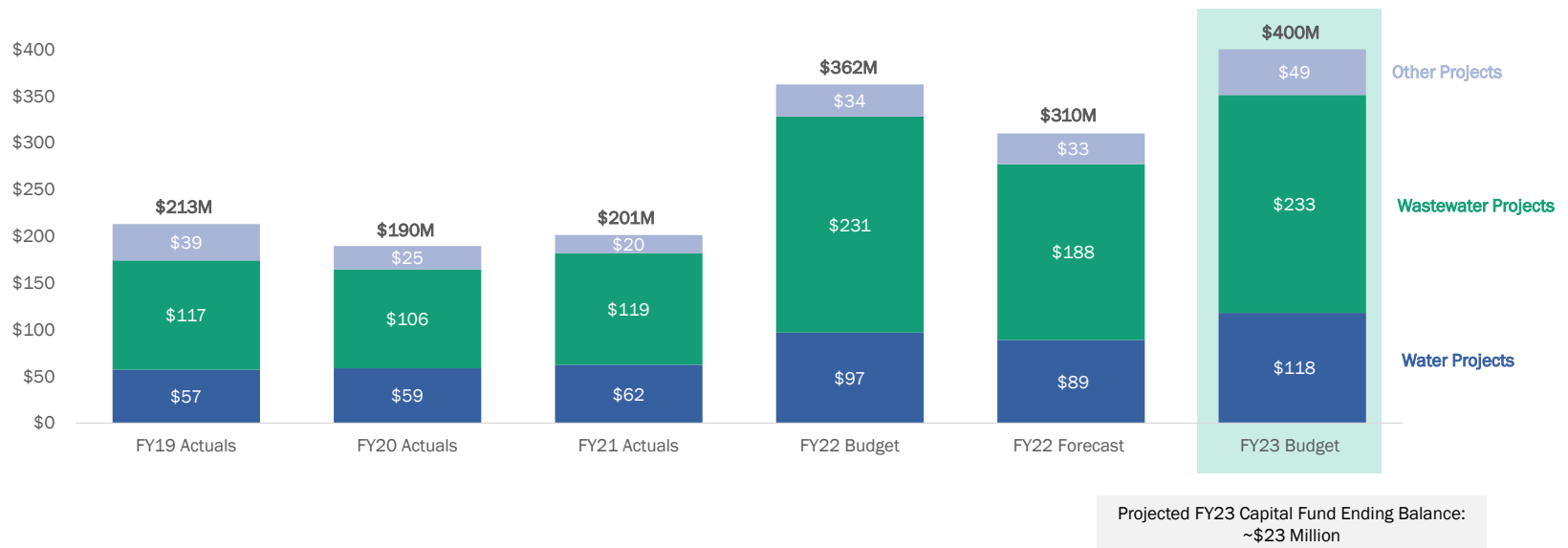


Modified days cash above 90 days in five-year window

All metrics within pricing policy targets • \$2.294 billion capital plan FY22 – FY26

Water System Capital Budget

Fiscal Year 2023 Budget: \$400M



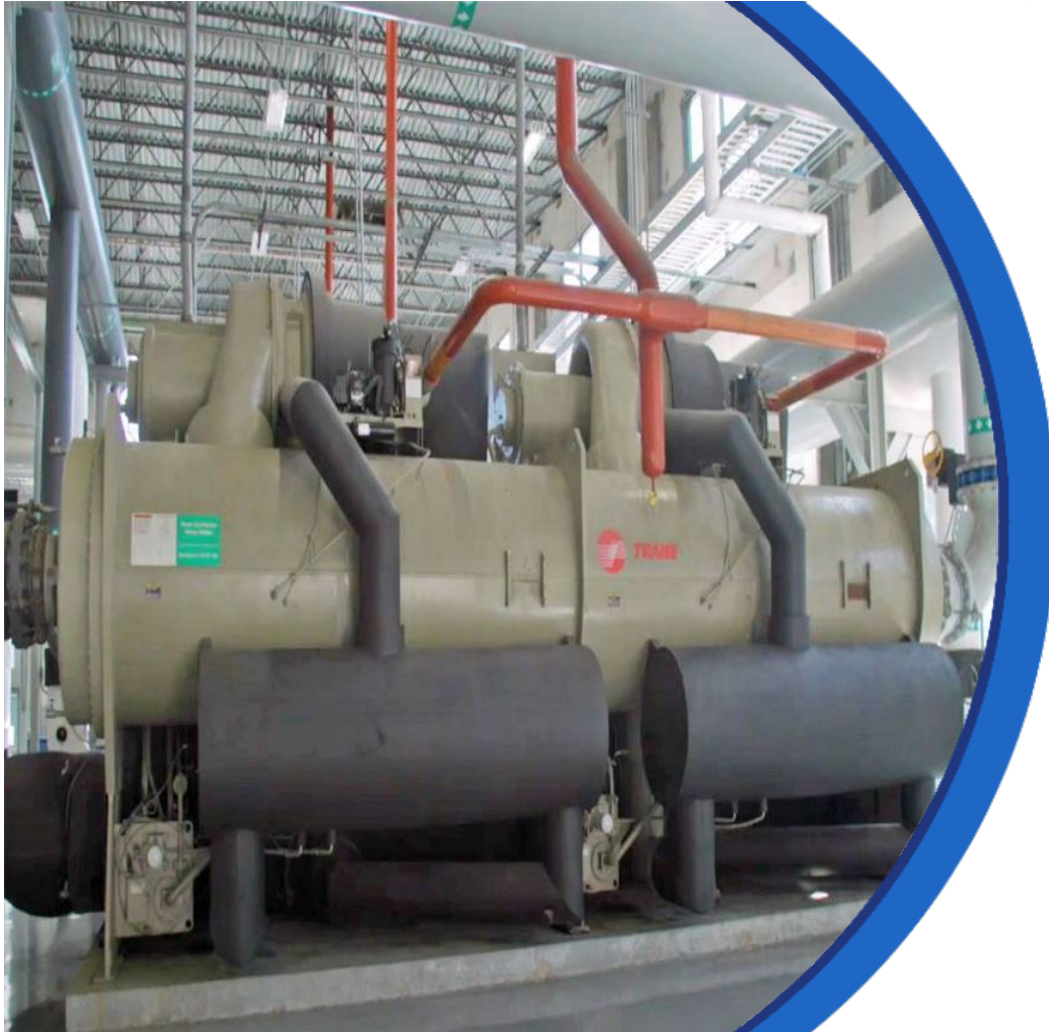
GRF 4MGD \$57M • SWRF Expansion to 16 MGD \$45M • Nassau Regional WRF Expansion to 3 MGD \$28M

GRF - Greenland Reclamation Facility

SWRF - Southwest Reclamation Facility

WRF - Water Reclamation Facility

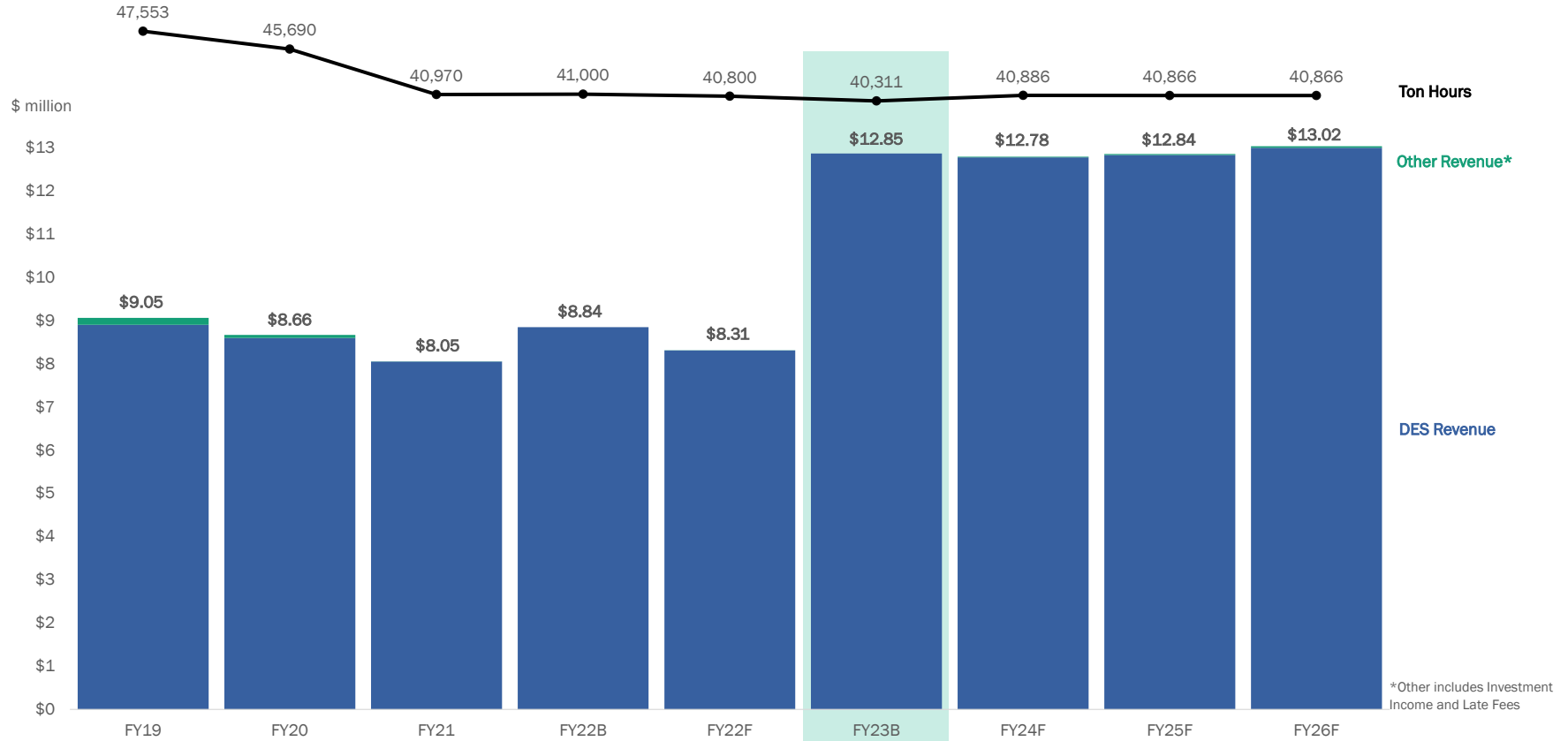
MGD - Million Gallons per Day



District Energy System

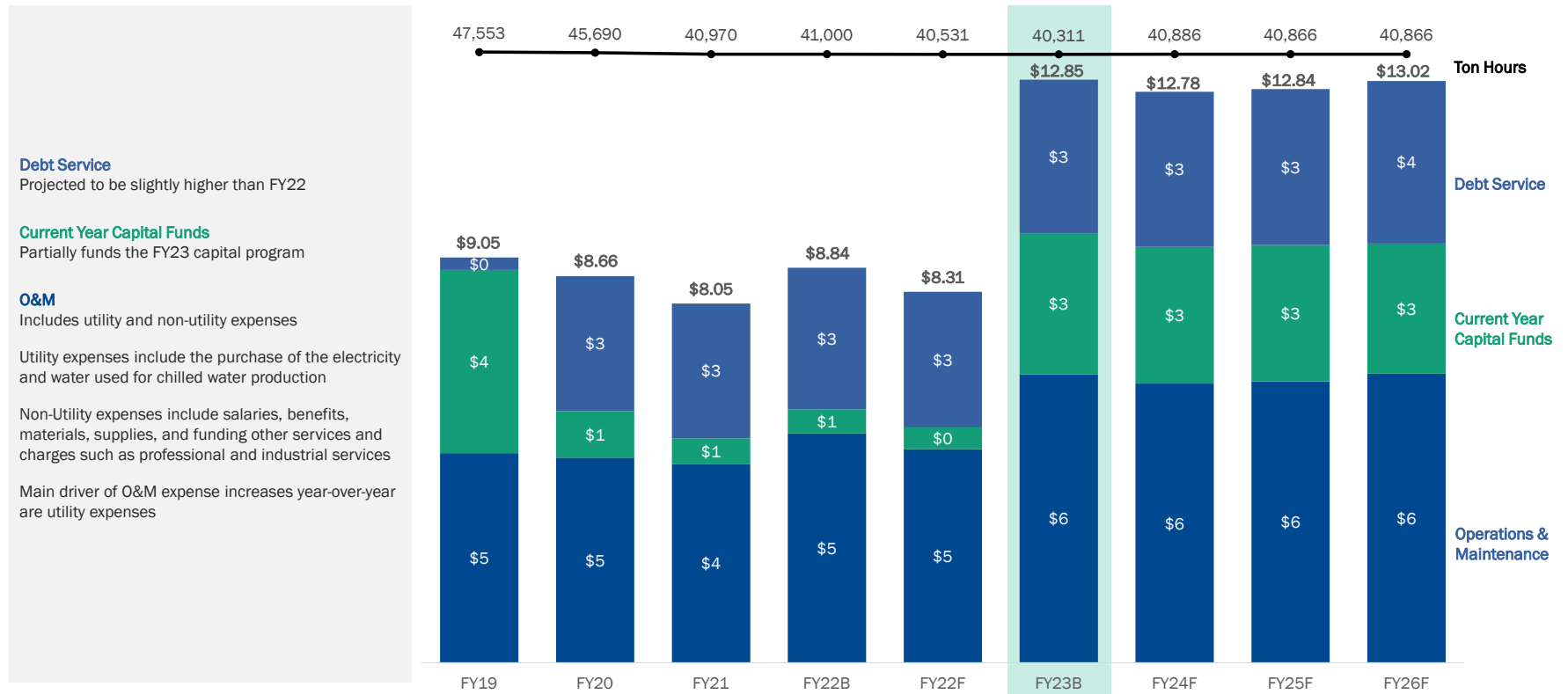


District Energy System Operating Revenue



Rate increases recommended for FY23 to support a foundation for further growth of the System

District Energy System Operating Budget Components



District Energy System Operating Budget

FY23 and FY22 Comparison (\$ thousand)

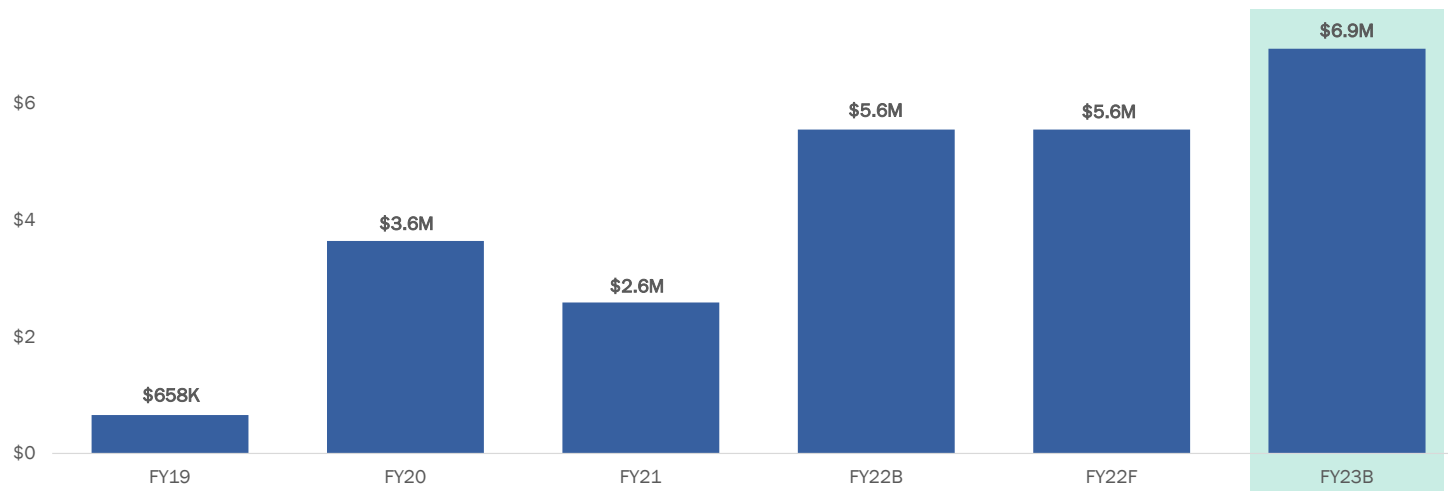


Total Operating Budget increase of \$1.3M (26%)

District Energy System Capital Budget



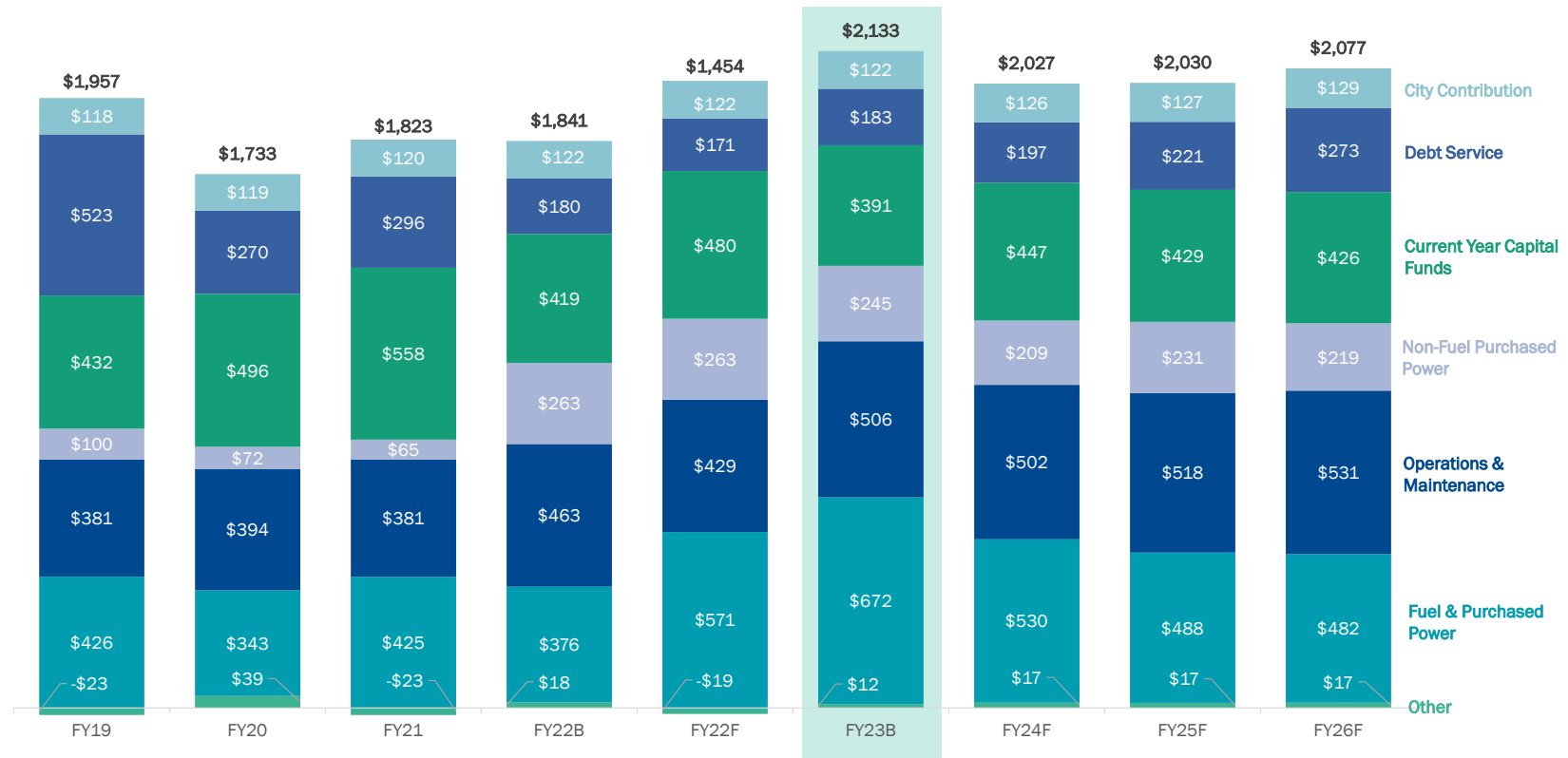
Fiscal Year 2023 Budget: \$6.9M



Projected FY23 Capital Fund Ending Balance:
\$200,000

Hogan's Creek Line Extension – Jaguars Performance Facility \$6.4M

Consolidated Systems Operating Budget Components



Total JEA Operating Budget for FY23 \$2.133 Billion

Meeting Financial Objectives



Taking a proactive approach to monitoring of FY2023 O&M spending to achieve strategic objectives

Increased headcounts to keep our Water System growing, along with increases to Technology Services, as technology is critical to future growth opportunities

Proactive rate adjustments are included to support the continued costs of doing business, lessening larger increases in the future

Continuous assessment of fuel and purchased power costs

Growing the District Energy System and making it a viable asset for our customers

Stable financial metrics

Proactive decision making will ensure full growth potential is achieved

Requested Actions by the Committee



Recommend that the Board of Directors:

Approve the proposed operating and capital budgets for FY2023

Authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action by July 1, 2022

Authorize staff to transmit the Five-Year Capital Improvement Program as required by the Jacksonville City Planning Department

Authorize the Managing Director/CEO to make adjustments to the budget, as needed, within the total approved budget amounts for each system

The FY2023 budget is recommended for approval



Electric System Cost-Of-Service Study Update

Juli Crawford
*Director, Financial Planning &
Analysis*



Electric System Cost-Of-Service Study Update



Draft Cost of Service and Rate Restructuring report is complete

Tentative recommendations include:

Addressing fixed cost recovery

Review and adjust riders

Explore new Time of Use rates to replace current Time of Day rates

Redesign Standby rate

Introduce unbundling concepts in rate design



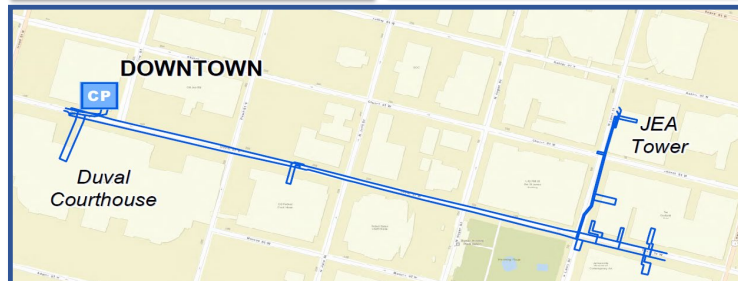
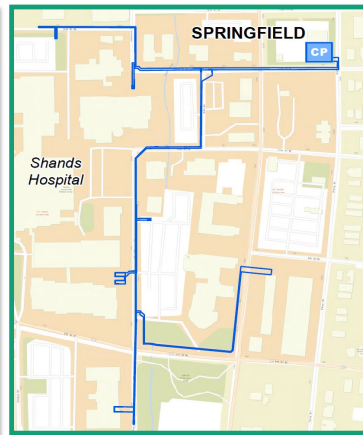
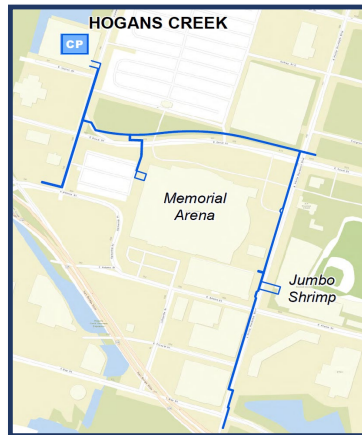


District Energy System (DES) Cost-Of-Service Results & Recommendations

Juli Crawford
Director, Financial Planning & Analysis



DES Current State



Hogan's Creek				
Current Customers	Contract Start Date	Duration (in years)	Contract Expiration Date	Contracted Tons
Arena	10/1/2003	20	9/26/2023	2,350
Ball Park	4/1/2003	20	3/27/2023	280

Springfield				
Current Customers	Contract Start Date	Duration (in years)	Contract Expiration Date	Contracted Tons
Florida Proton Therapy Inst.	5/2/2005	20	4/27/2025	950
Shands Jacksonville	8/12/2005	20	8/7/2025	5,475
UF College of Medicine	3/13/2007	20	3/8/2027	122

Downtown				
Current Customers	Contract Start Date	Duration (in years)	Contract Expiration Date	Contracted Tons
Library	12/4/2004	20	11/29/2024	1,000
Library (Commercial)	12/4/2004	20	11/29/2024	85
Judicial Complex	9/1/2005	20	8/27/2025	3,985
JEA Plaza	NA	NA	NA	700
City Hall Annex	5/1/2009	20	4/26/2029	100

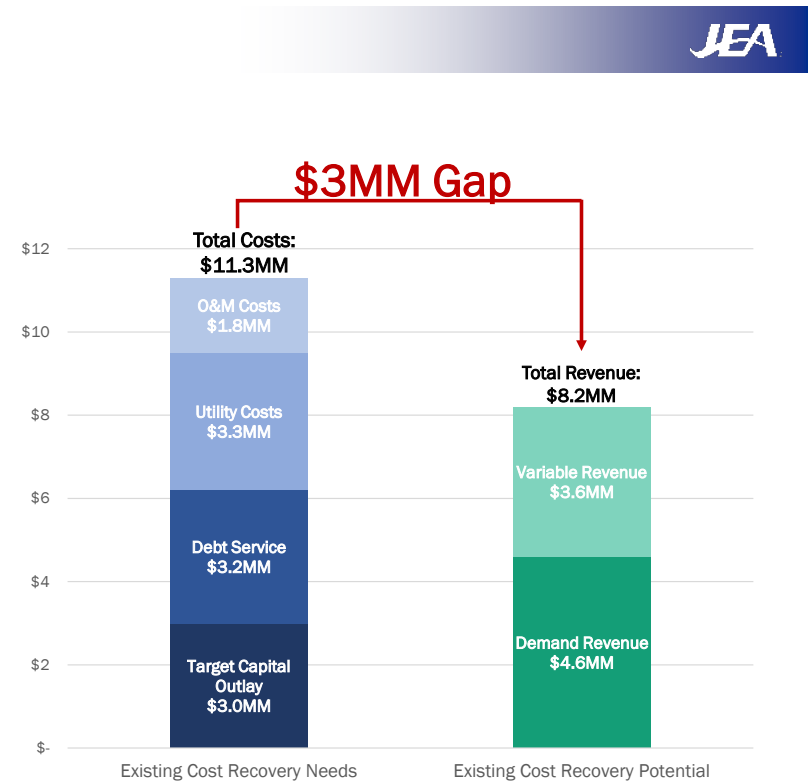
DES Cost-Of-Service Results

Revenue Requirement Gap

The Jacobs Financial Plan included an analysis performed on the current DES rate structure and cost recovery needs of the DES

The report identified financial shortfalls and associated causes within the current rate structure - mainly that it does not cover future expenditures for growth and system revitalization

Recommendations include a new set of rate components and suggests customer connection agreement terms



DES Cost-Of-Service Recommendations



Plan for Full Financial Recovery of District Energy System Costs

Establish Connection Fees & Revamp Contract Terms

Construction costs, connection terms, and payment (or re-payment) agreement options should be individually negotiated between each customer and JEA

Revamp contract terms to account for the variable nature of chilled water generation costs, and limit liability for JEA in the event of failed customer performance

Restructure Base Rates

Establish Plant Level Demand Rates

- Eliminate Demand minimum
- Eliminate Demand discounts

Establish System Level Variable Rates

- Decouple current rate into two rates for cost recovery purposes (consumption & commodity)
- Eliminate variable rate tiers and ratchets

Review rates more frequently

Reinstitute & Reinforce Delta T Penalties

Penalty should be calculated as a monthly billed demand * Target ΔT / customer average ΔT

The Delta T target should be determined in accordance with the customer during contract negotiations and/or other discussions

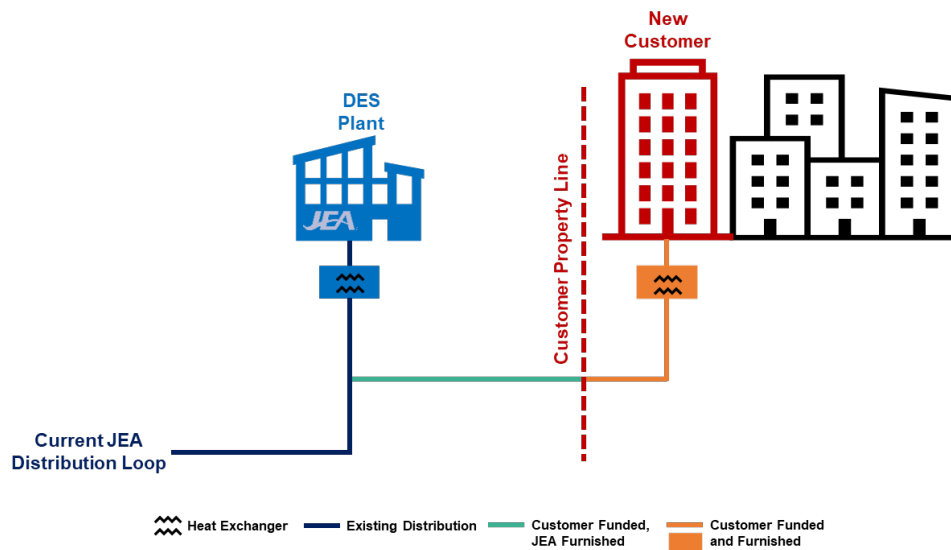
Establish DES Performance Metrics & Develop Growth Strategy

The effectiveness of the DES should be measured on its ability to foster growth in the areas served by the chilled water utility

Establish Connection Fees



Costs to extend DES distribution varies based on customer load and distance



JEA

Finance and install all piping and components that are hydraulically connected to the chilled water system

Shared

JEA will split the cost with customer(s) to perform the construction between the piping sections and trenching extension

Customers

Repay the metering and valving equipment and its installation

Each distribution expansion scenario will be evaluated on a case-by-case basis to identify potential additional connections and allocate cost recovery accordingly

Restructure Rates

Existing Cost Recovery Methods



Current Rate Structure – Customer Categories

Customers above 200 tons of contracted demand / Below 200 tons of contracted demand

Proposed

Customers that are too small or those who will not purchase enough chilled water to make connection economical should not be provided a rate that excludes some portion of cost recovery

Customer categories should be eliminated

Current Demand Consumption Price Ratchets

Ton-hours purchased below 2,400 EFLH are billed at a higher rate than those ton-hours consumed above 2,400 EFLH

Proposed

Price ratchets should be eliminated

All ton-hours should command the same consumption rate

Current Contracted Demand Rates

Current demand rates vary by customer and have been static for the length of the contract

Proposed

Should be designed to recover costs for debt service, capital improvements, and R&R of equipment and systems

Current Variable Rate Cost Hedging & Risk Mitigation

Current consumption charge is variable and subject to fluctuation due to changes in the electric rate charged to DES and could vary month to month

Proposed

The variable rate should be decoupled into a commodity rate and an updated consumption rate

Contract Demand (tons)	Equivalent Full Load Hours (EFLH)	Demand Charge (\$/ton)	Consumption Charge ¹ (\$/ton-hr)
<200	<2000	-	\$0.20828
	≥2400	-	\$0.10128
>200	<2400	\$20***	\$0.11828
	≥2400	\$20***	\$0.10128
>2000	<2000	\$20***	\$0.11828
	≥2000	\$20***	\$0.10128

A rate restructure that fully recovers the cost of services is necessary to provide reliable utilities and consistent pricing

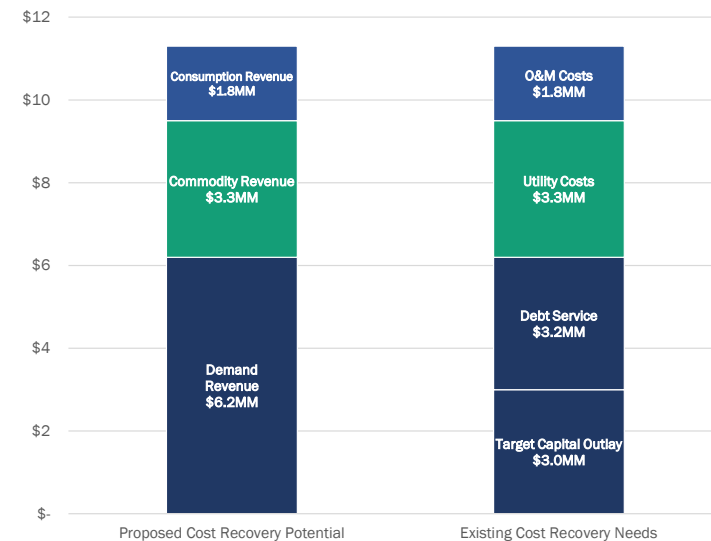
1. Current consumption charge adjusted monthly; table may not reflect current rates

Restructure Rates

Proposed Cost Recovery Methods



Tariffed Plant Level Demand Rates (reviewed annually, adjusted as needed)			
Customers	Billable Component	Rate	Cost Recovered
Hogan's Creek Plant Customers	All Tons	~\$38	Debt Service, Capital R&R + Plant Expansion
Downtown Plant Customers	All Tons	~\$35	Debt Service, Capital R&R + Plant Expansion
Springfield Plant Customers	All Tons	~\$33	Debt Service, Capital R&R + Plant Expansion
Tariffed System Level Commodity Rates (adjusted monthly)			
Customers	Billable Component	Rate	Cost Recovered
All Customers	All Ton Hours	~\$0.09	Utility Costs
Tariffed System Level Consumption Rates (adjusted annually)			
Customers	Billable Component	Rate	Cost Recovered
All Customers	All Ton Hours	~\$0.05	All Other O&M Costs



Contracted base rates should not be extended and all DES customers should be subject to tariffed rates

Reinstitute & Reenforce Delta T Penalties



Driving Customer Behavior

Delta T Penalties

Difference between supply and return water temperatures, which is proportional to the amount of energy extracted from the water by the customer

Surcharge added to the customer's bill when the actual return water temperature is below what is stipulated in the contract

Poor Delta T

Means customers are using chilled water inefficiently

Increases required flow to the customer

Causes the plants and pumps to work harder creating more issues with distributing chilled water

Current Contracts

Reserve the right to penalize a customer for poor Delta T

Do not dictate when or exactly how JEA would levy the penalty

Goal of the Penalty

To better dissuade customers from abusing the delivery of chilled water

Should allow JEA to recover the potential costs associated with the correction and remediation of Delta T issues within the DES

Should not be treated as a consumption or commodity cost recovery mechanism

$$\text{Billed Delta T (\$)} = \text{Monthly Billed Demand (\$)} * \text{Target } \Delta T / \text{Average } \Delta T$$

Example Monthly Delta T Penalty Calculation

Target Delta T	Actual Delta T	Delta T Difference	Penalty %	Billed Demand	Penalty Fee
15	13.1	114.5%	14.5%	\$3,460	\$502

The target Delta T would be determined in accordance with the customer during contract negotiations. Target Delta T's may vary between new and old customers due to equipment limitations of existing customers.

Establishing DES Performance Metrics



Developing a Growth Strategy

The effectiveness of the DES will be measured on its ability to foster growth in the areas served by the chilled water utility



Initiating a system growth strategy will help stabilize and expand DES programmatically

DES Cost-of-Service Results & Recommendations



Next Steps

Establish Connection Fees &
Revamp Contract Terms

Restructure
Base Rates

Reinstitute & Reenforce
Delta T Penalties

Establish DES Performance
Metrics & Develop Growth
Strategy

May 23rd

Finance & Operations
Committee

Report on Cost-of-Service
Results

May 24th

Board Meeting

Report on Cost-of-Service
Results

August 10th

Board Meeting

Submit Recommendations &
Request the Board to Call
for a Rate Hearing

September 20th

Board Meeting

Rate Hearing



Modifications to JEA Disclosure Policies and Procedures

Joe Orfano
*Vice President, Financial Services
and Treasurer*



JEA Disclosure Policies and Procedures



Proposed Procedures & Responsibilities

Current Procedures

All modifications require Board approval

Proposed Procedures

Separate the Board's responsibilities

Remove detailed staff processes

Modify certain defined terms

Retain Board policy control and Leadership Team responsibilities

Proposed Board of Directors Responsibilities

Authorize and delegate authority to prepare/distribute Official Statements and any updates in the case of securities subject to remarketings

Approve and authorize the dissemination and use of the Annual Disclosure Reports annually

Treasurer Responsibilities

Preparation of Disclosure Documents

Current Approval Language

"Any Revisions to the Disclosure Policies shall be subject to the approval of the Board."

Proposed Approval Language

"Any revisions to the Disclosure Procedures shall be subject to the approval by the Chief Financial Officer and such revisions to the Disclosure Procedures will become immediately effective without approval by the Board."

Finance & Operations Committee recommends the Board of Directors approve Resolution 2022-05 authorizing the modifications



Annual Disclosure Reports

Joe Orfano
*Vice President, Financial Services
and Treasurer*





Increase in JEA Guaranty to The Energy Authority

Joe Orfano
*Vice President, Financial Services
& Treasurer*



Member Support via Guaranties



Transactional

Enables TEA to build the economies of scale needed to be a sophisticated market participant

- Over 300 counterparties

- Largest community-owned trading entity in the United States

- Across commodities and timelines (power and gas; MISO¹, PJM², and bilateral markets; term and spot transactions)

Advisory

Optimization of client portfolios comes from experience and teamwork

- Depth and breadth of knowledge

- Lessons learned from other markets

Investment

External margins

- Trade for partners as principal

- Physical-backed strategies

Regional Transmission Operators
¹MISO – Midcontinent Independent System Operator
²PJM Interconnection, LLM

Rationale for Member Trade Guaranties



Guaranties from Members are foundational to TEA's business and integral to providing value back to Members

Due to corporate structure, guaranties supplied by Members are TEA's only source of trade collateral

- Credit facility backed by guaranties, not cash

- Levels are 15 years old

- Guaranties have never been called on in TEA's history

Need is increasing due to fundamental market changes

- Increased market volatility and less fuel diversity

- Member risk management needs (increased hedging)

- Continued growth



Guaranty Review



Seeking an increase in guaranties from all Members

JEA's increase from \$29M to \$60M

Equivalent to a 5% annual increase in guaranties over last 15 years

Compared to a 12% annual increase in volumes transacted over last 15 years

Overall advance increasing from \$164M to \$340M

Planned timing of guaranty increases

Phase 1: \$29M to \$45M by June 1 (\$255M total)

Phase 2: \$45M to \$60M by December 1 (\$340M total)

Finance and Operations Committee recommends the Board of Directors approve Resolution # 2022-11



Eminent Domain

Paul Mitchell
*Vice President, Economic
Development*

Brandon Traub
Real Estate Coordinator



Deliver Business Excellence

Southside Integrated Piping System “SIPS”



Deerwood Phase

Resolution #2022-08

Approximately 34,000 linear feet of
30” ductile iron water main

3 parcels remain

Negotiating since May 2020

Requesting additional utility rights in an
existing electric corridor

Construction begins October 2022



Finance & Operations Committee recommends the Board of Directors approve Resolution # 2022-08

Circuit 663 – Phase 1



Resolution #2022-09

Approximately 6.3 miles of 69kv Electric Transmission line

One parcel remains for Phase 1

Negotiating since October 2021

Requesting overhead electric rights

Construction begins July 2022



Finance & Operations Committee recommends the Board of Directors approve Resolution # 2022-09



Proposed Cost Participation Policy

Robert Zammataro, P.E.

Director, Water Planning and Development



Cost Participation Policy



Existing

Only utilized when JEA requires an increase in pipe size for additional system capacity

Only applies to mains off-site
(outside the development boundary)

Case by case analysis, dependent on the hydraulics of the system

Proposed

Continues to support economic growth

Provides clear cut funding guidelines for developers

Revenue neutral (funded by line extension fees)

Removes onsite/offsite restriction

Works in conjunction with existing policies

Proposed Cost Participation Policy



Nominal Pipe Size (Inches)	JEA Cost Participation		
	Potable Mains	Sewer Force Mains	Sewer Gravity Trunk Mains
12	NA	31%	NA
16	44%	61%	61%
20	64%	75%	75%
24	75%	83%	83%
30	84%	100%	100%
36	100%	100%	100%
42	100%	100%	100%

JEA would cost participate “X”% up to “Y” feet of pipe where: $Y = \text{Number of Equivalent Residential Connections} \times 12$

Note: “X” equals the percentages listed in the table

Finance & Operations Committee recommends the Board of Directors approve Resolution 2022-10

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA FINANCE & AUDIT COMMITTEE MINUTES
February 11, 2022

The Finance & Audit Committee of JEA met at 9:00 am on Friday, February 11, 2022 on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually via WebEx. Attendees were required to wear masks and CDC guidelines and social distancing were required at the meeting location.

WELCOME

Meeting Called to Order – Committee Chair Marty Lanahan called the meeting to order at 9:00 am. Attending in-person were Committee members John Baker and Bobby Stein, as well as Board Members Rick Morales and General Joseph DiSalvo. A quorum of the Committee was physically present for the meeting.

Others in attendance in-person were Jay Stowe, Managing Director/CEO, Ted Phillips, Chief Financial Officer, and Regina Ross, Chief Legal Officer, Office of General Counsel. Laura Dutton, Chief Strategy Officer; Raynetta Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Hai Vu, Vice President, Water/Wastewater Systems; Kurt Wilson, Vice President, Government Relations; Joe Orfano, Vice President, Financial Services; Ricky Erixton, Vice President, Electric Systems, and Jordan Pope, Vice President, Corporate Strategy, participated in the meeting via WebEx.

Adoption of the Agenda – On *motion* by John Baker and seconded by Bobby Stein, the agenda was approved.

Approval of Minutes – On *motion* by John Baker and seconded by Bobby Stein, the October 15, 2021 Committee meeting minutes were approved.

Safety Briefing – Melissa Charleroy, Board Services Manager, provided the Safety Briefing.

FOR COMMITTEE CONSIDERATION

Ernst & Young 2021 Audit Results – Referencing information provided in the Board materials, John DiSanto, Managing Director, Ernst & Young, presented an overview of the 2021 audit results and the 2021 Audited Financial Statements. Committee members held discussions. Committee Members, Mr. Stowe, and Mr. Phillips expressed appreciation to Russell Caffey, Controller, and team members for a clean audit. This item was received for information.

Rates Cost of Service Update – Juli Crawford, Director, Financial Planning & Analysis, presented JEA is in the process of conducting two cost of service and rate studies for the electric system and District Energy System (DES) chilled water system. Ms. Crawford provided a review of the progress to date, steps taken in each study, and noted JEA is halfway through the electric cost of service study with consultants 1898 & Co. The work includes a review of expenses, revenue requirements, categories, and allocators, which is essential to creating fair and equitable rates. Ms. Crawford reviewed the DES cost of service study with Jacobs Consulting. Ms. Crawford noted JEA received a rate gap analysis report and are currently working towards a financial business plan. Ms. Crawford provided next steps and an approval timeline. This presentation was received for information.

FY23 Budget Assumptions – Juli Crawford, Director, Financial Planning & Analysis, presented when creating the budget, team members ensure all plans align with JEA's core values and strategic focus areas. Referencing information provided in the Board materials, Ms. Crawford provided details on strategic items, electric, water/wastewater, and DES budget assumptions. Staff will continue to refine budget specific items and a final recommendation will be brought before the Committee at the May 13, 2022 meeting. This presentation was received for information.

Mr. Stein departed the meeting at 10:00 am and returned at 10:02 am.

Audit Services Update – Steve Tuten, Director, Audit Services, provided a review of Enterprise Risk Management efforts and work on Forensic Audit & Investigations. Committee members held discussions.

Mr. Morales departed the meeting at 10:08 am and returned at 10:10 am.

Lee Montanez, Manager, Internal Audit, provided a review of completed, in-process, and upcoming audits and engagements, as well as open and closed audit report issues. JEA's Internal Audit team will lead the audit for The Energy Authority for the fourth year. Committee members held discussions regarding process improvements and the use of technology. This presentation was received for information.

Ernst & Young Agreement for Professional Services – This agenda item was deferred. Committee Chair Lanahan provided a historical review of the relationship with Ernst & Young.

Committee members held discussions regarding the rating agency presentations, communication related to tree planting, and recognition of the Jacksonville Business Journal article highlighting Raynetta Curry Marshall, Chief Operations Officer.

ADDITIONAL INFORMATION

Ethics Officer's Report – Provided for information only

JEA Code of Conduct – Provided for information only

Electric System and Water & Sewer System Reserve Fund Report – Provided for information only

JEA Energy Risk Management Policy Report – Provided for information only

CLOSING CONSIDERATIONS

Announcements – Next Meeting May 13, 2022

Committee Discussion

At 10:32 am, Ms. Lanahan asked the Committee to enter Executive Session. All meeting participants were excused excluding JEA Board Members and Regina Ross, Chief Legal Officer, Office of General Counsel.

- Ernst & Young – At 10:33 am, Mr. DiSanto engaged the Committee.
- Director, Audit Services – At 10:40 am, Mr. Tuten and Mr. Montanez engaged the Committee.

Adjournment – With no further business coming before the Committee, Ms. Lanahan declared the meeting adjourned at 10:46 am.

APPROVED BY:

Marty Lanahan, Committee Chair

Date: _____

Submitted by:

Melissa Charleroy
Board Services Manager



FY23 Budget

Supplemental Information



**BOARD RESOLUTION: 2022-12**

May 24, 2022

A RESOLUTION BY THE BOARD ADOPTING THE RECOMMENDATION OF THE FINANCE AND OPERATIONS COMMITTEE TO APPROVE THE PROPOSED FISCAL YEAR 2023 OPERATING AND CAPITAL BUDGETS; AUTHORIZING THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER, OR DESIGNEE, TO SUBMIT THE PROPOSED BUDGET TO THE CITY OF JACKSONVILLE; PROVIDING FOR CORRECTION OF ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in accordance with Section 21.07 of the JEA Charter, JEA shall prepare and submit its budget for the ensuing year to the City of Jacksonville on or before July 1 of each year; and

WHEREAS, JEA staff has prepared fiscal year operating and capital budgets for JEA's Electric System, Water System, and District Energy System (collectively, the "Budgets"), attached hereto as Exhibit "A" and incorporated herein; and

WHEREAS, the proposed Budgets were reviewed and recommended for Board approval by the Finance and Operations Committee (Committee) on May 23, 2022; and

WHEREAS, Staff requests that the Board adopt the Committee's recommendation, approve the proposed Budgets, and authorize the Budgets to be submitted to the City of Jacksonville for final action.

BE IT RESOLVED by the JEA Board of Directors that:

1. The recitals stated above are hereby incorporated into and made part of this Resolution, and such recitals shall serve as findings of fact.
2. The Board hereby adopts the Committee's recommendation and approves the Budgets in substantially the form and format attached hereto.
3. The Managing Director/Chief Executive Officer, or designee, is authorized to submit the Budgets to the City of Jacksonville for final action.
4. To the extent that there are any typographical, administrative, and/or scrivener's errors contained herein that do not change to tone, tenor or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.
5. This Resolution shall be effective upon approval by the Board.

Dated this 24th day of 2022.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

Electric System Generation Mix & Percent Hedged



Fuel	FY22		FY23		FY24		FY25	
	Generation Mix	Price Hedged	Generation Mix	Price Hedged	Generation Mix	Price Hedged	Generation Mix	Price Hedged
Natural Gas	56%	60%	62%	22%	62%	26%	58%	18%
Coal	6%	100%	3%	14%	3%	0%	4%	0%
Pet Coke	6%	0%	6%	0%	7%	0%	7%	0%
Purchased Power ¹	21%	38%	12%	0%	7%	0%	5%	0%
FPL PPA	10%	63%	13%	61%	13%	68%	12%	77%
Nuclear ²	0%	100%	2%	100%	6%	100%	13%	100%
Renewable ³	1%	100%	1%	100%	1%	100%	1%	100%
Total/Weighted Average	100%	55%	100%	25%	100%	32%	100%	34%

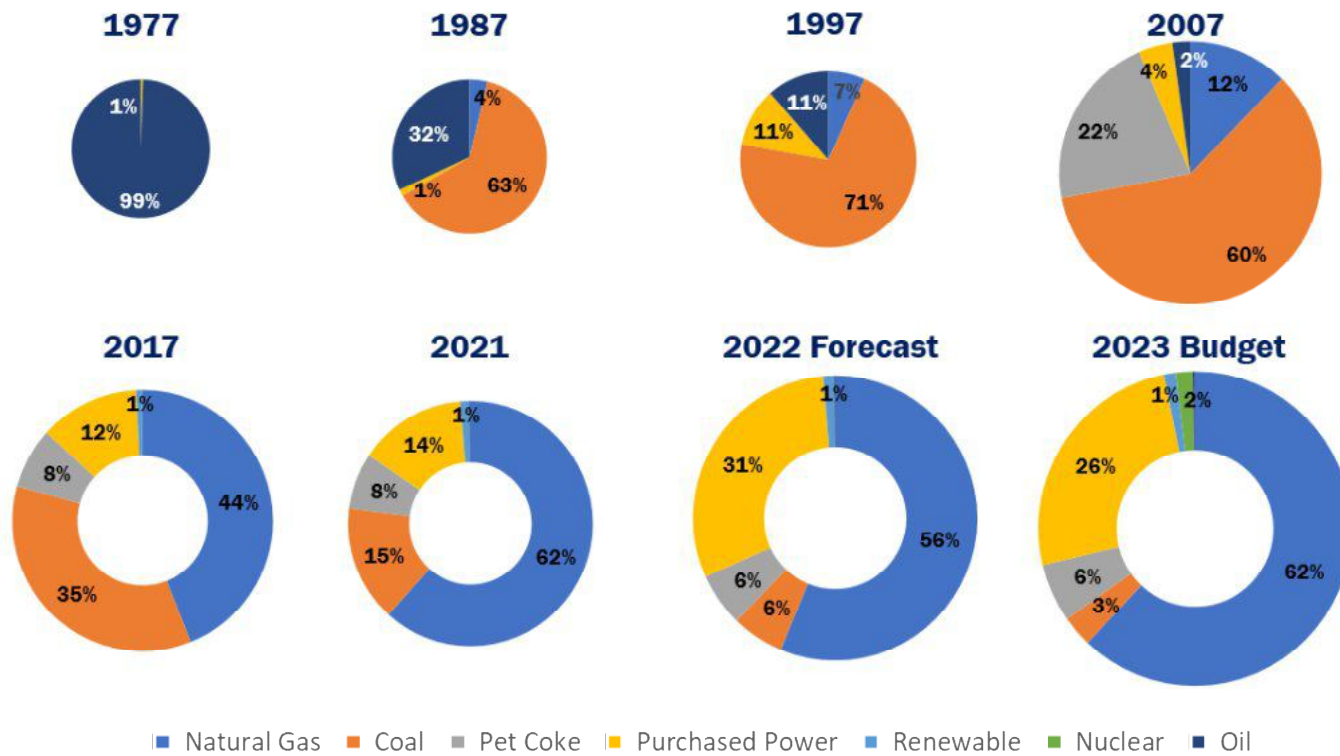
1. Purchased Power reflects power purchased in the wholesale energy market

2. Vogtle

3. Includes landfill gas and solar

Fuel hedging protects customers from extreme fuel charges

Electric Fuel Mix



Improving fuel diversity has been an effort to support resiliency and reliability

Electric System Debt Outstanding



Electric System (ES, BPSS, SJRPP)

Debt outstanding: \$1,442M, \$62M lower due to October 1, 2022 principal payments

Variable rate debt: \$482M, \$86M unhedged

Interest rates are net of Build America Bonds (BABs) subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2022 Forecast	Principal Sep 2023 Budget	Change	Sep 2023 Wtd Avg Interest Budget
Electric System (ES)				
Fixed rate bonds	\$875	\$842	(\$33)	3.98%
Hedged variable rate bonds	400	396	(4)	4.38%
Unhedged variable rate bonds	94	86	(8)	2.00%
Revolving credit facility	—	—	—	—
Total	\$1,369	\$1,324	(\$45)	3.97%
Bulk Power Supply System (BPSS)				
Fixed rate bonds	\$27	\$25	(2)	3.94%
Total	\$27	\$25	(2)	3.94%
SJRPP				
Fixed rate bonds	\$108	\$93	(\$15)	3.37%
Revolving credit facility	—	—	—	—
Total	\$108	\$93	(\$15)	3.37%
Combined ES, BPSS and SJRPP	\$1,504	\$1,442	(\$62)	3.94%

Electric Summary Income Statement



JEA Electric System Summary Statement of Revenues, Expenses, and Changes in Net Position (in thousands)								
	FY19	FY20	FY21	FY22F	FY23B	FY24F	FY25F	FY26F
Total Operating Revenues	\$1,300,208	\$1,241,506	\$1,308,997	\$1,500,278	\$1,453,085	\$1,444,591	\$1,465,770	\$1,532,863
Operating Expenses:								
Fuel	\$330,328	\$290,965	\$364,074	\$406,556	\$444,581	\$384,571	\$366,482	\$411,015
Purchased Power	\$135,245	\$85,046	\$111,387	\$245,388	\$259,402	\$296,243	\$335,672	\$328,144
Maintenance & Other Operating expenses	\$251,277	\$262,096	\$236,363	\$262,426	\$304,899	\$292,523	\$301,622	\$308,643
Depreciation	\$207,837	\$203,029	\$217,772	\$279,015	\$197,249	\$197,764	\$200,714	\$183,157
State utility taxes & franchise fees	\$60,767	\$58,806	\$60,080	\$66,564	\$75,489	\$70,188	\$69,699	\$71,521
Recognition of deferred cost and revenues, net	\$34,135	\$21,970	\$20,975	\$158,702	\$21,457	\$15,760	\$16,804	\$17,221
Total operating expenses	\$1,019,589	\$921,912	\$1,010,651	\$1,418,651	\$1,384,576	\$1,293,004	\$1,314,490	\$1,320,814
Operating Income	\$280,619	\$319,594	\$298,346	\$81,627	\$68,509	\$151,587	\$151,280	\$212,049
Total nonoperating revenues (expenses), net	(\$75,085)	(\$61,676)	(\$51,910)	(\$40,355)	(\$28,395)	(\$37,396)	(\$41,359)	(\$43,228)
Income before contributions	\$205,534	\$257,918	\$246,436	\$41,272	\$40,114	\$114,191	\$109,921	\$168,821
Total contributions, net	(\$92,952)	(\$93,871)	(\$93,609)	(\$94,547)	(\$95,491)	(\$96,446)	(\$97,410)	(\$98,385)
Change in net position	\$112,582	\$164,047	\$152,827	(\$53,275)	(\$55,377)	\$17,745	\$12,511	\$70,436

Water System Debt Outstanding



Water System

Debt outstanding: \$1,187M, \$10M lower due to October 1, 2022 principal payments

Variable rate debt: \$233M, \$148M unhedged

Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2022 Forecast	Principal Sep 2023 Budget	Change	Sep 2023 Wtd Avg Interest Budget
Water System				
Fixed rate bonds	\$956	\$954	(\$2)	3.82%
Hedged variable rate bonds	90	85	(5)	4.40%
Unhedged variable rate bonds	151	148	(3)	2.00%
Revolving credit facility	--	--	--	--
Total	\$1,197	\$1,187	(\$10)	3.65%

Water Summary Income Statement



JEA Water System Summary Statement of Revenues, Expenses, and Changes in Net Position (in thousands)								
	FY19	FY20	FY21	FY22F	FY23F	FY24F	FY25F	FY26F
Total Operating Revenues	\$463,817	\$483,859	\$470,787	\$509,937	\$513,891	\$518,529	\$528,512	\$530,288
Operating Expenses								
Maintenance & Other Operating expenses	\$160,671	\$175,711	\$165,659	\$205,863	\$211,344	\$213,893	\$220,356	\$227,020
Depreciation	\$152,047	\$159,650	\$171,357	\$172,095	\$178,087	\$183,724	\$192,639	\$195,798
State utility taxes & franchise fees	\$10,802	\$10,963	\$10,886	\$11,309	\$11,475	\$11,702	\$11,937	\$12,181
Recognition of deferred cost and revenues, net	\$10,657	\$6,649	\$9,743	\$14,000	\$20,000	\$15,000	\$15,000	\$15,000
Total operating expenses	\$334,177	\$352,973	\$357,645	\$403,267	\$420,906	\$424,319	\$439,931	\$449,999
Operating Income	\$129,640	\$130,886	\$113,142	\$106,670	\$92,985	\$94,210	\$88,580	\$80,289
Total nonoperating revenues (expenses), net	(\$35,086)	(\$32,056)	(\$36,128)	(\$29,253)	(\$25,786)	\$(25,758)	\$(28,805)	\$(46,602)
Income before contributions	\$94,554	\$98,830	\$77,014	\$77,417	\$67,199	\$68,452	\$59,776	\$33,687
Total contributions, net	(\$10,312)	\$8,035	\$13,878	\$28,592	\$75,809	\$84,489	\$85,024	\$85,559
Change in net position	\$84,242	\$106,865	\$90,892	\$106,009	\$143,008	\$152,941	\$144,800	\$119,246

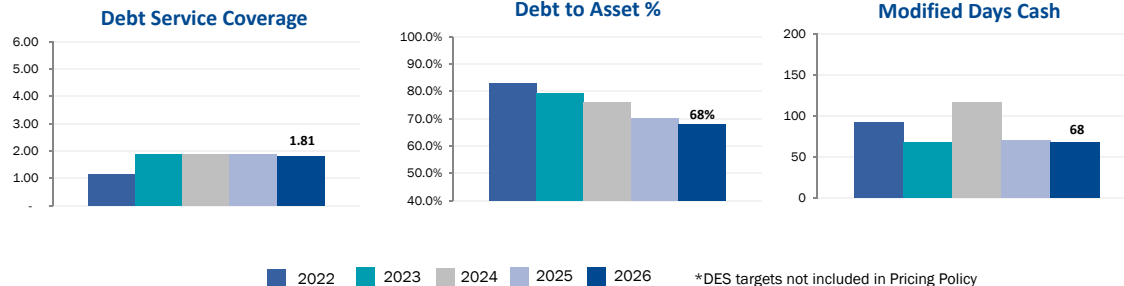
DES Financial Projections



(\$ in millions)	Principal Sep 2022 Forecast	Principal Sep 2023 Budget	Change	Sep 2023 Wtd Avg Interest Budget
District Energy System				
Fixed rate bonds	\$30	\$28	(\$2)	4.31%
Revolving credit facility	3	11	8	2.00%
Total	\$33	\$39	\$6	3.65%

Debt Service Coverage & Debt to Asset% improvements reflect the recommended rate restructuring informed by 2022 Cost of Service/Rate Study

Formal financial metric targets in the pricing policy are under consideration



\$26.6 million capital plan FY22 – FY26

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2023

	Electric System	Water System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
Total Net Revenues	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
FUEL EXPENSES:				
Fuel & Purchased Power	\$ 671,607,062	\$ -	\$ -	\$ 671,607,062
FUEL SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 791,048,000	\$ 450,442,215	\$ 12,851,763	\$ 1,254,341,978
Environmental Charge Revenue	7,442,000	27,223,026	-	34,665,026
Conservation Charge & Demand Side Revenue	732,000	-	-	732,000
Other Revenues	37,660,665	19,887,497	-	57,548,162
Natural Gas Pass Through Revenue	1,498,857	-	-	1,498,857
Total Base Related Revenues	\$ 838,381,522	\$ 497,552,738	\$ 12,851,763	\$ 1,348,786,022
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 269,166,868	\$ 198,437,566	\$ 6,449,156	\$ 474,053,589
Environmental	16,998,000	6,501,783	-	23,499,783
Conservation & Demand-side Management	7,111,667	-	-	7,111,667
Natural Gas Pass Through Expense	1,595,137	-	-	1,595,137
Non-Fuel Purchased Power	245,277,616	-	-	245,277,616
Non-Fuel Uncollectibles & PSC Tax	1,515,596	573,198	-	2,088,794
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	\$ 546,664,884	\$ 206,512,547	\$ 6,449,156	\$ 759,626,587
BASE OPERATING INCOME:	\$ 291,716,639	\$ 291,040,191	\$ 6,402,607	\$ 589,159,437
NON-OPERATING REVENUE:				
Investment Income	5,793,688	3,242,935	-	9,036,623
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	102,742,334	-	102,742,334
Total Non Operating Revenues	\$ 5,793,688	\$ 105,985,269	\$ -	\$ 111,778,957
NON-OPERATING EXPENSES:				
Debt Service	76,798,079	103,138,134	3,241,758	183,177,971
Demand-side Management - Rate Stabilization	-279,667	-	-	-279,667
Environmental - Rate Stabilization	-1,933,468	-	-	-1,933,468
Total Non Operating Expenses	\$ 74,584,944	\$ 103,138,134	\$ 3,241,758	\$ 180,964,836
BASE INCOME BEFORE TRANSFERS	\$ 222,925,383	\$ 293,887,326	\$ 3,160,849	\$ 519,973,558
City Contribution Expense	95,491,107	26,933,389	-	122,424,496
Interlocal Payments	-	6,403,033	-	6,403,033
Renewal and Replacement Fund	72,700,000	27,734,150	415,355	100,849,505
Operating Capital Outlay	54,262,276	117,953,177	2,745,494	174,960,947
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	\$ 222,925,383	\$ 293,887,326	\$ 3,160,849	\$ 519,973,558
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 1,515,782,272	\$ 603,538,007	\$ 12,851,763	\$ 2,132,172,042
TOTAL APPROPRIATIONS	\$ 1,515,782,272	\$ 603,538,007	\$ 12,851,763	\$ 2,132,172,042
BUDGETED EMPLOYEE POSITIONS	1,583	705	6	2,294
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

Finance & Operations Committee - ADDITIONAL INFORMATION

**JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2023**

	Electric System	Water System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 72,700,000	\$ 27,734,150	\$ 415,355	\$ 100,849,505
Operating Capital Outlay	54,262,276	117,953,177	2,745,494	174,960,947
Environmental Capital Outlay	472,000	12,121,243	-	12,593,243
Capacity Fees	-	102,742,334	-	102,742,334
Debt Proceeds	-	-	3,500,000	3,500,000
Other Proceeds	147,671,724	139,449,096	275,151	287,395,971
Total Capital Funds	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 61,902,000	\$ -	\$ -	\$ 61,902,000
Transmission & Distribution Projects	146,086,000	-	-	146,086,000
District Energy Projects	-	-	6,936,000	6,936,000
Water Projects	-	117,561,000	-	117,561,000
Sewer Projects	-	233,489,000	-	233,489,000
Other Projects	67,118,000	48,950,000	-	116,068,000
Total Capital Projects Subtotal	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>
Capital Reserve	-	-	-	-
Total Capital Projects	<u>\$ 275,106,000</u>	<u>\$ 400,000,000</u>	<u>\$ 6,936,000</u>	<u>\$ 682,042,000</u>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Five Year Capital Improvement Program
Fiscal Years 2023-2027

(\$000'S Omitted)

Project Title	FY2023	FY2024	FY2025	FY2026	FY2027	Project Total
Electric System Generation	61,902	35,276	87,880	257,415	291,446	733,919
Electric System Transmission and Distribution	146,086	137,284	107,503	98,749	95,003	584,626
Electric System Other	67,118	43,857	31,297	36,987	37,437	216,696
Total	\$275,106	\$216,417	\$226,680	\$393,151	\$423,886	\$1,535,241
Water Treatment and Distribution	117,561	127,127	187,388	98,453	83,896	614,425
Sewer, Wastewater, and Reclaimed	233,489	331,748	442,669	337,040	277,815	1,622,762
Water Other Capital	48,950	39,315	31,216	34,236	34,751	188,468
Total	\$400,000	\$498,190	\$661,273	\$469,730	\$396,462	\$2,425,656
District Energy System	\$6,936	\$2,684	\$4,434	\$6,866	\$699	\$21,619

Finance & Operations Committee - ADDITIONAL INFORMATION

**JEA
ST. JOHNS RIVER POWER PARK (SJRPP)
AND PLANT SCHERER (SCHERER)
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2023**

	SJRPP	SCHERER
OPERATING BUDGET:		
Revenue:		
Operating Revenue from JEA	\$ 21,233,968	\$ 10,261,838
Expenses:		
Fuel and O & M	\$ -	\$ 6,382,750
Transmission	-	-
Debt Service	18,849,330	3,448,078
Renewal & Replacement	2,384,638	431,010
Total Expenses	\$ 21,233,968	\$ 10,261,838
CAPITAL BUDGET :	\$ -	\$ -

MWHs Purchased by JEA Electric System

Notes: Scherer Unit 4 was retired as of January 1, 2022.
SJRPP was decommissioned as of January 5, 2018.

Finance & Operations Committee - ADDITIONAL INFORMATION

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
GENERATION						
Brandy Branch Generating - CT1 Rotor Replacement	9,794	3,080	0	0	0	12,874
Brandy Branch Generating - B52, B53 HRSG Feedwater Heater Replacement	8,595	0	0	0	0	8,595
Kennedy Generating - CT7 Hot Gas Path Inspection	5,923	0	0	0	0	5,923
Brandy Branch Generating - CT2 Hot Gas Path Inspection	5,745	0	0	0	0	5,745
Brandy Branch Generating - CT3 Hot Gas Path Inspection	5,745	0	0	0	0	5,745
Northside Generating - Generation Support Capital Improvements	4,000	4,000	4,000	4,000	4,000	20,000
Kennedy Generating - CT7 Rotor Replacement	3,106	0	0	0	0	3,106
Northside Generating - Energy Project Management Capital Improvement	3,000	6,000	6,000	6,000	6,000	27,000
Northside Generating - CT4 Major Inspection	2,800	0	0	0	0	2,800
Brandy Branch Generating - General Capital Improvements	2,000	2,000	2,000	2,000	2,000	10,000
Northside Generating - N00 6 Fuel Oil Tank Farm Electric Heat Tracing	1,835	0	0	0	0	1,835
Brandy Branch Generating - B52, B53 Transition Duct Liner	1,234	0	0	0	0	1,234
Northside Generating - N00 Pneumatic Conveying System for Biomass	1,178	0	0	0	0	1,178
Northside Generating - N00 Nitrogen and Dry Air Layup System	1,080	999	0	0	0	2,079
Northside Generating - N02 Fuel Feeder Replacement	1,045	677	0	0	0	1,723
Northside Generating - N02 Grid Floor Nozzle Replacement	962	1,274	0	0	0	2,236
Kennedy Generating - MarkVIe and EX2100e Upgrade	831	0	0	0	0	831
Northside Generating - N01 Boiler Elevator Overhaul	528	0	0	0	0	528
Northside Generating - N34 Electrical Equipment Upgrades	517	0	0	0	0	517
Vibration Monitoring System Upgrade	439	0	0	0	0	439
Northside Generating - N33, N34, N35, N36 Control System Upgrade	331	0	0	0	0	331
Brandy Branch Generating - B52, B53 Non-Optical Flame Detection Upgrade	264	0	0	0	0	264
Brandy Branch Generating - CT1 Hot Gas Path Inspection	250	6,550	0	0	0	6,800
Brandy Branch Generating - B50 Standby Diesel Generator Integration	213	612	0	0	0	825
Northside Generating - N02 Duct Burner Overhaul	163	1,562	0	0	0	1,725
Brandy Branch Generating and Kennedy Generating - Fire Protection Updates	110	0	0	0	0	110
Northside Generating - N01, N02 UPS Replacement	94	0	0	0	0	94
Northside Generating - N02 Turbine Valve and Actuator Overhaul	57	782	0	0	0	839
Brandy Branch Generating - B54 Excitation Transformer Replacement	46	0	0	0	0	46
Northside Generating - N01 HP/IP, Generator, Valves, and Actuators Overhaul	15	2,964	0	0	0	2,979
Northside Generating - Byproduct Storage Area II	0	1,800	11,855	5,626	0	19,281
Northside Generating - Intake and Discharge Flume Concrete Repair	0	1,678	0	0	0	1,678
Greenland Energy - Excitation Controls and Static Starter System Upgrade	0	448	596	0	0	1,043
Brandy Branch Generating - CT2 Hot Gas Path Inspection	0	300	6,156	0	0	6,456
Brandy Branch Generating - CT3 Hot Gas Path Inspection	0	300	6,156	0	0	6,456
Greenland Energy - CT2 Hot Gas Path Inspection	0	250	5,550	0	0	5,800
Greenland Energy - 1X1 Combined Cycle Addition	0	0	40,000	220,000	270,000	530,000
Northside Generating - CT5 Major Inspection	0	0	2,800	0	0	2,800
Compression Upgrade to Greenland Pipeline - New Generating Capacity	0	0	1,000	6,000	0	7,000
Northside Generating - N35 Electrical Equipment Upgrades	0	0	582	0	0	582
Brandy Branch Generating - B52, B53 Catalyst Replacement	0	0	500	439	0	939
Northside Generating - N02 HP/IP and Generator Overhaul	0	0	425	3,404	0	3,829
Greenland Energy - CT1 Hot Gas Path Inspection	0	0	250	5,550	0	5,800
Northside Generating - N36 Electrical Equipment Upgrades	0	0	10	559	0	569

Finance & Operations Committee - ADDITIONAL INFORMATION

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Northside Generating – N36 Turbine Major and Generator Overhaul	0	0	0	2,853	0	2,853
Northside Generating - N03 Furnace Rear Waterwall Arch Tube Replacement	0	0	0	573	1,257	1,831
Kennedy Generating - CT8 Hot Gas Path Inspection	0	0	0	250	5,450	5,700
Northside Generating – N03 Generator and Turbine Valve Overhaul	0	0	0	125	1,642	1,767
Northside Generating – N03 Boiler Feed Pump Turbine Overhaul	0	0	0	35	1,096	1,131
GENERATION SUBTOTAL	61,902	35,276	87,880	257,415	291,446	733,919
TRANSMISSION AND DISTRIBUTION						
Electric Distribution Maintenance Capital Upgrades	12,500	13,100	13,100	13,100	13,100	64,900
Customer Order Management - New Electric Service Additions	12,000	12,500	13,000	13,500	14,000	65,000
Customer Order Management - Development Driven Projects	9,750	10,250	10,750	11,250	11,750	53,750
Mayo 230-138-26kV Substation	7,110	0	0	0	0	7,110
Greenland Energy to Mayo 230kV Circuit 950 Addition	6,500	8,500	900	0	0	15,900
Substation Repair & Replace Projects - Transformer Replacements	5,900	1,550	1,400	1,400	1,400	11,650
College St Substation 13.2kV Switchgear Replacement	4,350	1,500	107	0	0	5,957
Pole Replacement Program	4,200	4,400	4,400	4,400	4,400	21,800
Real Estate - North Jacksonville Transmission Corridor Acquisition	3,625	0	0	0	0	3,625
Westside 230kV Transmission Corridor and Substation Site Acquisition	3,500	3,500	0	0	0	7,000
Beeghly 393 Overhead Feeder Extension–Arnold Rd	3,450	580	0	0	0	4,030
General Underground Network and Commercial Repair & Replace	3,000	3,100	3,100	3,100	3,100	15,400
CEMI-5 Electric Distribution Betterment	3,000	3,000	3,000	3,000	3,000	15,000
Eagle LNG 138-13.8 kV Substation	2,750	6,867	1,000	0	0	10,617
Steelbald T4 Spare Transformer Addition for CMC Steel	2,435	100	0	0	0	2,535
Kennedy Substation Control Cable and Protection System Replacement	2,193	0	0	0	0	2,193
Ribault 138-26 kV T2 and Circuit Breaker 452 Addition	2,190	27	0	0	0	2,217
Electric Meters - Growth	2,100	2,100	2,100	2,100	2,100	10,500
Joint Participation Electric Relocation Projects	2,000	2,000	2,000	2,000	2,000	10,000
Underground Network Improvement Plan	1,988	1,988	1,988	0	0	5,964
Transmission and Substation Class Circuit Breaker Replacement Program	1,934	1,132	904	750	750	5,470
69kv - 663 line rebuild	1,879	0	0	0	0	1,879
St Johns 4kV Substation Rebuild	1,800	3,290	0	0	0	5,090
Normandy Substation - New Control House	1,800	188	0	0	0	1,988
Electric Distribution System Improvements	1,690	1,720	1,750	1,780	1,833	8,773
Circuits 853/822 Tower 39 Foundation Rehabilitation	1,650	0	0	0	0	1,650
Imeson 138-26kV T2 Procurement	1,600	1,047	0	0	0	2,647
Circuit 650 UG 69kV Reconductor Project	1,540	0	0	0	0	1,540
Georgia Street Pipe Type Cable Pump Plant Replacement	1,400	0	0	0	0	1,400
26kV Feeder Circuit Breaker Replacement	1,393	1,607	1,536	1,536	754	6,826
Energy Management System - Outage Management System Integration	1,300	200	0	0	0	1,500
JP - FDOT - Circuit 917 Relocation Between 9B and I-95	1,141	0	0	0	0	1,141
Water Street T2 Network Transformer Replacement	1,141	357	0	0	0	1,498
Mayo Substation Distribution Feeders	1,128	100	0	0	0	1,228
Ritter Park Circuit 428 Extension	1,120	0	0	0	0	1,120
Forest Sub 217 Feeder - Electric Distribution	1,100	0	0	0	0	1,100
Imeson 26kV Circuit 493 New Feeder Addition	1,100	0	0	0	0	1,100
Mayo Substation 230 kV Addition - Phase 2	1,012	3,429	29	0	0	4,470

Finance & Operations Committee - ADDITIONAL INFORMATION

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Distribution System - Pole Removal	1,000	1,000	1,000	1,000	1,000	5,000
Transmission Line Relay Replacement Project	899	899	865	300	0	2,962
Normandy Substation Protection Improvement	840	0	0	0	0	840
SJRPP 230 - 26kV Substation	830	5,528	24	0	0	6,382
Hartley Rd Substation T1 and T2 LTC Replacement	820	0	0	0	0	820
Electric Meters - Replacement	810	810	810	810	810	4,050
General Substation Improvements	800	800	800	800	800	4,000
Mayo 230-138-26kV Substation - Protection & Controls	800	180	0	0	0	980
Park and King 4kV Substation Rebuild	763	0	0	0	0	763
General Distribution Improvements	750	750	750	750	750	3,750
Imeson 26kv Circuit 493 Substation Breaker and Cap Bank Addition	655	0	0	0	0	655
Ritter Park 429 Extension - Busch Dr	650	0	0	0	0	650
URD-2026 Reliability Improvement	645	0	0	0	0	645
Transmission Outdoor Potential Device Replacement	607	665	539	637	0	2,448
Mayo Substation - 138kV Transmission Interconnects	586	0	0	0	0	586
Automatic Recloser Deployment	500	750	750	750	750	3,500
Transmission Insulator Replacement	500	500	500	500	500	2,500
4kV Rehab -- Distribution Projects	500	500	500	500	500	2,500
Underground Cable Replacement Program - Existing Developments	500	500	500	500	500	2,500
Substation RTU Replacements - D20 to RTAC	500	500	500	500	500	2,500
Circuit 830 Static Wire Replacement	493	0	0	0	0	493
Starratt Rd Circuit 367 Reconductor Ph2	480	0	0	0	0	480
Ribault 138-26 kV T2 and Circuit 452 Addition - Protection & Controls	475	105	0	0	0	580
Ribault 26 kV Circuit 452 Addition	470	190	0	0	0	660
230 KV _ 138KV _ 69 kV Pole Refurbishment	450	300	300	300	300	1,650
West Jax Substation Protection Improvement	444	0	0	0	0	444
Starratt 138-26kV T2 and Circuit 368, 369 Addition - Substation	413	1,302	2,866	350	0	4,930
College St Substation 13kV Protection and Arc Flash Upgrade	410	0	0	0	0	410
Water Street Substation Compressor Replacement	400	0	0	0	0	400
Circuit 825 Static Wire Replacement	395	0	0	0	0	395
Transmission Capacitor Bank Controls Replacement	395	0	0	0	0	395
Ritter Park 429 Underground Feeder Extension - Yeager Rd	350	0	0	0	0	350
Greenland Energy 230kV Bay & Breaker Addition for Circuit 950	300	700	100	0	0	1,100
General Transmission Improvements	300	300	300	300	300	1,500
Steelbald Solar Center - Protection & Controls	287	0	0	0	0	287
West Jax 230/69 kV Substation Reliability Improvement - Protection & Controls	245	175	2	0	0	422
Richmond & Shadowlawn - OH-UG Electric Conversion	243	0	0	0	0	243
SOCC - Console Upgrade	240	0	0	0	0	240
Energy Management System - Base Upgrade Project	230	130	130	240	130	860
230kV Breaker Replacement - Protection & Controls	225	0	0	0	0	225
Capital Tools and Equipment - Underground Network and Service Centers	220	231	231	231	231	1,144
Northside Substation Improvements - Phase 2	220	0	0	0	0	220
Ritter Park 429 - Cedar Bay Rd Reconductor	210	0	0	0	0	210
St Johns 4kV Substation Rebuild - Protection & Controls	200	100	0	0	0	300
Energy Management System - RTU Upgrade Project	190	50	50	50	50	390
Circuit 645 UG 69kV Cable Replacement Project- PART B	182	0	0	0	0	182

Finance & Operations Committee - ADDITIONAL INFORMATION

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Greenland Energy 230kV Bay & Breaker Addition for Circuit 950 - Protection & Controls	180	300	10	0	0	490
Hamilton 312 Reconductor	169	0	0	0	0	169
Circuit 645 UG 69kV Cable Replacement Project- PART A	165	0	0	0	0	165
Distribution Breaker Telemetry Enhancements	160	160	110	0	0	430
Eagle LNG 138-13.8 kV Substation - Protection & Controls	157	700	200	0	0	1,057
SJRPP Substation Distribution Feeders	150	1,370	0	0	0	1,520
Real Estate Services - Dunn Creek Sub Property Acquisition	150	1,150	0	0	0	1,300
Mayo Substation 230 kV Addition - Phase 2 - Protection & Controls	150	175	25	0	0	350
General Protection System Improvements Transmission	150	150	150	150	150	750
SEL-3355 Hardware Replacement	150	150	0	0	0	300
West Jax 230/69 kV Substation Reliability Improvement	127	1,259	0	0	0	1,386
Ckt 680 UG 69kV Reconductor Project	125	633	0	0	0	758
Ckt 690 UG 69kV Reconductor Project	125	576	0	0	0	701
Georgia St 13kV UG Distribution Survey	120	3,000	0	0	0	3,120
Beeghly Circuit 394 New Feeder Addition	120	2,480	0	0	0	2,600
Westlake 333 Cisco Dr Reconductor	120	1,335	0	0	0	1,455
Eagle LNG 138kV Circuit 847 Interconnect	118	250	100	0	0	468
Bartram 230 kV Bay and Breaker Addition for Circuit 917 - Protection & Controls	114	0	0	0	0	114
Dinsmore 489 Lannie Rd Reconductor	100	650	100	0	0	850
General Transmission Improvements	100	100	100	100	100	500
Imeson 26kv Circuit 493 Substation Breaker and Cap Bank Addition - Protection & Controls	81	0	0	0	0	81
Lane 437 Reconductor	80	800	0	0	0	880
Capital Tools and Equipment - T&S Maintenance	80	80	80	80	80	400
McDuff Substation 4kV Circuits 4, 6, and 9 Relocation	80	0	0	0	0	80
Georgia St 170 Distribution Feeder Addition	60	380	0	0	0	440
Overhead-Underground Conversion in Neighborhoods	60	60	60	60	60	300
Electric Customer Service Response Tools and Equipment	55	55	55	55	55	275
SJRPP 230-26kV Distribution Substation - Protection & Controls	50	550	200	0	0	800
Starratt 138-26kV T2 and Circuit 368, 369 Addition - Protection & Controls	30	120	645	110	0	905
St Johns 4kV Distribution Feeder Getaway Rebuild	24	286	0	0	0	310
Starratt T2 Circuits 368 and 369 Addition	24	24	427	0	0	475
Circuit 684S Pipe-Type Cable Replacement	15	1,185	0	0	0	1,200
Real Estate - Imeson Substation - Property Acquisition	10	0	0	0	0	10
SouthWest Substation-Transmission	0	5,000	5,000	5,000	0	15,000
Substation Repair & Replace Projects	0	3,000	3,000	3,000	3,000	12,001
Transmission Repair & Replace Projects	0	2,500	2,500	2,500	2,500	10,000
SouthWest Substation - Substation	0	2,000	7,000	5,000	0	14,000
New Nocatee T-2 Transformer	0	758	3,705	350	0	4,813
Nocatee T2 Circuit 239, 240, 241 Addition	0	500	3,910	500	0	4,910
SouthWest Substation - Distribution	0	300	400	300	0	1,000
Nocatee 230-26 kV T2 Addition - Protection & Controls	0	150	645	110	0	905
Pecan Park Area Transmission	0	0	5,000	5,000	5,000	15,000
Pecan Park Area Substation	0	0	1,000	6,000	7,000	14,000
Pecan Park Area Distribution	0	0	500	2,000	2,500	5,000
West Jax T3 200 Mega Volt Autotransformer Addition	0	0	0	2,000	2,500	4,500
Durbin 230 - 26kV Substation	0	0	0	0	3,900	3,900

Finance & Operations Committee - ADDITIONAL INFORMATION

5/11/2022

Electric FY23-FY27

Electric Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Durbin Substation Distribution Feeders	0	0	0	0	1,200	1,200
College Substation Reconfiguration	0	0	0	0	1,000	1,000
Durbin Sub 230kV Circuit 924/932 Interconnect	0	0	0	0	300	300
College Substation Network Feeders	0	0	0	0	250	250
College Substation Reconfiguration - Protection & Controls	0	0	0	0	100	100
TRANSMISSION AND DISTRIBUTION SUBTOTAL	146,086	137,284	107,503	98,749	95,003	584,626
ELECTRIC OTHER						
Technology Services Projects	18,000	15,175	15,150	15,150	15,000	78,475
Fleet - Replacement	12,100	11,100	1,710	7,400	8,000	40,310
Capital Administrative Overhead	11,100	11,250	11,250	11,250	11,250	56,100
Facilities - Commonwealth - Admin Upgrades	5,749	1,275	0	0	0	7,024
Facilities - Southside Renovations - Phase 2	5,510	0	0	0	0	5,510
Facilities - Industrial Training Center	3,880	0	0	0	0	3,880
Facilities - Satellite Service Center	2,532	0	0	0	0	2,532
Facilities - Emergency Ops Center Hardened Facility	2,000	0	0	0	0	2,000
Facilities - JEA Headquarters	1,292	0	0	0	0	1,292
Fleet - Expansion	1,285	600	600	600	600	3,685
Security - General Improvements	650	650	650	650	650	3,250
Facilities - Roof Replacements	450	450	450	450	450	2,250
Facilities - Heating, Ventilation, and Air	430	430	430	430	430	2,150
Facilities - Lighting for Greenland Energy Center	315	0	0	0	0	315
Security - Fencing	260	260	260	260	260	1,300
Facilities - Paving and Site Improvements	250	250	250	250	250	1,250
Facilities - Generators	225	300	1	1	1	528
Facilities - Westside Building 5 Glove Lab Upgrades	200	1,300	0	0	0	1,500
Facilities - Building Upgrades	200	200	200	200	200	1,000
Facilities - Southside Asphalt Pavement Upgrade	200	0	0	0	0	200
Facilities - Duval County Schools PV System Removal	184	0	0	0	0	184
Facilities - Electrical and Lighting	100	100	100	100	100	500
Facilities - Plumbing Upgrades	100	100	100	100	100	500
Utility Locate Group - Capital Equipment	50	50	50	50	50	250
Laboratory Equipment Upgrades	35	75	75	75	75	335
Security - Fire System Sprinklers	20	20	20	20	20	100
Facilities - Elevators	1	1	1	1	1	5
Facilities - Kennedy Generating - Pump Shop Demolition	0	271	0	0	0	271
ELECTRIC OTHER SUBTOTAL	67,118	43,857	31,297	36,987	37,437	216,696
ELECTRIC GRAND TOTAL	275,106	216,417	226,680	393,151	423,886	1,535,241

Finance & Operations Committee - ADDITIONAL INFORMATION

5/11/2022

WaterSewer FY23-FY27

Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
WATER						
Water Purification Demonstration Facility	34,756	3,712	0	0	0	38,467
SIPS - Deerwood - Southside Blvd Intertie to Deerwood III Water Plant - New	17,500	18,514	1,170	0	0	37,185
Water Meters - AMI Conversion	13,334	13,333	13,333	0	0	40,000
SIPS - US1 Booster Station - Old St Augustine Rd to US1 Booster Station - New	8,488	0	0	0	0	8,488
Galvanized Pipe Replacement - Program	8,054	17,000	39,000	35,000	37,000	136,054
RiverTown Water Plant - New 4.7 MGD Water Plant	6,644	0	0	0	0	6,644
McDuff Water Plant - Refurbishment Project	5,222	10	0	0	0	5,232
Water Delivery System - Repair & Replace	5,000	5,000	5,500	5,500	5,500	26,500
Well Rehabilitation and Replacement Program	4,863	3,320	3,320	3,320	3,320	18,143
Lofton Oaks Water Plant - Improvements	4,145	26	0	0	0	4,171
Norwood Water Plant - Rehabilitation	3,550	10	0	0	0	3,560
Water Transmission Replacement	2,712	2,000	2,000	2,000	2,000	10,712
Pritchard Rd - Old Plank Rd to Cisco Dr W - New Transmission	2,581	580	0	0	0	3,161
Lakeshore Water Plant - Reservoir Rehabilitation - Phase 2	2,460	1,014	0	0	0	3,474
Water Meters - Growth	2,450	2,030	2,030	2,030	2,030	10,570
Martin Luther King - Fairfax to Brentwood Water Main Replacement	2,368	5,772	21	0	0	8,161
Water Meters - Large Water Meter Replacement	2,248	2,318	2,353	500	0	7,419
Water Meters - Replacement	2,169	2,169	2,169	6,500	6,500	19,507
JP - Nassau - William Burgess Blvd - US 17 to Miner Rd - New	2,118	1,440	0	0	0	3,557
New World Av - Waterworks Ave to Chaffee Rd - New Transmission	2,089	0	0	0	0	2,089
SIPS - Greenland - Southside Blvd - Deerwood 3 to Greenland	2,084	11,465	36,643	6,947	0	57,140
Development Driven Projects	2,040	200	200	200	200	2,840
Beverly Hills Water Main Replacement	1,775	0	0	0	0	1,775
Royal Lakes Water Plant High Service Pump Expansion	1,764	7,414	9,853	39	0	19,070
Main Extensions and Taps	1,500	1,500	1,500	1,500	1,500	7,500
Water Treatment Plant Large Capital Improvements	1,460	5,450	11,600	6,200	9,225	33,935
SIPS - Main St Water Plant - 1st St to Franklin St - New Transmission	1,291	0	0	0	0	1,291
McDuff - Olga to Park - Water Main	1,159	0	0	0	0	1,159
E 1st St Main St to E 4th St - New Raw Water Main	1,155	0	0	0	0	1,155
North Grid Trnhalomethane Mitigation Project	1,052	1,200	13,000	6,993	0	22,245
Oakridge Water Plant - High Service Pump Replacement	913	1,574	5,408	124	0	8,018
Forest Blvd - Stone Rd to T-Line - New Raw Water Main	770	805	3	0	0	1,578
Water Plant Capital Renewal & Replacement	750	750	750	750	750	3,750
JP - Joint Participation Projects	700	700	700	700	700	3,500
JP - JTA - 8th St Water Main Replacement - Mt Herman St to Boulevard St	585	0	0	0	0	585
Cecil Commerce Center - New Well No. 4	581	1,211	1,404	0	0	3,197
Ridenour Water Plant - New Well No. 8	520	1,706	309	0	0	2,535
Well Field Repair & Replace	500	500	500	500	500	2,500
Deerwood III Water Plant - Well 2 Replacement	494	493	1,167	0	0	2,153
Real Estate Services - Ridenour Water Plant - Well 9 - Property Acquisition	475	0	0	0	0	475
Lovegrove Water Plant - Electric System Upgrade	400	1,300	2,500	101	0	4,301
Southeast Water Plant - New Well No. 4	365	814	972	0	0	2,151

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Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Southeast Water Plant - Ground Storage Tank	321	3,301	0	0	0	3,621
Hampton Falls Dr Electrical Ease. - San Pablo to Suni Pines Connection - 12 inch Water Main Replacement	290	0	0	0	0	290
301 Development - Water	250	3,000	6,000	5,750	0	15,000
Water Treatment Plant Reservoir Repair & Replace	250	100	100	100	100	650
Brierwood Water Plant - Well 1 Rehabilitation	229	203	0	0	0	432
Cisco Dr - Westlake Water Plant to Garden St - New Transmission	215	1,000	9,386	0	0	10,601
Water Treatment Plants - Sodium Hypochlorite Storage Tank Upgrades	200	200	200	200	200	1,000
JP - COJ - McCoy's Creek - Cherokee St. to St. Johns River	182	227	0	0	0	409
Deerwood Water Plant - Well 5 Rehabilitation	152	0	0	0	0	152
Bessie Circle - Water Main Installation	135	0	0	0	0	135
Grid - Cost Participation - New	100	100	100	100	100	500
Arlington Water Plant Well No 4 Rehabilitation	92	0	0	0	0	92
Lofton Oaks Water Plant - Well 1 Rehabilitation	90	0	0	0	0	90
JP- FDOT - North Grid - Lem Turner - Capper Rd to Leonid	80	5	2	0	0	87
Ridenour Water Plant - Well 5 Rehabilitation	78	0	0	0	0	78
Beacon Hills Water Plant - Rehabilitation	62	995	1,756	4,169	19	7,001
JP - FDOT - JTB Blvd at Kernan Blvd - Water Main Replacement	60	14	3	0	0	77
JP - FDOT/COJ - Chaffee Rd - Westmeadows Dr S to Samaritan Wy - New Transmission	60	1,500	752	500	0	2,812
Community Hall Water Plant - Well 3 Rehabilitation	58	0	0	0	0	58
Ridenour Water Plant - Well 4 Rehabilitation	58	0	0	0	0	58
JP - FDOT - I95 and MLK Interchange - Water Main Replacement	50	11	0	0	0	61
JP - JTA - San Pablo Rd - Beach Blvd to Atlantic Blvd	43	0	0	0	0	43
JP - FDOT - SR212 (US90/Beach Blvd.) Southside Blvd. to Eve Dr - Water Main Replacement	36	0	0	0	0	36
JP - FDOT - Timuquana Rd (SR134) - Wesconnett to US17 - Water Main Replacement	28	0	0	0	0	28
JP - JTA - Alta Drive Roadway Improvements	13	0	0	0	0	13
JP - FDOT - I10 Widening - I295 to I95 - Water Main Replacement	12	12	0	0	0	24
JP - FDOT - Lane Ave S - Water Main Replacement - Distribution	10	0	0	0	0	10
JP - Pages Dairy Rd - Felmor Rd to Chester Ave - Transmission	7	0	0	0	0	7
JP - FDOT- SR202 - JTB at San Pablo Rd	2	0	0	0	0	2
Water Pipeline Crossings Resiliency	1	1	1	1	1	5
Main St Water Plant - Ozone Generator - Addition	0	600	3,000	2,000	0	5,600
North Grid - Arnold Rd - Pecan Park Rd to Northwest Water Reclamation Facility	0	250	250	250	250	1,000
Westlake Water Plant - Well No 4 and Raw Water Main	0	191	1,223	957	92	2,463
Brierwood Water Plant - Rehabilitation	0	68	740	3,357	1,347	5,512
Westlake Water Plant - Expansion from 3.0 to 7.0 MGD	0	19	1,960	1,361	10,540	13,879
Blount Island Fire Protection System - Repair & Replace	0	0	4,300	0	0	4,300
Ft. Caroline Rd - McCormick Rd to Fulton Rd - Distribution - New	0	0	210	805	1,271	2,286
North Grid - Downtown Water Plant	0	0	0	0	750	750
Market Adjustment	-40,685	0	0	0	0	-40,685
WATER SUBTOTAL	117,561	127,127	187,388	98,453	83,896	614,425
SEWER						
Greenland Reclamation Facility - 4.0 MGD	56,725	46,053	6,639	0	0	109,417
Southwest Reclamation Facility - Expansion to 16 MGD	44,528	41,548	18,386	51	0	104,514

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Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Nassau Regional Reclamation Facility - Expansion to 3 MGD	28,239	36,059	12,509	0	0	76,807
Buckman Reclamation Facility - Biosolids Conversion - Process Facility	18,782	45,598	91,007	73,594	7,411	236,393
US 1 - Greenland Reclamation Facility to CR 210 - Transmission - New - Reclaim	18,488	1,035	0	0	0	19,523
Nassau Regional Reclamation Facility - Effluent Management	7,891	271	0	0	0	8,162
Nassau - Radio Ave - Class III/IV - New Pump Station	5,999	10	0	0	0	6,009
Buckman Reclamation Facility - Biosolids RAW Sludge Holding Tank Restoration	5,980	7,718	0	0	0	13,697
Buckman Reclamation Facility - Disinfection System Replacement	5,790	0	0	0	0	5,790
Southwest - 5104 118th St - Class III/IV	5,701	1,254	0	0	0	6,955
Mandarin-Greenland Interconnect - Reclaim	5,411	0	0	0	0	5,411
SR200 - William Burgess Blvd to Police Lodge Rd - Transmission - Reclaim	4,510	0	0	0	0	4,510
Pumping Stations - Capital Equipment Replacement	4,500	4,500	4,500	4,500	4,500	22,500
Southwest - 6217 Wilson Bv - Class III/IV	4,415	894	0	0	0	5,309
Sewer Collection System Trenchless Repair & Replace	4,300	4,300	4,300	4,300	4,300	21,500
Sewer Collection System Repair & Replace	4,000	4,000	4,500	4,500	4,500	21,500
Manhole Inspection, Prioritization, and Rehabilitation or Replacement	3,600	3,600	3,600	3,600	3,600	18,000
Mandarin Reclamation Facility - Sludge Holding Tanks Rehabilitation	3,477	73	0	0	0	3,550
JP - SJC - CR210 - South Hampton to Ashford Mills - Transmission - Reclaim	3,073	0	0	0	0	3,073
Southwest - 5825 Robitzsch Lane - Class III/IV	2,966	564	0	0	0	3,529
Greenland - Burnt Mill Pump Station to Greenland Energy - Transmission - Force Main	2,958	610	0	0	0	3,568
Buckman Reclamation Facility - Fine Screen Replacement	2,935	0	0	0	0	2,935
Arlington East Reclamation Facility - Parallel Sludge Line	2,768	11,240	17,375	5,733	0	37,115
Monterey - 3254 Townsend Rd - Class III/IV - Pump Upgrade	2,505	0	0	0	0	2,505
Water Reclamation Facilities - Capital Equipment Replacement	2,500	2,500	2,500	2,500	2,500	12,500
5th St W - Imeson Rd to Melson Ave - Transmission - New - Force Main	2,478	119	0	0	0	2,597
Arlington East Reclamation Facility Upgrades - Influent Structure	2,385	18,634	9,628	0	0	30,648
District II - 11308 Harts Rd - Class III/IV	2,350	0	0	0	0	2,350
Resiliency - Pump Stations, Plants, Electrical Reliability	2,227	4,504	3,758	3,430	3,829	17,748
Mandarin - 106 Twin Creeks - Class III/IV - Booster Pump Station	2,170	200	0	0	0	2,370
Buckman Reclamation Facility - Biosolids Conversion - Operations/Maintenance Bldgs	1,981	0	0	0	0	1,981
Real Estate - Nassau Regional Reclamation Facility - Storage Tank and Boosters - Property Acquisition	1,970	0	0	0	0	1,970
District II - Robena Rd Booster Pump Station	1,910	0	0	0	0	1,910
Wastewater Large Capital Improvements	1,831	10,931	51,030	15,452	11,800	91,043
9247 Baymeadows Rd - Class III/IV - Pump Upgrade	1,799	150	0	0	0	1,949
Buckman Reclamation Facility - Biosolids Dryer Rehabilitation	1,793	0	0	0	0	1,793
Southwest - 4881 Timuquana Rd - Class III/IV	1,619	0	0	0	0	1,619
Development Driven Projects - Pump Stations	1,575	200	200	200	200	2,375
Arlington East Reclamation Facility Upgrades - Aeration Basin and Blowers	1,564	11,755	18,187	2,766	0	34,272
Development Driven Projects - Reclaim	1,512	200	200	200	200	2,312
25th St at Mario St Gravity Sewer Replacement	1,509	2,343	0	0	0	3,852
Monterey - 5838 Pompano - Class III/IV - Pump Upgrade	1,501	538	0	0	0	2,038
SCADA RTU and Control Panel Upgrades	1,500	1,500	1,500	1,500	1,500	7,500
Main Extensions and Taps - Sewer	1,500	1,500	1,500	1,500	1,500	7,500
Large Diameter Cured In Place Piping	1,500	1,490	1,166	1,499	2,500	8,155
Buckman Reclamation Facility - Biosolids Facility Rehabilitation	1,382	5,639	0	0	0	7,021

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Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Nassau - Radio Av - Reclaim Water Storage Tank and Booster Pump Station - Reclaim	1,240	0	0	0	0	1,240
Ridenour Water Plant - Storage and Repump - Reclaim	1,128	2,250	6,250	1,498	0	11,126
Cedar Bay Backup Power System	1,100	0	0	0	0	1,100
SEQ to Gate Parkway - Transmission - New - Reclaim	1,000	2,000	1,050	0	0	4,050
SWDE - Water Purification Piloting	1,000	1,000	0	0	0	2,000
JP - COJ - McCoys Creek - Cherokee St. to St. Johns River - Sewer	970	282	1,047	654	0	2,953
Margaret St. Area Sewer Main Installation	951	0	0	0	0	951
JP - Nassau - Chester Rd - David Hallman to Pages Dairy Rd - Reclaim	890	0	0	0	0	890
Air Release Valves - Inspection, Prioritization, and Rehabilitation or Replacement	875	875	570	570	570	3,460
4511 Spring Park Rd Lift Station	826	0	0	0	0	826
JP - Nassau - Wm Burgess Blvd - US 17 to Miner Rd - New - Force Main	808	381	0	0	0	1,188
Buckman Reclamation Facility - Biosolids Process Renewal and Replacement	740	740	740	740	740	3,700
Monterey - 7732 Merrill Rd - Class III/IV - Pump Station Upgrade & 2530 Mayapple Pump Station Upgrade	718	2,792	392	0	0	3,902
Arlington East Reclamation Facility - Secondary MCC Replacement	663	0	0	0	0	663
JP - Nassau - Chester Rd - David Hallman to Pages Dairy Rd - Force Main	650	0	0	0	0	650
Development Driven Projects - Sewer	636	200	200	200	200	1,436
Arlington East - 8331 Princeton Sq - Class III/IV - Pump Upgrade	600	2,490	2,146	989	0	6,225
McMillan St Pump Station Effluent Piping S20B - Force Main Replacement	522	82	0	0	0	604
Southwest Service Area Infiltration and Inflow Analysis and Remediation	500	500	500	0	0	1,500
Wastewater Odor Control - All Plants and Pump Stations	500	250	250	250	250	1,500
Buckman Reclamation Facility - Blower System Improvements	481	0	0	0	0	481
Norwood Ave. Sewer Main Installation	441	0	0	0	0	441
RiverTown Booster Pump Station - Reclaim	405	2,541	0	0	0	2,946
Arlington East - 8751 Bayleaf Dr - Class III/IV - Pump Upgrade	402	2,450	1,788	0	0	4,640
JP - Joint Participation Projects - Sewer	400	400	400	400	400	2,000
Pirates Cove Rd 8" Force Main Replacement	379	0	0	0	0	379
District II - 10800 Key Haven Bv - Class III/IV	367	2,256	0	0	0	2,623
South Shores Sub-Aqueous Force Main Rehabilitation	353	0	0	0	0	353
Nocatee South Reclaim Improvements	350	1,884	0	0	0	2,234
Buckman Reclamation Facility -1636 Talleyrand Av - Class III/IV	336	803	2,834	4,526	166	8,665
District II - Reclaimanch Rd - Tradeport Dr to DUV-14491 Master Pump Station - Force Main	304	129	0	0	0	432
SWDE - Deep Injection Exploratory Wells	300	9,230	45,070	39,000	12,000	105,600
Arlington East Reclamation Facility - Reclaim Filter - Increase Capacity from 8 to 10 MGD	300	1,500	0	0	0	1,800
SCADA Renewal & Replacement	268	268	268	268	268	1,340
301 Development - Sewer	250	4,000	8,000	7,750	0	20,000
SWDE - Arlington East Reclamation Facility - Disinfection Conversion to High Level UV	250	2,100	10,000	7,600	0	19,950
SWDE - Planning, Zoning, and Land Acquisition	250	500	250	0	0	1,000
Clark and Main: Kentucky St to Gun Club Rd - Force Main	247	1,176	0	0	0	1,422
Buckman Reclamation Facility Outfall Improvements- Phase 1	200	725	4,125	4,125	0	9,175
Davis - Gate Pkwy to RG Skinner - Transmission - Reclaim	191	1,306	7,206	2,688	0	11,392
Twin Creeks Reclaim Storage Tank and Booster Pump Station - Reclaim	190	0	0	0	0	190
Ponte Vedra Additional SBR, Influent Jet Headers, & UV replacement	157	592	3,661	1,935	0	6,345
Monterey - 8043 Carlotta Rd - Class III/IV - Pump Upgrade	152	175	1,715	0	0	2,042
JP - COJ - Six Mile Bridge and Utilities Replacement	107	1,934	200	0	0	2,241

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Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Buckman Reclamation Facility - Aeration Basin Air Header and Diffuser Replacement	107	464	1,371	1,371	1,371	4,682
Waste Water Pumping Station Safety Improvements - Guard Rail Installation	100	100	100	100	100	500
Grid - Cost Participation - New - Force Main	100	100	100	100	100	500
Grid - Cost Participation - New - Reclaim	100	100	100	100	100	500
JP - COJ - Old Middleburg Rd - Argyle Forest Blvd to Maynard Place - Transmission - New - Force Main	56	400	1,404	600	0	2,460
Reuse Delivery Repair & Replace	55	55	55	55	55	275
JP - FDOT - Timuquana Rd (SR134) - Wesconnett to US17 - Force Main Replacement	54	0	0	0	0	54
Monterey Reclamation Facility Improvements - Phase 1	50	0	0	0	0	50
Southwest - POW MIA Memorial Pkwy - Normandy Blvd to Parkland Master Pump Station - Force Main	50	240	600	710	0	1,600
Southwest - 103rd Street at Piper Glen Blvd - Force Main	50	200	400	300	0	950
Diesel-driven Backup Pump Repair & Replace	50	50	50	50	50	250
Manhole SCADA Repair & Replace	50	50	50	50	50	250
Reuse Facility - Capital Equipment Replacement	50	50	50	50	50	250
JP - FDOT - District II - Lem Turner - Capper Rd to Leonid - Force Main	47	5	2	0	0	54
Nassau Regional Reclamation Facility - SR200 West of I-95 RW Storage Tank and Booster Pump Station - Reclaim	44	1,216	2,663	6,960	1,135	12,018
Nocatee North Reclaim Storage Tank	18	148	689	5,391	15	6,261
CR210 - Longleaf Pine Pkwy to Shearwater Rd - Trans - Reclaim	12	178	6,124	150	0	6,465
JP - FDOT - I10 Widening - I295 to I95 - Force Main Replacement	12	12	0	0	0	24
Holiday Road Master Pump Station Rehabilitation - Phases 1 and 2	10	0	0	0	0	10
JP - JTA - Alta Drive Roadway Improvements - Sewer	7	0	0	0	0	7
Sewer Pipeline Crossings Resiliency	1	1	1	1	1	5
Ductile Iron Force Main Replacement	0	2,983	2,098	3,000	3,000	11,081
Blacks Ford Reclamation Facility - Expansion from 6 to 9 MGD	0	1,000	7,500	12,500	14,000	35,000
Southwest - 7703 Blanding Bv - Class III/IV	0	689	0	0	0	689
Monterey Reclamation Facility Improvements- Phase 2	0	628	6,174	6,599	893	14,294
Monument Rd - Arlington Reclamation Facility to St Johns Bluff Rd - Transmission - New - Reclaim	0	541	834	8,672	13	10,060
SWDE - Buckman Reclamation Facility	0	537	18,008	24,040	73,301	115,886
T-Line - Park Ave to Pulaski Rd Master Pump Station - Easement Acquisitions	0	500	0	0	0	500
SWDE - Southwest Reclamation Facility	0	428	12,603	17,029	31,285	61,344
SWDE - Arlington East Reclamation Facility	0	402	11,919	16,126	29,519	57,966
SWDE - Cedar Bay Reclamation Facility	0	270	8,471	11,572	20,614	40,927
Northwest - Arnold Rd - Pecan Park Rd to Northwest Reclamation Facility - Reclaim	0	250	250	250	250	1,000
Northwest - Arnold Rd - Pecan Park Rd to Northwest Reclamation Facility - Force Main	0	250	250	250	250	1,000
Southwest - Morse Ave - Reclaimicker Rd to Firestone Rd - Force Main	0	150	500	350	0	1,000
SWDE - Monterey Reclamation Facility	0	131	4,804	6,570	9,854	21,360
Lenox Ave - Fouraker Rd to Palisades Dr - Distribution - New - Force Main	0	115	461	0	0	576
District II - Capper Rd - Meadowlea Dr to Lem Turner - Force Main	0	90	230	230	0	550
Southwest - Chaffee Rd S - Crystal Springs Rd - Force Main	0	50	525	1,500	1,425	3,500
Veterans Pkwy - Longleaf Pine Pkwy to CR210 - Transmission - Reclaim	0	26	595	2,040	2,419	5,080
118th St - Kinkaid Rd to Ricker Rd - Transmission - New - Force Main	0	0	961	3,000	3,000	6,961
Northwest Reclamation Facility - 1.5 MGD	0	0	500	3,750	6,250	10,500
Southwest-PAR-13437-Class III/IV Pump Upgrade	0	0	500	0	0	500
RiverTown - New Storage and Pumping System - Reclaim	0	0	400	950	2,500	3,850
Greenland Reclamation Facility Alt Discharge to Mandarin WRF Outfall	0	0	150	500	500	1,150

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Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Busch Dr - Balmoral Dr to Harts Rd - Transmission - Force Main	0	0	30	600	183	813
Herschel St. 12in Force Main Replacement	0	0	0	1,045	1,659	2,705
Arlington East Reclamation Facility - Reclaimed Water System Expansion	0	0	0	560	4,200	4,760
St Johns Bluff Rd - UNF to Bradley Master Pump Station - Transmission - Rehab Parallel Force Main	0	0	0	400	2,000	2,400
Arlington East - Deerwood Pk - Burnt Mill to JTB - Force Main	0	0	0	400	1,000	1,400
Lorain St 8" Force Main Replacement	0	0	0	373	0	373
CR210 - Twin Creeks to Russell Sampson Rd - Transmission - Reclaim	0	0	0	90	1,100	1,190
District II - Pulaski Rd Booster Pump Station - Phase 2	0	0	0	87	805	892
Russell Sampson Rd - St. Johns Pkwy to CR210 - Transmission - Reclaim	0	0	0	41	600	641
District II - Yellow Bluff Rd - New Berlin Rd to Victoria Lakes - Transmission - New - Force Main	0	0	0	10	260	270
SWDE - Ponte Vedra Reclamation Facility	0	0	0	0	558	558
SWDE - Nassau Regional Reclamation Facility	0	0	0	0	405	405
District II - New Berlin Rd - Yellow Bluff Rd to Eastport Rd - New - Force Main	0	0	0	0	10	10
JP - FDOT - Copper Circle Lift Station Replacement	-218	0	0	0	0	-218
Market Adjustment	-80,804	0	0	0	0	-80,804
SEWER SUBTOTAL	233,489	331,748	442,669	337,040	277,815	1,622,761
WATER OTHER						
Technology Services Projects	14,000	12,175	12,125	11,600	11,550	61,450
Fleet - Replacement	8,600	1,920	2,270	4,100	4,632	21,522
Capital Administrative Overhead	7,500	7,750	8,000	8,250	8,500	40,000
Fleet - Expansion	4,219	1,100	800	800	800	7,719
Facilities - Generators	2,253	10,977	4,535	5,000	5,000	27,765
Facilities - Main St Lab Emergency Generator Project	1,513	0	0	0	0	1,513
Facilities - Blacks Ford Reclamation Facility New Parking and Storage Building	1,486	0	0	0	0	1,486
Facilities - District II Reclamation Facility New Plant Entrance	1,390	0	0	0	0	1,390
Facilities - Satellite Service Centers	844	0	0	0	0	844
Facilities - Mandarin Reclamation Facility - Facility Parking and Storm Water Upgrades - Phase 2	711	1,658	0	0	0	2,369
Security Improvements	650	650	650	650	650	3,250
Laboratory Instrumentation - PFAS	650	0	0	0	0	650
Facilities - Heating, Ventilation, and Air	520	520	520	520	520	2,600
Facilities - Arlington East Reclamation Facility Storage Building	518	0	0	0	0	518
Facilities - Fleet Service Operations Building Renovations	500	0	0	0	0	500
Facilities - District II Reclamation Facility - New Storage Building and Site Upgrades	469	0	0	0	0	469
Facilities - Roof Replacements	435	435	435	435	435	2,175
Facilities - Blanding Blvd Lift Station Entrance Drive	413	0	0	0	0	413
Facilities - Building Upgrades	400	400	400	400	400	2,000
Facilities - Electric and Lighting Systems	400	400	400	400	400	2,000
Security - Fencing	260	260	260	260	260	1,300
Facilities - Plumbing Upgrades	250	250	250	250	250	1,250
Facilities - Paving and Site Improvements	250	250	250	250	250	1,250
Facilities - Elevators	250	250	1	1	1	503
Laboratory Equipment Upgrades	250	100	100	100	100	650
Real Estate - Easement Location and Acquisitions	150	150	150	150	150	750

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Water Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Utility Locate Group - Capital Equipment	50	50	50	50	50	250
Security - Fire Alarm and Sprinkler Systems	20	20	20	20	20	100
Facilities - Buckman Reclamation Facility - Street Lighting and Paving Upgrades	0	0	0	1,000	783	1,783
WATER OTHER SUBTOTAL	48,950	39,315	31,216	34,236	34,751	188,468
WATER GRAND TOTAL	400,000	498,190	661,273	469,729	396,462	2,425,654

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5/11/2022

DES FY23-FY27

DES Project Title	FY23 Proposed ('000)	FY24 Proposed ('000)	FY25 Proposed ('000)	FY26 Proposed ('000)	FY27 Proposed ('000)	FY23-FY27 Total ('000)
Hogans Creek - Line Extension - Jags Performance Facility	6,432	0	0	0	0	6,432
District Energy System - Repair & Replace Improvements	450	765	980	1,000	645	3,840
Security - District Energy System	50	50	50	50	50	250
Capital Administrative Overhead	4	4	4	4	4	18
Springfield - Replace Chiller 1	0	920	0	0	0	920
Springfield - Replace Chiller 4	0	920	0	0	0	920
Downtown Plant Expansion - New Chiller & Cooling Tower	0	25	1,500	4,313	0	5,838
Springfield - Replace Chiller 3	0	0	950	0	0	950
Springfield - Replace Chiller 5	0	0	950	0	0	950
Hogans Creek - Replace Chiller 3	0	0	0	1,500	0	1,500
DES GRAND TOTAL	6,936	2,684	4,434	6,866	699	21,619

Finance & Operations Committee - ADDITIONAL INFORMATION

ELECTRIC	Description	Explanation
B50, B51, etc	specific steam turbine units at Brandy Branch Generating	
CEMI-5	Customers Experiencing More than 5 Interruptions	CEMI-5 is a software report and metric that stands for Customers Experiencing More Than Five Outages of one minute or more in the past year. The new report has helped us improve on our already unbeatable performance of low extended outage frequency and duration rates. CEMI-5 directs JEA's engineers and field personnel to the specific addresses of customers who've experienced six or more extended outages (of one minute or more) over the last 12 months
CT1, CT2, etc	specific gas turbine units	
DCPS	Duval County Public Schools	
HP/IP	High Pressure/Intermediate Pressure	A type of turbine
HRSG	Heat Recovery System Generator	An energy recovery heat exchanger that recovers heat from a hot gas stream, such as a combustion turbine. It produces steam that can be used in a process or used to drive a steam turbine.
LNG	Liquid Natural Gas	
N00, N01, N02, etc	specific steam turbine units	
OH-UG	Overhead to Underground	Moving electric lines from overhead to underground
PV	Photovoltaic	solar panels
RTAC	Real-Time Automation Controller	Multifunctional platform designed for demanding utility applications.
RTU	Remote Terminal Unit	A remote terminal unit (RTU) is a microprocessor-controlled electronic device that interfaces objects in the physical world to a distributed control system or SCADA (supervisory control and data acquisition) system by transmitting telemetry data to a master system, and by using messages from the master supervisory system to control connected objects
SAIDI	System Average Interruption Duration Index	Indicates the total duration of interruptions for the average customer across the electric system during a predefined period of time such as a month or a year. It is commonly measured in minutes or hours of interruption.
SEL-3355	Schweitzer Engineering Laboratories	Schweitzer Engineering Laboratories - computing platform
SOCC	system ops and control center	central command/control of the electric system
UPS	Universal Power Supply	
WATER	Description	Explanation
AMI	Advanced Metering Infrastructure	Integrated system of equipment, comm., and information management systems for utilities to remotely collect water usage data in real time
Class III/IV	the size/processing capability of a sewage pump station	Class III - 1,000 Gallons per Minute (GPM) to 2,000 GPM / Class IV - Over 2,000 GPM
JP	Joint Project	Projects that involve agreements and collaboration with other local and State entities.
MCC	Motor control center	
MGD	Million Gallons per Day	the max amount of volume a water or wastewater plant can process
PFAS	Per- and polyfluoroalkyl substances	synthetic organofluorine chemical compounds
RTU	Remote Terminal Unit	A RTU is a microprocessor based device that monitors and controls field devices, that then connects to plant control or SCADA (supervisory control and data acquisition) systems.
SBR	Sequencing Batch Reactor	a type of sludge process for wastewater treatment
SCADA	supervisory control and data acquisition	supervisory control and data acquisition
SIPS	Southside Integrated Piping System	SIPS projects are part of the Total Water Management Plan and done to improve reliability and optimize Water Mains in the South Grid.
SJC	St Johns County	
SWDE	Surface Water Discharge Elimination	
UV	Ultraviolet	Utilizing deep injection wells to divert treated wastewater from the river, due to Florida Senate Bill (SB) 64

source files in SP/Manager/FY22



District Energy System (DES) Cost-Of-Service Results & Recommendations Supplemental Information





JEA PHASE II

Plan for Full Financial Recovery of District Energy System Costs

FY23 Proposed Plant Level Demand Rates

Final Report
03/07/2022



JEA PHASE II

Plan for Full Financial Recovery of District Energy System Costs



JEA Phase II

Project No: D32549P4
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Project Manager: Samantha Hanzel, PE
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Executive Summary

The current JEA District Energy System (DES) rate structure is insufficient for annual cost recovery needs and does not include future expenditures for growth and system revitalization. Assuming no immediate customer growth, the DES cost recovery capacity under the current rate structure is calculated to be approximately \$8.2 million, [Table 1]. The annual cost recovery requirements of the DES are approximately \$11.3 million [Table 2]. This will lead to a cost recovery shortfall of roughly \$3.1 million.

Table 1: Current Rate Revenue Summary

Existing Cost Recovery Potential			
Revenue Components	Existing Rates	FY23 Forecasted Sales	Revenue
Commodity Sales	\$0.12403 to \$0.21403	40M Ton Hours	\$4.6MM
Demand Sales	\$18.00 to \$26.73	180K Tons	\$3.6MM
Total			\$8.2MM

Table 2: Cost Summary

Existing Cost Recovery Needs	
Cost component	FY23 Forecasted Cost
Utility Cost	\$3.3MM
Operation & Maintenance Cost	\$1.8MM
Target Capital Outlay	\$3.0MM
Debt Service	\$3.2MM
Total Cost Recovery Needs	\$11.3MM

Jacobs recommends JEADistrict Energy System adopt a rate structure that fully recovers the cost of services to provide reliable and affordable utilities to customers. It is recommended that the DES use its rates and the funds collected as leverage for DES coverage area development.

The DES business group should use a rate structure that advertises chilled water service costs in relation to both variable rates (\$/Ton-hr) and a contracted demand rate (\$/Ton). Jacobs recommends using modeled variable rate and budgeted demand rate components. A percentage of each rate component should be directed into cost components as referenced above in Table 2. Each component should be budgeted to operate with a slight surplus not to exceed a predetermined threshold. Funds collected beyond the surplus threshold should be returned to DES customers in the form of lower rates or as a set of rebate programs.

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Utilizing the recommended rate components and structure within the proposed business strategy, the total cost of service analysis is as follows: new rate components for demand and consumption should be ~\$0.09 per ton-hour of chilled water for the commodity rate, ~\$0.05 per ton-hour of chilled water for the consumption rate, and the plant demand rate should range between approximately \$34 to \$39 per contracted ton of chilled water for the demand in FY23.

Table 3: Summary of Variable Rate Cost Recovery Potential

FY23 Proposed System Level Variable Rates		
Customers	Commodity ¹	Consumption
All Plants	\$0.09/ton-hr	\$0.05/ton-hr

1. Commodity rate component varies monthly.

Table 4: Summary of Demand Rate Cost Recovery Potential

FY23 Proposed Plant Level Demand Rates	
Customers	Demand
Hogan's Creek	\$38/ton
Downtown	\$35/ton
Springfield	\$34/ton

The effectiveness of the District Energy System is recommended to be evaluated as the percentage of total cooling load in a service area that is met by the DES. As a specific coverage area is increasingly developed, the total cooling load will also increase, and therefore the proportion of this load that is served by the DES will indicate effectiveness with respect to other cooling solutions.

JEA PHASE II
Financial Recovery of District Energy System Costs



1. Introduction

JEA's District Energy Business group and Jacobs Engineering have collaborated to develop a holistic financial plan for the District Energy System. The financial plan includes an analysis performed on the current DES rate structure and the cost recovery needs of the DES. The analysis evaluates the current financial health of the DES, identifies possible financial shortfalls and associated causes within the current rate structure.

This evaluation includes a new set of rate components and customer connection agreement terms that are recommended for implementation as shown in this document.

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Financial Recovery of District Energy System Costs



2. Infrastructure and Contract Terms

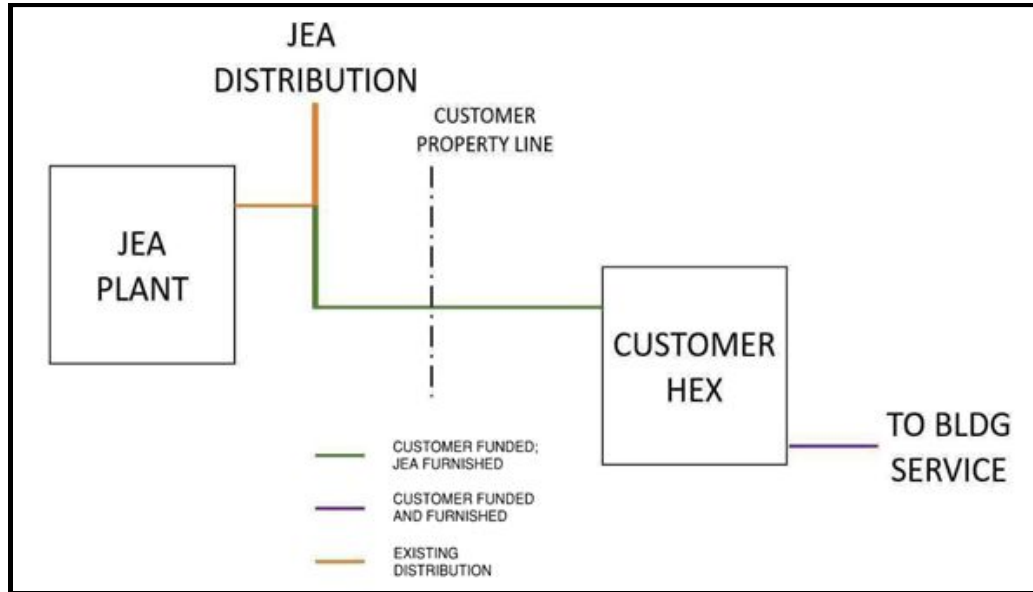


Figure 1: New Customer Connection Scope Delineation

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Financial Recovery of District Energy System Costs



2.1 Plant and Distribution

JEA DES plants are generally composed of chillers, cooling towers, and pumps. The distribution system consists of pipes, valves, and delivery stations. Should the chilled water plants and distribution system capacity need to be expanded to meet the customer load, JEA would then finance the expansion of their plant and distribution system from their capital program. The proposed rate structure contains a demand rate that should recover the costs to maintain and build the DES system. The customer's portion of the total system demand most accurately reflects that customer's total use of the system.

JEA is recommended to evaluate each distribution expansion scenario on a case-by-case basis to identify potential additional connections. JEA will allocate the cost of connection to each potential customer accordingly.

2.2 Connections

Currently, there is no connection fee to fund the piping sections that intercept the main chilled water feeders within the distribution system and the meter station. The existing connection agreement makes little mention of cost splitting for customer connections or the methods by which the customer will interface with the DES. The highly variable costs to connect customers based on their load and distance from the existing DES is the assumed reason for minimal mention of cost splitting in the agreement. As part of the rate revitalization, it is recommended that JEA include concise connection agreement language and methods within its DES contracts.

When JEA needs to perform extensions on its own distribution system to connect a new customer load, Jacobs recommends that costs be distributed as follows:

1. JEA will finance and install all piping and components that are hydraulically connected to the chilled water system.
2. JEA will split the cost with Customer(s) to perform the construction between the piping sections (DES Distribution and customer connection) and trenching extension.
3. JEA will finance and install all metering and valving equipment.
4. Customer(s) will re-pay all costs to JEA as part of the customer connection fee:
 - Fee associated with the customer portion of the piping and installation necessary to connect to the DES. If piping is upsized to accommodate other customers, the customer should only be responsible for the cost associated with their projected usage of the piping.
 - Fee associated with the metering and valving equipment and its installation.

Installing and expanding the DES in the manner described above allows JEA to control the construction and implementation of systems that physically and hydraulically connect to the DES.

JEA PHASE II
Financial Recovery of District Energy System Costs**2.3 Customer Equipment**

Customers will be required to utilize a heat exchanger to make hydraulically de-coupled connection to the chilled water loop. Piping, valves, and metering up to the heat exchanger shall meet JEA installation specifications. The heat exchanger should be selected and installed as part of the customer's HVAC or process cooling system. JEA will provide the customer with the minimum equipment operational specifications for heat exchanger and inspect the equipment submittals for completeness, compliance with the specification, and with respect to the total capacity of the heat exchanger(s) and the total contracted demand.

2.4 Contract Terms

Construction costs, connection terms, and payment (or re-payment) agreement options are recommended to be individually negotiated between each customer and JEA. Jacobs recommends JEA establish the roles and responsibilities for negotiation and executing the contract terms. For example, JEA's front office provides the agreements to customers, JEA's Asset Management team provides the standards & technical specifications for connections, JEA's Finance team provides the terms for payment, and JEA's legal team provides the oversight of the contract execution.

Jacob recommends JEA revamp its contract terms to account for the variable nature of chilled water generation costs and also to specifically limit JEA's liability in the event of failed customer performance. Jacob's Communication and Marketing Plan services can provide JEA with contracting and connection standard templates.

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3. Existing Cost Recovery Methods

An evaluation of the current JEA rate structure and connection agreement was performed in with a focus on the true cost of service and the previously submitted rate gap analysis. The evaluation uncovered several shortfalls within the rate recovery methods, as well as several points of interest within the connection agreements.

The current rate structure is a capable method of collecting funds. The use of an advertised contracted demand rate based on the size of the connected loads (including variable rates utilizing metered BTU values) is the most direct and common method of charging customers for chilled water services. Jacobs suggests developing new components and values within the rate structure to fully recover costs and to plan for the capital needs of DES. The new rate values should be informed by the total cost of service model. Jacobs also recommends that several simplifications and financial hedging mechanisms be included in the advertised rate.

3.1 Customer Categories and Price Ratchets

The current rate structure utilizes two categories to classify customers: (1) Customers above 200 tons of contracted demand and (2) customers below 200 tons of contracted demand. To clarify the cost to customers and to effectively recover all the DES costs, the aforementioned customer categories (above and below 200 tons) should be eliminated. Customers that are too small or those who will not purchase enough chilled water to make connection economical, should not be provided a rate that excludes some portion of cost recovery.

Two demand consumption pricing ratchets exist within the current rate. Ton-hours purchased below 2,400 EFLH are billed at a higher rate than those ton-hours consumed above 2,400 EFLH. The consumption discount for ton-hours purchased beyond 2,400 EFLH is recommended to be eliminated. All ton-hours should command the same consumption rate. If we assume the same cost for all produced tons, then more sustainable operations can be implemented, and the costs to generate the chilled water utility can be more effectively tracked.

3.2 Cost Hedging and Risk Mitigation

The current consumption charge is variable and subject to fluctuation due to changes in the electric rate charged to DES and could vary month to month. The current rate does not appear to take into consideration any changes to water rates. The current rate also does not appear to allow for the recovery of operation and maintenance costs such as rising labor, material, and/or supply costs. Jacobs recommends decoupling the consumption charge into a Commodity rate and a revised Consumption rate.

JEA PHASE II
Financial Recovery of District Energy System Costs**3.3 Commodity Rate**

A commodity rate is needed to recover utility costs associated with the purchase of the electricity and water used for chilled water production.

The commodity rate should be set monthly as a pass through for more transparency to DES customers and more flexibility for JEA. It should be based on forward month commodity cost & usage projections, as well as any true up amounts from the previous month's results.

3.4 Consumption Rate

A consumption rate is needed to recover operation and maintenance costs associated with the day to day expenses of running the DES, excluding the purchase of electricity and water used for chilled water production.

Jacobs recommends adding an annual cost index to the proposed consumption rate and connection agreements. The index will raise or lower the consumption rate to reflect the changing operation and maintenance costs to serve DES customers. The method of indexing should be included in the connection agreement and should be sufficiently described to allow a third party to verify or predict the likely index.

The most direct method to apply a cost hedge to non-utility operation and maintenance cost is to vary the baseline consumption rate based on a factor of 1 plus the consumer price index. The baseline rate should include assumed cost escalation forecasted for the target year. The use of the CPI within the index will reflect the varying costs of labor, supplies, and materials necessary to serve chilled water customers. The consumption rate should be revisited and re-baselined if the resulting indexed rates under- recover projected O&M expenses.

3.5 Demand Rate

The demand rate is designed to recover costs for debt service, capital improvements and restoration of equipment and systems. Because the values used in the demand rate are based upon budgeted values that already account for likely cost escalations, no index is necessary to adjust the rate. Should an index become necessary, budget adjustments would be made, and the rate would be changed to reflect the new budget during the normal rate maintenance period.

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4. Cost of Service Calculation

A true cost of service analysis was performed in parallel with the development of this financial plan. In many ways, the cost-of-service calculation and the financial plan symbiotically work to provide a method of total cost accounting and recovery. While at the same time, providing a level of certainty that the DES will operate with positive economic results.

In effort to provide assurance that the DES will operate in a manner that maintains strong financial health, this financial plan was designed to collect funds that will recover costs and meet/maintain financial metric targets.

4.1 Analysis Assumptions

As a part of the rate generation documentation process, the JEA team has recorded basic assumptions that are used in the total cost of service analysis. The documentation of the assumptions is intended to serve as a repository for the methods and data used to determine the rate components. Assumptions specific to the rate calculation, verification, or evaluation of a specific rate component will be included in the descriptions of those specific components. The assumptions that are common to all the rate components or to the business strategy are delineated below in no specific order.

4.1.1 General Assumptions

1. JEA will use a tariffed contract demand rate(s), consumption rate(s), and commodity rate(s). Rate recommendations are to recover costs based upon the total cost of service model.
2. DES will operate to provide chilled water utility to the areas within the service range of the DES. DES may operate with a surplus but aims to only recover the costs necessary to produce and distribute chilled water to existing and new clients. Over-collected funds will be used to lower customer rates and/or will be returned in the form of rebate programs.
3. Assuming zero-growth for cost recovery calculations. Cost recovery calculations will use the assumption that no new customers will be added within the current five-year window (FY2022-2026).
4. Assuming capital that aligns with zero growth sales assumptions for baseline cost recovery calculations. Capital assumptions included are R&R capital investments in JEA's capital improvement plan.
5. Cost recovery will be broken into three components: utility, operation & maintenance, and capital improvements. Utility costs are to be recovered via the commodity rate, operation & maintenance excluding utility costs are to be recovered via the consumption rate, and capital improvements are to be funded via the demand rate.

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Financial Recovery of District Energy System Costs



4.1.2 Utility Costs

The utility cost recovery component accounts for the costs associated with the purchase of electricity and water used for chilled water production. The total utility costs accrued by JEA are highly dependent upon the total output of each DES plant. Utilities are most evenly and effectively collected as part of a system level per ton-hour commodity rate. The commodity rate should have two rate components: electric cost recovery and water cost recovery.

The electric cost recovery component of the commodity rate should be modeled and adjusted monthly to address changes in electric rates and DES demand factors. For cost recovery, the most recent year of actuals should be utilized for its statistics, electric expenses, and JEA's applicable electric rates. For this study, FY2021 has been used. To set the baseline rate, electric expense per KWH should be calculated and multiplied by weighted plant average efficiency (kwh/ton hour) to determine the electricity per ton-hour rate. The baseline electric cost recovery component (equal to the electricity per ton hour rate) should be adjusted monthly by the new electric cost ratio. The new electric cost ratio takes into consideration a rolling 12-month demand factor, changes to JEA's applicable electric rates, and any over/under-collection based on the previous month's rate.

The water cost recovery component of the commodity rate should be modeled and adjusted monthly to address changes in water & sewer rates and DES water consumption. The water cost recovery component should be set equal to forecasted water expense per ton hour. To calculate the water expense per ton- hour, the forecasted water expense in a given month should divided by forecasted ton-hours in a given month, with the forecasted water expense taking into consideration any over/under-collection based on the previous month's rate.

4.1.3 Operations & Maintenance Costs

The operation and maintenance excluding utilities (O&M) cost recovery component accounts for all the costs associated with the day-to-day operation of the DES, excluding the purchase of electricity and water used for chilled water production. These costs include things such as: salaries and benefits for DES employees, contracted services for building & structure maintenance, industrial services, insurances, and other supplies and materials. The O&M cost component could be effectively funded from a per ton-hour consumption or per contracted ton demand rate. Accounting for the cost recovery needs of O&M within the system level per ton-hour consumption rate allows the consumption rate to be adjusted to meet future variations in O&M costs. The consumption rate should have one rate component: operation and maintenance cost excluding utilities recovery.

The consumption rate should be adjusted annually. The O&M within the cost-of-service calculation is equal to the test year FY2023's forecasted expenditures, in order to set a baseline rate equal to the projected cost in year one of this study's recommended rate increases. The O&M consumption rate cost recovery should be adjusted annually by changing FY2023's baseline rate by a factor of one plus the CPI through FY2026. The consumption rate should be revisited and re-baselined if the resulting indexed rates under-recover projected O&M expenses.

JEA PHASE II**Financial Recovery of District Energy System Costs****4.1.4 Capital Improvement**

Capital improvement cost recovery accounts for all costs associated with renewal and replacement (R&R) of existing capital, expansion capital, and debt service. This component should be funded from a per contracted tons demand rate. The demand rate should consist of target capital outlay funding and debt service funding. Capital improvements costs are most effectively collected as a plant level demand rate. Fluctuations in the demand rate can vary by plant based on its outstanding debt service allocation, R&R, and expansion capital spend.

4.1.5 Target Capital Outlay

The target capital outlay cost recovery will collect costs associated with R&R and capital improvement for each plant that will not be recovered from other fees. The capital outlay target is assumed to be static for the purposes of the cost of service calculation.

The target capital outlay used in this analysis is \$3.0M (\$0.5M for Hogan, \$1.0M for Downtown, and \$1.5M for Springfield). The value for the cost recovery component should be based on an ideal annual target determined by JEA. JEA may decide to cash fund a project from the capital fund after a specific amount of time has elapsed for fund accrual, or JEA may borrow new money to fund capital improvement projects if funds are insufficient.

The cost recovery requirement demand rate will adjust if more customers are added or removed from a DES plant. Allowing the cost recovery demand rate to parallel the growth of each plant will provide customer rate consistency, and also allow JEA to collect more capital funds for the DES and meet greater demands. In a zero-growth scenario, outside of changes in the number of contracted tons of capacity, the target capital outlay demand rate is not expected to vary.

4.1.6 Debt Service

The debt service cost recovery component accounts for DES current debt service schedule (principal + interest) plus any assumed future debt issued to support each plant's capital improvement plan. For this calculation, future debt issuance for the system is assumed to be 90% of capital improvement costs in FY2022 and 100% of forecasted capital improvement costs in FY2023 due to insufficient capital funds. The debt service used within this analysis is existing debt service plus interest from a revolving credit facility. Debt service allocation is based on historic spend and future capital improvement plans supported by bond funds.

The cost recovery requirement debt service demand rate will be directly impacted by adjustments to the target capital outlay cost and additions/execution of the DES capital improvement plan. Currently, if the target capital outlay is lowered or additional capital is considered for the growth of a DES plant (that will not be recovered from another fee), the debt service demand rate could increase due to insufficient capital funds.

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Financial Recovery of District Energy System Costs



4.2 Results

The results of the cost of service analysis included in this report indicate that the proposed tariffed rates for the cost recovery components are as follows for FY2023:

Table 5: Summary of Variable Rate Cost Recovery Potential

FY23 Proposed System Level Variable Rates		
Customers	Commodity ¹	Consumption
All Plants	\$0.09/ton-hr	\$0.05/ton-hr

1. Commodity rate component varies monthly.

Table 6: Summary of Demand Rate Cost Recovery Potential

FY23 Proposed Plant Level Demand Rates	
Customers	Demand
Hogan's Creek Plant	\$38/ton
Downtown Plant	\$35/ton
Springfield Plant	\$34/ton

The results included in this section can be incorporated into the JEA business model with appropriate operating margin adjustments to provide a reasonable assurance of total cost recovery.

Table 7: Summary of Cost Recovery by Cost Components

FY23 Forecasted Cost Recovery Needs				
Cost	Commodity Rate ¹	Consumption Rate	Demand Rate ²	FY23 Forecasted Cost
Utility	\$0.09			\$3.3MM
Operation & Maintenance		\$0.05		\$1.8MM
Target Capital Outlay			\$17	\$3.0MM
Debt Service			\$18	\$3.2MM
Total	\$0.09	\$0.05	\$35	\$11.3MM

1. Commodity rate component varies monthly. Forecasted FY23 yield shown for illustration purposes.

2. Aggregate system level demand rate component. Actual rate component varies by plant.

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Financial Recovery of District Energy System Costs



5. Delta T Penalties and Chilled Water Rebates

5.1 Delta T Penalties

Delta T is the difference between supply and return water temperatures, which is proportional to the amount of energy extracted from the water by the customer. Delta T penalty is a surcharge added to the customer's bill when the actual return water temperature is below what is stipulated in the contract. A poor Delta T does not mean that a customer is using more chilled water, it means they are using chilled water inefficiently. Poor Delta T increases required flow to the customer and causes the plants and pumps to work harder creating more issues with distributing chilled water. Jacobs recommends adding a more punitive delta T penalty to the terms of service. The Delta T penalty should not be treated as a consumption or commodity cost recovery mechanism. The goal of the penalty would be to better dissuade customers from abusing the delivery of chilled water. The penalty would allow JEA to recover the potential costs associated with the correction and remediation of Delta T issues within the DES.

Jacobs recommends that the penalty be calculated as a function of the Target Delta T/ Customer Average Delta T. The target Delta T would be determined in accordance with the customer during contract negotiations. Target Delta T's may vary between new and old customers due to equipment limitations of existing customers.

This ratio should be multiplied by the offending customer's total consumption costs for the month.

$$\text{Billed Delta T (\$)} = \text{Monthly Billed Demand (\$)} * \text{Target } \Delta T / \text{Average } \Delta T$$

Funds collected from the administration of the Delta T penalty could be distributed to the portions of the DES business model most affected by poor customer Delta T, or the funds could be used to fund rebate programs. JEA should retain the ability to direct the funds as necessary to recover costs and meet/maintain financial metric targets.

5.2 Chilled Water Rebates

In the event DES has over-collected funds beyond what is necessary to recover costs and meet/maintain financial metric targets, DES may lower rates or return the funds in the form or rebate programs. The rebate programs could be tailored to address the customer types that were over-collected, or the rebates might be designed to correct some portion of customer behavior or equipment function.

Rebate programs should be designed to target DES customers, but also should be able to generate performance development or modifications as desired by JEA. The example rebates that follow are expected to incentivize development in the areas served by the DES. JEA may choose to adjust the rebates, add new programs, or discontinue programs as the needs of the community and DES evolve over time.

1. Delta T Rebates – Offer a rebate for the installation of equipment or the renovation of HVAC systems to permanently improve the Delta T of an existing service.

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2. Connection Cost Rebates – Offer a rebate for the installation costs of connecting to DES. The rebate could be retro-active for existing customers.
3. Multi-Story Rebates – Offer rebates for multi-story developments or renovations that connect to DES.
4. Energy Efficient Rebates – Offer rebates to DES customers that install energy efficient HVAC systems or process systems.
5. Heat Exchanger Install – Offer rebates to existing customers who install a heat exchanger in place of an existing direct connection. Re-evaluation of contracted demand could be determined at the same time.

JEA PHASE II**Financial Recovery of District Energy System Costs**

6. District Energy Performance Metrics

The effectiveness of the DES should be measured by its ability to foster growth in the areas served by the chilled water utility. To measure the success of the DES at fostering development and growth, the DES performance metrics should be separated into two categories: (1) growth of the number of potential chilled water customers in the service area, (2) percentage of the potential chilled water customers served by DES.

Growth of the number of potential chilled water customers in the service area can be measured by a heat map. A heat map is an excellent indicator of the total development of the DES service area. As new buildings, renovations, and industries populate the DES service area, the corresponding number of potential chilled water customers will grow. Dense, high load, or vertical structures provide the best chilled water customers and are indicative of the prosperity of the service area. By tallying the total number of customers and the likely cooling demand of those customers, the prosperity of the DES service area can be gauged.

The percentage of the potential chilled water customers served by DES will be measured by the penetration of the chilled water system into the cooling market. Measuring the amount of potential cooling within the DES service area will be an indicator of DES effectiveness at fostering development and revitalization in its service areas.

JEA may develop additional indicator criteria to track the success of the two aforementioned performance metrics. Jacobs Communication and Marketing Plan services can provide the support necessary for the annual review of performance metrics such as the creation of potential customer heat map, and other related services as needed.

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7. Recommendations

Jacobs has completed detailed analyses for JEA including a financial plan, costs of service analysis, and a method of measuring DES business effectiveness. Jacobs recommends JEA pursue a district energy business model that collects revenue sufficient to provide for operation, growth, and revitalization of the DES. Jacobs also recommends returning any over-collected funds to the customers in lower rates or through rebate programs. By operating the DES to collect funds necessary for the growth and operation of the system, the DES will have more flexibility to serve as a catalyst for growth and community development. Based on the analysis presented, Jacobs offers the following recommendations:

7.1 Connection & Contract Terms

1. Customer connections will be presented in simple and predictable format.
2. Build and connect the customer system to the DES by bringing the chilled water utility near to the service location, and then onto the property through the heat exchanger and metering station.
3. Customer will repay JEA for all costs associated with the DES customer connection portions of piping sections, as well as the installation of the metering and valving equipment.
4. Revamp contract terms to account for the variable nature of chilled water generation costs, and limit liability for JEA in the event of failed customer performance.
5. Construction costs, connection terms, and payment (or re-payment) agreement options should be individually negotiated between each customer and JEA.
6. Establish the roles and responsibilities for negotiation and administering the terms of contracts.

7.2 Cost of Service Analysis

1. Bring rate revenue collection into alignment with the results of the current JEA cost of service analysis.

7.3 Rate Design Modifications

1. Update JEA's monthly demand charge to account for all costs associated with renewal and replacement of existing assets, expansion capital, and debt service that will not be recovered from other fees.
 - Eliminate customer categories for demand.
 - Charge all customers a demand rate.
 - Eliminate Demand discounts to account for total cost recovery.
2. Split current monthly variable volume charge into two rates for cost recovery purposes (commodity rate and consumption rate).
 - Eliminate consumption price ratchets.
 - The commodity rate should recover costs associated with the purchase of electricity and water used for chilled water production.
 - The consumption rate should recover all costs associated with the day to day operation of the DES, excluding the purchase of electricity and water used for chilled water production.

JEA PHASE II
Financial Recovery of District Energy System Costs



3. JEA is recommended to implement an annual examination of the effectiveness of the proposed rate structure, the consumption rate adjustment factor, and the DES connection agreement. If the rates are determined to be under collecting or extensively over collecting, then the rates or adjustment factors will be modified to better serve the DES and its customers.

7.4 Delta T Penalties and Chilled Water Rebates

1. Implement a delta T penalty.
 - Penalty to be calculated as a monthly billed demand * Target ΔT / customer average ΔT .
 - The delta T target will be determined in accordance with the customer during contract negotiations.
 - Funds collected from the Delta T penalty will be distributed to the portions of the DES business model most affected by poor customer Delta T.
2. Rebate programs will be designed to target or generate the type of development or modifications that are desired by JEA.
 - JEA will adjust rebate programs, add new programs, or discontinue programs as the needs of the community and the DES evolve over time.

7.5 District Energy Performance Metrics

1. The effectiveness of the DES will be measured on its ability to foster growth in the areas served by the chilled water utility.
2. DES performance metrics will be separated into two categories: (1) growth of the number of potential chilled water customers in the service area, (2) percentage of the potential chilled water customers served by DES.



Modifications to JEA Disclosure Policies and Procedures

Supplemental Information



**BOARD RESOLUTION: 2022-05**

May 24, 2022

MODIFICATIONS TO JEA DISCLOSURE POLICIES AND PROCEDURES

WHEREAS, the Board of JEA (the "Board") previously adopted Disclosure Policies and Procedures dated May 19, 2015, which have been amended from time to time (the "Initial Policies and Procedures"), to ensure that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with its obligations under continuing disclosure undertakings and applicable federal and state securities laws; and

WHEREAS, the attached Disclosure Policies and Procedures have been modified to restate in its entirety the initial Policies and Procedures; and

WHEREAS, the attached Disclosure Policies and Procedures have been reviewed and analyzed by JEA staff and Disclosure Counsel and revised to, among other things, update officer and staff titles, update and conform procedures to current practices, and to relocate certain operational and procedural steps to a separate internal control document; and

WHEREAS, the attached Disclosure Policies and Procedures address such matters as general disclosure practices, preparation of annual disclosure reports, official statement review and disclosure processes, and training; and

WHEREAS, revisions to the Disclosure Policies and Procedures are subject to approval by the Board.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby approves and adopts the attached Disclosure Policies and Procedures.

Dated this 24th day of May 2022.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

JEA

DISCLOSURE POLICIES AND PROCEDURES

APPROVED : May 24, 2022

INTRODUCTION

The Board of JEA (the "Board") previously adopted Disclosure Policies and Procedures dated May 19, 2015, as amended from time to time (the "Initial Policies and Procedures"). JEA is approving further amendments to the Initial Policies and Procedures in these Disclosure Policies and Procedures (the "Policies and Procedures"). The Policies and Procedures shall restate in its entirety the Initial Policies and Procedures.

DISCLOSURE POLICIES

The following policies are established by the Board (the "Disclosure Policies"). JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws. Further, it is the policy of JEA to make an effort to timely comply with its contractual obligations under the Continuing Disclosure Undertakings (as defined herein).

DISCLOSURE PROCEDURES

The following disclosure procedures (these "Disclosure Procedures") have been established by JEA to implement the Disclosure Policies and are intended to (a) ensure that the Disclosure Documents (as defined herein) are accurate and complete, and comply with all applicable federal and state securities laws and (b) promote best practices regarding the preparation of the Disclosure Documents.

Section 1.0 Definitions

Capitalized terms used in these Disclosure Procedures but not otherwise defined herein shall have the meanings set forth below:

“Annual Disclosure Reports” means the Electric System Annual Disclosure Report and/or the Water and Sewer System Annual Disclosure Report, as applicable.

“Authorized Officer” means, collectively, the Managing Director and Chief Executive Officer of JEA, and his or her designees, and the Chief Financial Officer (as defined herein).

“Board” means the Board of JEA.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Bonds by state and municipal entities selected by JEA. At any time JEA retains more than one bond counsel, all references to bond counsel shall be deemed to include one or more bond counsel, as deemed appropriate by an Authorized Officer of JEA.

“Bonds” means any bonds, notes or other securities offered by JEA, the disclosure relating to which may be subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and Rule 15c2-12 (as defined herein).

“Continuing Disclosure Undertakings” means JEA’s contractual obligations to provide ongoing financial information and operating data and notice of the occurrence of certain events in connection with each issuance of Bonds.

“Chief Financial Officer” means the Chief Financial Officer of JEA and his or her designees.

“Disclosure Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of federal and state securities law by state and municipal entities selected by JEA. At any time JEA retains more than one disclosure counsel, all references to disclosure counsel shall be deemed to include one or more disclosure counsel, as deemed appropriate by an Authorized Officer of JEA.

“Disclosure Documents” means JEA’s documents and materials specifically prepared, issued, and distributed in connection with the marketing and sale of Bonds, JEA’s contractual obligations under the Continuing Disclosure Undertakings, and any other obligations under

applicable federal securities laws or that otherwise could potentially subject JEA to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Reports;
- Official Statements;
- Any required filing made by JEA pursuant to a Continuing Disclosure Undertaking, including notices of listed events, that is posted on EMMA;
- Any voluntary filing made by JEA that is posted on EMMA; and
- Any other document that is reviewed and approved in accordance with these Disclosure Procedures.

“Disclosure Management Group” means the Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst.

“Electric System Annual Disclosure Report” means the Annual Disclosure Report for Electric Utility System containing financial information and operating data required to be filed pursuant to the Continuing Disclosure Undertakings relating to its Electric System, including the audited financial statements of JEA (the “Financial Statements”), which are incorporated by specific reference in certain other Disclosure Documents. The information includes narrative information relating to JEA as well as information required under the Continuing Disclosure Undertakings.

“EMMA” means the Electronic Municipal Market Access system website maintained by the Municipal Securities Rulemaking Board.

“Finance and Operations Committee” means the Finance and Operations Committee of the Board or any successor committee and/or committee approved by the Board.

“Financial Accounting and Reporting Staff” means the Controller, the Manager Financial Reporting and Accounting and Certified Public Accountants of JEA.

“Official Statements” means, collectively, preliminary and final official statements, remarketing circulars or offering memoranda, including any

amendments or supplements thereto, used in connection with the offering or remarketing of Bonds.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, in effect at the time of issuance of each of the Bonds.

“Staff” means employees of JEA.

“Water and Sewer System Annual Disclosure Report” means the Annual Disclosure Report for Water and Sewer System and District Energy System containing financial information and operating data required to be filed pursuant to the Continuing Disclosure Undertakings relating to its Water and Sewer System and District Energy System, including the Financial Statements, which are incorporated by specific reference in certain other Disclosure Documents. The information includes narrative information relating to JEA as well as information required under the Continuing Disclosure Undertakings.

Section 2.0 General Disclosure Practices

2.1 The Board, pursuant to supplemental resolutions adopted periodically by such Board, shall directly authorize or delegate authority and responsibility to the Disclosure Management Group to prepare and distribute Official Statements, and any updates thereto in the case of securities subject to remarketings, which will be prepared in accordance with these Disclosure Procedures unless the Board otherwise directs.

2.2 The Treasurer, with the assistance of the Disclosure Management Group, is primarily responsible for the preparation of Disclosure Documents, with the assistance of Disclosure Counsel, the Office of General Counsel, and any other Staff with specific expertise as may be deemed necessary by the Treasurer and shall coordinate the preparation of all Disclosure Documents, including the Annual Disclosure Reports and Official Statements, and shall coordinate the preparation and submission of any other disclosure filings that may be required throughout the year. All Disclosure Documents and any other disclosure filings shall be prepared in accordance with these Disclosure Procedures unless the Authorized Officer otherwise directs.

2.3 The Board shall directly approve and authorize the dissemination and use of the Annual Disclosure Reports by voting to adopt a resolution annually.

Section 3.0 Preparation of Annual Disclosure Reports

3.1 The Disclosure Management Group shall review the Annual Disclosure Reports filed for the previous fiscal year ended and update the Annual Disclosure Reports to reflect updated information, including, but not limited to, information from Disclosure Documents published and/or filed after the date of the Annual Disclosure Reports filed for the previous fiscal year ended as well as any additional relevant and material information. The Disclosure Management Group will coordinate with Staff to review the Annual Disclosure Reports to ensure the information contained therein is accurate and complete and complies with the requirements of the applicable Continuing Disclosure Undertakings.

3.2 Drafts of the Annual Disclosure Reports shall be distributed for review and comment to Staff, including, but not limited to, the Managing Director and Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer, Vice President, Electric Systems, Vice President, Water/Wastewater Systems, Chief External Affairs Officer, Chief Administrative Officer, Chief Legal Officer and certain other members of JEA's leadership team as determined by the Chief Financial Officer. The Disclosure Management Group and Staff shall review the drafts of the Annual Disclosure Reports and the Managing Director and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Vice President, Electric Systems, Vice President, Water/Wastewater Systems, Chief External Affairs Officer, Chief Administrative Officer and Chief Legal Officer shall provide their signoff via email or in another writing on the final versions of the Annual Disclosure Reports.

3.3 The Financial Statements shall be included in the Annual Disclosure Reports in accordance with Continuing Disclosure Undertakings.

3.4 After completing the procedures outlined in Section 3.1 through 3.3 above, drafts of the Annual Disclosure Reports shall be provided to Board members at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which they will be asked to authorize the dissemination and use of the Annual Disclosure Reports.

3.5 JEA shall file or cause its dissemination agent to file each of the Annual Disclosure Reports on EMMA upon the written direction of the Disclosure Management Group which direction may be provided to such dissemination agent via email.

Section 4.0 Official Statement Review and Disclosure Processes

4.1 The Treasurer, with the assistance of the Disclosure Management Group, shall identify those persons who, for a particular financing, are appropriate to assist JEA in the preparation and review of the related Disclosure Documents, including, but not limited to, Disclosure Counsel, Bond Counsel, the underwriter(s), underwriters' counsel, JEA's financial advisor and appropriate Staff (collectively, the "Working Group").

4.2 The Treasurer, or a member of the Disclosure Management Group designated by the Treasurer, shall be responsible for soliciting information from Staff, other necessary entities or other governmental officials (i.e., City, Office of General Counsel, etc.) for inclusion in the applicable Disclosure Documents, and shall identify Staff and any other governmental officials who may have information necessary to prepare or who should review portions of the Official Statements.

4.3 Upon request from the underwriters, the Treasurer, Disclosure Management Group, Disclosure Counsel, and Bond Counsel may hold a due diligence conference call with the Working Group, prior to the printing or posting of an Official Statement.

4.4 The Chief Financial Officer, the Disclosure Management Group, Vice President, Electric Systems or Vice President, Water/Wastewater Systems, as applicable, and Chief External Affairs Officer shall provide their signoff on each Official Statement via email or in another writing prior to the printing or posting of each Official Statement.

4.5 Members of the Working Group may, but are not required to be, invited to attend any JEA presentations to rating agencies and investors made in connection with the offering of Bonds. The Treasurer and the Disclosure Management Group shall review any materials used in presentations, meetings or telephone conferences with rating agencies or investors for consistency with the appropriate Disclosure Documents. Appropriate records of meetings and telephone conferences with rating agencies and investors will be kept by the Treasurer or a member of the Disclosure Management Group designated by the Treasurer.

Section 5.0 Training

5.1 To the extent requested by the Authorized Officer, training for Board members, the Disclosure Management Group, and Staff shall be conducted by

either Disclosure Counsel or their designee(s) regarding disclosure practices under applicable state and federal law. It is intended that this training shall assist these individuals in (a) understanding their responsibilities; (b) identifying relevant and material information which may need to be included in the Disclosure Documents; and (c) reporting issues and concerns relating to the information in the Disclosure Documents. Training may be conducted not less than once every two years.

5.2 Board Members shall be advised of their general disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents. From time to time, specialized training regarding such disclosure responsibilities shall be conducted for the members of the Finance and Operations Committee.

5.3 Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these Disclosure Procedures, and those persons responsible for executing them, shall attend disclosure training sessions. The determination as to whether or not an employee or group of employees shall receive such training shall be made by the Treasurer in consultation with Disclosure Counsel and the Chief Financial Officer.

AMENDMENTS TO DISCLOSURE POLICIES AND PROCEDURES

Any revisions to the Disclosure Policies shall be subject to the approval by the Board. The Chief Financial Officer will review any such revisions to the Disclosure Policies and revise the Disclosure Procedures, as needed.

Any revisions to the Disclosure Procedures shall be subject to the approval by the Chief Financial Officer and such revisions to the Disclosure Procedures will become immediately effective without approval by the Board.

A copy of the Policies and Procedures shall be distributed annually to Board members, the Disclosure Management Group and Staff participating in the disclosure process. Any updates to the Policies and Procedures shall be distributed to such groups upon their adoption or implementation, as the case may be.

JEA

DISCLOSURE POLICIES AND PROCEDURES

~~DATED~~APPROVED: May ~~19~~24, ~~2015~~2022

~~AMENDED: March 18, 2019~~

INTRODUCTION

The Board of JEA (the "Board") previously adopted Disclosure Policies and Procedures dated May 19, 2015, as amended from time to time (the "Initial Policies and Procedures"). JEA is approving further amendments to the Initial Policies and Procedures in these Disclosure Policies and Procedures (the "Policies and Procedures"). The Policies and Procedures shall restate in its entirety the Initial Policies and Procedures.

DISCLOSURE POLICIES

The following policies are established by the Board (the "Disclosure Policies"). JEA is committed to ensuring that its disclosures made in connection with its municipal bond offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws including common law antifraud provisions under state law and any other applicable laws. Further, it is the policy of JEA to satisfy in a make an effort to timely manner comply with its contractual obligations undertaken pursuant to under the Continuing Disclosure Undertakings (as defined herein) entered into in connection with municipal bond offerings.

~~These~~

DISCLOSURE PROCEDURES

The following disclosure policies and procedures (these "Disclosure Policies Procedures") have been established by JEA to implement the Disclosure Policies and are intended to (a) ensure that JEA's the Disclosure Documents (as defined herein) are accurate and complete, and comply with all applicable federal and state securities laws; and (b) promote best practices regarding the preparation of JEA's the Disclosure Documents.

~~The failure to comply with these Disclosure Policies shall not affect the authorization or the validity or enforceability of any Bonds that are issued by JEA in accordance with applicable law nor imply a failure to comply with federal or state securities laws.~~

Section 1.0 Definitions

Capitalized terms used in these Disclosure ~~Policies~~Procedures but not otherwise defined herein shall have the meanings set forth below:

“Annual Disclosure ~~Report~~Reports” means the Electric System Annual Disclosure Report and/or the Water and Sewer System Annual Disclosure Report, as applicable.

“Authorized Officer” means collectively, the Managing Director and Chief Executive Officer of JEA, and his or her designees, and the Chief Financial Officer (as defined herein).

“Board” ~~shall mean~~means the Board of JEA.

“Bond Counsel” ~~shall mean~~means any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Bonds by state and municipal entities selected by JEA. At any time JEA retains more than one bond counsel, all references to bond counsel shall be deemed to include one or more bond counsel, as deemed appropriate by an Authorized Officer of JEA.

“Bonds” ~~shall refer to~~means any bonds, notes or other securities offered by JEA, the disclosure relating to which ~~is~~may be subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and ~~Securities Exchange Commission~~ Rule 15c2-12 (as defined herein).

“Continuing Disclosure Undertakings” means JEA’s contractual obligations ~~entered into by JEA to provide ongoing financial information and operating data and notice of the occurrence of certain events~~ in connection with each issuance of Bonds.

“Chief Financial Officer” means the Chief Financial Officer of JEA and his or her designees.

“Disclosure Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of federal and state securities

law by state and municipal entities selected by JEA. At any time JEA retains more than one disclosure counsel, all references to disclosure counsel shall be deemed to include one or more disclosure counsel, as deemed appropriate by an Authorized Officer of JEA.

“Disclosure Documents” means JEA’s documents and materials specifically prepared, issued, and distributed in connection with the marketing and sale of Bonds, JEA’s ~~disclosure~~ contractual obligations under the Continuing Disclosure Undertakings, and any other obligations under applicable federal securities laws or that otherwise could potentially subject JEA to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Reports;
- Official Statements;
- Any required filing made by JEA pursuant to a Continuing Disclosure Undertaking, including ~~material event~~ notices of listed events, that is posted on EMMA;
- Any voluntary filing made by JEA that is posted on EMMA;
- ~~Any document or other communication from JEA that could be viewed as reasonably expected to reach investors and the trading market for JEA’s Bonds;~~ and
- Any other document that is reviewed and approved in accordance with these Disclosure ~~Policies~~ Procedures.

“Disclosure Management Group” means the Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst.

“Electric System Annual Disclosure Report” means the Annual Disclosure Report for Electric Utility System containing financial information and operating data required to be filed pursuant to ~~JEAs~~ the Continuing Disclosure Undertakings relating to its Electric System, including the audited financial statements of JEA (the “Financial Statements”), which are incorporated by specific reference in certain other ~~JEAs~~ Disclosure Documents. The information includes narrative information relating to JEA as well as information ~~that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12~~ required under the Continuing Disclosure Undertakings.

"EMMA" means the Electronic Municipal Market Access system [website](#) maintained by the Municipal Securities Rulemaking Board.

"Finance ~~Staff~~ and Operations Committee" means the ~~Treasurer, Manager Debt, Bond Administration Specialist, Bond Compliance Specialist and Debt Financial Analyst~~ [Finance and Operations Committee of the Board or any successor committee and/or committee approved by the Board.](#)

"Financial Accounting and Reporting Staff" means the Controller, the Manager Financial Reporting and Accounting and Certified Public Accountants of JEA.

"Official Statements" means, collectively, preliminary and final ~~Official Statements~~ [official statements](#), remarketing circulars or offering memoranda, [including any amendments or supplements thereto](#), used in connection with the offering or remarketing of Bonds. ~~The Official Statements do not attempt to repeat the information in the Annual Disclosure Reports, but instead generally include such information by specific cross-reference, as expressly authorized by Rule 15c2-12, and update only the information that has materially changed.~~

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, ~~as amended, including any official interpretations thereof~~ [in effect at the time of issuance of each of the Bonds.](#)

"Staff" means employees of JEA.

"Water and Sewer System Annual Disclosure Report" means the Annual Disclosure Report for Water and Sewer System and District Energy System containing financial information and operating data required to be filed pursuant to ~~JEA's~~ [the](#) Continuing Disclosure Undertakings relating to its Water and Sewer System and District Energy System, including the ~~audited financial statements of JEA~~ [Financial Statements](#), which are incorporated by specific reference in certain other ~~JEA~~ Disclosure Documents. The information includes narrative information relating to JEA as well as information ~~that JEA has specifically contracted with bondholders to update on an annual basis in accordance with Rule 15c2-12~~ [required under the Continuing Disclosure Undertakings.](#)

Section 2.0

General Disclosure Practices

2.1 The Board, pursuant to supplemental resolutions adopted periodically by such Board, shall directly authorize or delegate authority and responsibility to ~~Finance Staff~~the Disclosure Management Group to prepare and distribute Official Statements, and any updates thereto in the case of securities subject to remarketings, which will be prepared in accordance with these Disclosure ~~Policies~~Procedures unless the Board otherwise directs.

2.2 The Treasurer, with the assistance of ~~Finance Staff~~the Disclosure Management Group, is primarily responsible for the preparation of Disclosure Documents, with the assistance of ~~Bond~~Disclosure Counsel, the Office of General Counsel, and any other Staff with specific expertise as may be deemed necessary by the Treasurer and shall ~~prepare~~coordinate the preparation of all Disclosure Documents, including the Annual Disclosure Reports and Official Statements, and shall ~~prepare~~coordinate the preparation and submit submission of any other disclosure filings that may be required throughout the year. All Disclosure Documents and any other disclosure filings shall be prepared in accordance with these Disclosure ~~Policies~~Procedures unless the ~~Board~~Authorized Officer otherwise directs.

2.3 The Board shall directly approve and authorize the dissemination and use of the Annual Disclosure Reports by voting to ~~accept a Board meeting agenda item annually. Such approval may be obtained without the Board formally adopting~~adopt a resolution: annually.

Section 3.0 Preparation of Annual Disclosure Reports

3.1 ~~Finance staff~~The Disclosure Management Group shall review the Annual Disclosure Reports filed for the previous fiscal year ended ~~as updated by any recent developments included in Official Statements prepared since~~and update the date of such Annual Disclosure Reports ~~and incorporating any changes into~~reflect updated information, including, but not limited to, information from Disclosure Documents published and/or filed after the date of the Annual Disclosure Reports ~~as filed for the "most recent" disclosure and distribute sections to Staff with subject matter expertise in each topical area.~~previous fiscal year ended as well as any additional relevant and material information. The Disclosure Management Group will coordinate with Staff ~~shall~~to review ~~their respective sections~~the Annual Disclosure Reports to ensure ~~disclosures~~the information contained therein ~~are~~is accurate and complete. ~~Staff shall also make any necessary changes and provide them to Finance Staff to incorporate such changes into updated drafts of the Annual Disclosure Reports. The initial distribution of the sections of the Annual Disclosure Reports to Staff described in the preceding sentences shall be~~

~~made no later than February 28th of each calendar year~~ and complies with the requirements of the applicable Continuing Disclosure Undertakings.

~~3.2 — Finance Staff shall be responsible for directly researching any updates for certain information included in the Annual Disclosure Reports, e.g., service area/demographic information as reported in U.S. Census Bureau and State of Florida economic websites and operational statistics and financial results as reported in the fiscal year's audited financial statements and published annual report ("Annual Report") of JEA.~~

~~3.3 — External sources shall be contacted to provide input and any necessary updates with respect to certain other subject areas of each Annual Disclosure Report, e.g., The Energy Authority and their counsel, City of Jacksonville with respect to pension, city contributions, etc., the Office of General Counsel with respect to litigation issues, the local Chamber of Commerce with respect to some service area information and surveys, etc. Finance Staff shall keep written records of the request and transmittal of the information reviewed and submitted by such parties.~~

~~3.4 — Information in each Annual Disclosure Report of the type contained under the captions "Schedules of Debt Service Coverage" and "Management's Discussion of Electric System Operations," "Management's Discussion of Water and Sewer System Operations" and "Management's Discussion of District Energy System Operations", as applicable (collectively, the "Coverage and Operating Information"), shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.~~

~~3.5 Once revised in accordance with the procedures described in Sections 3.1 through 3.4 above, drafts~~ Drafts of the Annual Disclosure Reports shall be distributed for review and comment to Staff, including, but not limited to, the Managing Director and Chief Executive Officer ~~and senior leadership team for review and comment, particularly with the President and,~~ the Chief Operating Officer, Chief Financial Officer, Vice President ~~and General Manager, Energy, Electric Systems,~~ Vice President ~~and General Manager,~~ Water ~~and~~ (Wastewater Systems, ~~Vice President Energy and Water Planning,~~ Chief ~~Public and Shareholder~~ External Affairs Officer ~~and Office of General Counsel representative reviewing the entire documents,~~ Chief Administrative Officer, Chief Legal Officer and certain other members of ~~the JEA senior's~~ the JEA's leadership team ~~(e.g., Vice President and Chief Compliance Officer, Vice President and Chief Human Resources Officer)~~ as determined by the Chief Financial Officer ~~focusing on particular areas assigned to them. Finance Staff.~~ The Disclosure Management Group and Staff shall review ~~multiple~~ the drafts of the Annual Disclosure Reports and the Managing Director and Chief Executive Officer, ~~President and~~ Chief Operating Officer, Chief Financial Officer, Vice President ~~and General Manager, Energy, Electric Systems,~~

Vice President ~~and General Manager~~, Water ~~and~~ Wastewater Systems, ~~Vice President Energy and Water Planning~~, Chief ~~Public and Shareholder~~ External Affairs Officer ~~and Office of General Counsel representative~~, Chief Administrative Officer and Chief Legal Officer shall provide their signoff via email or in another writing on the final versions of the Annual Disclosure Reports.

3.3 ~~3.6~~ The ~~audited financial statements of JEA~~ Financial Statements shall be included in the Annual Disclosure Reports in accordance with ~~JEA's~~ Continuing Disclosure Undertakings ~~and as required by Rule 15c2-12.~~

3.4 ~~3.7~~ After completing the procedures outlined in Section 3.1 through ~~3.6~~ 3.3 above, drafts of the ~~Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report~~ Reports shall be provided to Board members at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which they will be asked to authorize the dissemination and use of the Annual Disclosure Reports. ~~These drafts include the audited financial statements and all appendices. The Chief Financial Officer and Finance Staff will schedule times within this period when Board members may discuss any questions or comments to such Annual Disclosure Reports.~~

~~3.8 The Chair, Vice Chair or Secretary of the Board and the Managing Director and Chief Executive Officer shall approve the Annual Disclosure Reports and authorize their use and public dissemination by Finance Staff in writing.~~

3.5 ~~3.9~~ ~~JEA's Bond Counsel~~ shall file or cause its dissemination agent to file each of the ~~Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report~~ Reports on EMMA upon the written direction of ~~Finance Staff~~ the Disclosure Management Group which direction may be provided to ~~Bond Counsel~~ such dissemination agent via email. ~~JEA staff shall then post each of the Annual Disclosure Reports on JEA's website and remove the previous year's Annual Disclosure Reports from JEA's website. While it is the intent of Finance Staff to file the Electric System Annual Disclosure Report and the Water and Sewer System Annual Disclosure Report simultaneously, such Annual Disclosure Reports may be filed as soon as they are completed as determined by the Chief Financial Officer, but in any event before June 1 of each year as required by the Continuing Disclosure Undertakings.~~

Section 4.0 Official Statement Review and Disclosure Processes

4.1 The Treasurer, with the assistance of ~~Finance Staff~~ the Disclosure Management Group, shall identify those persons who, for a particular financing, are appropriate to assist ~~Bond~~ JEA in the preparation and review of the related Disclosure Documents, including, but not limited to, Disclosure Counsel, Bond Counsel, the underwriter(s), underwriters' counsel, JEA's financial advisor and

appropriate Staff (collectively, the "Working Group") ~~and appropriate Staff in the preparation and review of the related Disclosure Documents.~~

~~4.2 — The Treasurer, Finance Staff or a member of the Working Group, as applicable, shall prepare a timeline in connection with the preparation and review of the Disclosure Documents. Such timeline shall be delivered by the Treasurer or Finance Staff to the Working Group and JEA's outside auditors so that they are apprised of the JEA's schedule for publishing such Disclosure Documents. The timeline for any particular bond financing for which Official Statements will be prepared shall vary depending on the type of Bonds being offered, the security for the Bonds, the purpose for the financing, and other factors unique to each bond financing.~~

4.2 ~~4.3~~ The Treasurer, or a member of the ~~Finance Staff~~ Disclosure Management Group designated by the Treasurer, shall be responsible for soliciting ~~material~~ information from ~~JEA departments~~ Staff, other necessary entities or other governmental officials (i.e., City ~~of Jacksonville~~, Office of General Counsel, etc.) for inclusion in the applicable Disclosure Documents, and shall identify Staff and any other governmental officials who may have information necessary to prepare or who should review portions of the Official Statements. ~~Staff and other governmental officials should be timely contacted in writing and informed that their assistance will be needed for the preparation of the Official Statements.~~

~~4.4 — Updated Coverage and Operating Information for the Official Statements, if available, shall be prepared by the Finance Staff and reviewed by the Financial Accounting and Reporting Staff and the Chief Financial Officer. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the Coverage and Operating Information and Bond Counsel as they deem appropriate.~~

~~4.5 — Staff and other governmental officials shall be contacted by the Treasurer or a member of the Finance Staff designated by the Treasurer as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or draft of those portions of the Disclosure Document assigned to them.~~

~~4.6 — The written request for information shall include, but not be limited to, the description of any item or event of which Finance Staff is aware which could be material for review by such individuals, departments, other necessary entities or other governmental officials and potential inclusion in the Disclosure Document.~~

~~4.7 — The Treasurer or a member of Finance Staff designated by the Treasurer shall maintain or cause to be maintained an accurate log of all individuals, departments, other necessary entities or other governmental officials that were requested to review or draft information in connection with a Disclosure Document, as well as an accurate log of responses to such requests, including what sections such individuals or entities listed above prepared or~~

~~reviewed and shall also be responsible for collecting all transmittal letters, certifications, and lists of sources for incorporation into the records to be maintained by the Finance Staff or Treasurer. Such information may be maintained by the filing of electronic communications or emails filed for each offering of Bonds.~~

~~4.3~~ ~~4.8~~ ~~The~~ Upon request from the underwriters, the Treasurer, ~~Finance Staff~~ Disclosure Management Group, Disclosure Counsel, and Bond Counsel ~~shall~~ may hold a due diligence conference call with the ~~underwriter(s) and underwriters' counsel~~ Working Group, prior to the printing or posting of ~~a preliminary~~ an Official Statement.

~~4.4~~ ~~4.9~~ The Chief Financial Officer, ~~Finance Staff~~ the Disclosure Management Group, Vice President ~~and General Manager, Energy, Electric Systems~~ or Vice President ~~and General Manager, Water and Wastewater Systems~~, as applicable, and Chief ~~Public and Shareholder~~ External Affairs Officer shall provide their signoff on ~~the preliminary~~ each Official Statement via email or in another writing prior to the printing or posting of ~~a preliminary~~ each Official Statement.

~~4.10 — Underwriters' Counsel shall provide written discussion topics or questions in advance of the due diligence conference call, to the extent practical, to permit Finance Staff time for response from required Staff, to prepare for the due diligence session and to consider additional matters they deem material to the offering. The due diligence session shall not be limited to the list of written topics or questions or other questions solely from Underwriters' Counsel and may include any other topics deemed relevant by Finance Staff, JEA's financial advisor, Bond Counsel, underwriters counsel or the underwriters. Bond Counsel, JEA's financial advisor and the underwriters and underwriters' counsel shall participate in such due diligence session. Copies of the questions and the responses should be included by the Finance Staff in the files relating to the bond transaction.~~

~~4.11 — If required by Rule 15c2-12 or otherwise, the Treasurer shall sign a certificate to the effect that the preliminary offering document or other disclosure document is deemed final as of its date other than information allowed to be omitted under Rule 15c2-12(b)(1).~~

~~4.12 — At the time of the sale of the Bonds the Treasurer, in conjunction with Finance Staff and Bond Counsel, shall prepare a final Official Statement and satisfy themselves that based on the information provided to them in accordance with these Disclosure Policies at the time of sale such Official Statement is in satisfactory form and that no additional disclosure is required.~~

~~4.13 — Annual audited JEA financial statements shall be incorporated by reference or included into the Disclosure Documents. Management's Discussion of Operations with respect to the Electric System's or the Water and Sewer~~

~~System's Schedules of Debt Service Coverage, as applicable, for the most recent JEA unaudited quarterly reporting period shall be included in the Official Statements if available and deemed by JEA, Bond Counsel and the underwriter(s) and underwriters' counsel to be material.~~

~~4.14 — Before the printing of any preliminary or final Official Statement the Treasurer or a member of Finance Staff designated by the Treasurer and Bond Counsel shall obtain confirmations from the Office of General Counsel, by e-mail or otherwise, that they know of no material litigation that has been filed (or threatened with a reasonable likelihood of being filed) against JEA since the diligence session and know of no material change that is required to be reflected in the Recent Developments or any other heading of the Disclosure Document.~~

~~4.15 — The Board shall approve any preliminary or final Official Statement prior to its use and public dissemination. The Board may do so by approving a form of preliminary or final Official Statement and delegate to the Managing Director and Chief Executive Officer the authority to make any additions, modifications or changes as may be necessary to comply with the standard for accuracy and completeness described in Section 7.5 below.~~

~~4.5~~ 4.16 ~~Bond Counsel~~ Members of the Working Group may, but are not required to be, invited to attend any JEA presentations to rating agencies and investors made in connection with the offering of Bonds. The Treasurer and ~~Finance Staff~~ the Disclosure Management Group shall review any materials used in presentations, meetings or telephone conferences with rating agencies or investors for consistency with the appropriate Disclosure ~~Document~~ Documents. Appropriate records of meetings and telephone conferences with rating agencies and investors will be kept by the Treasurer or a member of ~~Finance Staff~~ the Disclosure Management Group designated by the Treasurer.

~~Section 5.0 — On-Going Disclosure~~

~~5.1 — The Chief Financial Officer, Treasurer, Finance Staff and Bond Counsel shall monitor State and national markets generally and, determine whether there is a need for additional disclosure by way of additional periodic filings with EMMA or any recommended supplement to any Disclosure Document.~~

~~5.2 — The annual and quarterly Management's Discussion and Analysis and the Notes with respect to the general purpose financial statements (collectively, the "MD&A") shall be prepared by Financial Accounting and Reporting Staff and reviewed by Finance Staff. The Financial Accounting and Reporting Staff and Finance Staff shall consult with Staff with specific knowledge of various elements of the MD&A and Bond Counsel as they deem appropriate.~~

~~5.3 — The MD&A shall be reviewed by the Chief Financial Officer prior to being finalized. The Chief Financial Officer shall signoff and approve the MD&A via email or another writing prior to the posting of the MD&A on JEA's website.~~

~~Section 6.0~~ Training

~~5.1~~ ~~6.1 Training~~ To the extent requested by the Authorized Officer, training for Board members, the Disclosure Management Group, and Staff shall be conducted by either ~~Bond~~Disclosure Counsel or their designee(s) regarding disclosure practices under applicable state and federal law. It is intended that this training shall assist these individuals in ~~(1a)~~ understanding their responsibilities; ~~(2b)~~ identifying ~~significant items~~relevant and material information which may need to be included in the Disclosure Documents; and ~~(3c)~~ reporting issues and concerns relating to ~~disclosure. A refresher training program shall~~the information in the Disclosure Documents. Training may be conducted not less than once every two years.

~~A. — Board Members~~

~~5.2~~ ~~a. —~~ Board Members shall be advised of their general disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents.

~~b. — Board Members shall be advised of their fiduciary duties under Florida State law.~~

~~c. —~~ ~~Specialized~~ From time to time, specialized training regarding ~~JEAsuch~~ disclosure responsibilities shall be conducted for the members of the Finance and ~~Audit~~Operations Committee ~~of the Board.~~

~~B. — Finance Staff~~

~~5.3~~ ~~a. —~~ Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these ~~Policies and~~Disclosure Procedures, and those persons responsible for executing them, shall attend disclosure training sessions. ~~b. —~~ The determination as to whether or not an employee or group of employees shall receive such training shall be made by the Treasurer in consultation with ~~Bond~~Disclosure Counsel and the Chief Financial Officer.

AMENDMENTS TO DISCLOSURE POLICIES AND PROCEDURES

Any revisions to the Disclosure Policies shall be subject to the approval by the Board. The Chief Financial Officer will review any such revisions to the Disclosure Policies and revise the Disclosure Procedures, as needed.

Any revisions to the Disclosure Procedures shall be subject to the approval by the Chief Financial Officer and such revisions to the Disclosure Procedures will become immediately effective without approval by the Board.

~~C. Staff~~

~~a. In addition to the Finance Staff identified above, information from various Electric System and Water and Sewer System level departments may be relevant in the disclosure update process. These System departments include:~~

- ~~— Electric Production Resource Planning~~
- ~~— Electric Transmission and Distribution Planning~~
- ~~— Electric Systems Operations~~
- ~~— Electric Transmission and Distribution Projects~~
- ~~— Electric Production~~
- ~~— Water and Wastewater Planning and Treatment Project Engineering~~
- ~~— Environmental Programs~~
- ~~— Permitting and Regulatory Conformance~~
- ~~— Government Affairs~~
- ~~— Emerging Workforce Strategies.~~

~~Section 7.0 General Principles~~

~~7.1. Each Staff member participating in the disclosure process shall be responsible for raising potential disclosure items at all times in the process.~~

~~7.2 Each Staff member participating in the disclosure process should raise any issue regarding disclosure with the Treasurer or Chief Financial Officer at any time.~~

~~7.3 Recommendations for improvement of these Disclosure Policies shall be solicited and considered by the Treasurer and if revision is deemed to be appropriate will be reviewed by the Bond Counsel and the Chief Financial Officer.~~

~~7.4 The process of revising and updating Disclosure Documents by each Staff member should not be viewed as mechanical insertions of more current information; everyone involved in the process should consider the need for revisions in the form and content of the sections for which they are responsible.~~

~~7.5 The standard for accuracy and completeness is that there shall be no untrue statement of material fact and no omission of a statement necessary to make the statements made, in light of the circumstances under which they were made, not misleading. All participants in the process should keep this standard in mind.~~

~~The Chief Financial Officer shall provide a report to the Finance and Audit Committee each year, at the time of the meeting of the Finance and Audit Committee immediately preceding the public dissemination of the Annual Disclosure Reports, regarding compliance with these Disclosure Policies during the preceding twelve month~~

~~period. Such report shall (i) state whether the Annual Disclosure Reports for the current year are being prepared in compliance with these Disclosure Policies and whether all Disclosure Documents prepared during the prior twelve month period were prepared in accordance with the Disclosure Policies; (ii) describe any issues or problems which arose in connection with compliance with the Disclosure Policies during such period; (iii) present any recommendations for changes to the Disclosure Policies; (iv) provide an informational copy of the then current draft of the Annual Disclosure Reports to any Finance and Audit Committee member who requests one; and (v) provide a printed copy of the final Annual Disclosure Reports to all Board members.~~

A copy of ~~these Disclosure~~the Policies and Procedures shall be distributed annually to Board members, the Disclosure Management Group and ~~all Finance Staff and~~ Staff participating in the disclosure process. Any updates to ~~these Disclosure~~the Policies and Procedures shall be distributed to such groups upon their ~~issuance~~adoption or implementation, as the case may be.

~~Section 8.0—Disclosure-Related Document Retention Practices.~~

~~8.1—Consistent with JEA's Continuing Disclosure Undertakings, the following documents shall be maintained for the later of five years or the period of time required by JEA's records management or records retention program:~~

- ~~• Annual Continuing Disclosure Filings~~
- ~~• Bond Issue Bound Books or CD-ROMs containing bond issue documents~~
- ~~• Bond Issue Executed Documents~~
- ~~• Disclosure Documents~~
- ~~• Investor Materials~~
- ~~• JEA Financial Statements related to bonds~~
- ~~• Note Issue Bound Books or CD-ROMs containing note issue documents~~
- ~~• Note Issue Executed Documents~~
- ~~• Rating Agency Presentation Materials~~
- ~~• Records of all disclosure activities, including but not limited to telephone calls, emails and other inquiries from investors~~
- ~~• Unaudited Quarterly and Annual Financial Statements Audited by Outside Auditing Firm~~

~~Section 9.0 — Role of Bond Counsel~~

~~9.1 — JEA will require Bond Counsel to perform the following services in connection with the preparation of its Disclosure Documents:~~

- ~~a. — review and comment on JEA's Disclosure Documents;~~
- ~~b. — participate in the due diligence process conducted by the underwriters and their counsel;~~
- ~~c. — review presentations, if requested and, if requested, attend and/or listen to rating agency or investor presentations related to JEA's bonds, notes and other securities;~~
- ~~d. — advise JEA regarding:
 - ~~(i) — specific disclosure issues relating to JEA's financial operations, operating performance and capital program development, including funding, progress and problems;~~
 - ~~(ii) — standards of disclosure under applicable securities laws;~~
 - ~~(iii) — adequacy of JEA's disclosure in any Disclosure Document;~~
 - ~~(iv) — completeness and clarity of the information provided by the City in any Disclosure Document; and~~
 - ~~(v) — other matters as directed by JEA;~~~~
- ~~e. — interface with the Treasurer and Finance Staff with respect to any Disclosure Document;~~
- ~~f. — provide a securities law supplemental opinion for each financing transaction;~~
- ~~g. — participate in the preparation, review and approval of the Annual Disclosure Reports; and~~
- ~~h. — conduct periodic training of Board members, Finance Staff and Staff on the disclosure process contemplated by the Disclosure Policies and Procedures set forth herein as may be requested from time to time by the Treasurer.~~

Finance & Operations Committee - ADDITIONAL INFORMATION

Document comparison by Workshare Compare on Saturday, April 30, 2022
11:18:08 AM

Input:	
Document 1 ID	1
Description	#64583032v1<ACTIVE> - JEA disclosure policies 4812-3229-7761 v.6 Amended 2019-03-18 v2
Document 2 ID	2
Description	#64466813v2<ACTIVE> - Disclosure Policies and Procedures_JEA
Rendering set	GT-1

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	149
Deletions	266
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	415



Annual Disclosure Reports

Supplemental Information



**BOARD RESOLUTION: 2022-06**

May 24, 2022

JEA FY2021 ANNUAL DISCLOSURE REPORTS

WHEREAS, each year JEA files with the Municipal Securities Rulemaking Board (the "MSRB"), through the Electronic Municipal Market Access ("EMMA") website, Annual Disclosure Reports in compliance with JEA's continuing disclosure undertakings for certain of its bonds and various credit agreements; and

WHEREAS, the attached Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the "Systems"), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems' bond offerings and reofferings; and

WHEREAS, each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA's Systems and JEA's most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA's outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA's audited financial statements for its fiscal year ended September 30, 2021, as Appendix A thereto; and

WHEREAS, in accordance with JEA Disclosure Policies and Procedures, the JEA Board is required to approve the Annual Disclosure Reports.

BE IT RESOLVED by the JEA Board of Directors that:

1. JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.
2. Drafts of the Annual Disclosure Reports were provided to the Board consistent with the JEA Disclosure Policies and Procedures.
3. The Board hereby approves and authorizes (i) the Annual Disclosure Reports in substantially the forms accompanying this Resolution - with appendices added, with such changes as are approved by the Managing Director/Chief Executive Officer of JEA and (ii) authorizes the filing and use of the Annual Disclosure Reports as described above.

Dated this 24th day of May 2022.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



Annual Disclosure Reports Located in Appendix G





Increase in JEA Guaranty to The Energy Authority

Supplemental Information



**BOARD RESOLUTION: 2022-11**

May 24, 2022

A RESOLUTION BY THE BOARD ADOPTING THE RECOMMENDATION OF THE FINANCE AND OPERATIONS COMMITTEE TO INCREASE THE JEA GUARANTY TO THE ENERGY AUTHORITY; AUTHORIZING THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER, OR DESIGNEE, TO EXECUTE ALL AGREEMENTS AND SUPPLEMENTAL DOCUMENTS NECESSARY TO EFFECTUATE SUCH INCREASE; PROVIDING FOR CORRECTION OF ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, JEA and The Energy Authority (TEA) are parties to a series of agreements, attached hereto and incorporated herein (Agreements), which among other things, provide for JEA's guarantee of TEA payment obligations; and

WHEREAS, in light of current market conditions, TEA finds it necessary to modify its credit support; and

WHEREAS, the parties mutually seek to amend the Agreements to increase JEA's guaranty amount to TEA to \$45,000,000 on or before June 1, 2022, and to \$60,000,000 on or before December 1, 2022; and

WHEREAS, the proposed payments and amended Agreements were reviewed, considered, and recommended for Board approval by the Finance and Operations Committee (Committee) on May 23, 2022; and

WHEREAS, adoption of the Committee's recommendation best serves the interests of JEA and its customers.

BE IT RESOLVED by the JEA Board of Directors that:

1. The recitals stated above are hereby incorporated into and made part of this Resolution, and such recitals shall serve as findings of fact.
2. The Board hereby adopts the Committee's recommendation and approves amending the Agreements as described herein to increase JEA's guaranty amount to TEA as follows: \$45,000,000 on or before June 1, 2022, and \$60,000,000 on or before December 1, 2022.
3. The Managing Director/Chief Executive Officer, or designee, is authorized to execute amended Agreements in substantially the same form and format as attached hereto as well as any supplemental documentation necessary to effectuate the advance payments described herein.
4. To the extent that there are any typographical, administrative, and/or scrivener's errors contained herein that do not change to tone, tenor or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.
5. This Resolution shall be effective upon approval by the Board.

Dated this 24th day of May 2022.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

Execution Version**RESTATED AND AMENDED ELECTRIC ADVANCE AGREEMENT**

This Restated and Amended Electric Advance Agreement (this “Agreement”), dated as of June 1, 2022, is by and among JEA, a public body corporate and politic created under the laws of the State of Florida, Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia (“MEAG Power”), South Carolina Public Service Authority, a body corporate and politic created by the laws of the State of South Carolina (“Santee Cooper”), Nebraska Public Power District, a public corporation and political subdivision of the State of Nebraska (“NPPD”), American Municipal Power, Inc. (“AMP”), the City of Gainesville, Florida, a Florida municipal corporation doing business as Gainesville Regional Utilities (“GRU”), and City Utilities of Springfield, Missouri, a component unit of the City of Springfield, Missouri (“City Utilities”; together with JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU and any future entity which is admitted as a member of TEA and executes this Agreement (a “Future Member”), collectively, the “Members” and, individually, a “Member”) and The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”).

RECITALS

WHEREAS, the parties (other than any Future Members) hereto have executed and delivered that certain Restated and Amended Electric Advance Agreement dated as of March 1, 2018 (the “Original Agreement”), and

WHEREAS, the parties hereto have executed and delivered that certain Restated and Amended Operating Agreement dated as of October 3, 2017 (the “Operating Agreement”), and

WHEREAS, TEA finds it necessary to modify its credit support to trade as a power marketer, and

WHEREAS, the parties hereto desire to amend and restate the Original Agreement as set forth herein,

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the parties hereto agree as follows.

Section 1. Operating Agreement. The Operating Agreement shall remain in full force and effect in accordance with its terms and nothing herein shall amend the terms of the Operating Agreement.

Section 2. Supersession of Original Agreement. This Agreement supersedes the Original Agreement. Nonetheless, any Trade Guaranties (as defined below) as to which Beneficiary Designation Schedules (as described in the Trade Guaranty) have been issued and remain in effect shall remain in full force and effect.

Section 3. Advance. Each of the Members shall make an advance (the “Advance”) in the amount or amounts (“Advance Amount”) set forth on Schedule 1 hereto (“Schedule 1”), in one or more installments to TEA. Each Advance shall be made in the form of the delivery to TEA of a guaranty in the form attached hereto as Annex 1 (the “Trade Guaranty”) or Annex 2 (the “Bank Guaranty,” together with the Trade Guaranty, collectively, the “Guaranty”),

or both, or in such revised forms as may be agreed upon by the parties hereto. The Advance from each Member, or any part thereof, shall be provided by each Member to TEA (in the form of the Trade Guaranty or the Bank Guaranty, or a combination thereof, as requested by TEA from time to time) upon five business days' written notice to each Member. The Advance Amount from each Member shall be identical in the case of LPPS Members and one third of the Advance Amount of LPPS Members, in the case of MPPS Members, and the division of each Advance between the Trade Guaranty and Bank Guaranty shall be identical among all LPPS Members and one third of such amount in the case of MPPS Members. TEA shall not execute Beneficiary Designation Schedules, which are in effect from time to time with respect to the Trade Guaranty, that in the aggregate, together with the Face Amount (as defined herein) of the Bank Guaranty from time to time in effect, exceed the Advance Amounts for the Members set forth on Schedule 1. The "**Face Amount**" of the Bank Guaranty shall mean the sum of (i) the maximum amount of letters of credit a bank is committed to issue pursuant to the terms of a letter of credit and reimbursement agreement plus (ii) the total amount of any revolving line of credit to such bank, such sum then being multiplied by the proportionate share the Member obligates itself to guarantee pursuant to the terms of the Bank Guaranty. No Member shall be permitted to terminate its Guaranty prior to the effective date of the termination of its membership in TEA or its withdrawal as a Member of TEA.

Section 4. Form of Advance. The form of Advance may be changed, in whole or in part, (a) from the Trade Guaranty to the Bank Guaranty or (b) from the Bank Guaranty to the Trade Guaranty; *provided, however*, that no change from the Trade Guaranty to the Bank Guaranty or from the Bank Guaranty to the Trade Guaranty may be made if the result thereof is to reduce the amount of the Trade Guaranty to below the aggregate amount of guaranteed amounts indicated on the Beneficiary Designation Schedules with respect thereto at the time in effect or to reduce the Bank Guaranty below the amount required by the related reimbursement agreement. Such change shall be effected by TEA's (i) verifying the outstanding Beneficiary Designation Schedules then in effect relating to the Trade Guaranty and the Face Amount of the Bank Guaranty so as to confirm that the Advance Amount per Member for the Guaranty is not exceeded, and (ii) providing the written consent of the bank to which the Bank Guaranty has been given of any adjustment to the amount thereof. In no case shall the total amount of the Advance, whether in the form of the Trade Guaranty or the Bank Guaranty, or both, exceed the sum of the Advance Amounts allocated to the Members on Schedule 1.

Section 5. Loan Agreement. TEA agrees not to consent to any amendments, modifications or renewals of the Letter of Credit and Loan Agreement between it and the Bank to which the Bank Guaranty has been given which results in a material adverse change from the perspective of TEA or the Guarantors in the terms of such Letter of Credit and Loan Agreement without the receipt of the written consent of all LPPS Members and a majority of all Members and each affected guarantor.

Section 6. Repayment and Equalization of Advances. Repayment of Advances for which any Member has paid under its Guaranty shall be made ratably to each Member from available revenues of TEA (on a parity with repayment of "Advances" under that certain Restated and Amended Natural Gas Advance Agreement dated as of December 1, 2013, as amended among TEA and the respective Members that are participating in its natural gas trading operation,) after provision shall be made for payment in full of TEA's other creditors and after TEA sets aside an

amount reasonably required for working capital based on historic levels of working capital maintained. If any Member has paid under its Guaranty, such Member may request reimbursement by following the Repayment and Equalization Procedures on Schedule 2 hereto ("Schedule 2") so that any amounts paid under any Guaranty shall be borne ratably among the Members in proportion to their respective membership interests in TEA. Notwithstanding any provision of this Section 6 to the contrary, if a Member has paid under its Guaranty due to (i) a payment or performance default by a Member in a transaction with TEA, the non-defaulting Members shall not be required to make any contribution or payment as provided for herein to such defaulting Member, or (ii) attorney's fees and other costs incurred by the beneficiary of the Guaranty to enforce the Guaranty against a defaulting Member which fees and other costs are being recovered by such beneficiary, the other non-defaulting Members shall not be required to make any contribution or payment relating to such attorney's fees and other costs to such defaulting Member.

Section 7. Use of Advances. The Advances shall be used by TEA solely for the purpose of facilitating trading activities for electric capacity, energy or related transmission as approved by TEA's board of directors and in which TEA is not involved as agent other than for Members, and may also be used as credit support for a revolving line of credit for working capital purposes. In no case shall any of the Advances be used by TEA for the purpose of supporting, facilitating or otherwise for transactions or trading activities for natural gas.

Section 8. Future Members. Future Members shall be bound by the terms of this Agreement by executing an instrument substantially in the form of Annex 3 attached hereto and made a part hereof; such instrument shall also be executed by TEA evidencing its approval. Upon the execution and delivery by any Future Member of an instrument substantially similar to Annex 3, together with the approval thereof by TEA; and upon the execution and delivery by any Future Member of the Trade Guaranty and the Bank Guaranty (to the extent such guaranties are in effect), such Future Member shall be deemed a party to this Agreement.

Section 9. Withdrawing Members and Members to be Terminated. Subject to and except as provided in the provisions of the form of MISO Addendum to Trade Guaranty Agreement contained in Annex 4 hereto, TEA shall notify all counterparties to whom a Trade Guaranty has been given that a guarantor under the Trade Guaranty is, effective the withdrawal date or the termination date, no longer a guarantor under the Trade Guaranty as to transactions which have not been entered into as of such date. TEA shall promptly notify the bank to which the Bank Guaranty has been given of the impending withdrawal or termination of the applicable Member and shall use its best efforts to obtain from such bank its agreement to release such member from the Bank Guaranty as to all transactions which have been entered into on and after the withdrawal or termination date. To the extent that TEA is unsuccessful in obtaining such release from such bank, TEA will take the steps necessary to issue to such Member which has withdrawn or has been terminated on the effective date of such withdrawal or termination a Trade Guaranty in an amount equivalent to the Face Amount of the Bank Guaranty of such withdrawn or terminated Member. Unless otherwise agreed to by TEA, the withdrawn or terminated Member shall remain liable on all Guaranties relating to all transactions entered into prior to the effective date of its withdrawal from TEA. To the extent the withdrawn or terminated Member is required to pay on any Guaranty after the date of its withdrawal, it shall be entitled to the benefits of this Agreement as to equalization of Advances and contribution and payments among the Members as provided in Section 6 hereof. It shall also be entitled to all rights of subrogation to which the

Member which paid on the Guaranty enjoys, subject to the provisions of this Agreement and the Bylaws of TEA. A withdrawn or terminated Member shall not be entitled to be repaid by TEA for any amounts paid under any Guaranty prior to the other Members' having been repaid by TEA, without the approval of the board of directors of TEA.

Section 10. MISO Addendum Undertakings. TEA agrees with respect to the Trade Guaranty provided to the Midcontinent Independent System Operator, Inc. ("MISO") as amended by the MISO Addendum as follows:

(a) With respect to a proposal that an additional guarantor be added to such Trade Guaranty under the MISO Addendum to which MISO shall have timely objected in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty, unless TEA shall have otherwise made arrangements for such additional guarantor to be added to such Trade Guaranty, TEA upon the request of any one or more of the guarantors under such Trade Guaranty shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with the terms of Paragraph 7 (as amended by the MISO Addendum) thereof.

(b) Upon notification by MISO pursuant to Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty that one or more guarantors thereunder have become uncreditworthy, TEA shall use its best commercial efforts to provide Financial Security (used herein as defined for purposes of the MISO Addendum), such as a letter of credit qualified under the MISO Addendum, in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty. In the event TEA is not able to comply in providing such Financial Security, unless it shall then proceed to cure such violation and become entitled to participate in MISO's services, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof.

(c) Upon request of the guarantors that such Trade Guaranty be withdrawn or terminated, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof. In the event that one or more of the guarantors under such Trade Guaranty shall request the withdrawal or release of the obligation of such guarantor(s) under the Trade Guaranty, TEA shall use its best commercial efforts to provide Financial Security (including a letter of credit qualified as provided in the MISO Addendum), as provided in Paragraph 7 (as amended by the MISO Addendum) of such Trade Guaranty so as to obtain MISO's approval of the withdrawal or release of such guarantor(s).

Section 11. SPP Undertakings. The parties hereto agree with respect to the initial Trade Guaranty provided to SPP as follows:

(a) The form of guaranty attached as Annex 5 hereto (the "SPP Trade Guaranty") shall be deemed for purposes of the Agreement to be a Trade Guaranty subject to the terms of this Agreement.

(b) The amounts set out in the SPP Trade Guaranty and any other provisions therein may be modified consistent with the provisions of this Agreement, and the addition or removal of

“Guarantors” thereunder shall be permitted as provided in the Agreement and in the SPP Trade Guaranty.

Section 12. Notices. Notices required hereunder shall be provided as required by Section 17.1 of the Operating Agreement.

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws.

Section 14. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 15. No Third-Party Beneficiaries. Nothing in this Agreement shall entitle any person other than the Members, TEA or their respective successors and assigns to any claim, cause of action, remedy or right of any kind.

Section 16. Severability. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 17. Equitable Relief. The Members and TEA agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that TEA and the members shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 18. Counterparts. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Members and TEA; and this Agreement shall be binding upon all of the Members and TEA with the same force and effect as if all the Members and TEA had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

Section 19. Amendments. This Agreement may not be amended or modified except by a written instrument signed by TEA and each of the Members.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

JEA

By: _____
Jay Stowe
Managing Director and
Chief Executive Officer

Approved as to Form

Regina Ross
Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA**

By: _____
James E. Fuller
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Jimmy D. Staton
President and Chief Executive Officer

AMERICAN MUNICIPAL POWER, INC.

By: _____
Jolene Thompson
President and Chief Executive Officer

Approved as to Form:

By: _____
Rachel Gerrick
Senior Vice President and
General Counsel

NEBRASKA PUBLIC POWER DISTRICT

By: _____
Thomas J. Kent
President and Chief Executive Officer

CITY OF GAINESVILLE, FLORIDA

By: _____
Tony Cunningham
Interim General Manager for Utilities

Approved as to Form and
Legality:

Lisa Bennett
Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Gary Gibson
President and Chief Executive Officer

Approved as to Form

Dwayne Fulk
Vice President-Chief Legal Officer

THE ENERGY AUTHORITY, INC.

By: _____
Joanie C. Teofilo
President and Chief Executive Officer

Finance & Operations Committee - ADDITIONAL INFORMATION

SCHEDULE 1

Member	Advance Amount Effective June 1, 2022	Advance Amount Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total Advance Amount	\$255,000,000	\$340,000,000

SCHEDULE 2

REPAYMENT AND EQUALIZATION PROCEDURES

In accordance with the Restated and Amended Electric Advance Agreement (the “Agreement”), dated as of June 1, 2022 (the “Agreement”), the Members desire to set forth the terms and conditions under which reimbursements shall be made to a Member if such Member makes a payment under a Guaranty. Capitalized terms used in this Schedule 2 without definition shall have the meanings ascribed to such terms in the Agreement.

If a Member receives a demand for payment (“Demand”) under a Guaranty, such Member (the “Paying Member”) shall provide notice of the Demand to TEA, which notice shall include a copy of the Demand and payment instructions for reimbursement, no later than the second Business Day after receipt of such Demand.

TEA will coordinate with the Paying Member and party who has issued the Demand to verify the amount of the Guaranty and amount owed by TEA, confirm the terms of the Guaranty, and determine if TEA can resolve the issue through other means. If TEA is unable to resolve the issue and a payment remains due from the Paying Member, TEA will be responsible for providing notice of the Demand to each other Member (each a “Contributing Member”).

TEA shall notify each Contributing Member of a payment due from the Contributing Member under the Demand no later than the second Business Day after TEA’s receipt of notice from the Paying Member. TEA’s notice (the “TEA Informational Notice”) to each Contributing Member shall include (i) a copy of the Demand, (ii) a calculation of the reimbursement amount due to the Paying Member from such Contributing Member (the “Contribution Amount”), (iii) documentation confirming the amounts owed under the Demand, including to the applicable Beneficiary Designation Schedule, (iv) the Paying Member’s payment instructions, and (v) Member contact information for communications regarding the Demand. Contribution Amounts shall be allocated among the Contributing Members in proportion to their respective contributions to the Advance.

Following payment under the Demand, the Paying Member shall confirm payment and provide evidence of such payment (e.g., wire confirmation) (“Payment Confirmation”) directly to the Contributing Members and TEA. No later than the later of (i) the Business Day following receipt of the Payment Confirmation from the Paying Member or (ii) the second Business Day after receipt of the TEA Informational Notice, each Contributing Member shall transmit a reimbursement payment to the Paying Member in accordance with the payment instructions provided in the TEA Informational Notice.

For purposes of this Schedule 2, Business Day means any day other than a Saturday, Sunday, or federal legal holiday in the United States. Unless otherwise provided herein, any notices made pursuant to this Schedule 2 shall be sent to Members in accordance with the notice instructions in the applicable Beneficiary Designation Schedule.

ANNEX 1**TRADE GUARANTY AGREEMENT**

This Trade Guaranty Agreement (this “Guaranty”) is dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”) that become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the “Guarantors”), in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the “Counterparties”). This Guaranty amends and restates, and upon execution, supersedes, that certain Trade Guaranty Agreement dated as of March 1, 2018, of the Guarantors.

In consideration of the premises and the Counterparties’ from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY**. Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due, whether accruing prior to the date hereof or hereafter (the “Obligations”) under the contract (the “Contract”) designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A, but only to the extent of the respective guaranty amount for each Guarantor (the “Guaranty Amount”) set out therein. The Guarantors acknowledge and agree that all payment obligations outstanding or having accrued as of the date hereof shall be included within the Obligations and shall be expressly guaranteed hereunder by the Guarantors. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed the amounts indicated as the Guaranty Limits for the Guarantors on Schedule I or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the “Guaranty Limit”). If TEA shall at any time fail or refuse to pay any Obligations to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy but will be obligated to pay the Obligations to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney’s fees.

2. **DEMANDS AND NOTICE**. If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment

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hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska; American Municipal Power, Inc. is a non-profit corporation organized under the laws of the State of Ohio; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities is a Florida municipal corporation; and City Utilities of Springfield, Missouri is a component unit of the City of Springfield, Missouri. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA

received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency,

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bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT.** This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW.** This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY.** Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

EXECUTED as of the day and year first above written.

JEA

By: _____

Title: Managing Director and Chief
Executive Officer

Approved as to Form

Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title: President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Title: President and Chief Executive Officer

**NEBRASKA PUBLIC POWER
DISTRICT**

By: _____
Title: President and Chief Executive Officer

**AMERICAN MUNICIPAL POWER,
INC.**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Senior Vice President and
General Counsel

CITY OF GAINESVILLE, FLORIDA

By: _____
Title: Interim General Manager for Utilities

Approved as to Form and
Legality:

Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Vice President-Chief Legal Officer

SCHEDULE I

Member	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

EXHIBIT A**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of June 1, 2022, from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and any future guarantors[, as amended by that certain MISO Addendum to Trade Guaranty Agreement dated as of June 1, 2022] (the “Guaranty”). Capitalized terms used herein and not defined are used as defined in such Guaranty.

Counterparty: [Entity name]

Contract: [Identify contract by name of contract, date, and other identifying information]

Guarantor	Guaranty Amount	Guaranty Limit*
JEA		
MEAG Power		
Santee Cooper		
NPPD		
AMP		
GRU		
City Utilities		
Total Guaranty Amount and Guaranty Limit of all Guarantors		

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA’s obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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Notice Addresses:

<p>JEA 21 West Church Street, Suite 1600 Jacksonville, FL 32202-3139 Attn: Chief Financial Officer</p> <p>Municipal Electric Authority of Georgia 1470 Riveredge Parkway Atlanta, GA 30328 Attn: Chief Executive Officer</p> <p>South Carolina Public Service Authority One Riverwood Drive Moncks Corner, SC 29461-2901 Attn: General Counsel</p> <p>Nebraska Public Power District 1414 15th Street Columbus, NE 68601 Attn: Chief Executive Officer</p>	<p>American Municipal Power, Inc. 1111 Schrock Road Columbus, OH 43229 Attn: President</p> <p>Gainesville Regional Utilities 301 SE 4th Avenue Gainesville, Florida 32601 Attn: General Manager for Utilities</p> <p>City Utilities of Springfield, Missouri 301 E. Central Springfield, Missouri 65802 Attn: President and Chief Executive Officer</p>
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Executed this ____ day of _____, 20__.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:

EXHIBIT B
GUARANTY ADDENDUM NO. ____

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022 (the "Trade Guaranty"), and that certain MISO Addendum to Trade Guaranty Agreement (together with the Trade Guaranty, the "Guaranty"), each of which is executed by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc. ("TEA"), which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*.

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____

Name:

Title:

**[Need to issue new Beneficiary Designation Schedule to specify different Guaranty
Amounts for each Guarantor]**

ANNEX 2

Unconditional Guaranty (Electric)

Dated: June 1, 2022

THE ENERGY AUTHORITY, INC.

301 West Bay Street
Suite 2600
Jacksonville, FL 32202
(the “Borrower”)

[MEMBER]

[Guarantor Address]
(the “Guarantor” and together with
other Members executing a guaranty
in favor of the Bank, called the “Guarantors”)

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, FL 32801
Attention: Financial Services Group
(hereinafter referred to as the “Bank”)

Recitations of Fact

A. The Guarantor is a member (“Member”) of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, “Operating Agreement”) and a Restated and Amended Electric Advance Agreement among the Borrower, the Guarantor and the other Members dated as of June 1, 2022 (as it may be amended from time to time, the “Advance Agreement” and together with the Operating Agreement, collectively called the “Operating Instruments”). Capitalized terms used herein and not defined are used as defined in the Advance Agreement.

B. The Borrower will enter into from time to time various contracts for the purchase or sale of electric capacity or energy or related transmission.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower may desire to borrow from time to time funds from the Bank for certain working capital needs.

E. The Borrower and the Bank have entered into a Letter of Credit and Loan Agreement dated as of March 1, 2018 (as it may be amended, the “Loan Agreement”), providing

for the issuance of letters of credit (“Letters of Credit”) by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit and providing for a revolving line of credit (the “Revolving Line”) with the obligations of the Borrower thereunder evidenced by a Revolving Promissory Note (the “Promissory Note”).

F. The Bank is only willing (i) to issue Letters of Credit under the Loan Agreement and (ii) to advance funds under the Revolving Line if the reimbursement, repayment and other obligations of the Borrower are guaranteed or security otherwise provided by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit and to make advances under the Revolving Line, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Loan Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit or on account of amounts due under the Promissory Note, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Loan Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys’ fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the “Guaranteed Obligations”). No payment by any other Guarantor (as defined in the Loan Agreement) shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term “Guarantor Share” means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA) + NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA) + NB}$$

where “NA” equal the total number of Approved LPPS Members and “NB” equals the total number of Approved MPPS Members. The term “Approved LPPS Members” means American Municipal Power, Inc., JEA, Municipal Electric Authority of Georgia, Nebraska Public Power District, South Carolina Public Service Authority and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term “Approved MPPS Members” means the City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank’s acceptance of a new Member’s Guaranty. No change from one class of membership to another

shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless the Bank shall have approved such modification in writing.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection [*in the case of GRU*: ; provided, however, this Guaranty is a limited obligation of the Guarantor payable solely from lawfully available revenues of the electric, natural gas, water, wastewater and telecommunications system owned by the Guarantor]. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations. [*To be included in Guaranties of existing Guarantors only.* Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to the Bank dated January 1, 2019.]

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as the result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Loan Agreement), without affecting, impairing, lessening or releasing the obligations of the

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Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall be limited to \$69 million and for all purposes of determining the Guaranteed Obligations there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Loan Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$69 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Loan Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the

Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower and on each date on which an advance is made by the Bank under the Revolving Line (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the Guarantor's audited financial statement balance sheet shows the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent;

(b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to the Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Loan Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgement, lien, garnishment or attachment within 30 days of the entry of the decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Loan Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Loan Agreement are freely assignable, in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of _____ without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Loan Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Loan Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Loan Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Loan Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Loan Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or

government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

[GUARANTOR]

By _____
Name:
Title:

EXHIBIT A

EXHIBIT B

Notice of Termination

The undersigned Guarantor hereby notifies [Name of Bank] (the “Bank”) that it is terminating its Unconditional Guaranty dated June 1, 2022 (the “Guaranty”) effective at the end of the day on _____, _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the “Effective Date”). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading “Termination of Guaranty” and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

[GUARANTOR]

Date: _____

By _____

Name:

Title:

ANNEX 3

Reference is made to that certain Restated and Amended Electric Advance Agreement dated as of June 1, 2022, by and among JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri and The Energy Authority, Inc. (the "Agreement"). The undersigned hereby agrees to become a party to the Agreement and a Future Member as designated therein. As such, it shall be bound by the terms of the Agreement and entitled to the benefits thereof. Capitalized terms used herein and not defined are used as defined in the Agreement.

[Deliver executed Trade Guaranty and executed Bank Guaranty, as applicable.]

Date: _____

[FUTURE MEMBER]

By: _____
Name:
Title:

Accepted by:

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title: President and Chief Executive Officer

ANNEX 4**MISO ADDENDUM TO TRADE GUARANTY AGREEMENT**

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation which become guarantors thereunder through a Guaranty Addendum as described therein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as provided therein (the “Guaranty”).

The Guarantors hereby agree to amend the Guaranty, such amendments to be solely for the benefit of the Midcontinent Independent System Operator, Inc. (“MISO”) and shall not apply to any Counterparty (as defined in the Guaranty) other than MISO, who for purposes of this Addendum is also referred to herein as the “Counterparty.” Except as amended hereby for the benefit of MISO, the Guaranty shall remain in full force and effect.

1. Paragraph 1 of the Guaranty is hereby amended by (i) revising the last sentence thereof and (ii) adding two additional sentences, each to read as follows:

In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs. Each Guarantor shall pay all reasonable attorney fees and other costs incurred by the Counterparty to enforce this Guaranty against such Guarantor. The Contract designated on the Beneficiary Designation Schedule shall be MISO’s Transmission and Energy Market Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the “Tariff”), any agreements entered into by TEA under, pursuant to or in connection with the Tariff and/or any agreements to which Counterparty and TEA are parties, as may be amended or supplemented from time to time whether now existing or hereafter arising in accordance with their respective terms.

2. Paragraph 4 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

4. **DEFENSES.** Without limiting a Guarantor’s own defenses and rights hereunder, each Guarantor reserves to itself all rights and defenses to which TEA is or may be entitled arising from or solely out of the Contract, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

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3. Paragraph 5 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto and consented to in writing by the Counterparty; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor or Guarantors shall be adjusted accordingly (so long as (i) the aggregate Guaranty Amount from all Guarantors including the additional Guarantor is not reduced and (ii) the Guaranty Amount of any existing Guarantor is not increased) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; *provided*, that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA, received by TEA, assert such objection within 10 business days after receipt by the Counterparty of the last of (i) the proposed Guaranty Addendum, (ii) the proposed Beneficiary Designation Schedule and (iii) all information required by Counterparty in Attachment L entitled "Credit Policy" as in effect from time to time (the "Credit Policy") to the Tariff, to complete its analysis of such additional Guarantor. If such objection has been asserted within such period, the proposed additional guarantor shall not be added to this Guaranty as a guarantor and this Guaranty shall remain in effect and the Guaranty Amounts for each existing Guarantor shall remain at their existing levels, except that this Guaranty may be terminated in the manner and with the effect as provided in Paragraph 7 hereof. Under no circumstance shall any such proposed additional guarantor be added as a Guarantor hereunder until either (a) the Counterparty completes its review of such party's creditworthiness and the Counterparty acknowledges, in writing, its acceptance of, or states that it has no objection to, such party as an additional Guarantor, or (b) the Counterparty fails to object to the addition of such proposed additional guarantor within the time frame prescribed herein.

In the event one or more of the Guarantors becomes uncreditworthy at any time, in the Counterparty's reasonable judgment in a manner consistent with the Credit Policy, the Counterparty shall furnish written notification thereof to TEA, in response to which, TEA shall, within two Business Days (as defined in the Tariff) of receipt of such written notification (three Business Days if such notification occurs after noon Indianapolis Time) provide other Financial Security (as defined in the Tariff) (*e.g.*, a letter of credit in the form attached to the Credit Policy from time to

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time), as provided in the Credit Policy, to secure the full amount of the obligations guaranteed by the particular Guarantor or Guarantors determined to be uncreditworthy by the Counterparty as provided hereinabove. Should TEA fail to timely provide such Financial Security, TEA's later provision of such Financial Security and TEA otherwise being in compliance with the Credit Policy and all other terms and conditions of the Tariff shall entitle TEA to resume participation in MISO's energy markets and in MISO's transmission and/or market service.

4. Paragraph 7 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

7. **DURATION OF GUARANTY.** The Guarantors or TEA may request the withdrawal of this Guaranty as provided in the Credit Policy; *provided*, this Guaranty shall not terminate until MISO has approved such withdrawal or termination, in writing, which will not be approved unless and until the conditions therefor, as set forth in the Credit Policy, have been satisfied. MISO will return this Guaranty within five business days of MISO's written approval of the withdrawal or termination of this Guaranty. If one or more of the Guarantors requests the withdrawal of the obligation of such Guarantor(s) under this Guaranty and other Financial Security complying with the Credit Policy (including a letter of credit complying with the Credit Policy) is provided to the Counterparty which, together with any remaining amount under this Guaranty, secures the full amount of the obligations guaranteed by the Guarantors prior to such request for withdrawal (including all obligations incurred prior to the release or withdrawal of the Guaranty), MISO will approve the release or withdrawal as provided in the Credit Policy.

5. Paragraph 8 of the Guaranty entitled "Guaranty Addenda" shall be deleted in its entirety and the following is hereby inserted in lieu thereof:

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, each such new member shall agree that this Guaranty is its legal, valid and binding obligations as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Paragraph 3(a) hereof; *provided*, neither the addition of a new member to TEA nor execution by such new member of a Guaranty Addendum shall permit such new member to become a party to the Beneficiary Designation Schedule executed in favor of the Counterparty other than as provided in Paragraph 5 hereof.

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6. Paragraph 11 of the Guaranty is hereby amended by deleting the phrase “State of Florida” and inserting in lieu thereof “State of Indiana”.

7. A new paragraph 13 is inserted to the Guaranty as follows:

13. **WAIVER OF JURY TRIAL.** GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY OTHER MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS COVERED BY THIS GUARANTY.

8. A new paragraph 14 is hereby inserted into the Guaranty as follows:

14. **FINANCIAL REPORTING.** The Guarantors shall each submit all information and documents as, and when, required of Applicants and/or Participants under the Credit Policy (in effect from time to time), including, without limitation, providing Rating Agency reports, current financial statements and information and disclosing any Material Change (as defined in the Tariff) in its financial condition as required in such Credit Policy.

EXECUTED as of the 1st day of June, 2022.

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

Finance & Operations Committee - ADDITIONAL INFORMATION

Approved as to form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By _____
Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

ANNEX 5**GUARANTY AGREEMENT**

This Guaranty Agreement (the “Guaranty”) is made by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”), that become guarantors hereunder through an amendment hereto (referred to individually as “Guarantor” and collectively as the “Guarantors”), in favor of Southwest Power Pool, Inc. (“Creditor”), an Arkansas nonprofit corporation.

WHEREAS, Guarantors are each members of TEA, and TEA and Creditor are parties to certain agreements pursuant to, or in connection with, the Creditor’s Open Access Transmission Tariff, whether now existing or hereafter arising in accordance with their respective terms (each referred to individually as “Agreement” and collectively as “Agreements”);

WHEREAS, Guarantors will receive substantial and direct benefits from the extensions of credit contemplated by the Agreements and have agreed to enter into this Guaranty to provide assurance for the performance of TEA’s obligations in connection with the Agreements and to induce Creditor to enter into the Agreements; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Creditor’s further performance of its obligations under the terms of the Agreements;

NOW, THEREFORE, in consideration of the promises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantors hereby agree as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and absolutely guarantee the punctual payment as and when due of TEA’s payment obligations arising under any Agreement, as such Agreement may be amended or modified from time to time, together with any interest thereon (collectively, the “Guaranteed Obligations”). Guarantors’ obligations and liability under this Guaranty shall be limited to payment obligations only; and Guarantors shall have no obligation otherwise to perform under any Agreement, including, without limitation, to sell, deliver, purchase, receive or transmit any electrical energy product or service. Each Guarantor’s aggregate amount guaranteed from time to time under this Guaranty, the Trade Guaranty Agreement dated as of June 1, 2022, from the Guarantors relating to TEA, any bank guaranty from the Guarantors relating to TEA, and such other amounts relating to any future Guarantors, shall not exceed the respective amounts set forth in Schedule 1 attached hereto (the “Guaranty Limit”). Furthermore, the respective guaranty amount for each Guarantor with respect to this Guaranty (the “Guaranty Amount”) shall be limited to the respective amount set forth in the Beneficiary Designation Schedule, a form of which is attached hereto as Schedule 2.

2. **Guaranty Absolute.** The liability of Guarantors under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement;
- (b) any modification, extension or waiver of any of the terms of any Agreement;
- (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith;
- (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed, or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;
- (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Creditor to exercise, in whole or in part, any right or remedy held by Creditor with respect to any Agreement or any transaction under any Agreement;
- (f) any change in the existence, structure or ownership of Guarantors or TEA, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting TEA or its assets; or
- (g) any other circumstance that might otherwise constitute a defense available to, or a discharge of, TEA under any Agreement, or any other agreement or instrument (including any Guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

The obligations of Guarantors hereunder are several from TEA or any other person, and are primary obligations concerning which the Guarantors are each the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Creditor, in order to enforce payment by Guarantors under this Guaranty, to show any proof of TEA's default, to exhaust its remedies against TEA, any other Guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations. Creditor shall not be required to mitigate damages or take any other action to reduce, collect, or enforce the Guaranteed Obligations. Nonetheless, payment by any Guarantor of any of the Guaranteed Obligations shall, to the extent of the amount of such payment, absolve the remaining Guarantors of any liability to pay such amount of the Guaranteed Obligations.

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The liability of the Guarantors under this Guaranty with respect to the aggregate principal amount of Guaranteed Obligations shall not exceed the lesser of the principal amount of obligations outstanding or the aggregate "Guaranty Amount" in Schedule 1, and Creditor shall limit TEA's obligations to such amount.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Creditor upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of TEA or any other Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, TEA or any other Guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantors hereby waive:
 - (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Creditor in reliance hereon or in connection herewith;
 - (b) notice of the entry into any Agreement between TEA and Creditor and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
 - (c) notice of any increase, reduction or rearrangement of TEA's obligations under any Agreement or any extension of time for the payment of any sums due and payable to Creditor under any Agreement;
 - (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice of any other kind with respect to the Guaranteed Obligations; and
 - (e) any requirement that suit be brought against, or any other action by Creditor be taken against, or any notice of default or other notice be given to, or any demand be made on, TEA or any other person, or that any other action be taken or not taken as a condition to Guarantors' liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantors.
4. **Expenses.** Notwithstanding and in addition to the limit on Guarantors' liability hereunder set forth in Section 1, Guarantors agree to pay on demand any and all costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing Guarantors' payment obligations under this Guaranty; provided that Guarantors shall not be liable for any expenses of Creditor if no payment under this Guaranty is due.

Finance & Operations Committee - ADDITIONAL INFORMATION

5. **Subrogation.** Guarantors shall be subrogated to all rights of Creditor against TEA in respect of any amounts paid by Guarantors pursuant to this Guaranty; provided that Guarantors waive any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Creditor against TEA or any collateral which Creditor now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Creditor in full. If any amount shall be paid to the Guarantors on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Creditor and shall forthwith be paid to Creditor to be applied to the Guaranteed Obligations. If (a) Guarantors shall perform and shall make payment to Creditor of all or any part of the Guaranteed Obligations and (b) all the Guaranteed Obligations shall have been paid in full, Creditor shall, at Guarantors' request, execute and deliver to the Guarantors appropriate documents necessary to evidence the transfer by subrogation to the Guarantors of any interest in the Guaranteed Obligations resulting from such payment by Guarantors.

6. **Setoff.** Creditor is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by Creditor to or for the account of Guarantors against any and all of the obligations of Guarantors under this Guaranty, irrespective of whether or not Creditor shall have made any demand under this Guaranty or such Agreement and although such obligations may be contingent and unmatured. Creditor agrees promptly to notify Guarantors after any such set-off and application made by Creditor; provided that the failure to give such notice shall not affect the validity of such set-off and application.

7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, by express courier with traceable receipt, by facsimile, or personally delivered. Notices shall be sent to the following addresses:

If to Creditor:

Southwest Power Pool, Inc.
 201 Worthen Drive
 Little Rock, AR 72223-4936
 Attention: Credit and Risk Management Department

If to Guarantors:

(A) To JEA:

JEA
 21 West Church Street

Finance & Operations Committee - ADDITIONAL INFORMATION

Suite 1600
Jacksonville, Florida 32202-3139
Attn: Managing Director and Chief Executive Officer

With a copy, which shall not constitute notice, to:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attention: Chief Legal Officer

(B) To MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, Georgia 30328
Attention: Chief Executive Officer

(C) To Santee Cooper:

Santee Cooper
One Riverwood Drive
Moncks Comer, South Carolina 29461-2901
Attention: General Counsel

(D) To NPPD:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: President and Chief Executive Officer

With a copy, which shall not constitute notice, to:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: General Counsel

(E) To AMP:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: President

Finance & Operations Committee - ADDITIONAL INFORMATION

With a copy, which shall not constitute notice, to:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: General Counsel

(F) To GRU:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: General Manager for Utilities (*for overnight courier
or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A134
Gainesville, Florida 32614-7117
Attn: General Manager for Utilities (*for U.S. mail*)

With a copy, which shall not constitute notice, to:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: Attorney for GRU (*for overnight courier or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A138
Gainesville, Florida 32614-7117
Attn: Attorney for GRU (*for U.S. mail*)

(G) To City Utilities:

City Utilities of Springfield, Missouri
301 E. Central
Springfield, Missouri 65802
Attention: President and Chief Executive Officer (*for courier delivery*)

City Utilities of Springfield, Missouri
P.O. Box 551
Springfield, Missouri 65801-0551
Attention: President and Chief Executive Officer (*for U.S. Mail*)

With a copy, which shall not constitute notice, to:

Dwayne Fulk, Esq.
City Utilities of Springfield, Missouri

301 East Central
Springfield, Missouri 65801-0551

8. **Demand and Payment.** Any demand by Creditor for payment hereunder shall be in writing, signed by a duly authorized officer of Creditor and delivered to Guarantors pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify TEA, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations, and (c) set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantors shall pay, or cause to be paid, such Guaranteed Obligations within two (2) business days of receipt of such demand.
9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Creditor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
10. **Term; Termination.** This Guaranty shall continue in full force and effect for the term of the Agreements. Notwithstanding the foregoing, this Guaranty may be terminated at any time by Guarantors by providing at least sixty (60) days' prior written notice to Creditor; provided, however, upon termination hereof, Guarantors agree that the obligations and liabilities hereunder shall continue in full force and effect with respect to any obligations incurred prior to the termination date, and any fees and costs of enforcement in connection herewith.
11. **Assignment; Successors and Assigns.** Creditor may, upon notice to Guarantors, assign its rights hereunder without the consent of Guarantors. Each Guarantor may assign its rights hereunder with the prior written consent of Creditor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.
12. **Amendments, Etc.** A written amendment executed by Guarantors only may (a) increase the guaranty limit specified in Section 1 and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantors and Creditor. No waiver of any provision of this Guaranty nor consent to any departure by Guarantors therefrom shall in any event be effective unless such waiver shall be in writing and signed by Creditor. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.
14. **Representation and Warranties.**

Each Guarantor represents and warrants (but only as to itself) as follows:

Finance & Operations Committee - ADDITIONAL INFORMATION

- (a) JEA is a public body corporate and politic created under the laws of the State of Florida; MEAG Power is a public corporation and instrumentality of the State of Georgia; Santee Cooper is a body corporate and politic created by the laws of the State of South Carolina; NPPD is a public corporation and political subdivision of the State of Nebraska; AMP is a non-profit corporation organized under the laws of the State of Ohio; GRU is a Florida municipal corporation; and City Utilities is a component unit of the City of Springfield, Missouri. Each Guarantor has full corporate power to execute, deliver and perform this Guaranty. This representation is evidenced by a copy of the resolution(s) of the governing body of each Guarantor authorizing this Guaranty, which is attached to and made a part of this Guaranty. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in an amendment hereto;
 - (b) the execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary governmental action and do not contravene Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets;
 - (c) this Guaranty is not in violation of other undertakings or requirements applicable to Guarantor, and is enforceable against Guarantor in accordance with these terms;
 - (d) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting Creditor's rights and to general equity principles; and
 - (e) the audited financial statements of Guarantor for the most recent fiscal year and (if applicable) the unaudited financial statements of Guarantor for the most recent quarter (the "Financial Statements"), heretofore delivered to Creditor by Guarantor present fairly the financial condition and results of operations of Guarantor as of the dates and for the period specified therein in conformity with United States generally accepted accounting principles, and, except as otherwise expressly stated therein, consistently applied. Except as expressly stated to Creditor in writing, there has been no Material Adverse Change in the financial condition of Guarantor and its consolidated subsidiaries since the dates of the Financial Statements.
15. **Limitation by Law.** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

16. **GOVERNING LAW; SUBMISSION TO EXCLUSIVE JURISDICTION.** THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARKANSAS AND ANY APPLICABLE FEDERAL LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY ARKANSAS STATE COURT SITTING IN PULASKI COUNTY, ARKANSAS, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE PARTIES HEREBY WAIVE ANY OBJECTION TO VENUE IN PULASKI COUNTY, ARKANSAS, AND ANY OBJECTION TO ANY ACTION OR PROCEEDING ON THE BASIS OF FORUM NON CONVENIENS.

IN WITNESS WHEREOF, Guarantors has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 1st day of June, 2022 (“Effective Date”).

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By: _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

Approved as to Form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

SCHEDULE 1

Guarantor	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

SCHEDULE 2**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____, refers to that certain Guaranty Agreement dated as of June 1, 2022 from JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, City Utilities, and any future guarantors, in favor of Southwest Power Pool, Inc. (the "Guaranty Agreement"). Capitalized terms used herein and not defined are used as defined in the Guaranty Agreement attached hereto.

Creditor: Southwest Power Pool, Inc.

	Guaranty Amount	Guaranty Limit*
JEA	\$ _____	\$ _____
MEAG Power	\$ _____	\$ _____
Santee Cooper	\$ _____	\$ _____
NPPD	\$ _____	\$ _____
AMP	\$ _____	\$ _____
GRU	\$ _____	\$ _____
City Utilities	\$ _____	\$ _____
Total Guaranty Amount and Guaranty Limit of all Guarantors:	\$ _____	\$ _____

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under the Guaranty Agreement does not exceed the respective Guaranty Limits set out above as specified in the Guaranty Agreement; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty Agreement that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty Agreement shall have been increased in the Guaranty Agreement.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Finance & Operations Committee - ADDITIONAL INFORMATION

Notice Addresses under this Schedule 2:

JEA
21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
Attn: Chief Financial Officer

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, OH 43229
Attn: President

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

City Utilities of Springfield, Missouri
301 E. Central
Springfield, MO 65802
Attn: President and Chief Executive Officer

Nebraska Public Power District
1414 15th Street
Columbus, NE 68601
Attn: Chief Executive Officer

Executed this __ day of _____, 20____.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:

Finance & Operations Committee - ADDITIONAL INFORMATION

Execution Version

RESTATED AND AMENDED ELECTRIC ADVANCE AGREEMENT

This Restated and Amended Electric Advance Agreement (this “Agreement”), dated as of ~~March~~June 1, ~~2018~~2022, is by and among JEA, a public body corporate and politic created under the laws of the State of Florida, Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia (“MEAG Power”), South Carolina Public Service Authority, a body corporate and politic created by the laws of the State of South Carolina (“Santee Cooper”), Nebraska Public Power District, a public corporation and political subdivision of the State of Nebraska (“NPPD”), American Municipal Power, Inc. (“AMP”), the City of Gainesville, Florida, a Florida municipal corporation doing business as Gainesville Regional Utilities (“GRU”), and City Utilities of Springfield, Missouri, a component unit of the City of Springfield, Missouri (“City Utilities”); together with JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and any future entity which is admitted as a member of TEA and executes this Agreement (a “Future Member”), collectively, the “Members” and, individually, a “Member”) and The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”).

RECITALS

WHEREAS, the parties (other than any Future Members) hereto have executed and delivered that certain Restated and Amended Electric Advance Agreement dated as of ~~January~~March 1, ~~2005~~2018 (the “Original Agreement”) ~~and desire to amend the Original Agreement;~~, and

WHEREAS, the parties hereto have executed and delivered that certain Restated and Amended Operating Agreement dated as of October 3, 2017 (the “Operating Agreement”), and

WHEREAS, TEA finds it necessary to ~~supplement~~modify its credit support to trade as a power marketer, and ~~to modify the form of the Guaranty (as defined below) by the MISO Addendum to Trade Guaranty Agreement (the “MISO Addendum”) set forth in Annex 4 hereto;~~ and

WHEREAS, the parties ~~agree~~hereto desire to amend and restate the Original Agreement; ~~and as set forth herein.~~

WHEREAS, TEA finds it necessary to supplement its credit support to trade as a power marketer and ~~to modify the form of the Trade Guaranty provided to Southwest Power Pool, Inc. (“SPP”), and~~

WHEREAS, TEA finds it necessary to supplement its credit support in order to obtain a revolving line of credit for working capital purposes;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the parties hereto agree as follows.

Section 1. Operating Agreement. The Operating Agreement shall remain in full force and effect in accordance with its terms and nothing herein shall amend the terms of the Operating Agreement.

Finance & Operations Committee - ADDITIONAL INFORMATION

Section 2. Supersession of Original Agreement. This Agreement supersedes the Original Agreement. Nonetheless, any Trade Guaranties (as defined below) as to which Beneficiary Designation Schedules (as described in the Trade Guaranty) have been issued and remain in effect shall remain in full force and effect.

Section 3. Advance. Each of the Members shall make an advance (the "Advance") ~~in one or more installments to TEA of \$28,928,571.43 in the case of LPPS Members and \$9,642,857.14 in the case of MPPS Members upon receipt of a written request therefor of TEA's president or vice president for finance and administration; the amount or amounts ("Advance Amount") set forth on Schedule 1 hereto ("Schedule 1"), in one or more installments to TEA.~~ Each Advance shall be made in the form of the delivery to TEA of a guaranty in the form attached hereto as Annex 1 (the "Trade Guaranty") or Annex 2 (the "Bank Guaranty," together with the Trade Guaranty, collectively, the "Guaranty"), or both, or in such revised forms as may be agreed ~~teupon~~ by the parties hereto. The Advance from each Member, or any part thereof, shall be provided by each Member to TEA (in the form of the Trade Guaranty or the Bank Guaranty, or a combination thereof, as requested by TEA from time to time) upon five business days' written notice ~~being provided~~ to each Member. The ~~amount of the~~ Advance Amount from each Member shall be identical in the case of LPPS Members and one third of the Advance ~~given by~~ Amount of LPPS Members, in the case of MPPS Members, and the division of each Advance between the Trade Guaranty and Bank Guaranty shall be identical among all ~~of the~~ LPPS Members and one third of such amount in the case of MPPS Members. TEA shall not execute Beneficiary Designation Schedules, which are in effect from time to time with respect to the Trade Guaranty ~~which, that~~ in the aggregate, together with the Face Amount (as defined herein) of the Bank Guaranty from time to time in effect, exceed ~~\$28,928,571.43 for each LPPS Member and \$9,642,857.14 for each MPPS Member; the Advance Amounts for the Members set forth on Schedule 1.~~ The "Face Amount" of the Bank Guaranty shall mean the sum of (i) the maximum amount of letters of credit ~~which~~ a bank is committed to issue pursuant to the terms of a letter of credit and reimbursement agreement plus (ii) the total amount of any revolving line of credit to such bank, such ~~difference~~ sum then being multiplied by the proportionate share ~~which~~ the Member obligates itself to guarantee pursuant to the terms of the Bank Guaranty. No ~~member~~ Member shall be permitted to terminate its Guaranty prior to the effective date of the termination of its membership in TEA or its withdrawal as a ~~member~~ Member of TEA.

Section 4. Form of Advance. ~~Upon five business days' written notice from TEA to each Member, the~~ The form of Advance may be changed, in whole or in part, (a) from the Trade Guaranty to the Bank Guaranty or (b) from the Bank Guaranty to the Trade Guaranty; *provided, however,* that no change from the Trade Guaranty to the Bank Guaranty or from the Bank Guaranty to the Trade Guaranty may be made if the result thereof is to reduce the amount of the Trade Guaranty to below the aggregate amount of guaranteed amounts indicated on the Beneficiary Designation Schedules with respect thereto at the time in effect or to reduce the Bank Guaranty below the amount required by the related reimbursement agreement. Such change shall be effected by TEA's (i) verifying the outstanding Beneficiary Designation Schedules then in effect relating to the Trade Guaranty and the Face Amount of the Bank Guaranty so as to confirm that the ~~\$28,928,571.43 or \$9,642,857.14 aggregate limit~~ Advance Amount per Member ~~(depending on for the class of Member)~~ for Guaranty is not exceeded, and ~~(iii)~~ (iii) providing the written consent of the bank to which the Bank Guaranty has been given of any adjustment to the amount thereof. In no case shall the total amount of the Advance, whether in the form of the Trade Guaranty or the Bank

Finance & Operations Committee - ADDITIONAL INFORMATION

Guaranty, or both, exceed \$28,928,571.43 or \$9,642,857.14 from each Member (depending on the class of Member), computed as to the Bank Guaranty by the Face Amount thereof. ~~Changes in the authorized maximum amount of the Trade Guaranty for each Member, as determined in accordance with the provisions of this Agreement, shall be evidenced by written notice from each Member to TEA reciting the then authorized maximum amount of such Member's Trade Guaranty. Changes in the authorized maximum amount of the Bank Guaranty for each member as determined in accordance with the provisions of this Agreement, shall be evidenced by the execution and delivery of a new instrument constituting the Bank Guaranty from each member, including the bank's (to which the Bank Guaranty has been given) written consent. Furthermore, in no case shall the aggregate amount of that portion of the Advance which is in the form of the Bank Guaranty (computed by the Face Amount thereof) exceed \$13,166,666.67 or, in the case of a MPPS Member, \$4,388,888.89 unless the Trade Guaranty and all then existing Beneficiary Designation Schedules thereunder, with the written consent of all beneficiaries thereunder, are amended to reduce the Guaranty Limit stated therein to an amount which, when added to any proposed revisions of the Face Amount of the Bank Guaranty does not exceed \$28,928,571.43 or, in the case of a MPPS Member, \$9,642,857.14 the sum of the Advance Amounts allocated to the Members on Schedule 1.~~

Section 5. Loan Agreement. TEA agrees not to consent to any amendments, modifications or renewals of the Letter of Credit and Loan Agreement between it and the Bank to which the Bank Guaranty has been given which results in a material adverse change from the perspective of TEA or the Guarantors in the terms of such Letter of Credit and Loan Agreement without the receipt of the written consent of all LPPS Members and a majority of all Members and each affected guarantor.

Section 6. Repayment and Equalization of Advances. Repayment of Advances for which any Member has paid under its Guaranty shall be made ratably to each Member from available revenues of TEA (on a parity with repayment of "Advances" under that certain ~~Amended and Restated~~ and Amended Natural Gas Advance Agreement dated as of December 1, 2013, as amended among TEA and ~~its members which~~ the respective Members that are participating in its natural gas trading operation, ~~as amended~~.) after provision shall be made for payment in full of TEA's other creditors and after TEA sets aside an amount reasonably required for working capital based on historic levels of working capital maintained. If any Member has paid under its Guaranty, ~~the Members shall promptly communicate among themselves and effect contribution and payments among themselves such Member may request reimbursement by following the~~ Repayment and Equalization Procedures on Schedule 2 hereto ("Schedule 2") so that any amounts paid under any Guaranty shall be borne ratably among the Members in proportion to their respective membership interests in TEA. Notwithstanding any provision of this Section 6 to the contrary, if a Member has paid under its Guaranty due to (i) a payment or performance default by a Member in a transaction with TEA, the non-defaulting Members shall not be required to make any contribution or payment as provided for herein to such defaulting Member, or (ii) attorney's fees and other costs incurred by the beneficiary of the Guaranty to enforce the Guaranty against a defaulting Member which fees and other costs are being recovered by such beneficiary, the other non-defaulting Members shall not be required to make any contribution or payment relating to such attorney's fees and other costs to such defaulting Member.

Finance & Operations Committee - ADDITIONAL INFORMATION

Section 7. Use of Advances. The Advances shall be used by TEA solely for the purpose of facilitating trading activities for electric capacity, energy or related transmission as approved by TEA's board of directors and in which TEA is not involved as agent other than for Members, and may also be used as credit support for a revolving line of credit for working capital purposes. In no case shall any of the Advances be used by TEA for the purpose of supporting, facilitating or otherwise for transactions or trading activities for natural gas.

Section 8. Future Members. Future Members shall be bound by the terms of this Agreement by executing an instrument substantially in the form of Annex 3 attached hereto and made a part hereof; such instrument shall also be executed by TEA evidencing its approval. Upon the execution and delivery by any Future Member of an instrument substantially similar to Annex 3, together with the approval thereof by TEA; and upon the execution and delivery by any Future Member of the Trade Guaranty and the Bank Guaranty (to the extent such guaranties are in effect), such Future Member shall be deemed a party to this Agreement.

Section 9. Withdrawing Members and Members to be Terminated. Subject to and except as provided in the provisions of the form of MISO Addendum to Trade Guaranty Agreement contained in Annex 4 hereto, TEA shall notify all counterparties to whom a Trade Guaranty has been given that a guarantor under the Trade Guaranty is, effective the withdrawal date or the termination date, no longer a guarantor under the Trade Guaranty as to transactions which have not been entered into as of such date. TEA shall promptly notify the bank to which the Bank Guaranty has been given of the impending withdrawal or termination of the applicable Member and shall use its best efforts to obtain from such bank its agreement to release such member from the Bank Guaranty as to all transactions which have been entered into on and after the withdrawal or termination date. To the extent that TEA is unsuccessful in obtaining such release from such bank, TEA will take the steps necessary to issue to such Member which has withdrawn or has been terminated on the effective date of such withdrawal or termination a Trade Guaranty in an amount equivalent to the Face Amount of the Bank Guaranty of such withdrawn or terminated Member. Unless otherwise agreed to by TEA, the withdrawn or terminated Member shall remain liable on all Guaranties relating to all transactions entered into prior to the effective date of its withdrawal from TEA. To the extent the withdrawn or terminated Member is required to pay on any Guaranty after the date of its withdrawal, it shall be entitled to the benefits of this Agreement as to equalization of Advances and contribution and payments among the Members as provided in Section ~~5~~6 hereof. It shall also be entitled to all rights of subrogation to which the Member which paid on the Guaranty enjoys, subject to the provisions of this Agreement and the Bylaws of TEA. A withdrawn or terminated Member shall not be entitled to be repaid by TEA for any amounts paid under any Guaranty prior to the other Members' having been repaid by TEA, without the approval of the board of directors of TEA.

Section 10. MISO Addendum Undertakings. TEA agrees with respect to the Trade Guaranty provided to the Midcontinent Independent-System Operator, Inc. ("MISO") as amended by the MISO Addendum as follows:

(a) With respect to a proposal that an additional guarantor be added to such Trade Guaranty under the MISO Addendum to which MISO shall have timely objected in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty, unless TEA shall have otherwise made arrangements for such additional guarantor to be added to such Trade

Finance & Operations Committee - ADDITIONAL INFORMATION

Guaranty, TEA upon the request of any one or more of the guarantors under such Trade Guaranty shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with the terms of Paragraph 7 (as amended by the MISO Addendum) thereof.

(b) Upon notification by MISO pursuant to Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty that one or more guarantors thereunder have become uncreditworthy, TEA shall use its best commercial efforts to provide Financial Security (used herein as defined for purposes of the MISO Addendum), such as a letter of credit qualified under the MISO Addendum, in accordance with Paragraph 5 (as amended by the MISO Addendum) of such Trade Guaranty. In the event TEA is not able to comply in providing such Financial Security, unless it shall then proceed to cure such violation and become entitled to participate in MISO's services, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof.

(c) Upon request of the guarantors that such Trade Guaranty be withdrawn or terminated, TEA shall proceed with all dispatch to obtain the withdrawal or termination of such Trade Guaranty in accordance with Paragraph 7 (as amended by the MISO Addendum) thereof. In the event that one or more of the guarantors under such Trade Guaranty shall request the withdrawal or release of the obligation of such guarantor(s) under the Trade Guaranty, TEA shall use its best commercial efforts to provide Financial Security (including a letter of credit qualified as provided in the MISO Addendum), as provided in Paragraph 7 (as amended by the MISO Addendum) of such Trade Guaranty so as to obtain MISO's approval of the withdrawal or release of such guarantor(s).

Section 11. SPP Undertakings. The parties hereto agree with respect to the initial Trade Guaranty provided to SPP as follows:

(a) The form of guaranty attached as Annex 5 hereto (the "SPP Trade Guaranty") shall be deemed for purposes of the Agreement to be a Trade Guaranty subject to the terms of this Agreement.

(b) The amounts set out in the SPP Trade Guaranty and any other provisions therein may be modified consistent with the provisions of this Agreement, and the addition or removal of "Guarantors" thereunder shall be permitted as provided in the Agreement and in the SPP Trade Guaranty.

Section 12. Notices. Notices required hereunder shall be provided as required by Section 17.1 of the Operating Agreement.

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws.

Section 14. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 15. No Third-Party Beneficiaries. Nothing in this Agreement shall entitle any person other than the Members, TEA or their respective successors and assigns to any claim, cause of action, remedy or right of any kind.

Section 16. Severability. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 17. Equitable Relief. The Members and TEA agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that TEA and the members shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 18. Counterparts. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Members and TEA; and this Agreement shall be binding upon all of the Members and TEA with the same force and effect as if all the Members and TEA had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

Section 19. Amendments. This Agreement may not be amended or modified except by a written instrument signed by TEA and each of the Members.

Finance & Operations Committee - ADDITIONAL INFORMATION

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

JEA

By: _____
~~Paul E. McElroy~~
Managing Director and
Chief Executive Officer

Approved as to Form

~~Jody Brooks~~ Regina Ross
Chief Legal Officer

MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA

By: _____
James E. Fuller
President and Chief ~~Executive Officer~~
~~Executive Officer~~

SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY

By: _____
~~James E. Brogdon, Jr.~~
President and Chief Executive Officer

- 7 -

Finance & Operations Committee - ADDITIONAL INFORMATION

AMERICAN MUNICIPAL POWER, INC.

By: _____
~~Mare S. Gerken~~
Jolene Thompson
____ President and Chief Executive Officer

Approved as to Form:

By: _____
Rachel Gerrick
Senior Vice President and
General
____ Counsel ~~for Corporate Affairs~~

NEBRASKA PUBLIC POWER DISTRICT

By: _____
~~Patrick L. Pope~~
____ President and Chief Executive Officer

CITY OF GAINESVILLE, FLORIDA

By: _____
~~Edward J. Bielarski, Jr.~~
Interim General Manager for Utilities

Approved as to Form and
Legality:

~~Keino Young~~
Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

~~Scott A. Miller~~
President and Chief Executive Officer

Approved as to Form

Dwayne Fulk
~~General Counsel~~

THE ENERGY AUTHORITY, INC.

By: _____
Joanie C. Teofilo
President and Chief
Executive Officer

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~~Execution Version~~

SCHEDULE 1

<u>Member</u>	<u>Advance Amount Effective June 1, 2022</u>	<u>Advance Amount Effective December 1, 2022</u>
<u>JEA</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>MEAG Power</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>Santee Cooper</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>NPPD</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>AMP</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>GRU</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>City Utilities</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>Total Advance Amount</u>	<u>\$255,000,000</u>	<u>\$340,000,000</u>

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SCHEDULE 2**REPAYMENT AND EQUALIZATION PROCEDURES**

In accordance with the Restated and Amended Electric Advance Agreement (the “Agreement”), dated as of June 1, 2022 (the “Agreement”), the Members desire to set forth the terms and conditions under which reimbursements shall be made to a Member if such Member makes a payment under a Guaranty. Capitalized terms used in this Schedule 2 without definition shall have the meanings ascribed to such terms in the Agreement.

If a Member receives a demand for payment (“Demand”) under a Guaranty, such Member (the “Paying Member”) shall provide notice of the Demand to TEA, which notice shall include a copy of the Demand and payment instructions for reimbursement, no later than the second Business Day after receipt of such Demand.

TEA will coordinate with the Paying Member and party who has issued the Demand to verify the amount of the Guaranty and amount owed by TEA, confirm the terms of the Guaranty, and determine if TEA can resolve the issue through other means. If TEA is unable to resolve the issue and a payment remains due from the Paying Member, TEA will be responsible for providing notice of the Demand to each other Member (each a “Contributing Member”).

TEA shall notify each Contributing Member of a payment due from the Contributing Member under the Demand no later than the second Business Day after TEA’s receipt of notice from the Paying Member. TEA’s notice (the “TEA Informational Notice”) to each Contributing Member shall include (i) a copy of the Demand, (ii) a calculation of the reimbursement amount due to the Paying Member from such Contributing Member (the “Contribution Amount”), (iii) documentation confirming the amounts owed under the Demand, including to the applicable Beneficiary Designation Schedule, (iv) the Paying Member’s payment instructions, and (v) Member contact information for communications regarding the Demand. Contribution Amounts shall be allocated among the Contributing Members in proportion to their respective contributions to the Advance.

Following payment under the Demand, the Paying Member shall confirm payment and provide evidence of such payment (e.g., wire confirmation) (“Payment Confirmation”) directly to the Contributing Members and TEA. No later than the later of (i) the Business Day following receipt of the Payment Confirmation from the Paying Member or (ii) the second Business Day after receipt of the TEA Informational Notice, each Contributing Member shall transmit a reimbursement payment to the Paying Member in accordance with the payment instructions provided in the TEA Informational Notice.

For purposes of this Schedule 2, Business Day means any day other than a Saturday, Sunday, or federal legal holiday in the United States. Unless otherwise provided herein, any notices made

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pursuant to this Schedule 2 shall be sent to Members in accordance with the notice instructions in the applicable Beneficiary Designation Schedule.

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Finance & Operations Committee - ADDITIONAL INFORMATION

ANNEX 1**TRADE GUARANTY AGREEMENT**

This Trade Guaranty Agreement (this "Guaranty") is dated as of ~~March~~June 1, ~~2018~~2022, by JEA, Municipal Electric Authority of Georgia ("MEAG Power"), South Carolina Public Service Authority ("Santee Cooper"), Nebraska Public Power District ("NPPD"), American Municipal Power, Inc. ("AMP"), City of Gainesville, Florida doing business as Gainesville Regional Utilities ("GRU"), City Utilities of Springfield, Missouri ("City Utilities"), ~~Public Utility District No. 1 of Cowlitz County, Washington ("Cowlitz")~~, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation ("TEA") ~~which~~that become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the "Guarantors"), in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the "Counterparties"). This Guaranty amends and restates, and upon execution, supersedes, that certain Trade Guaranty Agreement dated as of ~~January~~March 1, ~~2014~~2018, of the Guarantors.

In consideration of the premises and the Counterparties' from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY**. Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due, whether accruing prior to the date hereof or hereafter (the "Obligations") under the contract (the "Contract") designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A ~~which is completed and executed by TEA~~, but only to the extent of the respective guaranty amount for each Guarantor (the "Guaranty Amount") set out therein. The Guarantors acknowledge and agree that all payment obligations outstanding or having accrued as of the date hereof shall be included within the Obligations and shall be expressly guaranteed hereunder by the Guarantors. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed ~~\$17,428,571.43 each in the case of AMP, JEA, MEAG Power, NPPD and Santee Cooper, \$5,809,523.81 each in the case of GRU, City Utilities and Cowlitz~~ the amounts indicated as the Guaranty Limits for the Guarantors on Schedule I or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the "Guaranty Limit"). If TEA shall at any time fail or refuse to pay any Obligations to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount ~~and to for the extent of Counterparty, which shall not exceed~~ the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy; but will be obligated to pay the Obligations to the extent of the Guaranty Amount ~~and to for the extent of Counterparty, which shall not exceed~~ the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney's fees.

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Finance & Operations Committee - ADDITIONAL INFORMATION

2. **DEMANDS AND NOTICE.** If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska; American Municipal Power, Inc. is a non-profit corporation organized under the laws of the State of Ohio; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities is a Florida municipal corporation; and City Utilities of Springfield, Missouri is a component unit of the City of Springfield, Missouri; ~~and Public Utility District No. 1 of Cowlitz County, Washington is a public utility district organized and validly existing under and pursuant to the laws of the State of Washington.~~ Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

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Finance & Operations Committee - ADDITIONAL INFORMATION

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto

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Finance & Operations Committee - ADDITIONAL INFORMATION

as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT.** This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW.** This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY.** Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

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Finance & Operations Committee - ADDITIONAL INFORMATION

EXECUTED as of the day and year first above written.

JEA

By: _____

Title: Managing Director and Chief
Executive Officer

Approved as to Form

Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____

Title: President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____

Title: ~~Interim~~ President and Chief Executive
Officer

**NEBRASKA PUBLIC POWER
DISTRICT**

By: _____

Title: President and Chief Executive Officer

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Finance & Operations Committee - ADDITIONAL INFORMATION

AMERICAN MUNICIPAL POWER,
INC.

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Senior Vice President and
General
~~— Counsel for Corporate Affairs~~

CITY OF GAINESVILLE, FLORIDA

By: _____
Title: Interim General Manager for Utilities

Approved as to Form and
Legality:

~~Utilities~~ Attorney for GRU

CITY UTILITIES OF SPRINGFIELD,
MISSOURI

By: _____
Title: ~~General Manager~~ President and Chief
Executive Officer

Approved as to Form:

~~General Counsel~~

~~PUBLIC UTILITY DISTRICT NO. 1 OF
COWLITZ COUNTY, WASHINGTON~~

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Finance & Operations Committee - ADDITIONAL INFORMATION

Vice President-Chief Legal Officer

By: _____

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Finance & Operations Committee - ADDITIONAL INFORMATION

SCHEDULE I

<u>Member</u>	<u>Guaranty Limit*</u>	<u>Guaranty Limit*</u>
	<u>Effective June 1, 2022</u>	<u>Effective December 1, 2022</u>
<u>JEA</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>MEAG Power</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>Santee Cooper</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>NPPD</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>AMP</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>GRU</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>City Utilities</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>Total</u>	<u>\$255,000,000</u>	<u>\$340,000,000</u>

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Title: General Manager

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Finance & Operations Committee - ADDITIONAL INFORMATION

EXHIBIT A

BENEFICIARY DESIGNATION SCHEDULE

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022, from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and any future guarantors[, as amended by that certain MISO Addendum to Trade Guaranty Agreement dated as of ~~January~~June 1, ~~2014~~2022] (the "Guaranty"). Capitalized terms used herein and not defined are used as defined in such Guaranty ~~Agreement~~.

Counterparty:

<u>Counterparty:</u>	<u>Guaranty</u> <u>Amount</u> <u>[Entity name]</u>	<u>Guaranty</u> <u>Limit</u>
JEA		\$17,428,571.43
MEAG Power		17,428,571.43
Santee Cooper		17,428,571.43
NPPD		17,428,571.43
AMP		17,428,571.43
GRU		5,809,523.81
City Utilities		5,809,523.81
Cowlitz		5,809,523.81
<u>Contract:</u>	<u>Total Guaranty Amount of all Guarantors</u> <u>[Identify</u> <u>contract by name of contract, date, and other</u> <u>identifying information]</u>	

~~Identification of contract (include date, name of contract and other identifying information):~~

<u>Guarantor</u>	<u>Guaranty</u> <u>Amount</u>	<u>Guaranty</u> <u>Limit*</u>
JEA		
MEAG Power		
Santee Cooper		
NPPD		
AMP		
GRU		
City Utilities		
<u>Total Guaranty Amount</u> <u>and Guaranty Limit</u> <u>of all Guarantors</u>		

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Finance & Operations Committee - ADDITIONAL INFORMATION

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities ~~and Cowlitz~~ on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty ~~which~~that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

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* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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<p>JEA 21 West Church Street, Suite 1600 Jacksonville, FL 32202-3139 Attn: Chief Financial Officer</p> <p>Municipal Electric Authority of Georgia 1470 Riveredge Parkway Atlanta, GA 30328 Attn: Chief Executive Officer</p> <p>South Carolina Public Service Authority One Riverwood Drive Moncks Corner, SC 29461-2901 Attn: General Counsel</p> <p>Nebraska Public Power District 1414 15th Street Columbus, NE 68601 Attn: Chief Executive Officer</p>	<p>American Municipal Power, Inc. 1111 Schrock Road Columbus, OH 43229 Attn: President</p> <p>Gainesville Regional Utilities 301 SE 4th Avenue Gainesville, Florida 32601 Attn: General Manager for Utilities</p> <p>City Utilities of Springfield, Missouri 301 E. Central Springfield, Missouri 65802 Attn: <u>General Manager</u><u>President and Chief</u> <u>Executive Officer</u></p> <p><u>Public Utility District No. 1 of</u> <u>Cowlitz County, Washington</u> <u>961 12th Avenue</u> <u>P.O. Box 3007</u> <u>Longview, WA 98632</u></p>
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THE ENERGY AUTHORITY, INC.

Name: _____
Title: _____

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Finance & Operations Committee - ADDITIONAL INFORMATION

EXHIBIT B
GUARANTY ADDENDUM NO. ____

Reference is made to that certain Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022 (the "Trade Guaranty"), and that certain MISO Addendum to Trade Guaranty Agreement (together with the Trade Guaranty, the "Guaranty"), each of which ~~are~~is executed by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and all future members of The Energy Authority, Inc. ("TEA"), which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*.

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____
 By: _____
Name: _____
 Title: _____

[Need to issue new Beneficiary Designation Schedule to specify different Guaranty
 Amounts for each Guarantor]

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ANNEX 2**Unconditional Guaranty (Electric)**

Dated: ~~March~~June 1, ~~2018~~2022

THE ENERGY AUTHORITY, INC.

301 West Bay Street
Suite 2600
Jacksonville, FL 32202
(the "Borrower")

[MEMBER]

[Guarantor Address]
(the "Guarantor" and together with
other Members executing a guaranty
in favor of the Bank, called the "Guarantors")

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, FL 32801
Attention: Financial Services Group
(hereinafter referred to as the "Bank")

Recitations of Fact

A. The Guarantor is a member ("Member") of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, "Operating Agreement") and a Restated and Amended Electric Advance Agreement among the Borrower, the Guarantor and the other Members dated as of ~~March~~June 1, ~~2018~~2022 (as it may be amended from time to time, the "Advance Agreement" and together with the Operating Agreement, collectively called the "Operating Instruments"). Capitalized terms used herein and not defined are used as defined in the Advance Agreement.

B. The Borrower will enter into from time to time various contracts for the purchase or sale of electric capacity or energy or related transmission.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower may desire to borrow from time to time funds from the Bank for certain working capital needs.

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E. The Borrower and the Bank have entered into a Letter of Credit and Loan Agreement dated as of March 1, 2018, (as it may be amended, the "Loan Agreement"), providing for the issuance of letters of credit ("Letters of Credit") by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit and providing for a revolving line of credit (the "Revolving Line") with the obligations of the Borrower thereunder evidenced by a Revolving Promissory Note (the "Promissory Note").

F. The Bank is only willing (i) to issue Letters of Credit under the Loan Agreement and (ii) to advance funds under the Revolving Line if the reimbursement, repayment and other obligations of the Borrower are guaranteed or security otherwise provided by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit and to make advances under the Revolving Line, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Loan Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit or on account of amounts due under the Promissory Note, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Loan Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys' fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the "Guaranteed Obligations"). No payment by any other Guarantor (as defined in the Loan Agreement) shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term "Guarantor Share" means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA) + NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA) + NB}$$

where "NA" equal the total number of Approved LPPS Members and "NB" equals the total number of Approved MPPS Members. The term "Approved LPPS Members" means American Municipal Power, Inc., JEA, Municipal Electric Authority of Georgia, Nebraska Public Power District, South Carolina Public Service Authority and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term "Approved MPPS Members" means the City of Gainesville, Florida doing business as Gainesville Regional Utilities,

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City Utilities of Springfield, Missouri, ~~Public Utility District No. 1 of Cowlitz County, Washington~~ and such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank's acceptance of a new Member's Guaranty. No change from one class of membership to another shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless the Bank shall have approved such modification in writing.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection *[in the case of GRU: ; provided, however, this Guaranty is a limited obligation of the Guarantor payable solely from lawfully available revenues of the electric, natural gas, water, wastewater and telecommunications system owned by the Guarantor]*. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations. *[To be included in Guaranties of existing Guarantors only.* Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to the Bank dated January 1, ~~2016~~2019.]

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as the result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

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APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Loan Agreement), without affecting, impairing, lessening or releasing the obligations of the Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall be limited to \$69 million and for all purposes of determining the Guaranteed Obligations there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Loan Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$69 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of

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any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Loan Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower and on each date on which an advance is made by the Bank under the Revolving Line (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the Guarantor's audited financial statement balance sheet shows the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent;

(b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to the Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Loan Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor

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exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgement, lien, garnishment or attachment within 30 days of the entry of the decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Loan Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and

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legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Loan Agreement are freely assignable, in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of _____ without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Loan Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Loan Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Loan Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Loan Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Loan Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on

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the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

[GUARANTOR]

By _____
Name: _____
Title: _____

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EXHIBIT B**Notice of Termination**

The undersigned Guarantor hereby notifies [Name of Bank] (the "Bank") that it is terminating its Unconditional Guaranty dated June 1, 2022 (the "Guaranty") effective at the end of the day on _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the "Effective Date"). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading "Termination of Guaranty" and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

[GUARANTOR]

Date: _____

By _____

Name: _____

Title: _____

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ANNEX 3

Reference is made to that certain Restated and Amended Electric Advance Agreement dated as of ~~March~~June 1, ~~2018~~2022, by and among JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri and The Energy Authority, Inc. ~~(~~(the "Agreement"). The undersigned hereby agrees to become a party to the Agreement and a Future Member as designated therein. As such, it shall be bound by the terms of the Agreement and entitled to the benefits thereof. Capitalized terms used herein and not defined are used as defined in the Agreement.

[Deliver executed Trade Guaranty and executed Bank Guaranty, as applicable.]

Date: _____

[FUTURE MEMBER]

By: _____
Name:
Title:

By: _____

Accepted by:

THE ENERGY AUTHORITY, INC.

By: _____

By: _____

Name:
Title: President and Chief Executive Officer

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ANNEX 4**MISO ADDENDUM TO TRADE GUARANTY AGREEMENT**

Reference is made to that certain Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022, by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, ~~Public District No. 1 of Cowlitz County, Washington~~, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation which become guarantors thereunder through a Guaranty Addendum as described therein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as provided therein (the “Guaranty”).

The Guarantors hereby agree to amend the Guaranty, such amendments to be solely for the benefit of the Midcontinent Independent System Operator, Inc. (“MISO”) and shall not apply to any Counterparty (as defined in the Guaranty) other than MISO, who for purposes of this Addendum is also referred to herein as the “Counterparty.” Except as amended hereby for the benefit of MISO, the Guaranty shall remain in full force and effect.

1. Paragraph 1 of the Guaranty is hereby amended by (i) revising the last sentence thereof and (ii) adding two additional sentences, each to read as follows:

In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs. Each Guarantor shall pay all reasonable attorney fees and other costs incurred by the Counterparty to enforce this Guaranty against such Guarantor. The Contract designated on the Beneficiary Designation Schedule shall be MISO’s Transmission and Energy Market Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the “Tariff”), any agreements entered into by TEA under, pursuant to or in connection with the Tariff and/or any agreements to which Counterparty and TEA are parties, as may be amended or supplemented from time to time whether now existing or hereafter arising in accordance with their respective terms.

2. Paragraph 4 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

4. **DEFENSES.** Without limiting a Guarantor’s own defenses and rights hereunder, each Guarantor reserves to itself all rights and defenses to which TEA is or may be entitled arising from or solely out of the Contract, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

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Finance & Operations Committee - ADDITIONAL INFORMATION

3. Paragraph 5 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto and consented to in writing by the Counterparty; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor or Guarantors shall be adjusted accordingly (so long as (i) the aggregate Guaranty Amount from all Guarantors including the additional Guarantor is not reduced and (ii) the Guaranty Amount of any existing Guarantor is not increased) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; *provided*, that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA, received by TEA, assert such objection within 10 business days after receipt by the Counterparty of the last of (i) the proposed Guaranty Addendum, (ii) the proposed Beneficiary Designation Schedule and (iii) all information required by Counterparty in Attachment L entitled "Credit Policy" as in effect from time to time (the "Credit Policy") to the Tariff, to complete its analysis of such additional Guarantor. If such objection has been asserted within such period, the proposed additional guarantor shall not be added to this Guaranty as a guarantor and this Guaranty shall remain in effect and the Guaranty Amounts for each existing Guarantor shall remain at their existing levels, except that this Guaranty may be terminated in the manner and with the effect as provided in Paragraph 7 hereof. Under no circumstance shall any such proposed additional guarantor be added as a Guarantor hereunder until either (a) the Counterparty completes its review of such party's creditworthiness and the Counterparty acknowledges, in writing, its acceptance of, or states that it has no objection to, such party as an additional Guarantor, or (b) the Counterparty fails to object to the addition of such proposed additional guarantor within the time frame prescribed herein.

In the event one or more of the Guarantors becomes uncreditworthy at any time, in the Counterparty's reasonable judgment in a manner consistent with the Credit Policy, the Counterparty shall furnish written notification thereof to TEA, in response to which, TEA shall, within two Business Days (as defined in the Tariff) of receipt of such written notification (three Business Days if such notification occurs after noon Indianapolis Time) provide other Financial Security (as defined in the Tariff) (e.g., a

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Finance & Operations Committee - ADDITIONAL INFORMATION

letter of credit in the form attached to the Credit Policy from time to time), as provided in the Credit Policy, to secure the full amount of the obligations guaranteed by the particular Guarantor or Guarantors determined to be uncreditworthy by the Counterparty as provided hereinabove. Should TEA fail to timely provide such Financial Security, TEA's later provision of such Financial Security and TEA otherwise being in compliance with the Credit Policy and all other terms and conditions of the Tariff shall entitle TEA to resume participation in MISO's energy markets and in MISO's transmission and/or market service.

4. Paragraph 7 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

7. **DURATION OF GUARANTY.** The Guarantors or TEA may request the withdrawal of this Guaranty as provided in the Credit Policy; *provided*, this Guaranty shall not terminate until MISO has approved such withdrawal or termination, in writing, which will not be approved unless and until the conditions therefor, as set forth in the Credit Policy, have been satisfied. MISO will return this Guaranty within five business days of MISO's written approval of the withdrawal or termination of this Guaranty. If one or more of the Guarantors requests the withdrawal of the obligation of such Guarantor(s) under this Guaranty and other Financial Security complying with the Credit Policy (including a letter of credit complying with the Credit Policy) is provided to the Counterparty which, together with any remaining amount under this Guaranty, secures the full amount of the obligations guaranteed by the Guarantors prior to such request for withdrawal (including all obligations incurred prior to the release or withdrawal of the Guaranty), MISO will approve the release or withdrawal as provided in the Credit Policy.

5. Paragraph 8 of the Guaranty entitled "Guaranty Addenda" shall be deleted in its entirety and the following is hereby inserted in lieu thereof:

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, each such new member shall agree that this Guaranty is its legal, valid and binding obligations as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Paragraph 3(a) hereof; *provided*, neither the addition of a new member to TEA nor execution by such new member of a Guaranty Addendum shall permit such new member to become a party to the Beneficiary

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Finance & Operations Committee - ADDITIONAL INFORMATION

Designation Schedule executed in favor of the Counterparty other than as provided in Paragraph 5 hereof.

6. Paragraph 11 of the Guaranty is hereby amended by deleting the phrase "State of Florida" and inserting in lieu thereof "State of Indiana".

7. A new paragraph 13 is inserted to the Guaranty as follows:

13. **WAIVER OF JURY TRIAL.** GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY OTHER MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS COVERED BY THIS GUARANTY.

8. A new paragraph 14 is hereby inserted into the Guaranty as follows:

14. **FINANCIAL REPORTING.** The Guarantors shall each submit all information and documents as, and when, required of Applicants and/or Participants under the Credit Policy (in effect from time to time), including, without limitation, providing Rating Agency reports, current financial statements and information and disclosing any Material Change (as defined in the Tariff) in its financial condition as required in such Credit Policy.

EXECUTED as of the 1st day of ~~March, 2018~~ June, 2022.

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By _____
Rachel Gerrick
Senior Vice President and
General
Counsel for Corporate Affairs

By _____
~~Mare S. Gerken~~ Jolene Thompson
President and Chief Executive Officer

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
~~Paul E. McElroy~~ Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

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Finance & Operations Committee - ADDITIONAL INFORMATION

	By _____ James E. Fuller President and Chief Executive Officer	
Approved as to form	CITY UTILITIES OF SPRINGFIELD, MISSOURI	Formatted: Keep with next, Keep lines together
By _____ Dwayne Fulk General Counsel <u>Legal Officer</u>	By _____ Scott Miller <u>Gary Gibson</u> General Manager <u>President and Chief Executive Officer</u>	Formatted: Keep with next, Keep lines together Formatted: Keep with next, Keep lines together
	NEBRASKA PUBLIC POWER DISTRICT	Formatted: Keep with next, Keep lines together
	By _____ Patriek L. Pope <u>Thomas J. Kent</u> President and Chief Executive Officer	
	SOUTH CAROLINA PUBLIC SERVICE AUTHORITY	
	By _____ James E. Brogden, Jr. <u>Jimmy D. Staton</u> Interim President &and Chief Executive Officer	
Approved as to Form and Legality:	CITY OF GAINESVILLE, FLORIDA	
By _____ Keino Young <u>Lisa Bennett</u> Utilities Attorney <u>for GRU</u>	By _____ Edward J. Bielarski, Jr. <u>Tony Cunningham</u> <u>Interim</u> General Manager for Utilities	
	PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON	
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Finance & Operations Committee - ADDITIONAL INFORMATION

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By _____

Steven D. Kern

General Manager

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Finance & Operations Committee - ADDITIONAL INFORMATION

ANNEX 5**GUARANTY AGREEMENT**

This Guaranty Agreement (the "Guaranty") is made by JEA, Municipal Electric Authority of Georgia ("MEAG Power"), South Carolina Public Service Authority ("Santee Cooper"), Nebraska Public Power District ("NPPD"), American Municipal Power, Inc. ("AMP"), City of Gainesville, Florida doing business as Gainesville Regional Utilities ("GRU"), City Utilities of Springfield, Missouri ("City Utilities"), ~~Public Utility District No. 1 of Cowlitz County, Washington ("Cowlitz")~~, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation ("TEA") ~~which~~, that become guarantors hereunder through an amendment hereto (referred to individually as "Guarantor" and collectively as the "Guarantors"), in favor of Southwest Power Pool, Inc. ("Creditor"), an Arkansas nonprofit corporation.

WHEREAS, Guarantors are each members of TEA, and TEA and Creditor are parties to certain agreements pursuant to, or in connection with, the Creditor's Open Access Transmission Tariff, whether now existing or hereafter arising in accordance with their respective terms (each referred to individually as "Agreement" and collectively as "Agreements");

WHEREAS, Guarantors will receive substantial and direct benefits from the extensions of credit contemplated by the Agreements and have agreed to enter into this Guaranty to provide assurance for the performance of TEA's obligations in connection with the Agreements and to induce Creditor to enter into the Agreements; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Creditor's further performance of its obligations under the terms of the Agreements;

NOW, THEREFORE, in consideration of the promises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantors hereby agree as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and absolutely guarantee the punctual payment as and when due of TEA's payment obligations arising under any Agreement, as such Agreement may be amended or modified from time to time, together with any interest thereon (collectively, the "Guaranteed Obligations"). Guarantors' obligations and liability under this Guaranty shall be limited to payment obligations only; and Guarantors shall have no obligation otherwise to perform under any Agreement, including, without limitation, to sell, deliver, purchase, receive or transmit any electrical energy product or service. Each Guarantor's aggregate amount guaranteed from time to time under this Guaranty ~~and~~, the Trade Guaranty Agreement dated as of ~~March~~June 1, ~~2018~~2022, from the Guarantors relating to TEA ~~shall not exceed \$17,428,571.43 each in any bank guaranty from the case of JEA, MEAG Power, Santee Cooper, NPPD and AMP, \$5,809,523.81 each in the case of GRU, City Utilities and Cowlitz or Guarantors relating to TEA, and such other amounts relating to any future Guarantors (the "Trade Guaranty", shall not exceed the respective amounts set forth in Schedule 1 attached hereto (the "Guaranty Limit"))~~. Furthermore, the respective guaranty amount for each Guarantor with respect to this Guaranty (the

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Finance & Operations Committee - ADDITIONAL INFORMATION

"Guaranty Amount") shall be limited to the respective amount set forth in the Beneficiary Designation Schedule 4, a form of which is attached hereto (the "Guaranty Amount"); as Schedule 2.

2. **Guaranty Absolute.** The liability of Guarantors under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement;
- (b) any modification, extension or waiver of any of the terms of any Agreement;
- (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith;
- (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed, or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;
- (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Creditor to exercise, in whole or in part, any right or remedy held by Creditor with respect to any Agreement or any transaction under any Agreement;
- (f) any change in the existence, structure or ownership of Guarantors or TEA, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting TEA or its assets; or
- (g) any other circumstance that might otherwise constitute a defense available to, or a discharge of, TEA under any Agreement, or any other agreement or instrument (including any Guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

The obligations of Guarantors hereunder are several from TEA or any other person, and are primary obligations concerning which the Guarantors are each the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Creditor, in order to enforce payment by Guarantors under this Guaranty, to show any proof of TEA's default, to exhaust its remedies against TEA, any other Guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations. Creditor shall not be required to mitigate damages or take any other action to reduce, collect, or enforce the Guaranteed Obligations. Nonetheless, payment by any Guarantor of any of the Guaranteed Obligations shall, to the extent of the

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Finance & Operations Committee - ADDITIONAL INFORMATION

amount of such payment, absolve the remaining Guarantors of any liability to pay such amount of the Guaranteed Obligations.

The liability of the Guarantors under this Guaranty with respect to the aggregate principal amount of Guaranteed Obligations shall not exceed the lesser of the principal amount of obligations outstanding or the aggregate "Guaranty Amount" in Schedule 1, and Creditor shall limit TEA's obligations to such amount.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Creditor upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of TEA or any other Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, TEA or any other Guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantors hereby waive:
- (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Creditor in reliance hereon or in connection herewith;
 - (b) notice of the entry into any Agreement between TEA and Creditor and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
 - (c) notice of any increase, reduction or rearrangement of TEA's obligations under any Agreement or any extension of time for the payment of any sums due and payable to Creditor under any Agreement;
 - (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice of any other kind with respect to the Guaranteed Obligations; and
 - (e) any requirement that suit be brought against, or any other action by Creditor be taken against, or any notice of default or other notice be given to, or any demand be made on, TEA or any other person, or that any other action be taken or not taken as a condition to Guarantors' liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantors.
4. **Expenses.** Notwithstanding and in addition to the limit on Guarantors' liability hereunder set forth in Section 1, Guarantors agree to pay on demand any and all costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing

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Finance & Operations Committee - ADDITIONAL INFORMATION

Guarantors' payment obligations under this Guaranty; provided that Guarantors shall not be liable for any expenses of Creditor if no payment under this Guaranty is due.

5. **Subrogation.** Guarantors shall be subrogated to all rights of Creditor against TEA in respect of any amounts paid by Guarantors pursuant to this Guaranty; provided that Guarantors waive any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Creditor against TEA or any collateral which Creditor now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Creditor in full. If any amount shall be paid to the Guarantors on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Creditor and shall forthwith be paid to Creditor to be applied to the Guaranteed Obligations. If (a) Guarantors shall perform and shall make payment to Creditor of all or any part of the Guaranteed Obligations and (b) all the Guaranteed Obligations shall have been paid in full, Creditor shall, at Guarantors' request, execute and deliver to the Guarantors appropriate documents necessary to evidence the transfer by subrogation to the Guarantors of any interest in the Guaranteed Obligations resulting from such payment by Guarantors.
6. **Setoff.** Creditor is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by Creditor to or for the account of Guarantors against any and all of the obligations of Guarantors under this Guaranty, irrespective of whether or not Creditor shall have made any demand under this Guaranty or such Agreement and although such obligations may be contingent and unmatured. Creditor agrees promptly to notify Guarantors after any such set-off and application made by Creditor; provided that the failure to give such notice shall not affect the validity of such set-off and application.
7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, by express courier with traceable receipt, by facsimile, or personally delivered. Notices shall be sent to the following addresses:

If to Creditor:

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Attention: Credit and Risk Management Department

If to Guarantors:

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Finance & Operations Committee - ADDITIONAL INFORMATION

(A) To JEA:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attn: Managing Director and Chief Executive Officer

With a copy, which shall not constitute notice, to:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attention: Chief Legal Officer

(B) To MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, Georgia 30328
Attention: Chief Executive Officer

(C) To Santee Cooper:

Santee Cooper
One Riverwood Drive
Moncks Comer, South Carolina 29461-2901
Attention: General Counsel

(D) To NPPD:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: President and Chief Executive Officer

With a copy, which shall not constitute notice, to:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: General Counsel

(E) To AMP:

American Municipal Power, Inc.
1111 Schrock Road

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Finance & Operations Committee - ADDITIONAL INFORMATION

Suite 100
Columbus, Ohio 43229
Attn: President

With a copy, which shall not constitute notice, to:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: General Counsel

(F) To GRU:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: General Manager for Utilities *(for overnight courier
or hand delivery)*

City of Gainesville, Florida
P.O. Box 147117, Station A134
Gainesville, Florida 32614-7117
Attn: General Manager for Utilities *(for U.S. mail)*

With a copy, which shall not constitute notice, to:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: ~~Utilities~~ Attorney for GRU *(for overnight courier or hand delivery)*

City of Gainesville, Florida
P.O. Box 147117, Station A138
Gainesville, Florida 32614-7117
Attn: ~~Utilities~~ Attorney for GRU *(for U.S. mail)*

(G) To City Utilities:

City Utilities of Springfield, Missouri
301 E. Central
Springfield, Missouri 65802
Attention: ~~General Manager~~ President and Chief Executive Officer *(for
courier delivery)*

City Utilities of Springfield, Missouri
P.O. Box 551
Springfield, Missouri 65801-0551

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Finance & Operations Committee - ADDITIONAL INFORMATION

Attention: ~~General Manager~~ President and Chief Executive Officer (for U.S. Mail)

With a copy, which shall not constitute notice, to:

Dwayne Fulk, Esq.
City Utilities of Springfield, Missouri
301 East Central
Springfield, Missouri 65801-0551

To ~~Cowlitz~~

~~Public Utility District No. 1 of Cowlitz County, Washington~~
~~961 12th Avenue~~
~~P.O. Box 3007~~
~~Longview, WA 98632~~

8. **Demand and Payment.** Any demand by Creditor for payment hereunder shall be in writing, signed by a duly authorized officer of Creditor and delivered to Guarantors pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify TEA, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations, and (c) set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantors shall pay, or cause to be paid, such Guaranteed Obligations within two (2) business days of receipt of such demand.
9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Creditor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
10. **Term; Termination.** This Guaranty shall continue in full force and effect for the term of the Agreements. Notwithstanding the foregoing, this Guaranty may be terminated at any time by Guarantors by providing at least sixty (60) days' prior written notice to Creditor; provided, however, upon termination hereof, Guarantors agree that the obligations and liabilities hereunder shall continue in full force and effect with respect to any obligations incurred prior to the termination date, and any fees and costs of enforcement in connection herewith.
11. **Assignment; Successors and Assigns.** Creditor may, upon notice to Guarantors, assign its rights hereunder without the consent of Guarantors. Each Guarantor may assign its rights hereunder with the prior written consent of Creditor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

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Finance & Operations Committee - ADDITIONAL INFORMATION

12. **Amendments, Etc.** A written amendment executed by Guarantors only may (a) increase the guaranty limit specified in Section 1 and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantors and Creditor. No waiver of any provision of this Guaranty nor consent to any departure by Guarantors therefrom shall in any event be effective unless such waiver shall be in writing and signed by Creditor. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.
14. **Representation and Warranties.**

Each Guarantor represents and warrants (but only as to itself) as follows:

- (a) JEA is a public body corporate and politic created under the laws of the State of Florida; MEAG Power is a public corporation and instrumentality of the State of Georgia; Santee Cooper is a body corporate and politic created by the laws of the State of South Carolina; NPPD is a public corporation and political subdivision of the State of Nebraska; AMP is a non-profit corporation organized under the laws of the State of Ohio; GRU is a Florida municipal corporation; ~~and City Utilities is a component unit of the City of Springfield, Missouri; and Cowlitz is a public utility district organized and validly existing under and pursuant to the laws of the State of Washington.~~ Each Guarantor has full corporate power to execute, deliver and perform this Guaranty. This representation is evidenced by a copy of the resolution(s) of the governing body of each Guarantor authorizing this Guaranty, which is attached to and made a part of this Guaranty. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in an amendment hereto;
- (b) the execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary governmental action and do not contravene Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets;
- (c) this Guaranty is not in violation of other undertakings or requirements applicable to Guarantor, and is enforceable against Guarantor in accordance with these terms;
- (d) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting Creditor's rights and to general equity principles; and

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- (e) the audited financial statements of Guarantor for the most recent fiscal year and (if applicable) the unaudited financial statements of Guarantor for the most recent quarter (the "Financial Statements"), heretofore delivered to Creditor by Guarantor present fairly the financial condition and results of operations of Guarantor as of the dates and for the period specified therein in conformity with United States generally accepted accounting principles, and, except as otherwise expressly stated therein, consistently applied. Except as expressly stated to Creditor in writing, there has been no Material Adverse Change in the financial condition of Guarantor and its consolidated subsidiaries since the dates of the Financial Statements.
15. **Limitation by Law.** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.
16. **GOVERNING LAW; SUBMISSION TO EXCLUSIVE JURISDICTION. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARKANSAS AND ANY APPLICABLE FEDERAL LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY ARKANSAS STATE COURT SITTING IN PULASKI COUNTY, ARKANSAS, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE PARTIES HEREBY WAIVE ANY OBJECTION TO VENUE IN PULASKI COUNTY, ARKANSAS, AND ANY OBJECTION TO ANY ACTION OR PROCEEDING ON THE BASIS OF FORUM NON CONVENIENS.**

IN WITNESS WHEREOF, Guarantors has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 1st day of ~~March, 2018~~June, 2022 ("Effective Date").

Approved as to form

JEA

By Regina Ross
Chief Legal Officer

By Paul E. McElroyJay Stowe
Managing Director and Chief Executive Officer

MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA

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Finance & Operations Committee - ADDITIONAL INFORMATION

By _____
James E. Fuller
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
~~Patrick L. Pope~~ Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
~~James E. Brogdon, Jr.~~ Jimmy D. Staton
~~Interim~~ President ~~&and~~ Chief Executive Officer

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By: _____
Rachel Gerrick
Senior Vice President and
General
Counsel ~~for Corporate Affairs~~

By _____
~~Mare S. Gerken~~ Jolene Thompson
President ~~and~~ Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
~~Keino Young~~ Lisa Bennett
~~Utilities~~ Attorney for GRU

By _____
~~Edward J. Bielarski, Jr.~~ Tony Cunningham
~~Interim~~ General Manager for Utilities

Approved as to Form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

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Finance & Operations Committee - ADDITIONAL INFORMATION

Dwayne Fulk
~~General Counsel~~ Vice President-Chief
~~Legal Officer~~

By _____
~~Scott A. Miller~~ Gary Gibson
~~General Manager~~
~~President and Chief Executive Officer~~

**PUBLIC UTILITY DISTRICT NO. 1 OF
COWLITZ COUNTY, WASHINGTON**

By _____
~~Steven D. Kern~~
~~General Manager~~

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Finance & Operations Committee - ADDITIONAL INFORMATION

SCHEDULE 1

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<u>Guarantor</u>	<u>Guaranty Limit*</u>	<u>Guaranty Limit*</u>
	<u>Effective June 1, 2022</u>	<u>Effective December 1, 2022</u>
<u>JEA</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>MEAG Power</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>Santee Cooper</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>NPPD</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>AMP</u>	<u>\$45,000,000</u>	<u>\$60,000,000</u>
<u>GRU</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>City Utilities</u>	<u>\$15,000,000</u>	<u>\$20,000,000</u>
<u>Total</u>	<u>\$255,000,000</u>	<u>\$340,000,000</u>

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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BENEFICIARY DESIGNATION SCHEDULE

Creditor: Southwest Power Pool, Inc.

	Guaranteed Amour	Trade y Limit*
JEA	\$ _____ _____ —	\$17, 428; 571. 43\$ _____ _____ _____
MEAG Power	\$ _____ _____ —	17.4 28.5 71.4 3\$ _____ _____ _____
Santee Cooper	\$ _____ _____ —	17.4 28.5 71.4 3\$ _____ _____ _____
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Finance & Operations Committee - ADDITIONAL INFORMATION

NPPD	\$	17.4	Formatted: Font: Not Bold
		28.5	
		71.4	
		35	
AMP	\$	17.4	Formatted: Highlight Formatted: Font: Not Bold
		28.5	
		71.4	
		35	
GRU	\$	5.80	Formatted: Highlight Formatted: Font: Not Bold
		9.52	
		3.81	
		\$	
City Utilities	\$	5.80	Formatted: Highlight Formatted: Font: Not Bold
		9.52	
		3.81	
		\$	
Cowditz	\$		Formatted: Highlight Formatted: Centered Deleted Cells Deleted Cells Deleted Cells Formatted Table
		5,800.5	
		23.81	
Total			Formatted: Font: Bold Formatted: Font: Not Bold Formatted: Indent: Left: 0.11" Formatted: Indent: Left: 0.05" Formatted: Font: Bold Formatted: Centered Formatted: Font: 12 pt
Guaranty	\$	\$	
Amount and			
Guaranty			
Limit of all			
Guarantors:			
JAX-2396236-7			
- 57 -			

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities ~~and Cowlitz~~ on this date under the Guaranty Agreement does not exceed the respective ~~Trade~~ Guaranty Limits set out above as specified in the ~~Trade~~ Guaranty Agreement; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty ~~which Agreement that~~ in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the ~~Trade~~ Guaranty Limit as described in such Guaranty Agreement shall have been increased in the ~~Trade~~ Guaranty Agreement.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Notice Addresses under this Schedule 42:

JEA
21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
Attn: Chief Financial Officer

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, OH 43229
Attn: President

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

City Utilities of Springfield, Missouri
301 E. Central
Springfield, MO 65802
Attn: ~~General Manager~~ President and Chief Executive Officer

Nebraska Public Power District
1414 15th Street
Columbus, NE 68601
Attn: Chief Executive Officer

~~Public Utility District No. 1 of
Cowlitz County, Washington
961 12th Avenue
P.O. Box 3007
Longview, WA 98632~~

Executed this __ day of _____, 2018-20.

THE ENERGY AUTHORITY, INC.,

By: _____

Malinda Prudencio

VP, Risk Control and Chief Risk Officer

By: _____

Name:

Title:

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Finance & Operations Committee - ADDITIONAL INFORMATION

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TRADE GUARANTY AGREEMENT

This Trade Guaranty Agreement (this “Guaranty”) is dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”) that become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the “Guarantors”), in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the “Counterparties”). This Guaranty amends and restates, and upon execution, supersedes, that certain Trade Guaranty Agreement dated as of March 1, 2018, of the Guarantors.

In consideration of the premises and the Counterparties’ from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. **GUARANTY**. Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due, whether accruing prior to the date hereof or hereafter (the “Obligations”) under the contract (the “Contract”) designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A, but only to the extent of the respective guaranty amount for each Guarantor (the “Guaranty Amount”) set out therein. The Guarantors acknowledge and agree that all payment obligations outstanding or having accrued as of the date hereof shall be included within the Obligations and shall be expressly guaranteed hereunder by the Guarantors. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed the amounts indicated as the Guaranty Limits for the Guarantors on Schedule I or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the “Guaranty Limit”). If TEA shall at any time fail or refuse to pay any Obligations to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy but will be obligated to pay the Obligations to the extent of the Guaranty Amount for the Counterparty, which shall not exceed the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or (except to the extent recoverable under the Contract) attorney’s fees.

2. **DEMANDS AND NOTICE**. If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due, demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified

Finance & Operations Committee - ADDITIONAL INFORMATION

in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina; Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska; American Municipal Power, Inc. is a non-profit corporation organized under the laws of the State of Ohio; the City of Gainesville, Florida, doing business as Gainesville Regional Utilities is a Florida municipal corporation; and City Utilities of Springfield, Missouri is a component unit of the City of Springfield, Missouri. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. **SETOFF AND COUNTERCLAIMS.** Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty

Finance & Operations Committee - ADDITIONAL INFORMATION

Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. **WAIVERS.** Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. **DURATION OF GUARANTY.** The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. **ABSOLUTE GUARANTY.** The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency,

Finance & Operations Committee - ADDITIONAL INFORMATION

bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. **BINDING EFFECT.** This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. **GOVERNING LAW.** This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. **SEVERABILITY.** Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

EXECUTED as of the day and year first above written.

JEA

By: _____

Title: Managing Director and Chief
Executive Officer

Approved as to Form

Chief Legal Officer

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title: President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Title: President and Chief Executive Officer

**NEBRASKA PUBLIC POWER
DISTRICT**

By: _____
Title: President and Chief Executive Officer

Finance & Operations Committee - ADDITIONAL INFORMATION

**AMERICAN MUNICIPAL POWER,
INC.**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Senior Vice President and
General Counsel

CITY OF GAINESVILLE, FLORIDA

By: _____
Title: Interim General Manager for Utilities

Approved as to Form and
Legality:

Attorney for GRU

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By: _____
Title: President and Chief Executive Officer

Approved as to Form:

Vice President-Chief Legal Officer

SCHEDULE I

Member	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

EXHIBIT A**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of June 1, 2022, from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and any future guarantors[, as amended by that certain MISO Addendum to Trade Guaranty Agreement dated as of June 1, 2022] (the “Guaranty”). Capitalized terms used herein and not defined are used as defined in such Guaranty.

Counterparty: [Entity name]

Contract: [Identify contract by name of contract, date, and other identifying information]

Guarantor	Guaranty Amount	Guaranty Limit*
JEA		
MEAG Power		
Santee Cooper		
NPPD		
AMP		
GRU		
City Utilities		
Total Guaranty Amount and Guaranty Limit of all Guarantors		

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA’s obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Finance & Operations Committee - ADDITIONAL INFORMATION

Notice Addresses:

<p>JEA 21 West Church Street, Suite 1600 Jacksonville, FL 32202-3139 Attn: Chief Financial Officer</p> <p>Municipal Electric Authority of Georgia 1470 Riveredge Parkway Atlanta, GA 30328 Attn: Chief Executive Officer</p> <p>South Carolina Public Service Authority One Riverwood Drive Moncks Corner, SC 29461-2901 Attn: General Counsel</p> <p>Nebraska Public Power District 1414 15th Street Columbus, NE 68601 Attn: Chief Executive Officer</p>	<p>American Municipal Power, Inc. 1111 Schrock Road Columbus, OH 43229 Attn: President</p> <p>Gainesville Regional Utilities 301 SE 4th Avenue Gainesville, Florida 32601 Attn: General Manager for Utilities</p> <p>City Utilities of Springfield, Missouri 301 E. Central Springfield, Missouri 65802 Attn: President and Chief Executive Officer</p>
--	--

Executed this ____ day of _____, 20__.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:

EXHIBIT B
GUARANTY ADDENDUM NO. ____

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022 (the "Trade Guaranty"), and that certain MISO Addendum to Trade Guaranty Agreement (together with the Trade Guaranty, the "Guaranty"), each of which is executed by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc. ("TEA"), which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is *[describe representation similar to that contained in Section 3(a)]*.

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____
Name:
Title:

**[Need to issue new Beneficiary Designation Schedule to specify different Guaranty
Amounts for each Guarantor]**

MISO ADDENDUM TO TRADE GUARANTY AGREEMENT

Reference is made to that certain Trade Guaranty Agreement dated as of June 1, 2022, by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska Public Power District, American Municipal Power, Inc., City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation which become guarantors thereunder through a Guaranty Addendum as described therein (collectively, the “Guarantors”) in favor of the beneficiaries designated from time to time as provided therein (the “Guaranty”).

The Guarantors hereby agree to amend the Guaranty, such amendments to be solely for the benefit of the Midcontinent Independent System Operator, Inc. (“MISO”) and shall not apply to any Counterparty (as defined in the Guaranty) other than MISO, who for purposes of this Addendum is also referred to herein as the “Counterparty.” Except as amended hereby for the benefit of MISO, the Guaranty shall remain in full force and effect.

1. Paragraph 1 of the Guaranty is hereby amended by (i) revising the last sentence thereof and (ii) adding two additional sentences, each to read as follows:

In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages or costs. Each Guarantor shall pay all reasonable attorney fees and other costs incurred by the Counterparty to enforce this Guaranty against such Guarantor. The Contract designated on the Beneficiary Designation Schedule shall be MISO’s Transmission and Energy Market Tariff on file with the Federal Energy Regulatory Commission, as may be amended and supplemented from time to time, together with all schedules and attachments thereto and any replacements or substitutes (the “Tariff”), any agreements entered into by TEA under, pursuant to or in connection with the Tariff and/or any agreements to which Counterparty and TEA are parties, as may be amended or supplemented from time to time whether now existing or hereafter arising in accordance with their respective terms.

2. Paragraph 4 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

4. **DEFENSES.** Without limiting a Guarantor’s own defenses and rights hereunder, each Guarantor reserves to itself all rights and defenses to which TEA is or may be entitled arising from or solely out of the Contract, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

3. Paragraph 5 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

5. **AMENDMENT OF GUARANTY.** No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented except in a writing signed by the parties hereto and consented to in writing by the Counterparty; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor or Guarantors shall be adjusted accordingly (so long as (i) the aggregate Guaranty Amount from all Guarantors including the additional Guarantor is not reduced and (ii) the Guaranty Amount of any existing Guarantor is not increased) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; *provided*, that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA, received by TEA, assert such objection within 10 business days after receipt by the Counterparty of the last of (i) the proposed Guaranty Addendum, (ii) the proposed Beneficiary Designation Schedule and (iii) all information required by Counterparty in Attachment L entitled "Credit Policy" as in effect from time to time (the "Credit Policy") to the Tariff, to complete its analysis of such additional Guarantor. If such objection has been asserted within such period, the proposed additional guarantor shall not be added to this Guaranty as a guarantor and this Guaranty shall remain in effect and the Guaranty Amounts for each existing Guarantor shall remain at their existing levels, except that this Guaranty may be terminated in the manner and with the effect as provided in Paragraph 7 hereof. Under no circumstance shall any such proposed additional guarantor be added as a Guarantor hereunder until either (a) the Counterparty completes its review of such party's creditworthiness and the Counterparty acknowledges, in writing, its acceptance of, or states that it has no objection to, such party as an additional Guarantor, or (b) the Counterparty fails to object to the addition of such proposed additional guarantor within the time frame prescribed herein.

In the event one or more of the Guarantors becomes uncreditworthy at any time, in the Counterparty's reasonable judgment in a manner consistent with the Credit Policy, the Counterparty shall furnish written notification thereof to TEA, in response to which, TEA shall, within two Business Days (as defined in the Tariff) of receipt of such written notification (three Business Days if such notification occurs after noon Indianapolis Time) provide other Financial Security (as defined in the Tariff) (e.g., a letter of credit in the form attached to the Credit Policy from time to time), as provided in the Credit Policy, to secure the full amount of the obligations guaranteed by the particular Guarantor or Guarantors determined to be uncreditworthy by the Counterparty as provided

Finance & Operations Committee - ADDITIONAL INFORMATION

hereinabove. Should TEA fail to timely provide such Financial Security, TEA's later provision of such Financial Security and TEA otherwise being in compliance with the Credit Policy and all other terms and conditions of the Tariff shall entitle TEA to resume participation in MISO's energy markets and in MISO's transmission and/or market service.

4. Paragraph 7 of the Guaranty is hereby amended by deleting the present provisions thereof and inserting in lieu thereof the following provisions:

7. **DURATION OF GUARANTY.** The Guarantors or TEA may request the withdrawal of this Guaranty as provided in the Credit Policy; *provided*, this Guaranty shall not terminate until MISO has approved such withdrawal or termination, in writing, which will not be approved unless and until the conditions therefor, as set forth in the Credit Policy, have been satisfied. MISO will return this Guaranty within five business days of MISO's written approval of the withdrawal or termination of this Guaranty. If one or more of the Guarantors requests the withdrawal of the obligation of such Guarantor(s) under this Guaranty and other Financial Security complying with the Credit Policy (including a letter of credit complying with the Credit Policy) is provided to the Counterparty which, together with any remaining amount under this Guaranty, secures the full amount of the obligations guaranteed by the Guarantors prior to such request for withdrawal (including all obligations incurred prior to the release or withdrawal of the Guaranty), MISO will approve the release or withdrawal as provided in the Credit Policy.

5. Paragraph 8 of the Guaranty entitled "Guaranty Addenda" shall be deleted in its entirety and the following is hereby inserted in lieu thereof:

8. **GUARANTY ADDENDA.** As new members are admitted to TEA, each such new member shall agree that this Guaranty is its legal, valid and binding obligations as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Paragraph 3(a) hereof; *provided*, neither the addition of a new member to TEA nor execution by such new member of a Guaranty Addendum shall permit such new member to become a party to the Beneficiary Designation Schedule executed in favor of the Counterparty other than as provided in Paragraph 5 hereof.

6. Paragraph 11 of the Guaranty is hereby amended by deleting the phrase "State of Florida" and inserting in lieu thereof "State of Indiana".

7. A new paragraph 13 is inserted to the Guaranty as follows:

13. **WAIVER OF JURY TRIAL.** GUARANTORS IRREVOCABLY WAIVE TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY OTHER MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS COVERED BY THIS GUARANTY.

8. A new paragraph 14 is hereby inserted into the Guaranty as follows:

14. **FINANCIAL REPORTING.** The Guarantors shall each submit all information and documents as, and when, required of Applicants and/or Participants under the Credit Policy (in effect from time to time), including, without limitation, providing Rating Agency reports, current financial statements and information and disclosing any Material Change (as defined in the Tariff) in its financial condition as required in such Credit Policy.

EXECUTED as of the 1st day of June, 2022.

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

Finance & Operations Committee - ADDITIONAL INFORMATION

Approved as to form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

By _____
Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

Unconditional Guaranty (Electric)

Dated: June 1, 2022

THE ENERGY AUTHORITY, INC.

301 West Bay Street
Suite 2600
Jacksonville, FL 32202
(the “Borrower”)

JEA

21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
(the “Guarantor” and together with
other Members executing a guaranty
in favor of the Bank, called the “Guarantors”)

PNC BANK, NATIONAL ASSOCIATION

420 South Orange Avenue, Suite 300
Orlando, FL 32801
Attention: Financial Services Group
(hereinafter referred to as the “Bank”)

Recitations of Fact

A. The Guarantor is a member (“Member”) of the Borrower and party to a Restated and Amended Operating Agreement dated as of October 3, 2017, among the Borrower, the Guarantor and other Members (as it may be amended from time to time, “Operating Agreement”) and a Restated and Amended Electric Advance Agreement among the Borrower, the Guarantor and the other Members dated as of June 1, 2022 (as it may be amended from time to time, the “Advance Agreement” and together with the Operating Agreement, collectively called the “Operating Instruments”). Capitalized terms used herein and not defined are used as defined in the Advance Agreement.

B. The Borrower will enter into from time to time various contracts for the purchase or sale of electric capacity or energy or related transmission.

C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.

D. The Borrower may desire to borrow from time to time funds from the Bank for certain working capital needs.

E. The Borrower and the Bank have entered into a Letter of Credit and Loan Agreement dated as of March 1, 2018 (as it may be amended, the “Loan Agreement”), providing

for the issuance of letters of credit (“Letters of Credit”) by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit and providing for a revolving line of credit (the “Revolving Line”) with the obligations of the Borrower thereunder evidenced by a Revolving Promissory Note (the “Promissory Note”).

F. The Bank is only willing (i) to issue Letters of Credit under the Loan Agreement and (ii) to advance funds under the Revolving Line if the reimbursement, repayment and other obligations of the Borrower are guaranteed or security otherwise provided by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit and to make advances under the Revolving Line, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of all existing and future due and unpaid liabilities and obligations of the Borrower to the Bank and its affiliates under the Loan Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit or on account of amounts due under the Promissory Note, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Loan Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys’ fees and other costs of collection incurred, regardless of whether suit is commenced) (collectively, the “Guaranteed Obligations”). No payment by any other Guarantor (as defined in the Loan Agreement) shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term “Guarantor Share” means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA) + NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA) + NB}$$

where “NA” equal the total number of Approved LPPS Members and “NB” equals the total number of Approved MPPS Members. The term “Approved LPPS Members” means American Municipal Power, Inc., JEA, Municipal Electric Authority of Georgia, Nebraska Public Power District, South Carolina Public Service Authority and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term “Approved MPPS Members” means the City of Gainesville, Florida doing business as Gainesville Regional Utilities, City Utilities of Springfield, Missouri, and such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank’s acceptance of a new Member’s Guaranty. No change from one class of membership to another

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shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless the Bank shall have approved such modification in writing.

The Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection. This Guaranty does not impose any obligation on the Bank to extend or continue to extend credit or otherwise deal with the Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by the Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to the Bank by the Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by the Guarantor pursuant to any other agreement of guaranty given to the Bank and other guaranties of the Guaranteed Obligations. Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to the Bank dated January 1, 2019.

TERMINATION OF GUARANTY. The Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. The Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as the result of advances which are necessary for the Bank to protect its collateral or otherwise preserve its interests with respect to Letters of Credit issued before the Effective Date.

APPLICATION OF PAYMENTS. Monies received from any source by the Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by the Bank.

CONSENT TO MODIFICATIONS. The Guarantor consents and agrees that the Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Loan Agreement), without affecting, impairing, lessening or releasing the obligations of the Guarantor hereunder (a) extend the time or modify the manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to

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the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of the Borrower or any other guarantor with the Bank; (e) proceed against, exchange, realize upon, or otherwise deal with in any manner any collateral that is or may be held by the Bank in connection with the Guaranteed Obligations or any liabilities or obligations of the Guarantor; and (f) proceed against, settle, or compromise with the Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to the Bank; all in such manner and upon such terms as the Bank may deem appropriate, and without notice to or further consent from the Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by the Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall be limited to \$69 million and for all purposes of determining the Guaranteed Obligations there shall be excluded the excess, if any, of (a) the sum of (i) the Outstanding Amount (as defined in the Loan Agreement) of Letters of Credit plus (ii) the amounts of any draws under Letters of Credit paid by the Guarantors to the Bank after demand and not reimbursed by the Borrower over (b) \$69 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. The Guarantor waives and releases the following rights, demands, and defenses the Guarantor may have with respect to the Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from the Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that the Bank make demand upon, assert claims against, or collect from the Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against the Borrower or other persons or entities prior to making demand upon, collecting from or taking action against the Guarantor with respect to the Guaranteed Obligations; (c) any law or statute that requires that the Borrower or any other person be joined in, notified of or made part of any action against the Guarantor; (d) that the Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between the Bank, the Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of the Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever; (g) the right to assert against the Bank any defense (legal or equitable), set-off, counterclaim, or claim that the Guarantor may have at any time against the Borrower or any other party liable to the Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of the Bank's lien on any collateral, of the Loan Agreement, or of any other guaranties held by the Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against the Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by the Guarantor. The Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of the Borrower, the Borrower's business affairs and financial condition, and any collateral; the Guarantor will continue to be responsible for

making its own independent appraisal of such matters; and the Guarantor has not relied upon and will not hereafter rely upon the Bank for information regarding the Borrower or any collateral.

FINANCIAL CONDITION. The Guarantor warrants, represents and covenants to the Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower and on each date on which an advance is made by the Bank under the Revolving Line (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the Guarantor's audited financial statement balance sheet shows the Guarantor's assets exceeds its liabilities, the Guarantor is meeting its current liabilities as they mature, and the Guarantor is and shall remain solvent;

(b) all financial statements of the Guarantor furnished to the Bank are correct in all material respects and accurately reflect the financial condition of the Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of the Guarantor; and (d) there are not now any undischarged judgments against the Guarantor exceeding \$5,000,000, and no federal or state tax liens have been filed or threatened against the Guarantor that have not been previously disclosed to the Bank as of the date of this Guaranty and the Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Loan Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by the Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, the Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due the Guarantor exceeding \$50,000,000 in the aggregate in any fiscal year of the Guarantor; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; provided further, however, that should any final appeal or contest be adjudicated against the Guarantor, such circumstances shall not be a Default if the Guarantor pays or otherwise satisfies the amount of the judgement, lien, garnishment or attachment within 30 days of the entry of the decision on such final appeal or contest and that will not result in material adverse change in the financial condition of the Guarantor or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. The Guarantor shall pay all of the Bank's reasonable expenses incurred to enforce or collect any of the obligations of the

Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. The Guarantor agrees (a) to subordinate the obligations now or hereafter owed by the Borrower to the Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that the Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by the Borrower to the Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, the Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to the Guarantor, through error or otherwise, shall immediately be forwarded to the Bank by the Guarantor, properly endorsed to the order of the Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, the Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power and natural gas marketing and power-related and natural gas-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, the Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Loan Agreement or would result from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and legal limitations applicable to the Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. The Bank's interests in and rights under this Guaranty and the Loan Agreement are freely assignable,

in whole or in part, by the Bank. Any assignment shall not release the Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the State of Florida without regard to that state's conflict of laws principles. (c) **Jurisdiction.** The Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of the Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Loan Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to the Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to the Bank, if in writing and mailed or delivered to the Bank's office address shown above or such other address as the Bank may specify in writing from time to time, with a copy as shown above. In the event that the Guarantor changes the Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, the Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Loan Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Agreement. (g) **Binding Contract.** The Guarantor by execution of and the Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the Loan Agreement shall be valid unless in writing and signed by an officer of the Bank. No waiver by the Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of the Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Loan Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to the Bank with respect to this Guaranty and the Loan Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If the Guarantor is a partnership, the obligations, liabilities and agreements on the part of the Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. The Guarantor shall deliver to the Bank such information as the Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to the Guarantor's financial condition, including, without limitation, annual audited financial statements within 180 days of the Guarantor's fiscal year end and quarterly financial statements for the first three fiscal quarters of each fiscal year within 45 days after the end of each such fiscal quarter. Such information shall be true, complete, and accurate. The Guarantor shall give written notice to the Bank (i) within three business days of the occurrence of any Default or (ii) within 30 days of the commencement of any litigation or government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GUARANTOR BY EXECUTION HEREOF AND THE BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ACCEPT THIS GUARANTY.

THE GUARANTOR AND THE BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, the Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

JEA

By: _____
Jay Stowe
Managing Director and
Chief Executive Officer

Approved as to Form

Regina Ross
Chief Legal Officer

EXHIBIT A

None.

EXHIBIT B

Notice of Termination

The undersigned Guarantor hereby notifies [Name of Bank] (the “Bank”) that it is terminating its Unconditional Guaranty dated June 1, 2022 (the “Guaranty”) effective at the end of the day on _____, _____, [which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the “Effective Date”). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading “Termination of Guaranty” and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

JEA

Date: _____

By _____

Name:

Title:

GUARANTY AGREEMENT

This Guaranty Agreement (the “Guaranty”) is made by JEA, Municipal Electric Authority of Georgia (“MEAG Power”), South Carolina Public Service Authority (“Santee Cooper”), Nebraska Public Power District (“NPPD”), American Municipal Power, Inc. (“AMP”), City of Gainesville, Florida doing business as Gainesville Regional Utilities (“GRU”), City Utilities of Springfield, Missouri (“City Utilities”), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation (“TEA”), that become guarantors hereunder through an amendment hereto (referred to individually as “Guarantor” and collectively as the “Guarantors”), in favor of Southwest Power Pool, Inc. (“Creditor”), an Arkansas nonprofit corporation.

WHEREAS, Guarantors are each members of TEA, and TEA and Creditor are parties to certain agreements pursuant to, or in connection with, the Creditor’s Open Access Transmission Tariff, whether now existing or hereafter arising in accordance with their respective terms (each referred to individually as “Agreement” and collectively as “Agreements”);

WHEREAS, Guarantors will receive substantial and direct benefits from the extensions of credit contemplated by the Agreements and have agreed to enter into this Guaranty to provide assurance for the performance of TEA’s obligations in connection with the Agreements and to induce Creditor to enter into the Agreements; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Creditor’s further performance of its obligations under the terms of the Agreements;

NOW, THEREFORE, in consideration of the promises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantors hereby agree as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and absolutely guarantee the punctual payment as and when due of TEA’s payment obligations arising under any Agreement, as such Agreement may be amended or modified from time to time, together with any interest thereon (collectively, the “Guaranteed Obligations”). Guarantors’ obligations and liability under this Guaranty shall be limited to payment obligations only; and Guarantors shall have no obligation otherwise to perform under any Agreement, including, without limitation, to sell, deliver, purchase, receive or transmit any electrical energy product or service. Each Guarantor’s aggregate amount guaranteed from time to time under this Guaranty, the Trade Guaranty Agreement dated as of June 1, 2022, from the Guarantors relating to TEA, any bank guaranty from the Guarantors relating to TEA, and such other amounts relating to any future Guarantors, shall not exceed the respective amounts set forth in Schedule 1 attached hereto (the “Guaranty Limit”). Furthermore, the respective guaranty amount for each Guarantor with respect to this Guaranty (the “Guaranty Amount”) shall be limited to the respective amount set forth in the Beneficiary Designation Schedule, a form of which is attached hereto as Schedule 2.
2. **Guaranty Absolute.** The liability of Guarantors under this Guaranty shall be absolute and unconditional irrespective of:

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- (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement;
- (b) any modification, extension or waiver of any of the terms of any Agreement;
- (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith;
- (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed, or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;
- (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Creditor to exercise, in whole or in part, any right or remedy held by Creditor with respect to any Agreement or any transaction under any Agreement;
- (f) any change in the existence, structure or ownership of Guarantors or TEA, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting TEA or its assets; or
- (g) any other circumstance that might otherwise constitute a defense available to, or a discharge of, TEA under any Agreement, or any other agreement or instrument (including any Guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

The obligations of Guarantors hereunder are several from TEA or any other person, and are primary obligations concerning which the Guarantors are each the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Creditor, in order to enforce payment by Guarantors under this Guaranty, to show any proof of TEA's default, to exhaust its remedies against TEA, any other Guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations. Creditor shall not be required to mitigate damages or take any other action to reduce, collect, or enforce the Guaranteed Obligations. Nonetheless, payment by any Guarantor of any of the Guaranteed Obligations shall, to the extent of the amount of such payment, absolve the remaining Guarantors of any liability to pay such amount of the Guaranteed Obligations.

The liability of the Guarantors under this Guaranty with respect to the aggregate principal amount of Guaranteed Obligations shall not exceed the lesser of the

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principal amount of obligations outstanding or the aggregate “Guaranty Amount” in Schedule 1, and Creditor shall limit TEA’s obligations to such amount.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Creditor upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of TEA or any other Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, TEA or any other Guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantors hereby waive:
 - (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Creditor in reliance hereon or in connection herewith;
 - (b) notice of the entry into any Agreement between TEA and Creditor and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
 - (c) notice of any increase, reduction or rearrangement of TEA’s obligations under any Agreement or any extension of time for the payment of any sums due and payable to Creditor under any Agreement;
 - (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice of any other kind with respect to the Guaranteed Obligations; and
 - (e) any requirement that suit be brought against, or any other action by Creditor be taken against, or any notice of default or other notice be given to, or any demand be made on, TEA or any other person, or that any other action be taken or not taken as a condition to Guarantors’ liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantors.
4. **Expenses.** Notwithstanding and in addition to the limit on Guarantors’ liability hereunder set forth in Section 1, Guarantors agree to pay on demand any and all costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing Guarantors’ payment obligations under this Guaranty; provided that Guarantors shall not be liable for any expenses of Creditor if no payment under this Guaranty is due.
5. **Subrogation.** Guarantors shall be subrogated to all rights of Creditor against TEA in respect of any amounts paid by Guarantors pursuant to this Guaranty; provided that

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Guarantors waive any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Creditor against TEA or any collateral which Creditor now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Creditor in full. If any amount shall be paid to the Guarantors on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Creditor and shall forthwith be paid to Creditor to be applied to the Guaranteed Obligations. If (a) Guarantors shall perform and shall make payment to Creditor of all or any part of the Guaranteed Obligations and (b) all the Guaranteed Obligations shall have been paid in full, Creditor shall, at Guarantors' request, execute and deliver to the Guarantors appropriate documents necessary to evidence the transfer by subrogation to the Guarantors of any interest in the Guaranteed Obligations resulting from such payment by Guarantors.

6. **Setoff.** Creditor is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by Creditor to or for the account of Guarantors against any and all of the obligations of Guarantors under this Guaranty, irrespective of whether or not Creditor shall have made any demand under this Guaranty or such Agreement and although such obligations may be contingent and unmatured. Creditor agrees promptly to notify Guarantors after any such set-off and application made by Creditor; provided that the failure to give such notice shall not affect the validity of such set-off and application.
7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, by express courier with traceable receipt, by facsimile, or personally delivered. Notices shall be sent to the following addresses:

If to Creditor:

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Attention: Credit and Risk Management Department

If to Guarantors:

(A) To JEA:

JEA
21 West Church Street
Suite 1600

Finance & Operations Committee - ADDITIONAL INFORMATION

Jacksonville, Florida 32202-3139
Attn: Managing Director and Chief Executive Officer

With a copy, which shall not constitute notice, to:

JEA
21 West Church Street
Suite 1600
Jacksonville, Florida 32202-3139
Attention: Chief Legal Officer

(B) To MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, Georgia 30328
Attention: Chief Executive Officer

(C) To Santee Cooper:

Santee Cooper
One Riverwood Drive
Moncks Comer, South Carolina 29461-2901
Attention: General Counsel

(D) To NPPD:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: President and Chief Executive Officer

With a copy, which shall not constitute notice, to:

Nebraska Public Power District
1414 15th Street
Columbus, Nebraska 68601
Attn: General Counsel

(E) To AMP:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: President

Finance & Operations Committee - ADDITIONAL INFORMATION

With a copy, which shall not constitute notice, to:

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, Ohio 43229
Attn: General Counsel

(F) To GRU:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: General Manager for Utilities (*for overnight courier
or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A134
Gainesville, Florida 32614-7117
Attn: General Manager for Utilities (*for U.S. mail*)

With a copy, which shall not constitute notice, to:

City of Gainesville, Florida
301 SE 4th Avenue
Gainesville, Florida 32601
Attn: Attorney for GRU (*for overnight courier or hand delivery*)

City of Gainesville, Florida
P.O. Box 147117, Station A138
Gainesville, Florida 32614-7117
Attn: Attorney for GRU (*for U.S. mail*)

(G) To City Utilities:

City Utilities of Springfield, Missouri
301 E. Central
Springfield, Missouri 65802
Attention: President and Chief Executive Officer (*for courier delivery*)

City Utilities of Springfield, Missouri
P.O. Box 551
Springfield, Missouri 65801-0551
Attention: President and Chief Executive Officer (*for U.S. Mail*)

With a copy, which shall not constitute notice, to:

Dwayne Fulk, Esq.
City Utilities of Springfield, Missouri

301 East Central
Springfield, Missouri 65801-0551

8. **Demand and Payment.** Any demand by Creditor for payment hereunder shall be in writing, signed by a duly authorized officer of Creditor and delivered to Guarantors pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify TEA, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations, and (c) set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantors shall pay, or cause to be paid, such Guaranteed Obligations within two (2) business days of receipt of such demand.
9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Creditor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
10. **Term; Termination.** This Guaranty shall continue in full force and effect for the term of the Agreements. Notwithstanding the foregoing, this Guaranty may be terminated at any time by Guarantors by providing at least sixty (60) days' prior written notice to Creditor; provided, however, upon termination hereof, Guarantors agree that the obligations and liabilities hereunder shall continue in full force and effect with respect to any obligations incurred prior to the termination date, and any fees and costs of enforcement in connection herewith.
11. **Assignment; Successors and Assigns.** Creditor may, upon notice to Guarantors, assign its rights hereunder without the consent of Guarantors. Each Guarantor may assign its rights hereunder with the prior written consent of Creditor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.
12. **Amendments, Etc.** A written amendment executed by Guarantors only may (a) increase the guaranty limit specified in Section 1 and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantors and Creditor. No waiver of any provision of this Guaranty nor consent to any departure by Guarantors therefrom shall in any event be effective unless such waiver shall be in writing and signed by Creditor. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.
14. **Representation and Warranties.**

Each Guarantor represents and warrants (but only as to itself) as follows:

Finance & Operations Committee - ADDITIONAL INFORMATION

- (a) JEA is a public body corporate and politic created under the laws of the State of Florida; MEAG Power is a public corporation and instrumentality of the State of Georgia; Santee Cooper is a body corporate and politic created by the laws of the State of South Carolina; NPPD is a public corporation and political subdivision of the State of Nebraska; AMP is a non-profit corporation organized under the laws of the State of Ohio; GRU is a Florida municipal corporation; and City Utilities is a component unit of the City of Springfield, Missouri. Each Guarantor has full corporate power to execute, deliver and perform this Guaranty. This representation is evidenced by a copy of the resolution(s) of the governing body of each Guarantor authorizing this Guaranty, which is attached to and made a part of this Guaranty. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in an amendment hereto;
 - (b) the execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary governmental action and do not contravene Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets;
 - (c) this Guaranty is not in violation of other undertakings or requirements applicable to Guarantor, and is enforceable against Guarantor in accordance with these terms;
 - (d) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting Creditor's rights and to general equity principles; and
 - (e) the audited financial statements of Guarantor for the most recent fiscal year and (if applicable) the unaudited financial statements of Guarantor for the most recent quarter (the "Financial Statements"), heretofore delivered to Creditor by Guarantor present fairly the financial condition and results of operations of Guarantor as of the dates and for the period specified therein in conformity with United States generally accepted accounting principles, and, except as otherwise expressly stated therein, consistently applied. Except as expressly stated to Creditor in writing, there has been no Material Adverse Change in the financial condition of Guarantor and its consolidated subsidiaries since the dates of the Financial Statements.
15. **Limitation by Law.** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

16. **GOVERNING LAW; SUBMISSION TO EXCLUSIVE JURISDICTION. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARKANSAS AND ANY APPLICABLE FEDERAL LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY ARKANSAS STATE COURT SITTING IN PULASKI COUNTY, ARKANSAS, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE PARTIES HEREBY WAIVE ANY OBJECTION TO VENUE IN PULASKI COUNTY, ARKANSAS, AND ANY OBJECTION TO ANY ACTION OR PROCEEDING ON THE BASIS OF FORUM NON CONVENIENS.**

IN WITNESS WHEREOF, Guarantors has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 1st day of June, 2022 (“Effective Date”).

Approved as to form

JEA

By _____
Regina Ross
Chief Legal Officer

By _____
Jay Stowe
Managing Director and Chief Executive Officer

**MUNICIPAL ELECTRIC
AUTHORITY OF GEORGIA**

By _____
James E. Fuller
President and Chief Executive Officer

NEBRASKA PUBLIC POWER DISTRICT

By _____
Thomas J. Kent
President and Chief Executive Officer

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By _____
Jimmy D. Staton
President and Chief Executive Officer

Approved as to Form:

AMERICAN MUNICIPAL POWER, INC.

By: _____
Rachel Gerrick
Senior Vice President and
General Counsel

By _____
Jolene Thompson
President and Chief Executive Officer

Approved as to Form and Legality:

CITY OF GAINESVILLE, FLORIDA

By _____
Lisa Bennett
Attorney for GRU

By _____
Tony Cunningham
Interim General Manager for Utilities

Approved as to Form

**CITY UTILITIES OF SPRINGFIELD,
MISSOURI**

Dwayne Fulk
Vice President-Chief Legal Officer

By _____
Gary Gibson
President and Chief Executive Officer

SCHEDULE 1

Guarantor	Guaranty Limit*	Guaranty Limit*
	Effective June 1, 2022	Effective December 1, 2022
JEA	\$45,000,000	\$60,000,000
MEAG Power	\$45,000,000	\$60,000,000
Santee Cooper	\$45,000,000	\$60,000,000
NPPD	\$45,000,000	\$60,000,000
AMP	\$45,000,000	\$60,000,000
GRU	\$15,000,000	\$20,000,000
City Utilities	<u>\$15,000,000</u>	<u>\$20,000,000</u>
Total	\$255,000,000	\$340,000,000

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

SCHEDULE 2**BENEFICIARY DESIGNATION SCHEDULE**

This Beneficiary Designation Schedule No. _____, refers to that certain Guaranty Agreement dated as of June 1, 2022 from JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, City Utilities, and any future guarantors, in favor of Southwest Power Pool, Inc. (the "Guaranty Agreement"). Capitalized terms used herein and not defined are used as defined in the Guaranty Agreement attached hereto.

Creditor: Southwest Power Pool, Inc.

	Guaranty Amount	Guaranty Limit*
JEA	\$ _____	\$ _____
MEAG Power	\$ _____	\$ _____
Santee Cooper	\$ _____	\$ _____
NPPD	\$ _____	\$ _____
AMP	\$ _____	\$ _____
GRU	\$ _____	\$ _____
City Utilities	\$ _____	\$ _____
Total Guaranty Amount and Guaranty Limit of all Guarantors:	\$ _____	\$ _____

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper, NPPD, AMP, GRU, and City Utilities on this date under the Guaranty Agreement does not exceed the respective Guaranty Limits set out above as specified in the Guaranty Agreement; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty Agreement that in the aggregate, at any time in force, exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty Agreement shall have been increased in the Guaranty Agreement.

* Guaranty Limit represents the aggregate amount made available by the Guarantors as of the date hereof in support of TEA's obligations under the Guaranty, other trade guaranty agreements, and any bank guaranty agreements.

Finance & Operations Committee - ADDITIONAL INFORMATION

Notice Addresses under this Schedule 2:

JEA
21 West Church Street, Suite 1600
Jacksonville, FL 32202-3139
Attn: Chief Financial Officer

American Municipal Power, Inc.
1111 Schrock Road
Suite 100
Columbus, OH 43229
Attn: President

Municipal Electric Authority of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601
Attn: General Manager for Utilities

South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

City Utilities of Springfield, Missouri
301 E. Central
Springfield, MO 65802
Attn: President and Chief Executive Officer

Nebraska Public Power District
1414 15th Street
Columbus, NE 68601
Attn: Chief Executive Officer

Executed this ___ day of _____, 20____.

THE ENERGY AUTHORITY, INC.

By: _____
Name:
Title:



Eminent Domain

Supplemental Information



Deliver Business Excellence



BOARD RESOLUTION: 2022-08

May 24, 2022

A RESOLUTION OF JEA AUTHORIZING NEGOTIATED ACQUISITION AND EXECUTION OF ACQUISITION AGREEMENTS FOR UTILITY EASEMENT RIGHTS IN CERTAIN LAND DESCRIBED HEREIN FOR WATER AND SEWER LINES AND ASSOCIATED FACILITIES, UNDER CERTAIN TERMS AND CONDITIONS, AND FAILING SUCCESSFUL NEGOTIATIONS AS TO ANY AND ALL SUCH LAND, AUTHORIZING CONDEMNATION PROCEEDINGS; DECLARING THE NECESSITY FOR ACQUIRING UTILITY EASEMENT RIGHTS THROUGH CONDEMNATION BY RIGHT OF EMINENT DOMAIN IN CERTAIN LAND; AUTHORIZING THE OFFICE OF GENERAL COUNSEL TO INSTITUTE APPROPRIATE CONDEMNATION PROCEEDINGS; WAIVING ANY CONFLICTING PROVISIONS OF THE REAL ESTATE SERVICES PROCUREMENT DIRECTIVES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, JEA is authorized to construct, operate and maintain facilities for public utilities for the general public and is vested by law with the power of eminent domain to acquire fee and easement rights, for all public utilities including, but not limited to, electric, water, reclaimed water, and sewer purposes in the event that negotiations for their purchase is concluded unsuccessfully; now therefore:

BE IT RESOLVED by the JEA Board of Directors that:

- 1. Managing Director Authorized to Acquire.** The Managing Director, or his designee, is hereby authorized to negotiate and acquire and to enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights in the lands described in Exhibit "A", to construct, operate and maintain water and sewer lines and related facilities. JEA declares that the land described in Exhibit "A" is necessary for this use. The Managing Director, or his designee, shall accomplish such acquisition of utility easement rights on such terms and conditions as specified by JEA.
- 2. Declaration of Necessity.** In the event any such negotiation is concluded unsuccessfully within a reasonable period of time, as determined by JEA, JEA declares the necessity for acquiring through condemnation by right of eminent domain utility easement rights in the lands described in Exhibit "A". The purpose of the utility easement rights is to construct, operate and maintain water and sewer lines and related facilities and to accommodate future expansion of water and sewer lines.
- 3. Acquisition of Utility Easements.** JEA shall acquire by eminent domain utility easement rights in the land described in the attached Exhibit "A" for the public purposes stated herein.
- 4. Institution of Legal Proceedings.** The Office of General Counsel is authorized and empowered to institute at the direction of the Managing Director and on behalf of JEA the appropriate legal proceedings to acquire by condemnation utility easement rights in the land described in the attached Exhibit "A".
- 5. Waiver.** Any conflicting provisions of the Real Estate Procurement Directives are hereby waived.

Dated this 24th day of May 2022

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



INTER-OFFICE MEMORANDUM

April 26, 2022

**SUBJECT: REAL ESTATE EASEMENT CONDEMNATION RESOLUTION:
SOUTHSIDE INTEGRATED PIPING SYSTEM**

FROM: Jay Stowe, Managing Director / CEO

TO: JEA Board of Directors

BACKGROUND:

In support of JEA's water system in eastern and southern Duval County, Real Estate Services has been acquiring easements for the construction of a new 30-inch water pipeline. Southside Integrated Piping System ("SIPS") is critical for the continued reliability and economic growth of JEA's water system and is scheduled to begin construction October 2022.

DISCUSSION:

Real Estate Services has been negotiating with the property owners since May 2020 but has not yet reached an agreement to purchase the remaining easements for the project.

Condemnation Authority is being sought at this time for three (3) different properties to ensure that any delays in negotiations or acquisitions do not jeopardize the project schedule. Utility easement rights will be acquired to accommodate the planned waterline project. The Office of General Counsel has been involved throughout the process and recommends that the Board approve this action at this time.

FINANCIAL IMPACT:

Through Eminent Domain, the condemning authority is responsible for all fees and expenses per the Florida Statutes.

RECOMMENDATION:

Staff recommends that the Board approve Resolution 2022-08 for Condemnation to be filed with the Court in order to obtain easements to the property, for the purposes referenced above, should negotiations prove unsuccessful.

Further, that the Board approve pre-suit mediation as allowed by Chapter 73.015(3), Florida Statutes, and delegate mediation settlement authority to the Managing Director/CEO or his designee.

Lastly, staff recommends that the Board approve continuing negotiations with the property owners until and after any Order of Taking in order to expedite the process, control costs and provide a fair settlement between parties.

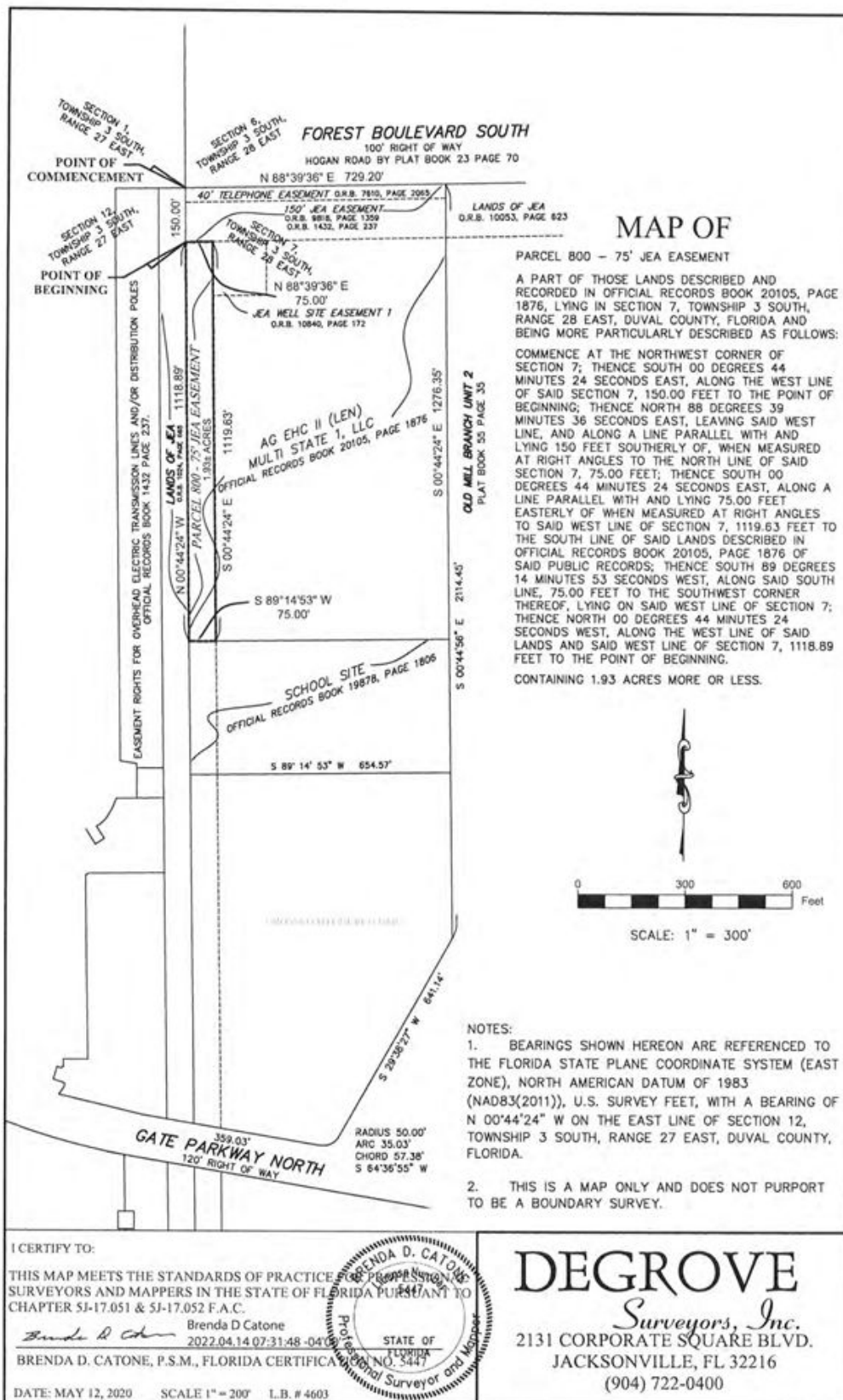
Jay Stowe, Managing Director/CEO

JCS/LMD/PWM/EMC

Attachments: Location Map / Ownership Interests / JEA Resolution for Condemnation

Finance & Operations Committee - ADDITIONAL INFORMATION

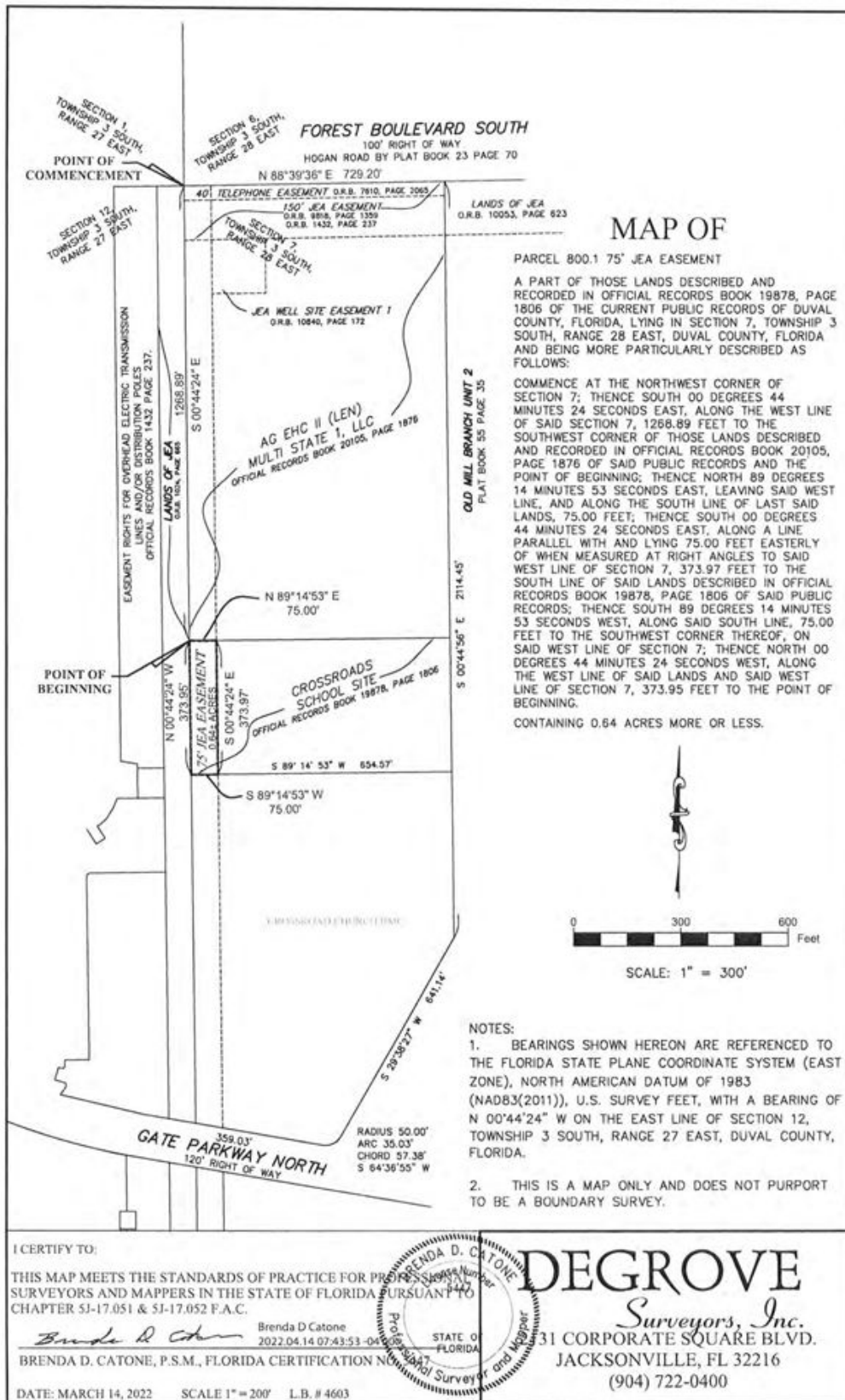
Exhibit "A"



NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

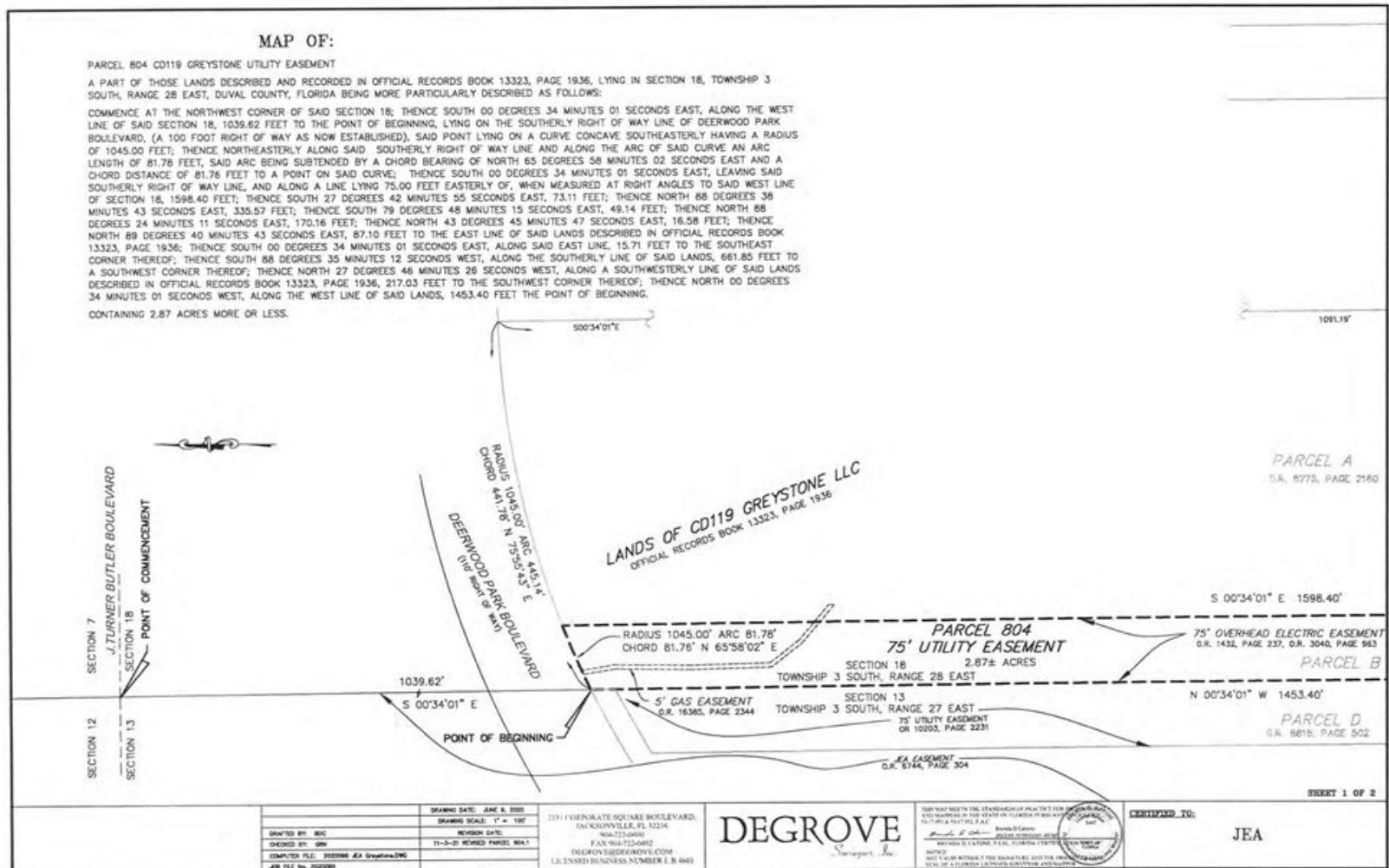
Finance & Operations Committee - ADDITIONAL INFORMATION

Exhibit "A"



NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

Exhibit "A"



Finance & Operations Committee - ADDITIONAL INFORMATION

Exhibit "A"

PARCEL 700 CD119 GREYSTONE TEMPORARY CONSTRUCTION EASEMENT

A PART OF THOSE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1936, LYING IN SECTION 18, TOWNSHIP 3 SOUTH, RANGE 28 EAST, DUVAL COUNTY, FLORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SAID SECTION 18; THENCE SOUTH 00 DEGREES 34 MINUTES 01 SECONDS EAST, ALONG THE WEST LINE OF SAID SECTION 18, 1039.62 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF DEERWOOD PARK BOULEVARD, (A 100 FOOT RIGHT OF WAY AS NOW ESTABLISHED), SAID POINT LYING ON A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 1045.00 FEET; THENCE NORTHEASTERLY ALONG SAID SOUTHERLY RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE AN ARC LENGTH OF 445.14 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 75 DEGREES 55 MINUTES 43 SECONDS EAST AND A CHORD DISTANCE OF 441.78 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 00 DEGREES 34 MINUTES 01 SECONDS EAST, LEAVING SAID SOUTHERLY RIGHT OF WAY LINE, 1091.19 FEET THENCE NORTH 89 DEGREES 25 MINUTES 59 SECONDS EAST, 331.44 FEET; THENCE SOUTH 00 DEGREES 34 MINUTES 01 SECONDS EAST, ALONG AN EAST LINE OF SAID LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1936, 632.90 FEET TO A POINT LYING NORTH 00 DEGREES 34 MINUTES 01 SECONDS WEST, 15.71 FEET FROM THE SOUTHEAST CORNER OF SAID LANDS; THENCE SOUTH 89 DEGREES 40 MINUTES 43 SECONDS WEST, LEAVING SAID EAST LINE, 87.10 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE SOUTH 89 DEGREES 40 MINUTES 43 SECONDS WEST, 6.98 FEET; THENCE SOUTH 43 DEGREES 45 MINUTES 47 SECONDS WEST, 16.58 FEET; THENCE SOUTH 88 DEGREES 24 MINUTES 11 SECONDS WEST, 170.16 FEET; THENCE NORTH 79 DEGREES 48 MINUTES 15 SECONDS WEST, 49.14 FEET; THENCE SOUTH 88 DEGREES 38 MINUTES 43 SECONDS WEST, 335.57 FEET; THENCE NORTH 27 DEGREES 42 MINUTES 55 SECONDS WEST, 73.21 FEET; THENCE NORTH 00 DEGREES 36 MINUTES 17 SECONDS WEST, 21.94 FEET; THENCE SOUTH 27 DEGREES 42 MINUTES 55 SECONDS EAST, 86.54 FEET; THENCE NORTH 88 DEGREES 38 MINUTES 43 SECONDS EAST, 330.37 FEET; THENCE SOUTH 79 DEGREES 48 MINUTES 15 SECONDS EAST, 49.12 FEET; THENCE NORTH 88 DEGREES 24 MINUTES 11 SECONDS EAST, 165.02 FEET; THENCE NORTH 43 DEGREES 45 MINUTES 47 SECONDS EAST, 16.79 FEET; THENCE NORTH 89 DEGREES 40 MINUTES 43 SECONDS EAST, 11.27 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 10.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 0.15 ACRES MORE OR LESS.

NOTES:

1. BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATE SYSTEM EAST ZONE, NORTH AMERICAN DATUM OF 1983, (NAD83(2011)) U.S. SURVEY FEET, WITH A BEARING OF NORTH 88°35'12" EAST ON THE SOUTH LINE OF THOSE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1936 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA..

2. THIS IS A MAP ONLY AND DOES NOT PURPORT TO BE A BOUNDARY SURVEY.

3. O.R.B. DENOTES OFFICIAL RECORD BOOK.

4. THIS MAP WAS PREPARED WITH THE BENEFIT OF COMMITMENT FOR TITLE INSURANCE PREPARED BY FIDELITY NATIONAL TITLE INSURANCE COMPANY, ORDER NO. 8180221, WITH A COMMITMENT DATE OF 4-28-20. ONLY THE FOLLOWING EXCEPTIONS LISTED IN ITS SCHEDULE B-II AFFECT THE SUBJECT PROPERTY:

8. EASEMENT GRANTED TO CITY OF JACKSONVILLE RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 957 OF SAID RECORDS. **THE EASEMENT IS SHOWN ON THE SURVEY. THE PORTION OF THE EASEMENT AFFECTING THE SUBJECT PROPERTY WAS ABANDONED BY O.R.B. 9512, PAGE 512.**

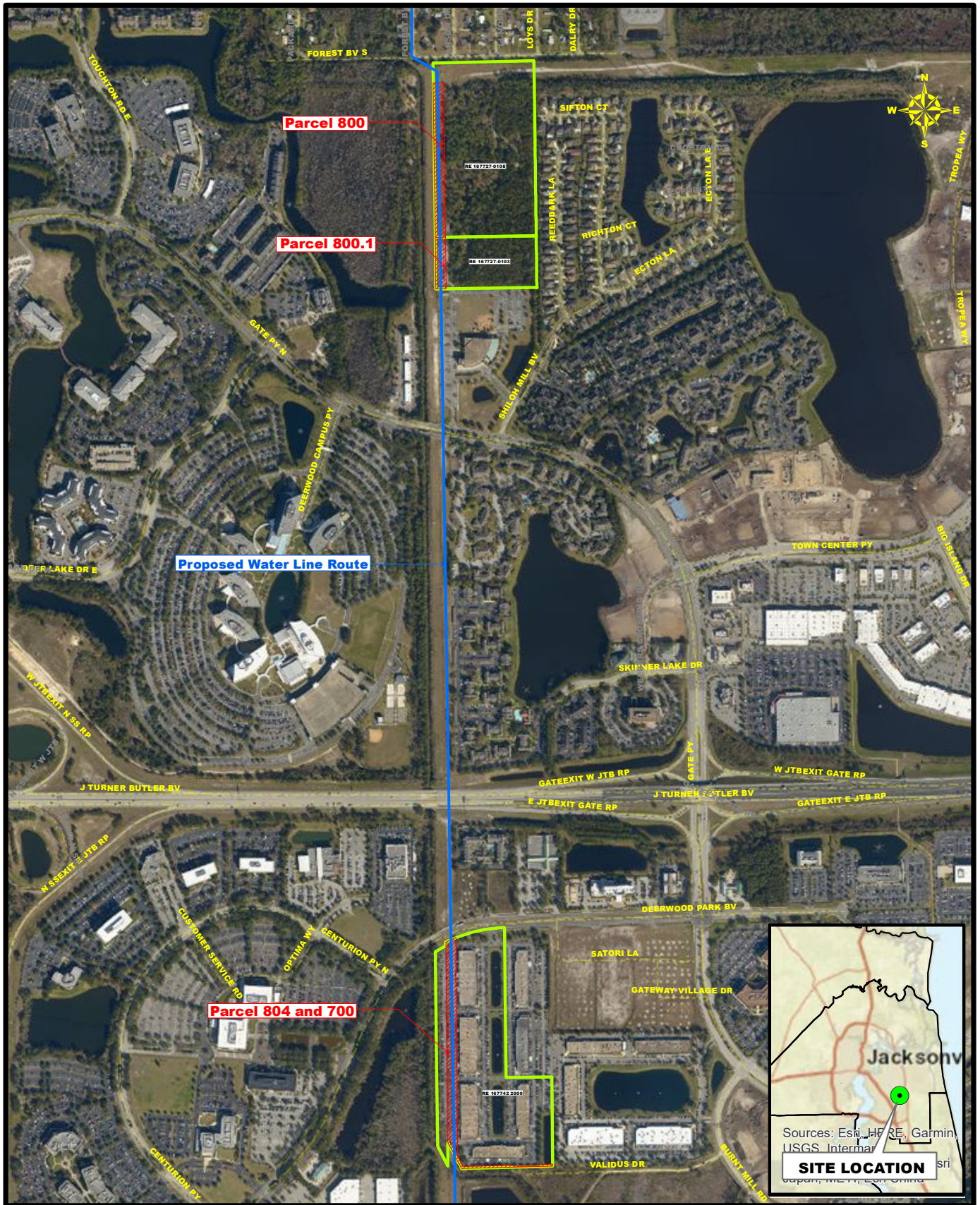
12. COVENANTS, RESTRICTIONS AND EASEMENTS AS CONTAINED IN WARRANTY DEED RECORDED IN OFFICIAL RECORDS BOOK 8775, PAGE 2160, TOGETHER WITH AMENDMENT RECORDED IN OFFICIAL RECORDS BOOK 9122, PAGE 1531, BOTH THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA. **THIS IS A BLANKET DOCUMENT AFFECTING THE ENTIRE SUBJECT PROPERTY.**

14. DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR GREYSTONE PARK RECORDED IN OFFICIAL RECORDS BOOK 9218, PAGE 584, TOGETHER WITH AMENDMENT RECORDED IN OFFICIAL RECORDS BOOK 9368, PAGE 1323, AS AFFECTED BY ASSIGNMENT OF DEVELOPER RIGHTS RECORDED IN OFFICIAL RECORDS BOOK 13323, PAGE 1941, OF THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA. **THIS IS A BLANKET DOCUMENT AFFECTING THE ENTIRE SUBJECT PROPERTY.**

15. GRANT OF EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 9512, PAGE 512 OF THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA. **AFFECTS THE SUBJECT PROPERTY. THIS IS AN ABANDONMENT OF A PORTION OF THE EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 3257, PAGE 957.**

SHEET 2 OF 2

Finance & Operations Committee - ADDITIONAL INFORMATION



0 220 440 880 1,320 1,760 Feet

**Southside Integrated Piping System:
Deerwood Phase "SIPS"**



Ownership Interests:

Parcel 800: AG EHC II (LEN) MULTI STATE 1, LLC, a Delaware limited liability company

Parcel 800.1: Gate Parkway Charter Property, LLC, a Florida limited liability company

Parcels 700 & 804: CD119 Greystone, LLC, a Florida limited liability company



BOARD RESOLUTION: 2022-09

May 24, 2022

A RESOLUTION BY THE JEA BOARD AUTHORIZING NEGOTIATED ACQUISITION AND EXECUTION OF ACQUISITION AGREEMENTS FOR UTILITY EASEMENT RIGHTS IN CERTAIN LAND DESCRIBED HEREIN FOR OVERHEAD ELECTRIC LINES AND ASSOCIATED FACILITIES, UNDER CERTAIN TERMS AND CONDITIONS, AND FAILING SUCCESSFUL NEGOTIATIONS AS TO ANY AND ALL SUCH LAND, AUTHORIZING CONDEMNATION PROCEEDINGS; DECLARING THE NECESSITY FOR ACQUIRING UTILITY EASEMENT RIGHTS THROUGH CONDEMNATION BY RIGHT OF EMINENT DOMAIN IN CERTAIN LAND; AUTHORIZING THE OFFICE OF GENERAL COUNSEL TO INSTITUTE APPROPRIATE CONDEMNATION PROCEEDINGS; WAIVING ANY CONFLICTING PROVISIONS OF THE REAL ESTATE SERVICES PROCUREMENT DIRECTIVES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, JEA is authorized to construct, operate and maintain facilities for public utilities for the general public and is vested by law with the power of eminent domain to acquire fee and easement rights, for all public utilities including, but not limited to, electric, water, reclaimed water, and sewer purposes in the event that negotiations for their purchase is concluded unsuccessfully; now therefore:

BE IT RESOLVED by the JEA Board of Directors that:

- 1. Managing Director Authorized to Acquire.** The Managing Director, or his designee, is hereby authorized to negotiate, acquire and to enter into acquisition agreements and to execute on behalf of JEA such documents as may be required for acquisition of utility easement rights in the lands described in Exhibit "A", to construct, operate and maintain overhead electric lines and related facilities. JEA declares that the land described in Exhibit "A" is necessary for this use. The Managing Director, or his designee, shall accomplish such acquisition of utility easement rights on such terms and conditions as specified by JEA.
- 2. Declaration of Necessity.** In the event any such negotiation is concluded unsuccessfully within a reasonable period of time, as determined by JEA, JEA declares the necessity for acquiring through condemnation by right of eminent domain utility easement rights in the lands described in Exhibit "A". The purpose of the utility easement rights is to construct, operate and maintain overhead electric lines and related facilities and to accommodate future expansion and reliability of the electric system.
- 3. Acquisition of Utility Easements.** JEA shall acquire by eminent domain utility easement rights in the land described in the attached Exhibit "A" for the public purposes stated herein.
- 4. Institution of Legal Proceedings.** The Office of General Counsel is authorized and empowered to institute at the direction of the Managing Director and on behalf of JEA the appropriate legal proceedings to acquire by condemnation utility easement rights in the land described in the attached Exhibit "A".
- 5. Waiver.** Any conflicting provisions of the Real Estate Procurement Directives are hereby waived.
- 6. Correction of Errors.** To the extent that there are administrative, typographical, and/or scrivener's errors contained herein that do not substantively change the tone, tenor or effect of this Resolution, then such errors may be revised and corrected by the Managing Director, or authorized designee, with no further action required by the Board.
- 7. Effective Date.** This Resolution shall be effective upon its adoption by the Board.

Dated this 24th day of May 2022.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



INTER-OFFICE MEMORANDUM

April 26, 2022

**SUBJECT: REAL ESTATE EASEMENT CONDEMNATION RESOLUTION:
CIRCUIT 663 - PHASE 1: PARCEL 835**

FROM: Jay Stowe, Managing Director / CEO

TO: JEA Board of Directors

BACKGROUND:

In support of JEA's electric system in southwestern Duval County, Real Estate Services has been acquiring easements for the construction of a new 69kv Electric Transmission Circuit. Circuit 663 is critical for the continued reliability and economic growth of JEA's Electric System and is scheduled to begin construction July 2022.

DISCUSSION:

Real Estate Services has been negotiating with the property owners since October 2021 but has not yet reached an agreement to purchase the subject easement for the project.

Condemnation Authority is being sought at this time for the subject easement to ensure that any delays in negotiations or acquisitions do not jeopardize the project schedule. Utility easement rights will be acquired to accommodate the planned electric project. The Office of General Counsel has been involved throughout the process and recommends that the Board approve this action at this time.

FINANCIAL IMPACT:

Through Eminent Domain, the condemning authority is responsible for all fees and expenses per the Florida Statutes.

RECOMMENDATION:

Staff recommends that the Board approve Resolution 2022-09 for Condemnation to be filed with the Court in order to obtain easements to the property, for the purposes referenced above, should negotiations prove unsuccessful.

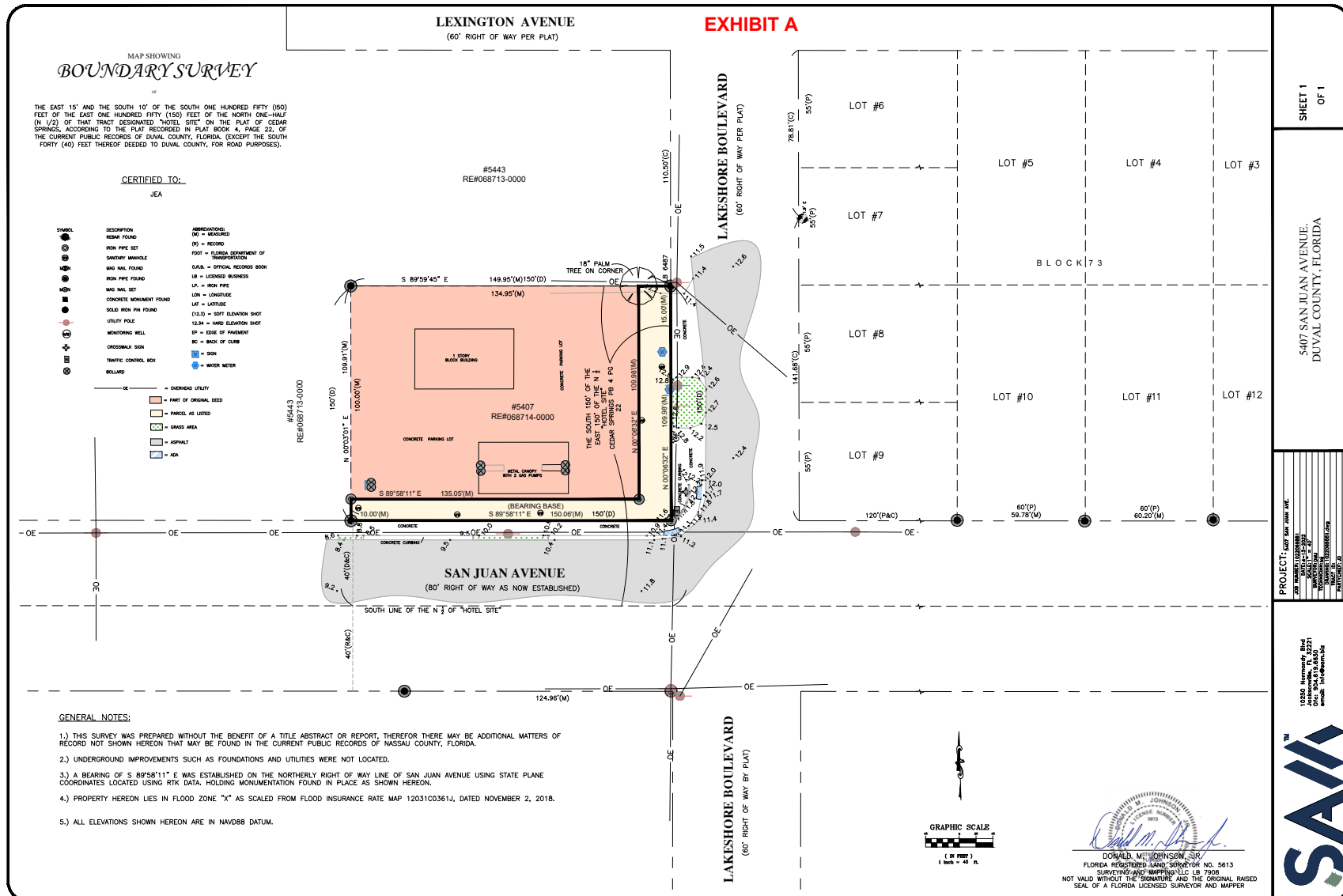
Further, that the Board approve pre-suit mediation as allowed by Chapter 73.015(3), Florida Statutes, and delegate mediation settlement authority to the Managing Director/CEO or his designee.

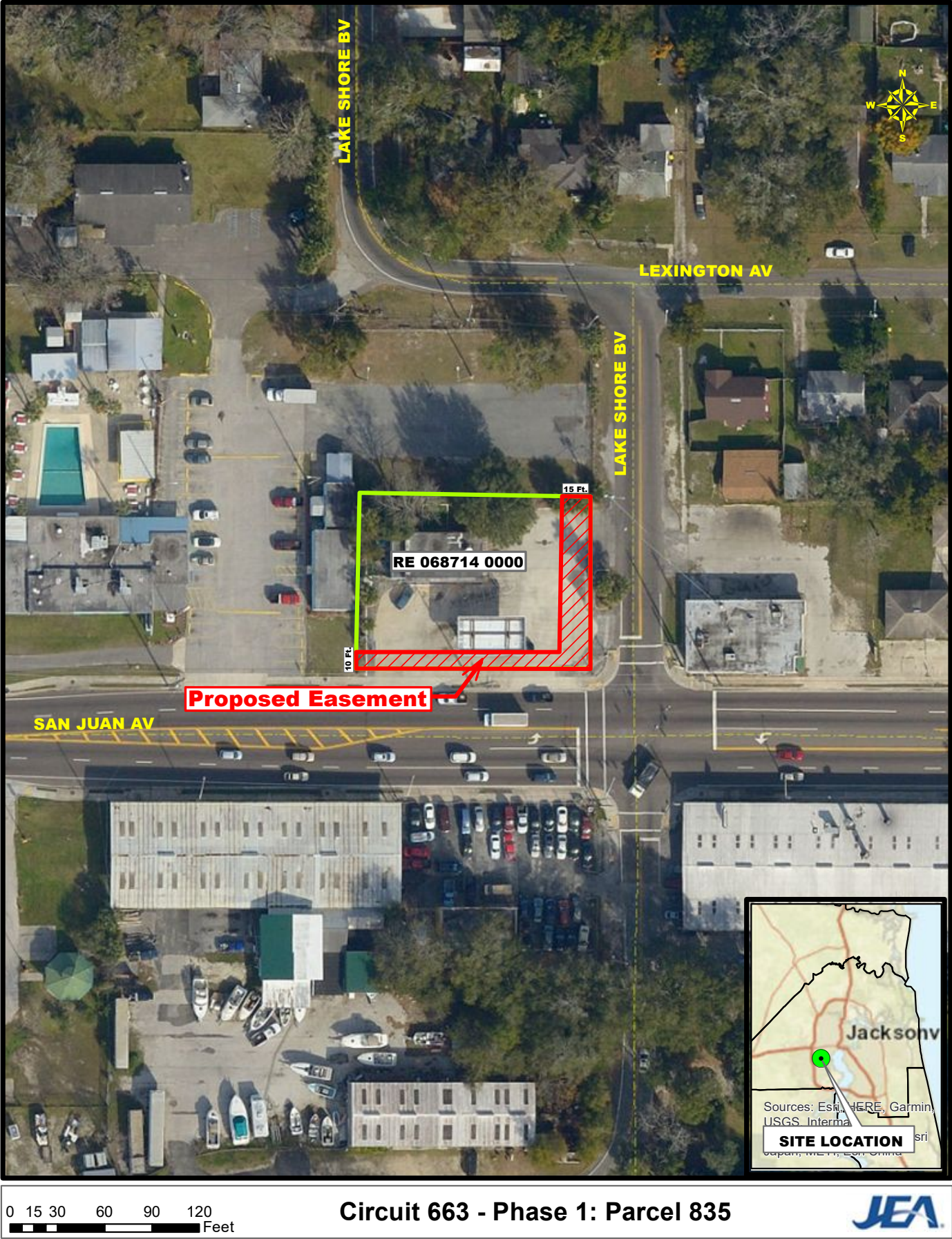
Lastly, staff recommends that the Board approve continuing negotiations with the property owner until and after any Order of Taking in order to expedite the process, control costs and provide a fair settlement between parties.

Jay Stowe, Managing Director/CEO

JCS/LMD/PWM/BLT

Attachments: Location Map / Ownership Interests / JEA Resolution for Condemnation





Ownership Interest:

Parcel 835: IBEX Food Mart, Inc., a Florida corporation



Proposed Cost Participation Policy

Supplemental Information



**BOARD RESOLUTION: 2022-10**

May 24, 2022

**A RESOLUTION BY THE BOARD APPROVING REVISIONS TO THE
WATER/WASTEWATER COST PARTICIPATION POLICY PROVIDING
FUNDING FOR JEA INFRASTRUCTURE IMPROVEMENTS**

WHEREAS, in accordance with the Water/Wastewater Cost Participation Policy (Policy), JEA administers a program that provides partial funding for the completion of infrastructure improvements necessary to serve new developments and the needs of JEA; and

WHEREAS, the Policy was initially approved by the Board on July 13, 2003, and most recently revised on February 18, 2014; and

WHEREAS, based upon its review, staff seeks to update the Policy to better support local economic growth, minimize financial risks, and more specifically define cost participation guidelines for developers; and

WHEREAS, the proposed Policy revisions, attached hereto as Exhibit "A" and incorporated herein, were reviewed and recommended for Board approval by the Finance and Operations Committee (Committee) on May 23, 2022; and

WHEREAS, staff requests that the Board adopt the Committee's recommendation and approve the proposed Policy revisions.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby adopts the Committee's recommendation and approves the revised Policy in substantially the same form and format attached hereto.
2. The Managing Director/Chief Executive Officer is authorized to execute the Policy and to take all steps necessary to implement the Policy.
3. To the extent that there are any typographical, administrative, and/or scrivener's errors contained herein that do not change the tone, tenor or purpose of this Resolution, then such errors may be corrected with no further action required by the Board.
4. This Resolution shall be effective upon approval by the Board, and the revised Policy shall be effective on May 24, 2022.

Dated this 24th day of May 2022.

JEA Board Chair


JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

Finance & Operations Committee - ADDITIONAL INFORMATION

	ORGANIZATIONAL POLICY & PROCEDURE:	JEA W/WW Cost Participation		
	Corporate Policy Ref:			
	Version Effective Date:	May 24 th , 2022	Version:	6

POLICY OBJECTIVES:

To ensure uniformity and consistency in the application of the JEA W/WW Cost Participation Policy where regional infrastructure is provided to JEA via a Cost Participation Agreement. To Invest in the community with consideration of existing customers and to establish a clear policy which will allow Developers to financially plan.

ASSIGNMENT OF RESPONSIBILITY:

The Director of Water Planning & Development shall have the responsibility to establish, maintain, disseminate, and make administrative modifications to the procedure.

PROCEDURE**Definitions**

- 1.1 **Capital Costs** – Money expended for the purpose of installing utility infrastructure to provide capacity to a defined geographic area.
- 1.2 **Cost Participation Agreement** – A contract between JEA and a Developer detailing the financial participation by JEA with the Developer to pay for a portion of the cost for upsizing and /or extending the JEA utility system in agreement with the subject policy.
- 1.3 **Developer** – Any person or entity who improves a parcel of land which may include the extension of the utility system from the existing point of connection to the proposed improvement/s for the purpose of providing service to said development.
- 1.4 **Development** – Any parcel of land upon where improvements are being made that require utility infrastructure to serve said improvements as defined by the City of Jacksonville, St Johns County, Nassau County or Clay County planning departments, or any other appropriate local or federal entity having jurisdiction over said parcel of land.
- 1.5 **Equivalent Residential Connection (ERC)** – A unit of measure of flow in gallons per day or as defined by the rate tariff. Used to provide a consistent representation of flows from single-family residential, multi-family residential and commercial developments.
- 1.6 **Pipe Diameter** – refers to the pipes nominal inside diameter used for hydraulic capacity calculations
- 1.7 **Transmission mains** - Water mains all pipes 16" in diameter and greater, Sewer Gravity trunk mains 16" in diameter and greater, and Sewer force mains all pipes 12" and greater.
- 1.8 **Upsizing of Utility System** – To increase the size of the utility system above what is required for the development, as determined by JEA Water/Sewer System Planning.
- 1.9 **WSSP** – Water/Sewer System Planning

Finance & Operations Committee - ADDITIONAL INFORMATION

Project Type**Developer Cost Participation Projects:**

Developers are required to survey, design, and permit all infrastructure related to the subject development and shall cover bidding and administrative cost related to the improvements. In the event that transmission mains are installed or JEA requires an increase in main size the developments may qualify for cost participation as described below.

- 2.1 Developments that require "Transmission" mains, JEA may cost participate in the construction cost as listed in table below. JEA shall review the need for the Transmission mains in association with the subject development for conformity with the JEA master plan with regard to size and location.

Water Mains		Sewer Mains		Gravity Mains	
Nominal Pipe Size (inches)	JEA Cost Participation	Nominal Pipe Size (inches)	JEA Cost Participation	Nominal Pipe Size (inches)	JEA Cost Participation
16	44%	12	31%		
20	64%	16	61%	16	61%
24	75%	20	75%	20	75%
30	84%	24	83%	24	83%

Cost participation shall be limited to "X" number of feet in length. Where "X" equals the number of ERC's identified in the Developments Master plan times twelve (12).

- 2.2 Developments that require the upsizing of infrastructure. JEA may require the developer to design based on JEA's master plan requirements and provide an estimated installation cost for JEA's portion of the project. JEA may cost participate and pay the Developer directly the amount that covers JEA's portion of the work provided the Developer pays the base value of the infrastructure required to meet the needs of the development. In this case, JEA's cost will be based on the lowest alternate bid value and is less than JEA's estimated cost. Developer to provide calculations for approval that support base bid sizing. Clearly depict base bid design without cost participation and bid the alternate design incorporating the upsized infrastructure improvements. Design information shall support base and alternate designs. Cost participation will be for material cost difference. Cost participation in installation cost is subject to an approved, clearly explained difference in construction installation costs. No other costs are included in the cost participation.

Finance & Operations Committee - ADDITIONAL INFORMATION

General Application:

This procedure is established in order to provide the citizens within JEA's service area (in Jacksonville/Duval County, St. Johns County, Nassau County or Clay County) with infrastructure required for new residential and commercial developments. JEA has worked with developers to ensure that the water and sewer services are present according to the developers' schedule and JEA standards. This procedure applies to situations where JEA's master plan infrastructure installation is involved within the JEA five-year work plan, or in areas where deemed appropriate by JEA WSSP.

- 3.1 A JEA Cost Participation Agreement is utilized to implement a JEA Cost Participation Project.
- 3.2 In this procedure, a Project is defined as a design and installation of any combination of the following utility systems:
 - **Water Main Extensions:** projects where System Planning has identified the need for a water main extension of a regional capacity as defined in JEA's master plan or by JEA WSSP review of the developments master plan.
 - **Gravity Sewer Main Extensions:** projects where System Planning has identified the need for a gravity sewer main extension of a regional capacity as defined in JEA's master plan or by JEA WSSP review of the developments master plan.
 - **Sewer Force Main Installations:** projects where System Planning has identified the need for a sewer force main extension of a regional capacity as defined in JEA's master plan or by JEA WSSP review of the developments master plan.
 - **Pump Station/Lift Station Installations:** projects where upgrades are necessary to provide capacity in addition to the requirements of the development or by JEA WSSP review of the developments master plan.
- 3.3 A project may not be divided into more than one project for the purpose of evading the requirements of this procedure. Exceptions may be granted for phased construction of the entire project as determined by JEA WSSP.
- 3.4 Procurement requirements:
 - Projects shall be procured consistent with the requirements of Section 255.0525(2), Florida Statutes. The requirements set forth below reflect the statutory requirements as of the date of this Policy's adoption. In the event Section 255.0525(2) is amended, the requirements set forth below may be amended for consistency with statutory requirements without requiring Board authorization.
 - Developers shall be responsible for verifying the current procurement procedures at the time the project is performed.

Finance & Operations Committee - ADDITIONAL INFORMATION

Process

The general process steps for JEA to enter into a Cost Participation Agreement project are as follows:

- 4.1 Developer initiates the project by requesting availability for service.
- 4.2 JEA System Planning Group will provide all necessary information including points of connection, system pressure, etc. to the Developer as defined in the JEA Design Guidelines
- 4.3 Developer shall schedule a development meeting to present the project scope details. The Developer's need for transmission sized mains for the development should be presented by the Developer's Engineer of Record. At this time, JEA will indicate the potential for cost participation.
- 4.4 Developer shall provide: Project scope and calculations – project scope shall include the details on project location, overall project master plan and specific utility phase (water, sewer, and reuse) plan.
- 4.5 JEA W/WW Planning and Development Team will communicate JEA's commitment to the Developer based upon the information submitted.
- 4.6 Developer's Engineer of Record designs the project and submits plans for review and approval. For developments requiring utility upsizing described in Section 2.0, calculations and alternative designs shall be included with the submitted plan set for review.
- 4.7 JEA W/WW Planning and Development Team reviews and approves water and sewer plans.
- 4.8 Developer shall provide: Developer's estimated cost for JEA's portion of the project and project schedule. Project schedule shall include the construction start and expected in-service dates.
- 4.9 JEA W/WW Planning and Development Team prepares a Cost Participation Agreement substantially in the same form as the attached Cost Participation Agreement template for the project.
- 4.10 JEA W/WW Planning and Development Team ensures that the project is properly funded and included in the current or future capital budget project list and adjusts cash flows as necessary.
- 4.11 Developer provides Draft Bid Documents and Draft Bid Notice for review and approval by JEA prior to bidding the project.
- 4.12 Developer provides Bid tabulation/ Schedule of values for the projects.
- 4.13 Developer provides evidence of advertisement prior to bid opening in compliance with all JEA procurement requirements, (currently, for which JEA's cost participation is estimated to cost more than \$200,000).
- 4.14 JEA W/WW Planning and Development Team finalizes a Cost Participation Agreement for the project.
- 4.15 JEA W/WW Planning and Development Team initiates the funding process for the Project. Executed Cost Participation Agreement.
- 4.16 Cost Participation Projects are reimbursed to the Developer at the 50% and 100% stages of completion, as stated in the cost Participation agreement attached. Developer's invoices for reimbursement should include supporting documentation including contractor's payment applications detailing the cost participation items included in the project schedule of values.
- 4.17 Track project data for future performance and reporting.

APPROVED BY:	Robert Zammataro, Director of Water System Planning & Development 2/10/2022
ORIGINAL EFFECTIVE DATE:	7/13/2003
REVISED DATE(S):	9/3/2004, 3/1/2006, 11/01/2011, 2/18/2014, 5/24/2022
KEYWORD(S):	Cost, Extension, Agreement, Utility System,
LINKS/ATTACHMENTS:	JEA Cost Participation Agreement for Extension of Utility System

**JEA COST PARTICIPATION
AGREEMENT FOR
EXTENSION OF UTILITY SYSTEM**

THIS AGREEMENT, made and entered into this _____ day of _____ by and between _____ whose address is _____ (hereinafter called "Developer"), and JEA, whose address is 21 W. Church St., Jacksonville, FL 32202 (hereinafter called "JEA").

RECITALS

WHEREAS, Developer owns certain real property in _____ County, which is more particularly described on Exhibit "A" attached hereto and, by reference made a part hereof (hereinafter referred to as "Developer Property"); and

WHEREAS, Developer has plans to develop immediately the Developer's Property by platting and/or other improvements thereon consisting of: _____ (hereinafter referred to as the "Development"); and

WHEREAS, Developer desires to extend existing and proposed improvements to JEA's water, wastewater and/or reclaimed water system (hereinafter called "JEA's Utility System") to serve the Development by: _____, (hereinafter called "Developer's Extension"); and

WHEREAS, JEA is willing to expand JEA's Utility System to provide such service, so that the Development may have furnished to it and to its occupants an adequate water supply and wastewater disposal system, subject to all the terms and conditions of this Agreement; and

WHEREAS, JEA and the Developer recognize that water is a natural resource of limited supply and wastewater treatment and disposal is a necessity for public health and thus, the water supply and disposal of wastewater must be regulated and controlled and the subject only of a reasonable and beneficial use to assure an adequate supply of water and adequate wastewater treatment capacity for all members of the public served by JEA; and

WHEREAS, the Developer and JEA further recognize that the supply of water and wastewater disposal service by JEA to the Development is subject to regulation, prohibition, limitation and restriction by local, state and federal governmental agencies, as well as JEA; and

WHEREAS, in order to facilitate the timely completion of the expansion of JEA's Utility System, the Developer and JEA wish to set forth the terms and conditions for sharing the cost of the construction and installation of the Developer's Extension.

NOW, THEREFORE, in consideration of the mutual undertakings and agreements herein contained and assumed, and other good and valuable consideration, receipt of which is hereby acknowledged, Developer and JEA hereby covenant and agree as follows:

1. Effect of Recitals. The above recitals are incorporated into the body of this Agreement and are adopted as findings

Finance & Operations Committee - ADDITIONAL INFORMATION

of fact.

2. Term. The term of this Agreement shall begin upon execution by both parties (the "Effective Date") and shall end upon acceptance by JEA of Developer's Extension unless earlier terminated as provided herein, but in no event shall the term of this Agreement exceed ____ years from the Effective Date. Notwithstanding anything to the contrary herein, JEA may, in its sole discretion, extend the term of this Agreement for a period not to exceed one year if such extension is necessary to complete the Developer's Extension, so long as Developer is making progress toward completion.

3. Conveyance of Developer's Extension. Developer shall, in accordance with the terms of this Agreement, (i) complete the Developer's Extension on or before _____ and (ii) cause to be conveyed to JEA, free and clear of all encumbrances, the Developer's Extension in consideration for the payment by JEA to Developer of the lump sum price of \$_____ ("Contract Price"), [which sum represents the difference between the value of the Developer's Extension as constructed and the value of a project that would have been required to solely serve the Development] OR [which sum represents JEA's cost participation percentage as set forth in Section 2.1 of the JEA Cost Participation Policy], pursuant to Section 8 of this Agreement. Developer shall submit to JEA engineering plans and specifications for the Developer's Extension prepared by Developer's engineer and at Developer's cost, which plans, and specifications shall be approved in writing by JEA prior to any construction. Said plans and specifications shall comply with the JEA Water and Wastewater standards in effect at the time the plans and specifications are submitted to JEA. All construction of Developer's Extension shall be done by the Developer at Developer's cost pursuant to JEA's Cost Participation Policy and Procurement Code, and shall be consistent with JEA's Water and Wastewater Standards. Following conveyance by Developer, and acceptance by JEA, Developer's Extension, additions, repairs and replacements thereto shall at all times remain the sole, complete and exclusive property of and under the control of JEA, and the Developer shall have no right or claim in and to the Developer's Extension, but the Developer's Extension shall be used for providing service to the Development.

4. Contractor Selection. Developer shall procure all contractors performing work in connection with the construction and installation of the Developer's Extension in compliance with the applicable provisions of the JEA Procurement Code and Cost Participation Policy. Contractor selection shall be subject to the consent of JEA, which shall not be unreasonably withheld.

5. Plans. Prior to commencement of construction, Developer shall submit construction plans to JEA that include, at a minimum, a route survey depicting all improvements located in rights-of-way and/or dedicated easements, including, but not limited to, roads, driveways, landscaping, right-of-way boundaries, easements, and existing utilities. JEA will review said plans for constructability, hydraulic efficiency and conformity with JEA specifications. *Soft digs and geotechnical surveys may be required and will be determined during the plan review phase.* Upon satisfactory completion of the aforementioned plan review process, a minimum of five (5) sets of signed and sealed engineering plans must be submitted to JEA Environmental Services for FDEP permit processing. Once construction has commenced, Developer may not modify construction plans without JEA's written approval, which shall not be unreasonably withheld.

6. Performance Bond. Developer shall not begin construction on the Developer's Extension until it has posted a

Finance & Operations Committee - ADDITIONAL INFORMATION

performance bond in a form acceptable to JEA guaranteeing completion of the Developer's Extension.

7. Permits. The Developer shall be responsible for procurement of all applicable permits and will submit to JEA one (1) copy of each permit issued for the project e.g.: FDEP, SJRWMD, applicable FDOT, County or City right of way permits, railroad crossing, etc. JEA reserves the right to withhold funding until all applicable permits have been obtained.

8. Contract Price. The Contract Price constitutes the total lump sum compensation payable to the Developer under this Agreement. All duties, responsibilities and obligations assigned to or undertaken by the Developer shall be at the Developers expense without change in the Contract Price. Should Developer make any changes to the design, plans and/or specifications after receiving JEA's approval under Section 5 above, any additional costs associated with these changes shall be the responsibility of the Developer. Should circumstances be found by the awarded contractor which were not included in Developer's design, plan and specifications and result in additional costs to the awarded contractor, these additional costs shall be the sole responsibility of the Developer. JEA approval of any modification of construction plans is solely for the purposes of confirming that such modification is consistent with applicable JEA Water and Wastewater Standards and does not constitute consent on the part of JEA for assumption of additional costs associated with such modification.

9. Developer's Representative. The Developer is responsible for management of the construction phases of the project and will appoint a qualified professional engineer ("Engineer") licensed in the State of Florida as its project representative during the construction period. The Engineer will make visits to the site at intervals appropriate to the various stages of construction as Engineer deems necessary in order to observe as an experienced and qualified design professional the progress that has been made and the quality of the various aspects of the contractor's executed work. Based on information obtained during such visits and observations, Engineer will endeavor on the behalf of the Developer to determine, in general, if the work is proceeding in accordance with the plans described in Section 2 of this Agreement, any document described on Exhibit B, as described in Section 6 of this Agreement, and the construction contract for the Developer's Extension.

10. Project Close-out and Acceptance. Project close-out shall occur when the Developer has made satisfactory completion of the construction and acceptance processes as stated herein and in Exhibit B titled, "JEA Project Checklist" and likewise satisfied the terms of this Agreement in full.

11. Payment Procedures. Upon satisfactory review of the Developer's Application for Payment by JEA's construction inspector, JEA shall make a 50% progress payment on account of the Contract Price. This 50% payment shall be measured by the schedule of values or in the case of unit price work, based on the number of units completed.

(a) Final Payment - Upon satisfactory completion of the Work in accordance with the project close-out and acceptance process as stated in Section 10 herein, the Developer shall submit to JEA a request for final payment for the balance of the contract amount. Upon review and approval of JEA Project Manager, JEA will pay the balance of the lump sum contract price.

(b) The Developer warrants and guarantees that title to all work, materials, and equipment covered by any Application for Payment whether incorporated in the Project or not, will pass to JEA no later than the time of payment free and clear of all liens, judgments, encumbrances and mortgages.

Finance & Operations Committee - ADDITIONAL INFORMATION

12. Indemnification and Hold Harmless Provisions. In special consideration of the work herein described, the sufficiency of which is hereby acknowledged, Developer hereby agrees as follows:

Developer shall hold harmless, indemnify and defend JEA and its officers, employees, agents, and contractors against any claim, action, loss, damage, injury, liability, cost and expense of whatsoever kind or nature (including, but not limited to attorney's fees and court costs) arising out of injury (whether mental or corporeal) to persons, including death or damage to property arising out of or incidental to this Agreement, whether or not such injury is due to or caused by the negligence of JEA or otherwise, excluding only the sole gross negligence of JEA.

13. Grant of Easement and or Deed Rights. Developer shall grant to JEA, its successors and assigns, the (i) exclusive, perpetual right, privilege and easement to construct, reconstruct, operate, maintain, repair, replace, improve, alter, remove, relocate and inspect water transmission and distribution mains, wastewater collection mains, reclaimed water distribution mains, pipe lines, lateral lines, valves, connections and appurtenant equipment over, across and under a twenty (20) foot strip of land centered on where the system lies on the Developer's Property or (ii) for certain systems including but not limited to pump or lift stations, a fee simple conveyance by Special Warranty Deed over property of variable dimensions together with the right of ingress and egress for both (i) and (ii). The easement rights granted with respect to public places shall be subject to the authority of the public authority having jurisdiction over such public places. Prior to JEA providing service to the Development, Developer shall execute a grant or grants of easement and or deed, in recordable form to be approved by JEA, specifically granting to JEA the above rights necessary, in the discretion of JEA, to provide water and wastewater utility service to the Developer's Property. Nothing contained in this Agreement shall prevent Developer or any subsequent owner of Developer's Property from exercising itself or granting exclusive or non-exclusive rights, privileges and/or easements to any other parties for the furnishing of utility services other than water and wastewater, provided that JEA's use, occupancy and enjoyment of its easements are not unreasonably interfered with. JEA shall not be obligated to furnish any water or wastewater service to any building which may be built on Developer's Property to which it does not have access.

14. Developer's Right to Connect. Provided that Developer has complied with the terms of this Agreement and provided that the Developer's Extension is installed with the approval of JEA and in compliance with the requirements of all public, governmental or other agencies having supervision, regulation, direction or control of such water and wastewater utility systems, JEA shall allow Developer or its successors in-title to connect the Developer's Extension into JEA's Utility System.

15. Contract Administration. Developer shall be responsible for administering all aspects of the construction contract for the construction of Developer's Extension, including, but not limited to, review and processing of invoices and other contract documents, review and resolution of technical issues (whether foreseen or unforeseen) that arise during construction, and facilitating project close-out upon completion of construction. Developer shall be responsible for all costs associated with said contract administration. It shall also be Developer's responsibility to coordinate construction schedules of its contractors.

16. JEA's Right of Termination of Agreement and Service. Unless there is a material default of this Agreement by JEA which is not cured within ten (10) days following the receipt by JEA of Developer's notice of such default, JEA shall have the right to refuse to provide service, the right to terminate service to any building within Developer's Property, and the right to terminate this Agreement in the event Developer defaults or fails to comply with any of the terms and conditions of this

Finance & Operations Committee - ADDITIONAL INFORMATION

Agreement in a timely manner and fails to cure such default or fails to comply within ten (10) days following the receipt by Developer of JEA's notice of such default or failure to comply. In the event of termination, Developer shall be responsible for all actual costs of removing the connection and restoring JEA's water and/or sewerage system(s) to the condition(s) existing immediately prior to the connection(s).

17. Force Majeure. Neither party shall be liable or responsible to the other party as a result of injury to property or person, or failure to comply with the terms hereof, proximately caused by Force Majeure. The term "Force Majeure" as employed herein shall be acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, blockades, riots, acts of Armed Forces, epidemics, delays by carriers, inability to obtain materials or right-of-way on reasonable terms, acts of public authorities, acts of vandals or other third parties, or any other causes whether or not of the same kind as enumerated herein which are beyond the control of the party claiming force majeure and qualify under Florida's impossibility of performance principles.

18. Approval by Governmental Agencies. JEA's obligations under this Agreement are contingent upon Developer obtaining all necessary approvals for Developer's Extension from all applicable governmental agencies. Developer hereby assumes the risk of loss as a result of the denial or withdrawal of the approval of any concerned governmental agency, or caused by an act of any governmental agency which affects the ability of JEA to provide water, wastewater and/or reclaimed water service to Developer not within the sole control of JEA and which, by exercise of due diligence, JEA is unable to overcome.

19. No Prohibition of Further Extension. This Agreement shall not prohibit or prevent JEA from extending JEA's utility system in or to areas not referred to herein to serve other developers or consumers; provided, however, such extension of utility service shall not cause the Developer's extension to become overloaded and shall not adversely affect the reservation of capacity.

20. Modification of Development Plans. Should the Developer modify its development plans for Developer's Property which would require greater water usage, greater fire flows, additional water facilities, greater wastewater flows, or additional wastewater facilities than the water and wastewater demands designed and approved under the engineering plans and specifications which are the subject of this Agreement, then Developer shall enter into a new agreement with JEA providing for the construction of such additional water or wastewater facilities meeting all JEA's and governmental design requirements and shall pay all additional contributions and fees as may be authorized by JEA's Tariff or the Florida Public Service Commission, or its successor, at the date said new agreement is executed.

21. Notice of Connection to Wastewater System. Developer shall give JEA written notice that Developer is connecting the Developer's Extension to JEA's wastewater collection system no less than two (2) days prior to said connection for inspection. If Developer fails to give said written notice, JEA may require Developer to uncover and expose said connection for inspection, at the sole cost of Developer.

22. Connection of Buildings. Developer shall at its sole cost and expense connect the private property water pipes and the private property wastewater pipes of each building constructed on Developer's Property to the meters and wastewater laterals of Developer's Extension as reflected in plans and specifications approved by JEA.

23. Application for Service. Developer, its successors, or the occupant(s) of the Developer's Property, shall make written application to JEA for the opening of an account(s) for service. Said application is to be made only after the payment of all

Finance & Operations Committee - ADDITIONAL INFORMATION

costs set forth herein. At the time of making said application for service, the applicant shall pay all service charges as set forth in JEA's Tariff.

24. Notice of Transfer of Developer's Property. Developer agrees to provide proper written notice to JEA of the actual date of the legal transfer of water and wastewater services from Developer to any third party. Developer shall remain responsible for all costs and expenses, including utility bills, which arise as a result of Developer's failure to notify or improper notification to JEA.

25. Insurance. Developer shall not commence work under this Agreement until it has obtained insurance in the types and amounts set forth in Exhibit C, attached hereto and incorporated herein, and provided JEA with Certificates of Insurance naming JEA as additional insured.

26. No Prohibition of Further Extension. This Agreement shall not prohibit or prevent JEA from extending JEA's utility system in or to areas not referred to herein to serve other developers or consumers; provided, however, such extension of utility service shall not cause the Developer's extension to become overloaded and shall not adversely affect the reservation of capacity.

27. Modification of Development Plans. Should the Developer modify its development plans for Developer's Property which would require greater water usage, greater fire flows, additional water facilities, greater wastewater flows, or additional wastewater facilities than the water and wastewater demands designed and approved under the engineering plans and specifications which are the subject of this Agreement, then Developer shall enter into a new agreement with JEA providing for the construction of such additional water or wastewater facilities meeting all JEA's and governmental design requirements and shall pay all additional contributions and fees as may be authorized by JEA's Tariff or the Florida Public Service Commission, or its successor, at the date said new agreement is executed.

28. Miscellaneous.

(a) This Agreement supersedes all previous agreements or representations either verbal or written heretofore in effect between Developer and JEA and made with respect to the matters contained herein, and when duly executed constitutes the complete Agreement between Developer and JEA. Any amendment to this Agreement shall be in writing and executed by the fully authorized representatives of Developer and JEA.

(b) Developer is an independent contractor in the performance of all activities under this Agreement. Nothing in this Agreement shall be construed to create an employment, agency, or partnership relationship between Developer and JEA.

(c) No third-party beneficiary status or interest is conveyed to any third party by this Agreement.

(d) Except as provided herein, neither Developer nor JEA shall assign, transfer, or sell any of the rights created under, or associated with, this Agreement without the express written consent of the non-assigning party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, nothing in this section shall prevent Developer from assigning or otherwise transferring its rights and duties under this Agreement to an affiliate, subsidiary, or parent company of Developer upon written notice to JEA.

(e) Developer shall maintain records sufficient to document completion of the work performed under this Agreement. Upon JEA's request, Developer shall allow JEA to audit its financial and operating records for the purpose of

Finance & Operations Committee - ADDITIONAL INFORMATION

determining invoice accuracy or otherwise assessing compliance with this Agreement. Developer agrees to allow JEA personnel or their qualified representative access such records at Developer's offices upon reasonable notice. All audit work will be done on Developer's premises, and no Developer documentation will be removed from Developer's offices. Developer agrees to have knowledgeable personnel available to answer questions for the auditors during the time the auditors are at Developer's offices and for a period of two weeks thereafter. Developer shall provide to JEA audited financial statements for the most recent fiscal year upon JEA's request no later than five days after receipt of written request from JEA.

(f) This Agreement was made and executed in Jacksonville, Florida, and shall be interpreted and construed according to the laws of the State of Florida. Litigation involving this Agreement, or any provision thereof shall take place in the State or Federal Courts located in Jacksonville, Duval County, Florida.

(g) Should any provision of the Agreement be determined by the courts to be illegal or in conflict with any law of the State of Florida, the validity of the remaining provisions will not be impaired.

(h) The headings used in the paragraphs of this Agreement are solely for the convenience of the parties and the parties agree that they shall be disregarded in the construction of this Agreement.

(i) This Agreement shall inure to and be binding upon the heirs, successors and assigns of the parties hereto. It is understood that Developer may assign its rights hereunder to successor/owners of the Developer's parcels of real property included in the Developer's Property.

IN WITNESS WHEREOF, the parties hereto have duly executed this contract, in duplicate, the date and year first above written.

ATTEST:

JEA

By _____

VP, Water/Wastewater Systems

ATTEST:

DEVELOPER

Signature

Signature

Finance & Operations Committee - ADDITIONAL INFORMATION

Print or Type Name

Print or Type Name

Title

Title

Finance & Operations Committee - ADDITIONAL INFORMATION

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

Director, Financial Planning
& Analysis, JEA

Form Approved:

Office of General Counsel

Finance & Operations Committee - ADDITIONAL INFORMATION

Exhibit A

Developer's Property Legal Description

(Attached)

Finance & Operations Committee - ADDITIONAL INFORMATION

Exhibit B

JEA Project Checklist



Acceptance Checklist

Project Name:	_____	Availability #:	_____
Engineer:	_____	Phone :	_____
Developer:	_____	Phone :	_____
Utility Contractor:	_____	Phone :	_____

_____ **Address of Pump/Lift Station:** _____

_____ **Electric Meter #:** _____

_____ **Service Provider:**

_____ **Bill of Sale for water and/or sewer improvements:** This is required under the water and sewer code, whereby all materials and appurtenances in the system(s) legally become the property of JEA. **Original signature and Notarized**

_____ **Dedication Warranty:** 2-year contractor warranty for infrastructure improvements.
Original signature & must include Contractor's License No.

_____ **Engineer's Final Certification:** Certificate in accordance with para 654.124
(Subdivision Regulations is on file) **Original signature with PE seal**

_____ **Owner's Affidavit of Construction Completion:** The original affidavit should be completed by the owner or developer. The affidavit should address JEA not the City of Jacksonville.
Original signature and Notarized

_____ **Schedule of Values:** Be sure to include all applicable project information, including pump station information at the bottom of the document.

_____ **As-Built Approval Letter(s)**

_____ **Clearance Certificates on Water, Sewer and Reclaim Mains:**
Letters of certification from JEA and/or FDEP.

_____ **Approved Deed of Dedication, Easement(s), Recorded Plat, Hold Harmless Agreement**

_____ **Pump Station "Start-Up":** A copy of the pump station start-up report with the name of the pump (ex. Myers), control panel (ex. Unitron) and pump site address.

_____ **Record of Final Inspection:** Final inspection record should indicate attendees and deficiencies noted. The original with Project Engineer/Inspector's Certification that all punch-list items have been satisfied.

Please submit all applicable documents for final utility acceptance and service.

Revised 1/3/2019

Finance & Operations Committee - ADDITIONAL INFORMATION

Exhibit C

Insurance Requirements



Appendix A Plant Capacity Fee Implementation

Plant Capacity Fee Implementation

Deferred Increases to April 2022



Implementation Deferral Impacts

~\$4.3M saved as of March 2022

~\$2M Residential Impact

~\$2.3M Commercial Impact

Anticipate total savings of ~\$6 million

Prepayment Impact as of April 2022

	1	2	3		
	Received Application	Process Application	Complete		
Residential (Single family Homes)					
Applications	24	24	23		
Number of Lots	453	453	365		
Payment	\$782,172.69	\$782,172.69	\$640,184.69	~\$980,000	~\$340,000
Residential (Town Homes)					
Applications	42	42	39		
Number of Lots	2,745	2,745	1,837		
Payment	\$4,477,907.26	\$4,477,907.26	\$3,012,849.26	~\$5,000,000	~\$2,000,000
Commercial & Multifamily					
Applications	197	197	197		
Water Flow	2,922,692.10	2,922,692.10	2,922,692.10		
Sewer Flow	2,919,072.59	2,919,072.59	2,919,072.59		
Irrigation Flow	895,088.16	895,088.16	895,088.16		
Payment	\$14,332,367.02	\$14,332,367.02	\$14,332,367.02	~\$92,000,000	~\$77,000,000

\$79 million



Appendix B Compliance with JEA's Disclosure Policies and Procedures





INTER-OFFICE MEMORANDUM

May 23, 2022

SUBJECT: REPORT DELIVERED PURSUANT TO SECTION 7.5 OF JEA'S DISCLOSURE POLICIES AND PROCEDURES

FROM: Joseph E. Orfano, Vice President, Financial Services and Treasurer

TO: JEA Finance and Operations Committee

Section 7.5 of JEA's Disclosure Policies and Procedures, dated May 19, 2015, and amended March 18, 2019 (the "Disclosure Policies") requires the Chief Financial Officer to report to the Finance and Operations Committee regarding compliance with the Disclosure Policies during the preceding 12-month period. I, as Interim Vice President, Financial Services and Treasurer, last made such a report at the March 23, 2021 Board meeting concerning the preparation of the Annual Disclosure Reports ("ADRs") for the fiscal year ended September 30, 2020, which the Board approved at its May 25, 2021 meeting. I hereby report the following:

1. All Annual Disclosure Reports and Disclosure Documents prepared during the prior 12-month period were prepared in accordance with the Disclosure Policies.
2. No issues or problems have arisen in connection with compliance with the Disclosure Policies during the prior 12-month period.
3. Staff recommends material and administrative modifications reflecting changes in JEA Leadership titles and responsibilities, among others. A copy of the restated Disclosure Policies, a marked version showing changes from the 2019 version of the Disclosure Policies, and Resolution 2022-05 authorizing modifications to the Disclosure Policies are attached to this report.
4. A copy of the Disclosure Policies has been provided to all Board members as part of their orientation package and has been distributed to all Finance staff and staff participating in the disclosure process.
5. Electronic copies of each final Annual Disclosure Report for fiscal year ended September 30, 2020 were available to all members of the JEA Board upon request.
6. The Annual Disclosure Reports for the fiscal year ended September 30, 2021 are being prepared in compliance with the Disclosure Policies. Electronic copies of near-final drafts of the bodies of the Annual Disclosure Reports will be provided to Board members for the May 24, 2022 Board meeting with a request to approve the documents at that meeting. Electronic versions will be provided to members thereafter.

Joseph E. Orfano,
Vice President, Financial Services and Treasurer



Appendix C Jacksonville Small and Emerging Business Update





Jacksonville Small and Emerging Business (JSEB) Quarterly Report

Rita Scott
Manager, Jacksonville Small Emerging Business Program & Procurement Performance



JSEB Scorecard



FY22 Q2 Results

Available spend is \$104M

JSEB goal is \$20.8M

As of Q2, JEA has achieved \$10.8M in actual spend, representing 52% of the goal

Prime JSEB vendors account for 41% of the actual spend

Diverse mix of JSEB vendors that account for the actual spend

JSEB Goal

AVAILABLE SPEND

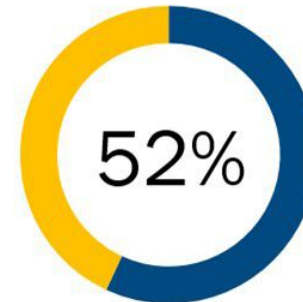
\$104,000,000

JSEB GOAL

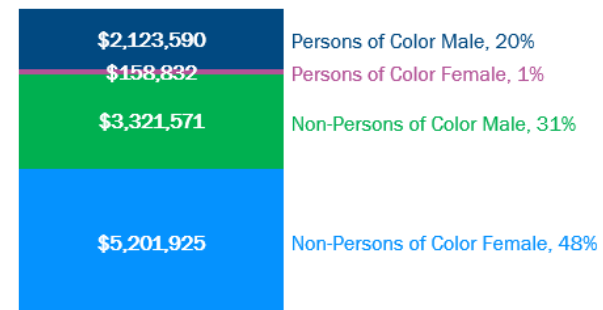
\$20,800,000

JSEB ACTUAL SPEND

\$10,805,918



QTR 1	\$6,148,900
QTR 2	\$4,657,018
QTR 3	\$0
QTR 4	\$0



JSEB Scorecard



Q2 Contracts Awarded to JSEB Vendors

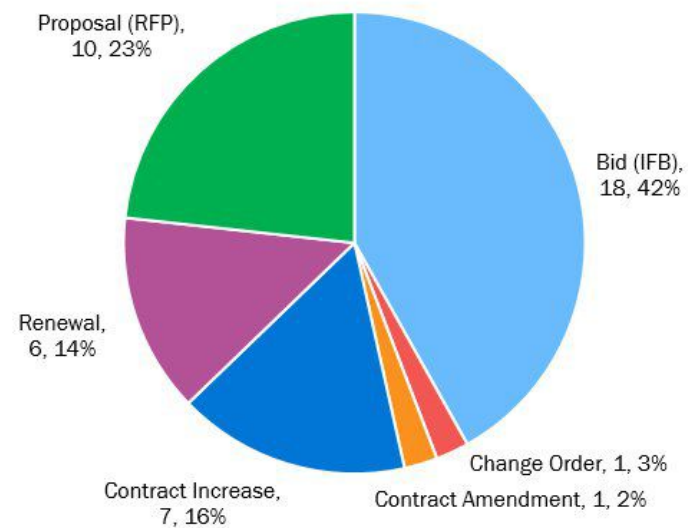
43 out of 128 contracts awarded to JSEB vendors

Contracts awarded are valued at \$8.9M

Projects within the Electric, Environmental, Facilities, and Water/Wastewater groups

Contract awards typically range from 1 to 5 years

JSEB Contract Award Types



RFP – Request for Proposal
IFB – Invitation for Bid

Current Initiatives

Efforts to Enhance Existing Processes

B2Gnow – Diversity & Vendor Management Software System

JSEB website

JSEB and diverse supplier brochure

New marketing materials for tradeshow

Outreach Initiatives

Doing Business with JEA Workshop

Contracting Series for Hispanic Businesses

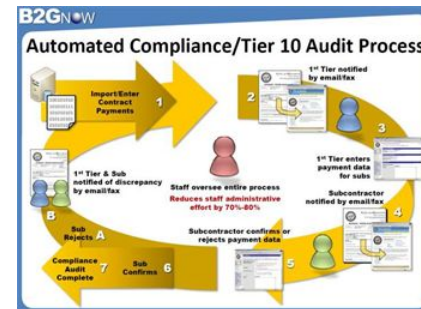
¹NABWIC's Water Industry Day

Restoration of Disturbed Sod Workshop

JaxSmallBiz Help Meeting

Hispanic Roundtable

Haskell Virtual Meet & Greet for JEA Nassau
Water Reclamation Facility



NABWIC
NATIONAL ASSOCIATION OF BLACK WOMEN IN CONSTRUCTION, INC.
Tuesday, November 9, 2021
NABWIC's WATER INDUSTRY DAY AND
BILLION DOLLAR LUNCHEON
Registration starts 7:30 AM EST | Event starts 9:00 AM EST
https://2021_nabwic_water.eventbrite.com
Connect, Educate & Empower in the
Water Contracting Opportunity
PRESENTING AGENCIES
dc water is life HRSD
PARTICIPATING AGENCIES
KOWATER JEA
SPONSORS
Diamond Gannett Fleming Stantec Gold
SPOTLIGHT AND ATTENDANCE
Who Should Attend:
Students, professionals, industry leaders, and others will be able to
network and learn from the best in the industry.
Contact: [Name] [Phone] [Email]

HASKELL
Soliciting JSEBs and Contractors
JEA Nassau WRF / Early Work Package / Fernandina Beach, FL
Haskell is soliciting contractors and subcontractors to provide construction services for the JEA Nassau WRF Early Work Package project in Fernandina Beach, FL.
Interested parties should submit their proposals to: [Email]
Additional Bid Packages:
[List of other projects and contact information]

Doing Business with JEA
Virtual Workshop
WORKSHOP DATES
JSEB
3rd Thursday of the Month
3 pm - 4 pm
LOCATION
Webinar
CLICK HERE TO RSVP
CLICK HERE TO JOIN
Meeting Number (Access Code): 2396 345 6789
Meeting Password: 0987 654321
For more information or if you have any questions, please email: [Email]

¹National Association of Black Women in Construction, Inc.



Appendix D Hurricane Preparedness 2022





HURRICANE PREPAREDNESS 2022

Brandon Edwards
*Director, Security & Emergency
Preparedness*



Storm Season Preparation



Training

Storms Seminars / Restoration 1-2-3 All-Employee Training

National Incident Management System (NIMS) Training

Incident Commander Workshop

Annual Hurricane Exercise – June 6th – 8th

Operations

Increase storm stock

Periodic tree trimming and vegetation removal

Continue to add back-up generators and diesel pumps



Restoration 1-2-3



PHASE 1 PUBLIC SAFETY

PHASE 2 INDIVIDUAL CUSTOMERS

PHASE 3 FINAL REPAIRS

WHAT YOU CAN DO:



STAY SAFE:

Phase 1 is our public safety phase, and we appreciate your patience as we restore these critical services first. If possible, stay off the roads and avoid downed power lines.

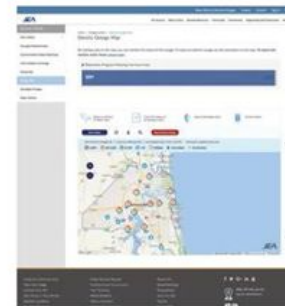
KNOW WE'RE ON IT:

Just as you'd pull over on the highway to let an ambulance pass, you can help us save lives and restore power to everyone faster by waiting for the announcement that JEA is accepting outage reports from individual customers.

WHAT YOU CAN DO:

REPORT YOUR OUTAGE:

Call (904) 665-6000 or visit jea.com/outage to report your power outage. If you've already registered for JEA alerts, you can also text "OUT" to MyJEA (69532).



WHAT YOU CAN DO:

IF YOU STILL DON'T HAVE POWER:

Sometimes, major storms can cause damage to your home that will prevent your power from coming back on even though JEA has made all necessary repairs to your circuit. If everyone else in your neighborhood has power and you don't, please call (904) 665-6000 so JEA can help you determine the cause of your continued outage.

To help us better assist you:

CHECK YOUR CIRCUIT BREAKER:

Have any switches been tripped? **Note:** If your home has any storm-related flooding, address this issue first before attempting to assess any home electrical problems.

MAKE A VISUAL INSPECTION OF THE OUTSIDE OF YOUR HOME:

Is there any visible damage to your weatherhead – the place where electric wires attach to your home? Are there any wires dangling on the ground that should be connected to your home? If so, stay clear and call (904) 665-6000 to report it.



Appendix E Electric System and Water & Sewer System Reserve Fund Report





Reserve Report

**For the Second Quarter Ending
March 2022**

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System and Water System Reserve and Fund Balances (1)

For the Years Ending September 30
(In Thousands of Dollars)

Electric System					
	<u>Actual</u> <u>Fiscal Year</u> <u>2019</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2020</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2021</u>	<u>Projected</u> <u>Fiscal Year</u> <u>2022</u>	<u>Detail</u> <u>Page #</u>
Unrestricted					
Operations/Revenue Fund	\$ 34,587	\$ 47,449	\$ 55,662	70,150	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	11,210	10,890	14,272	14,200	4
Rate Stabilization					
• Fuel	47,152	73,347	41,767	-	5
• DSM / Conservation	4,363	5,423	7,233	8,339	6
• Environmental	25,632	21,818	19,756	17,972	7
• Debt Management	29,884	-	-	-	8
• Non-Fuel Purchased Power	56,870	36,326	10,513	101,212	9
Environmental	16,568	16,568	16,568	16,568	10
Customer Deposits	44,242	43,641	45,179	45,041	11
Total Unrestricted	280,508	265,462	220,950	283,482	
Days of Cash on Hand (2)	146	183	166	156	
Days of Liquidity (3)	308	359	331	290	
Restricted					
Debt Service Funds (Sinking Funds)	145,520	82,525	80,988	66,418	12
Debt Service Reserve Funds	60,582	50,993	50,993	50,993	13
Renewal and Replacement Funds/OCO	81,964	137,643	183,800	217,017	14
Environmental Fund [Capital Projects]	-	301	83	647	15
Construction Funds	-	311	286	-	16
Total Restricted	288,066	271,773	316,151	335,075	
Total Electric System	\$ 568,574	\$ 537,235	\$ 537,101	\$ 618,557	
Water System					
Unrestricted					
Operations/Revenue Fund	\$ 17,934	\$ 26,719	\$ 28,533	23,330	
Rate Stabilization					
• Debt Management	14,209	-	-	-	17
• Environmental	15,687	23,372	30,077	25,853	18
Customer Deposit	16,289	16,927	17,044	17,307	19
Total Unrestricted	64,119	67,018	75,653	66,490	
Days of Cash on Hand (2)	186	176	297	319	
Days of Liquidity (3)	334	353	459	448	
Restricted					
Debt Service Funds (Sinking Funds)	80,775	41,660	30,006	32,187	20
Debt Service Reserve Funds	63,441	58,228	55,665	56,606	21
Renewal and Replacement Funds	48,796	38,131	97,066	157,500	22
Environmental Fund [Capital Projects]	1,891	649	3,118	3,975	23
Construction Funds	28,968	25,541	14,266	-	24
Total Restricted	223,871	164,209	200,121	250,268	
Total Water & Sewer System	\$ 287,990	\$ 231,227	\$ 275,774	\$ 316,758	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.

(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.

(3) Days of Liquidity includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses, net of Depreciation. Revolving credit facility is allocated between Electric and Water & Sewer Systems based on their portion of the Operating Expenses, net of Depreciation.

Finance & Operations Committee - ADDITIONAL INFORMATION

Funds Established Per the Bond Resolutions

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) .	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Self Insurance - Property

For the Second Quarter Ending March 31, 2022

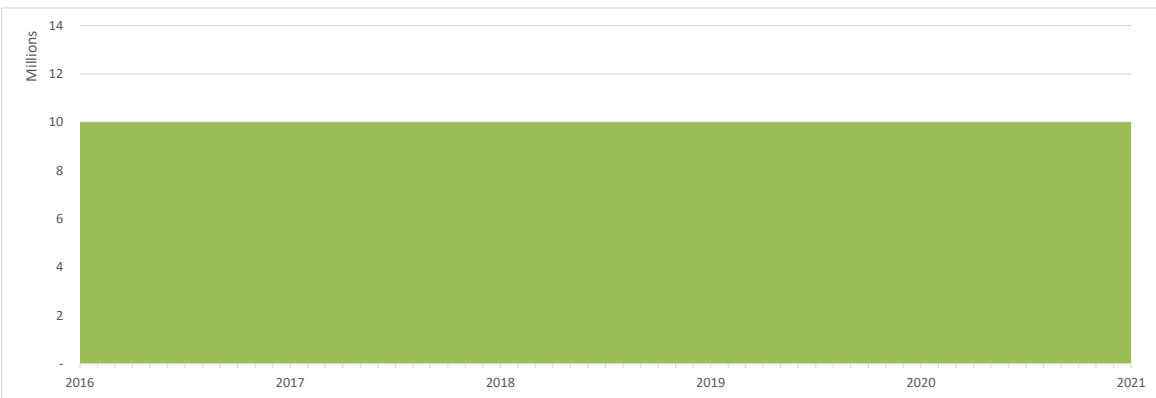
Definitions
and Goals

JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					
Ending Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000



Observations

- Reserve/Fund Authorization: Budget Appropriation.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Self Insurance - Employee Health Insurance

For the Second Quarter Ending March 31, 2022

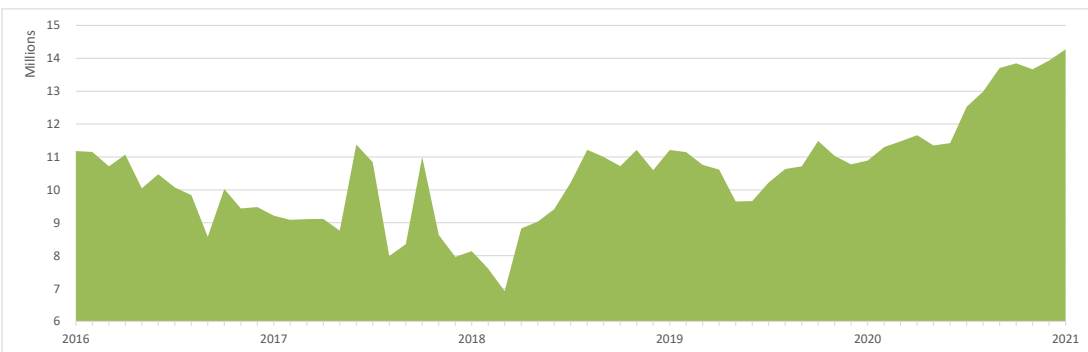
Definitions
and Goals

This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 13,452	\$ 14,272	\$ 14,272	\$ 14,200	\$ 15,193
Additions:					
Employee Contributions	1,690	3,341	6,578	6,578	6,572
Retiree & Other Contributions	1,841	2,866	6,931	6,931	7,074
Employer Contributions	5,230	10,270	20,071	20,071	19,669
Sub-total	\$ 8,761	\$ 16,477	\$ 33,580	\$ 33,580	\$ 33,314
Withdrawals:					
Payments for Claims	8,008	16,056	30,971	29,907	29,918
Actuary & Other Payments	498	986	2,681	2,681	2,401
Sub-total	\$ 8,506	\$ 17,042	\$ 33,652	\$ 32,588	\$ 32,319
Ending Balance	\$ 13,707	\$ 13,707	\$ 14,200	\$ 15,193	\$ 16,188

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 11,179	\$ 9,214	\$ 8,138	\$ 11,210	\$ 10,890
Additions:					
Employee Contributions	5,862	6,158	6,423	6,534	6,596
Retiree & Other Contributions	6,443	7,273	8,270	6,914	7,518
Employer Contributions	19,004	18,378	20,662	18,900	19,635
Sub-total	\$ 31,309	\$ 31,809	\$ 35,355	\$ 32,348	\$ 33,749
Withdrawals:					
Payments for Claims	30,994	30,933	29,860	30,387	28,408
Actuary & Other Payments	2,280	1,952	2,423	2,281	1,959
Sub-total	\$ 33,274	\$ 32,885	\$ 32,283	\$ 32,668	\$ 30,367
Ending balance	\$ 9,214	\$ 8,138	\$ 11,210	\$ 10,890	\$ 14,272



Maximum Balance: 12,860
Minimum Balance: 6,922

Average Balance: 10,101

Observations

- Self Insurance for Employee Health Insurance began in July 2009.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Rate Stabilization - Fuel Management

For the Second Quarter Ending March 31, 2022

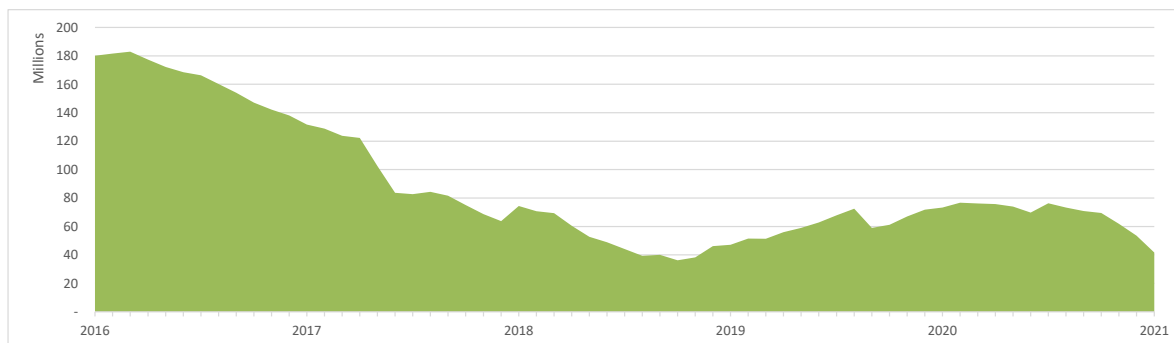
Definitions
and Goals

The Electric System Bond Resolution had authorized the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. In October 2021, the Rate Stabilization Fund was restructured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling and residual disposal expenses. Fuel and energy expenses not recovered by revenue within the month will be paid from unrestricted funds.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year-to-Date	2022	2023	2024
Opening Balance	\$ -	\$ 41,767	\$ 41,767	\$ -	\$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	41,767	41,767	-	-
Sub-total	\$ -	\$ 41,767	\$ 41,767	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 180,115	\$ 131,716	\$ 74,376	\$ 47,152	\$ 73,347
Additions:					
Contributions	2,845	-	11,597	44,553	9,945
Sub-total	\$ 2,845	\$ -	\$ 11,597	\$ 44,553	\$ 9,945
Withdrawals:					
Withdrawals	51,244	57,340	38,821	18,358	41,525
Fuel Rebate Credit					
Sub-total	\$ 51,244	\$ 57,340	\$ 38,821	\$ 18,358	\$ 41,525
Ending balance	\$ 131,716	\$ 74,376	\$ 47,152	\$ 73,347	\$ 41,767



Maximum Balance: 182,960
Minimum Balance: 36,191

Average Balance: 97,079

Observations

- Actual and historical numbers reflect fuel recovery contributions and withdrawals on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11. Fund closed in November 2021.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Rate Stabilization - DSM / Conservation

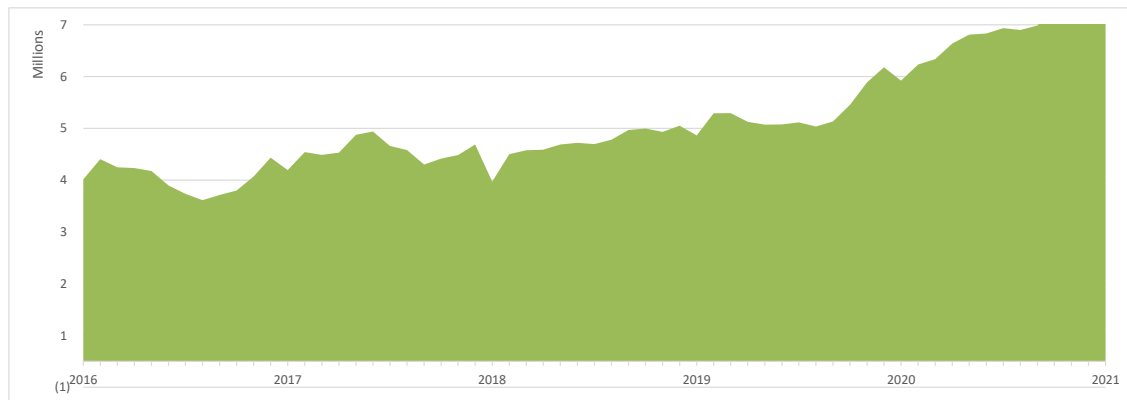
For the Second Quarter Ending March 31, 2022

Definitions
and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section V of the Pricing Policy, \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 7,885	\$ 7,233	\$ 7,233	\$ 8,339	\$ 8,059
Additions:					
Contributions	1,938	3,485	6,790	6,832	6,832
Sub-total	\$ 1,938	\$ 3,485	\$ 6,790	\$ 6,832	\$ 6,832
Withdrawals:					
Withdrawals	1,172	2,067	5,684	7,112	6,325
Sub-total	\$ 1,172	\$ 2,067	\$ 5,684	\$ 7,112	\$ 6,325
Ending Balance	\$ 8,651	\$ 8,651	\$ 8,339	\$ 8,059	\$ 8,566

Historical Activity					
	2017	2018	2019	2020	2021
Opening Balance	\$ 3,515	\$ 3,695	\$ 3,470	\$ 4,363	\$ 5,423
Additions:					
Contributions	6,685	7,088	7,042	6,969	6,929
Sub-total	\$ 6,685	\$ 7,088	\$ 7,042	\$ 6,969	\$ 6,929
Withdrawals:					
Withdrawals	6,505	7,313	6,149	5,909	5,119
Sub-total	\$ 6,505	\$ 7,313	\$ 6,149	\$ 5,909	\$ 5,119
Ending balance	\$ 3,695	\$ 3,470	\$ 4,363	\$ 5,423	\$ 7,233



Maximum Balance: 7,641
Minimum Balance: 2,848

Average Balance: 4,413

Observations

- Rate Stabilization Fund for Demand Side Management began in April 2009.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Rate Stabilization - Environmental

For the Second Quarter Ending March 31, 2022

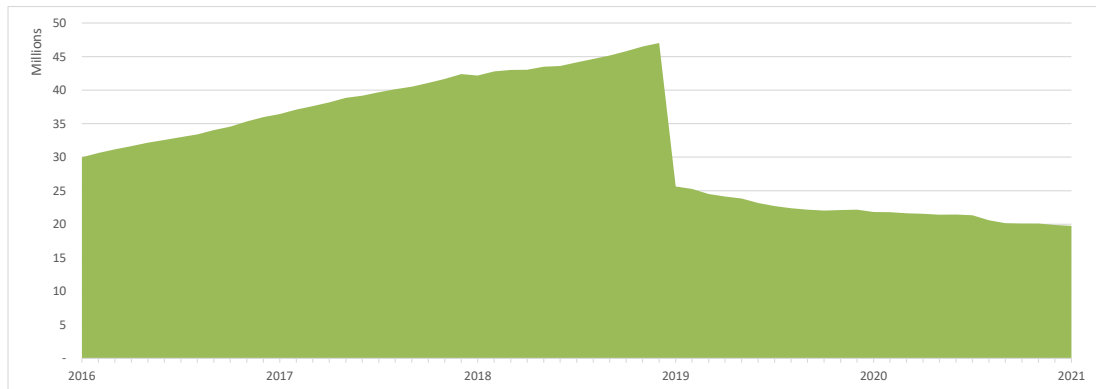
Definitions
and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge (\$0.62 per 1000 kWh). Withdrawals from this reserve are limited to potential environmental expenditures approved by the Board, and may include initiatives such as the cost of acquisition of renewable energy capacity. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 19,629	\$ 19,756	\$ 19,756	\$ 17,972	\$ 16,039
Additions:					
Contributions	Error (Logon)	3,428	7,513	7,442	7,442
Sub-total	\$ -	\$ 3,428	\$ 7,513	\$ 7,442	\$ 7,442
Withdrawals:					
Withdrawals	#VALUE!	3,535	9,297	9,375	1,975
Ending Balance	#VALUE!	\$ 19,649	\$ 17,972	\$ 16,039	\$ 21,506

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 29,975	\$ 36,417	\$ 42,163	\$ 25,632	\$ 21,818
Additions:					
Contributions	7,384	7,572	7,578	7,469	7,497
Sub-total	\$ 7,384	\$ 7,572	\$ 7,578	\$ 7,469	\$ 7,497
Withdrawals:					
Withdrawals	942	1,827	24,109	11,283	9,559
Sub-total	\$ 942	\$ 1,827	\$ 24,109	\$ 11,283	\$ 9,559
Ending balance	\$ 36,417	\$ 42,163	\$ 25,632	\$ 21,818	\$ 19,756



Maximum Balance: 47,018
Minimum Balance: 19,756

Average Balance: 31,181

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Rate Stabilization - Debt Management

For the Second Quarter Ending March 31, 2022

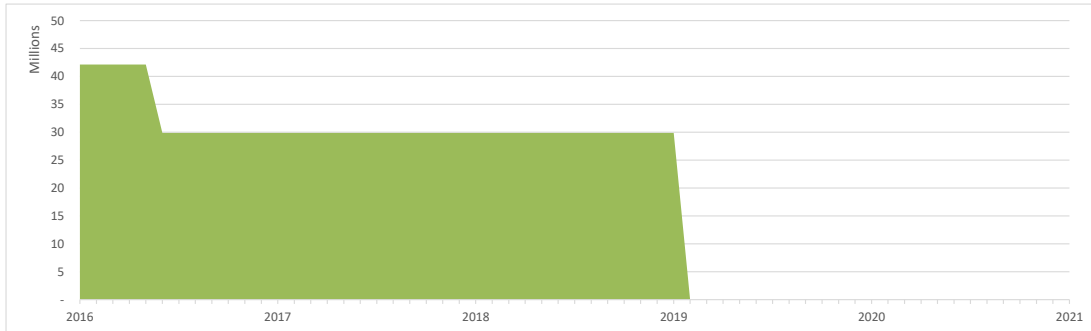
Definitions
and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. Funds used in October 2019 for defeasance of debt.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 29,884	\$ 29,884	\$ 29,884	\$ 29,884	\$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	29,884	-
Sub-total	\$ -	\$ -	\$ -	\$ 29,884	\$ -
Ending balance	\$ 29,884	\$ 29,884	\$ 29,884	\$ -	\$ -



Maximum Balance: 42,126
Minimum Balance: -

Average Balance: 25,878

Observations

- Rate Stabilization Fund for Debt Management began in May 2009. Funds used for defeasances in October 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Second Quarter Ending March 31, 2022

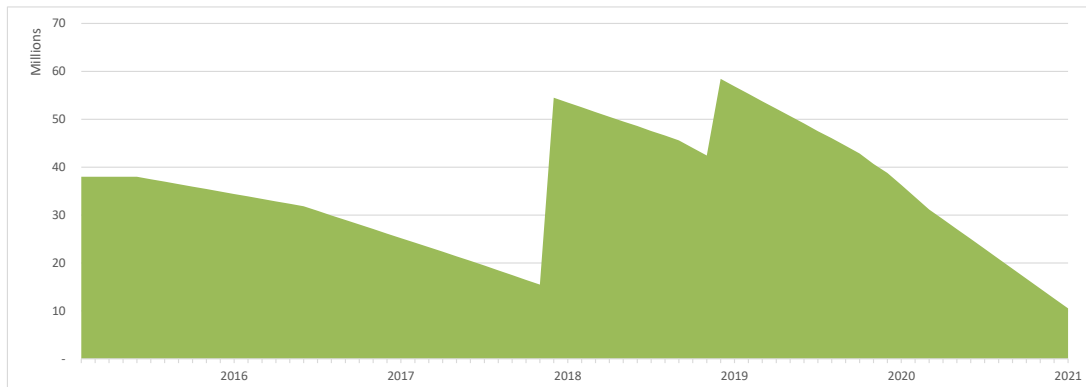
Definitions
and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 3,968	\$ 10,513	\$ 10,513	\$ 101,212	\$ 231,212
Additions:					
Contributions	#VALUE!	12,875	114,088	130,000	
Sub-total	#VALUE!	\$ 12,875	\$ 114,088	\$ 130,000	\$ -
Withdrawals:					
Withdrawals	#VALUE!	13,693	23,389	-	
Ending Balance	#VALUE!	\$ 9,695	\$ 101,212	\$ 231,212	\$ 231,212

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 34,400	\$ 25,189	\$ 53,493	\$ 56,870	\$ 36,326
Additions:					
Contributions		40,000	17,566		-
Sub-total	\$ -	\$ 40,000	\$ 17,566	\$ -	\$ -
Withdrawals:					
Withdrawals	9,211	11,696	14,189	20,544	25,813
Sub-total	\$ 9,211	\$ 11,696	\$ 14,189	\$ 20,544	\$ 25,813
Ending balance	\$ 25,189	\$ 53,493	\$ 56,870	\$ 36,326	\$ 10,513



Maximum Balance: 58,436
Minimum Balance: 10,513

Average Balance: 35,060

Observations

- The Non-Fuel Purchased Power Rate Stabilization Fund began in FY 2014.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Environmental Reserve

For the Second Quarter Ending March 31, 2022

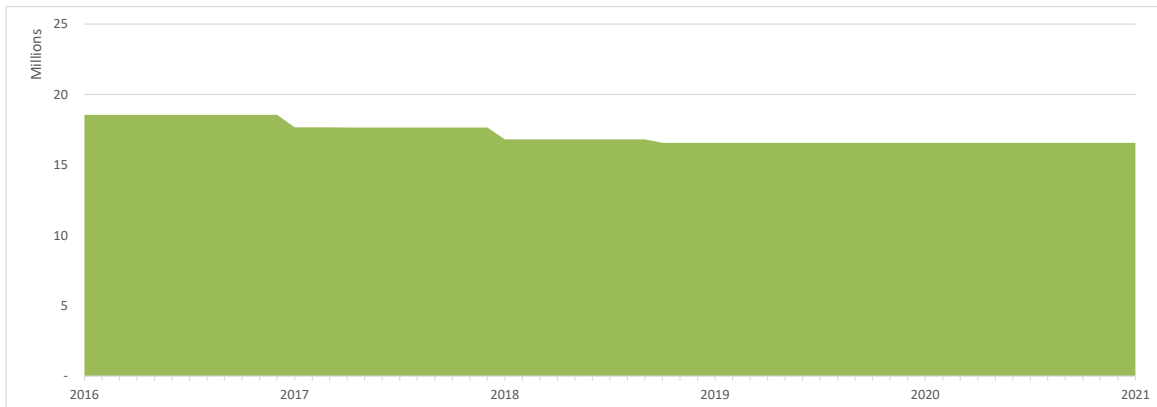
Definitions
and Goals

This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 16,568	\$ 16,568	\$ 16,568	\$ 16,568	\$ 2,768
Additions:					
Contributions		-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals		-	-	13,800	2,768
Ending Balance	\$ 16,568	\$ 16,568	\$ 16,568	\$ 2,768	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 18,556	\$ 17,672	\$ 16,818	\$ 16,568	\$ 16,568
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	884	854	250		
Sub-total	\$ 884	\$ 854	\$ 250	\$ -	\$ -
Ending balance	\$ 17,672	\$ 16,818	\$ 16,568	\$ 16,568	\$ 16,568



Maximum Balance: 18,662
Minimum Balance: 16,568

Average Balance: 17,426

Observations

- The Environmental Reserve began in FY 2008.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Customer Deposits

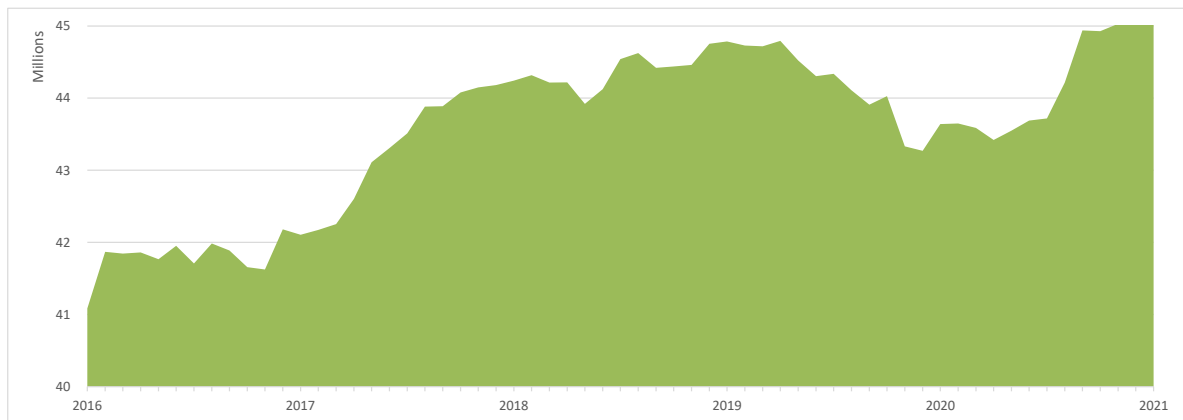
For the Second Quarter Ending March 31, 2022

Definitions
and Goals

Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 45,042	\$ 43,641	\$ 43,641	\$ 45,041	\$ 45,581
Additions:					
Net Customer Activity	Error (Logon)	2,153	1,777	1,441	1,609
Sub-total	\$ -	\$ 2,153	\$ 1,777	\$ 1,441	\$ 1,609
Withdrawals:					
Net Customer Activity	Error (Logon)	376	377	901	738
Ending Balance	\$ 45,042	\$ 45,418	\$ 45,041	\$ 45,581	\$ 46,452

Historical Activity					
	2017	2018	2019	2020	2021
Opening Balance	\$ 42,389	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785
Additions:					
Net Customer Activity		1,021	2,137	543	596
Sub-total	\$ -	\$ 1,021	\$ 2,137	\$ 543	\$ 596
Withdrawals:					
Net Customer Activity	1,305				1,740
Sub-total	\$ 1,305	\$ -	\$ -	\$ -	\$ 1,740
Ending balance	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785	\$ 43,641



Maximum Balance: 44,795
Minimum Balance: 41,084

Average Balance: 43,022

Observations

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Debt Service Sinking Fund

For the Second Quarter Ending March 31, 2022

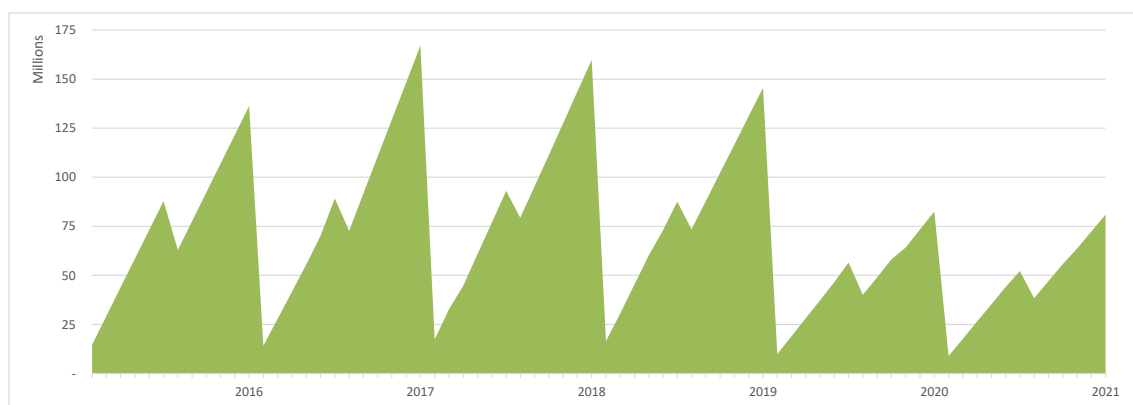
Definitions
and Goals

JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 21,933	\$ 80,988	\$ 80,988	\$ 66,418	\$ 38,106
Additions:					
Revenue Fund Deposits	22,268	44,413	89,971	64,946	82,393
Sub-total	\$ 22,268	\$ 44,413	\$ 89,971	\$ 64,946	\$ 82,393
Withdrawals:					
Principal and Int Payments	348	81,548	104,541	93,258	68,976
Sub-total	\$ 348	\$ 81,548	\$ 104,541	\$ 93,258	\$ 68,976
Ending Balance	\$ 43,853	\$ 43,853	\$ 66,418	\$ 38,106	\$ 51,523

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 134,927	\$ 165,782	\$ 158,351	\$ 144,215	\$ 81,220
Additions:					
Revenue Fund Deposits	209,450	201,359	186,135	116,826	107,672
Sub-total	\$ 209,450	\$ 201,359	\$ 186,135	\$ 116,826	\$ 107,672
Withdrawals:					
Principal and Int Payments	178,595	208,790	200,271	179,821	107,904
Sub-total	\$ 178,595	\$ 208,790	\$ 200,271	\$ 179,821	\$ 107,904
Ending balance	\$ 165,782	\$ 158,351	\$ 144,215	\$ 81,220	\$ 80,988



Maximum Balance: 167,087
Minimum Balance: 8,953

Average Balance: 70,059

Observations

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).
- Projections are based on the debt outstanding as of the quarter-end referenced above.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Debt Service Reserve Account

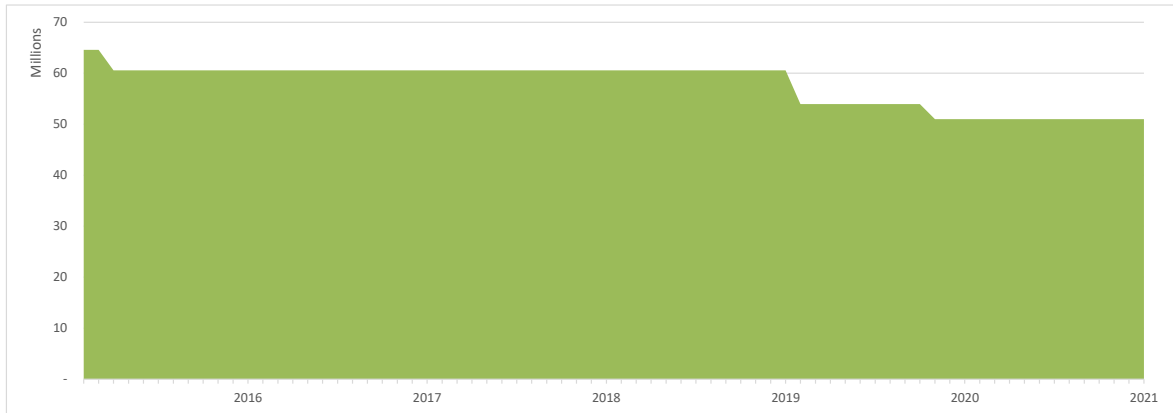
For the Second Quarter Ending March 31, 2022

Definitions
and Goals

This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	<u>2022</u>	<u>2023</u>	<u>2024</u>
Opening Balance	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Ending Balance	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993	\$ 50,993

Historical Activity					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582	\$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Release to Revenue Fund				2,956	
Release for Defeasance				6,633	
Sub-total	\$ -	\$ -	\$ -	\$ 9,589	\$ -
Ending balance	\$ 60,582	\$ 60,582	\$ 60,582	\$ 50,993	\$ 50,993



Maximum Balance: 64,595 Average Balance: 57,867
 Minimum Balance: 50,993

Observations

- This report does not include any Scherer debt service reserves.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Second Quarter Ending March 31, 2022

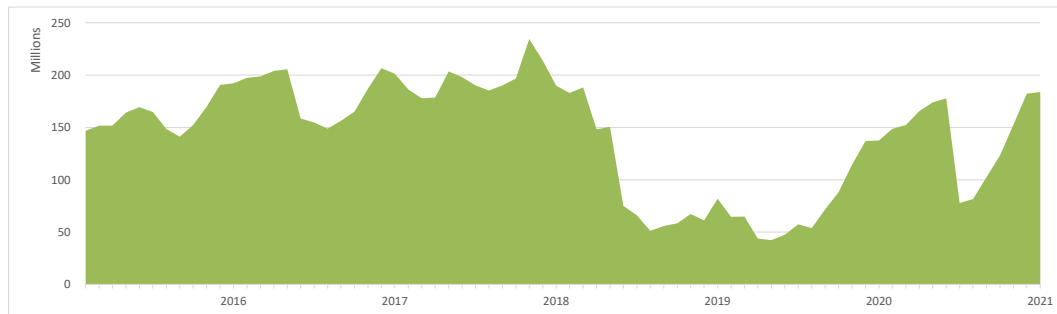
Definitions
and Goals

Pursuant to the bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures known as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 218,445	\$ 183,800	\$ 183,800	\$ 217,017	\$ 77,425
Additions:					
R&R/OCO Contribution	38,581	109,162	212,058	121,237	174,157
Transfers betw Capital Fds					
Other	1,851	3,974	7,077	6,705	-
Sub-total	\$ 40,432	\$ 113,136	\$ 219,135	\$ 127,942	\$ 174,157
Withdrawals:					
Capital Expenditures	39,368	77,427	185,918	267,534	221,128
Transfers betw Capital Fds					
Debt Reduction	-	-	-		
Other					1,500
Sub-total	\$ 39,368	\$ 77,427	\$ 185,918	\$ 267,534	\$ 222,628
Ending Balance	\$ 219,509	\$ 219,509	\$ 217,017	\$ 77,425	\$ 28,954

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 192,179	\$ 201,368	\$ 189,922	\$ 81,964	\$ 137,643
Additions:					
R&R/OCO Contribution	196,589	148,105	197,623	272,342	296,824
Loans betw Capital Fds					
Other	5,074	35,675	39,521	8,389	11,668
Sub-total	\$ 201,663	\$ 183,780	\$ 237,144	\$ 280,731	\$ 308,492
Withdrawals:					
Capital Expenditures	113,987	181,263	275,042	206,415	155,486
Transfers/loans b/w Capital Fds	37,200				
Debt Defeasance			70,000	18,637	106,849
Other	41,287	13,963	60	-	-
Sub-total	\$ 192,474	\$ 195,226	\$ 345,102	\$ 225,052	\$ 262,335
Ending balance	\$ 201,368	\$ 189,922	\$ 81,964	\$ 137,643	\$ 183,800



Maximum Balance: 234,504
Minimum Balance: 42,396

Average Balance: 143,160

Observations

- Other includes Sale of Property and miscellaneous billings.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Environmental Fund - Capital Projects

For the Second Quarter Ending March 31, 2022

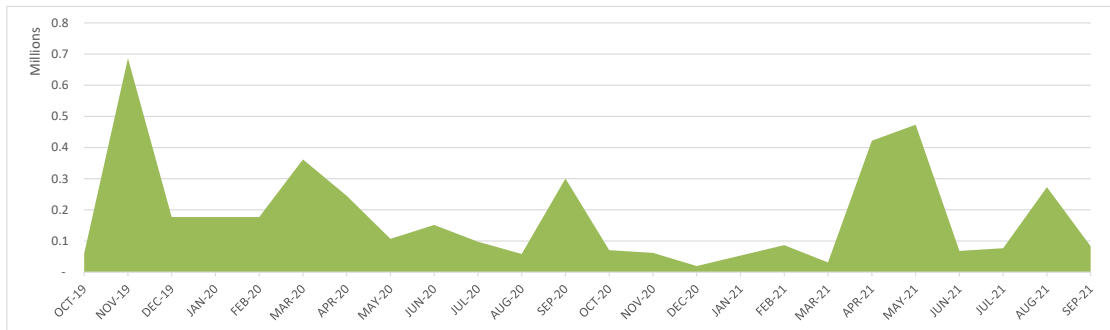
Definitions
and Goals

The Environmental Charge will be applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs. The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve, as specified in the Pricing Policy for specific environmental and regulatory programs. This fund represents the amounts collected from the Electric System Environmental Charge and used on expenditures for capital projects.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 3	\$ 83	\$ 83	\$ 647	\$ -
Additions:					
Environmental Contributions	103	391	8,575	472	-
Transfers betw Capital Fds					
Other					
Sub-total	\$ 103	\$ 391	\$ 8,575	\$ 472	\$ -
Withdrawals:					
Capital Expenditures	89	457	8,011	1,119	-
Transfers betw Capital Fds					
Other					
Sub-total	\$ 89	\$ 457	\$ 8,011	\$ 1,119	\$ -
Ending Balance	\$ 17	\$ 17	\$ 647	\$ -	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 301
Additions:					
Environmental Contributions				4,389	2,769
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ 4,389	\$ 2,769
Withdrawals:					
Capital Expenditures				4,088	2,987
Transfers/loans b/w Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ 4,088	\$ 2,987
Ending balance	\$ -	\$ -	\$ -	\$ 301	\$ 83



Maximum Balance:
Minimum Balance:

686
19

Average Balance:

180

Observations

- The Environmental Construction Fund began in October 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Construction / Bond Fund

For the Second Quarter Ending March 31, 2022

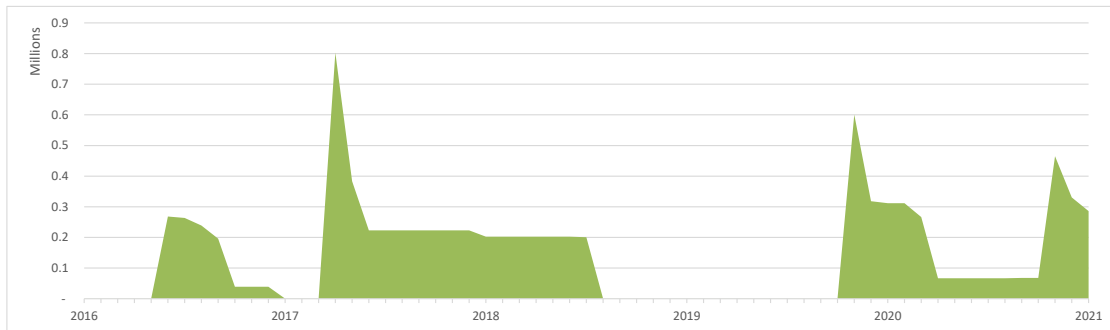
Definitions
and Goals

JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 286	\$ 286	\$ 286	\$ -	\$ -
Additions:					
Bond Proceeds	-	-	-		3,700
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 3,700
Withdrawals:					
Capital Expenditures	-	-	286	-	3,700
Transfers betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ 286	\$ -	\$ 3,700
Ending Balance	\$ 286	\$ 286	\$ -	\$ -	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ -	\$ 2	\$ 205	\$ 2	\$ 314
Additions:					
Bond Proceeds	429	805		601	397
Loans betw Capital Fds					
Other	2				
Sub-total	\$ 431	\$ 805	\$ -	\$ 601	\$ 397
Withdrawals:					
Capital Expenditures				289	425
Transfers/loans b/w Capital Fds			201		
Other	429	602	2		
Sub-total	\$ 429	\$ 602	\$ 203	\$ 289	\$ 425
Ending balance	\$ 2	\$ 205	\$ 2	\$ 314	\$ 286



Maximum Balance: 803
Minimum Balance: -

Average Balance: 120

Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System Rate Stabilization - Debt Management

For the Second Quarter Ending March 31, 2022

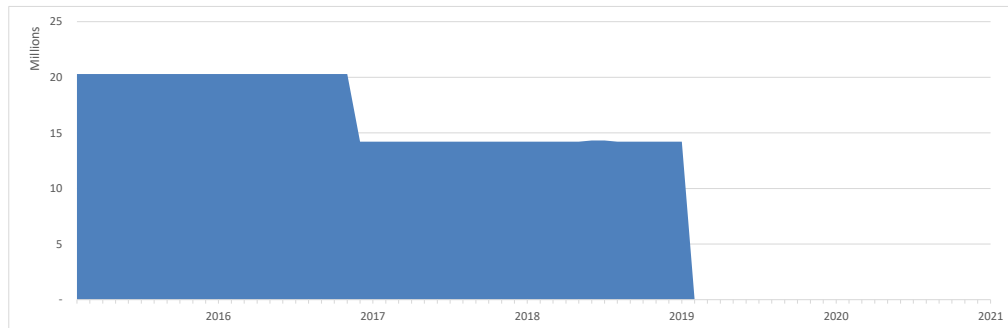
Definitions
and Goals

The Water System Bond Resolution authorizes the establishment of a Rate Stabilization Fund ("RSF") in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this RSF for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 14,209	\$ 14,209	\$ 14,209	\$ 14,209	\$ -
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals			-	14,209	-
Sub-total	\$ -	\$ -	\$ -	\$ 14,209	\$ -
Ending balance	\$ 14,209	\$ 14,209	\$ 14,209	\$ -	\$ -



Maximum Balance: 20,290
Minimum Balance: -

Average Balance: 11,334

Observations

- Contributions began in June 2009. Funds used for defeasances in October 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System Rate Stabilization - Environmental

For the Second Quarter Ending March 31, 2022

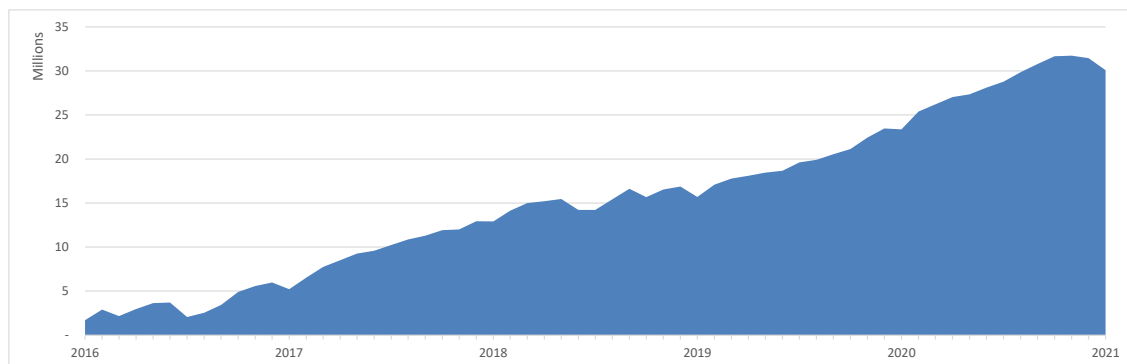
Definitions
and Goals

The Water System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as debt management and regulatory requirements or initiatives.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 28,443	\$ 30,077	\$ 30,077	\$ 25,853	\$ 11,984
Additions:					
Contributions	#VALUE!	12,595	27,040	27,004	27,547
Sub-total	#VALUE!	\$ 12,595	\$ 27,040	\$ 27,004	\$ 27,547
Withdrawals:					
Withdrawals	#VALUE!	13,598	31,264	40,873	26,530
COJ Septic Tank Agreement			-		
Sub-total	#VALUE!	\$ 13,598	\$ 31,264	\$ 40,873	\$ 26,530
Ending Balance	#VALUE!	\$ 29,074	\$ 25,853	\$ 11,984	\$ 13,001

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 1,699	\$ 5,214	\$ 12,914	\$ 15,687	\$ 23,372
Additions:					
Contributions	24,362	23,829	25,099	25,677	25,198
Sub-total	\$ 24,362	\$ 23,829	\$ 25,099	\$ 25,677	\$ 25,198
Withdrawals:					
Withdrawals	20,847	16,129	22,326	17,992	18,493
Sub-total	\$ 20,847	\$ 16,129	\$ 22,326	\$ 17,992	\$ 18,493
Ending balance	\$ 5,214	\$ 12,914	\$ 15,687	\$ 23,372	\$ 30,077



Maximum Balance: 31,730
Minimum Balance: 1,699

Average Balance: 13,789

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System Customer Deposits

For the Second Quarter Ending March 31, 2022

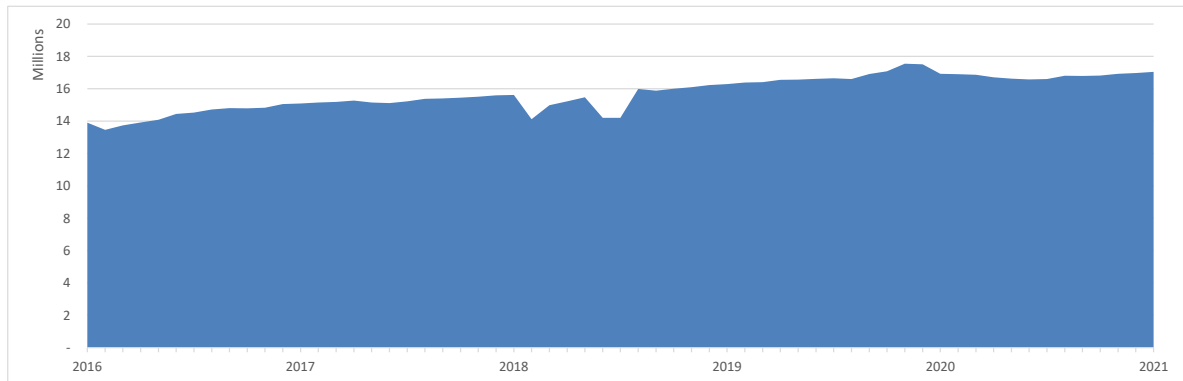
Definitions
and Goals

Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 17,307	\$ 17,043	\$ 17,043	\$ 17,307	\$ 17,733
Additions:					
Allocated from Electric	Error (Logon)	356	629	809	645
Sub-total	\$ -	\$ 356	\$ 629	\$ 809	\$ 645
Withdrawals:					
Allocated from Electric	Error (Logon)	322	365	383	401
Sub-total	\$ -	\$ 322	\$ 365	\$ 383	\$ 401
Ending Balance	\$ 17,307	\$ 17,077	\$ 17,307	\$ 17,733	\$ 17,976

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 13,910	\$ 15,086	\$ 15,616	\$ 16,289	\$ 16,926
Additions:					
Allocated from Electric	1,633	730	888	1,318	480
Sub-total	\$ 1,633	\$ 730	\$ 888	\$ 1,318	\$ 480
Withdrawals:	457	200	215	681	363
Allocated from Electric					
Sub-total	\$ 457	\$ 200	\$ 215	\$ 681	\$ 363
Ending balance	\$ 15,086	\$ 15,616	\$ 16,289	\$ 16,926	\$ 17,043



Maximum Balance: 17,549
Minimum Balance: 13,239

Average Balance: 15,429

Observations

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System Debt Service Sinking Fund

For the Second Quarter Ending March 31, 2022

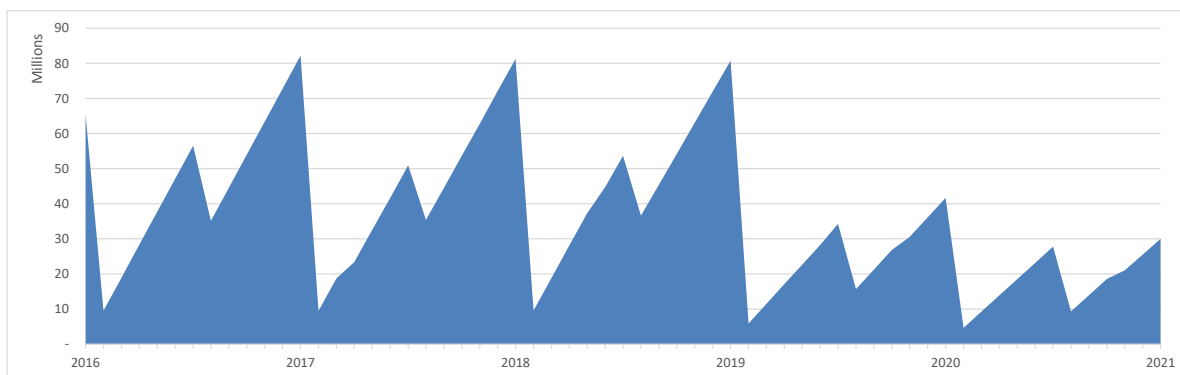
Definitions
and Goals

JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 13,618	\$ 30,006	\$ 30,006	\$ 32,187	\$ 73,816
Additions:					
Revenue fund deposits	13,708	27,346	54,939	102,138	104,264
Sub-total	\$ 13,708	\$ 27,346	\$ 54,939	\$ 102,138	\$ 104,264
Withdrawals:					
Principal and interest payments	58	30,084	52,758	60,509	101,945
Sub-total	\$ 58	\$ 30,084	\$ 52,758	\$ 60,509	\$ 101,945
Ending Balance	\$ 27,268	\$ 27,268	\$ 32,187	\$ 73,816	\$ 76,135

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 65,410	\$ 82,208	\$ 81,241	\$ 80,775	\$ 41,660
Additions:					
Revenue fund deposits	114,873	113,636	112,251	69,515	59,573
Sub-total	\$ 114,873	\$ 113,636	\$ 112,251	\$ 69,515	\$ 59,573
Withdrawals:					
Principal and interest payments	98,075	114,603	112,717	108,630	71,227
Sub-total	\$ 98,075	\$ 114,603	\$ 112,717	\$ 108,630	\$ 71,227
Ending balance	\$ 82,208	\$ 81,241	\$ 80,775	\$ 41,660	\$ 30,006



Maximum Balance: 82,208
Minimum Balance: 4,659

Average Balance: 35,670

Observations

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).
- Projections are based on the debt outstanding as of the quarter referenced above.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System Debt Service Reserve Account

For the Second Quarter Ending March 31, 2022

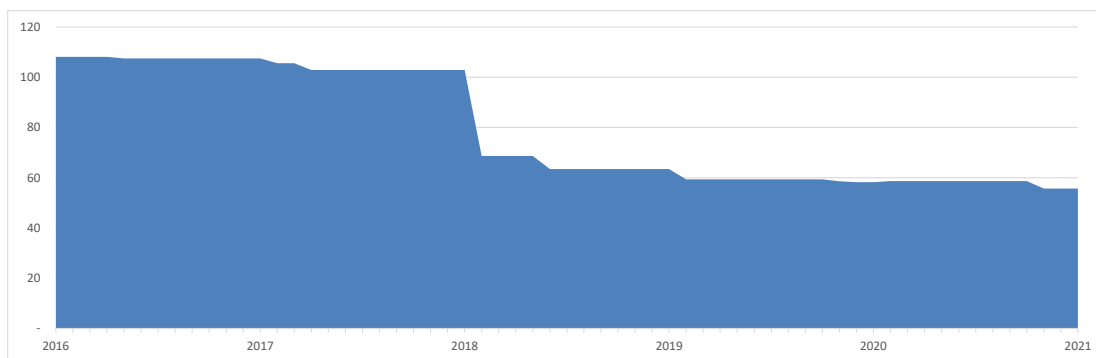
Definitions
and Goals

This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 56,606	\$ 55,665	\$ 55,665	\$ 56,606	\$ 57,586
Additions:					
Bond Issue - Deposit	-	941	941	980	
Revenue Fund		-			
Sub-total	\$ -	\$ 941	\$ 941	\$ 980	\$ -
Withdrawals:					
Revenue Fund			-		314
Release to Refunding Defeasance			-		1,288
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 1,602
Ending Balance	\$ 56,606	\$ 56,606	\$ 56,606	\$ 57,586	\$ 55,984

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 108,086	\$ 107,488	\$ 102,850	\$ 63,441	\$ 58,228
Additions:					
Construction reserves/bond issues				737	
Revenue fund					435
Sub-total	\$ -	\$ -	\$ -	\$ 737	\$ 435
Withdrawals:					
Revenue fund	598	4,638	5,525	1,689	795
Release for Defeasance			33,884	2,791	2,203
Release to Refunding Defeasance				1,470	
Sub-total	\$ 598	\$ 4,638	\$ 39,409	\$ 5,950	\$ 2,998
Ending balance	\$ 107,488	\$ 102,850	\$ 63,441	\$ 58,228	\$ 55,665



Maximum Balance: 116,829
Minimum Balance: 58,228

Average Balance: 92,895

Observations

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- 2018 Bond Resolution amendment will allow the use of \$33 million AA+ rated Berkshire Hathaway Assurance surety policy to be included in Debt Service Reserve Fund funding calculation which allowed the release of \$33.8 million to the Construction Fund.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Second Quarter Ending March 31, 2022

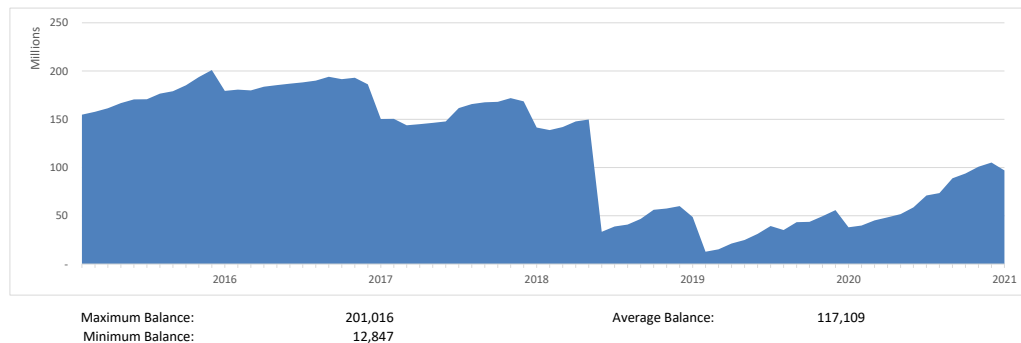
Definitions and Goals

Pursuant to the Water System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds. Capacity fees are charged to customers as a one-time fee for a new connection to the Water System and a one-time fee for a new connection to the Water Reclamation System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water System or paying or providing for the payment of debt that was issued for the same purpose.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year-to-Date	2022	2023	2024
Opening Balance	\$ 107,817	\$ 97,066	\$ 97,066	\$ 122,794	\$ 15,484
Additions:					
R&R/OCO Contribution	47,089	99,178	181,250	161,347	159,414
Capacity Fees	10,065	17,352	55,435	102,743	113,657
Transfer from Capital Fds			-	-	-
Other	8,170	10,652	19,443	8,600	8,600
Sub-total	\$ 65,324	\$ 127,182	\$ 256,128	\$ 272,690	\$ 281,671
Withdrawals:					
Capital Expenditures	43,595	94,702	230,400	380,000	273,773
Debt Defeasance					
Other					
Sub-total	\$ 43,595	\$ 94,702	\$ 230,400	\$ 380,000	\$ 273,773
Ending Balance	\$ 129,546	\$ 129,546	\$ 122,794	\$ 15,484	\$ 23,382

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 179,431	\$ 150,319	\$ 141,415	\$ 48,796	\$ 38,131
Additions:					
R&R/OCO Contribution	108,119	153,372	150,171	166,107	193,071
Capacity Fees	24,777	28,002	29,389	32,857	39,930
Loans betw Capital Fds	137		268		
Other (incl septic tank)	8,050	6,383	16,390	12,654	7,571
Sub-total	\$ 141,083	\$ 187,757	\$ 196,218	\$ 211,618	\$ 240,572
Withdrawals:					
Capital Expenditures	165,242	196,637	189,626	191,087	181,637
Loan Repayment			99,189	31,196	
Transfer to Constr. Fund					
Other (incl septic tank)	4,953	24	22		
Sub-total	\$ 170,195	\$ 196,661	\$ 288,837	\$ 222,283	\$ 181,637
Ending balance	\$ 150,319	\$ 141,415	\$ 48,796	\$ 38,131	\$ 97,066



Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2025.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System - Environmental Fund [Capital Projects]

For the Second Quarter Ending March 31, 2022

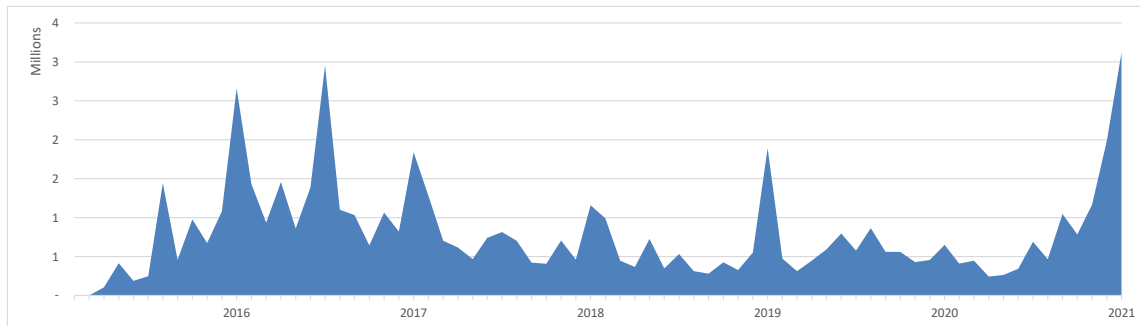
Definitions and Goals

The Environmental Charge will be applied to all water, water reclamation, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 912	\$ 3,118	\$ 3,118	\$ 3,975	\$ 3,975
Additions:					
Environmental Contributions	2,862	4,807	21,397	20,000	774
Loans betw Capital Fds					
Other					
Sub-total	\$ 2,862	\$ 4,807	\$ 21,397	\$ 20,000	\$ 774
Withdrawals:					
Capital Expenditures	2,325	6,476	20,540	20,000	774
Other					
Sub-total	\$ 2,325	\$ 6,476	\$ 20,540	\$ 20,000	\$ 774
Ending Balance	\$ 1,449	\$ 1,449	\$ 3,975	\$ 3,975	\$ 3,975

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 2,659	\$ 1,839	\$ 1,159	\$ 1,891	\$ 648
Additions:					
Environmental Contributions	12,394	6,691	10,656	6,649	9,743
Loans betw Capital Fds					
Other					
Sub-total	\$ 12,394	\$ 6,691	\$ 10,656	\$ 6,649	\$ 9,743
Withdrawals:					
Capital Expenditures	13,214	7,370	9,924	7,892	7,273
Septic Tank Phase Out					
Other		1			
Sub-total	\$ 13,214	\$ 7,371	\$ 9,924	\$ 7,892	\$ 7,273
Ending balance	\$ 1,839	\$ 1,159	\$ 1,891	\$ 648	\$ 3,118



Maximum Balance: 3,118
Minimum Balance: -

Average Balance: 793

Observations

Finance & Operations Committee - ADDITIONAL INFORMATION

Water System - Construction / Bond Fund

For the Second Quarter Ending March 31, 2022

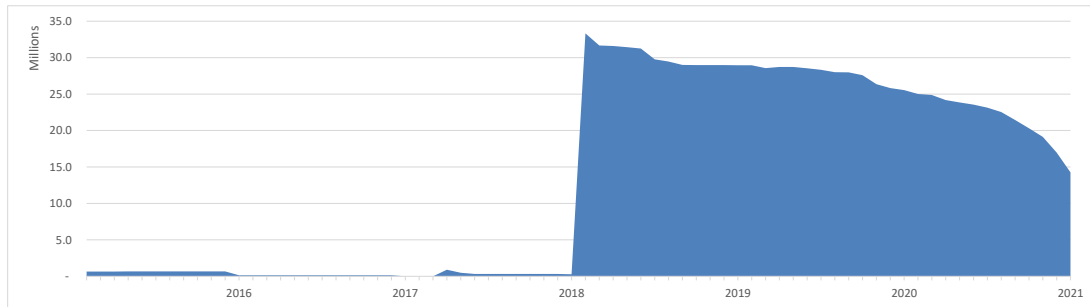
Definitions and Goals

JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water System.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2022	2023	2024
Opening Balance	\$ 10,818	\$ 14,266	\$ 14,266	\$ -	\$ -
Additions:					
Bond Proceeds	-	-			225,000
Revolving credit facility				-	
Other	4	10	11		
Sub-total	\$ 4	\$ 10	\$ 11	\$ -	\$ 225,000
Withdrawals:					
Capital Expenditures/Bond Issue Costs	4,431	7,885	14,277	-	225,000
Other					
Sub-total	\$ 4,431	\$ 7,885	\$ 14,277	\$ -	\$ 225,000
Ending Balance	\$ 6,391	\$ 6,391	\$ -	\$ -	\$ -

Historical Activity

	2017	2018	2019	2020	2021
Opening Balance	\$ 152	\$ 15	\$ 284	\$ 28,968	\$ 25,541
Additions:					
Bond Proceeds		894	33,884	506	520
Revolving credit facility					
Loans/transfers b/w Capital Fds				837	34
Other					
Sub-total	\$ -	\$ 894	\$ 33,884	\$ 1,343	\$ 554
Withdrawals:					
Capital Expenditures		623	4,930	4,770	11,829
Bond Proceeds					
Loans/trnsf btw CapFds					
Other	137	2	270	-	-
Sub-total	\$ 137	\$ 625	\$ 5,200	\$ 4,770	\$ 11,829
Ending balance	\$ 15	\$ 284	\$ 28,968	\$ 25,541	\$ 14,266



Maximum Balance: 33,333
Minimum Balance: 15

Average Balance: 13,460

Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs. Release of Debt Service Reserve Funds in Oct 2018.



Appendix F JEA Energy Market Risk Management Policy Report



Energy Market Risk Management: Physical and Financial Positions

Summary as of 1/1/2022	
Projected FY22 Fuel Expense (Budget = \$376M)	\$571
Proposed FY23 Budget Projection	\$592
EMRM Compliance	Yes
Counterparty Credit Limit Exceptions	No
Any Issues of Concern	No

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 4/1/2022

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
NS CFB	Limestone	CY22-CY24 Vulcan	Fixed Price	\$8,014,863	2.75 years
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$805,348,869	9.17 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$183,388,779	27 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$175,420,857	27.16 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$106,291,889	17 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$170,626,673	27.25 years

Table 2: Financial Positions as of 4/1/2022

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY22	Natural Gas	28,098,628	19,280,000	68.6%	\$ 5.81	Swap	\$ 3.24	\$ (32,843,050)	Wells Fargo & RBC
FY23	Natural Gas	65,274,512	23,720,000	36.3%	\$ 4.96	Swap	\$ 2.49	\$ (58,664,650)	Wells Fargo & RBC
FY24	Natural Gas	65,867,588	22,067,200	33.5%	\$ 3.90	Swap	\$ 2.83	\$ (20,060,668)	Wells Fargo & RBC
FY25	Natural Gas	60,741,329	13,370,000	22.0%	\$ 3.79	Swap	\$ 3.03	\$ (8,740,563)	Wells Fargo & RBC
FY26	Natural Gas	69,848,375	6,295,200	9.0%	\$ 3.87	Swap	\$ 3.06	\$ (3,228,956)	Wells Fargo & RBC
FY27	Natural Gas	61,692,435	248,000	0.4%	\$ 3.97	Swap	\$ 2.92	\$ (215,636)	Wells Fargo
CY22-31	Nat.Gas-PPA	118,540,714	82,978,500	70.0%	\$ 4.48	Swap	\$ 2.58	\$ (157,921,786)	Nextera

Table 3: Fuel & Purchase Power Procurement as of 4/1/2022

Fuel Type	Natural Gas	Coal	Petcoke	Limestone	FPL PPA	PurchPwr	Oil/Diesel	Renewables	Vogle
FY22 Remaining / Energy Mix	50%	4%	5%	N/A	16%	23%	0%	1%	-
Expected Spend (\$)	124.4M	14.1M	34.1M	1.6M	24.5M	86.6M	2.3M	8M	-
% Procured	31%	100%	100%	100%	100%	38%	100%	100%	-
% Hedged	31%	100%	0%	100%	44%	38%	100%	100%	-
Fuel Type	Natural Gas	Coal	Petcoke	Limestone	FPL PPA	PurchPwr	Oil/Diesel	Renewables	Vogle
FY23 Budget / Energy Mix	62%	3%	6%	N/A	13%	12%	0%	1%	2%
Expected Spend (\$)	268.2M	38.8M	69.4M	3.2M	50M	101.8M	8M	14.6M	3.7M
% Procured	57%	14%	12%	100%	100%	0%	100%	100%	100%
% Hedged	22%	14%	0%	100%	61%	0%	100%	100%	100%
FY24 Projection / Energy Mix	62%	3%	7%	N/A	7%	7%	0%	1%	6%
Expected Spend (\$)	238.3M	29M	50M	3.2M	43.7M	51.2M	7.5M	14.7M	10.6M
% Procured	61%	0%	0%	100%	100%	0%	100%	100%	100%
% Hedged	26%	0%	0%	100%	68%	0%	100%	100%	100%

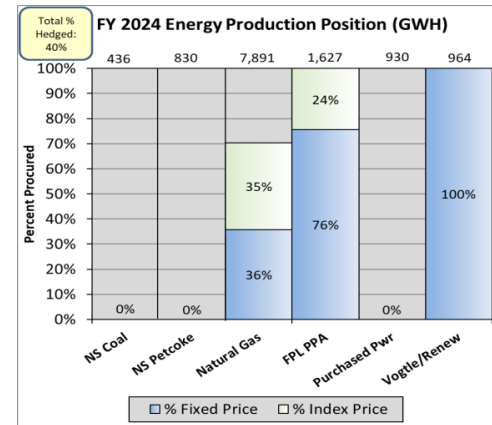
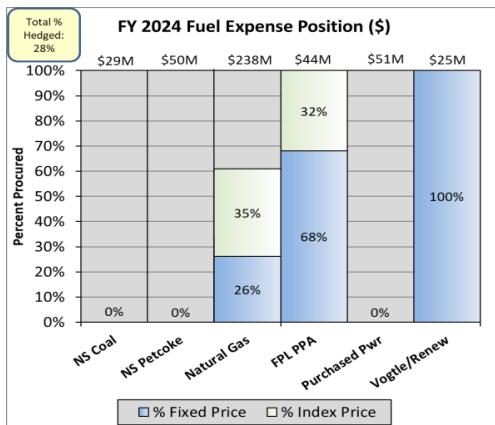
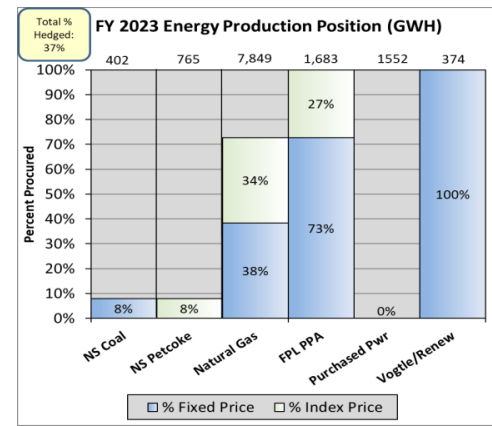
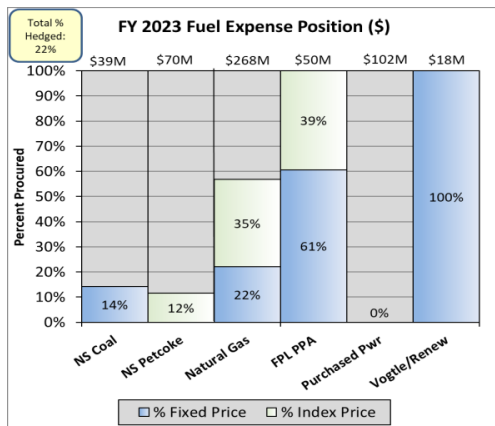
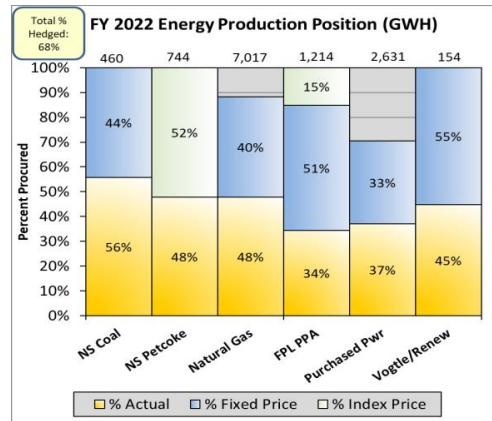
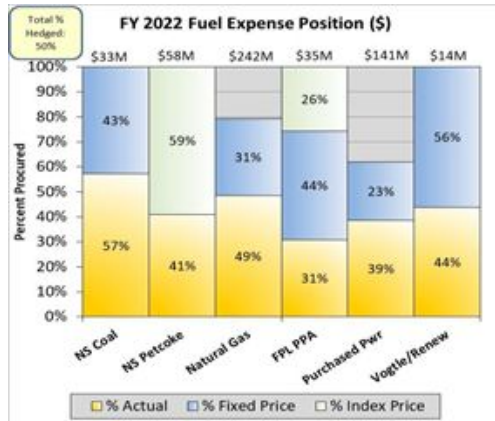
Supporting Notes:

- Renewable purchase power agreements are not included in Table 1
- Table 1: Natural Gas discount; Municipal Gas Authority of Georgia (MGAG) issues municipal bonds to prepay for gas, allowing them to offer discounts to JEA for qualified use
- Table 2 shows negative Mark-to-Market values, this indicates a projected payment to JEA for realized hedges
- Table 3: FY Energy Mix based on MWH; the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- Renewables in Table 3 represent signed agreements and an estimated cost for pending contracts
- Table 3: FY22 Projections includes Scherer 4 retirement as of 1/1/2022 with an FPL PPA agreement as replacement
- Scherer 4 retired on 1/1/22; Excess coal resold to other co-owners
- CY2022 contracts have been executed for Northside coal (fixed price) and petcoke (indexed price)

Finance & Operations Committee - ADDITIONAL INFORMATION

Finance and Audit Committee Report

4/7/2022





Appendix G Annual Disclosure Reports





**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX H hereto)**

Filed on EMMA

**Dated as of
[May 24, 2022]**

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Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
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(<http://www.jea.com>)

JEA OFFICIALS

BOARD OF DIRECTORS

Chair
Vice Chair
Secretary

Robert L. Stein
Martha T. Lanahan
Gen. Joseph P. DiSalvo
John D. Baker II
Dr. A. Zachary Faison, Jr.
Ricardo Morales III
Thomas VanOsdol

LEADERSHIP TEAM¹

Managing Director and Chief Executive Officer
Chief Operating Officer
Chief Customer Officer
Chief Human Resources Officer
Chief Financial Officer
Chief Administrative Officer
Chief External Affairs Officer
Chief Strategy Officer

Joseph C. Stowe III
Raynetta Curry Marshall²
Sheila E. Pressley
L. David Emanuel
Theodore B. Phillips³
Jody L. Brooks
Laura Marshall Schepis⁴
Laura M. Dutton

Vice President, Financial Services and Treasurer

Joseph E. Orfano⁵

GENERAL COUNSEL

Jason R. Teal, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

¹ Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

² On July 13, 2021, JEA named Raynetta Curry Marshall as Chief Operating Officer. Ms. Marshall began serving as Chief Operating Officer in August 2021.

³ On June 15, 2021, JEA named Theodore B. Phillips as Chief Financial Officer. Mr. Phillips began serving as Chief Financial Officer in August 2021.

⁴ Ms. Schepis began serving as Chief External Affairs Officer in September 2021.

⁵ Mr. Orfano is a member of the Extended Leadership Team. For additional information regarding the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

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**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

General

This Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2021 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX H attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2021, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System, and District Energy System is owned and operated by JEA separately. For information relating to JEA's Water and Sewer System and District Energy System, see the Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2021 (the "Water and Sewer/DES Annual Disclosure Report"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and revenues of the Electric System are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

For purposes of this Annual Disclosure Report, the Electric System, JEA's interest in the St. Johns River Power Park Units 1 and 2 (such generating station, the "Power Park" or "SJRPP") and the Scherer 4 Project (hereinafter defined) are referred to collectively as JEA's "Electric Utility Functions." SJRPP ceased commercial operation on January 5, 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein. Scherer Unit 4 (as defined herein) was retired on January 1, 2022. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. This Annual Disclosure Report contains information regarding JEA's Electric Utility Functions. For financing purposes, the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by JEA from the sale of electricity and related services. **Accordingly, the information contained herein relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, and certain proposed amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of such resolutions are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

Miscellaneous; Forward-Looking Statements

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having

regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise.

JEA Establishment and Organization

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The Charter assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would

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require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM⁽¹⁾</u>
Robert L. Stein, Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Vice Chair	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Gen. Joseph P. DiSalvo, Secretary	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2026
John D. Baker II	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2026
Ricardo 'Rick' Morales III	President & CEO, Morales Construction Co. Inc.	October 1, 2021 – February 28, 2024
Thomas VanOsdol	President & CEO, Ascension Florida	April 16, 2020 – February 28, 2023

⁽¹⁾ At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020. Mr. Stein was reappointed for a first full term commencing February 28, 2021. Mr. Morales was appointed for a first full term commencing October 1, 2021, replacing Dr. Leon L. Haley, Jr. General DiSalvo and Dr. Faison were each reappointed for a first full term commencing February 28, 2022.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. As of the date of this Annual Disclosure Report, Nassau County has not appointed a replacement for its previous representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its

utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act. JEA may develop other separate bulk power supply systems in connection with future generation and/or transmission projects. JEA has launched several initiatives to provide revenue diversity. Included in these initiatives are natural gas sales to commercial and industrial customers (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Natural Gas Sales*" herein), forestry management of JEA owned conservation lands, leasing of dark fiber and space on communication towers, transmission and distribution poles and partnering with the North Florida Transportation Planning Organization to encourage electrification.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, vice presidents, directors, managers, executive assistants and other appointed staff, numbering approximately 414 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

JEA's senior level management experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Chief Information Officer; Vice President, Technical Services; Chief Legal Counsel; Vice President, Communications; Vice President, Government Relations; Vice President, Environmental Services; Vice President, Corporate Strategy; and Vice President, Economic Development.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Chief Information Officer report to the Chief Financial Officer. The Chief Legal Counsel reports to the Chief Administrative Officer. The Vice President, Communications; Vice President, Government Relations; and Vice President, Environmental Services report to the Chief External Affairs Officer; and the Vice President, Corporate Strategy and Vice President, Economic Development report to the Chief Strategy Officer.

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Raynetta Curry Marshall, Chief Operating Officer. Ms. Marshall joined JEA as chief operating officer (COO) in August 2021. In her role, she leads all utility operations and the teams that provide reliable, affordable, safe utility services to more than one million Northeast Florida residents across four counties.

Ms. Marshall has more than 35 years of experience in water resources and utility management. During her diverse career, she has conducted planning analyses for water and

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wastewater systems; managed the design, engineering and construction management of various capital improvement projects; directed large-scale utility programs and provided administrative oversight for water utility system planning and new development.

Before coming to JEA as COO, Ms. Marshall, served as general manager of the Underground Utilities & Public Infrastructure Department (UU&PI) in Tallahassee, Florida. Prior to that, she served in several leadership roles at JEA from 2011 to 2019, including director of water/wastewater planning and development and director of water/wastewater project engineering and construction. She began her career at the Washington Suburban Sanitary Commission (WSSC) in Laurel, Maryland.

Ms. Marshall is a registered Professional Engineer in Florida and holds a master's degree in Environmental Engineering and a bachelor's degree in Civil Engineering from Howard University. She has served on various professional association boards and committees, including President of the Florida Water Environment Association and Chair of the Water Environment Federation Utility Management Committee.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Chief Customer Officer in February 2021. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity

of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Theodore "Ted" B. Phillips, Chief Financial Officer. Mr. Phillips joined JEA as its Chief Financial Officer in August 2021. In this role, his responsibilities include oversight of Financial Services, Financial Planning and Services, Treasury Services, Risk Management Services, Supply Chain, Corporate Security, Procurement, Emergency Preparedness and Business Continuity, Facilities and Fleet Services and Technical Services. He brings with him a wealth of experience leading finance teams for public utilities.

Prior to joining JEA, Mr. Phillips worked for 10 years with Huntsville (Ala.) Utilities, leading teams in Finance/Accounting, MIS, Technical Services, Purchasing, Stores & Warehouses, Fleet and Facilities. Previously, he spent 20 years in the public sector working for the cities of Shelby and Monroe, North Carolina, Mecklenburg County, North Carolina, and the State Auditor's office in Missouri.

Mr. Phillips received a Bachelor of Science in Business Administration from Southeast Missouri State University. He has been an active member in the communities he has called home, having served on the boards of the United Way and The Schools Foundation in Huntsville, and in various United Way campaign leadership positions. He has also been a longtime pack leader for the Boy Scouts of America.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

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Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for almost 20 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee.

Laura Marshall Schepis, Chief External Affairs Officer. Ms. Schepis was named JEA's Chief External Affairs Officer in September 2021. She leads teams responsible for government relations, media relations, communications, and environmental services.

For over two decades, Ms. Schepis has focused on improving outcomes for energy utilities and the customers and communities they serve. In leadership positions at the American Public Power Association, the Edison Electric Institute, and the National Rural Electric Cooperative Association, she directed advocacy, political, and communications campaigns on issues including energy efficiency, renewable resources, national security, telecommunications, and climate change.

Ms. Schepis received her Juris Doctor degree from the University of Georgia School of Law and practiced civil and criminal law in Georgia before relocating to Washington, D.C. in 2000. She has chaired and now serves on the board of the National Energy Resources Organization.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2021, JEA had 2,183 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,527 were budgeted to the Electric System, 650 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,479 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022. JEA currently in negotiations with all five bargaining units for successor agreements.

Pension

Substantially all of JEA's employees participate in the City's General Employees Retirement Plan ("GERP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2019 for the City's GERP (the "2019 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2020 for the City's GERP (the "2020 Actuarial Valuation Report") are available for viewing and downloading from the City's website link: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2019 Valuation or the October 1, 2020 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2016, 2017, 2018, 2019 and 2020, JEA contributed approximately \$43,156,000, \$48,942,000, \$35,459,523, \$34,352,000, and \$38,050,000 to the GERP, respectively. JEA's minimum required contribution to the GERP for the Fiscal Year ending September 30, 2021 is \$40,401,099.

Preparation of the Actuarial Valuation as of October 1, 2021 for the City's GERP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2020 Actuarial Valuation Report and the 2019 Actuarial Valuation Report, the latest two reports available.

JEA expects that its annual contributions to GERP will be at lower levels in the near term than it had been for Fiscal Year ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year ended September 30, 2017 and then it expects its annual contributions to GERP to increase over the longer-term as a result of the expected increase in the GERP's unfunded actuarial accrued liability. JEA expects that the GERP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to

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increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2020, the aggregate unfunded actuarial accrued liability for the GERP was \$1,346,924,204, which represented an increase of \$68,784,054 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2019 of \$1,278,140,150. For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GERP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. JEA was informed by the City that the actuary for the GERP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2020 of \$648,120,149 (an increase of \$31,264,678 from JEA's allocated share for the Fiscal Year ended September 30, 2019) of the aggregate amount of \$1,346,924,204 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for the Fiscal Year ended September 30, 2018) of the aggregate amount of \$1,278,140,150. The actuarial accrued liability is an estimate by the actuary for GERP of the present value of the amount of earned benefit payments that GERP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GERP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GERP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GERP, JEA expects that its annual contributions to GERP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

The SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2020 and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and Florida Power & Light Company ("FPL"), JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRPP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRPP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of years of service. Members with at least 10 years of service on the plant closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

The number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRPP. One consequence to JEA of the closure of the Power Park plant is that the annual required contribution to the SJRPP Plan is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRPP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return was 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017. Preparation of the SJRPP Plan Actuarial Valuation as of October 1, 2021 has not been completed as of the date of the Annual Disclosure Report. The actuarial information in the following discussion is based on the Actuarial Valuations as of October 1, 2020, 2019 and 2018, respectively.

As of October 1, 2020, the SJRPP Plan's actuarial value of assets was \$161,017,264, the actuarial accrued liability entry-age normal was \$167,694,945, the unfunded actuarial accrued liability was \$6,677,681, the funded ratio was 96.0 percent, the covered payroll was \$467,042 and the unfunded actuarial accrued liability as a percentage of covered payroll was 1429.8 percent. As of October 1, 2019, the SJRPP Plan's actuarial value of assets was \$149,807,117, the actuarial accrued liability entry-age normal was \$169,806,566, the unfunded actuarial accrued liability was (\$887,024), the funded ratio was 88.2 percent, the covered payroll was \$452,525 and the unfunded actuarial accrued liability as a percentage of covered payroll was 196.0 percent. As of October 1, 2018, the SJRPP Plan's actuarial value of assets was \$150,969,730, the actuarial accrued liability entry-age normal was \$174,666,326, the unfunded actuarial accrued liability was \$4,001,546, the funded ratio was 86.4 percent, the covered payroll was \$443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent.

In the current Fiscal Year, JEA intends to manage the SJRPP Plan to maintain a funded ratio consistent with Fiscal Years 2016-2020, with the goal to set the amortization schedule for the current and next few years so as to expect the SJRPP Plan assets (including all employer contributions scheduled to be made) to be equal to the expected Actuarial Accrued Liability derived in an open group projection for each annual actuarial valuation. JEA made \$13,307,093 in contributions during the Fiscal Year ended September 30, 2020, satisfying its required employer contribution of \$3,901,061 for the Fiscal Year ending September 30, 2021. Beginning with the Fiscal Year ended September 30, 2018, excess contributions were set aside to create a reserve credit balance that can be used to pay future contributions. As of September 30, 2020, \$8,962,815 of excess contributions remained. That amount, adjusted for projected interest earnings, will offset the required employer contribution of \$3,901,061 for the Fiscal Year ending September 30, 2021.

JEA's required employer contribution for the Fiscal Year ending September 30, 2022 is \$3,374,430 and will be made in full from JEA's reserve credit balance. The decrease in the required total employer contribution to \$3,374,430 for the Fiscal Year ending September 30, 2022 results from a combination of the SJRPP Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and a statutorily required change in the SJRPP Plan's mortality assumption to be the same as that used by the Florida Retirement System as updated in its July 1, 2019 valuation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

See Note 12, Note 13 and pages 108-114 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

The information provided in this section relates to the City and the Jacksonville Metropolitan Statistical Area (the "Jacksonville MSA"). The service areas for the Electric System do not encompass all of the City or the Jacksonville MSA. For additional information regarding the service areas for the Electric System, see "ELECTRIC UTILITY SYSTEM – ELECTRIC UTILITY FUNCTIONS – Electric System - Area Served" herein.

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2020 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,637,666 as of July 1, 2021. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

<u>Year</u>	<u>Population</u> <u>Jacksonville MSA</u>
1990	906,727
2000 ⁽¹⁾	1,126,224
2010	1,348,967
2020	1,587,892
2021	1,637,666

Source: United States Census Bureau.

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years 2012 through 2021.

<u>Jacksonville MSA Labor Force</u>				<u>Unemployment Rate (%)</u>	
<u>Year</u>	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2012	699,451	640,340	8.5	8.6	8.1
2013	707,489	655,861	7.3	7.5	7.4
2014	714,795	668,958	6.4	6.4	6.2
2015	722,937	683,745	5.4	5.5	5.3
2016	738,827	704,144	4.7	4.9	4.9
2017	757,108	721,215	4.1	4.3	4.4
2018	765,710	738,626	3.5	3.7	3.9
2019	777,963	752,998	3.3	3.2	3.7
2020	775,863	723,437	6.8	8.2	8.1
2021	797,000	765,019	4.0	4.6	5.3

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

Finance & Operations Committee - ADDITIONAL INFORMATION

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for calendar year 2021.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	160,000	21.8%
Professional and Business Services	115,300	15.7
Education and Health Services	112,600	15.4
Leisure and Hospitality	80,200	11.0
Government	77,200	10.5
Finance	71,000	9.7
Construction	47,900	6.5
Other Services ⁽¹⁾	36,300	5.0
Manufacturing	32,400	4.4
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	732,900	100.0%

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

(1) Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

Name of Employer	Product or Service	Approximate No. of Employees
Baptist Health System	Healthcare	12,400
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
Ascension St. Vincent's Healthcare	Healthcare	5,380
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900
Amazon	E-commerce Fulfillment	3,000

Source: Jacksonville Regional Chamber of Commerce Research Department.

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The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,751 ⁽²⁾
St. Johns County School District	Public Education	5,893 ⁽³⁾
Fleet Readiness Center	Maintenance / Repair Overhaul	5,550
Clay County School Board	Public Education	5,000
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

⁽¹⁾ Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

⁽²⁾ City of Jacksonville Annual Budget 2021-22 (<https://www.coj.net/departments/finance/docs/budget/fy-2021-2022-budget-summary.aspx>).

⁽³⁾ St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

Indebtedness of JEA

The indebtedness of JEA relating to its Electric Utility Functions as of the date of this Annual Disclosure Report consists of Electric System Bonds, Subordinated Electric System Bonds, Power Park Issue Three Bonds, Bulk Power Supply System Bonds and borrowings outstanding under the Revolving Credit Facility (as defined herein) for the account of the Electric System. All bonds issued pursuant to the First Power Park Resolution¹ (as defined herein) were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding (the "Power Park Issue Two Bonds"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*". See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, the information contained in this Annual Disclosure Report relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds (as described in the Water and Sewer System/DES Annual Disclosure Report), the Subordinated Water and Sewer System Bonds (as described in the Water and Sewer/DES Annual Disclosure Report) or the District Energy System Bonds (as described in the Water and Sewer/DES Annual Disclosure Report) and should not be taken into account in evaluating such debt.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

For a detailed description of the outstanding debt of JEA as of September 30, 2021, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Strategic Planning

JEA spent time in the early spring of 2021 discussing its mission and vision and solidifying its strategic direction. Each of JEA's strategic focus areas – Develop an Unbeatable Team, Deliver Business Excellence and Earn Customer Loyalty – is accomplished through the lens of JEA's core values of safety, respect, and integrity. The currently identified objectives within each strategic focus area are as follows:

1. Develop an Unbeatable Team
 - Exceptional work culture
 - Employee development
 - Employee engagement
 - Labor relations
 - Long-term workforce planning
 - Diversity, equity and inclusion
 - *'Work from Wherever'* approach
2. Deliver Business Excellence
 - Reasonable rates
 - Sound financial decisions
 - Integrated Resource Plan
 - Resilient and reliable JEA
 - Environmental stewardship
 - Technology, tools and data
 - New business opportunities
 - Real estate portfolio
3. Earn Customer Loyalty
 - Economic development
 - Ease of doing business
 - Community engagement
 - Stakeholder relationships
 - JEA brand management

While the mission, vision, and values do not change, the strategic focus areas, particularly the objectives within each focus area, will continue to evolve as JEA works to serve northeast Florida. These strategic focus areas and objectives will guide development and/or refinement of JEA's plans, programs, and targets to meet its mission of improving lives and building community to be the best utility in the nation.

ELECTRIC UTILITY SYSTEM

ELECTRIC UTILITY FUNCTIONS

General

In 2020, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year ended September 30, 2021, the Electric System served an average of 494,656 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein, prior to the cessation of operations of the Power Park on January 5, 2018, JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA's total energy sales in the Fiscal Year ended September 30, 2021, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.2 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2021, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage" herein)), were approximately \$1,326,584,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, five dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two gas-fired CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed net capacity of the Electric System's generating units is 2,798 megawatts ("MW"), net, summer and 2,952 MW, net, winter. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*" herein.

Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State. The Power Park and the Scherer 4 Project each have been

developed as a separate bulk power supply system under the Bulk Power Act and, as such, are not included in the Electric System.

The Power Park was a coal- and petcoke-fired steam electric generating station formerly rated at 1,276 MW, net, located in the northeast section of the City. The Power Park assets are jointly owned by JEA and FPL; JEA's ownership interest in the Power Park assets is 80 percent. In May 2017, JEA entered into an agreement with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the plant to occur thereafter. The termination agreement ends the obligation of the 37.5 percent sales of JEA's 80 percent to FPL. The costs of decommissioning were split between JEA 80 percent and FPL 20 percent. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant ("Scherer Unit 4"), a coal-fired steam electric generating unit currently rated at 846 MW, net, located near Forsyth, Georgia and a proportionate ownership interest in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). The Scherer 4 Project entitles JEA to 200 MW, net, of the capacity of Scherer Unit 4. The Electric System is entitled to the capacity of the Scherer 4 Project and is required to pay for such capacity on a "take-or-pay" basis by making deposits into certain funds and accounts established pursuant to the Restated and Amended Bulk Power Supply System Resolution. JEA and FPL have entered into a cooperation agreement for the closure of Scherer Unit 4 on or before January 1, 2022. For additional information, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein.

JEA is permitted under the resolution of JEA adopted on March 30, 1982, authorizing JEA's Electric System Revenue Bonds (as heretofore amended, restated and supplemented, the "Electric System Resolution") to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the cost of separate electric generating utilities as separate systems. The Power Park and the Scherer 4 Project constitute the only two such separate systems undertaken by JEA as of the date of this Annual Disclosure Report.

Pursuant to the Electric System Resolution, JEA's obligation to make payments from the Electric System with respect to the Power Park is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Additionally, all costs of operating and maintaining the Scherer 4 Project are Contract Debts of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Electric System Contract Debts*" herein.

JEA currently has no ownership interest in any nuclear power plant; however, it does have a purchase power agreement with Municipal Electric Authority of Georgia ("MEAG Power") for electric energy to be produced from two under construction nuclear generating units. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein. JEA also has an option to purchase an ownership interest in a to-be-

constructed nuclear power plant (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Option to Purchase Interest in Lee Nuclear Station*" herein) although plans to build such plant have been suspended.

Electric System

Power and Energy Resources

Electric power and energy sold by JEA to its customers is provided from the following sources (a) JEA's interest in Scherer Unit 4, (b) the generating facilities owned by JEA as part of the Electric System, and (c) and various power purchase arrangements ("PPAs" and each a "PPA"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*," "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*," and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4" herein. JEA and FPL entered into a cooperation agreement for the closure of Scherer Unit 4. On January 1, 2022, Scherer Unit 4 was retired and replaced by the FPL PPA. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. JEA's interests in the Scherer Unit 4, the generating facilities of the Electric System and JEA's various firm purchase power arrangements are committed and dispatched on an economic basis as necessary to serve JEA's load. In addition, economy energy is purchased for JEA, by the joint power marketing alliance described below, from time to time when such energy is available at a lower cost than energy produced from JEA's generating facilities. See subsection "*Participation in The Energy Authority*" below in this section.

Electric System Generating Facilities

The generating facilities of the Electric System are located at four plant sites, (a) the J. Dillon Kennedy Generating Station ("Kennedy"), (b) the Northside Generating Station ("Northside"), (c) the Brandy Branch Generating Station ("Brandy Branch"), and (d) the Greenland Energy Center ("GEC"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Capacity*" herein.

JEA's Northside Unit 3, a steam unit, presently burns residual fuel oil and natural gas, while four CTs at Northside burn diesel. The Kennedy CTs 7 and 8, Brandy Branch CTs 1, 2 and 3 and GEC CTs 1 and 2 burn natural gas as the primary fuel. The Kennedy CTs 7 and 8, Brandy Branch CT 1 and GEC CTs 1 and 2 are dual fueled with diesel as backup and the GEC CT units are also capable of having diesel as backup. Brandy Branch STM 4 is a steam turbine generator that is part of a combined cycle unit that uses waste heat from Brandy Branch CTs 2 and 3. In addition, natural gas is used at times to supplement the solid fuel in Northside Units 1 and 2. Northside Units 1 and 2 burn petcoke, coal and natural gas. Northside Unit 3 was originally scheduled to be placed into reserve storage on April 1, 2016, approximately three years ahead of the unit's scheduled retirement. Due to the early retirement of Power Park, Northside Unit 3 is expected to continue in operation at least through the current planning period which ends with the Fiscal Year ending September 30, 2026.

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The following table presents the pertinent statistics regarding the generating facilities of the Electric System as of the date of this Annual Disclosure Report.

<u>Station</u>	<u>Unit</u>	<u>Type⁽¹⁾</u>	<u>First Placed in Service</u>	<u>Fuel⁽²⁾</u>	<u>Installed Net Capacity (MW)⁽⁵⁾</u>	
					<u>Summer</u>	<u>Winter</u>
Kennedy	7 ⁽³⁾	CT	6/00	G/LO	179	191
	8 ⁽³⁾	CT	6/09	G/LO	179	191
					<u>358</u>	<u>382</u>
Northside	1	ST	5/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	2	ST	4/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	3	ST	7/77	G/HO	524	524
	3	CT	2/75	LO	50	62
	4	CT	1/75	LO	50	62
	5	CT	12/74	LO	50	62
	6	CT	12/74	LO	50	62
					<u>1,310</u>	<u>1,358</u>
Brandy Branch	1 ⁽³⁾	CT	5/01	G/LO	179	191
	2	CT	5/01	G	190	212
	3	CT	10/01	G	190	212
	STM 4	ST	1/05	WH	216	216
					<u>775</u>	<u>831</u>
GEC	1 ⁽³⁾	CT	6/11	G/LO	179	191
	2 ⁽³⁾	CT	6/11	G/LO	179	191
					<u>358</u>	<u>382</u>
System Total					<u>2,798</u>	<u>2,952</u>

⁽¹⁾ CT - Combustion Turbine

ST - Steam Turbine

IC - Internal Combustion Engine

⁽²⁾ G - Natural Gas

LO - Light Oil (diesel)

HO - Heavy Oil (residual fuel oil)

WH - Waste Heat

⁽³⁾ Net capacity is based on diesel.

⁽⁴⁾ Northside Unit 1 was originally placed in service in November 1966, and Northside Unit 2 was originally placed in service in March 1972. Both units have been re-powered with CFB boilers, and their turbine generators and other ancillary equipment have been refurbished. The dates indicated in the table are the respective dates on which each was released for normal dispatch operation. Northside Units 1 and 2 each have gross capacities of 310 MW.

⁽⁵⁾ Numbers may not add due to rounding.

Fuel Mix

JEA believes in a fuel diversification strategy with a growing emphasis on renewable energy that improves its competitive position in the electric services industry. JEA has the ability to use natural gas as the primary fuel source with diesel as backup for generation in GEC CT1 and CT2, Kennedy CT7 and CT8, and Brandy Branch Unit 1. The exhaust heat from Brandy Branch Units 2 and 3 is utilized in Brandy Branch STM 4. This combined cycle configuration provides additional energy without additional fuel consumption. Northside Unit 3 uses natural gas as a fuel

source for generation with residual fuel oil as backup. JEA's 1970's vintage CTs provide less than one percent of JEA's total energy requirements and are powered by diesel.

JEA uses circulating fluidized bed technology in Northside Units 1 and 2. This technology allows JEA to use a blend of bituminous coal, petroleum coke, natural gas and biomass in these units. Until retirement at the end of calendar year 2021, solid fuel-based capacity and energy was provided by Scherer Unit 4 of which JEA owned 23.64 percent or 200MW net. Scherer Unit 4 burned sub-bituminous coal from the Powder River Basin. Scherer Unit 4 was replaced by a Purchase Power Agreement with FPL that will provides 200 MW of natural gas combined cycle power. Prior to its retirement on January 5, 2018, JEA also utilized the Power Park to produce electricity from solid fuel. JEA adjusts its use of solid fuel-based generation depending on its cost relative to competing resources, such as natural gas.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table sets forth JEA's fuel mix for the Fiscal Years ended September 30, 2017 through 2021 and JEA's projected fuel mix for the Fiscal Years ending September 30, 2022 through 2026. The information in the following table does not take into account the energy sold to FPL pursuant to the FPL-Power Park Sale. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein.

PERCENT FUEL MIX⁽¹⁾

Fiscal Year Ending September 30,	Oil	Gas	Power Park (Coal)⁽²⁾	Northside (Coal/ Petcoke)⁽³⁾	Scherer Unit 4 (Coal)⁽⁴⁾	MEAG Vogtle 3 & 4 Nuclear Purchase⁽⁵⁾	Economy Purchases From Other Sources	FPL Purchase Power Agreement⁽⁴⁾	Total MWh Sales⁽⁶⁾
Actual									
2017	0.0	44.0	20.2	11.6	11.0	0.0	13.2	0.0	12,200,770
2018	0.3	48.9	4.2	19.3	8.7	0.0	18.5	0.0	12,399,769
2019	0.0	48.7	0.0	14.9	10.7	0.0	25.7	0.0	12,465,958
2020	0.0	62.8	0.0	18.4	5.3	0.0	13.4	0.0	12,202,973
2021	0.1	61.7	0.0	12.7	10.1	0.0	15.4	0.0	12,242,149
Projected⁽⁷⁾									
2022	0.1	58.7	0.0	10.9	2.2	0.0	18.7	9.4	12,333,125
2023	0.2	56.6	0.0	21.1	0.0	1.7	8.3	12.1	12,226,932
2024	0.1	56.6	0.0	20.9	0.0	6.3	4.9	11.1	12,355,113
2025	0.1	52.6	0.0	20.0	0.0	13.0	4.7	9.6	12,361,914
2026	0.1	56.6	0.0	16.9	0.0	13.0	4.9	8.4	12,377,938

⁽¹⁾ Percentages may not add to 100 percent due to rounding.

⁽²⁾ Commercial operations at the Power Park ceased in January 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein.

⁽³⁾ The projected fuel mix for Northside Units 1 and 2 is a range of 48 to 54 percent petcoke, 32 to 36 percent coal, 10 percent biomass and 10 percent natural gas.

⁽⁴⁾ The Florida Power and Light Purchase Power Agreement replaced Scherer Unit 4 with 200MW of natural gas combined cycle power on January 1, 2022.

⁽⁵⁾ The in-service dates for the Vogtle units in the Fuel Mix table are being used for planning purposes and differ from Southern Company's assumed in-service dates.

⁽⁶⁾ Actual megawatt-hour ("MWh") sales include non-firm off-system sales, which totaled 150,635 MWh in the Fiscal Year ended September 30, 2017, 35,429 MWh in the Fiscal Year ended September 30, 2018, 99,563 MWh in the Fiscal Year ended September 30, 2019, 18,412 MWh in the Fiscal Year ended September 30, 2020, and 22,815 MWh in the Fiscal Year ended September 30, 2021. Projections include aggregate non-firm off-system sales of 574,555 MWh during the Fiscal Years ending September 30, 2022 through 2026.

⁽⁷⁾ The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

Fuel Contracts

JEA has solid fuel storage at Northside for a maximum of approximately 25 days of operating inventory. JEA purchases a mix of contract and spot volumes to supply the fuel needs of Northside Units 1 and 2, which operate on a blend of petcoke, coal, and natural gas. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2021, JEA purchased approximately 89 percent of its petcoke requirements from TCP Petcoke Corporation and approximately 11 percent from KOMSA Sarl (Koch Minerals SA). For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2021, JEA purchased approximately 75 percent of its

coal requirements from Interocean Coal Sales and approximately 24 percent from Glencore LDC. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract.

JEA maintains diesel inventory at Brandy Branch, Kennedy, Greenland, and Northside. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that was scheduled to end in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. The agreement with Shell Energy (the "Shell Energy Agreement") supplied 34 percent of JEA's natural gas needs for the Fiscal Year ended September 30, 2021 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy Agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

On November 25, 2020, JEA entered into ten years of commodity swap transactions with an aggregate notional quantity of 85,822,000 MMBtu with NextEra to hedge natural gas prices as part of the FPL PPA that replaced Scherer 4. Based on information provided by NextEra, those swaps that have not yet settled had a total mark-to-market cost of approximately \$60.1 million on September 30, 2021.

As of September 30, 2021, JEA had 14 commodity swap transactions with an aggregate notional quantity of 60,280,000 MMBtu in place with two counterparties to hedge JEA's exposure to natural gas prices. Based on information provided by the counterparties, those swaps had a total mark-to-market cost of approximately \$90.3 million at that date.

JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations that JEA has access to with firm natural gas transportation or natural gas supply agreements. Those prepayments expire at various dates in 2039, 2048 and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

Natural Gas Sales

In March 2015, JEA made the decision to market natural gas to commercial and industrial customers within its service area as allowed under Article 21 of the Charter and JEA's Fuel Management Services Procurement Directive. JEA supplies natural gas under TECO Peoples Gas Natural Choice Program, which gives commercial and industrial customers the option to choose their gas supplier. JEA receives a number of benefits from its participation in the Natural Choice program. Natural gas sales generate marginal net revenues, reported as "other revenues" under the Electric Enterprise Fund. JEA will become a complete energy provider within its service territory for businesses that select JEA to be their natural gas supplier. Through the Fiscal Year ended September 30, 2021, this program has signed approximately 150 customers, including Boeing, The Hyatt, Jacksonville Zoo, Brooks Rehabilitation, YMCA, Jacksonville Housing Authority, First Baptist Church of Jacksonville, Dresser Equipment, and Unison, divisions of GE, several restaurants, and manufacturers.

Power Purchase Contracts

Overview

As a result of an earlier 2008 JEA Board policy establishing a 10 percent of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the "Additional Vogtle Units PPA") with the Municipal Electric Authority of Georgia ("MEAG") for 206 MW of capacity and related energy from MEAG's interest in two additional nuclear generating units (the "Additional Vogtle Units" or "Plant Vogtle Units 3 and 4") under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company ("Georgia Power" or "GPC"), Oglethorpe Power Corporation ("Oglethorpe"), MEAG and the City of Dalton, Georgia (collectively, the "Vogtle Co-Owners"). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 12 percent of JEA's total energy requirements in the year 2025.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, and whether or not its output is suspended, reduced or the like or terminated in whole or in part), except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

Financing and In-Service Costs

MEAG created three separate projects (collectively, the "Vogtle Units 3 and 4 Project Entities") for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as "Project J." MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately \$7.009 billion, including construction and financing costs through the estimated in-service dates, initial fuel load costs, switchyard and transmission costs, and contingencies established by Georgia Power at the project level for all Vogtle Co-Owners. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately \$7.518 billion. A certain portion of these costs is subject to reduction in accordance with the 2019 Global Amendments to the Plant Vogtle Joint Operating Agreements. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$3.215 billion.

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued approximately \$1.248 billion of its Plant Vogtle Units 3 and 4 Project J Bonds (the "2010 Project J Bonds") on March 11, 2010. Of the total 2010 Project J Bonds, approximately \$1.224 billion were issued as Federally Taxable - Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35 percent of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2030. The current sequestration rate of 5.7 percent will be applied unless and until a law is enacted that cancels or otherwise affects the sequester. MEAG issued approximately \$185.2 million of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued approximately \$570.9 million of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with

the preparation of MEAG's July 18, 2019 Project J Bonds, Series 2019A Official Statement relating to the issuance, and JEA did not make any representations or warranties, or deliver any opinions of legal counsel, in connection with the offering, issuance, and sale of the Project J Bonds, Series 2019A. Further, on July 20, 2021, MEAG issued approximately \$150.4 million of additional Project J tax-exempt bonds. JEA provided updated disclosure regarding JEA in connection with MEAG's July 8, 2021 Project J Bonds, Series 2021A Official Statement relating to the issuance and JEA made certain representations and warranties and delivered opinions of legal counsel in connection with the offering, issuance, and sale of the Project J Bonds, Series 2021A.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy ("DOE") for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175 percent of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the "Project J Entity").

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank ("FFB") an aggregate amount of approximately \$687.3 million, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of \$414.7 million. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414.7 million. The Project J Entity's portion of the \$414.7 million in additional loan guarantees is approximately \$111.5 million and this amount was fully drawn on October 2, 2020. MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following is a summary of financing associated with Project J:

Project J Capital Requirements
(000s omitted)

Long-term Bonds Issued

Series 2010A – Build America Bonds	\$1,224,265
Series 2010B – Tax Exempt Bonds	24,170
Series 2015A – Tax Exempt Bonds	185,180
Series 2019A – Tax Exempt Bonds	570,925
Series 2021A – Tax Exempt Bonds	150,350
Remaining Financing Requirement	163,805

Total Long-term Bonds Issued

\$2,318,695

DOE Advances⁽¹⁾

2015 DOE Advances	\$ 345,990
2019 DOE Advances	229,748
2020 DOE Advances	111,541

Total DOE Advances

\$ 687,279

Estimated Interest Earnings and Bond Premiums	\$ 209,368
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Total Capital Requirements⁽²⁾

\$3,215,342

⁽¹⁾ Includes Advances and related capitalized interest accretion.

⁽²⁾ Represents estimated total construction costs and required reserve deposits, net of payments received.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2021, including the October 2, 2020 DOE advances, is summarized as follows (000s omitted):

Fiscal Year Ending September 30.	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2022	\$ 28,337	\$ 133,403	\$ 161,740	(\$ 26,763)	(\$101,200)	\$ 33,777
2023	31,449	132,976	164,425	(26,439)	(27,508)	110,478
2024	32,870	132,028	164,898	(26,100)	—	138,798
2025	34,109	130,472	164,581	(25,746)	—	138,835
2026	35,365	128,851	164,216	(25,378)	—	138,838
2027	36,686	127,151	163,837	(24,993)	—	138,844
2028	38,089	125,311	163,400	(24,592)	—	138,808
2029	39,525	123,476	163,001	(24,173)	—	138,828
2030	41,015	121,541	162,556	(23,737)	—	138,819
2031	42,568	119,526	162,094	(23,281)	—	138,813
2032	44,139	117,509	161,648	(22,806)	—	138,842
2033	45,877	115,224	161,101	(22,311)	—	138,790
2034	47,657	112,938	160,595	(21,794)	—	138,801
2035	49,459	110,608	160,067	(21,255)	—	138,812
2036	42,837	108,181	151,018	(20,692)	—	130,326
2037	31,599	105,617	137,216	(20,106)	—	117,110
2038	27,853	102,964	130,817	(19,494)	—	111,323
2039	24,730	100,152	124,882	(18,855)	—	106,027
2040	15,435	97,284	112,719	(18,189)	—	94,530
2041	12,218	94,224	106,442	(17,495)	—	88,947
2042	5,902	86,518	92,420	(16,022)	—	76,398
2043	770	23,509	24,279	(4,912)	—	19,367
Total	\$708,489	\$2,449,463	\$3,157,952	(\$475,133)	(\$128,708)	\$2,554,111

Construction Arrangements for the Additional Vogtle Units

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

(a) Bechtel Power Corporation ("Bechtel") will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the "Construction Agreement"), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.

(b) In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the "Vogtle Joint Ownership Agreements") that limit the circumstances under which the holders of at least 90 percent of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.

(c) Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately \$1.4 billion to the current estimate of approximately \$3.215 billion inclusive of financing costs and required reserves. In addition, significant delays in the project's construction schedule have resulted in the original placed in-service dates of the fourth quarter 2022 or the first quarter 2023 for Vogtle Unit 3 and the third or fourth quarter 2023 for Vogtle Unit 4, according to Southern's SEC Form 10 K for its fiscal year ended December 31, 2021.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Vogtle Units PPA. See the "Overview" and "Financing and In-Service Costs" sections above and "Litigation and Regulatory Proceedings" section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

Litigation and Regulatory Proceedings

Litigation – On September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Fourth Judicial Circuit Court of Florida, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019, MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation

clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 4, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the Additional Vogtle Units PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the Additional Vogtle Units PPA is enforceable. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues and on June 17, 2020, the district court granted MEAG's motion for summary judgment on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

Settlement of Litigation – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of \$0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve

commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission ("FERC") seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (the "FERC Petition"). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Other Renewable Sources

JEA purchases energy from two landfill gas-to-energy facilities through PPA with Landfill Energy Systems ("LES"). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, Florida and 6.4 MW from Sarasota Landfill in Sarasota, Florida. LES can supply the remaining 3.2 MW from Sarasota, Florida if it is expanded and becomes available, or JEA can exercise its option to receive the remaining 3.2 MW from New River Landfill in Raiford, Florida. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota, Florida to Jacksonville, Florida, which came online in January 2015. Purchases of landfill energy were 86,836 MWh for approximately \$6.42 million in the Fiscal Year ended September 30, 2021 and 89,646 MWh for approximately \$6.50 million in the Fiscal Year ended September 30, 2020.

In 2009, JEA entered into a 30-year PPA with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is currently owned by Rev Renewables, an LS Power company, and generated approximately 14,925 MWh of electricity in fiscal year 2021 and 17,818 MWh of electricity in 2020. JEA pays only for the energy produced. Purchases of energy were approximately \$3.169 million for the Fiscal Year ended September 30, 2021 and approximately \$3.676 million in the Fiscal Year ended September 30, 2020.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the JEA Board established a Solar Policy to add up to 38 MWac of solar photovoltaic ("PV") capacity. To support this policy, JEA issued requests for proposals for PPAs in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

As of the end of calendar year 2019, all seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, Old Kings Solar, and Sunport Solar. JEA entered into 20-25 year PPAs for the energy and the associated environmental attributes from each solar farm. The solar facilities generated

approximately 51,629 MWh in fiscal year 2021 and 50,966 MWh in 2020. JEA pays only for the energy produced. Purchases of energy were approximately \$3.990 million for the Fiscal Year ended September 30, 2021 and approximately \$3.864 million in the Fiscal Year ended September 30, 2020.

The JEA Board approved a further solar expansion consisting of five 50 MWac solar facilities to be constructed on JEA-owned property. These projects, totaling 250 MWac, are structured as PPAs. EDF-DS was selected as the vendor for the sites, and contracts were executed in January 2019. It was initially anticipated that the facilities would phased into service with all sites being complete by the end of calendar year 2022. However, due to impacts caused by the COVID-19 pandemic, supply chain disruptions, and the scarce availability of resources and supplies, construction of the facilities has been delayed and the final completion date is undetermined.

Participation in The Energy Authority

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is The Energy Authority ("TEA"), a Georgia nonprofit corporation. Subsequently, four additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU"), City Utilities of the City of Springfield, Missouri, and American Municipal Power, Inc. became members of TEA. The main office of TEA is in the City. TEA's board of directors consists of nine directors. The TEA Board, all of whom are elected by the members, is composed of one director from each member and two non-voting directors who serve as the respective chairs of two standing committees.

TEA commenced operations in August 1997 and is engaged in buying and selling wholesale power and natural gas and promoting the efficient use of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA transacts energy transactions among the members and external markets including arranging for any transmission services required to accommodate such transactions. TEA is the exclusive purchaser of short-term surplus energy from its members. Each member is responsible for having adequate firm generating capacity to serve its native load requirement plus operating reserve requirements. TEA has not engaged in the construction or ownership of generation or transmission assets. Additionally, the members have not engaged in other activities that are found in some power pools such as reserve sharing or dedication of all resources to serve the combined load.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Fuel Contracts*" above.

Pursuant to an Electric Advance Agreement and a Natural Gas Advance Agreement among TEA and its members and a Member Advance Agreement between JEA and TEA, JEA supports TEA's trading activities by the issuance of JEA guaranties and/or provision of cash advances as determined by TEA within the limits contained in such advance agreements. As of

January 1, 2022, JEA is obligated to guaranty, directly or indirectly, certain of TEA's electric trading activities in an amount up to \$28,929,000 and certain of TEA's natural gas procurement and trading activities up to \$33,600,000, in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. The JEA Board has approved guaranties of up to \$34,286,000 for TEA's electric trading activities, up to \$60,000,000 (plus attorney's fees) for TEA's natural gas procurement and trading activities and up to \$50,000,000 for TEA's electric and natural gas activities solely for JEA's benefit (since 2014 none of this latter type of trading activity is being engaged in by TEA). The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA. For a discussion of JEA's investment in TEA and its commitments to TEA as of September 30, 2021, see Note 7 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Order No. 889 of the Federal Energy Regulatory Commission ("FERC") established certain standards of conduct for utilities that offer open access transmission services. The effect of these standards would have been to require JEA to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. JEA believes that the establishment of TEA satisfied that requirement at a cost to JEA that is substantially less than the cost that JEA would have incurred if it acted alone in establishing a wholesale marketing organization.

Mutual Aid Alliance

JEA has entered into an agreement with seven other electric utilities located in Florida and Georgia (the "Participating Utilities") to provide mutual aid in the form of energy and price commitments in the event of an extended outage of certain designated baseload generating units of the Participating Utilities. Under this agreement, each Participating Utility agrees to make available, from its own capacity and only to the extent it has capacity available in excess of its native load and firm sales commitments, energy to replace energy unavailable due to unplanned outages of the designated units in excess of 60 days ("Replacement Power"). Each Participating Utility is obligated to provide such Replacement Power for up to 365 days from the outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

Interconnections

JEA's Electric System is interconnected with other utilities located in the State through five interconnections with FPL, four at 230 kV and one at 138 kV; one 230 kV interconnection with Seminole Electric Cooperative ("Seminole"); one 138 kV interconnection with Florida Public Utilities; and one interconnection each at 230 kV and 138 kV with Beaches Energy Services ("BES"). Of these, one interconnection at 230 kV is located in the southwestern portion of the Electric System service territory; four 230 kV interconnections in the western section; two at 138 kV in the northern section; one at 138 kV in the eastern section; and one interconnection at 230 kV is located in the southeastern section.

JEA also has joint ownership with FPL on the two 500 kV lines that connect Florida's grid with Georgia Integrated Transmission System. These lines are located in the western section of the Electric System service territory and extend from FPL's Duval substation to the north to interconnect with Georgia Integrated Transmission System at the Florida-Georgia state line.

JEA is a member of the SERC Reliability Corporation ("SERC"). Under a delegation agreement with NERC, SERC acts as JEA's Compliance Enforcement Authority for FERC approved Electric Reliability Standards. JEA is also a member of the Florida Reliability Coordinating Council ("FRCC"). The FRCC is a member owned organization whose objective is to provide certain reliability and planning functions in a coordinated manner among the utilities in the FRCC subregion. FRCC is the NERC approved and registered Reliability Coordinator for the utilities in the FRCC subregion. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services to share operating reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency load shedding relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

Power Sales and Transmission Contracts

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. ("Cedar Bay"), the owner of a cogeneration facility within JEA's service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA's transmission system. Cedar Bay began using JEA's transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

Transmission and Distribution System

JEA's transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation's termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

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JEA owns a total of 744 circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table presents the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total (Miles)</u>
69	113	46	159
138	195	3	198
230	308	4	312
500	75	0	75
Total	691	53	744

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System's service area, in the vicinity of the urban core. The 198 miles of 138 kV lines interconnect substations in most of JEA's high load and growth areas. The 312 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 84 substations in the JEA service territory. JEA owns two 500 kV lines jointly with FPL. These lines are connected between FPL's Duval Substation and Georgia Integrated Transmission System at the Florida-Georgia state line.

In the southeast portion of JEA's service territory, new load growth is occurring as a result of new large residential and commercial developments. JEA constructed a new 26.4 kV Nocatee load-serving substation, which is electrically connected to the adjacent GEC and Bartram substations by two separate four mile long overhead 230 kV transmission lines. The two transmission lines and the substation were placed in service in June 2021.

JEA's tie line interconnections with neighboring utilities within FRCC are:

<u>JEA Station</u>	<u>Neighboring Utility Station</u>	<u>Voltage (kV)</u>
Steelbald	Duval (FPL) Circuit 3	230
Brandy Branch	Duval (FPL) Circuit 1	230
Brandy Branch	Duval (FPL) Circuit 2	230
Jax Heights	Duval (FPL) Circuit 4	230
Neptune	JB Penman (BES)	138
Switzerland	Sampson (BES)	230
Jax Heights	Black Creek (Seminole)	230
Nassau	Step Down (FPU)	138
Nassau	O'Neil (FPL)	138

The distribution system covers approximately 7,239 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 26.4 kV, with some 4.16 kV and 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

The transmission and distribution system is under the control of JEA's system operators through a supervisory control and data acquisition system. The control of the generation facilities

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and the balance of power flow over interconnection transmission facilities is managed by an automatic generation control application with the system operators' oversight and input as needed.

Area Served

The Electric System serves approximately 900 square miles, which includes virtually the entire City (Duval County), with the exception of Jacksonville Beach and Neptune Beach. The Electric System also provides retail service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively. The Electric System also furnished power for resale to Florida Public Utilities Company ("FPU") for use in the City of Fernandina Beach in Nassau County, north of the City. JEA's contract with FPU expired without renewal on December 31, 2017.

Customers and Sales

In the Fiscal Year ended September 30, 2021, the Electric System served an average of 494,656 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2017 through 2021

	<u>2021</u>	<u>Fiscal Year Ended September 30,</u>				<u>2017</u>
		<u>2020</u>	<u>2019</u>	<u>2018</u>		
Electric Revenues (000s omitted):						
Residential	\$ 644,639	\$ 624,078	\$ 629,355	\$ 618,171	\$ 584,663	
Commercial and industrial	566,942	556,722	590,473	594,395	587,972	
Public street lighting	13,821	13,410	13,176	12,873	13,069	
Sales for resale	2,137	2,128	3,914	5,474	21,813	
FPL saleback	1	(1)	1,664	30,767	128,737	
TOTAL	<u>\$1,227,540</u>	<u>\$1,196,337</u>	<u>\$1,238,582</u>	<u>\$1,261,680</u>	<u>\$1,336,254</u>	
Sales (MWh):						
Residential	5,642,412	5,566,222	5,515,428	5,414,721	5,108,945	
Commercial and industrial	6,518,435	6,562,365	6,793,557	6,851,803	6,725,201	
Public street lighting	55,487	55,974	57,410	59,176	65,721	
Sales for resale:						
Off-system	22,815	18,412	99,563	74,069	300,903	
FPL saleback	0	0	0	332,467	1,693,082	
TOTAL	<u>12,239,149</u>	<u>12,202,973</u>	<u>12,465,958</u>	<u>12,732,236</u>	<u>13,893,852</u>	
Average Number of Accounts:						
Residential	436,299	427,321	418,728	410,060	403,164	
Commercial and industrial	54,381	53,750	53,204	52,573	52,060	
Public street lighting	3,976	3,929	3,854	3,776	3,727	
TOTAL	<u>494,656</u>	<u>485,000</u>	<u>475,786</u>	<u>466,409</u>	<u>458,951</u>	

Largest Customers

The 10 largest customer accounts served by the Electric System composed 13.9 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2021. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2021.

<u>Customer Accounts</u>	<u>MWh Purchases</u>	<u>Percentage of Total</u>
United States Navy	343,531	2.8
CMC Steel	301,684	2.5
WestRock	206,210	1.7
City of Jacksonville	182,196	1.5
Duval County Public Schools	142,252	1.2
Southern Baptist Hospital	110,193	0.9
Anheuser Busch	109,350	0.9
Johnson & Johnson Vision Care	102,172	0.8
Publix Supermarkets	97,969	0.8
Mayo Clinic Jacksonville	92,785	0.8
TOTAL	1,688,342	13.9

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.15 percent of estimated gross Electric System revenues for the Fiscal Year ending September 30, 2022. Actual uncollectible accounts were 0.16 percent of gross Electric System revenues for the Fiscal Year ended September 30, 2021.

Rates

JEA has sole discretion to set rate levels and revenue requirements for the Electric System, including its interest in Scherer Unit 4. JEA sets its retail rates after a public hearing. The JEA Board has the authority to change wholesale rates without a public hearing. The Florida Public Service Commission (the "PSC" or "Florida PSC") has the authority to review rate structures for municipal utilities in Florida, including JEA (see subsection "*Regulation*" of this section, below).

Each of JEA's various rates for electric service consists of "base rate" components and a "fuel and purchased power rate" component. The base rate is evaluated and adjusted as required to fund projected revenue requirements for each Fiscal Year. A comprehensive class cost of service study will be performed at a minimum of every five years to support the rates charged are based on cost. The rate for the fuel and purchased power component will be set monthly for full recovery of actual energy expenditures.

In June 2011, the JEA Board approved the conversion of the \$2.90 per 1,000 kWh fuel recovery charge to base energy charges. The conversion became effective January 1, 2012.

On June 19, 2012, the JEA Board approved a decrease of the fuel and purchased power rate by \$4.14 per 1,000 kWh that became effective on July 1, 2012.

On January 19, 2016, the JEA Board approved a decrease of the fuel and purchased power rate by \$6.85 per 1,000 kWh that became effective on February 1, 2016.

On November 15, 2016, the JEA Board approved an increase to base rates of 4.4 percent on average across multiple rate classes and a decrease of the fuel and purchased power rate by \$4.25 per 1,000 kWh effective on December 1, 2016. This rate restructuring was designed to lower overall bills for residential and commercial customers, improve the alignment of rates with the cost of service and enable additional early pay down of currently outstanding debt.

On September 17, 2021, the JEA Board approved an increase to the energy kWh portion of base rates of approximately three percent on average across all rate classes and a decrease of the fuel and purchased power rate by \$2.00 per 1,000 kWh effective October 1, 2021. This resulted in a target revenue of neutral electric bills for all residential and commercial customers.

On October 26, 2021, the JEA Board approved the revision of the Pricing policy that states the Fuel Charge will be set monthly and is based on the energy cost projection for the billing month to fully recover all expected fuel-related costs. The monthly adjustments became effective December 1, 2021.

Given JEA's current five-year projection of flat electric sales and increasing obligations under the Additional Vogtle Units PPA, JEA expects to recommend net rate adjustments anticipated to result in modest residential bill increases averaging approximately 1.5 percent per year for each of Fiscal Years 2023, 2024, 2025, and 2026.

Since environmental regulatory constraints and the cost of environmental compliance are anticipated to increase in the future, the JEA Board enacted an Environmental Charge of \$0.62 per 1,000 kWh, which was applied to all rate classes as of October 1, 2007. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry - *Future Legislation*" herein.

In order to fund JEA's comprehensive conservation and demand reduction programs (which are designed to reduce electric consumption and, at the same time, reduce the need for acquiring or constructing additional generating capacity), the JEA Board enacted a Conservation Charge, which was applied to residential electric accounts effective as of October 1, 2007, in the amount of \$0.01 per kWh for usage above 2,750 kWh in a single month.

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A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of January 2022, is shown in the following table, arranged by price of 1,000 kWh:

<u>City (Utility)</u>	<u>500 kWh</u>	<u>1,000 kWh</u>	<u>1,250 kWh</u>	<u>2,000 kWh</u>
Gainesville (GRU)	\$80.85	\$149.59	\$188.49	\$305.19
Key West (Keys Energy Services)	85.48	146.95	177.69	269.90
St. Petersburg (Duke Energy Florida)	74.50	135.73	176.99	300.75
Pensacola (Gulf Power Company)	79.35	133.05	159.90	240.45
JACKSONVILLE (JEA)	65.53	125.40	155.34	245.14
Tampa (Tampa Electric)	71.65	120.92	145.56	219.47
Ocala (Electric Dept.)	68.82	120.64	146.55	224.28
Tallahassee (Electric Dept.)	63.05	117.85	145.25	227.45
Miami (FPL)	63.28	116.98	143.83	224.38
Lakeland (Utilities Dept.)	61.76	112.52	153.82	277.73
Orlando (Orlando Utilities Commission)	63.50	112.00	136.25	209.00
Atlanta (GPC)	58.61	100.50	120.59	180.87

Source: Publicly available information from utility websites (January 2022).

A comparison of non-residential rates in selected major regional cities for certain classifications of service for December 2021 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

<u>City (Utility)</u>	<u>Non-Demand 1,500 kWh</u>	<u>Demand 150 kW 60,000 kWh</u>	<u>Demand 500 kW 200,000 kWh</u>
Gainesville (GRU)	\$250.95	\$8,326.50	\$27,048.40
Key West (Keys Energy Services)	229.49	8,187.08	27,331.10
Pensacola (Gulf Power Company)	207.32	5,542.72	20,652.64
Atlanta (GPC)	206.42	5,689.92	19,230.80
St. Petersburg (Duke Energy Florida)	202.41	5,808.25	18,723.08
Ocala (Electric Dept.)	177.16	5,517.20	18,554.00
JACKSONVILLE (JEA)	176.81	5,507.20	18,287.10
Tampa (Tampa Electric)	169.02	5,051.60	16,757.00
Orlando (Orlando Utilities Commission)	164.53	5,701.00	18,805.00
Miami (FPL)	152.54	5,034.35	16,957.16
Tallahassee (Electric Dept.)	151.71	5,680.93	18,628.23
Lakeland (Utilities Dept.)	151.51	4,835.48	16,360.40

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (December 2021); for Atlanta, GPC (January 2022).

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In June 2011, the JEA Board approved a 10-year Incremental Economic Development Program ("IEDP") designed to provide an incentive for large industrial customers to increase electric consumption. IEDP discounts on incremental consumption in excess of a predetermined consumption baseline are described in the following table:

<u>Fiscal Year Ending September 30,</u>	<u>Base Charges Discount</u>	<u>Fuel Charges Discount</u>	<u>Baseline Load</u>
2012	100%	10%	
2013	100	10	lesser of
2014	75	7.5	<u>Fiscal Year 2008</u>
2015	50	5	through
2016	25	2.5	<u>Fiscal Year 2010</u>
2017	100	0	
2018	100	0	greater of
2019	75	0	<u>Fiscal Year 2008</u>
2020	50	0	through
2021	25	0	<u>Fiscal Year 2016</u>
2022			
and thereafter	0%	0%	

In August 2013, the JEA Board approved an Economic Development Program (the "EDP") designed to provide a financial incentive for new and existing commercial or industrial customers who, upon meeting certain eligibility criteria, expand their business and add jobs within the JEA service area. In January 2015, the JEA Board amended the EDP to create an increased level of incentive for customers expanding their business and adding jobs within designated areas where JEA has underutilized existing transmission and distribution capacity (Load Density Improvement areas). In August 2021, the JEA Board approved an extension of the EDP program application date to September 30, 2022. The EDP discount schedule is described in the following table:

<u>Year</u>	<u>Base Charges Discount</u>	<u>Discount in Load Density Improvement Areas</u>
Year 1	30%	35%
Year 2	25	30
Year 3	20	25
Year 4	15	20
Year 5	10	15
Year 6	5	10
Year 7	0	0

On November 15, 2016, the JEA Board approved an Economic Stimulus Rider designed to provide a financial incentive for new commercial or industrial customers to locate within JEA's service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

- (a) Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of the rider, the new load would not be served by JEA; and
- (b) Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative to the customers taking electric service from JEA.

Regulation

Municipal electric utilities in the State, including JEA, are not subject to state regulation except for certain environmental matters, power plant and large transmission line siting, rate structures, certain conservation activities, certain safety standards and certain provisions of the Grid Power Bill. Section 366.04(5), Florida Statutes, a part of the Grid Power Bill, states that the PSC "shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities." In 1974, the Florida legislature enacted a statute which confers jurisdiction on the PSC to regulate "rate structures" of all utilities, including municipal utilities. In 1975, the PSC ruled that the statute does not confer ratemaking jurisdiction over municipal electric systems by distinguishing between "rates," as relating to determination of the revenues required by the utility, and "rate structures," as relating to the method by which revenues are generated.

The Florida legislature, in 1986, amended Section 366.04, Florida Statutes, which authorizes the PSC to prescribe and enforce safety standards for transmission and distribution facilities owned and operated by investor-owned electric utilities ("IOU's") and municipal- and cooperatively-owned electric utilities within the State. The PSC has adopted the National Electric Safety Code as its standard in this regard, and JEA believes it is currently in full compliance.

The Florida Electric Power Plant Siting Act, administered by the Florida Department of Environmental Protection (the "FDEP"), gives the PSC exclusive authority to determine the need for electric power plants. The Florida Transmission Line Siting Act, also administered by the FDEP, gives the PSC exclusive authority to determine the need for all transmission lines with voltages of 230 kV or greater which cross county lines. The Florida Department of Transportation ("FDOT") regulates the construction of new transmission and distribution lines that cross FDOT rights-of-way. The FDEP must approve the construction of transmission and distribution lines across FDEP-protected lands. Transmission and distribution lines that cross navigable waters are regulated by the Army Corps of Engineers, the FDEP and the St. Johns River Water Management District.

Existing and proposed interconnection agreements with IOU's are subject to review and approval by FERC. The Energy Policy Act of 1992 conferred on FERC the power to order any "transmitting utility" to perform wheeling services. The term "transmitting utility" is defined to include municipal utilities, such as JEA. In addition, "transmitting utilities" are subject to FERC reporting requirements.

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Capital Program

The Electric System's capital program consists of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process, (b) construction of a new Greenland 1x1 advanced-class combined cycle unit, and (c) JEA's remaining capital requirements for transmission and distribution facilities and other capital items. The projected total amount of the capital program for the five-year period ending September 30, 2026 is estimated to be approximately \$1,345 million as shown in the following table.

**Electric System Capital Program
(000s omitted)**

Fiscal Year Ending September 30.	Amount
2022	\$ 190,000
2023	259,000
2024	213,000
2025	232,000
2026	451,000
Total	<u>\$1,345,000</u>

It is expected that the total amount of the capital program for this period will be provided from Electric System revenues and revolving credit facility advances on an interim basis, to be refinanced with additional Electric System Bonds. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry" herein.

St. Johns River Power Park***General Description***

The St. Johns River Power Park, formerly a coal- and petcoke-fired steam electric generating station, is located on an approximately 1,900-acre site in the northeast section of the City. It consisted of two units, each having an average net capability of 638 MW. The two units were essentially identical in design and shared certain common facilities, including fuel handling and storage facilities, four on-site water wells, a demineralized water treatment system, a wastewater treatment facility, switchyards and miscellaneous buildings.

The term "Power Park" is used in this Annual Disclosure Report to mean the Joint Facilities, as that term is defined in the "Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2" dated as of April 2, 1982, as amended (the "Power Park Joint Ownership Agreement"), between JEA and FPL. The Joint Facilities are defined in the Power Park Joint Ownership Agreement to mean a coal-fired, steam electric generating facility consisting of two units, together with their associated improvements.

Ownership

The Power Park is owned and operated by JEA and FPL pursuant to the provisions of the Power Park Joint Ownership Agreement. A summary of certain provisions of the Power Park Joint Ownership Agreement is attached hereto as APPENDIX F. JEA owns an undivided 80 percent interest in the Power Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

Early Termination of Power Park Joint Ownership Agreement

On March 21, 2017, staff informed the JEA Board of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement dated as of May 17, 2017. FPL obtained PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

Upon the ceasing of commercial operation of the Power Park (the "Power Park Closing"), FPL made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On January 5, 2018, FPL and JEA deposited amounts, which together with funds on deposit in the debt service reserve fund, were sufficient to defease all outstanding debt issued under a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution" (the "First Power Park Resolution").¹ As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution currently remains outstanding and was not defeased in connection with the Power Park Closing.

JEA's obligation to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

The November 21, 2017 estimate for decommissioning St. Johns River Power Park was \$68 million and remains unchanged as of the date of this Annual Disclosure Report. JEA will pay 80 percent of the decommissioning cost for a total of \$54.4 million. The Demolition and Soil

¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

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Remediation contractor retains the salvage value for process equipment, which is estimated to be approximately \$18.0 million. Demolition costs incurred through April 25, 2022 were approximately \$59.2 million.

The total demolition is currently scheduled to be completed by the end of the first quarter of calendar year 2022. At that time, final closing will occur and all land and real property assets will be transferred to JEA. The active landfill closure commenced on December 9, 2020 and was completed in January 2022. JEA is evaluating opportunities for the future use, redevelopment or divestiture of the site.

Management

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In all cases, the JEA member of each committee is the lead manager in executing the functions of that committee. JEA provides all management and staffing below the committee level, unless otherwise agreed to by JEA and FPL. Since the date that JEA and FPL entered into the Power Park Joint Ownership Agreement, there has been only one case of disagreement, which subsequently was resolved. JEA is lead on the decommissioning of the Power Park. FPL and JEA executed a Service Management Agreement for any specific requirements for managing the decommissioning.

Operation

The following table shows the total plant capacity factors for the Power Park since 2017. The capacity factor is a measure of the actual output as a percentage of the theoretical maximum output of a generating plant, or an individual unit, as the case may be.

Fiscal Year Ended September 30,	Power Park Capacity Factor		
	Unit 1 (%)	Unit 2 (%)	Total (%)
2017 ⁽¹⁾	42.4	54.9	48.7
2018 ⁽²⁾	45.7	29.8	37.8
2019 ⁽³⁾	n/a	n/a	n/a
2020 ⁽³⁾	n/a	n/a	n/a
2021 ⁽³⁾	n/a	n/a	n/a

⁽¹⁾ During this period, Unit 1 underwent a five-week planned outage.

⁽²⁾ During this period, Unit 1 and 2 were permanently shut down on January 5, 2018.

⁽³⁾ Not applicable beginning Fiscal Year ended September 30, 2019.

Transmission Arrangements

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA has terminated all transmission arrangements related to Power Park.

Fuel Supply and Transportation

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA has concluded all fuel supply and transportation activities related to Power Park.

Capital Program

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA does not project any additional expenditures relating to the capital program.

Scherer 4***General Description***

Scherer Unit 4 is one of four coal-fired steam units located at the Robert W. Scherer Electric Generating Plant ("Plant Scherer") on a 12,000-acre site near the Ocmulgee River approximately three miles east of Forsyth, Georgia. Scherer Unit 4 has a current net maximum output of 846 MW and was placed in service in February 1989. Pursuant to the Plant Robert W. Scherer Unit Number Four Amended and Restated Purchase and Ownership Participation Agreement, dated as of December 31, 1990, as amended, among GPC, FPL and JEA (the "Scherer Unit 4 Purchase Agreement"), JEA purchased an aggregate of 23.64 percent of Scherer Unit 4, and FPL purchased an aggregate of 76.36 percent of Scherer Unit 4. In addition to the purchase of undivided ownership interests in Scherer Unit 4, under the Scherer Unit 4 Purchase Agreement, JEA and FPL also purchased proportionate undivided ownership interests in (a) certain common facilities shared by Units 3 and 4 at Plant Scherer, (b) certain common facilities shared by Units 1, 2, 3 and 4 at Plant Scherer and (c) an associated coal stockpile. Under a separate agreement, JEA also purchased a proportionate undivided ownership interest in substation and switchyard facilities. A summary of certain provisions of the Scherer Unit 4 Purchase Agreement and certain related agreements is attached hereto as APPENDIX G.

Ownership

As stated above, JEA and FPL are the owners of Scherer Unit 4 with undivided ownership interests of 23.64 percent and 76.36 percent, respectively; and JEA and FPL have proportionate ownership interests in the common facilities associated with all four units located at Plant Scherer. Oglethorpe, MEAG Power, GPC and the City of Dalton, Georgia ("Dalton"), as co-owners of Scherer Units 1 and 2, and Gulf Power Company ("Gulf Power") and GPC, as co-owners of Scherer Unit 3, also have proportionate undivided ownership interests in such common facilities. FPL and JEA also have proportionate undivided ownership interests in the common facilities shared by Scherer Units 3 and 4. GPC and Gulf Power, as co-owners of Scherer Unit 3, also have proportionate ownership interests in such common facilities (see "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4 - Scherer Unit 4 Purchase Agreement" in APPENDIX G attached hereto).

Oglethorpe, MEAG Power, Dalton, Gulf Power, GPC, FPL and JEA have entered into the Plant Scherer Managing Board Agreement which, among other things, established a managing board to coordinate the implementation and administration of various ownership agreements relating to Plant Scherer, including the establishment of standards, rules and policies for fuel

procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners have an interest.

Retirement of Scherer Unit 4

On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Scherer Unit 4 closure as of January 1, 2022. On that same date, JEA also executed a 20-year purchased power agreement between JEA and FPL for a natural gas-fired system product with a solar conversion option ("FPL PPA") and a related 10-year natural gas hedge to replace the capacity and energy of Scherer Unit 4. The obligation of JEA to retire Scherer Unit 4 was subject to FPL having performed and complied in all material respects with the retirement agreement including remittance of the \$100 million consummation payment (the "FPL Consummation Payment") to be used by JEA in its discretion to pay for JEA's costs in completing the retirement of Scherer Unit 4, including, but not limited to, the defeasance of the outstanding bonds.

FPL could have, at any time before the retirement date, terminated the retirement agreement if the Florida Public Service Commission ("PSC" or "Florida PSC") did not issue an order allowing FPL's proposed cost recovery plan for the FPL Consummation Payment. FPL filed with the PSC for approval in March 2021 and received approval on October 26, 2021. The FPL Consummation Payment was petitioned to be recovered as part of FPL's base rates, and the actual payment was made to JEA on December 6, 2021. On January 1, 2022, Scherer Unit 4 was retired and replaced by the FPL PPA.

Operation

The following table shows the total plant availability factors and capacity factors for Scherer Unit 4 since 2017.

<u>Calendar Year</u>	<u>Scherer Unit 4</u>	
	<u>Availability Factor (%)</u>	<u>Capacity Factor (%)</u>
2017	96.3	62.1
2018 ⁽¹⁾	76.6	52.5
2019	98.7	53.5
2020 ⁽²⁾	80.2	32.0
2021	93.4	47.7

⁽¹⁾ During this period, Scherer Unit 4 underwent an 11-week planned outage.

⁽²⁾ During this period, Scherer Unit 4 underwent 13.5 weeks of planned and economic outages.

Transmission Arrangements

As a part of the purchase by JEA of its interest in Scherer Unit 4, GPC and Southern Company Services, Inc. provided JEA with firm transmission service through the GPC system to the Florida/Georgia border for delivery of the output of JEA's ownership interest in Scherer Unit 4 for the life of the unit. Transmission rates were computed by formulae contained within the agreement and are filed with, and under the jurisdiction of, FERC.

Fuel Supply

As a result of the closure of Scherer Unit 4 in January 2022, JEA has concluded all fuel supply activities related to Scherer Unit 4. See "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

Capital Program

As a result of the closure of Scherer Unit 4 in January 2022, pursuant to the cooperation agreement entered into between JEA and FPL, JEA does not project any additional expenditures relating to the capital program. See "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

Resource Requirements***Capacity***

JEA must have sufficient resources to serve expected firm customer demands in the future. The capacity required consists of forecasted annual peak demands (net of interruptible demands) and a reserve margin necessary to allow for routine and emergency equipment outages and demand forecast variances. The installed capacity consists of existing Electric System generating units and firm power purchase agreement. The difference between firm capacity required (including the reserve margin) and installed capacity is the net capacity surplus or deficit.

JEA applies the Florida State mandated general rule that reserve capacity should be at least 15 percent of the projected seasonal firm peak demand. This reserve amount is added to projected firm peak demand to determine the seasonal capacity required. This approach is considered reasonable and prudent, particularly in light of JEA's strong transmission ties with FPL and The Southern Company ("Southern"). JEA owns approximately 1,028 MW of transmission import capacity into Florida. Additional capacity, if needed, may be available for economic purchases by JEA. JEA also makes its part of the transmission import capacity available to others for transmission service under FERC Order No. 888.

As part of its strategic planning process, JEA re-evaluates its resource needs annually. The results of JEA's 2021 resource requirements study are shown below in the table entitled "PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS." JEA's 2021 resource requirements study reflected JEA's most recent peak demand and energy forecast, which continued to identify JEA as a winter-peaking utility. The study also reflected the use of interruptible and curtailable rates. JEA's resource plan is expected to satisfy JEA's need for capacity through the listed operating period.

JEA is in the process of developing a comprehensive Integrated Resource Plan ("IRP"). JEA's prime contractor is Black and Veatch ("B&V"), and supporting B&V as its IRP subcontractors are nFront Consulting, Resource Innovations and Accuity Design Group. The

purpose of the IRP is to develop a near-term to long-term strategic recommendation, with alternatives that address the following concerns:

- (a) System reliability, system balancing capability, and adequacy of resources (*i.e.*, Florida Administrative Code, Rule: 25-6.035).
- (b) Retirement and replacement for aging generating plants.
- (c) Integration of planned and future utility-scale solar facilities, and system ramping requirements.
- (d) Land requirements and site locations for all new system additions.
- (e) Increased customer-owned Distributed Energy Resources, Demand-side management, and Energy Efficiency adoption.
- (f) Increased Electrification adoption.
- (g) Effects of other emerging supply-side resource technologies.
- (h) Industry objective of lowering carbon emissions.
- (i) Potential legislative and/or regulatory mandates on carbon emissions, environmental quality, and renewable goals.

The timeframe of the IRP will cover 30 years, dividing into Near-Term (the next 10 years), Mid-Term (10 to 20 years), and Long-Term (20 to 30 years). Each timeframe has a scope which will require careful analysis of the JEA generation fleet, integration of clean energy and low carbon emissions resources, fuel and energy supply, and consideration of transmission and distribution capacity, especially when considered solutions involve power purchase agreements for importing power, locally sited generating plants capable of exporting power, or other viable firm resource alternatives.

JEA has developed a stakeholder engagement component to the IRP effort. Reasons for stakeholder engagement include:

- Educate stakeholders on utility plans
- Improve transparency of utility decision-making process for resource planning
- Create an opportunity to provide feedback to the utility on its resource plan
- Encourage robust and informed dialogue on resource decisions
- Reduce utility regulatory risk by building understanding and support for utility resource decisions

JEA has engaged a diverse group of stakeholders that have been selected to represent the broad range of the utility's customers and their individual interests. The stakeholder group includes a variety of local and regional governmental and non-governmental organizations that in turn support the visions of their respective organizations. These stakeholders will have an opportunity

to review and provide input relative to various scenarios that may impact the utility and the community.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011 JEA entered into an option agreement with Duke Energy Carolinas, LLC ("Duke Carolinas"), a wholly-owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than five percent and not more than 20 percent of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 & 2 to be constructed at a site in Cherokee County, South Carolina (the "Lee Project"). The Lee Project was planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was \$7.5 million, with \$3.75 million paid in each of Fiscal Years ended September 30, 2011 and 2012. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30 percent of JEA's energy requirements from nuclear sources by 2030.

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA's exercising the option. The option exercise period will be opened by Duke Carolinas after it (a) receives NRC approval of the combined construction and operating license ("COL") for the Lee Project and (b) executes an engineering, procurement and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant; however, the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre-construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optionable portion of the projected Lee Project capacity. Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

System Load

From 2017 to 2021, the peak demand for power on JEA's Electric System decreased at a compound annual rate of 0.95 percent per year. From 2017 to 2021, energy output increased at a compound annual rate of 0.41 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

<u>Fiscal Year</u>	<u>System Peak Demand (MW)⁽¹⁾</u>	<u>Percent Change From Previous Year</u>	<u>Annual Net Energy For Load (GWh)⁽²⁾</u>	<u>Percent Change From Previous Year</u>
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6
2019	2,644	(14.1)	12,862	0.4
2020	2,658	14.0	12,623	(1.9)
2021	2,582	(2.9)	12,687	0.5

⁽¹⁾ The highest 60-minute net integrated peak demand for that year.

⁽²⁾ Does not include the FPL-Power Park Sale or other off-system sales.

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JEA's peak load forecast, which is based on weather-normalized load and energy data, together with JEA's projections for available generation and firm power purchases, is shown in the following tables.

PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS⁽¹⁾
(MW)

Fiscal Year	Firm Winter Peak Demand⁽²⁾	Capacity Reserves	Firm Winter Peak Demand Plus Capacity Reserves⁽³⁾	Electric System Capacity⁽⁴⁾	Firm Power Purchases⁽⁵⁾	Scherer Unit 4⁽⁶⁾	Installed Capacity and Net Firm Power Purchases⁽³⁾	Available Capacity Surplus⁽³⁾
2022	2,745	412	3,157	2,952	215	0	3,167	10
2023	2,764	415	3,178	2,952	230	0	3,182	4
2024	2,783	417	3,201	2,952	315	0	3,267	66
2025	2,803	420	3,223	2,952	415	0	3,367	144
2026	2,823	423	3,246	2,952	415	0	3,367	121

Fiscal Year	Firm Summer Peak Demand⁽²⁾	Capacity Reserves	Firm Summer Peak Demand Plus Capacity Reserves⁽³⁾	Electric System Capacity⁽⁴⁾	Firm Power Purchases⁽⁵⁾	Scherer Unit 4⁽⁶⁾	Installed Capacity and Net Firm Power Purchases⁽³⁾	Available Capacity Surplus⁽³⁾
2022	2,593	389	2,982	2,798	215	0	3,014	32
2023	2,610	391	3,001	2,798	215	0	3,014	13
2024	2,629	394	3,023	2,798	315	0	3,114	91
2025	2,650	397	3,047	2,798	415	0	3,214	167
2026	2,669	400	3,069	2,798	415	0	3,214	145

⁽¹⁾ The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

⁽²⁾ Peak demand:

- (a) does not include serving expected interruptible loads.
- (b) includes Demand-Side Management.
- (c) includes Plug-In Electric Vehicle (PEV) penetration.

⁽³⁾ Totals may not add due to rounding.

⁽⁴⁾ Figures include the following considerations:

- (a) No capacity additions occur in the planning horizon.
- (b) Diesel capacity rating for Kennedy CTs 7 & 8, Greenland CTs and Brandy Branch CTs.
- (c) Gas capacity ratings in winter and summer for Brandy Branch CTs 2 & 3.

⁽⁵⁾ Firm Power Purchases include:

- (a) TRE Phase I: 9 net MW clean power purchase starting winter 2008 and expiring December 2026.
- (b) TRE Phase II: 6 net MW clean power purchase starting winter 2014 and expiring December 2026.
- (c) Annual Firm Purchased Power Agreement for 200 MW Natural Gas Combined Cycle capacity and energy beginning January 1, 2022.
- (d) Vogtle Units 3 and 4: 100 MW each unit delivered from MEAG July 2023 and October 2024. The in-service dates for the Vogtle units in the Projected Available Capacity and Requirements table are being used for planning purposes and differ from Southern Company's assumed in-service dates.

⁽⁶⁾ Scherer Unit 4 was operational during the first quarter of the Fiscal Year ending September 30, 2022 and retired on January 1, 2022. It was excluded from consideration in determining available capacity for all of the Fiscal Year ending September 30, 2022 and thereafter.

Environmental Matters

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions and contaminated site assessment and remediation. Based on analysis of the cost of remediation and other identified environmental contingencies, as of

September 30, 2021, JEA had accrued liabilities of approximately \$30,618,000 related to environmental matters, of which approximately \$17,025,000 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station. Other environmental matters could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time. For a further discussion of certain pending litigation relating to environmental matters, see the discussion under the captions "Pollution Remediation Obligations" and "Northside Generating Station Byproduct" in Note 15 to the financial statements of JEA set forth in APPENDIX A of this Annual Disclosure Report. See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters - *Other Environmental*" herein.

While the final outcome of the foregoing proceedings cannot be predicted with certainty, JEA does not believe that its potential liabilities arising from such proceedings, either individually or in the aggregate, will have a material adverse effect upon its financial position, results of operations or liquidity.

Global Climate Change

Over the past 25 years, environmental concerns of the public, the scientific community and Congress have resulted in legislation that has had, and is expected to continue to have, a significant impact on the electric utility industry. Based on the increasing intensity of national and international attention to climate change, federal and state legislative and/or regulatory actions/discussions have been ongoing in this area.

Specific regulations with significant impact to JEA are described below.

In 1990, legislation was enacted (the "1990 Amendments") that substantially revised the Federal Clean Air Act (the "Clean Air Act"). A main feature of the 1990 Amendments is the reduction of sulfur dioxide ("SO₂") and nitrogen oxide ("NO_x") emissions caused by electric utility power plants, particularly those fueled by oil and coal. The SO₂ reduction was to be achieved in two phases. Phase I addressed specific high sulfur emitting generating units named in the 1990 Amendments and was effective on January 1, 1995.

In Phase II, which became effective on January 1, 2000, total U.S. SO₂ emissions are capped at 8,900,000 tons per year. The 1990 Amendments contained provisions for allocating emission allowances to power plants based on historical or calculated levels. An allowance is defined as the authorization to emit one ton of SO₂. An "Affected Unit" is defined as a unit that is subject to emission reduction requirements or limitations under the United States Environmental Protection Agency (the "EPA") Acid Rain Program.

In 2009, the EPA issued final rules that require mandatory reporting of greenhouse gases ("GHG") emissions from all sectors of the economy. The rules require reporting by fossil fuel suppliers and industrial gas suppliers, direct GHG emitters and manufacturers of heavy-duty and off-road vehicles and engines. Electric generating units ("EGUs") subject to the Clean Air Act's Acid Rain Program would continue to measure CO₂ emissions as presently performed and report based on those measurements. Annual reports are due by March 31 each year.

Under the structure of the Clean Air Act, permits are required for all sectors of the economy that have activities that meet the definition of a "major source" of GHG emissions under the Clean Air Act. Covered entities will immediately be subject to Prevention of Significant Deterioration ("PSD") and Title V permitting regimes, including requirements that construction of new sources or modifications to existing sources that will significantly increase GHG emissions install Best Available Control Technology ("BACT") to limit those emissions.

The EPA final PSD and Title V Greenhouse Gas Tailoring Rule (the "Tailoring Rule"), which provided a three-stage phase-in of Clean Air Act PSD and Title V operating permit requirements for GHGs from stationary sources, became applicable to GHG emissions on January 2, 2011.

Under the first phase, PSD and Title V requirements only apply to GHGs at sources that are already subject to these programs as a result of their non-GHG emissions. In the second and third phases, PSD and Title V requirements can apply to sources on the basis of GHG emissions alone, even if non-GHG emissions are not high enough to trigger current PSD and Title V requirements. The second and third phase of the Tailoring Rule and any related assessments were rendered irrelevant by a U.S. Supreme Court ("Supreme Court") ruling in 2014. The Tailoring Rule was initially upheld by the U.S. Court of Appeals for the District of Columbia Circuit, but, on June 23, 2014, the U.S. Supreme Court reversed in part and affirmed in part. The Supreme Court held that the Clean Air Act neither compels nor permits the EPA to require compliance with PSD or Title V requirements solely on the basis of GHG emissions but that the EPA reasonably interpreted the Act to require a source that must obtain a PSD permit based on its emission of non-GHG emissions to also comply with BACT requirements for GHGs. On remand from the Supreme Court, the U.S. Court of Appeals for the District of Columbia Circuit issued an amended judgment on April 10, 2015 that held that the Tailoring Rule was vacated to the extent it required sources to obtain PSD or Title V permits solely on the basis of GHG emissions and directed the EPA to take steps to rescind or revise applicable regulations to reflect the Court's judgment. The EPA has issued guidance indicating that it will no longer seek to apply the second or third phase of the Tailoring Rule but will continue to implement the first phase and will undertake additional future rulemaking. In early October 2016, the EPA proposed revisions in response to the June 2014 U.S. Supreme Court's decision that invalidated GHG-only PSD permitting under the Tailoring Rule. The proposal revised a variety of provisions to comply with the Court's ruling, and established a significant emissions rate threshold for GHGs of 75,000 tons per year CO₂, which would determine whether a source that triggers PSD for conventional pollutants is required to conduct a BACT analysis for GHGs. The EPA accepted comments on the revisions until December 16, 2016. Consistent with the ruling, the EPA is no longer requiring PSD permitting based on GHG emissions. JEA cannot determine the impact of this rule or any future related regulatory actions on its facilities at this time.

On October 23, 2015, the EPA published final performance standards for carbon emissions from new, modified and reconstructed electric generating units, establishing standards of performance for CO₂ emissions from these units (the "Carbon Pollution Standards"). On the same date, the EPA issued final guidelines for existing power plants, called the Clean Power Plan ("CPP"), which requires states to regulate CO₂ emissions from existing fossil fuel-fired power plants. This rule requires Florida to achieve a CO₂ emissions rate reduction of 26 percent by 2030, with interim CO₂ reduction goals over the period of 2022 to 2029.

Under the CPP, each state would be required to submit for EPA approval a plan for achieving the mandated emissions reductions. If a state failed to submit a plan then the EPA would be able, under the CPP, to impose a federal plan. States have at least one year (up to three years in special circumstances) to develop and submit plans to the EPA for approval. Plans do not go into effect until 2022. If a state does not submit an acceptable implementation plan, the EPA will implement a federal plan for the state. The final "Carbon Pollution Standards" rule applies to any facility that commenced construction after January 8, 2014, or modification or reconstruction after June 18, 2014, with requirements becoming effective 60 days after the rule is published in the Federal Register. The EPA accepted Public Comment on the Federal Plan up until January 21, 2016.

On August 3, 2015, the EPA issued concurrently three separate rules pertaining to emissions of carbon dioxide ("CO₂") fossil fuel-fired electric generating units:

- (a) The Final Clean Power Plan, applicable to existing fossil fuel-fired electric EGUs.
- (b) The Final Carbon Pollution Standards Rule ("CPS"), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- (c) The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the U.S. Supreme Court issued an order staying implementation of the CPP. The Supreme Court granted the applications of numerous parties to stay the CPP pending judicial review of the rule. The EPA subsequently petitioned the court to pause the litigation indefinitely while the EPA promulgates new rules.

On October 16, 2017, the EPA issued an Advanced Notice of Proposed Rulemaking to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO₂ regulation under the Clean Air Act. On August 31, 2018, the EPA issued a proposed rule to replace the CPP, which is entitled the Affordable Clean Energy ("ACE") rule. The proposed rule requires states to set CO₂ performance standards for each individual affected generating unit based on heat rate improvements that can be made at each specific unit. In addition, the ACE proposal would adopt reforms to the New Source Review ("NSR") program that are designed to remove the current regulatory barriers to implementing efficiency measures as well as other reliability, maintenance and safety projects at existing power plants. The compliance requirements of the proposed ACE rule are significantly less stringent than those of the CPP. The EPA accepted written comments on the proposed ACE rule until October 31, 2018. For the duration of the ACE rule's promulgation, the D.C. Circuit court had held the CPP litigation in abeyance while the EPA acted to repeal and replace the CPP. The CPP becomes repealed essentially when the ACE becomes final. On June 19, 2019, the EPA issued the final ACE rule, similar to the initial proposal except that the EPA opted to finalize the NSR reform rules sometime during the year 2020. JEA anticipates the ability to comply with ACE without significant new investment. On September 17, 2019, the D.C. Circuit Court granted motions seeking to dismiss, as moot, the litigation on the CPP, essentially affirming the repeal of the CPP. For ACE compliance, JEA is working on establishing a baseline CO₂ emissions rate and initiating a Heat Rate Improvement study for NGS Units 1 and 2. JEA began the process to propose a CO₂ emissions standard for each unit for

submission to FDEP towards the end of 2021 to support submission of an FDEP State plan in 2022 for the EPA's approval by 2024. However, due to the litigation and verdict described below, this process was suspended.

On December 6, 2018, the EPA issued a proposed rule to replace the CPS by revising the new source performance standards ("NSPS") for CO₂ emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO₂ performance standards for new coal-fired power plants, replacing the current standard based on carbon capture and storage with a more achievable standard based on high-efficiency generating technologies in combination with best operating practices. Similar to the ACE rule, the proposed NSPS for CO₂ emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO₂ emissions without significant incremental investment should it ever decide to construct a new EGU or modify an existing one.

On October 8, 2020, oral arguments were held at the D.C. Circuit Court to determine the validity of the ACE rule. On January 19, 2021, the court vacated the ACE rule and remanded it back to the EPA. The court decided that it was wrong for the EPA to conclude that the best system of emission reduction (BSER) meant only measures that can be applied to or at the source. The court also cited that generation shifting, averaging, trading, and biomass co-firing could be viable compliance options. The court stated that the repeal of the CPP was imbedded in the ACE rule, and therefore the CPP could go back into effect. This is not anticipated to happen, but should the CPP go back into effect, new compliance dates would have to be established since the current dates in the rule have already passed. The court concluded that the EPA can regulate the same category (EGUs) under both Sections 111 and 112 of the Clean Air Act, but not the same pollutant. Back in 2015, the EPA made the Endangerment Finding to regulate GHGs from existing EGUs as part of a NSPS. On October 29, 2021, the Supreme Court accepted appeal of ACE vacatur (CPP Replacement) from West Virginia and 18 States, North Dakota, Westmoreland Mining and North American Coal Corp. Initial briefings were made on December 13, 2021, responses were submitted on January 18, 2022, and replies were completed by February 17, 2022. Oral arguments were held on February 28, 2022. A replacement rule is also under development. The current Biden-Harris Administration's Build Back Better bill has a climate change component, but it is not certain if the bill will pass or if the climate component may be separated out.

National Ambient Air Quality Standards

National Ambient Air Quality Standard ("NAAQS") are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with provisions of the Clean Air Act. If the EPA determines that a state's air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

Ozone NAAQS. On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion ("ppb"), which is more stringent than the 75-ppb standard set

in 2008. The Clean Air Act mandates that the EPA publish initial area designations within two years of the promulgation of a new standard (*i.e.*, by October 2017), but allows for a one-year extension if the Administrator determines he "has insufficient information to promulgate the designations." On November 16, 2017, the EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone, designating 2,646 counties (including all counties in Florida) as "attainment/unclassifiable." The EPA is designating areas as "attainment/unclassifiable" where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where the EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan ("SIP") outlining strategy and emission control measures to achieve compliance. In November 2017, Duval County was deemed unclassifiable pending acceptable monitoring results expected at the end of 2018. Duval County is projected to be in attainment of the revised standard. On August 14, 2019, the EPA published the proposal to redesignate Duval County from unclassifiable to attainment/unclassifiable for the 2015 Ozone NAAQS. In the event that Duval County was to become a non-attainment area, JEA's power plants (e.g., Northside and Brandy Branch) could be required to comply with additional emission control requirements (e.g., increased usage of ammonia in their Selective catalytic reduction/Selective non-catalytic reduction ("SCR/SNCR")) for nitrogen oxides and volatile organic compounds which are precursors to ozone formation. The nature and consequences of a non-attainment designation cannot be predicted at this time. On January 20, 2021, the new Biden-Harris administration stated that it will be reviewing the Ozone NAAQS as contained in 85 Fed. Reg. 87256 dated December 31, 2020 (to be completed by December 2023).

Particulate Matter NAAQS. The EPA finalized the NAAQS Fine Particulate Matter ("PM_{2.5}") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM_{2.5} standard and kept the annual average PM_{2.5} standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM_{2.5} rule on December 14, 2012, that reduced the annual PM_{2.5} standard from 15 µg/m³ to 12 µg/m³. The rule left the 24-hour PM_{2.5} standard of 35 µg/m³ unchanged. The change in the PM_{2.5} has not resulted in non-attainment designation for Duval County and has not had a material adverse effect on the operations of JEA's generating facilities. On January 20, 2021, the new (Biden-Harris) administration stated that it will be reviewing the PM NAAQS as contained in 85 Fed. Reg. 82854 dated December 18, 2020.

SO₂ and NO₂ NAAQS. During 2010, the EPA finalized new one-hour NAAQS for both SO₂ and nitrogen dioxide ("NO₂"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one-hour primary SO₂ NAAQS. Parts of two Florida counties, including Nassau County, which is adjacent to JEA's service territory, were initially designated as being nonattainment areas. Duval County was not designated at this time. On August 10, 2015, the EPA issued a final rule directing states to provide data to characterize current air quality in areas with large sources of sulfur dioxide SO₂ emissions to identify maximum one-hour SO₂ concentrations in ambient air. The air quality data developed by the states in accordance with the final rule will be used by the EPA in future rounds of area designations for the 2010 one-hour

SO₂ NAAQS. A March 2015 court order requires the EPA to complete designations of all areas by the end of 2020. The FDEP conducted dispersion modeling studies of several large SO₂-emitting sources in the State (including JEA's NGS), and found that the one-hour SO₂ NAAQS is being met in Duval County using either allowable emission rates or actual emission rates (for the three years 2016-2018). The EPA completed its review and issued a final rule on February 25, 2019 to maintain the one-hour standard at 75 ppb.

State Implementation Plans. The Clean Air Act requires states to develop a general plan to attain and maintain the NAAQS in all areas of the country and a specific plan to attain the standards for each area designated nonattainment for a NAAQS. These plans, known as State Implementation Plans ("SIPs"), are developed by state and local air quality management agencies and submitted to the EPA for approval.

On June 12, 2015, the EPA published a final rule concerning how provisions in the EPA-approved SIPs treat excess emissions during periods of startup, shutdown or malfunction ("SSM").

The final rule updates the EPA's SSM Policy as it applies to SIP provisions and clarifies, restates, and revises the EPA's guidance concerning its interpretation of the Clean Air Act requirements with respect to treatment in SIPs of excess emissions that occur during periods of SSM. The EPA issued a "SIP call" for Florida and 35 other states requiring them to submit corrective SIP revisions by November 22, 2016. Florida submitted its SSM SIP revision on November 22, 2016. On June 4, 2019, EPA Region 4 proposed to change its SSM policy and withdraw the SSM SIP Call for North Carolina. This could result in Florida's initial SIP being reinstated at a future date. JEA does not anticipate any impacts to JEA sources or permit conditions from either the former SIP or the revised SIP if approved. On April 28, 2020, the EPA published the final action withdrawing the SSM SIP Call for North Carolina. Environmental Non-governmental Organizations (ENGOS) are expected to challenge this action and then seek to consolidate it in the D.C. Circuit with the nationwide case. On January 20, 2021, the new Biden-Harris administration announced that it will be reviewing the previous administration's guidance memorandum dated October 9, 2020 regarding inclusion of affirmative defense provisions governing SSMs in state SIPs.

On May 1, 2020, the EPA has determined that the State will not contribute significantly to nonattainment or interfere with maintenance of the 2010 1-hour SO₂ NAAQS in any other state. Therefore, the EPA is approving the September 18, 2018, SIP revision as meeting the requirements of the good neighbor provision for the 2010 1-hour SO₂ NAAQS.

MATS

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards ("MATS") Rule is intended to regulate four categories of hazardous air pollutants ("HAPs") emitted by coal- or oil-fired EGUs with a capacity of 25 MW or greater, namely mercury, HAPs metals, acid gases and organic HAPs.

Affected sources had until April 2015 to be in compliance, subject to a one-year extension. In June 2015, the U.S. Supreme Court determined that the EPA's rule did not properly consider costs in developing MATS and directed the EPA to address costs. On December 1, 2015, the EPA published a proposed supplemental finding and request for comment regarding the costs of the MATS rule, in response to the Supreme Court's decision. On December 15, 2015, the D.C. Circuit remanded MATS back to the EPA without vacatur, leaving MATS in effect and giving the EPA to opportunity to properly complete "supplemental findings" associated with the MATS rulemaking. In April 2016, the EPA's supplemental findings determined that it is still "appropriate and necessary" to regulate HAPs from coal-fired power plants.

Reports indicate that the EPA will issue a proposed rule that may obviate the appropriate and necessary finding (obviating the need for the MATS rule) as well as the residual risk and technology review that the EPA must complete in order to determine whether a tightening of the current MATS emission limits is necessary. The proposed rule package was sent to the U.S. Office of Management and Budget in October 2018 for interagency review. The EPA published its MATS proposal on February 7, 2019 in the *Federal Register*. The proposal states that regulation of HAPs is not appropriate or necessary after reconsidering costs but that coal- and oil-fired EGUs would not be delisted from regulation under Section 112 of the Clean Air Act, and the 2012 MATS rule would remain in place. The comment period ended on April 17, 2019. The EPA has submitted its final rule regarding the MATS Supplemental Cost Finding Reconsideration and Risk and Technology Review ("RTR"). The final rule was issued on April 16, 2020. On January 20, 2021, the new Biden-Harris administration stated that it will be reviewing the reconsideration of supplemental finding and RTR review for Coal- and Oil-fired EGUs as contained in 85 Fed. Reg. 82854 dated May 22, 2020. On February 2, 2022, the EPA proposed to revoke the previous administration's Appropriate and Necessary Finding, and to revisit RTR.

Because of the controls already installed at JEA's EGUs, JEA did not need to install any new or additional control equipment in order to comply with the MATS rule, as dependent on fuel type. As a precautionary measure, JEA has implemented an Activated Carbon Injection (ACI) system to further control mercury emissions from Units 1 and 2 at NGS if necessary.

National Emissions Standard for Hazardous Air Pollutants ("NESHAP") for Combustion Turbines

On March 9, 2020, the EPA published the final rule regarding 40 CFR 63 Subpart YYYYY; *i.e.*, NESHAP for stationary combustion turbines. This final action completes the EPA's RTR obligations for this rule. This final action (a) concludes that no revisions are necessary as a result of its RTR, (b) revises the startup, shutdown, and malfunction provisions to define when startup ends, as reaching stable operation or less than one hour for simple cycle turbines and less than three hours for combined cycle, whichever is less, (c) requires electronic reporting, and (d) does not lift the stay for new combustion turbines as it was previously proposed, pending the EPA's review of a petition to delist the entire combustion turbine source category with respect to this NESHAP. Challenged by NGOs, the rule is in abeyance pending reconsideration. A proposal to lift the stay was made in December 2021, and a decision is due by December 2022. There is also a petition to delist this NESHAP category, and the decision was made March 9, 2022 to delist. JEA's combustion turbine plants are minor sources of HAPs and are not expected to be impacted

by this rule. JEA also conducted HAP emissions testing at Brandy Branch (specifically, for formaldehyde) to confirm that the facility is not a major source of HAPs.

CCRs

In April 2015, the EPA finalized its rule to regulate the disposal and management of coal combustion residuals ("CCRs"), meaning fly ash, bottom ash, boiler slag and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015 and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by the EPA, was to be enforced only by citizen-initiated lawsuits, rather than by the EPA. However, on December 16, 2016, the President signed the Water Infrastructure Improvements for the Nation Act (the "WIIN Act"), which contains coal ash provisions that enable states to implement and enforce the requirements of the final CCR rule. The WIIN Act provides for the establishment of state and the EPA permit programs for coal combustion residuals (coal ash), flexibility for states to incorporate the EPA final rule for coal combustion residuals or develop other criteria that are at least as protective as the final rule and requires the EPA to approve state permit programs within 180 days of a state submitting a program for approval. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The State has started the process to incorporate the rule and regulations, which might ultimately constitute a state permitting or tailored program. At this time, the proposed state permit program will not include landfills in post-closure or corrective action. Enforcement will continue via third party citizen suits.

The rule applies to CCR management practices at the Power Park and Plant Scherer. The rule does not apply to management of byproducts at Northside Generating Station as long as it continues to burn a fuel mix with less than 50 percent coal. The operating cell within Area B of the Power Park was closed in accordance with performance standards specified in the CCR rule and included the installation of an impermeable liner on the top and side slopes. The cell did not have to be retrofitted with a bottom liner. The facility will continue to comply with the operating and monitoring requirements of the rule even after the plant decommissioning is completed, in accordance with the post-closure and corrective action plans that are developed for groundwater. The Power Park's two closed byproduct storage areas (Areas I and II) are not affected by this rule. The Power Park has no regulated surface impoundments. Existing surface impoundments, like that at Plant Scherer, are required to meet increased and more restrictive technical and operating criteria or to meet closure deadlines. GPC has decided to close in-place the surface impoundment at Plant Scherer instead of pursuing a retrofit. The receipt of CCR waste streams at the impoundment concluded in April 2019 and final closure is expected by 2030.

The EPA left in place an amendment to the Federal Resource Conservation and Recovery Act known as the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of being placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard and other contained or encapsulated applications.

Cross-State Air Pollution Rule and Clean Air Interstate Rule

On July 6, 2011, the EPA finalized the Cross-State Air Pollution Rule ("CSAPR") to regulate interstate impacts of SO₂ and NO_x. The final rule replaced the EPA's 2005 Clean Air Interstate Rule ("CAIR"). On April 29, 2014, the U.S. Supreme Court reversed a D.C. Circuit decision and upheld the CSAPR rule. CSAPR requires a total of 28 states, plus the District of Columbia, to reduce annual SO₂ emissions, annual NO_x emissions and/or ozone season NO_x emissions to assist in attaining the 1997 ozone and fine particle and 2006 fine particle NAAQS. CSAPR became effective on January 1, 2015 for SO₂ and annual NO_x, and May 1, 2015 with respect to seasonal NO_x requirements. The State currently is subject only to seasonal NO_x requirements (May 1 through September 30) under CSAPR rule.

On December 3, 2015, the EPA proposed an updated rule (known as the "transport rule"), which incorporated the 2008 ozone standard into the EPA's cross-state air pollution analysis. The proposal indicates that Florida's emissions do not cause non-compliance with the 2008 ozone standard in any downwind states. The rule was finalized on September 7, 2016, and Florida is no longer subject to CSAPR and has been removed from CSAPR beginning in 2017.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Fuel Supply and Transportation*" herein.

Regional Haze

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and wilderness areas ("Class I areas") across the country. Haze is formed, in part, from emissions of SO₂ and NO_x. Because these pollutants can be transported over long distances, all 50 states, including those that do not have Class I areas, are required to participate in planning, analysis, and in many cases, emission control programs under the regional haze rule. The second implementation period, state implementation plans, are due to be submitted to the EPA by July 21, 2021. This period lasts until 2028.

Northside Unit 3 is subject to Best Available Retrofit Technology requirements under the EPA Regional Haze rules. Northside Unit 3 applied for and received an exemption under the Regional Haze Rule due to this unit's having minimal impacts on visibility in the Class I areas from particulate emissions as demonstrated by ambient air modeling. No other units are impacted.

A new visibility model by the EPA showed that NGS can contribute to visibility impairment at a nearby Class I area (specifically, due to SO₂ emissions and potential impacts at Wolf Island). As such, JEA provided an analysis to FDEP in October 2020. The analyses demonstrated that Units 1 and 2 at NGS are "well-controlled" for SO₂ due to surrogate HCl limits per MATS regulations. JEA has accepted permit conditions to restrict the sulfur content of No. 6 fuel oil at Northside Unit 3, and no additional controls are expected to be necessary.

Water

On May 14, 2014, the EPA promulgated a draft rule to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act.

Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. Under the rule, existing facilities that withdraw very large amounts of water are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems. The final rule was published in the Federal Register on August 15, 2014 and became effective October 14, 2014.

The new standards in the final rule do not affect any of its facilities other than Northside. Northside is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries or oceans to cool their plants. It is possible that new standards may prospectively require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available ("BTA"), to improvements to the existing screening facilities to the installation of other cooling technologies. A full two-year study is required to evaluate site specific conditions and form a basis for assessing BTA. JEA completed these studies in March 2020. Analyses of that data is underway, and a full peer reviewed submittal to the regulatory agency is expected to be completed in 2024. Accordingly, costs have not been determined for Northside and are not currently included in JEA's capital program for the Electric System.

Effluent Limitation Guidelines

The EPA issued the final Steam Electric Effluent Limitations Guidelines ("ELG") on September 30, 2015, and they became final on January 4, 2016. On August 31, 2020, the Trump Administration EPA finalized an ELG reconsideration rule. Under the reconsideration rule, the phase-in dates for new requirements for existing power plants would be extended until 2025. The ELG Reconsideration will be subject to legal challenges. Requirements under the rule are waste-stream specific within a generating facility. JEA has evaluated compliance strategies that are being planned for NGS since SJRPP began the decommissioning process in January 2018. The investments to ensure compliance are not material. Options for compliance at Plant Scherer are being developed by all co-owners and will be phased in from 2017 to 2025.

Other Environmental

On May 27, 2015, the EPA and the U.S. Army Corps of Engineers ("USACE") released the prepublication version of the final "Clean Water Rule: Definition of 'Waters of the United States,'" ("WOTUS") redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule ("2015 Rule") contains many specific exemptions for connecting surface water features that are portions of the City's existing stormwater management system permitted under the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Stormwater Sewer System ("MS4") permits. Also, this rule specifically exempts JEA's permitted NPDES wastewater treatment ponds and potentially exempts identified NPDES Stormwater ponds from being considered as waters of the U.S., although discharges from such ponds would continue to be regulated.

The 2015 Rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, the EPA and the USACE finalized a proposed rule that

would postpone the effective date of the 2015 Rule for a period of two years. During the two-year period, the agencies were directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule. On January 23, 2020, the EPA and the USACE released a pre-publication version of the rule. The final Rule repeals the 2015 Rule and restores the regulatory text that existed prior to the 2015 Rule. The official version of The Navigable Waters Protection Rule ("NWPR"): Definition of "Waters of the United States" was published in the Federal Register April 21, 2020. This Rule was effective June 22, 2020 but was subject to legal challenges. On August 30, 2021, the NWPR was vacated by an Arizona federal court (*Pascua Yaqui Tribe v. U.S. Environmental Protection Agency*, No. 20-00266 (D. Ariz. Aug. 30, 2021)). As a result, the EPA's position is that the NWPR is no longer in effect. On November 18, 2021, the agencies announced the signing of a proposed rule to revise the definition of "waters of the United States." The agencies propose to put back into place the pre-2015 definition of "waters of the United States," updated to reflect consideration of Supreme Court decisions. This familiar approach is thought to support a stable implementation of "waters of the United States" while the agencies continue to consult with states, tribes, local governments, and a broad array of stakeholders in both the current implementation and future regulatory actions. The EPA will hold public roundtable discussions to aid in developing a new rule to define jurisdictional Waters of the United States.

On December 17, 2020, the EPA approved Florida's assumption of the Clean Water Act section 404, providing for Florida administration oversight of the 404 program in lieu of USACE. The assumption became effective on December 22, 2020. At this time, DEP continues to employ the NWPR in the State Assumed 404 Program while the EPA is developing a new rule to define jurisdictional Waters of the United States. The delegation of the 404 program was expected to streamline permitting; however initially, delays have been realized as FDEP adapts to the additional workload consequent to assuming the program. The delegation itself is expected to face legal challenges from environmental advocacy groups.

JEA's electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA's system are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the units in operation, under construction or contemplated will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in increased costs of operating units, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

JEA cannot predict at this time whether any additional legislation or rules will be enacted which will affect JEA's operations, and if such laws or rules are enacted, what the costs to JEA might be in the future because of such action.

Certain Factors Affecting the Electric Utility Industry

General

The electric utility industry has been, and in the future, may be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the Electric System. These factors likely would affect individual utilities in different ways. Such factors include, among others: (a) effects of compliance with changing environmental, licensing and regulatory requirements, (b) regulatory changes and changes that might result from a national energy policy, (c) uncertain access to low cost capital for replacement of aging fixed assets, (d) increases in operating costs, (e) effects of competition from other suppliers of electricity and (f) issues relating to the reliability of electric transmission systems and grids. In addition, municipal electric utilities may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed battery and electric storage resources, renewable distributed generation, customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions. These factors, and others, are discussed in more detail below in relation to how they affect JEA.

The future financial condition of the Electric System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of electric service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

COVID-19 Pandemic

General. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees and established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date, JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements (as defined herein) set forth in APPENDIX A attached hereto.

Financial Impact. JEA saw a 1.7 percent reduction in Electric System industrial MWh sales during the Fiscal Year ended September 30, 2021, compared to the Fiscal Year ended September 30, 2020, which was offset by a 1.4 percent increase in residential customer MWh sales and a 0.1 percent increase in commercial MWh sales between such periods. Total MWh sales were up 0.3 percent in the Fiscal Year ended September 30, 2021 compared to the Fiscal Year ended September 30, 2020. For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Legislation

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new generating facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Compliance with any future GHG emission reduction requirements could require JEA, at significant cost, to purchase allowances or offsets, change the type of boiler fuel JEA uses, retire high-emitting generation facilities and replace them with lower-emitting generation facilities, or implement carbon capture and sequestration technology. The estimation of costs of compliance with GHG legislation or with EPA rules is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

Retail Competition

On October 5, 2018, the Florida Division of Elections approved a ballot initiative to amend the Florida Constitution to allow retail energy choice, as sought by an organization known as Floridians for Affordable Reliable Energy ("FARE"). Even though the initiative secured enough signatures to be allowed on the ballot in 2020, the Florida Supreme Court ruled that the ballot language was misleading, disallowing it from being on the ballot. FARE stated it that would continue its effort in subsequent elections.

Currently, neither FARE nor any other similar group have initiated any public efforts to implement retail choice for electric customers in Florida. There are no current or anticipated proposals in the Florida Legislature or at the Florida Public Service to evaluate or implement retail choice for electric customers in Florida.

FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS***Debt Relating to Electric Utility Functions******Electric System Bonds***

As of September 30, 2021, \$904,760,000 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of

the date of this Annual Disclosure Report, there is \$880,460,000 in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) \$439,835,000 in aggregate principal amount of variable rate Electric System Bonds and (b) \$440,625,000 in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

From time to time, JEA requests Council approval of the issuance of Electric System Bonds and Subordinated Electric System Bonds. Pursuant to previous Council approvals, JEA currently is authorized to issue additional Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of financing the costs of additions, extensions and improvements to the Electric System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$465,160,991. JEA expects that such current authorization will be adequate to enable JEA to maintain its Electric System capital improvement program as projected through the Fiscal Year ending September 30, 2026. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Capital Program*" herein.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated Electric System Bonds to refund outstanding Electric System Bonds and/or Subordinated Electric System Bonds from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Electric System Bonds and/or Subordinated Electric System Bonds in order to enable it to finance its Electric System capital program.

A summary of certain provisions of the Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008C-1, Series Three 2008C-2 and Series Three 2008C-3 (collectively, the "Senior Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed

tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from August 22, 2022 to May 8, 2023.

On July 27, 2010, the bank previously providing liquidity support for JEA Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 and Series Three 2008D-1 and on October 22, 2012, the bank previously providing credit and liquidity support for JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008B-4 (such Series Three 2008B-1, 2008D-1 and 2008B-4 Bonds are referred to herein collectively as the "Bank Purchased Bonds") purchased the applicable Bank Purchased Bonds pursuant to three substantially similar direct purchase agreements. The Bank Purchased Bonds are, as of the date of this Annual Disclosure Report, outstanding in the principal amounts of \$56,395,000, \$97,705,000 and \$42,110,000, respectively.

Upon such purchases, the letter of credit and standby bond purchase agreement previously in effect for the respective Bank Purchased Bonds terminated. Except as described below, the bank does not have the option to tender the respective Bank Purchased Bonds for purchase for a period specified in the respective direct purchase agreements, which period would be subject to renewal under certain conditions. The three direct purchase agreements were amended effective September 17, 2015, December 11, 2018, and December 9, 2021, and the current expiration date of each is December 9, 2024. At the end of the period specified, which period is subject to extension under certain conditions, the Bank Purchased Bonds are subject to mandatory tender for purchase. Any Bank Purchased Bond that is not remarketed and purchased from such bank on the mandatory tender date that occurred upon the expiration of such period would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from such mandatory tender date. Such bank has no option to tender the Bank Purchased Bonds for payment by JEA during the holding period except upon the occurrence of certain "events of default" on the part of JEA under the respective direct purchase agreements and the occurrence of certain other conditions. Upon any such tender for payment, the Bank Purchased Bond so tendered would be due and payable immediately.

Proposed Amendments to the Electric System Resolution

In May 1998, JEA adopted a resolution (as amended, the "May 1998 Amending Resolution") for the purpose of making certain material amendments to the Electric System Resolution. In addition to certain amendments to the Electric System Resolution that heretofore have become effective, the May 1998 Amending Resolution provides for the amendment of certain provisions of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park (the "Power Park Amendment"), in a manner requiring

(a) the consent of FPL, (b) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds⁶ outstanding and (c) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding. As of the date of this Annual Disclosure Report, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

If the Power Park Amendment ever were to become effective, it would amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (a) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds¹ and the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (b) deposits into any renewal and replacement or similar fund with respect to the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance (as defined in the Electric System Resolution), but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution also would have amended the provisions of the Electric System Resolution relating to the priority of payments with respect to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) in a manner similar to that described above with respect to the Power Park, but the amendments relating to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) were rescinded by JEA in conjunction with the adoption of the Restated and Amended Bulk Power Supply System Resolution.

Subordinated Electric System Bonds

On August 16, 1988, JEA adopted a resolution (as amended, restated and supplemented, the "Subordinated Electric System Resolution") authorizing the issuance of obligations of JEA (the "Subordinated Electric System Bonds") that are junior and subordinate in all respects to the Electric System Bonds as to lien on, and source and security for payment from, the revenues of the Electric System. As of September 30, 2021, \$523,615,000 in aggregate principal amount of Subordinated Electric System Bonds was outstanding. As of the date of this Annual Disclosure Report, there is \$488,775,000 in aggregate principal amount of Subordinated Electric System Bonds outstanding under the Subordinated Electric System Resolution, consisting of (a) \$54,225,000 in aggregate principal amount of variable rate Subordinated Electric System Bonds and (b) \$434,550,000 in aggregate principal amount of fixed rate Subordinated Electric System Bonds.

The Subordinated Electric System Bonds may be issued for the purpose of financing the cost of acquisition and construction of additions, extensions and improvements to the Electric System, or any other lawful purpose of JEA relating to the Electric System, or to refund any of the Electric System Bonds or the Subordinated Electric System Bonds.

¹ The Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding.

Pursuant to the Subordinated Electric System Resolution and the laws of the State, and in accordance with the Electric System Resolution, the amount of Subordinated Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Electric System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds, see subsection "*Electric System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX C. See "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION - Additional Subordinated Bonds; Conditions to Issuance" in APPENDIX C attached hereto.

Liquidity support in connection with tenders for purchase of the Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A and 2008 Series D (collectively, the "Subordinated Liquidity Supported Electric System Bonds") currently is provided by a certain bank pursuant to standby bond purchase agreements between JEA and such bank. Any Subordinated Liquidity Supported Electric Bond that is purchased by the bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Electric Bond that is purchased by the bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Electric System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Electric Bonds are held by the bank providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration date of the standby bond purchase agreements is September 18, 2022.

Power Park Issue Three Bonds

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds". As of September 30, 2021, \$251,765,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. On January 31, 2022, \$27,255,000 of Power Park Issue Three Bonds were defeased using available funds from the FPL Consummation Payment. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. As of the date of this Annual

Disclosure Report, \$210,335,000 in aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System regardless of whether the Power Park is operational. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

A summary of certain provisions of the Second Power Park Resolution, including a description of the amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX D.

Bulk Power Supply System Bonds

JEA financed the acquisition of a portion of its ownership in the Scherer 4 Project through the issuance of its bonds (the "Original Bulk Power Supply System Bonds") issued pursuant to a resolution of JEA adopted on February 5, 1991, as amended and supplemented (the "Original Bulk Power Supply System Resolution"). Pursuant to the Original Bulk Power Supply System Resolution, the Electric System was entitled to the entire capacity of the Scherer 4 Project and was required to pay for such capacity on a "take-or-pay" basis. During its Fiscal Year ended September 30, 1999, JEA caused all the remaining Original Bulk Power Supply System Bonds to be retired in advance of the scheduled due dates from certain available funds of the Electric System accumulated for that purpose. As a result, all of the covenants, agreements and other obligations of JEA under the Original Bulk Power Supply System Resolution were discharged and satisfied. However, JEA continued to make the output of the Scherer 4 Project available to the Electric System, and all costs of operating and maintaining the Scherer 4 Project continued to be paid as a Contract Debt of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See subsection "*Electric System Contract Debts*" below in this section.

On November 18, 2008, the JEA Board adopted a resolution that readopted, amended and restated the Original Bulk Power Supply System Resolution (the Original Bulk Power Supply System Resolution, as so readopted, amended and restated, is referred to herein as the "Restated and Amended Bulk Power Supply System Resolution"). The Restated and Amended Bulk Power Supply System Resolution permits JEA to issue one or more series of bonds thereunder ("Additional Bulk Power Supply System Bonds") for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The Restated and Amended Bulk Power Supply System Resolution also permits JEA to issue refunding Additional Bulk Power Supply System Bonds to refund any outstanding Additional Bulk Power Supply System Bonds from time to time as it deems economical or advantageous. As of September 30, 2021, \$81,885,000 in aggregate principal amount of bonds was outstanding under the Restated and Amended Bulk Power Supply System Resolution. On January 31, 2022,

\$47,630,000 of Additional Bulk Power Supply Bonds were defeased using available funds from the FPL Consummation Payment. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. As of the date of this Annual Disclosure Report, \$27,175,000 in aggregate principal amount of bonds is outstanding under the Restated and Amended Bulk Power Supply System Resolution. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. JEA presently has no plans to issue Additional Bulk Power Supply System Bonds.

A summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution is attached to this Annual Disclosure Report as APPENDIX E.

Electric System Contract Debts

"Contract Debts," a component of the Electric System's Cost of Operation and Maintenance, is defined by the Electric System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk electric purchase power agreement or otherwise to make payments out of the revenues of the Electric System for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the Power Park and the Bulk Power Supply System Projects (as defined in the Electric System Resolution and which includes additional electric generating plants)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale entered into after February 29, 2000 as may be determined by JEA to be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in APPENDIX B attached hereto. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "*Proposed Amendments to the Electric System Resolution*" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, JEA is obligated to make the output and capacity of the Scherer 4 Project (and any other projects that may be financed under the Restated and Amended Bulk Power Supply System Resolution) available to the Electric System and is obligated to make payments from the Electric System on a "take-or-pay" basis to provide revenues to pay operating and maintenance expenses of the Scherer 4 Project (and such other projects), debt service on the Additional Bulk Power Supply System Bonds, renewal and replacement costs relating to the Scherer 4 Project (and such other projects) and all other costs relating to the Scherer 4 Project (and such other projects), and such payments constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein for a description of JEA's obligations pursuant to certain purchase power contracts, which obligations also constitute Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution.

JEA is authorized under the Electric System Resolution to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the costs of any such separate electric generating utilities or systems, which obligations shall be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. None of the revenues derived by JEA from the prior operation of the Power Park under the Second Power Park Resolution, from the operation of the Scherer 4 Project under the Restated and Amended Bulk Power Supply System Resolution (and any other projects that may be financed thereunder), or from the operation of any other separate bulk power supply utility or system undertaken by JEA shall be deemed under the Second Power Park Resolution, the Restated and Amended Bulk Power Supply System Resolution or the Electric System Resolution to be revenues of the Electric System. *For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "Proposed Amendments to the Electric System Resolution" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" in APPENDIX B attached hereto.*

Schedules of Debt Service Coverage

The following table shows the Electric System Schedules of Debt Service Coverage for the Fiscal Years ended September 30, 2021 and September 30, 2020, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2021 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto. Set forth in APPENDIX A to this Annual Disclosure Report are Schedules of Debt Service Coverage for JEA's interest in the Power Park and the Bulk Power Supply System for the Fiscal Years ended September 30, 2021 and September 30, 2020. In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the

Power Park and the Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of JEA's interest in the Power Park and the Bulk Power Supply System are reflected as a purchased power expense on the Electric System Schedules of Debt Service Coverage. The Electric System Schedules of Debt Service Coverage do not include revenues of the Power Park or the Bulk Power Supply System, except that the purchased power expense described in the preceding sentence is net of interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. In addition, the Electric System Schedules of Debt Service Coverage do not include revenues received by JEA pursuant to the FPL-Power Park Sale.

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Electric System Schedules of Debt Service Coverage
(In Thousands)

	Fiscal Year Ended September 30,	
	2021	2020
Revenues		
Electric	\$1,225,962	\$1,192,898
Investment income ⁽¹⁾	2,295	6,057
Earnings from The Energy Authority	15,378	2,848
Other, net ⁽²⁾	25,303	22,016
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	82,016	91,118
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(24,370)	(64,132)
Total revenues	<u>\$1,326,584</u>	<u>\$1,250,805</u>
Operating expenses ⁽³⁾		
Fuel	326,870	271,164
Purchased power ⁽⁴⁾	204,846	164,362
Maintenance and other operating expenses	211,537	222,585
State utility and franchise taxes	60,080	58,806
Total operating expenses	<u>803,333</u>	<u>716,917</u>
Net revenues	<u>\$ 523,251</u>	<u>\$ 533,888</u>
Debt Service		
Debt service on Electric System Bonds	\$ 47,552	\$ 53,384
Less: investment income on sinking fund	(1,677)	(1,842)
Less: Build America Bonds subsidy	(1,536)	(1,532)
Debt service requirement on Electric System Bonds	<u>\$ 44,339</u>	<u>\$ 50,010</u>
Debt service coverage on Electric System Bonds ⁽⁵⁾	<u>11.80x</u>	<u>10.68x</u>
Net revenues (from above)	\$ 523,251	\$ 533,888
Debt service requirement on Electric System Bonds (from above)	44,339	50,010
Plus: aggregate subordinated debt service on		
Subordinated Electric System Bonds	58,701	63,443
Less: Build America Bonds subsidy	(1,908)	(1,947)
Debt service requirement on Subordinated Electric System Bonds	<u>56,793</u>	<u>61,496</u>
Debt service requirement on Electric System Bonds and		
Subordinated Electric System Bonds	<u>\$ 101,132</u>	<u>\$ 111,506</u>
Debt service coverage on Electric System Bonds and		
 Subordinated Electric System Bonds ⁽⁶⁾	<u>5.17x</u>	<u>4.79x</u>

⁽¹⁾ Excludes investment income on sinking funds.

⁽²⁾ Excludes the Build America Bonds subsidy.

⁽³⁾ Excludes depreciation and recognition of deferred costs and revenues, net.

⁽⁴⁾ In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

⁽⁵⁾ Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage 1.20x.

⁽⁶⁾ Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage is 1.15x.

Management's Discussion and Analysis of Electric System Schedules of Debt Service Coverage***Revenues***

Total revenues increased \$75.8 million, or 6.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to higher electric revenues, a decrease in amounts paid from the Revenue Fund into the Rate Stabilization Fund and higher earnings from The Energy Authority offset, in part, by a decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Electric sales volume increased 36,176 MWh, or 0.3 percent, to 12,239,149 MWh for the Fiscal Year ended September 30, 2021 from 12,202,973 MWh for the Fiscal Year ended September 30, 2020, primarily related to residential sales increasing 76,190 MWh, or 1.4 percent offset, in part, by industrial sales decreasing 46,784 MWh, or 1.7 percent.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund decreased \$9.1 million, or 10.0 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to the \$29.9 million debt management withdrawal used to retire Electric System debt in October 2019 offset, in part, by the \$18.0 million increase in fuel withdrawals and a \$5.3 million increase in non-fuel purchased power withdrawals.

Amounts paid from the Revenue Fund into the Rate Stabilization Fund decreased \$39.8 million, or 62.0 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a decrease in fuel contributions.

Operating Expenses

Total operating expenses increased \$86.4 million, or 12.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020. Total fuel and purchased power expenses increased \$96.2 million, or 22.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a 20.5 percent increase in fuel expense and a 24.6 percent increase in purchased power expense. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. Total MWh power generated and purchased increased 0.4 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, to 12,674,148 MWh from 12,627,990 MWh, with an increase of 36.5 percent for MWh purchased offset, in part, by a decrease of 7.9 percent for MWh generated. The cost per MWh of power generated increased 47.9 percent and the cost per MWh of purchased power decreased 7.5 percent.

Maintenance and other operating expenses decreased \$11.0 million, or 5.0 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to decreases in legal and other professional services.

Net Revenues

Net revenues available for debt service decreased \$10.6 million, or 2.0 percent, to \$523.3 million for the Fiscal Year ended September 30, 2021 from \$533.9 million for the Fiscal Year ended September 30, 2020. Total revenues increased \$75.8 million, or 6.1 percent, and total operating expenses increased \$86.4 million, or 12.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, as stated above. The decrease in net revenues available for debt service is primarily related to the increase in fuel and purchased power expenses and the decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund offset, in part, by higher electric revenues, the decrease in amounts paid from the Revenue Fund into the Rate Stabilization fund, higher earnings from The Energy Authority and the decrease in maintenance and other operating expenses.

Debt Service on Electric System Bonds

The debt service requirement on Electric System Bonds decreased \$5.7 million, or 11.3 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, related to a \$4.9 million lower interest expense and a \$0.8 million lower principal amortization as a result of lower interest rates and lower outstanding debt balances.

During the Fiscal Year ended September 30, 2021, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2021A	Refunding ⁽¹⁾	July 2021	\$10,385,000	\$13,750,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2020, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2020A	Refunding ⁽¹⁾	July 2020	\$129,255,000	\$159,705,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage Ratio on Electric System Bonds

The debt service coverage ratio on Electric System Bonds increased to 11.80 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 10.68 times for the Fiscal Year ended September 30, 2020 as a result of the 2.0 percent decrease in net revenues available for debt service being proportionately less than the 11.3 percent decrease in the debt service requirement on Electric System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Electric System Bonds

Aggregate subordinated debt service on Subordinated Electric System Bonds decreased \$4.7 million, or 7.6 percent, for the Fiscal Year ended September 30, 2021 as compared to the

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Fiscal Year ended September 30, 2020, related to a \$3.8 million lower interest expense and a \$0.9 million lower principal amortization as a result of lower interest rates and lower outstanding debt balances.

During the Fiscal Year ended September 30, 2021, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2021 Series A	Refunding ⁽¹⁾	July 2021	\$34,175,000	\$46,010,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$92,415,000	\$113,160,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds

The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 5.17 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 4.79 times for the Fiscal Year ended September 30, 2020 as a result of the 2.0 percent decrease in net revenues available for debt service being proportionately less than the 9.3 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

Liquidity Resources

The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2021 was 166 days, and the Days of Liquidity was 331 days. The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2020 was 183 days, and the Days of Liquidity was 359 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

The Days of Liquidity computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

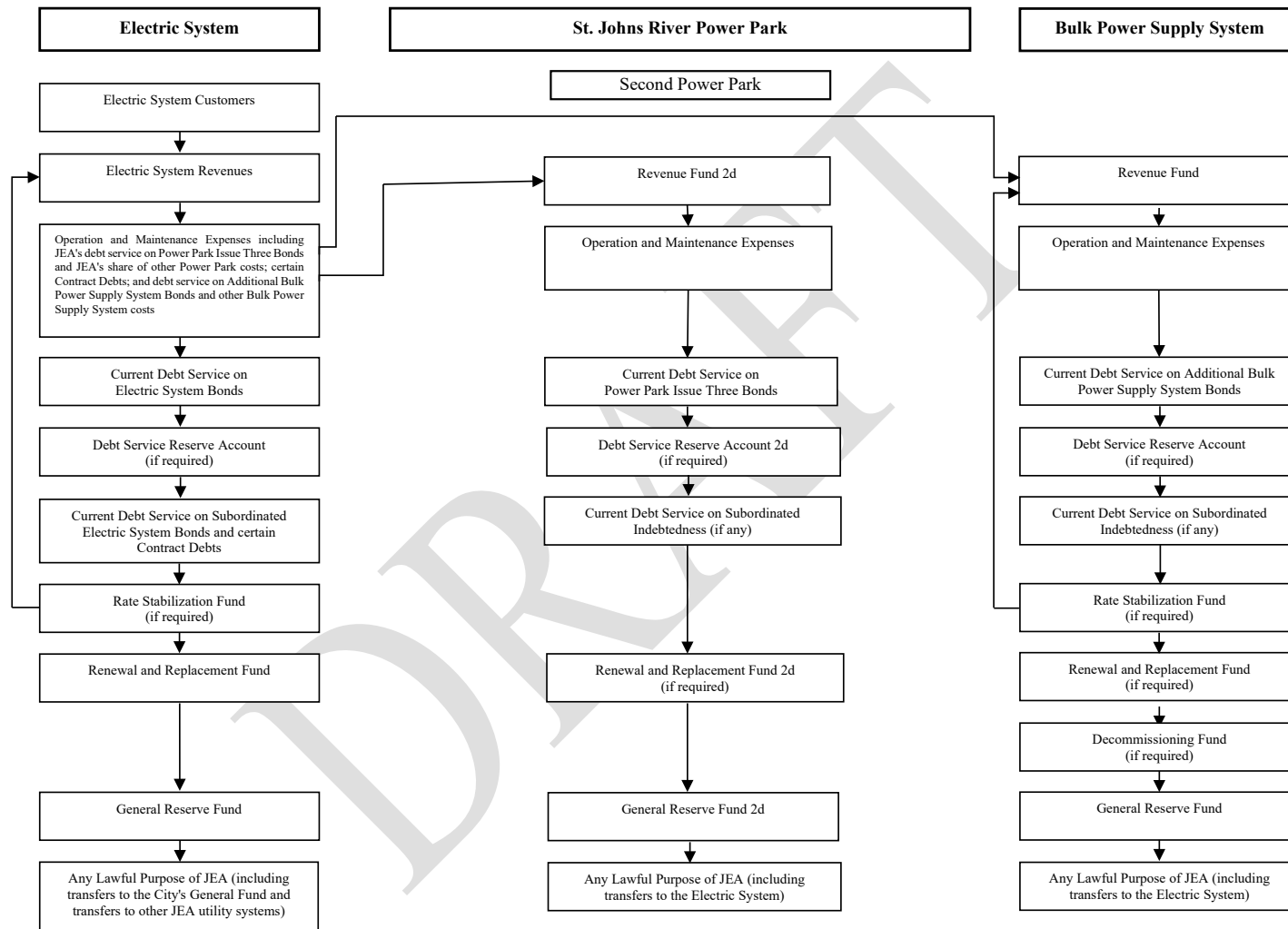
* Allocated share of available Revolving Credit Facility at September 30, 2021 was approximately \$405.6 million and approximately \$389.8 million at September 30, 2020; however, the total balance of \$500 million could have been drawn as of September 30, 2021.

APPLICATION OF ELECTRIC SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Electric System Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see the subsection "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Proposed Amendments to the Electric System Resolution*" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

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OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Electric System, the Scherer 4 Project (which is sometimes referred to herein and in JEA's financial statements as the "Bulk Power Supply System"), and its interest in the Power Park. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Years ended September 30, 2021 (which consist of the statement of net position of JEA as of September 30, 2021 and September 30, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2021 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2021 and September 30, 2020 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2021 and September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2021 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2021 Financial Statements include all of the assets of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. However, revenues of JEA's interest in the Power Park and the Bulk Power Supply System are not included in such statement of revenues, expenses, and changes in net assets, except that interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution and revenues received from the FPL-Power Park Sale are included in the statement of revenues, expenses, and changes in net assets.

For financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric

System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services; *provided, however*, available revenues of the Water and Sewer System shall be deposited into a Debt Service Reserve Account established for the District Energy System Refunding Revenue Bonds, 2013 Series A (Federally Taxable) (the "2013 DES Bonds") and pledged to pay debt service on the 2013 DES Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on the 2013 DES Bonds). Accordingly, potential purchasers of the Electric System Bonds are advised that the information in JEA's 2021 Financial Statements relating to JEA's Water and Sewer System and District Energy System is not relevant to a decision to purchase the Electric System Bonds and should not be taken into account with respect thereto.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City.

The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter, which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated

Finance & Operations Committee - ADDITIONAL INFORMATION

by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall, or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Electric System has increased from approximately \$93,609,555 for the Fiscal Year ended September 30, 2021 to \$94,545,651 for the Fiscal Year ending September 30, 2022. While the

Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Electric System Bonds and Subordinated Electric System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u>Fitch Ratings</u>	<u>Moody's</u>	<u>S&P</u>
Outstanding Electric System Bonds	AA (stable)	A1 (stable)	A+ (negative)
Outstanding Subordinated Electric System Bonds	AA (stable)	A2 (stable)	A (negative)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into standby bond purchase agreements with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Electric Bonds, and the Subordinated Liquidity Supported Electric

Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$243,625,000 in aggregate principal amount of Senior Liquidity Supported Electric Bonds outstanding and \$54,225,000 in aggregate principal amount of Subordinated Liquidity Supported Electric Bonds outstanding. The standby bond purchase agreements relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, each standby bond purchase agreement provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which such standby bond purchase agreement relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings. ("Fitch"), "Baa3" by Moody's Investors Service ("Moody's") and/or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Electric System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$497,990,000 as of September 30, 2021, of which, \$402,785,000 were for the account of the Electric System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

As of September 30, 2021, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated)

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was approximately \$129,355,000, of which approximately \$102,752,000 was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of September 30, 2021	Fixed Rate of Interest	Variable Rate Index⁽¹⁾	Termination Date⁽²⁾
Variable Rate Electric System Revenue Bonds, Series Three 2008A	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	\$100,000,000	\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4	Morgan Stanley Capital Services Inc. ("MSCS")	117,825,000	82,575,000	4.351	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. ("JPMorgan")	116,425,000	81,575,000	3.661	68% of 1 month LIBOR	10/1/2035
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2	GSMMDP	174,000,000	84,800,000	3.717	68% of 1 month LIBOR	9/16/2033
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1	MSCS	98,375,000	62,980,000	3.907	SIFMA Municipal Swap Index	10/1/2031
Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D	JPMorgan	40,875,000	39,175,000	3.716	68% of 1 month LIBOR	10/1/2037

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the

aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were affected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

Finance & Operations Committee - ADDITIONAL INFORMATION

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Electric System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$1.5 billion in the case of interest rate swaps, (b) \$500,000,000 in the case of basis swaps and (c) \$1 billion in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction". Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2021, 15.9 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 6.5 years. As of September 30, 2021, the remaining 84.1 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2021, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (a) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (b) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or

(c) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Electric System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Electric System, including any Contract Debts of the Electric System, debt service on Electric System Bonds, debt service on any Subordinated Bonds of the Electric System (including Subordinated Electric System Bonds) and the deposits to the Renewal and Replacement Fund established by the Electric System Resolution.

All interest rate swap transactions for the account of the Electric System are required to be entered into pursuant to Electric System Swap Agreements. Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement (the "Revolving Credit Facility") with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment. Effective November 1, 2018, the parties amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000. Effective May 24, 2021, the parties further amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for the Water and Sewer System loans by \$200,000,000, for a total commitment equal to \$500,000,000. The Revolving Credit Facility is scheduled to expire May 24, 2024. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of September 30, 2021, JEA had no borrowings outstanding under the Revolving Credit Facility. As of the date of this Annual Disclosure Report, JEA has \$1,000,000 in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. For information about the borrowing made subsequent to the Fiscal Year ended September 30, 2021, see Note 18 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 715.2 of the Second Power Park Resolution, and Section 714.2 of the Restated and Amended Bulk Power Supply System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, respectively, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is

required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution.

LITIGATION AND OTHER MATTERS

General

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Electric System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance, or the City's Risk Management fund, or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Electric System.

Other Matters

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, Aaron Zahn ("Zahn"); the former Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN"), providing for the sale of JEA's assets and liabilities; and, a proposed bonus pay plan for senior executives to be funded by proceeds from the sale of JEA's assets and liabilities. JEA complied with the subpoena and provided the requested documents and records.

Subsequently, on March 2, 2022, a federal grand jury issued an indictment charging Zahn and Ryan Wannemacher ("Wannemacher"), JEA's former CFO, with one count of conspiracy and one count of wire fraud. According to the indictment, the charges stem from allegations that Zahn began planning for the ITN in efforts to effectuate the sale and privatization of JEA before he was selected as CEO of JEA. The indictment further alleges that Zahn and Wannemacher willfully engaged in a scheme to make false and fraudulent representations to the JEA Board about material facts concerning development of the proposed bonus plan and its connection to the ITN, knowing

that if JEA was sold, they, along with others would be paid exorbitant sums of money from funds that would otherwise have gone to the City's General Fund.

On January 28, 2019, the JEA fired Zahn with cause. On May 8, 2020, Zahn filed a demand for arbitration with the American Arbitration Association seeking damages for JEA's alleged violation of the July 2019 employment agreement. JEA filed its complaint on June 5, 2020 seeking damages and injunctive relief. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust. Simultaneously with the complaint, JEA moved to enjoin or stay the pending arbitration. In response, Mr. Zahn moved to compel arbitration. The circuit court entered an order staying the arbitration until the court had ruled on the parties' respective motions relating to arbitration.

On October 15, 2020, the circuit court entered an Order Granting in Part and Denying in Part JEA's Motion to Enjoin or Stay Arbitration Proceeding, which compelled arbitration of all of JEA's claims. JEA filed a timely appeal of the circuit court's decision; and, on August 24, 2021, the First District Court of Appeal affirmed the circuit court's order compelling arbitration. Resolution of the matter is currently pending.

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AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: /s/ Robert L. Stein
Chair

By: /s/ Joseph C. Stowe III
Managing Director and Chief Executive Officer

SCHEDULE 1

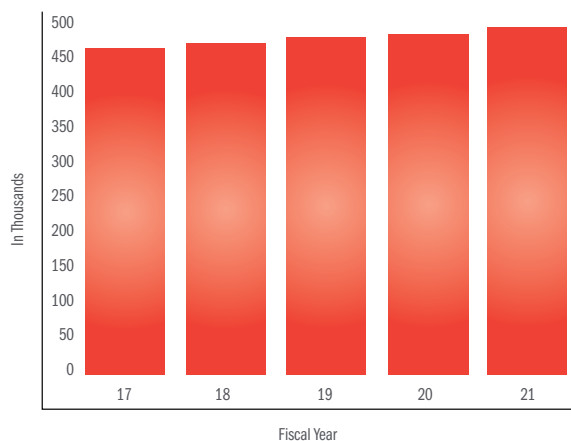
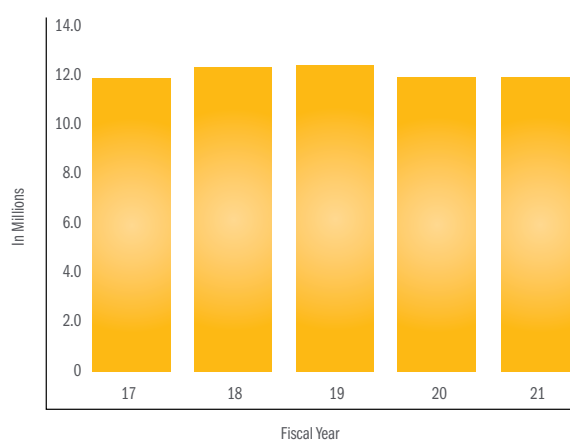
OPERATING HIGHLIGHTS

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Finance & Operations Committee - ADDITIONAL INFORMATION

ELECTRIC FINANCIAL AND OPERATING HIGHLIGHTS

	Years Ended September 30					% Change
	2021	2020	2019	2018	2017	2021-2020
FINANCIAL HIGHLIGHTS						
Total operating revenues (thousands)	\$1,308,997	\$1,241,506	\$1,300,208	\$1,366,111	\$1,428,329	5.44%
Fuel and purchased power expenses (thousands)	\$475,461	\$376,011	\$465,573	\$530,246	\$536,250	26.45%
Total operating expenses (thousands)	\$1,010,651	\$921,912	\$1,019,589	\$1,102,133	\$1,088,386	9.63%
Debt service coverage:						
Senior and subordinated - Electric	5.17 x	4.79 x	2.81 x	2.30 x	2.53 x	7.93%
Senior - Electric	11.80 x	10.68 x	6.51 x	6.55 x	7.53 x	10.49%
Bulk Power Supply System	1.27 x	1.96 x	2.19 x	3.47 x	1.75 x	-35.20%
St. Johns River Power Park 2nd Resolution	1.15 x	1.15 x	1.19 x	1.60 x	1.18 x	0.00%
OPERATING HIGHLIGHTS						
Sales (megawatt hours)	12,239,149	12,202,973	12,465,958	12,732,236	13,893,852	0.30%
Peak demand - megawatts (60 minute net)	2,582	2,658	2,644	3,080	2,682	-2.86%
Total accounts - average number	494,656	485,000	475,786	466,409	458,953	1.99%
Sales per residential account (kilowatt hours)	12,932	13,026	13,172	13,205	12,672	-0.72%
Average residential revenue per kilowatt hour	\$11.42	\$11.21	\$11.41	\$11.42	\$11.44	1.87%
Power supply:						
Natural gas	62%	63%	49%	48%	39%	-1.59%
Purchases	15%	13%	26%	18%	12%	15.38%
Coal	15%	12%	16%	22%	43%	25.00%
Petroleum coke	8%	12%	9%	12%	6%	-33.33%

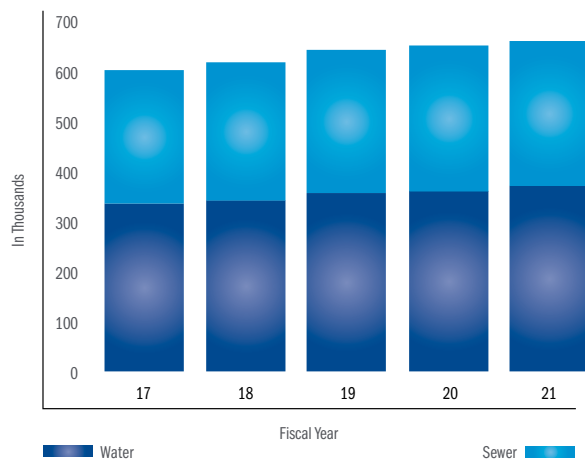
Average Number of Electric Retail Accounts**Retail Megawatt Hour Sales**

Finance & Operations Committee - ADDITIONAL INFORMATION

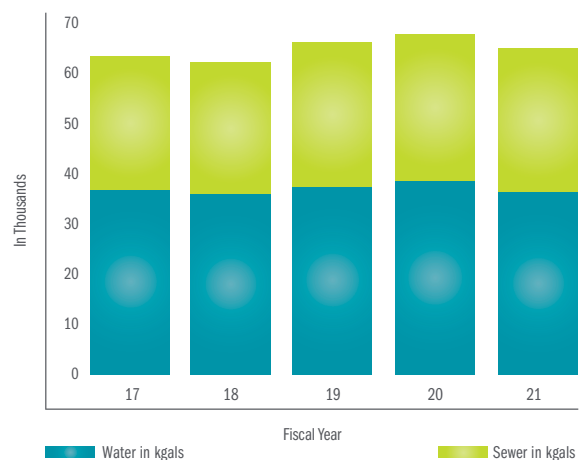
WATER AND SEWER FINANCIAL AND OPERATING HIGHLIGHTS

	Years Ended September 30					% Change 2021-2020
	2021	2020	2019	2018	2017	
FINANCIAL HIGHLIGHTS						
Total operating revenues (thousands)	\$470,787	\$483,859	\$463,817	\$435,682	\$457,908	-2.70%
Operating expenses (thousands)	\$357,645	\$352,973	\$334,177	\$310,435	\$305,131	1.32%
Debt service coverage:						
Senior and subordinated	6.33 x	4.96 x	3.02 x	2.79 x	2.99 x	27.62%
Senior	7.24 x	5.58 x	3.59 x	3.33 x	3.54 x	29.75%
OPERATING HIGHLIGHTS						
WATER						
Total sales (kgals)	37,180,568	38,271,797	37,696,072	36,186,559	37,245,188	-2.85%
Total accounts - average number	373,075	363,597	355,635	348,159	341,016	2.61%
Average sales per residential account (kgals)	59.78	62.83	61.28	59.33	63.21	-4.85%
Average residential revenue per kgal	\$5.44	\$5.32	\$5.40	\$5.43	\$5.48	2.26%
SEWER						
Total sales (kgals)	28,139,524	28,160,202	27,726,796	26,340,622	26,712,770	-0.07%
Total accounts - average number	293,870	285,104	277,815	270,871	264,336	3.07%
Average sales per residential account (kgals)	58.72	61.57	60.61	57.91	61.84	-4.63%
Average residential revenue per kgal	\$9.45	\$9.26	\$9.30	\$9.52	\$9.46	2.05%
REUSE						
Total sales (kgals)	4,463,047	4,426,905	3,884,210	3,119,739	3,290,311	0.82%
Total accounts - average number	19,704	17,031	14,267	11,498	9,391	15.69%

Average Number of Water and Sewer Accounts



Water and Sewer Sales Volume

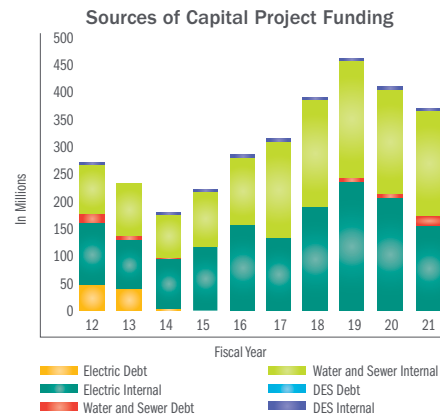
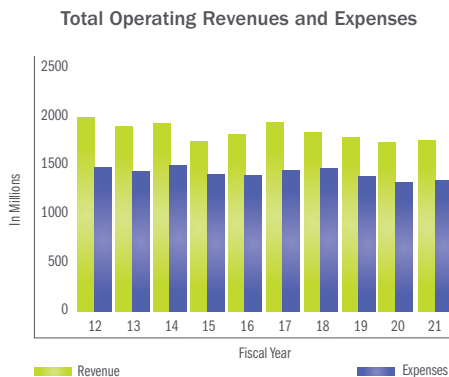


Finance & Operations Committee - ADDITIONAL INFORMATION

FINANCIAL SUMMARY

Combined Electric System, Bulk Power Supply System, St Johns River Power Park System, Water and Sewer and District Energy System (in thousands of dollars)

	2021-20	2020-19	2019-18	2018-17	2017-16
Operating revenues:					
Electric	\$1,267,227	\$1,203,688	\$1,259,815	\$1,267,202	\$1,382,206
Water and sewer	456,433	469,914	450,116	423,480	448,057
District energy system	7,704	8,235	8,504	8,348	8,185
Other	37,269	32,621	33,526	90,952	36,729
Total operating revenues	1,768,633	1,714,458	1,751,961	1,789,982	1,875,177
Operating expenses:					
Maintenance and other operating expenses	387,288	422,925	395,692	431,269	392,142
Fuel and purchased power	475,461	376,011	465,573	530,246	536,250
Depreciation	391,715	365,146	362,313	360,609	386,699
State utility and franchise taxes	70,966	69,769	71,569	70,027	69,683
Recognition of deferred costs and revenues, net	30,718	28,619	44,792	6,856	(4,075)
Total operating expenses	1,356,148	1,262,470	1,339,939	1,399,007	1,380,699
Operating income	412,485	451,988	412,022	390,975	494,478
Nonoperating revenues (expenses):					
Interest on debt	(120,911)	(141,213)	(175,046)	(166,508)	(182,992)
Earnings from The Energy Authority	15,378	2,848	2,412	4,074	6,335
Allowance for funds used during construction	9,305	19,713	14,099	11,764	11,774
Other nonoperating income, net	4,796	7,370	9,082	9,857	5,918
Investment income	2,165	15,721	39,745	11,826	10,576
Other interest, net	(23)	666	(1,626)	(1,825)	(451)
Total nonoperating expenses, net	(89,290)	(94,895)	(111,334)	(130,812)	(148,840)
Income before contributions and special item	323,195	357,093	300,688	260,163	345,638
Contributions (to) from:					
General fund, City of Jacksonville	(120,012)	(118,824)	(132,802)	(116,620)	(115,823)
Capital contributions:					
Developers and other	94,580	109,546	97,726	82,157	66,875
Reduction of plant cost through contributions	(54,299)	(76,558)	(68,188)	(54,114)	(42,069)
Total contributions, net	(79,731)	(85,836)	(103,264)	(88,577)	(91,017)
Special item	-	-	-	(45,099)	-
Change in net position	243,464	271,257	197,424	126,487	254,621
Net position - beginning of year, originally reported	3,223,990	2,952,733	2,755,309	2,628,822	2,376,925
Effect of change in accounting	-	-	-	-	(2,724)
Net position - beginning of year, as restated	3,223,990	2,952,733	2,755,309	2,628,822	2,374,201
Net position - end of year	\$3,467,454	\$3,223,990	\$2,952,733	\$2,755,309	\$2,628,822



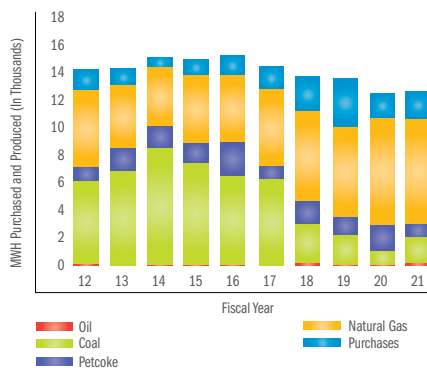
Finance & Operations Committee - ADDITIONAL INFORMATION

FINANCIAL SUMMARY, CONTINUED

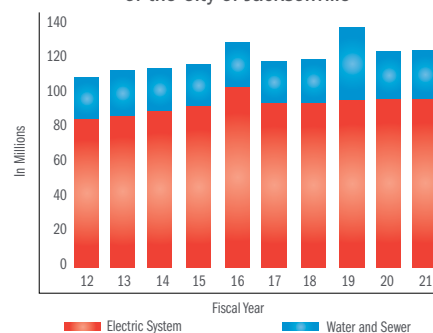
Combined Electric System, Bulk Power Supply System, St Johns River Power Park System, Water and Sewer and District Energy System (in thousands of dollars)

	2016-15	2015-14	2014-13	2013-12	2012-11
Operating revenues:					
Electric	\$1,321,713	\$1,324,883	\$1,431,167	\$1,383,696	\$1,473,134
Water and sewer	417,404	379,789	383,643	381,677	385,631
District energy system	8,337	8,778	8,682	8,471	8,571
Other	34,298	35,930	38,389	38,975	41,046
Total operating revenues	1,781,752	1,749,380	1,861,881	1,812,819	1,908,382
Operating expenses:					
Maintenance and other operating expenses	380,219	374,166	364,764	371,041	366,751
Fuel and purchased power	485,874	517,239	585,021	539,646	548,030
Depreciation	382,432	366,486	375,505	378,067	379,570
State utility and franchise taxes	71,244	72,510	72,221	70,237	72,925
Recognition of deferred costs and revenues, net	(1,527)	(11,168)	49,271	64,305	59,153
Total operating expenses	1,318,242	1,319,233	1,446,782	1,423,296	1,426,429
Operating income	463,510	430,147	415,099	389,523	481,953
Nonoperating revenues (expenses):					
Interest on debt	(184,457)	(198,199)	(223,736)	(235,228)	(248,681)
Investment income (loss)	14,225	12,904	20,546	(13,240)	8,804
Allowance for funds used during construction	9,407	5,723	3,894	3,986	3,365
Other nonoperating income, net	8,765	11,634	7,280	7,530	16,420
Earnings from The Energy Authority	6,136	1,461	3,567	4,325	6,328
Other interest, net	(403)	(68)	(38)	(134)	(23)
Total nonoperating expenses, net	(146,327)	(166,545)	(188,487)	(232,761)	(213,787)
Income before contributions and special item	317,183	263,602	226,612	156,762	268,166
Contributions (to) from:					
General fund, City of Jacksonville	(129,187)	(111,688)	(109,188)	(106,687)	(104,188)
Capital contributions:					
Developers and other	53,652	52,709	38,845	29,292	18,774
Reduction of plant cost through contributions	(31,632)	-	-	-	-
Water & Sewer Expansion Authority	-	(33,105)	-	-	-
Total contributions, net	(107,167)	(92,084)	(70,343)	(77,395)	(85,414)
Special item	-	151,490	-	-	-
Change in net position	210,016	323,008	156,269	79,367	182,752
Net position – beginning of year, originally reported	2,166,909	1,843,901	2,039,737	1,991,311	1,808,559
Effect of change in accounting	-	-	(352,105)	(30,941)	-
Net position – beginning of year, as restated	2,166,909	1,843,901	1,687,632	1,960,370	1,808,559
Net position – end of year	\$2,376,925	\$2,166,909	\$1,843,901	\$2,039,737	\$1,991,311

Fuel Sources



Contribution to the General Fund of the City of Jacksonville



Finance & Operations Committee - ADDITIONAL INFORMATION

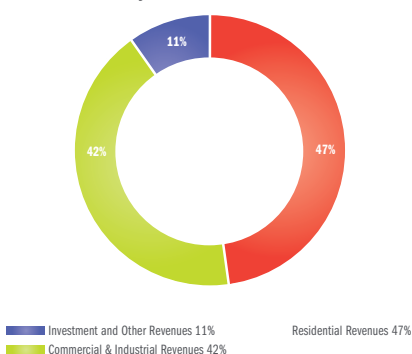
OPERATING SUMMARY: ELECTRIC SYSTEM

Electric System, Bulk Power System and St Johns River Power Park

	2021-20	2020-19	2019-18	2018-17	2017-16
Electric revenues (000s omitted):					
Residential	\$644,639	\$624,078	\$629,355	\$618,171	\$584,663
Commercial and industrial	566,942	556,722	590,473	594,395	587,972
Public street lighting	13,821	13,410	13,176	12,873	13,069
Sales for resale	2,137	2,128	3,914	5,474	21,813
Florida Power & Light saleback	1	(1)	1,664	30,767	128,737
Total	1,227,540	1,196,337	1,238,582	1,261,680	1,336,254
Sales (megawatt hours):					
Residential	5,642,412	5,566,222	5,515,428	5,414,721	5,108,945
Commercial and industrial	6,518,435	6,562,365	6,793,557	6,851,803	6,725,201
Public street lighting	55,487	55,974	57,410	59,176	65,721
Sales for resale	22,815	18,412	99,563	74,069	300,903
Florida Power & Light saleback	-	-	-	332,467	1,693,082
Total	12,239,149	12,202,973	12,465,958	12,732,236	13,893,852
Average number of accounts:					
Residential	436,299	427,321	418,728	410,060	403,164
Commercial and industrial	54,381	53,750	53,204	52,573	52,060
Public street lighting	3,976	3,929	3,854	3,776	3,727
Total	494,656	485,000	475,786	466,409	458,951
System installed capacity – MW (1)	3,129	3,113	3,114	3,084	3,722
Peak demand – MW (60 minute net)	2,582	2,658	2,644	3,080	2,682
System load factor – %	56%	54%	56%	48%	53%
Residential averages – annual:					
Revenue per account – \$	1,477.52	1,460.44	1,503.02	1,507.51	1,450.19
kWh per account	12,932	13,026	13,172	13,205	12,672
Revenue per kWh – ¢	11.42	11.21	11.41	11.42	11.44
All other retail – annual:					
Revenue per account – \$	9,951.90	9,884.57	10,579.57	10,776.91	10,773.85
kWh per account	112,650	114,744	120,070	122,646	121,729
Revenue per kWh – ¢	8.83	8.61	8.81	8.79	8.85
Heating-cooling degree days	4,012	4,015	4,294	4,256	3,737

(1) Includes JEA's 50% share of the SJRPP's two coal-fired generating units (638 net megawatts each) through closure in January 2018 and JEA's 23.64% share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.

Electric System Revenue Sources



Finance & Operations Committee - ADDITIONAL INFORMATION

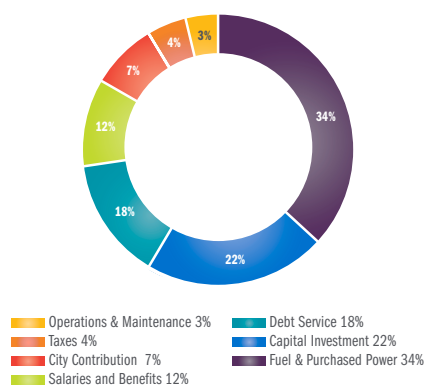
OPERATING SUMMARY: ELECTRIC SYSTEM, CONTINUED

Electric System, Bulk Power System and St Johns River Power Park

	2016-15	2015-14	2014-13	2013-12	2012-11
Electric revenues (000s omitted):					
Residential	\$599,009	\$619,897	\$608,983	\$580,893	\$601,581
Commercial and industrial	597,796	627,547	632,121	617,962	670,983
Public street lighting	13,488	11,982	13,943	14,661	15,311
Sales for resale	31,210	32,424	34,700	29,989	37,153
Florida Power & Light saleback	130,053	128,475	159,747	158,031	166,873
Total	1,371,556	1,420,325	1,449,494	1,401,536	1,491,901
Sales (megawatt hours):					
Residential	5,328,245	5,243,002	5,086,866	4,877,264	4,806,144
Commercial and industrial	6,847,583	6,767,836	6,636,445	6,599,249	6,670,200
Public street lighting	80,108	89,376	111,325	123,177	122,614
Sales for resale	474,352	417,361	473,695	372,208	448,968
Florida Power & Light saleback	1,856,198	1,862,122	2,003,682	1,810,651	1,806,781
Total	14,586,486	14,379,697	14,312,013	13,782,549	13,854,707
Average number of accounts:					
Residential	396,664	389,287	382,438	375,600	371,658
Commercial and industrial	51,472	50,867	48,999	47,709	47,230
Public street lighting	3,649	3,549	3,477	3,460	3,424
Total	451,785	443,703	434,914	426,769	422,312
System installed capacity – MW (1)	3,722	3,759	3,759	3,759	3,759
Peak demand – MW (60 minute net)	2,674	2,863	2,823	2,596	2,665
System load factor – %	56%	51%	51%	54%	53%
Residential averages – annual:					
Revenue per account – \$	1,510.12	1,592.39	1,592.37	1,546.57	1,618.64
kWh per account	13,433	13,468	13,301	12,985	12,932
Revenue per kWh – ¢	11.24	11.82	11.97	11.91	12.52
All other retail – annual:					
Revenue per account – \$	11,089.86	11,752.59	12,311.61	12,363.40	13,548.66
kWh per account	125,682	126,015	128,588	131,377	134,102
Revenue per kWh – ¢	8.82	9.33	9.57	9.41	10.10
Heating-cooling degree days	4,117	4,159	3,998	3,830	3,618

(1) Includes JEA's 50% share of the SJRPP's two coal-fired generating units (638 net megawatts each) and JEA's 23.64% share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.

Electric System Revenue Uses



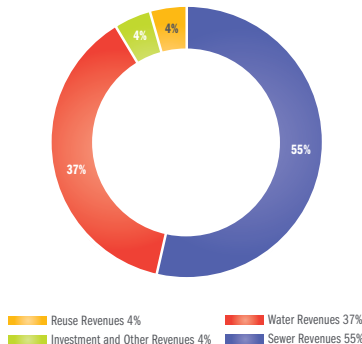
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Finance & Operations Committee - ADDITIONAL INFORMATION

OPERATING SUMMARY: WATER AND SEWER SYSTEM

		2021-20	2020-19	2019-18	2018-17	2017-16
WATER	Water revenues (000s omitted):					
	Residential	\$100,361	\$100,316	\$96,699	\$91,954	\$96,615
	Commercial and industrial	47,429	47,011	47,619	47,494	47,969
	Irrigation	31,666	35,030	34,800	32,004	36,836
	Total	179,456	182,357	179,118	171,452	181,420
	Water sales (kgals):					
	Residential	18,448,336	18,839,990	17,921,588	16,932,812	17,624,952
	Commercial and industrial	13,675,041	13,540,631	13,958,000	14,023,130	13,402,094
	Irrigation	5,057,191	5,891,176	5,816,484	5,230,617	6,218,142
	Total	37,180,568	38,271,797	37,696,072	36,186,559	37,245,188
	Average number of accounts:					
	Residential	308,626	299,872	292,460	285,404	278,838
	Commercial and industrial	26,518	26,190	25,963	25,702	25,423
	Irrigation	37,931	37,535	37,212	37,053	36,755
	Total	373,075	363,597	355,635	348,159	341,016
	Residential averages - annual:					
	Revenue per account - \$	325.19	334.53	330.64	322.19	346.49
	kgals per account	59.78	62.83	61.28	59.33	63.21
	Revenue per kgal - \$	5.44	5.32	5.40	5.43	5.48
SEWER	Sewer revenues (000s omitted):					
	Residential	\$152,684	\$151,893	\$146,186	\$139,174	\$143,967
	Commercial and industrial	111,255	109,682	110,724	108,126	107,446
	Total	263,939	261,575	256,910	247,300	251,413
	Volume (kgals):					
	Residential	16,148,759	16,405,359	15,717,129	14,623,682	15,225,124
	Commercial and industrial	11,990,765	11,754,843	12,009,667	11,716,940	11,487,646
	Total	28,139,524	28,160,202	27,726,796	26,340,622	26,712,770
	Average number of accounts:					
	Residential	275,022	266,460	259,308	252,531	246,187
	Commercial and industrial	18,848	18,644	18,507	18,340	18,149
	Total	293,870	285,104	277,815	270,871	264,336
	Residential averages - annual:					
	Revenue per account - \$	555.17	570.04	563.75	551.12	584.79
	kgals per account	58.72	61.57	60.61	57.91	61.84
	Revenue per kgal - \$	9.45	9.26	9.30	9.52	9.46
REUSE	Reuse revenues (000s omitted):	\$20,643	\$21,097	\$17,909	\$13,659	\$13,216
	Reuse sales (kgals):	4,463,047	4,426,905	3,884,210	3,119,739	3,290,311
	Average number of accounts:	19,704	17,031	14,267	11,498	9,391
RAINFALL	Inches	56.40	60.97	45.95	57.41	72.89
	Days	135	122	123	120	98

Water and Sewer System Revenue Sources



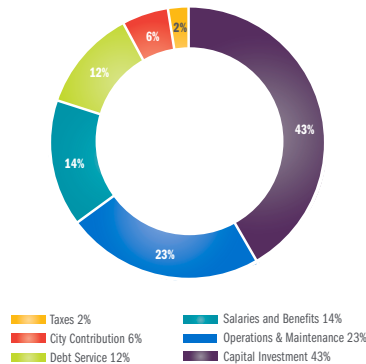
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Finance & Operations Committee - ADDITIONAL INFORMATION

OPERATING SUMMARY: WATER AND SEWER SYSTEM, CONTINUED

		2016-15	2015-14	2014-13	2013-12	2012-11
WATER	Water revenues (000s omitted):					
	Residential	\$89,946	\$86,215	\$83,014	\$81,832	\$83,390
	Commercial and industrial	46,212	45,078	43,647	42,809	43,629
	Irrigation	34,846	32,681	30,088	32,796	34,802
	Total	171,004	163,974	156,749	157,437	161,821
	Water sales (kgals):					
	Residential	17,086,586	16,271,698	15,507,752	15,741,904	16,589,517
	Commercial and industrial	13,343,376	12,870,984	12,131,400	11,777,128	12,134,488
	Irrigation	5,927,957	5,415,602	4,829,184	5,568,772	6,621,039
	Total	36,357,919	34,558,284	32,468,336	33,087,804	35,345,044
	Average number of accounts:					
	Residential	272,157	265,373	259,159	253,662	250,204
	Commercial and industrial	24,698	23,951	23,722	23,487	23,365
	Irrigation	36,284	36,028	35,827	35,765	35,652
	Total	333,139	325,352	318,708	312,914	309,221
	Residential averages - annual:					
	Revenue per account - \$	330.49	324.88	320.32	322.60	333.29
	kgals per account	62.78	61.32	59.84	62.06	66.30
	Revenue per kgal - \$	5.26	5.30	5.35	5.20	5.03
SEWER	Sewer revenues (000s omitted):					
	Residential	\$135,288	\$129,976	\$125,526	\$124,642	\$126,722
	Commercial and industrial	103,731	101,910	97,339	96,009	94,232
	Total	239,019	231,886	222,865	220,651	220,954
	Volume (kgals):					
	Residential	14,614,026	13,934,981	13,269,638	13,439,781	14,091,702
	Commercial and industrial	11,203,632	10,987,160	10,257,338	10,184,193	10,398,369
	Total	25,817,658	24,922,141	23,526,976	23,623,974	24,490,071
	Average number of accounts:					
	Residential	239,738	233,203	227,216	221,821	218,264
	Commercial and industrial	17,981	17,771	17,620	17,462	17,351
	Total	257,719	250,974	244,836	239,283	235,615
	Residential averages - annual:					
	Revenue per account - \$	564.32	557.35	552.45	561.90	580.59
	kgals per account	60.96	59.75	58.40	60.59	64.56
	Revenue per kgal - \$	9.26	9.33	9.46	9.27	8.99
REUSE	Reuse revenues (000s omitted):	\$10,267	\$7,378	\$5,533	\$4,551	\$3,936
	Reuse sales (kgals):	2,644,046	1,783,730	1,300,838	1,109,653	1,330,359
	Average number of accounts:	7,498	5,891	4,501	3,143	2,241
RAINFALL	Inches	31.38	49.43	51.17	45.54	55.24
	Days	98	114	114	121	N/A

Water and Sewer System Revenue Uses



APPENDIX A

JEA FINANCIAL INFORMATION

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FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION,
AND BOND COMPLIANCE INFORMATION

JEA

Years Ended September 30, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP



JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2021 and 2020

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Finance & Operations Committee - ADDITIONAL INFORMATION



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Report of Independent Auditors

The Board of Directors
JEA
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate fiduciary activities of JEA, a component unit of the City of Jacksonville, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the JEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of JEA as of September 30, 2021 and 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Adoption of GASB 84, Fiduciary Activities

Effective October 1, 2019, JEA adopted GASB Statement No. 84, Fiduciary Activities. GASB 84 requires inclusion of JEA's fiduciary activities that meet certain criteria in its financial report. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of JEA's Proportionate Share of the Net Pension Liability and Schedule of JEA Contributions, SJRPP Pension Plan – Schedule of Changes in Net Pension Liability and Related Ratios, SJRPP Pension Plan – Investment Returns and Schedule of Contributions, OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios and OPEB Plan – Investment Returns and Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position and cash flows and Schedules of Debt Service Coverage as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements of net position, revenues, expenses and changes in net position and cash flows, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated January 27, 2022 on our consideration of the JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Ernst & Young LLP'.

January 27, 2022

Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Electric Enterprise, Water and Sewer, and DES funds are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2021 and 2020. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The fiduciary financial statements are presented on a comparative basis for the fiscal years ended September 30, 2021 and 2020. The statements of fiduciary net position present the SJRPP pension trust fund's assets and liabilities, with the residual reported as fiduciary net position. Additions and deductions information is presented in the accompanying statements of changes in fiduciary net position.

The notes to the financial statements are an integral part of JEA's basic and fiduciary financial statements and contain information on accounting principles and additional information on certain components of these statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

The following tables summarize the financial condition and operations of JEA for the 2021 and 2020 fiscal years:

Condensed Statements of Net Position

	2021	2020	2019
	<i>(In millions)</i>		
Assets and deferred outflows of resources			
Current assets	\$ 696	\$ 728	\$ 753
Other noncurrent assets	1,688	1,449	1,517
Net capital assets	5,477	5,511	5,466
Deferred outflows of resources	421	468	461
Total assets and deferred outflows of resources	<u>\$ 8,282</u>	<u>\$ 8,156</u>	<u>\$ 8,197</u>
Liabilities and deferred inflows of resources			
Current liabilities	\$ 205	\$ 193	\$ 200
Current liabilities payable from restricted assets	221	241	371
Net pension liability	730	641	566
Other noncurrent liabilities	91	93	110
Long-term debt	3,232	3,506	3,696
Deferred inflows of resources	336	258	301
Net position			
Net investment in capital assets	2,696	2,533	2,183
Restricted	431	355	400
Unrestricted	340	336	370
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,282</u>	<u>\$ 8,156</u>	<u>\$ 8,197</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
	<i>(In millions)</i>		
Operating revenues	\$ 1,768	\$ 1,714	\$ 1,752
Operating expenses	(1,356)	(1,262)	(1,340)
Operating income	412	452	412
Nonoperating expenses, net	(89)	(95)	(111)
Contributions	(80)	(86)	(103)
Change in net position	243	271	198
Net position – beginning of the year	3,224	2,953	2,755
Net position – end of the year	<u>\$ 3,467</u>	<u>\$ 3,224</u>	<u>\$ 2,953</u>

Management's Discussion and Analysis (continued)

Financial Analysis of JEA for fiscal years 2021 and 2020

2021 Compared to 2020

Electric Enterprise*Operating Revenues*

Total operating revenues increased approximately \$67 million (5.4%) over the prior year. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating revenues	\$	1,242
Territorial sales		31
Stabilization funds		31
Allowance for doubtful accounts		2
Other		3
September 2021 operating revenues	\$	1,309

Territorial sales revenues increased \$31 million, comprised of a \$24 million increase in fuel revenues and a \$7 million increase in base revenue. The increase in fuel revenues was due to the prior year fuel credit paid to customers, which did not repeat in the current year. The increase in base revenues was driven by higher consumption as a result of a 2.0% increase in customers. Stabilization fund revenues increased due to withdrawals from the fuel stabilization fund, which were partially offset by prior year debt management withdrawals. There was a decrease in the allowance for doubtful accounts of \$2 million, resulting in higher operating revenues, due to a prior year increase in the allowance for possible COVID-19 write-offs, which did not repeat in the current year. Other operating revenue increased \$3 million largely due to higher reconnection and late fees, due to the COVID-19 suspension of disconnections and late fees in the prior year, and higher pole attachment revenue.

Operating Expenses

Total operating expenses increased approximately \$89 million (9.6%) over the prior year comparable period. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating expenses	\$	922
Fuel		73
Purchased power		27
Maintenance and other operating expense		(26)
Depreciation		15
State utility and franchise taxes		1
Recognition of deferred costs and revenues, net		(1)
September 2021 operating expenses	\$	1,011

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Fuel expense increased \$73 million (25.1%) due to increased generation costs of \$83 million and a \$10 million decrease from lower MWh generated (196,717 MWh, 1.8%).

Purchased power expense increased \$27 million (31.0%) driven by an \$11 million increase in purchased power unit cost, a \$10 million increase in MWh purchased (242,875 MWh, 14.3%), and a \$6 million increase in MEAG power purchase agreement debt service.

Maintenance and other operating expenses decreased \$26 million (9.8%) as a result of \$15 million in lower compensation and benefits, primarily due to prior year SJRPP pension contributions, and \$11 million in lower legal and other professional services.

Depreciation expense increased \$15 million (7.3%) due to a higher depreciable base.

State utility and franchise taxes increased \$1 million (2.2%), as a result of higher taxable revenues.

Recognition of deferred costs and revenues, net decreased \$1 million (4.5%) driven by lower environmental expenditures.

As commodity prices fluctuate, the mix between generation and purchased power shifts, with JEA taking advantage of the most economical source of power. JEA's power supply mix is detailed below.

	2021	2020
Natural gas	62%	63%
Purchased power	15%	13%
Coal	15%	12%
Petroleum coke	8%	12%
Total	100%	100%

Water and Sewer Enterprise*Operating Revenues*

Total operating revenues decreased approximately \$13 million (2.7%) over the prior year comparable period. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating revenues	\$	484
Stabilization funds		(13)
Water		(3)
Sewer		2
Other		1
September 2021 operating revenues	\$	471

Stabilization fund revenues decreased \$13 million primarily due to prior year withdrawals from the debt management stabilization fund. Water revenues decreased \$3 million with the \$5 million decrease in consumption being partially offset by a \$2 million increase due to changes in mix. Sewer revenues increased \$2 million due to changes in mix. Other operating revenue increased \$1 million due to higher miscellaneous service revenues.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Operating Expenses

Operating expenses increased \$5 million (1.3%) over the prior year comparable period. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating expenses	\$	353
Depreciation		12
Maintenance and other operating expenses		(10)
Recognition of deferred costs and revenues, net		3
September 2021 operating expenses	\$	358

Depreciation expense increased \$12 million (7.3%) due to a higher depreciable base.

Maintenance and other operating expenses decreased \$10 million (5.7%) due to \$6 million in lower professional services, a \$2 million decrease in interlocal payments, and a \$2 million decrease in maintenance expenses.

Recognition of deferred costs and revenues, net increased \$3 million (46.5%) due to higher environmental expenditures.

District Energy System

Operating revenues and expenses remained relatively flat when compared to the prior year comparable period at approximately \$8 million and \$7 million, respectively.

Nonoperating Revenues and Expenses

Total nonoperating expenses, net decreased \$6 million (5.9%) over the prior year. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 nonoperating expenses, net	\$	(95)
Decrease in interest on debt		20
Increase in The Energy Authority earnings		13
Decrease in allowance for funds used during construction		(11)
Decrease in investment fair market value		(8)
Decrease in realized investment income		(6)
Loss on sale of land		(2)
September 2021 nonoperating expenses, net	\$	(89)

Management's Discussion and Analysis (continued)

2020 Compared to 2019**Electric Enterprise***Operating Revenues*

Total operating revenues decreased approximately \$59 million (4.5%) and total megawatt hours (MWh) sales decreased 262,985 (2.1%) compared to fiscal year 2019. Revenues from territorial sales decreased \$39 million and territorial MWh sales were down 181,834 MWh (1.5%). The territorial sales decrease was comprised of a \$10 million decrease in base revenues and a \$29 million decrease in fuel revenues. The \$10 million decrease in base revenues was driven by a decrease in consumption. The \$29 million decrease in fuel revenues was primarily the result of a \$23 million fuel credit provided to customers and a decrease in consumption. Lower consumption was associated with COVID-19 shutdowns and partially offset by a 1.9 percent increase in customers. Off system revenues decreased by approximately \$4 million and MWhs decreased by 81,151 driven by lower sales to The Energy Authority. Stabilization fund revenues decreased \$12 million (see note 2, Regulatory Deferrals, for additional information). There was also a \$2 million decrease in revenues due to an increase in allowance for doubtful accounts for the COVID-19 pandemic. Other operating revenue decreased \$2 million driven by lower late and reconnection fees due to the COVID-19 suspension of late fees and disconnections (see note 16, Disaster Costs, for additional information). Additionally, mutual aid revenues increased by \$2 million for Hurricanes Michael and Florence, and transmission and SJRPP revenues each decreased by \$1 million.

Operating Expenses

Total operating expenses decreased approximately \$97 million (9.6%), compared to fiscal year 2019.

Fuel and purchased power expense decreased \$90 million (19.2 percent), primarily driven by:

- a \$82 million decrease as a result of lower MWh purchased (1,634,084 MWh, 49.1%);
- a \$70 million decrease in generation costs primarily driven by lower fuel prices;
- a \$32 million increase in purchased power cost; and
- a \$30 million increase as a result of higher MWh generated (1,297,497 MWh, 13.5%).

As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. JEA's power supply mix is detailed below.

	FY 2020	FY 2019
Natural gas	63%	49%
Purchases	13%	26%
Coal	12%	16%
Petroleum coke	12%	9%
Total	100%	100%

Operating expenses, other than fuel and purchased power, decreased approximately \$7 million, compared to fiscal year 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Maintenance and other operating expenses increased \$11 million. The drivers for the increase were a \$16 million increase in compensation and benefits, primarily related to SJRPP pension contributions and COVID-19 stipends, a \$5 million increase in professional services, and a \$2 million increase in insurance costs. These increases were offset by a \$5 million decrease in maintenance, a \$3 million decrease in industrial services, a \$2 million decrease in Plant Scherer costs, and a \$2 million decrease in environmental costs.

Recognition of deferred costs and revenues, net decreased \$12 million due to a decrease in environmental projects paid from the rate stabilization fund. Depreciation expense decreased \$5 million due to a decrease in the depreciable base. State utility and franchise taxes decreased \$2 million due to lower electric revenue taxable sales. Interfund utility charges to the Electric Enterprise fund increased \$1 million.

Water and Sewer Enterprise*Operating Revenues*

Total operating revenues increased approximately \$20 million (4.3%) compared to fiscal year 2019. Water revenues increased \$3 million (1.8%) due to a 1.5% increase in consumption and a 2.2% increase in customer accounts. Water consumption increased 575,725 kilogallons (kgals) to 38,271,797 kgals. Sewer revenues increased approximately \$5 million (1.8%) primarily related to a 1.6% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 433,406 kgals to 28,160,202 kgals. Reuse revenues increased approximately \$3 million (17.8%), primarily related to a 19.4% increase in reuse accounts and a 14.0% increase in sales. Reuse sales increased 542,695 kgals to 4,426,905 kgals. Water and sewer revenues also increased due to a \$9 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information). There was also a \$1 million decrease in revenues due to an increase in allowance for doubtful accounts for the COVID-19 pandemic. Other operating revenues increased by \$1 million driven by mutual aid revenues.

Operating Expenses

Operating expenses increased \$19 million (5.6%), compared to fiscal year 2019. Maintenance and other expenses increased \$15 million due to a \$5 million increase in compensation and benefits, a \$4 million increase in professional services, a \$2 million increase in interlocal payments, a \$2 million increase in maintenance, a \$1 million increase in insurance costs, and a \$1 million increase in industrial services. Depreciation expense increased \$8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net decreased \$4 million due to a decrease in environmental projects paid from the rate stabilization fund.

District Energy System*Operating Revenues*

Operating revenues remained flat when compared to fiscal year 2019 at \$9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2019 at \$7 million.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Nonoperating Revenues and Expenses

There was a decrease of approximately \$16 million (14.8%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2020
	<i>(in millions)</i>
Changes in nonoperating expenses, net	
Decrease in interest on debt	\$ 34
Decrease in investment income	(14)
Decrease in investment gains – fair value adjustments	(10)
Increase in allowance for funds used during construction	6
Decrease in customer deposit interest	2
Decrease in other nonoperating income - timber	(2)
Total change in nonoperating expenses, net	\$ 16

Capital Assets and Debt Administration for Fiscal Years 2021 and 2020**Capital Assets**

JEA's total investment in capital assets and capital expenditures are detailed below.

	Total Investment		Additions	
<i>(Dollars in millions)</i>	September 30, 2021	September 30, 2020	FY 2021	FY 2020
Electric Enterprise	\$ 2,618	\$ 2,684	\$ 152	\$ 203
Water and Sewer Enterprise	2,824	2,793	200	197
District Energy System	34	34	3	4
Total	\$ 5,476	\$ 5,511	\$ 355	\$ 404

Under the utility basis methodology for rate setting, the depreciation of contributed assets is not included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2021, \$3 million of contributed capital related to the Electric System and \$51 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2020, \$2 million of contributed capital related to the Electric System and \$75 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be primarily provided from revenues generated from operations, existing construction fund balances, and a potential issuance of new debt in the Water and Sewer Fund.

Management's Discussion and Analysis (continued)

Debt Administration

Debt outstanding at September 30, 2021 was \$3,000 million, a decrease of approximately \$257 million from the prior fiscal year. This decrease was due to defeasance of principal of \$316 million, scheduled principal payments of \$103 million, and \$5 million in revolving credit agreement repayments, being partially offset by new debt issued of \$167 million.

Debt outstanding at September 30, 2020, was \$3,257 million, a decrease of approximately \$364 million from the prior fiscal year. This decrease was due to defeasance of principal of \$523 million and scheduled principal payments of \$193 million, being partially offset by new debt issued of \$352 million.

JEA's debt ratings on its long-term debt remained unchanged from fiscal year 2020. JEA's outlooks on its long-term debt per Moody's remained unchanged from fiscal year 2020. On June 28, 2021, Standard & Poor's raised its outlook on the W&S and DES bonds to stable from developing and Fitch raised its outlook on the W&S and DES bonds to positive from stable. All ratings and outlooks as of September 30, 2021 are detailed below.

	Moody's		Standard & Poor's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
JEA Electric System						
Senior	A2	positive	A+	negative	AA	stable
Subordinated	A3	positive	A	negative	AA	stable
Scherer	A2	positive	A+	negative	AA	stable
SJRPP	A2	positive	A+	negative	AA	stable
W&S						
Senior	Aa3	stable	AA+	stable	AA	positive
Subordinated	Aa3	stable	AA	stable	AA	positive
DES	A1	stable	AA	stable	AA	positive

Currently Known Facts Expected to have a Significant Effect on Financial Position and/or Changes in Operations*Setting of Rates*

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. At the June 2021 meeting, the Board approved the FY22 Budget which included a Fuel Charge decrease to \$30.50/MWh, effective October 1, 2021. At the August 2021 meeting, the Board approved the following rate changes, also effective October 1, 2021:

- Increase the Energy Rate for all customers
- Extension of the Economic Development Riders
- Removal of the JEA Residential Demand Rate
- Increase Plant Capacity, Tap, and Meter Fees
- Increase the $\geq 10''$ meters Commercial Volume Charge

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

SJRPP Pension Trust Fund for Fiscal Years 2021 and 2020

The Statements of Fiduciary Net Position present information on all of the SJRPP Pension Trust Fund's assets and liabilities with the difference between these two amounts being reported as fiduciary net position available for benefits. Assets and liabilities are segregated based on their nature and liquidity. The Statements of Changes in Fiduciary Net Position present the current year additions and deductions from the fiduciary net position during the fiscal year.

	2021	2020	2019
	<i>(in thousands)</i>		
<i>Condensed Statement of Fiduciary Net Position</i>			
Total assets	\$ 190,477	\$ 170,038	\$ 162,071
Total liabilities	383	56	58
Fiduciary net position available for benefits	<u>\$ 190,094</u>	<u>\$ 169,982</u>	<u>\$ 162,013</u>
<i>Condensed Statement of Changes in Fiduciary Net Position</i>			
Total contributions	\$ 15	\$ 13,326	\$ 18
Net investment earnings	33,731	7,877	4,610
Total additions to fiduciary net position	33,746	21,203	4,628
Total deductions from fiduciary net position	13,634	13,234	13,280
Net change in fiduciary net position	<u>\$ 20,112</u>	<u>\$ 7,969</u>	<u>\$ (8,652)</u>

2021 compared to 2020

Total assets increased due to an increase in investment values as a result of market conditions. Total liabilities increased due to timing of broker settlements regarding investment sales and purchases.

Total contributions decreased as there were no employer contributions during fiscal year 2021. Net investment income increased due to a much improved market performance as compared to the prior year.

2020 compared to 2019

Total assets increased due to an increase in investment values as a result of market conditions.

Total contributions increased due to employer contributions made during fiscal year 2020. Net investment income increased due to improved market performance as compared to the prior year.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Audited Financial Statements

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Net Position
(In Thousands)

	September	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 350,495	\$ 387,148
Investments	4,140	3,107
Customer accounts receivable, net of allowance (\$3,155 for 2021 and \$3,864 for 2020)	221,348	219,814
Inventories:		
Materials and supplies	62,796	61,663
Fuel	32,911	37,822
Other current assets	24,434	18,400
Total current assets	696,124	727,954
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	362,618	253,984
Investments	269,820	311,130
Accounts and interest receivable	240	1,071
Total restricted assets	632,678	566,185
Costs to be recovered from future revenues	881,949	852,314
Hedging derivative instruments	150,453	11,944
Other assets	22,939	18,241
Total noncurrent assets	1,688,019	1,448,684
Net capital assets	5,476,493	5,511,175
Total assets	7,860,636	7,687,813
Deferred outflows of resources		
Unrealized pension contributions and losses	157,296	143,881
Accumulated decrease in fair value of hedging derivatives	129,355	179,286
Unamortized deferred losses on refundings	89,729	100,314
Unrealized asset retirement obligations	37,669	35,241
Unrealized OPEB contributions and losses	7,302	9,406
Total deferred outflows of resources	421,351	468,128
Total assets and deferred outflows of resources	\$ 8,281,987	\$ 8,155,941

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Net Position (continued)
(In Thousands)

	September	
	2021	2020
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 76,702	\$ 66,622
Customer deposits and prepayments	75,030	71,304
Billings on behalf of state and local governments	26,006	26,005
Compensation and benefits payable	13,361	14,599
City of Jacksonville payable	10,193	10,255
Asset retirement obligations	3,307	4,136
Total current liabilities	204,599	192,921
Current liabilities payable from restricted assets:		
Debt due within one year	91,535	102,700
Interest payable	51,454	52,856
Construction contracts and accounts payable	45,466	46,977
Renewal and replacement reserve	32,776	37,910
Total current liabilities payable from restricted assets	221,231	240,443
Noncurrent liabilities:		
Long-term debt		
Debt payable, less current portion	2,908,175	3,154,590
Unamortized premium, net	194,070	174,205
Fair value of debt management strategy instruments	129,355	177,288
Total long-term debt	3,231,600	3,506,083
Net pension liability	729,569	641,086
Asset retirement obligations	34,362	31,105
Compensation and benefits payable	33,433	31,342
Net OPEB liability	5,136	10,091
Other liabilities	18,338	20,556
Total noncurrent liabilities	4,052,438	4,240,263
Total liabilities	4,478,268	4,673,627
Deferred inflows of resources		
Revenues to be used for future costs	156,814	206,782
Accumulated increase in fair value of hedging derivatives	150,453	11,944
Unrealized OPEB gains	14,725	15,294
Unrealized pension gains	14,273	24,304
Total deferred inflows of resources	336,265	258,324
Net position		
Net investment in capital assets	2,696,104	2,532,627
Restricted for:		
Capital projects	296,059	204,554
Debt service	90,423	101,558
Other purposes	44,774	48,918
Unrestricted	340,094	336,333
Total net position	3,467,454	3,223,990
Total liabilities, deferred inflows of resources, and net position	\$ 8,281,987	\$ 8,155,941

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	September	
	2021	2020
Operating revenues		
Electric	\$ 1,267,227	\$ 1,203,688
Water and sewer	456,433	469,914
District energy system	7,704	8,235
Other operating revenues	37,269	32,621
Total operating revenues	1,768,633	1,714,458
Operating expenses		
Operations and maintenance:		
Maintenance and other operating expenses	387,288	422,925
Fuel	364,074	290,965
Purchased power	111,387	85,046
Depreciation	391,715	365,146
State utility and franchise taxes	70,966	69,769
Recognition of deferred costs and revenues, net	30,718	28,619
Total operating expenses	1,356,148	1,262,470
Operating income	412,485	451,988
Nonoperating revenues (expenses)		
Interest on debt	(120,911)	(141,213)
Earnings from The Energy Authority	15,378	2,848
Allowance for funds used during construction	9,305	19,713
Other nonoperating income, net	4,796	7,370
Investment income	2,165	15,721
Other interest, net	(23)	666
Total nonoperating expenses, net	(89,290)	(94,895)
Income before contributions	323,195	357,093
Contributions (to) from		
General Fund, City of Jacksonville, Florida	(120,012)	(118,824)
Developers and other	94,580	109,546
Reduction of plant cost through contributions	(54,299)	(76,558)
Total contributions, net	(79,731)	(85,836)
Change in net position	243,464	271,257
Net position, beginning of year	3,223,990	2,952,733
Net position, end of year	\$ 3,467,454	\$ 3,223,990

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Cash Flows
(In Thousands)

	September	
	2021	2020
Operating activities		
Receipts from customers	\$ 1,682,405	\$ 1,652,824
Payments to suppliers	(691,655)	(611,378)
Payments for salaries and benefits	(238,024)	(262,228)
Other operating activities	37,953	37,557
Net cash provided by operating activities	790,679	816,775
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(119,913)	(118,726)
Net cash used in noncapital and related financing activities	(119,913)	(118,726)
Capital and related financing activities		
Acquisition and construction of capital assets	(352,653)	(409,139)
Defeasance of debt	(316,255)	(523,050)
Proceeds received from debt	166,375	352,260
Interest paid on debt	(133,894)	(154,096)
Repayment of debt principal	(102,700)	(192,555)
Capital contributions	40,281	32,988
Revolving credit agreement repayments	(5,000)	-
Other capital financing activities	51,178	69,890
Net cash used in capital and related financing activities	(652,668)	(823,702)
Investing activities		
Proceeds from sale and maturity of investments	325,679	339,818
Purchase of investments	(289,935)	(268,366)
Distributions from The Energy Authority	10,848	1,945
Investment income	7,291	13,166
Net cash provided by investing activities	53,883	86,563
Net change in cash and cash equivalents	71,981	(39,090)
Cash and cash equivalents at beginning of year	641,132	680,222
Cash and cash equivalents at end of year	\$ 713,113	\$ 641,132
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 412,485	\$ 451,988
Adjustments:		
Depreciation and amortization	392,827	366,311
Recognition of deferred costs and revenues, net	30,718	28,619
Other nonoperating income, net	56	1,039
Changes in noncash assets and noncash liabilities:		
Accounts receivable	(1,756)	7,518
Inventories	3,778	(9,626)
Other assets	(4,652)	3,861
Accounts and accrued expenses payable	7,624	8,266
Current liabilities payable from restricted assets	(4,978)	(7,339)
Other noncurrent liabilities and deferred inflows	(45,423)	(33,862)
Net cash provided by operating activities	\$ 790,679	\$ 816,775
Noncash activity		
Contribution of capital assets from developers	\$ 54,299	\$ 76,558
Unrealized investment fair market value changes, net	\$ (4,534)	\$ 3,041

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Fiduciary Net Position
 SJRPP Pension Trust Fund
(In Thousands)

	September	
	2021	2020
Assets		
Cash and cash equivalents	\$ 11,110	\$ 3,273
Receivables:		
Interest and dividends	425	421
Sale of investments	14	104
Employee	1	68
Employer	-	1
Total receivables	<u>440</u>	<u>594</u>
Investments at fair value:		
Bonds and notes	67,322	67,509
Common stock	57,236	45,736
Mutual funds	54,369	52,926
Total investments	<u>178,927</u>	<u>166,171</u>
Total assets	<u>\$ 190,477</u>	<u>\$ 170,038</u>
Liabilities		
Accounts payable and other liabilities	\$ 383	\$ 56
Net position		
Restricted for pensions	190,094	169,982
Total liabilities and net position	<u>\$ 190,477</u>	<u>\$ 170,038</u>

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Changes in Fiduciary Net Position
 SJRPP Pension Trust Fund
(In Thousands)

	September	
	2021	2020
Additions		
Contributions:		
Employer	\$ -	\$ 13,307
Members	15	19
Total contributions	15	13,326
Investment earnings:		
Net gains (losses)	31,424	5,494
Interest, dividends, and other	2,858	2,855
Total investment earnings	34,282	8,349
Less investment activity costs	(551)	(472)
Net investment earnings	33,731	7,877
Total additions	33,746	21,203
Deductions		
Benefits paid to participants or beneficiaries	13,540	13,148
Administrative expense	94	86
Total deductions	13,634	13,234
Net change in fiduciary net position	20,112	7,969
Net position, beginning of year	169,982	162,013
Net position, end of year	\$ 190,094	\$ 169,982

See accompanying notes to financial statements.

JEA

Notes to Financial Statements
(Dollars in Thousands)

Years Ended September 30, 2021 and 2020

1. Summary of Significant Accounting Policies and Practices**(a) Reporting Entity**

JEA is currently organized into three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which is jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). Water and Sewer consists of water and sewer system activities. DES consists of chilled water activities. Separate accounting records are currently maintained for each system. These financial statements include JEA's ownership interest in Scherer. The following information relates to JEA's ownership interest in Scherer as of September 30, 2021 and 2020:

	2021	2020
Inventories	\$ 2,477	\$ 6,590
Other current assets	24	320
Costs to be recovered from future revenues	608	940
Net capital assets	110,434	118,821
Unrealized asset retirement obligations	37,601	32,368
Unamortized deferred losses on refundings	757	801
Current portion of asset retirement obligations	3,239	1,263
Accounts and accrued expenses payable	999	991
Debt due within one year	7,080	6,975
Interest payable	1,749	1,858
Long-term portion of asset retirement obligations	34,362	31,105
Long-term debt	74,414	81,461
Revenues to be used for future costs	28,102	29,784

The funds are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the operations. The operations of Scherer and SJRPP are subject to joint ownership agreements and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(t), Setting of rates.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Plant Scherer closure as of January 1, 2022. On that same date, JEA also executed a 20-year Purchased Power Agreement (PPA) between JEA and FPL for natural gas-fired system product with a solar conversion option and a related 10-year natural gas hedge to replace the capacity and energy of Plant Scherer.

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.
- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.
- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)**(c) Revenues**

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to and/or from stabilization funds. Discounts and allowances totaled \$32,526 in fiscal year 2021 and \$35,895 in 2020. JEA withdrew the net amount of \$50,942 in fiscal year 2021 and \$33,510 in 2020 from stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. Operating revenues include amounts estimated for unbilled services provided during the reporting period of \$73,489 in fiscal year 2021 and \$74,566 in 2020.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by their bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	2021	2020
Electric Enterprise Fund	4.3%	4.3%
Water and Sewer Fund	4.1%	4.2%
District Energy System	4.0%	3.9%

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was \$120,911 for fiscal year 2021 and \$141,213 for 2020, of which \$9,305 was capitalized in fiscal year 2021 and \$19,713 was capitalized in 2020. Investment income on bond proceeds was \$34 in fiscal year 2021 and \$837 in 2020.

(f) Depreciation

Depreciation of capital assets is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. Depreciation begins on the date the assets are placed in service. Generally, recurring renewal and replacement capital additions are placed in service at the end of each fiscal year. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically. The latest depreciation study was completed during fiscal year 2019 and the rates for that study became effective in fiscal year 2020. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.19% and 3.08% for fiscal years 2021 and 2020, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life (Years)	2021	2020
Electric Enterprise Fund	23.7	23.4
Water and Sewer Fund	27.1	27.3
District Energy System	19.1	22.7

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)**(i) Investments**

Investments are presented at fair value or cost, which is further explained in note 14, *Fair Value Measurements*. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2021 and 2020, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)****(l) Inventory**

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred outflow of resources or a deferred inflow of resources until such time that the transactions end. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position.

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of \$54,299 and \$76,558 were recorded in fiscal years 2021 and 2020 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City's General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)**

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. The SJRPP Plan is governed by a three-member Pension Committee to ensure compliance with actuarial standards.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

The compensated absence liability as of September 30, 2021 is \$37,195. Of this amount, \$3,762 is included in compensation and benefits payable under current liabilities on the accompanying statement of net position. The remaining balance of \$33,433 is included in compensation and benefits payable in noncurrent liabilities on the accompanying statement of net position. During fiscal year 2021, annual leave earned totaled \$24,247 and annual leave taken totaled \$22,478. The compensated absence liability as of September 30, 2020 was \$35,402. Of this amount, \$4,060 was included in compensation and benefits payable under current liabilities on the accompanying statements of net position. The remaining balance of \$31,342 was included in compensation and benefits payable in noncurrent liabilities on the accompanying statements of net position. During fiscal year 2020, annual leave earned totaled \$23,492 and annual leave taken totaled \$20,243.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

(r) Asset Retirement Obligations

JEA applies GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). See note 3, Asset Retirement Obligations, for further discussion.

(s) Costs to Be Recovered from Future Revenues/Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)****(t) Setting of Rates**

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. At the June 2021 meeting, the Board approved the FY22 Budget which included a Fuel Charge decrease to \$30.50/MWh, effective October 1, 2021. At the August 2021 meeting, the Board approved the following rate changes, also effective October 1, 2021:

- Increase the Energy Rate for all customers
- Extension of the Economic Development Riders
- Removal of the JEA Residential Demand Rate
- Increase Plant Capacity, Tap, and Meter Fees
- Increase the ≥ 10 " meters Commercial Volume Charge

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

(u) Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

(v) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)****(w) Newly Adopted Standards for Fiscal Year 2021**

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2021. As a result of this standard, JEA included fiduciary fund financial statements for the SJRPP Pension Trust Fund and related disclosures in these financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for JEA in fiscal year 2021. The implementation of this statement did not have an impact on JEA's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. The removal of LIBOR as an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt is effective for JEA in fiscal year 2022 while all other requirements of this statement were effective for JEA for fiscal year 2021. The implementation of the fiscal year 2021 requirements for this statement did not have an impact on JEA's financial statements.

(x) Recently Issued Accounting Pronouncements Not Yet Effective

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for JEA in fiscal year 2022. The impact on JEA's financial reporting has not been determined.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)**

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. However, GASB allows those entities meeting the criteria for regulated operations, and electing to apply the related provisions of Statement 62, to continue to capitalize qualifying interest cost as a regulatory asset. This statement is effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for JEA in fiscal year 2023. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Some requirements were effective for fiscal year 2020, while the remaining requirements are effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

GASB 93 requires the removal of LIBOR as an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt, effective for JEA in fiscal year 2022. The taxable debt of JEA is fixed rate debt and, as such, the implementation of this portion of the statement will not have an impact on JEA's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement is effective for JEA in fiscal year 2023. The impact on JEA's financial reporting has not been determined.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for JEA in fiscal year 2023. The impact on JEA's financial reporting has not been determined.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Portions of this statement were effective for fiscal year 2020 while the remaining requirements are effective for JEA in fiscal year 2023. The impact on JEA's financial reporting for the fiscal year 2023 provisions has not been determined.

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under costs to be recovered from future revenues or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Assets	2021	2020
Unfunded pension costs	\$ 589,355	\$ 527,330
SJRPP and Bulk Power cost to be recovered	218,458	232,605
Environmental projects	45,616	59,872
Unfunded OPEB costs	12,559	15,979
Debt issue costs	9,003	7,918
Storm costs to be recovered	6,958	8,610
Total regulatory assets	\$ 881,949	\$ 852,314

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's portion of the GERP. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of \$218,458 at September 30, 2021 and \$232,335 at September 30, 2020 are the result of differences between expenses in determining rates and those used in financial reporting. During fiscal year 2018, operations of SJRPP, as generating facility, ceased and the majority of the assets were dismantled. As of September 30, 2021, SJRPP has remaining plant in service assets of \$8,914 and outstanding debt of \$251,765. The details relating to the shutdown of SJRPP are further discussed in the St. Johns River Power Park section of note 3, Asset Retirement Obligations. The JEA board approved the deferral of this regulatory asset. SJRPP has a contract with the JEA Electric System to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were \$0 at September 30, 2021 and \$270 at September 30, 2020. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Environmental Projects – The Board approved the recovery of previously approved water environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was \$101,277 of which \$34,205 and \$42,756 remained unrecovered as of September 30, 2021 and 2020, respectively. This deferral is being amortized over ten years. The Board also approved the recovery of previously approved electric environmental capital projects that had not been collected through the environmental surcharge over a five-year period beginning October 1, 2018. The amount approved for recovery and transferred out of capital assets was \$28,527 of which \$11,411 and \$17,116 remained unrecovered as of September 30, 2021 and 2020. This deferral is being amortized over five years.

Unfunded OPEB Costs – Accrued OPEB represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's other postemployment benefit plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for OPEB. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 75 in fiscal year 2018. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and OPEB expense.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Storm costs to be recovered – This amount represents storm costs that are expected to be recovered from insurance and the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

Regulatory Liabilities

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities	2021	2020
Environmental	\$ 49,833	\$ 45,190
Fuel stabilization	41,767	73,347
Bulk Power revenues to be used for future costs	28,102	29,784
Self-insurance medical reserve	14,272	10,890
Nonfuel purchased power	10,513	36,326
Customer benefit stabilization	7,233	5,424
Excess pension contributions	5,094	5,821
Total regulatory liabilities	<u>\$ 156,814</u>	<u>\$ 206,782</u>

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability.

The changes in the environmental regulatory liability for the years ended September 30, 2021 and 2020 are as follows:

Environmental	2021	2020
Beginning balance	\$ 45,190	\$ 41,319
Surcharge revenue	32,696	33,146
Prior capital projects cost recovery	(14,257)	(14,257)
Capital projects	(12,512)	(11,038)
Operations and maintenance projects	(1,284)	(3,980)
Ending balance	<u>\$ 49,833</u>	<u>\$ 45,190</u>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. Net expense incurred in excess of the revenue collected and recognized as a reduction of the regulatory liability during fiscal year 2021 was \$31,580. Net revenue collected in excess of expense incurred and recognized as an addition to the regulatory liability during fiscal year 2020 was \$26,194.

Bulk Power revenues to be used for future costs – This amount represents Bulk Power Supply System early debt principal paid in excess of straight-line depreciation.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated “Health Self-Insurance Fund” to cover reserve requirements for its self-insurance health program over medical and prescription benefits. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less approved amounts to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of \$250 per employee. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

The changes in the self-insurance medical reserve for the years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Beginning balance	\$ 10,890	\$ 11,210
Contributions	30,599	30,027
Incurred claims	(27,217)	(30,347)
Ending balance	\$ 14,272	\$ 10,890

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle’s debt service with the anticipated in service date. It may be used for other purposes with the Board’s approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed. No deposits were made to the stabilization fund for fiscal years 2021 and 2020.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

Excess pension contributions – Excess pensions contributions represents a regulatory liability related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to the SJRPP Plan. The regulatory liability is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

3. Asset Retirement Obligations**Scherer**

On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Plant Scherer closure as of January 1, 2022. On that same date, JEA also executed the FPL PPA and a related 10-year natural gas hedge. The obligation of JEA to retire Plant Scherer is subject to FPL having performed and complied in all material respects with the agreement including remittance of the \$100,000 consummation payment to be used by JEA in its discretion to pay for JEA's costs in completing the retirement of Unit No. 4, including, but not limited to, the defeasance of the outstanding bonds. FPL may also, at any time before the retirement date, terminate the retirement agreement if the Florida Public Service Commission (FPSC) does not issue an order that allows FPL's proposed cost recovery plan for the consummation payment. FPL filed with the FPSC for approval in March 2021 and received approval on October 26, 2021 (see note 18, Subsequent Events for more information).

As part of JEA's ownership of Scherer, it has a proportionate ownership interest in associated common facilities (Common Facilities) of 5.91% (23.64% divided by 4, as there are 4 units in total). There is no majority owner of the Common Facilities. Georgia Power is the nongovernmental minority owner that has operational responsibility of the Common Facilities and, as such, is responsible for calculating any associated asset retirement obligations (AROs). The AROs at Scherer are primarily related to the ash pond.

In accordance with GASB 83, JEA's minority share of the AROs is reported using the measurement produced by Georgia Power, who is registered with the Securities and Exchange Commission and is subject to accounting rules set by the Financial Accounting Standards Board.

At September 30, 2021, the total amount of the AROs at Scherer are \$636,226, with JEA's minority share being \$37,601. Of the total liability, \$3,239 is recorded in asset retirement obligations in current liabilities and \$34,362 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by the unrealized asset retirement obligation of \$37,601, which is recorded in deferred outflows of resources.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

3. Asset Retirement Obligations (continued)

At September 30, 2020, the total amount of the AROs at Scherer are \$547,683, with JEA's minority share being \$32,368. Of the total liability, \$1,263 is recorded in asset retirement obligations in current liabilities and \$31,105 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by the unrealized asset retirement obligation of \$32,368, which is recorded in deferred outflows of resources.

There are no legally required funding or assurance provisions associated with JEA's minority share of the AROs and JEA has not restricted any of its assets for payment of this liability.

St. Johns River Power Park

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. The JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP. The final order was approved by FPSC in October 2017.

FPL received a credit for their estimated share of the material and supplies inventory balance at shutdown, pending sale of the inventory. After the sales period passed, FPL paid a shutdown payment adjustment for their share of 20% of the loss on the remaining materials and supplies inventory. During fiscal year 2020, JEA liquidated the remaining material and supplies inventory.

Regulatory balances remaining will be amortized over the life of the remaining debt outstanding related to Issue Three debt. See note 2, Regulatory Deferrals, for additional information related to SJRPP's regulatory deferrals.

FPL conveyed their 20% undivided ownership of plant in service assets to JEA. The retained plant in service assets were recorded at fair value. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA upon completion of dismantlement and environmental remediation. Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. Dismantlement and remediation is expected to be complete by January 2022. Monitoring of the site will continue for thirty years subsequent to the completion date. JEA's share of the estimated cost for dismantlement and remediation remaining is approximately \$68 is recorded in current portion of asset retirement obligations and is offset by the separate line item, unrealized asset retirement obligation, in the statement of net position. Currently, JEA does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on the site until completion of future environmental studies. In addition, conditions that are currently unknown could result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, JEA believes its ARO accurately reflects the estimated cost of remedial actions currently required.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**4. Restricted Assets**

Restricted assets were held in the following funds at September 30, 2021 and 2020:

	September 30, 2021				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	\$ 183,800	\$ 32,998	\$ 97,073	\$ 634	\$ 314,505
Sinking Fund	89,817	19,489	30,006	2,397	141,709
Debt Service Reserve Fund	55,844	10,098	55,665	—	121,607
Revenue Fund	—	29,871	—	—	29,871
Construction Fund	286	—	14,266	—	14,552
Adjustment to fair value of investments	2,977	72	4,184	—	7,233
Environmental Fund	83	—	3,118	—	3,201
Total	\$ 332,807	\$ 92,528	\$ 204,312	\$ 3,031	\$ 632,678

	September 30, 2020				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	\$ 138,696	\$ 37,910	\$ 38,138	\$ 1,868	\$ 216,612
Sinking Fund	91,358	18,928	41,660	2,373	154,319
Debt Service Reserve Fund	55,844	10,555	58,228	—	124,627
Revenue Fund	—	32,062	—	—	32,062
Construction Fund	311	—	25,541	—	25,852
Adjustment to fair value of investments	5,772	101	5,890	—	11,763
Environmental Fund	301	—	649	—	950
Total	\$ 292,282	\$ 99,556	\$ 170,106	\$ 4,241	\$ 566,185

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

At September 30, 2021 and 2020, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2021	2020
Securities:		
Money market mutual funds	\$ 331,417	\$ 248,983
Local government investment pool	168,799	181,891
Commercial paper	117,378	63,765
State and local government securities	113,483	140,950
U.S. Treasury and government agency securities	43,860	110,875
Total securities, at fair value	<u>\$ 774,937</u>	<u>\$ 746,464</u>

These securities are held in the following accounts:

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 350,495	\$ 387,148
Investments	4,140	3,107
Restricted assets:		
Cash and cash equivalents	362,618	253,984
Investments	269,820	311,130
Total cash and investments	<u>987,073</u>	<u>955,369</u>
Less: cash on deposit	(212,896)	(210,257)
Plus: interest due on securities	760	1,352
Total securities, at fair value	<u>\$ 774,937</u>	<u>\$ 746,464</u>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments (continued)

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2021, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year.

The maturity distribution of the investments held at September 30, 2021 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
Money market mutual funds	\$ 331,417	\$ –	\$ –	\$ –	\$ 331,417
Local government investment pools	168,799	–	–	–	168,799
State and local government securities	23,245	9,940	41,423	38,875	113,483
U.S. Treasury and government agency securities	4,291	39,569	–	–	43,860
Commercial paper	117,378	–	–	–	117,378
Total securities, at fair value	<u>\$ 645,130</u>	<u>\$ 49,509</u>	<u>\$ 41,423</u>	<u>\$ 38,875</u>	<u>\$ 774,937</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**5. Cash and Investments (continued)**

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; (2) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2021, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to \$12,500 as well as limits investments in commercial paper to 25% of the total cash and investment portfolio, regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2021, JEA had 15.1% of its investments in commercial paper.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

Concentration of Credit Risk – As of September 30, 2021, investments in any one issuer representing 5% or more of JEA's investments included \$43,860 (5.7%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2021, investments in all security types were within the allowable policy limits.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

6. Capital Assets

Capital asset activity for the year ended September 30, 2021 is as follows:

	Balance September 30, 2020	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2021
Electric Enterprise Fund:					
Generation assets	\$ 3,853,169	\$ –	\$ (1,003)	\$ 20,913	\$ 3,873,079
Transmission assets	645,784	–	(3,635)	36,772	678,921
Distribution assets	2,132,333	–	(6,122)	113,975	2,240,186
Other assets	520,644	–	(2,886)	13,850	531,608
Total capital assets	7,151,930	–	(13,646)	185,510	7,323,794
Less: accumulated depreciation and amortization	(4,752,821)	(218,423)	13,646	–	(4,957,598)
Land	130,408	–	–	1,088	131,496
Construction work-in-process	154,702	152,034	–	(186,598)	120,138
Net capital assets	2,684,219	(66,389)	–	–	2,617,830
Water and Sewer Fund:					
Pumping assets	597,500	–	(5,726)	56,950	648,724
Treatment assets	803,698	–	(3,010)	8,503	809,191
Transmission and distribution assets	1,298,283	–	(79)	34,374	1,332,578
Collection assets	1,598,138	–	(15)	6,904	1,605,027
Reclaimed water assets	158,868	–	(7)	4,748	163,609
General and other assets	456,506	–	(1,429)	16,646	471,723
Total capital assets	4,912,993	–	(10,266)	128,125	5,030,852
Less: accumulated depreciation	(2,379,631)	(167,412)	10,266	4,189	(2,532,588)
Land	83,459	–	(5,155)	798	79,102
Construction work-in-process	175,783	200,068	–	(128,923)	246,928
Net capital assets	2,792,604	32,656	(5,155)	4,189	2,824,294
District Energy System:					
Chilled water plant assets	59,530	–	–	1,328	60,858
Total capital assets	59,530	–	–	1,328	60,858
Less: accumulated depreciation	(29,255)	(2,586)	–	–	(31,841)
Land	3,051	–	–	–	3,051
Construction work-in process	1,026	2,603	–	(1,328)	2,301
Net capital assets	34,352	17	–	–	34,369
Total	\$ 5,511,175	\$ (33,716)	\$ (5,155)	\$ 4,189	\$ 5,476,493

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

6. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2020 is as follows:

	Balance September 30, 2019	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2020
Electric Enterprise Fund:					
Generation assets	\$ 3,798,017	\$ —	\$ (5,530)	\$ 60,682	\$ 3,853,169
Transmission assets	593,911	—	(20)	51,893	645,784
Distribution assets	2,050,306	—	(4,980)	87,007	2,132,333
Other assets	472,398	—	(5,380)	53,626	520,644
Total capital assets	6,914,632	—	(15,910)	253,208	7,151,930
Less: accumulated depreciation and amortization	(4,565,606)	(203,125)	15,910	—	(4,752,821)
Land	131,117	—	—	(709)	130,408
Construction work-in-process	203,901	203,300	—	(252,499)	154,702
Net capital assets	2,684,044	175	—	—	2,684,219
Water and Sewer Fund:					
Pumping assets	561,875	—	(5,070)	40,695	597,500
Treatment assets	681,301	—	(6,220)	128,617	803,698
Transmission and distribution assets	1,254,028	—	(72)	44,327	1,298,283
Collection assets	1,532,283	—	(291)	66,146	1,598,138
Reclaimed water assets	138,843	—	—	20,025	158,868
General and other assets	423,761	—	(3,406)	36,151	456,506
Total capital assets	4,592,091	—	(15,059)	335,961	4,912,993
Less: accumulated depreciation	(2,242,977)	(155,902)	15,059	4,189	(2,379,631)
Land	61,293	—	(633)	22,799	83,459
Construction work-in-process	337,716	196,828	—	(358,761)	175,783
Net capital assets	2,748,123	40,926	(633)	4,188	2,792,604
District Energy System:					
Chilled water plant assets	57,150	—	(1,115)	3,495	59,530
Total capital assets	57,150	—	(1,115)	3,495	59,530
Less: accumulated depreciation	(27,728)	(2,642)	1,115	—	(29,255)
Land	3,051	—	—	—	3,051
Construction work-in process	804	3,717	—	(3,495)	1,026
Net capital assets	33,277	1,075	—	—	34,352
Total	\$ 5,465,444	\$ 42,176	\$ (633)	\$ 4,188	\$ 5,511,175

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida, with an ownership interest of 17.6%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were \$15,378 in fiscal year 2021 and \$2,848 in 2020 for all power marketing activities. JEA's distributions from TEA were \$10,848 in fiscal year 2021 and \$1,945 in 2020. The investment in TEA was \$12,153 at September 30, 2021 and \$8,619 at September 30, 2020 and is included in noncurrent assets on the accompanying statements of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2021 and 2020. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2021	2020
Condensed statement of net position:		
Current assets	\$ 329,376	\$ 155,621
Noncurrent assets	35,937	22,752
Total assets	<u>\$ 365,313</u>	<u>\$ 178,373</u>
Current liabilities	\$ 291,886	\$ 127,800
Noncurrent liabilities	14,153	275
Deferred inflows	17,252	-
Members' capital	69,416	50,298
Total liabilities and members' capital	<u>\$ 392,707</u>	<u>\$ 178,373</u>
Condensed statement of operations:		
Operating revenues	\$ 2,086,069	\$ 901,423
Operating expenses	1,958,481	852,836
Operating income	<u>\$ 127,588</u>	<u>\$ 48,587</u>
Net income	<u>\$ 127,610</u>	<u>\$ 48,619</u>

As of September 30, 2021, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to \$28,929 and TEA's natural gas procurement and trading activities up to \$33,600, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to \$60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**7. Investment in The Energy Authority (continued)**

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

Under a separate agreement, TEA contracted with Southern Power Company ("Southern"), on JEA's behalf, for the purchase and sale of capacity and energy from Southern's Wansley plant located in Heard County, GA, covering the term from January 1, 2018 to December 31, 2019. In turn, JEA guaranteed the payment obligations in the agreement up to \$9,000 as well as all reasonable fees and expenses of Southern's counsel in any way relating to the enforcement of Southern's rights under the agreement.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt**

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each system in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)**

Below is the schedule of outstanding indebtedness for the fiscal years 2021 and 2020.

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	\$ 5	\$ 5
Series Three 2005B	4.750%	2033	100	100
Series Three 2008A ⁽²⁾	Variable	2027-2036	51,680	51,680
Series Three 2008B-1 ⁽³⁾	Variable	2021-2040	58,745	59,195
Series Three 2008B-2 ⁽²⁾	Variable	2025-2040	41,900	41,900
Series Three 2008B-3 ⁽²⁾	Variable	2024-2036	37,000	37,000
Series Three 2008B-4 ⁽³⁾	Variable	2021-2036	45,385	48,585
Series Three 2008C-1 ⁽²⁾	Variable	2024-2034	44,145	44,145
Series Three 2008C-2 ⁽²⁾	Variable	2024-2034	43,900	43,900
Series Three 2008C-3 ⁽²⁾	Variable	2030-2038	25,000	25,000
Series Three 2008D-1 ⁽³⁾	Variable	2021-2036	100,675	103,530
Series Three 2009D ⁽⁴⁾	6.056%	2033-2044	45,955	45,955
Series Three 2010D	N/A	N/A	–	1,145
Series Three 2010E ⁽⁴⁾	5.350-5.482%	2028-2040	34,255	34,255
Series Three 2012A	N/A	N/A	–	16,210
Series Three 2012B	N/A	N/A	–	2,050
Series Three 2013A	5.000%	2021-2022	27,485	39,880
Series Three 2013C	4.600-5.000%	2021-2029	4,705	8,855
Series Three 2015A	5.000%	2021	1,555	4,825
Series Three 2015B	5.000%	2030-2031	4,535	4,535
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095	198,095
Series Three 2020A	3.000 - 5.000%	2026-2041	129,255	129,255
Series Three 2021A	4.000 - 5.000%	2033-2039	10,385	–
Total Electric System Senior Revenue Bonds			904,760	940,100

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Electric System Subordinated Revenue Bonds:				
2000 Series A ⁽²⁾	Variable	2021-2025	\$ 17,740	\$ 30,965
2000 Series F-1 ⁽²⁾	N/A	N/A	–	37,200
2000 Series F-2 ⁽²⁾	N/A	N/A	–	24,800
2008 Series D ⁽²⁾	Variable	2024-2038	39,455	39,455
2009 Series F ⁽⁴⁾	5.200 - 6.406%	2021-2034	58,880	60,605
2010 Series B	N/A	N/A	–	2,155
2010 Series D ⁽⁴⁾	4.549 - 5.582%	2021-2027	38,335	39,345
2012 Series A	N/A	N/A	–	52,480
2012 Series B	N/A	N/A	–	1,060
2013 Series A	5.000%	2021-2029	9,770	12,660
2013 Series B	5.000%	2021-2022	10,235	13,225
2013 Series C	5.000%	2021-2037	33,640	36,975
2013 Series D	5.000%	2021	5,485	18,275
2014 Series A	5.000%	2021-2039	41,420	63,865
2017 Series B	3.375 - 5.000%	2026-2034	142,065	143,175
2020 Series A	4.000 - 5.000%	2028-2038	92,415	92,415
2021 Series A	4.000 - 5.000%	2029-2034	34,175	–
Total Electric System Subordinated Revenue Bonds			523,615	668,655
Bulk Power Supply System Revenue Bonds:				
Series 2010A ⁽⁴⁾	5.050 - 5.920%	2021-2030	29,510	32,215
Series 2014A	2.250 - 4.125%	2021-2038	52,375	56,645
Total Bulk Power System Revenue Bonds			81,885	88,860
SJRP System Revenue Bonds:				
Issue Three, Series One	4.500%	2037	100	100
Issue Three, Series Two	5.000%	2034-2037	29,370	29,370
Issue Three, Series Four ⁽⁴⁾	4.750 - 5.450%	2021-2028	17,085	18,915
Issue Three, Series Six	2.375 - 5.000%	2021-2037	77,940	85,650
Issue Three, Series Seven	2.500 - 3.625%	2021-2033	73,815	75,380
Issue Three, Series Eight	2.250 - 4.000%	2021-2039	53,455	55,690
Total SJRP System Revenue Bonds			251,765	265,105

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Water and Sewer System Senior Revenue Bonds:				
2006 Series B ⁽⁵⁾	Variable	2021-2022	\$ 9,915	\$ 19,110
2008 Series A-2 ⁽²⁾	Variable	2028-2042	51,820	51,820
2008 Series B ⁽²⁾	Variable	2023-2041	85,290	85,290
2010 Series A ⁽⁴⁾	6.210 - 6.310%	2026-2044	83,115	83,115
2010 Series B	5.400 - 5.700%	2021-2025	8,650	10,380
2010 Series F ⁽⁴⁾	4.150 - 5.887%	2021-2040	38,665	39,700
2012 Series A	N/A	N/A	—	152,105
2012 Series B	3.000 - 5.000%	2024-2034	13,170	13,170
2013 Series A	4.500 - 5.000%	2023-2027	4,995	4,995
2014 Series A	4.000 - 5.000%	2023-2040	148,390	154,000
2017 Series A	3.125 - 5.000%	2023-2041	346,770	346,770
2020 Series A	3.000 - 5.000%	2023-2040	104,000	104,000
2021 Series A	3.000 - 5.000%	2023-2041	121,815	—
Total Water and Sewer System Senior Revenue Bonds			1,016,595	1,064,455
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1 ⁽²⁾	Variable	2021-2038	44,350	46,650
Subordinated 2008 Series A-2 ⁽²⁾	Variable	2030-2038	25,600	25,600
Subordinated 2008 Series B-1 ⁽²⁾	Variable	2030-2036	30,885	30,885
Subordinated 2012 Series B	3.250 - 5.000%	2030-2034	4,480	4,480
Subordinated 2013 Series A	5.000%	2028-2029	2,760	2,760
Subordinated 2017 Series A	2.750 - 5.000%	2023-2034	55,015	55,015
Subordinated 2020 Series A	4.000 - 5.000%	2024-2040	26,590	26,590
Total Water and Sewer System Subordinated Revenue Bonds			189,680	191,980

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Water and Sewer System Other Subordinated Debt				
Revolving Credit Agreement	N/A	N/A	\$ —	\$ 5,000
Total Water and Sewer System Other Subordinated Debt			—	5,000
District Energy System:				
2013 Series A	2.694 - 4.538%	2021-2034	31,410	33,135
Total District Energy System			31,410	33,135
Total Debt Principal Outstanding			2,999,710	3,257,290
Less: Debt Due Within One Year			(91,535)	(102,700)
Total Long-Term Debt			<u>\$ 2,908,175</u>	<u>\$ 3,154,590</u>

(1) Interest rates apply only to bonds outstanding at September 30, 2021. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode, or the flexible mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2021 and 2020.

(2) Variable rate demand obligations – interest rates ranged from 0.05% to 0.11% at September 30, 2021.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 0.55% at September 30, 2021.

(4) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(5) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 2.39% to 2.40% at September 30, 2021.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2021 was as follows:

System	Debt Payable September 30, 2020	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2021	Current Portion of Debt Payable September 30, 2021
Electric:						
Revenue	\$ 1,397,445	\$ 44,560	\$ (164,150)	\$ (54,285)	\$ 1,223,570	\$ 50,545
Direct purchase	211,310	—	—	(6,505)	204,805	8,595
Total electric	1,608,755	44,560	(164,150)	(60,790)	1,428,375	59,140
Bulk Power Supply	88,860	—	—	(6,975)	81,885	7,080
SJRPP	265,105	—	—	(13,340)	251,765	14,175
Water and Sewer	1,256,435	121,815	(152,105)	(19,870)	1,206,275	9,370
DES	33,135	—	—	(1,725)	31,410	1,770
Total	\$ 3,252,290	\$ 166,375	\$ (316,255)	\$ (102,700)	\$ 2,999,710	\$ 91,535

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2020 was as follows:

System	Debt Payable September 30, 2019	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2020	Current Portion of Debt Payable September 30, 2020
Electric:						
Revenue	\$ 1,609,345	\$ 221,670	\$ (320,935)	\$ (112,635)	\$ 1,397,445	\$ 54,285
Direct purchase	214,905	—	—	(3,595)	211,310	6,505
Total electric	1,824,250	221,670	(320,935)	(116,230)	1,608,755	60,790
Bulk Power Supply	95,010	—	—	(6,150)	88,860	6,975
SJRPP	278,885	—	—	(13,780)	265,105	13,340
Water and Sewer	1,382,665	130,590	(202,115)	(54,705)	1,256,435	19,870
DES	34,825	—	—	(1,690)	33,135	1,725
Total	\$ 3,615,635	\$ 352,260	\$ (523,050)	\$ (192,555)	\$ 3,252,290	\$ 102,700

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The debt service payments to maturity on the outstanding debt as of September 30, 2021 are summarized below.

Fiscal Year	Electric System Revenue		Electric System Direct Purchase		Bulk Power Supply System	
	Principal	Interest ⁽¹⁾⁽²⁾	Principal	Interest ⁽²⁾	Principal	Interest ⁽¹⁾
2022	\$ 50,545	\$ 43,155	\$ 8,595	\$ 1,023	\$ 7,080	\$ 3,386
2023	35,785	41,869	8,925	978	7,270	3,138
2024	8,830	40,932	7,950	936	7,485	2,868
2025	19,745	40,596	10,190	884	4,760	2,631
2026	26,020	40,048	10,605	829	4,280	2,425
2027–2031	329,270	166,942	76,620	3,033	26,025	8,591
2032–2036	433,510	97,096	56,285	1,221	13,830	3,760
2037–2041	296,150	25,590	25,635	168	11,155	743
2042–2045	23,715	2,290	–	–	–	–
Total	\$ 1,223,570	\$ 498,518	\$ 204,805	\$ 9,072	\$ 81,885	\$ 27,542

Fiscal Year	SJPPP		Water and Sewer System		District Energy System		Total Debt Service
	Principal	Interest ⁽¹⁾	Principal	Interest ⁽¹⁾⁽²⁾	Principal	Interest	
2022	\$ 14,175	\$ 9,602	\$ 9,370	\$ 42,855	\$ 1,770	\$ 1,230	\$ 192,786
2023	15,285	9,002	9,850	44,280	1,815	1,179	179,376
2024	15,865	8,377	52,365	42,989	1,870	1,121	191,588
2025	16,445	7,710	55,675	40,576	1,930	1,058	202,200
2026	17,105	7,078	60,155	38,023	1,995	990	209,553
2027–2031	86,175	26,078	277,500	151,904	11,200	3,677	1,167,015
2032–2036	56,725	12,315	312,950	94,206	10,830	1,010	1,093,738
2037–2041	29,990	1,975	347,820	38,982	–	–	778,208
2042–2045	–	–	80,590	3,552	–	–	110,147
Total	\$ 251,765	\$ 82,137	\$ 1,206,275	\$ 497,367	\$ 31,410	\$ 10,265	\$ 4,124,611

(1) The interest requirement reflects gross interest, prior to any 35% cash subsidy payments, on the Federally Taxable – Issuer Subsidy – Build America Bonds.

(2) The interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2021.

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJPPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2022	2022	2022	2022	2023
Redemption price	100%	100%	100%	100%	100%

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)**

JEA debt issued during fiscal year 2021 is summarized as follows:

System	Debt Issued	Purpose	Priority of Lien	Month of Issue	Par Amount Issued	Par Amount Refunded	Accounting Gain/(Loss)
Electric	Series Three 2021A	Refunding ⁽¹⁾	Senior	Jul 2021	\$ 10,385	\$ 13,750	\$ 238
Electric	2021 Series A	Refunding ⁽²⁾	Subordinated	Jul 2021	34,175	46,010	(30)
Water and Sewer	2021 Series A	Refunding ⁽³⁾	Senior	Jul 2021	121,815	152,105	2,490
					<u>\$ 166,375</u>	<u>\$ 211,865</u>	<u>\$ 2,698</u>

(1) Fixed rate bonds issued to refund fixed rate bonds with new debt service of \$16,741 compared to prior debt service of \$21,078 and \$3,812 of net present value economic savings.

(2) Fixed rate bonds issued to refund fixed rate bonds with new debt service of \$52,598 compared to prior debt service of \$65,896 and \$11,494 of net present value economic savings.

(3) Fixed rate bonds issued to refund fixed rate bonds with new debt service of \$187,119 compared to prior debt service of \$242,496 and \$46,194 of net present value economic savings.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, Bulk Power Supply System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

System	Authorization		Expiration
	Senior	Subordinated	
Electric	\$ 466,615	\$ 236,825	December 31, 2022
SJRPP Issue Three	250,000	—	December 31, 2022
Water and Sewer	290,185	111,000	December 31, 2022

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)***Variable Rate Demand Obligations (VRDOs) – Liquidity Support***

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2021, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. Commitment fees range 0.42% to 0.68% with stated termination dates ranging from August 22, 2022 to March 19, 2024, unless otherwise extended.

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2021, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The commitment fee is 0.42% with a stated expiration date of December 1, 2023, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4, and Series Three 2008D-1 (collectively, the Direct Purchase Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchase Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchase Bonds that were not purchased on the scheduled mandatory tender date that occurred, upon the expiration of such period, would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the scheduled mandatory tender date. The continuing covenant agreements specify certain events of default that require immediate repayment of outstanding amounts and other events of default that require repayment of outstanding amounts if the event of default continues from 7 days to 180 days. During the years ended September 30, 2021 and 2020, JEA did not default on any terms of the continuing covenant agreements. The current expiration date of the continuing covenant agreements is December 10, 2021, unless otherwise extended. The interest rate is variable and set weekly based upon SIFMA plus 50 basis points.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)*****Revolving Credit Agreement***

JEA has a revolving credit agreement with a commercial bank for an unsecured amount of \$500,000. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES for operating or capital expenditures. The revolving credit agreement specifies events of default that require immediate repayment of outstanding amounts. During the years ended September 30, 2021 and 2020, JEA did not default on any terms of the revolving credit agreement. During fiscal year 2021, the revolving credit agreement outstanding balance of \$5,000 was repaid by the Water and Sewer System, with \$500,000 available to be drawn as of September 30, 2021. The revolving credit agreement is scheduled to expire on May 24, 2024.

Debt Management Strategy

JEA has entered into various interest rate swap agreements, executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2021, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	\$ 174,000	\$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	81,575	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	9,915	4.1%	Oct 2006	Oct 2021-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		<u>\$ 771,520</u>	<u>\$ 497,990</u>				

The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2020, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	\$ 174,000	\$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	84,775	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	19,110	4.0-4.1%	Oct 2006	Oct 2020-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		<u>\$ 771,520</u>	<u>\$ 510,385</u>				

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The following table includes fiscal year 2021 and 2020 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

System	Changes in Fair Value		Fair Value at September 30, 2021		Notional
	Classification	Amount	Classification	Amount ⁽¹⁾	
Electric	Deferred outflows	\$ (36,855)	Fair value of debt management strategy instruments	\$ (102,752)	\$ 402,785
Water and Sewer	Deferred outflows	(11,078)	Fair value of debt management strategy instruments	(26,603)	95,205
Total		<u>\$ (47,933)</u>		<u>\$ (129,355)</u>	<u>\$ 497,990</u>

System	Changes in Fair Value		Fair Value at September 30, 2020		Notional
	Classification	Amount	Classification	Amount ⁽¹⁾	
Electric	Deferred outflows	\$ 20,986	Fair value of debt management strategy instruments	\$ (139,607)	\$ 405,985
Water and Sewer	Deferred outflows	6,415	Fair value of debt management strategy instruments	(37,681)	104,400
Total		<u>\$ 27,401</u>		<u>\$ (177,288)</u>	<u>\$ 510,385</u>

(1) Fair value amounts were calculated using market rates and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2021 and 2020, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2021	2020
68% of LIBOR Index:		
Notional amount outstanding	\$ 205,550	\$ 208,750
Variable rate received (weighted average)	0.08%	0.71%
Fixed rate paid (weighted average)	3.69%	3.69%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	\$ 282,525	\$ 282,525
Variable rate received (weighted average)	0.06%	0.83%
Fixed rate paid (weighted average)	4.02%	4.02%
CPI Index:		
Notional amount outstanding	\$ 9,915	\$ 19,100
Variable rate received (weighted average)	2.19%	3.14%
Fixed rate paid (weighted average)	4.08%	4.05%
Net debt management swap loss	\$ (18,811)	\$ (15,348)

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2021:

Electric System					
Fiscal Year	Principal	Interest⁽¹⁾	Net Swap Interest	Total	
2022	\$ 3,275	\$ 879	\$ 15,360	\$	19,514
2023	3,375	872	15,239		19,486
2024	5,400	862	15,043		21,305
2025	13,840	832	14,556		29,228
2026	19,205	789	13,835		33,829
2027–2031	160,355	2,981	52,179		215,515
2032–2036	117,495	1,285	22,712		141,492
2037–2040	79,840	175	3,285		83,300
Total	\$ 402,785	\$ 8,675	\$ 152,209	\$	563,669

Water and Sewer System					
Fiscal Year	Principal	Interest⁽¹⁾	Net Swap Interest	Total	
2022	\$ 4,860	\$ 205	\$ 3,430	\$	8,495
2023	5,055	86	3,346		8,487
2024	4,035	24	3,161		7,220
2025	4,420	23	2,991		7,434
2026	4,525	22	2,816		7,363
2027–2031	6,045	104	13,078		19,227
2032–2036	13,280	92	11,648		25,020
2037–2041	41,900	47	6,108		48,055
2042	11,085	–	36		11,121
Total	\$ 95,205	\$ 603	\$ 46,614	\$	142,422

⁽¹⁾ Interest requirement for the variable rate debt and the variable portion of the interest rate swaps was determined by using the interest rates that were in effect at the financial statement date of September 30, 2021. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2021.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" and a payment is owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount. All outstanding interest rate swaps at September 30, 2021, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2021.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2021, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A1/A	\$ 155,470
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480
JPMorgan Chase Bank, N.A.	A+/Aa2/AA	120,750
Merrill Lynch Derivative Products AG	A-/A2/AA-	85,290
Total		<u>\$ 497,990</u>

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2021, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 0.21%, the SIFMA swap index rate is 0.05%, and 68% of LIBOR is 0.06%.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)**

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Related Party Transactions**City of Jacksonville***Utility and Administrative Services*

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	2021	2020
Revenues	\$ 26,664	\$ 26,413
Expenses	\$ 5,216	\$ 6,154

City Contribution

On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021. On February 28, 2019, the agreement was amended to extend its expiration date to September 30, 2023.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

9. Related Party Transactions (continued)

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund were as follows:

	2021		2020
Electric	\$ 93,609	\$	93,871
Water and Sewer	\$ 26,403	\$	24,953

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

	2021		2020
Electric	\$ 28,750	\$	28,191
Water and Sewer	\$ 10,886	\$	10,963

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

9. Related Party Transactions (continued)

JEA has excess coverage for individual workers' compensation claims above \$1,500. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

	2021	2020
General liability	\$ 2,218	\$ 2,066
Workers' compensation	\$ 1,796	\$ 1,729

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2021 and 2020. The amounts are recorded by the City at present value using a 4% discount rate for the fiscal years ended September 30, 2021 and September 30, 2020.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	\$ 109,231	\$ 2,707	\$ 17,761	\$ 1,496
Change in provision	45,979	1,493	8,175	1,810
Payments	(22,483)	(809)	(7,139)	(1,000)
Ending balance	\$ 132,727	\$ 3,391	\$ 18,797	\$ 2,306

Vulcan Construction Materials LP

JEA purchases limestone from Vulcan Construction Materials LP (Vulcan) for use in generation of electricity at its Northside power plant as well as small amounts of granite and stone for repair of JEA access roads. The largest private shareholder of Vulcan is the Baker family, of which John D. Baker II, JEA Board Chairman, is a member. JEA executed its current contract with Vulcan prior to Mr. Baker's appointment to the Board. The contract will expire on December 31, 2021. In fiscal year 2021 and 2020, JEA purchased limestone from Vulcan of \$3,728 and \$7,636, respectively.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**10. Fuel Purchase and Purchased Power Commitments**

JEA has made long-term commitments to purchase approximately 664,000 tons of coal for Scherer Unit 4 between October and December 2021. Additionally, in September 2021, JEA has committed to purchase approximately 70,000 tons of coal for Northside. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts. The majority of JEA's coal and petroleum coke supply is purchased with transportation included.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2021.

On January 1, 2022, Scherer Unit 4 was retired and replaced by the FPL PPA, which will provide 200 MW of day-ahead scheduled power. The pricing structure of the FPL PPA is based on the cost of a natural gas combined cycle unit and will have a term of 20 years.

JEA had commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that were set to expire in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long-term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations accessible to JEA via firm natural gas transportation or natural gas supply agreements. The contracts expire at various dates in 2039, 2048, and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year Ending	Coal and Pet Coke		Natural Gas		Transmission	Total
	Fuel	Transportation	Transportation			
2022	\$ 765	\$ 975	\$ 6,606	\$ 12,600	\$ 20,946	
2023	—	—	6,606	16,800	23,406	
2024	—	—	6,624	16,800	23,424	
2025	—	—	6,606	16,800	23,406	
2026	—	—	6,606	16,800	23,406	
2027-2042	—	—	30,841	256,200	287,041	
Total	\$ 765	\$ 975	\$ 63,889	\$ 336,000	\$ 401,629	

Vogtle Units Purchased Power Agreement*Overview*

As a result of an earlier 2008 Board policy establishing a 10% of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the Additional Vogtle Units PPA) with the Municipal Electric Authority of Georgia (MEAG) for 206 megawatts (MW) of capacity and related energy from MEAG's interest in two additional nuclear generating units (the Additional Vogtle Units or Plant Vogtle Units 3 and 4) under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company (Georgia Power), Oglethorpe Power Corporation, MEAG and the City of Dalton, Georgia (collectively, the Vogtle Co-Owners). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 12% of JEA's total energy requirements in the year 2025.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, whether or not its output is suspended, reduced or the like, or terminated in whole or in part) except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)*Financing and In-Service Costs*

MEAG created three separate projects (the Vogtle Units 3 and 4 Project Entities) for the purpose of owning and financing its 22.7% undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as Project J. MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately \$7,008,700, including construction and financing costs through the estimated in-service dates, initial fuel load costs, switchyard and transmission costs, and contingencies established by Georgia Power at the project level for all Vogtle Co-Owners. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately \$7,517,785. A certain portion of these costs is subject to reduction in accordance with the 2019 Global Amendments to the Plant Vogtle Joint Operating Agreements. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$3,215,342.

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued \$1,248,435 of its Plant Vogtle Units 3 and 4 Project J Bonds (the 2010 PPA Bonds) on March 11, 2010. Of the total 2010 PPA Bonds, approximately \$1,224,265 were issued as Federally Taxable – Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35% of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2030. The current sequestration rate of 5.7% will be applied unless and until a law is enacted that cancels or otherwise affects the sequester. MEAG issued \$185,180 of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued \$570,925 of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of MEAG's July 18, 2019 Project J Bonds Series 2019A Official Statement relating to the issuance and JEA did not make any representations or warranties, or deliver any opinions of legal counsel, in connection with the offering, issuance, and sale of the Project J Bonds, Series 2019A. Further, on July 20, 2021, MEAG issued \$150,350 of additional Project J tax-exempt bonds. JEA provided updated disclosure regarding JEA in connection with MEAG's July 8, 2021 Project J Bonds, Series 2021 A Official Statement relating to the issuance and JEA made certain representations and warranties and delivered opinions of legal counsel in connection with the offering, issuance, and sale of the Project J Bonds, Series 2021A.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy (DOE) for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175% of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the Project J Entity).

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank (FFB) an aggregate amount of approximately \$687,279, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of \$414,700. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414,700. The Project J Entity's portion of the \$414,700 in additional loan guarantees is \$111,541 and this amount was fully drawn on October 2, 2020. MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

Summary of financing associated with Project J:

Long-term bonds	
2010A Build America bonds	\$ 1,224,265
2010B tax-exempt bonds	24,170
2015A tax-exempt bonds	185,180
2019A tax-exempt bonds	570,925
2021A tax-exempt bonds	150,350
Remaining financing requirement	163,805
Total long-term bonds	<u>2,318,695</u>
DOE advances ⁽¹⁾	
2015 DOE advances	345,990
2019 DOE advances	229,748
2020 DOE advances	111,541
Total DOE advances	<u>687,279</u>
Estimated interest earnings and bond premiums	209,368
Total capital requirements ⁽²⁾	<u>\$ 3,215,342</u>

(1) Includes advances and related capitalized interest accretion.

(2) Represents estimated total construction costs and required reserve deposits, net of payments received.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2021, including the October 2, 2020 DOE advances, is summarized as follows:

Fiscal Year Ending September 30	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2022	\$ 28,337	\$ 133,403	\$ 161,740	\$ (26,763)	\$ (101,200)	\$ 33,777
2023	31,449	132,976	164,425	(26,439)	(27,508)	110,478
2024	32,870	132,028	164,898	(26,100)	—	138,798
2025	34,109	130,472	164,581	(25,746)	—	138,835
2026	35,365	128,851	164,216	(25,378)	—	138,838
2027	36,686	127,151	163,837	(24,993)	—	138,844
2028	38,089	125,311	163,400	(24,592)	—	138,808
2029	39,525	123,476	163,001	(24,173)	—	138,828
2030	41,015	121,541	162,556	(23,737)	—	138,819
2031	42,568	119,526	162,094	(23,281)	—	138,813
2032	44,139	117,509	161,648	(22,806)	—	138,842
2033	45,877	115,224	161,101	(22,311)	—	138,790
2034	47,657	112,938	160,595	(21,794)	—	138,801
2035	49,459	110,608	160,067	(21,255)	—	138,812
2036	42,837	108,181	151,018	(20,692)	—	130,326
2037	31,599	105,617	137,216	(20,106)	—	117,110
2038	27,853	102,964	130,817	(19,494)	—	111,323
2039	24,730	100,152	124,882	(18,855)	—	106,027
2040	15,435	97,284	112,719	(18,189)	—	94,530
2041	12,218	94,224	106,442	(17,495)	—	88,947
2042	5,902	86,518	92,420	(16,022)	—	76,398
2043	770	23,509	24,279	(4,912)	—	19,367
Total	\$ 708,489	\$ 2,449,463	\$ 3,157,952	\$ (475,133)	\$ (128,708)	\$ 2,554,111

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)*Construction Arrangements for the Additional Vogtle Units*

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

- Bechtel Power Corporation (Bechtel) will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the Construction Agreement), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.
- In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the Vogtle Joint Ownership Agreements) that limit the circumstances under which the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.
- Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately \$1,400,000 to the current estimate of approximately \$3,215,342 inclusive of financing costs and required reserves. In addition, significant delays in the project's construction schedule have resulted in the original placed in service dates for Vogtle Unit 3 of April 2016 and for Vogtle Unit 4 of April 2017 being revised to the current projected placed in service dates for Vogtle Unit 3 and for Vogtle Unit 4 of September 2022 and June 2023, respectively.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project, or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Vogtle Units PPA. See the *Overview* and *Financing and In-Service Costs* sections above and *Litigation and Regulatory Proceedings* section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**10. Fuel Purchase and Purchased Power Commitments (continued)***Litigation and Regulatory Proceedings*

Litigation – On September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Fourth Judicial Circuit Court of Florida seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019, MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 4, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The Court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the PPA is enforceable. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues. On June 17, 2020, the district court granted MEAG's motion for summary judgment on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Settlement of Litigation – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of \$0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission (FERC) seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (FERC Petition). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011, JEA entered into an option agreement with Duke Energy Carolinas, LLC (Duke Carolinas), a wholly owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was \$7,500, with \$3,750 paid in both fiscal year 2011 and 2012, respectively. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% of JEA's energy requirements from nuclear sources by 2030.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**10. Fuel Purchase and Purchased Power Commitments (continued)**

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however, the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances, should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optional portion of the projected Lee Project capacity.

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year PPA with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is currently owned by Rev Renewables, an LS Power company, and generated approximately 14,925 MWh of electricity in fiscal year 2021 and 17,818 MWh of electricity in 2020. JEA pays only for the energy produced. Purchases of energy were \$3,169 for fiscal year 2021 and \$3,676 in 2020.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued requests for proposals for PPAs in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

JEA

Notes to Financial Statements (continued)
*(Dollars in Thousands)***10. Fuel Purchase and Purchased Power Commitments (continued)**

As of the end of calendar year 2019, all seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, Old Kings Solar, and Sunport Solar. JEA entered into 20-25 year PPAs for the energy and the associate environmental attributes from each solar farm. The solar facilities generated approximately 51,629 MWh in fiscal year 2021 and 50,966 MWh in 2020. JEA pays only for the energy produced. Purchases of energy were \$3,990 for fiscal year 2021 and \$3,864 in 2020.

The JEA Board approved a further solar expansion consisting of five 50 MWac solar facilities to be constructed on JEA owned property. These projects, totaling 250 MWac, are structured as PPAs. EDF-DS was selected as the vendor for the sites and contract were executed in January 2019. Preliminary site work is underway. It is expected the facilities will be phased into service with all sites completed by the end of calendar year 2022.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota, if it is expanded and becomes available, or JEA can exercise its option to receive the remaining 3.2 MW from New River Landfill in Raiford, FL. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville, which came online in January 2015. Purchases of landfill energy were 86,836 MWh for \$6,424 in fiscal year 2021 and 89,646 MWh for \$6,503 in 2020.

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA entered into financial swaps that locked in the monthly commodity price of natural gas for January 2020 through December 2023, covering approximately 40% in each calendar year of its expected annual natural gas requirements. A small volume of natural gas has also been hedged for 2024.

Under the existing natural gas supply contract with Shell Energy, JEA has the option to enter into fixed price transactions with Shell Energy in relation to the purchases to be made under the contract. During fiscal year 2021, transactions were executed for November 2021 through September 2022, increasing the coverage to approximately 80% of expected natural gas requirements for 2022.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

11. Energy Market Risk Management Program (continued)

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either deferred charges or deferred credits until such time that the transactions end. At September 30, 2021, deferred credits of \$150,453 were included in accumulated increase in fair value of hedging derivatives on the statement of net position. At September 30, 2020, deferred credits of \$11,944 were included in accumulated increase in fair value of hedging derivatives and deferred charges of \$1,998 were included in accumulated decrease in fair value of hedging derivatives on the statement of net position. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. There were realized gains offsetting fuel expense of \$18,014 in fiscal year 2021 and realized losses in fuel expense of \$15,524 in 2020.

12. Pension Plans

Substantially all JEA employees participate in and contribute to the GERP, as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan (DB) with a defined contribution alternative (DC). The defined benefit pension plan portion of the GERP is closed to new members, with all new employees entering the defined contribution plan. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation. GERP, based on laws outlined in the City's Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the Comprehensive Annual Financial Report of the City. This report may be obtained at: <https://www.coj.net/departments/finance/accounting/comprehensive-annual-financial-reports.aspx> or by writing to the City of Jacksonville, Florida, Accounting Division, City Hall at St. James Building, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202-5725.

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars (\$5) multiplied by the number of years of credited service. This benefit may not exceed \$150 per month.

A member who has suffered an illness, injury, or disease, which renders the member permanently and totally incapacitated, physically or mentally, from regular and continuous duty as an employee is considered disabled under the terms of the GERP. The GERP provides two types of disability benefits: a service related disability benefit and a non-service related disability benefit. The service related disability benefit is 50% of the member's final monthly compensation at the time of the disability. Members are eligible for non-service related disability benefits after five years of service. The benefit is 25% of the member's final monthly compensation at the time of the disability, increasing 2.5% for each year of service in excess of five years to a maximum of 50%.

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

JEA plan members of the DB plan were required to contribute 9.7% of their annual covered salary. JEA's pension contribution for the DB plan was \$39,895 (29.36%) in fiscal year 2021 and \$37,592 (27.20%) in 2020.

JEA plan members of the DC plan were required to contribute 7.7% of their annual covered salary. JEA's pension contribution for the DC plan was \$3,976 (11.71%) in fiscal year 2021 and \$3,452 (11.72%) in 2020. Employees vest in the employer contributions to the DC plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Any contribution forfeitures were used to offset plan expenses.

All JEA plan members were required to contribute 0.3% of their annual covered salary to the disability program fund. JEA's disability contribution was \$506 (0.30%) in fiscal year 2021 and \$503 (0.30%) in 2020.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of September 30, 2020 and September 30, 2019, respectively. JEA's allocated share of the net pension liability is \$729,569 (52.71%) as of September 30, 2021, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2020. JEA's allocated share of the net pension liability is \$633,292 (48.84%) as of September 30, 2020, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

For the year ended September 30, 2021 and 2020, JEA's recognized pension expense is \$102,382 and \$86,363, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30	
	2021	2020
Deferred outflows of resources		
Contributions subsequent to the measurement date	\$ 40,401	\$ 38,095
Changes in proportion	35,203	6,725
Changes in assumptions	32,995	41,198
Net difference between projected and actual earnings on pension investments	28,733	18,928
Differences between expected and actual experience	15,348	21,334
Total	\$ 152,680	\$ 126,280
Deferred inflows of resources		
Changes in proportion	\$ (11,507)	\$ (18,541)
Differences between expected and actual experience	(959)	(1,777)
Total	\$ (12,466)	\$ (20,318)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2022	\$ 76,080
2023	31,805
2024	31,535
2025	794
Total	\$ 140,214

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Actuarial Assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Inflation	2.50%
Salary increases assumption	3.00%-7.50%, of which 2.50% is the Plan's long-term payroll inflation
Investment rate of return	6.80% (2021) and 6.90% (2020), net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	FRS pre-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with scale MP2018.
Healthy post-retirement mortality rates	FRS healthy post-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018.
Disabled mortality rates	FRS disabled mortality tables for personnel other than special risk, with no set forward, projected generationally from 2010 with Scale MP2018. The FRS tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The FRS disabled mortality tables for personnel other than special risk reasonably reflect the disabled annuitant mortality experience as of the measurement date.
Rationale for assumptions	The information and analysis used in selecting each demographic assumption that has a significant effect on this actuarial valuation is shown in the Experience Study Report for the five-year period ended September 30, 2017.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Domestic equity	30.0%	6.55%	30.0%	6.40%
Fixed income	20.0%	0.50%	20.0%	1.15%
International equity	20.0%	7.40%	20.0%	7.05%
Real estate	15.0%	3.75%	15.0%	4.50%
Alternatives	7.5%	2.55%	7.5%	3.32%
Private equity	7.5%	10.65%	7.5%	10.40%
Total	100%		100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.80%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 6.80% for 2021 and 6.90% for 2020, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2021	2020
1% decrease	\$ 940,491	\$ 822,615
Current discount	729,569	633,292
1% increase	553,394	475,183

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the Comprehensive Annual Financial Report of the City.

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan that covers former employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan was required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a three-member pension committee (Pension Committee). As part of the Asset Transfer Agreement with FPL related to the shutdown of SJRPP, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited in SJRPP Pension Fund.

The SJRPP Plan periodically issues stand-alone financial statements, with the most recent report issued for the year ended September 30, 2020. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan and Tier Two employees (defined as employees with less than 20 years of experience) will participate in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant's earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant's Earliest Retirement Age.

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2021 and September 30, 2020, the following employees were covered by the benefit terms:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	385	382
Inactive plan members entitled to but not yet receiving benefits	74	80
Active plan members	5	5
Total plan members	464	467

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2021 and 2020, SJRPP plan members were required to contribute 4% of their annual covered salary. SJRPP did not make any employer contributions in fiscal year 2021. In fiscal year 2020, SJRPP employer's contribution to the SJRPP Plan was \$13,307 (2,845.69%).

Net Pension Liability – SJRPP's net pension liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of September 30, 2020 and September 30, 2019, respectively.

Actuarial Assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25% (2021) and 2.5% (2020)
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	6.00% per year compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates based on year of eligibility.
Mortality rates	<p>Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows:</p> <p><i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.</p>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table.

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Domestic equity	47%	6.11%	47%	5.96%
Fixed income	45%	1.65%	45%	1.70%
International equity	8%	5.05%	8%	4.90%
Total	100%		100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability (asset) of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2021	2020
1% decrease	\$ 14,626	\$ 25,237
Current discount rate	(2,285)	7,794
1% increase	(16,630)	(6,970)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Changes in the net pension (asset) liability are detailed below.

	2021	2020
Total pension liability		
Beginning balance	\$ 169,807	\$ 174,666
Service cost	22	35
Interest on the total pension liability	9,795	10,086
Difference between expected and actual experience	1,222	1,193
Changes in assumptions	–	(2,975)
Benefit payments	(13,150)	(13,198)
Ending balance	<u>167,696</u>	<u>169,807</u>
Plan fiduciary net position		
Beginning balance	162,013	170,665
Employer contributions	13,307	–
Employee contributions	19	90
Pension plan net investment income	7,878	4,610
Benefit payments	(13,150)	(13,198)
Administrative expense	(86)	(154)
Ending balance	<u>169,981</u>	<u>162,013</u>
Net pension (asset) liability	<u>\$ (2,285)</u>	<u>\$ 7,794</u>

Plan Assets – Cash balances are amounts on deposit with the SJRPP Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

At September 30, 2021 and September 30, 2020, the SJRPP Plan's cash and cash equivalents consisted of the following:

	2021	2020
Cash on hand	\$ 13	\$ 1
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account	11,097	3,272
Total cash and cash equivalents	\$ 11,110	\$ 3,273

The Policy specifies investment objectives and guidelines for the SJRPP Plan's investment portfolio and provides asset allocation targets for various asset classes.

Investments controlled by the SJRPP Plan that represent 5% or more of the SJRPP Plan's net position were the Alliance Domestic Passive Collective Trust. At September 30, 2021, the investment had a basis of \$11,761, a fair market value of \$54,369, and represented 29% of the fiduciary net position available for benefits. At September 30, 2020, the investment had a basis of \$14,868, a fair market value of \$52,926, and represented 31% of the fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the SJRPP Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. The average modified duration of the managed fixed securities portfolio was 5.0 years as of September 30, 2021 and 4.9 years as of September 30, 2020.

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The SJRPP Plan's rated debt instruments as of September 30, 2021 and 2020 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the SJRPP Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the SJRPP Plan's investments are held by the SJRPP Plan's directed trustee and custodian in the SJRPP Plan's name, or by an agent in the SJRPP Plan's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio and specific target allocations are as follows:

	September 30, 2021			September 30, 2020		
	Fair Value	Percent		Fair Value	Percent	
		Actual	Target		Actual	Target
U.S. Government Securities and Agencies	\$ 33,584	17%	N/A	\$ 22,317	13%	N/A
Corporate bonds - non-convertible	33,738	18%	N/A	45,192	27%	N/A
Money Market / Cash	11,110	6%	N/A	3,273	2%	N/A
Total fixed income	78,432	41%	45%	70,782	42%	45%
S&P 500 Index Fund	54,368	29%	28%	52,926	31%	28%
S&P 400 Mid-Cap Index Fund	22,327	12%	11%	20,013	12%	11%
Small and Mid-Cap Value Fund	18,156	9%	8%	12,438	7%	8%
International equities	16,754	9%	8%	13,285	8%	8%
Total equities	111,605	59%	55%	98,662	58%	55%
Total	\$ 190,037	100%	100%	\$ 169,444	100%	100%

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**12. Pension Plans (continued)**

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

The annual money-weighted rate of return on pension plan investments was 4.86% for the year ended September 30, 2021 and 2.81% for the year ended September 30, 2020. This reflects the changing amounts actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 9% of total investments as of September 30, 2021 and 8% as of September 30, 2020.

Fair Value Disclosures

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The SJRPP Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**12. Pension Plans (continued)**

Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. The table below summarizes the SJRPP Plan's investments.

	September 30, 2021			September 30, 2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
U.S. Government Securities and Agencies	\$ 23,498	\$ 10,086	\$ 33,584	\$ 22,317	\$ –	\$ 22,317
Corporate bonds - non-convertible	–	33,738	33,738	–	45,192	45,192
Money Market/ Cash	11,110	–	11,110	3,273	–	3,273
Total fixed income	34,608	43,824	78,432	25,590	45,192	70,782
S&P 500 Index Fund	–	54,368	54,368	–	52,926	52,926
S&P 400 Mid-Cap Index Fund	21,638	689	22,327	19,562	451	20,013
Small and Mid-Cap Value Fund	16,939	1,217	18,156	11,056	1,382	12,438
International equities	140	16,614	16,754	117	13,168	13,285
Total equities	38,717	72,888	111,605	30,735	67,927	98,662
Total	\$ 73,325	\$ 116,712	\$ 190,037	\$ 56,325	\$ 113,119	\$ 169,444

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension (Assets) Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension (Asset) Liability – SJRPP's net pension liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of September 30, 2020 and September 30, 2019, respectively. SJRPP's net pension asset is \$2,285 as of September 30, 2021 and is included in other noncurrent assets on the statement of net position. SJRPP's net pension liability is \$7,794 as of September 30, 2020.

For the year ended September 30, 2021 and 2020, SJRPP recognized pension expense is \$727 and \$858, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**12. Pension Plans (continued)**

SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30	
	2021	2020
Deferred outflows of resources		
Contributions subsequent to the measurement date	\$ —	\$ 13,307
Net difference between projected and actual earnings on pension plan investments	4,616	4,186
Differences between expected and actual experience	—	108
Changes in assumptions	—	—
Total	\$ 4,616	\$ 17,601
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	\$ (1,807)	\$ (3,986)
Total	\$ (1,807)	\$ (3,986)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2022	\$ 37
2023	987
2024	1,416
2025	369
Total	\$ 2,809

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits***Plan Description***

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is an agent multiple-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries.

JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees. The OPEB Plan does not issue separate financial statements.

Plan membership – As of September 30, 2021 and September 30, 2020, the OPEB Plan membership consisted of the following:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	401	453
Active plan members	1,934	1,898
Total plan members	2,335	2,351

Benefits provided – The OPEB Plan refers to the benefits applicable to current and future retirees and their beneficiaries. These benefits consist of continued access to medical, dental, and vision benefits as well as life insurance coverage upon retirement through the plan sponsored by JEA. Premiums for the first \$5,000 of coverage are being subsidized by JEA and, as such, are considered as other postemployment benefits for purposes of GASB Statement No. 75.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Actuarial assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	6.00%
Salary increases	2.5% to 12.5%, including inflation; varies by years of service
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	<p>Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows:</p> <p><i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.</p>
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.25% (2021) and 6.50% (2020) and gradually decreasing to an ultimate trend rate of 3.99%.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, Administrative expenses related to the operation of the health plan are included in the premium costs.
Other Information	A load for modeling the excise tax was removed following a repeal of the "Cadillac tax"

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table.

Asset Class	2021		2020	
	Target	Long-term	Target	Long-term
	Allocation	Expected Nominal	Allocation	Expected Nominal
		Rate of Return		Rate of Return
Large cap domestic equity	34%	6.8%	34%	7.4%
Global fixed income	15%	4.1%	15%	4.8%
International equity	15%	8.9%	15%	9.5%
Domestic fixed income	15%	3.7%	15%	4.4%
Small cap domestic equity	11%	8.3%	11%	8.2%
Real estate	10%	7.3%	10%	7.7%
Total	100%		100%	

Discount Rate – GASB Statement No. 75 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As the assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate of 6.00% was used.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using a discount rate of 6.00% as well as what the net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	2021	2020
1% decrease	\$ 9,386	\$ 14,707
Current discount rate	5,136	10,091
1% increase	1,532	6,200

Healthcare Cost Trend Rate – JEA followed the Getzen model with trend rates for costs and premiums declining from 6.25% assumed for the year 2021 and 6.50% for the year 2020 to the ultimate level of 3.99%.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**13. Other Postemployment Benefits (continued)**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, calculated using a healthcare cost trend rate of 6.25% for 2021 and 6.50% for 2020, down to 3.99%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current trend rate:

	2021	2020
1% decrease	\$ 1,310	\$ 6,007
Current healthcare cost trend rate	5,136	10,091
1% increase	9,647	14,927

Changes in the net OPEB liability are detailed below.

	2021	2020
Total OPEB liability		
Beginning balance	\$ 40,794	\$ 46,705
Service cost	453	539
Interest on the total OPEB liability	2,392	2,740
Difference between expected and actual experience	(620)	362
Change of assumptions	(1,131)	(6,387)
Benefit payments	(2,753)	(3,165)
Ending balance	39,135	40,794
Plan fiduciary net position		
Beginning balance	30,703	28,449
Employer contributions	4,394	3,903
Net investment income	2,112	1,617
Reimbursements to employer	(3,187)	(3,244)
OPEB plan administrative expense	(23)	(22)
Ending balance	33,999	30,703
Net OPEB liability	\$ 5,136	\$ 10,091
Plan fiduciary net position as a percentage of the total OPEB liability	86.88%	75.26%
Covered payroll	\$162,138	\$157,415
Net OPEB liability as a percentage of covered payroll	3.17%	6.41%

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**13. Other Postemployment Benefits (continued)**

Plan Assets – The assets of the plan consist of shares held in the Florida Municipal Investment Trust (FMIT), which is administered by the Florida League of Cities. The FMIT is an interlocal governmental entity created under the laws of the State of Florida and an Authorized Investment under Sec. 163.01 Florida Statutes. It is considered an external investment pool for reporting purposes. JEA owns shares in the OPEB Fund A as directed in the Master Trust Agreement. OPEB Fund A target asset allocation is 60% equities, 30% fixed income, and 10% real estate.

At September 30, 2021 and September 30, 2020, the OPEB Plan's cash and money market balance within the OPEB Fund A was \$272 and \$184, respectively.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table below details the interest rate risk in years for investments in the trust.

	September 30, 2021		September 30, 2020	
	Modified Duration	Weighted Average Maturity	Modified Duration	Weighted Average Maturity
Fixed Income Fund				
FMIT Broad Market High Quality Bond Fund	5.52	6.60	5.31	6.43
FMIT Core Plus Fixed Income Fund	3.35	5.82	1.40	5.16

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The FMIT Broad Market High Quality Bond Fund was rated by Fitch as AAf/S4 as of September 30, 2021 and September 30, 2020. The remaining funds of the trust are unrated.

Money-Weighted rates of return

The money-weighted rates of return for the fiscal years ended September 30, 2021 and September 30, 2020 were 6.69% and 5.55%, respectively.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)*Fair Value Disclosures*

The table below summarizes the OPEB Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. The disclosure below is based on the asset allocation provided by the FMIT of those investments held by OPEB Fund A.

	September 30, 2021			September 30, 2020		
	Level 2	Level 3	Total	Level 2	Level 3	Total
FMIT Core Plus Fixed Income Fund	\$ –	\$ 4,998	\$ 4,998	\$ –	\$ 4,421	\$ 4,421
FMIT Broad Market High Quality Bond Fund	4,794	–	4,794	4,452	–	4,452
Total fixed income	4,794	4,998	9,792	4,452	4,421	8,873
FMIT Large Cap Diversified Value Portfolio	12,137	–	12,137	10,593	–	10,593
FMIT International Equity Portfolio	5,508	–	5,508	4,452	–	4,452
FMIT Diversified Small to Mid Cap Equity Portfolio	3,434	–	3,434	3,776	–	3,776
FMIT Core Real Estate Portfolio	–	2,856	2,856	–	2,825	2,825
Total equities	21,079	2,856	23,935	18,821	2,825	21,646
Total	\$ 25,873	\$ 7,854	\$ 33,727	\$ 23,273	\$ 7,246	\$ 30,519

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the OPEB

Net OPEB Liability – JEA's net OPEB liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of and with the measurement dates of September 30, 2020 and September 30, 2019, respectively. JEA's net OPEB liability is \$5,136 as of September 30, 2021 and \$10,091 as of September 30, 2020.

For the year ended September 30, 2021 and 2020, JEA recognized OPEB expense is \$(907) and \$(110), respectively. As JEA has implemented regulatory accounting for OPEB, the difference between the recognized OPEB expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

The JEA Plan recorded deferred outflows of resources and deferred inflows of resources related to OPEB as detailed in the table below.

	September 30	
	2021	2020
Deferred outflows of resources		
Change of assumptions	\$ 4,002	\$ 4,599
Contributions subsequent to the measurement date	2,946	4,394
Differences between expected and actual experience	288	325
Net difference between projected and actual earnings on OPEB plan investments	66	88
Total	<u>\$ 7,302</u>	<u>\$ 9,406</u>
Deferred inflows of resources		
Differences between expected and actual experience	\$ (8,099)	\$ (8,745)
Change of assumptions	(6,094)	(5,729)
Net difference between projected and actual earnings on OPEB plan investments	(532)	(820)
Total	<u>\$ (14,725)</u>	<u>\$ (15,294)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2022	\$ 1,214
2023	(1,454)
2024	(1,421)
2025	(1,443)
2026	(1,397)
Thereafter	(2,922)
Total	<u>\$ (7,423)</u>

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2021	
	Total	Level 2
Investments by fair value level		
State and local government securities	\$ 113,483	\$ 113,483
U.S. Treasury and government agency securities	43,860	43,860
Total investments by fair value level	<u>157,343</u>	<u>157,343</u>
Investments measured at NAV		
Money market mutual funds	331,417	
Local government investment pools	168,799	
Total investments measured at NAV	<u>500,216</u>	
Investments measured at cost		
Commercial paper	117,378	
Total investments measured at cost	<u>117,378</u>	
Total investments per statement of net position	<u><u>\$ 774,937</u></u>	

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements (continued)

	2020	
	Total	Level 2
Investments by fair value level		
State and local government securities	\$ 140,950	\$ 140,950
U.S. Treasury and government agency securities	108,377	108,377
Total investments by fair value level	249,327	249,327
Investments measured at NAV		
Money market mutual funds	248,983	
Local government investment pools	181,891	
Total investments measured at NAV	430,874	
Investments measured at cost		
Commercial paper	63,765	
U.S. Treasury and government agency securities	2,498	
Total investments measured at cost	66,263	
Total investments per statement of net position	\$ 746,464	

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2021 and 2020 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2021	2020
Electric	\$ (102,752)	\$ (139,607)
Water and Sewer	(26,603)	(37,681)
Total	\$ (129,355)	\$ (177,288)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements (continued)***Natural Gas Cash Flow Hedges***

JEA's natural gas cash flow hedges consisted of swap agreements for either a 3-month or 12-month period, covering calendar years 2020 through 2024. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. At September 30, 2021, deferred credits of \$150,453 were included in accumulated increase in fair value of hedging derivatives on the statement of net position. At September 30, 2020, deferred credits of \$11,944 were included in accumulated increase in fair value of hedging derivatives and deferred charges of \$1,998 were included in accumulated decrease in fair value of hedging derivatives on the statement of net position.

15. Commitments and Contingent Liabilities***Grants***

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations affecting JEA:

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO₂) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), applicable to existing fossil fuel-fired electric EGUs.
- The Final Carbon Pollution Standards Rule (CPS), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

On February 9, 2016, the United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy “in favor of energy independence, economic growth, and the rule of law”. The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO₂ emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA’s review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA published a proposal to repeal the Clean Power Plan (CPP). On August 31, 2018, EPA published a proposal to replace the CPP, called the Affordable Clean Energy (ACE) Rule. On July 8, 2019, EPA published the final ACE rule. The compliance requirements of the ACE rule are significantly less stringent than those of the CPP. Rule will establish a CO₂ emission limit for Northside Generating Units 1 and 2. The CO₂ emission limit will be set using a baseline of previous CO₂ emissions and what potential reductions can be completed by heat rate improvements (HRI). Units 1 and 2 are currently being assessed on what HRI projects could be implemented. These studies were completed in November 2020. Cost of compliance is being evaluated at this time, but should not result in significant capital outlay. The ACE rule requires state plans to be submitted by July 8, 2022. On January 19, 2021, the D.C. Circuit vacated the Affordable Clean Energy rule and remanded to the Environmental Protection Agency for further proceedings consistent with its opinion. EPA is in process of developing a new rule.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter (PM_{2.5}), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO₂ and NO_x emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of PM_{2.5} and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012 with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NO_x emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPs) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

In April 2015, the EPA finalized rules to regulate the disposal and management of coal combustion residuals (CCRs), meaning fly ash, bottom ash, boiler slag, and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015 and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by the EPA, is enforced only by citizen-initiated lawsuits, rather than by the EPA. However, with passage of the WIIN Act in 2016, the rule can now be reformed to provide the following: 1) conversion from a "self-implementing" program to a permit program the states or EPA would have primary responsibility to administer and enforce; and, 2) flexibility for state programs to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. Florida has started the process to incorporate the rule and regulations, which ultimately may constitute a permitting or tailored program.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of byproducts at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The recently closed cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule. SJRPP's two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities is currently projected to run through 2030.

The EPA left in place the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

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Notes to Financial Statements (continued)
(Dollars in Thousands)**15. Commitments and Contingent Liabilities (continued)**

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems.

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries, or oceans to cool their plants. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and was completed in 2020. Study results are currently being evaluated. Estimated final compliance deadlines are not expected until after 2025 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but no later than December 31, 2023. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

Water Supply System Regulatory Initiatives – JEA was issued a 20-year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable. The SRWMD is re-evaluating the 2015 MFLs and a draft MFL has been released and is still in recovery status. In 2020, the SJRWMD released draft MFLs for Lakes Brooklyn and Geneva in the Keystone Heights area. The draft MFL indicates the lakes will require a prevention and recovery strategy. In 2021, JEA along with other northeast Florida water utilities entered into an MOA with SJRWMD to provide financial assistance with a proposed pipeline from Black Creek to assist in providing additional water resource for recharging of the lakes. In addition, JEA completed and submitted the CUP 10-year compliance report in May 2021 and the report was accepted by SJRWMD.

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

The Florida Legislature passed statutory changes in 2021 to eliminate the disposal of effluent from wastewater treatment facilities (WWTF) via surface water discharge by 2032. This change would require the WWTF effluent be used for aquifer recharge, potable reuse, conventional reuse, or ecological restoration. The bill also declares potable reuse to be an alternative water supply and prohibits exclusion of use of potable reuse water from regional water supply planning. JEA will be completing the FDEP required plan in accordance with the legislation requirements in November 2021 and the costs of compliance are being evaluated.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)***Pollution Remediation Obligations***

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions, and contaminated site assessment and remediation. Based on an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on project estimates and probabilities, the liability is estimated to be \$30,618 at September 30, 2021. The accrual is related to the following environmental matters: Kennedy Generating Station (KGS) RCRA Corrective Action for former wood preserving site; Northside Generating Station RCRA Corrective Action for former chemical waste pond site; SJRPP Area B Landfill; Pearl Street Electric Shop remedial activities; Sans Souci Substation remedial activities; Buckman Administration Building remedial activities; KGS Bulkhead remedial activities; Westside Service Center PCB remedial activities, and remediation at a number of miscellaneous petroleum sites. Of the \$30,618 that JEA has accrued as environmental liabilities, approximately \$17,025 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain and no accurate prediction of range of loss is possible at this time: Pickettville Road Landfill CERCLA site post-closure activities and the Ellis Road CERCLA site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total \$16,568. The remaining liability is recognized as part of revenues to be used for future costs.

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff sued multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately \$100,000 in damages from JEA; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of \$500. The issue was argued in the Mississippi Supreme Court in January 2019. In June 2019, the U.S. Supreme Court reversed a long-standing precedent with respect to the ability of one state's courts to exercise jurisdiction over another state. The same week, the Mississippi Supreme Court dismissed Promenade's damages cap appeal and remanded the case to the trial court for consideration of JEA's jurisdiction defense in light of the U.S. Supreme Court's 2019 decision. JEA has filed a Re-Urged Motion to Dismiss, which was originally set for hearing in 2020, but has been cancelled and rescheduled multiple times due to COVID-19. Currently, the motion is not set for hearing and it is unknown when the trial court will rule on the pending motion.

New Headquarters Building Lease

On July 11, 2019, JEA signed a 15-year building lease for a new headquarters building with the option to renew the lease for three consecutive renewal terms of 5 years each. In May 2020, the Board approved a revised building scope and program that reduced the building size and number of stories and extended the initial lease term from 15 years to 20 years. Ryan Companies should complete the main building (core and shell) and garage structure in the first calendar quarter 2022. The tenant improvement construction will commence in November 2021 and continue through August 2022. The costs to finance and build the new building will be paid for by the lessor and the lease term will commence once construction is complete. The annual lease payment for the initial year is estimated to be approximately \$5,542 and will increase by 2.50% each year thereafter for years 2 through 15 and escalate 1.25% annually in years 16 through 20.

In addition to the annual rent, JEA will also pay an additional rental related to operating expenses for operation, maintenance, management, and repair of the building. This amount will vary each year, but will be no more than 105% of the preceding year's controllable operating expenses. Controllable expenses exclude real estate taxes, utilities and insurance. The initial year's estimate of additional rental is \$1,190, including estimated real estate taxes. JEA will pay the lesser of the rent amount or expense carry costs for the period between when the temporary certificate of occupancy for the core and shell building is issued and the tenant improvements are complete.

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

16. Disaster Costs*Storm Costs*

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida) of those costs not covered by insurance. As a result, \$41,870 of the eligible costs were deferred as costs to be recovered from future revenues in the statement of net position with \$4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position in fiscal year 2017. Through September 30, 2021, JEA has received \$34,912, which reduced the deferred costs to be recovered from future revenues. Of the \$34,912 received, \$18,500 was from insurance and \$16,412 from FEMA. JEA believes it is probable that reimbursement from FEMA will be received for the eligible cost incurred that is remaining.

COVID-19 Pandemic

In response to the COVID-19 pandemic, JEA took the following actions:

- suspended disconnections from March 12, 2020 to July 9, 2020;
- waived late and reconnection fees from March 31, 2020 to September 30, 2020; and
- waived credit card convenience fees for MasterCard, Visa, and Discover card payments up to \$10,000 from April 6, 2020 to September 30, 2020.

Waived late and disconnection fees are estimated to have been between \$2,000 and \$3,000. Waived credit card convenience fees paid on behalf of customers totaled \$1,885. In addition, the JEA Board, on April 3, 2020, approved a fuel credit for customers that appeared on their May 2020 bills and totaled \$23,390.

During March, April, and May 2020, JEA paid additional compensation related to COVID-19. Employees who were telecommuting on a full or part-time basis received an allowance to cover the cost of electricity, internet, water and other incidentals normally provided at the workplace. In addition, JEA and its bargaining units agreed to a stipend that was payable to employees who were authorized in advance by their manager to perform work at a JEA facility or field location in a particular work week. The COVID-19 allowances and stipends totaled \$9,626.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. The total of these expenditures was \$1,770. JEA may seek recovery from FEMA for these amounts in the future.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA, which is currently in the process of being decommissioned as discussed in note 3, Asset Retirement Obligations. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the financial statements. See intercompany charges detailed below.

	2021			2020		
	Electric	W&S	DES	Electric	W&S	DES
Electricity services	N/A	\$ 13,411	\$ 2,971	N/A	\$ 13,069	\$ 3,126
Water and sewer services	152	N/A	107	135	N/A	131
Chilled water services	—	338	N/A	—	351	N/A

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was \$55,041 for fiscal year 2021 and \$56,878 for 2020.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for \$32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were \$79 for fiscal year 2021 and \$558 for 2020.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of \$22,940 and \$6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was \$2,136 for fiscal year 2021 and \$2,123 for 2020.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2021 and 2020 was as follows:

	Electric System and Bulk Power Supply System		SJRRP System		Water and Sewer		DES	
	2021	2020	2021	2020	2021	2020	2021	2020
Condensed statements of net position								
Total current assets	\$ 445,868	\$ 489,282	\$ 55,600	\$ 60,282	\$ 197,209	\$ 186,168	\$ 1,726	\$ 1,741
Total noncurrent assets	879,809	669,768	319,734	338,226	490,180	440,919	3,061	4,271
Net capital assets	2,608,916	2,674,895	8,914	9,324	2,824,294	2,792,604	34,369	34,352
Deferred outflows of resources	285,785	310,720	7,783	23,774	127,626	133,465	157	169
Total assets and deferred outflows of resources	\$ 4,220,378	\$ 4,144,665	\$ 392,031	\$ 431,606	\$ 3,639,309	\$ 3,553,156	\$ 39,313	\$ 40,533
Total current liabilities	\$ 165,716	\$ 153,014	\$ 585	\$ 8,531	\$ 38,166	\$ 36,572	\$ 165	\$ 180
Total current liabilities payable from restricted assets	100,332	107,745	57,630	62,047	64,288	72,374	3,227	2,420
Total long-term debt	1,646,423	1,865,134	237,921	252,548	1,317,635	1,357,015	29,621	31,386
Total other noncurrent liabilities	510,091	453,528	4,765	12,294	310,670	272,789	77	69
Total liabilities	2,422,562	2,579,421	300,901	335,420	1,730,759	1,738,750	33,090	34,055
Deferred inflows of resources	288,139	210,544	6,901	9,807	41,225	37,973	-	-
Net investment in (divestment of) capital assets	1,089,669	977,434	(15,562)	(14,114)	1,619,661	1,567,914	2,336	1,393
Restricted net position	252,077	211,567	44,708	45,869	127,821	89,858	2,404	3,593
Unrestricted net position	167,931	165,699	55,083	54,624	119,843	118,661	1,483	1,492
Total net position	1,509,677	1,354,700	84,229	86,379	1,867,325	1,776,433	6,223	6,478
Total liabilities, deferred inflows of resources, and net position	\$ 4,220,378	\$ 4,144,665	\$ 392,031	\$ 431,606	\$ 3,639,309	\$ 3,553,156	\$ 39,313	\$ 40,533
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	\$ 1,308,885	\$ 1,241,789	\$ 26,755	\$ 24,847	\$ 470,787	\$ 483,859	\$ 8,043	\$ 8,586
Depreciation	217,362	202,619	410	410	171,357	159,650	2,586	2,467
Other operating expenses	800,405	716,018	19,117	27,995	186,288	193,323	4,460	4,611
Operating income	291,118	323,152	7,228	(3,558)	113,142	130,886	997	1,508
Total nonoperating expenses, net	(42,532)	(53,683)	(9,378)	(7,993)	(36,128)	(32,056)	(1,252)	(1,163)
Total contributions, net	(93,609)	(93,871)	-	-	13,878	8,035	-	-
Changes in net position	154,977	175,598	(2,150)	(11,551)	90,892	106,865	(255)	345
Net position, beginning of year	1,354,700	1,179,102	86,379	97,930	1,776,433	1,669,568	6,478	6,133
Net position, end of year	\$ 1,509,677	\$ 1,354,700	\$ 84,229	\$ 86,379	\$ 1,867,325	\$ 1,776,433	\$ 6,223	\$ 6,478
Condensed statements of cash flow information								
Net cash provided by operating activities	\$ 470,963	\$ 521,220	\$ 16,251	\$ 2,168	\$ 300,270	\$ 289,268	\$ 3,195	\$ 4,119
Net cash used in noncapital and related financing activities	(93,631)	(93,794)	-	-	(26,282)	(24,932)	-	-
Net cash used in capital and related financing activities	(392,662)	(468,571)	(23,060)	(24,407)	(227,143)	(324,146)	(4,803)	(6,578)
Net cash provided by (used in) investing activities	46,228	40,366	(370)	1,779	8,023	44,346	2	72
Net change in cash and cash equivalents	30,898	(779)	(7,179)	(20,460)	54,868	(15,464)	(1,606)	(2,387)
Cash and cash equivalents at beginning of year	355,876	356,655	141,132	161,592	138,268	153,732	5,856	8,243
Cash and cash equivalents at end of year	\$ 386,774	\$ 355,876	\$ 133,953	\$ 141,132	\$ 193,136	\$ 138,268	\$ 4,250	\$ 5,856

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

18. Subsequent Events

On October 26, 2021, the JEA Board revised its pricing policy to begin setting its fuel surcharge rate monthly and discontinue the use of the fuel stabilization fund, effective November 1, 2021.

Also on October 26, 2021, the FPSC approved FPL's cost recovery plan for the Scherer consummation payment as part of FPL's 2021 Rate Case (Docket 20210015-EI). The consummation payment was petitioned to be recovered as part of FPL's base rates and the actual payment was made to JEA on December 6, 2021.

On December 9, 2021, JEA amended and renewed three continuing covenants agreements relating to the Direct Purchase Bonds, commencing on December 10, 2021 and ending December 9, 2024.

On December 15, 2021, the revolving credit agreement was drawn upon by DES for \$1,000, leaving \$499,000 available to be drawn.

REQUIRED SUPPLEMENTARY INFORMATION

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

City of Jacksonville General Employees Retirement Plan

Schedule of JEA's Proportionate Share of the Net Pension Liability^(a)

Fiscal Year	Proportional Share Percentage	Net Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	48.85%	\$ 386,789	\$ 129,922	297.71%	68.64%
2015	48.85%	404,466	128,084	315.78%	69.06%
2016	49.15%	480,353	127,440	376.92%	64.03%
2017	50.37%	541,025	126,808	426.65%	63.00%
2018	51.68%	527,680	134,443	392.49%	63.71%
2019	50.59%	562,371	135,709	414.40%	65.23%
2020	48.84%	633,292	134,549	470.68%	60.54%
2021	52.71%	729,569	133,714	545.62%	59.16%

Schedule of JEA Contributions^(b)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2012	\$ 22,301	\$ 22,301	\$ -	\$ 127,434	17.50%
2013	27,038	27,038	-	129,990	20.80%
2014	34,149	34,149	-	129,922	26.28%
2015	40,179	40,179	-	128,084	31.37%
2016	43,156	43,156	-	127,440	33.86%
2017	48,942	48,942	-	126,808	38.60%
2018	35,459	35,929	(470)	134,443	26.72%
2019	33,856	34,352	(496)	135,709	25.31%
2020	37,592	38,095	(503)	134,549	28.31%
2021	40,401	40,401	-	133,714	30.21%

(a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

(b) All information is on measurement year basis.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension (continued)
(Dollars in Thousands)

Notes to Schedule of Contributions

Valuation date: Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 1.50% annual increases*
Remaining amortization period	As of October 1, 2018, the effective amortization period is 28 years
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.

Actual assumptions:

Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%*
Projected salary increases	3.00% – 7.50%, of which 2.50% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	Plan provisions contain a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.50% as of October 1, 2018. Per Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, the payroll growth assumption used for amortization of the unfunded liability is not allowed to exceed the average annual payroll growth for the proceeding ten years. However, pursuant to Chapter 112.64(5)(b), and after adjusting this analysis to account for bargained pay level increases and inclusion of DC plan participants in the total payroll, the assumption was set at 1.50%.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)SJRP Plan – Schedule of Changes in Net Pension (Asset) Liability and Related Ratios^(a)

	2020	2019 ^(b)	2018	2017	2016	2015	2014
Total Pension Liability							
Beginning balance	\$ 169,807	\$ 174,666	\$ 169,321	\$ 158,926	\$ 155,143	\$ 148,508	\$ 146,521
Service cost	22	35	112	1,032	1,210	1,275	1,470
Interest	9,795	10,086	11,163	10,768	10,514	10,271	10,026
Changes in benefit terms	–	–	–	–	(59)	–	–
Difference between actual and expected experience	1,222	1,193	(1,784)	10,826	714	2,121	–
Changes in assumptions	–	(2,975)	15,782	26	3,730	3,316	–
Benefit payments	(13,150)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	<u>\$ 167,696</u>	<u>\$ 169,807</u>	<u>\$ 174,666</u>	<u>\$ 169,321</u>	<u>\$ 158,926</u>	<u>\$ 155,143</u>	<u>\$ 148,508</u>
Plan Fiduciary Net Position							
Beginning balance	\$ 162,013	\$ 170,665	\$ 152,798	\$ 142,286	\$ 138,902	\$ 145,425	\$ 135,019
Contributions – employer	13,307	–	26,409	8,039	2,142	3,509	5,559
Contributions – employee	19	90	232	625	629	648	655
Net investment income (loss)	7,878	4,610	11,499	14,571	13,379	(266)	13,763
Benefit payments	(13,150)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	(86)	(154)	(345)	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	<u>\$ 169,981</u>	<u>\$ 162,013</u>	<u>\$ 170,665</u>	<u>\$ 152,798</u>	<u>\$ 142,286</u>	<u>\$ 138,902</u>	<u>\$ 145,425</u>
Net Pension Liability (Asset) – Ending	<u>\$ (2,285)</u>	<u>\$ 7,794</u>	<u>\$ 4,001</u>	<u>\$ 16,523</u>	<u>\$ 16,640</u>	<u>\$ 16,241</u>	<u>\$ 3,083</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.36%	95.41%	97.71%	90.24%	89.53%	89.53%	97.92%
Covered Payroll	\$ 468	\$ 452	\$ 3,992	\$ 15,621	\$ 15,730	\$ 16,665	\$ 21,304
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-488.67%	1723.50%	100.24%	105.78%	105.79%	97.46%	14.47%

^(a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

^(b) The mortality tables and improvement scales used by FRS were updated in their July 1, 2019 valuation. The new FRS mortality assumptions were adopted for this measurement.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)SJRP Plan – Investment Returns^(a)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0.41%	17.17%	12.64%	10.32%	-0.19%	9.99%	10.39%	7.37%	2.48%	4.78%

SJRP Plan – Schedule of Contributions^(a)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 7,995	\$ 8,005	\$ (10)	\$ 19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,727	26,409	(18,682)	3,992	661.57%
2019	-	-	-	452	0.00%
2020	4,582	13,307	(8,725)	468	2845.69%
2021	-	-	-	362	0.00%

(a) All information is on measurement year basis

Notes to Schedule of Contributions

Valuation date: Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	1 year
Asset valuation method	Market value of assets less Credit Balance Account
Inflation	2.25% (2021) and 2.5% (2020)
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	6.00% per year, compounded annually, net of investment expenses.
Retirement age	Experience-based table of rates based on year of eligibility.
Mortality	Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows: <i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios^(a)

	2020 ^(b)	2019 ^(c)	2018	2017	2016
Total OPEB Liability					
Beginning balance	\$ 40,794	\$ 46,705	\$ 44,547	\$ 60,949	\$ 62,554
Service cost	453	539	499	811	781
Interest on the total OPEB liability	2,392	2,740	3,044	4,253	4,203
Changes in benefit terms	–	–	–	(11,556)	–
Difference between actual and expected experience	(620)	362	(4,057)	(7,891)	–
Change of assumptions	(1,131)	(6,387)	5,794	–	–
Benefit payments	(2,753)	(3,165)	(3,122)	(2,019)	(6,589)
Total OPEB liability – ending	<u>\$ 39,135</u>	<u>\$ 40,794</u>	<u>\$ 46,705</u>	<u>\$ 44,547</u>	<u>\$ 60,949</u>
Plan Fiduciary Net Position					
Beginning balance	\$ 30,703	\$ 28,449	\$ 25,712	\$ 21,441	\$ 18,156
Employer contributions	4,394	3,903	4,078	5,240	5,061
Net investment income	2,112	1,617	1,989	2,942	2,135
Reimbursements to employer	(3,187)	(3,244)	(3,308)	(3,911)	(3,911)
OPEB plan administrative expense	(23)	(22)	(22)	–	–
Plan fiduciary net position – ending	<u>\$ 33,999</u>	<u>\$ 30,703</u>	<u>\$ 28,449</u>	<u>\$ 25,712</u>	<u>\$ 21,441</u>
Net OPEB Liability – Ending	<u>\$ 5,136</u>	<u>\$ 10,091</u>	<u>\$ 18,256</u>	<u>\$ 18,835</u>	<u>\$ 39,508</u>
Plan Fiduciary Net Position as a Percentage of					
Total OPEB Liability	86.88%	75.26%	60.91%	57.72%	35.18%
Covered Payroll	\$ 162,138	\$ 157,415	\$ 156,042	\$ 155,326	\$ 150,073
Net OPEB Liability as a Percentage of					
Covered Payroll	3.17%	6.41%	11.70%	12.13%	26.33%

^(a) This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

^(b) A load for modeling the excise tax was removed following the repeal of the Cadillac tax.

^(c) First year trend on premiums was reduced from 6.50% to 2.06%. Assumed initial cost of coverage was reduced from previously projected \$1,090 per subscriber per month to \$1,016 per subscriber per month, partially offset by a modest change in the first year average premium to \$699 per month from expected \$695 per month. Assumed mortality rates were updated to PUB-2020 tables. These are the same rates used by the Florida Retirement System in their July 1, 2019 Actuarial Valuation for non K-12 Instructional Regular Class Members. Demographic assumptions for GERP members were updated following an experience study by the plan actuary for the GERP. Updated assumptions include salary increase assumptions, rates of disability, rates of withdrawal, and rates of retirement. The ultimate inflation assumption was changed from 2.5% to 2.25% with healthcare cost trend assumption revised accordingly.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)OPEB Plan – Investment Returns^(a)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
-1.41%	15.84%	11.93%	8.22%	-0.46%	7.90%	13.35%	7.54%	5.55%	6.69%

OPEB Plan – Schedule of Contributions^{(a)(b)}

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	\$ 5,344	\$ 6,601	\$ (1,257)	N/A	N/A
2012	5,211	5,423	(212)	150,714	3.60%
2013	5,433	6,185	(752)	N/A	N/A
2014	4,819	4,382	437	148,617	2.95%
2015	5,011	7,255	(2,244)	N/A	N/A
2016	5,061	7,739	(2,678)	150,073	5.16%
2017	4,138	5,240	(1,102)	155,326	3.37%
2018	4,078	4,078	-	156,042	2.61%
2019	3,903	3,903	-	157,415	2.48%
2020	4,394	4,394	-	162,138	2.71%

(a) All information is on measurement year basis

(b) This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten year trend is compiled, only available information is shown. All information is on a measurement year basis.

Notes to Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	5 years
Asset valuation method	Market value
Inflation	2.25% (2020) and 2.5% (2019)
Salary increases	2.5% – 12.5% per year, including inflation; varies by years of service
Investment rate of return	6.00% (2020) and 7.00% (2019)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows: <i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.50% (2020) and 7.00% (2019) and gradually decreasing to an ultimate trend rate of 3.99% (2020) and 4.57% (2019) (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, administrative expenses related to operation of the health plan are included in the premium costs.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 222,273	\$ 51,335	\$ —	\$ 273,608	\$ 75,668	\$ 1,219	\$ 350,495
Investments	—	4,140	—	4,140	—	—	4,140
Customer accounts receivable, net of allowance (\$3,155)	165,572	—	—	165,572	55,273	503	221,348
Inventories:							
Materials and supplies	2,248	—	—	2,248	60,548	—	62,796
Fuel	32,911	—	—	32,911	—	—	32,911
Other current assets	22,864	125	(4,279)	18,710	5,720	4	24,434
Total current assets	445,868	55,600	(4,279)	497,189	197,209	1,726	696,124
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	164,501	82,618	—	247,119	112,468	3,031	362,618
Investments	168,306	9,677	—	177,983	91,837	—	269,820
Accounts and interest receivable	—	233	—	233	7	—	240
Total restricted assets	332,807	92,528	—	425,335	204,312	3,031	632,678
Costs to be recovered from future revenues	376,214	220,155	—	596,369	285,550	30	881,949
Hedging derivative instruments	150,453	—	—	150,453	—	—	150,453
Other assets	20,335	7,051	(4,765)	22,621	318	—	22,939
Total noncurrent assets	879,809	319,734	(4,765)	1,194,778	490,180	3,061	1,688,019
Net capital assets	2,608,916	8,914	—	2,617,830	2,824,294	34,369	5,476,493
Total assets	3,934,593	384,248	(9,044)	4,309,797	3,511,683	39,156	7,860,636
Deferred outflows of resources							
Unrealized pension contributions and losses	90,081	4,616	—	94,697	62,599	—	157,296
Accumulated decrease in fair value of hedging derivatives	102,752	—	—	102,752	26,603	—	129,355
Unamortized deferred losses on refundings	51,043	3,099	—	54,142	35,430	157	89,729
Unrealized asset retirement obligations	37,601	68	—	37,669	—	—	37,669
Unrealized OPEB contributions and losses	4,308	—	—	4,308	2,994	—	7,302
Total deferred outflows of resources	285,785	7,783	—	293,568	127,626	157	421,351
Total assets and deferred outflows of resources	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 67,698	\$ 517	\$ (33)	\$ 68,182	\$ 8,418	\$ 102	\$ 76,702
Customer deposits and prepayments	57,354	—	—	57,354	17,676	—	75,030
Billings on behalf of state and local governments	22,218	—	—	22,218	3,788	—	26,006
Compensation and benefits payable	7,229	—	—	7,229	6,069	63	13,361
City of Jacksonville payable	7,978	—	—	7,978	2,215	—	10,193
Asset retirement obligations	3,239	68	—	3,307	—	—	3,307
Total current liabilities	165,716	585	(33)	166,268	38,166	165	204,599
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	—	80,395	9,370	1,770	91,535
Interest payable	24,886	4,947	—	29,833	20,994	627	51,454
Construction contracts and accounts payable	9,226	5,732	(4,246)	10,712	33,924	830	45,466
Renewal and replacement reserve	—	32,776	—	32,776	—	—	32,776
Total current liabilities payable from restricted assets	100,332	57,630	(4,246)	153,716	64,288	3,227	221,231
Noncurrent liabilities:							
Long-term debt							
Debt payable, less current portion	1,444,040	237,590	—	1,681,630	1,196,905	29,640	2,908,175
Unamortized premium (discount), net	99,631	331	—	99,962	94,127	(19)	194,070
Fair value of debt management strategy instruments	102,752	—	—	102,752	26,603	—	129,355
Total long-term debt	1,646,423	237,921	—	1,884,344	1,317,635	29,621	3,231,600
Net pension liability	430,446	—	—	430,446	299,123	—	729,569
Asset retirement obligations	34,362	—	—	34,362	—	—	34,362
Compensation and benefits payable	23,915	—	—	23,915	9,441	77	33,433
Net OPEB liability	3,030	—	—	3,030	2,106	—	5,136
Other liabilities	18,338	4,765	(4,765)	18,338	—	—	18,338
Total noncurrent liabilities	2,156,514	242,686	(4,765)	2,394,435	1,628,305	29,698	4,052,438
Total liabilities	2,422,562	300,901	(9,044)	2,714,419	1,730,759	33,090	4,478,268
Deferred inflows of resources							
Revenues to be used for future costs	121,643	5,094	—	126,737	30,077	—	156,814
Accumulated increase in fair value of hedging derivatives	150,453	—	—	150,453	—	—	150,453
Unrealized OPEB gains	8,688	—	—	8,688	6,037	—	14,725
Unrealized pension gains	7,355	1,807	—	9,162	5,111	—	14,273
Total deferred inflows of resources	288,139	6,901	—	295,040	41,225	—	336,265
Net position							
Net investment in (divestment of) capital assets	1,089,669	(15,562)	—	1,074,107	1,619,661	2,336	2,696,104
Restricted							
Capital projects	184,086	—	—	184,086	111,339	634	296,059
Debt service	64,931	14,542	—	79,473	9,180	1,770	90,423
Other purposes	3,060	30,166	4,246	37,472	7,302	—	44,774
Unrestricted	167,931	55,083	(4,246)	218,768	119,843	1,483	340,094
Total net position	1,509,677	84,229	—	1,593,906	1,867,325	6,223	3,467,454
Total liabilities, deferred inflows of resources, and net position	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 266,683	\$ 51,814	\$ —	\$ 318,497	\$ 67,036	\$ 1,615	\$ 387,148
Investments	—	3,107	—	3,107	—	—	3,107
Customer accounts receivable, net of allowance (\$3,864)	165,515	—	—	165,515	54,176	123	219,814
Inventories:							
Materials and supplies	2,378	—	—	2,378	59,285	—	61,663
Fuel	37,822	—	—	37,822	—	—	37,822
Other current assets	16,884	5,361	(9,519)	12,726	5,671	3	18,400
Total current assets	489,282	60,282	(9,519)	540,045	186,168	1,741	727,954
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	89,193	89,318	—	178,511	71,232	4,241	253,984
Investments	202,036	10,227	—	212,263	98,867	—	311,130
Accounts and interest receivable	1,053	11	—	1,064	7	—	1,071
Total restricted assets	292,282	99,556	—	391,838	170,106	4,241	566,185
Costs to be recovered from future revenues	348,740	234,170	—	582,910	269,374	30	852,314
Hedging derivative instruments	11,944	—	—	11,944	—	—	11,944
Other assets	16,802	4,500	(4,500)	16,802	1,439	—	18,241
Total noncurrent assets	669,768	338,226	(4,500)	1,003,494	440,919	4,271	1,448,684
Net capital assets	2,674,895	9,324	—	2,684,219	2,792,604	34,352	5,511,175
Total assets	3,833,945	407,832	(14,019)	4,227,758	3,419,691	40,364	7,687,813
Deferred outflows of resources							
Unrealized pension contributions and losses	74,505	17,601	—	92,106	51,775	—	143,881
Accumulated decrease in fair value of hedging derivatives	141,605	—	—	141,605	37,681	—	179,286
Unamortized deferred losses on refundings	56,693	3,300	—	59,993	40,152	169	100,314
Unrealized asset retirement obligations	32,368	2,873	—	35,241	—	—	35,241
Unrealized OPEB contributions and losses	5,549	—	—	5,549	3,857	—	9,406
Total deferred outflows of resources	310,720	23,774	—	334,494	133,465	169	468,128
Total assets and deferred outflows of resources	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 57,341	\$ 5,658	\$ (5,376)	\$ 57,623	\$ 8,855	\$ 144	\$ 66,622
Customer deposits and prepayments	53,779	—	—	53,779	17,525	—	71,304
Billings on behalf of state and local governments	22,171	—	—	22,171	3,834	—	26,005
Compensation and benefits payable	10,301	—	—	10,301	4,262	36	14,599
City of Jacksonville payable	8,159	—	—	8,159	2,096	—	10,255
Asset retirement obligations	1,263	2,873	—	4,136	—	—	4,136
Total current liabilities	153,014	8,531	(5,376)	156,169	36,572	180	192,921
Current liabilities payable from restricted assets:							
Debt due within one year	67,765	13,340	—	81,105	19,870	1,725	102,700
Interest payable	24,871	5,222	—	30,093	22,115	648	52,856
Construction contracts and accounts payable	15,109	5,575	(4,143)	16,541	30,389	47	46,977
Renewal and replacement reserve	—	37,910	—	37,910	—	—	37,910
Total current liabilities payable from restricted assets	107,745	62,047	(4,143)	165,649	72,374	2,420	240,443
Noncurrent liabilities:							
Long-term debt							
Debt payable, less current portion	1,629,850	251,765	—	1,881,615	1,241,565	31,410	3,154,590
Unamortized premium (discount), net	95,677	783	—	96,460	77,769	(24)	174,205
Fair value of debt management strategy instruments	139,607	—	—	139,607	37,681	—	177,288
Total long-term debt	1,865,134	252,548	—	2,117,682	1,357,015	31,386	3,506,083
Net pension liability	373,642	7,794	—	381,436	259,650	—	641,086
Asset retirement obligations	31,105	—	—	31,105	—	—	31,105
Compensation and benefits payable	22,271	—	—	22,271	9,002	69	31,342
Net OPEB liability	5,954	—	—	5,954	4,137	—	10,091
Other liabilities	20,556	4,500	(4,500)	20,556	—	—	20,556
Total noncurrent liabilities	2,318,662	264,842	(4,500)	2,579,004	1,629,804	31,455	4,240,263
Total liabilities	2,579,421	335,420	(14,019)	2,900,822	1,738,750	34,055	4,673,627
Deferred inflows of resources							
Revenues to be used for future costs	177,589	5,821	—	183,410	23,372	—	206,782
Accumulated increase in fair value of hedging derivatives	11,944	—	—	11,944	—	—	11,944
Unrealized OPEB gains	9,023	—	—	9,023	6,271	—	15,294
Unrealized pension gains	11,988	3,986	—	15,974	8,330	—	24,304
Total deferred inflows of resources	210,544	9,807	—	220,351	37,973	—	258,324
Net position							
Net investment in (divestment of) capital assets	977,434	(14,114)	—	963,320	1,567,914	1,393	2,532,627
Restricted							
Capital projects	139,007	—	—	139,007	63,679	1,868	204,554
Debt service	66,487	13,706	—	80,193	19,640	1,725	101,558
Other purposes	6,073	32,163	4,143	42,379	6,539	—	48,918
Unrestricted	165,699	54,624	(4,143)	216,180	118,661	1,492	336,333
Total net position	1,354,700	86,379	—	1,441,079	1,776,433	6,478	3,223,990
Total liabilities, deferred inflows of resources, and net position	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	\$ 1,283,608	\$ 26,644	\$ (26,643)	\$ 1,283,609	\$ -	\$ -	\$ (16,382)	\$ 1,267,227
Water and sewer	-	-	-	-	456,692	-	(259)	456,433
District energy system	-	-	-	-	-	8,042	(338)	7,704
Other operating revenues	25,277	111	-	25,388	14,095	1	(2,215)	37,269
Total operating revenues	1,308,885	26,755	(26,643)	1,308,997	470,787	8,043	(19,194)	1,768,633
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	231,123	5,240	-	236,363	165,659	4,460	(19,194)	387,288
Fuel	364,074	-	-	364,074	-	-	-	364,074
Purchased power	138,030	-	(26,643)	111,387	-	-	-	111,387
Depreciation	217,362	410	-	217,772	171,357	2,586	-	391,715
State utility and franchise taxes	60,080	-	-	60,080	10,886	-	-	70,966
Recognition of deferred costs and revenues, net	7,098	13,877	-	20,975	9,743	-	-	30,718
Total operating expenses	1,017,767	19,527	(26,643)	1,010,651	357,645	7,046	(19,194)	1,356,148
Operating income	291,118	7,228	-	298,346	113,142	997	-	412,485
Nonoperating revenues (expenses)								
Interest on debt	(66,288)	(9,782)	-	(76,070)	(43,570)	(1,271)	-	(120,911)
Earnings from The Energy Authority	15,378	-	-	15,378	-	-	-	15,378
Allowance for funds used during construction	3,203	-	-	3,203	6,085	17	-	9,305
Other nonoperating income, net	4,041	290	-	4,331	465	-	-	4,796
Investment income	1,177	114	-	1,291	872	2	-	2,165
Other interest, net	(43)	-	-	(43)	20	-	-	(23)
Total nonoperating expenses, net	(42,532)	(9,378)	-	(51,910)	(36,128)	(1,252)	-	(89,290)
Income before contributions	248,586	(2,150)	-	246,436	77,014	(255)	-	323,195
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(93,609)	-	-	(93,609)	(26,403)	-	-	(120,012)
Developers and other	2,898	-	-	2,898	91,682	-	-	94,580
Reduction of plant cost through contributions	(2,898)	-	-	(2,898)	(51,401)	-	-	(54,299)
Total contributions, net	(93,609)	-	-	(93,609)	13,878	-	-	(79,731)
Change in net position	154,977	(2,150)	-	152,827	90,892	(255)	-	243,464
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of year	\$ 1,509,677	\$ 84,229	\$ -	\$ 1,593,906	\$ 1,867,325	\$ 6,223	\$ -	\$ 3,467,454

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	\$ 1,219,884	\$ 25,129	\$ (25,130)	\$ 1,219,883	\$ -	\$ -	\$ (16,195)	\$ 1,203,688
Water and sewer	-	-	-	-	470,180	-	(266)	469,914
District energy system	-	-	-	-	-	8,586	(351)	8,235
Other operating revenues	21,905	(282)	-	21,623	13,679	-	(2,681)	32,621
Total operating revenues	1,241,789	24,847	(25,130)	1,241,506	483,859	8,586	(19,493)	1,714,458
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	246,870	15,226	-	262,096	175,711	4,611	(19,493)	422,925
Fuel	290,965	-	-	290,965	-	-	-	290,965
Purchased power	110,176	-	(25,130)	85,046	-	-	-	85,046
Depreciation	202,619	410	-	203,029	159,650	2,467	-	365,146
State utility and franchise taxes	58,806	-	-	58,806	10,963	-	-	69,769
Recognition of deferred costs and revenues, net	9,201	12,769	-	21,970	6,649	-	-	28,619
Total operating expenses	918,637	28,405	(25,130)	921,912	352,973	7,078	(19,493)	1,262,470
Operating income	323,152	(3,558)	-	319,594	130,886	1,508	-	451,988
Nonoperating revenues (expenses)								
Interest on debt	(78,047)	(10,133)	-	(88,180)	(51,721)	(1,312)	-	(141,213)
Earnings from The Energy Authority	2,848	-	-	2,848	-	-	-	2,848
Allowance for funds used during construction	7,744	-	-	7,744	11,892	77	-	19,713
Other nonoperating income, net	4,182	317	-	4,499	2,871	-	-	7,370
Investment income	9,282	1,823	-	11,105	4,544	72	-	15,721
Other interest, net	308	-	-	308	358	-	-	666
Total nonoperating expenses, net	(53,683)	(7,993)	-	(61,676)	(32,056)	(1,163)	-	(94,895)
Income before contributions	269,469	(11,551)	-	257,918	98,830	345	-	357,093
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(93,871)	-	-	(93,871)	(24,953)	-	-	(118,824)
Developers and other	1,992	-	-	1,992	107,554	-	-	109,546
Reduction of plant cost through contributions	(1,992)	-	-	(1,992)	(74,566)	-	-	(76,558)
Total contributions, net	(93,871)	-	-	(93,871)	8,035	-	-	(85,836)
Change in net position	175,598	(11,551)	-	164,047	106,865	345	-	271,257
Net position, beginning of year	1,179,102	97,930	-	1,277,032	1,669,568	6,133	-	2,952,733
Net position, end of year	\$ 1,354,700	\$ 86,379	\$ -	\$ 1,441,079	\$ 1,776,433	\$ 6,478	\$ -	\$ 3,223,990

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Cash Flows
(In Thousands)
Year Ended September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	\$ 1,229,418	\$ 26,421	\$ (26,587)	\$ 1,229,252	\$ 462,470	\$ 7,662	\$ (16,979)	\$ 1,682,405
Payments to suppliers	(616,998)	(10,123)	26,587	(600,534)	(106,540)	(3,775)	19,194	(691,655)
Payments for salaries and benefits	(168,812)	—	—	(168,812)	(68,519)	(693)	—	(238,024)
Other operating activities	27,355	(47)	—	27,308	12,859	1	(2,215)	37,953
Net cash provided by operating activities	470,963	16,251	—	487,214	300,270	3,195	—	790,679
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(93,631)	—	—	(93,631)	(26,282)	—	—	(119,913)
Net cash used in noncapital and related financing activities	(93,631)	—	—	(93,631)	(26,282)	—	—	(119,913)
Capital and related financing activities								
Acquisition and construction of capital assets	(155,958)	—	—	(155,958)	(194,892)	(1,803)	—	(352,653)
Defeasance of debt	(164,150)	—	—	(164,150)	(152,105)	—	—	(316,255)
Proceeds from issuance of debt	44,560	—	—	44,560	121,815	—	—	166,375
Interest paid on debt	(69,904)	(10,169)	—	(80,073)	(52,546)	(1,275)	—	(133,894)
Repayment of debt principal	(67,765)	(13,340)	—	(81,105)	(19,870)	(1,725)	—	(102,700)
Capital contributions	—	—	—	—	40,281	—	—	40,281
Revolving credit agreement repayments	—	—	—	—	(5,000)	—	—	(5,000)
Other capital financing activities	20,555	449	—	21,004	30,174	—	—	51,178
Net cash used in capital and related financing activities	(392,662)	(23,060)	—	(415,722)	(232,143)	(4,803)	—	(652,668)
Investing activities								
Proceeds from sale and maturity of investments	260,865	26,968	—	287,833	37,846	—	—	325,679
Purchase of investments	(229,929)	(27,485)	—	(257,414)	(32,521)	—	—	(289,935)
Distributions from The Energy Authority	10,848	—	—	10,848	—	—	—	10,848
Investment income	4,444	147	—	4,591	2,698	2	—	7,291
Net cash provided by (used in) investing activities	46,228	(370)	—	45,858	8,023	2	—	53,883
Net change in cash and cash equivalents	30,898	(7,179)	—	23,719	49,868	(1,606)	—	71,981
Cash and cash equivalents at beginning of year	355,876	141,132	—	497,008	138,268	5,856	—	641,132
Cash and cash equivalents at end of year	\$ 386,774	\$ 133,953	\$ —	\$ 520,727	\$ 188,136	\$ 4,250	\$ —	\$ 713,113
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 291,118	\$ 7,228	\$ —	\$ 298,346	\$ 113,142	\$ 997	\$ —	\$ 412,485
Adjustments:								
Depreciation and amortization	217,362	410	—	217,772	172,469	2,586	—	392,827
Recognition of deferred costs and revenues, net	7,098	13,877	—	20,975	9,743	—	—	30,718
Other nonoperating income, net	9	—	—	9	47	—	—	56
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(56)	(223)	—	(279)	(1,097)	(380)	—	(1,756)
Inventories	5,041	—	—	5,041	(1,263)	—	—	3,778
Other assets	(8,075)	4,812	—	(3,263)	(1,387)	(2)	—	(4,652)
Accounts and accrued expenses payable	11,305	(5,141)	—	6,164	1,474	(14)	—	7,624
Current liabilities payable from restricted assets	—	(4,978)	—	(4,978)	—	—	—	(4,978)
Other noncurrent liabilities and deferred inflows	(52,839)	266	—	(52,573)	7,142	8	—	(45,423)
Net cash provided by operating activities	\$ 470,963	\$ 16,251	\$ —	\$ 487,214	\$ 300,270	\$ 3,195	\$ —	\$ 790,679
Non-cash activity								
Contribution of capital assets from developers	\$ 2,898	\$ —	\$ —	\$ 2,898	\$ 51,401	\$ —	\$ —	\$ 54,299
Unrealized investment fair market value changes, net	\$ (2,795)	\$ (33)	\$ —	\$ (2,828)	\$ (1,706)	\$ —	\$ —	\$ (4,534)

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Cash Flows
(In Thousands)
Year Ended September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	\$ 1,196,924	\$ 25,129	\$ (26,117)	\$ 1,195,936	\$ 464,998	\$ 8,702	\$ (16,812)	\$ 1,652,824
Payments to suppliers	(525,261)	(9,570)	26,117	(508,714)	(118,287)	(3,870)	19,493	(611,378)
Payments for salaries and benefits	(176,881)	(13,307)	—	(190,188)	(71,327)	(713)	—	(262,228)
Other operating activities	26,438	(84)	—	26,354	13,884	—	(2,681)	37,557
Net cash provided by operating activities	521,220	2,168	—	523,388	289,268	4,119	—	816,775
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(93,794)	—	—	(93,794)	(24,932)	—	—	(118,726)
Net cash used in noncapital and related financing activities	(93,794)	—	—	(93,794)	(24,932)	—	—	(118,726)
Capital and related financing activities								
Acquisition and construction of capital assets	(208,175)	—	—	(208,175)	(197,389)	(3,575)	—	(409,139)
Defeasance of debt	(320,935)	—	—	(320,935)	(202,115)	—	—	(523,050)
Proceeds from issuance of debt	221,670	—	—	221,670	130,590	—	—	352,260
Interest paid on debt	(83,617)	(10,786)	—	(94,403)	(58,380)	(1,313)	—	(154,096)
Repayment of debt principal	(122,380)	(13,780)	—	(136,160)	(54,705)	(1,690)	—	(192,555)
Capital contributions	—	—	—	—	32,988	—	—	32,988
Other capital financing activities	44,866	159	—	45,025	24,865	—	—	69,890
Net cash used in capital and related financing activities	(468,571)	(24,407)	—	(492,978)	(324,146)	(6,578)	—	(823,702)
Investing activities								
Proceeds from sale and maturity of investments	247,265	23,768	—	271,033	68,785	—	—	339,818
Purchase of investments	(217,069)	(23,819)	—	(240,888)	(27,478)	—	—	(268,366)
Distributions from The Energy Authority	1,945	—	—	1,945	—	—	—	1,945
Investment income	8,225	1,830	—	10,055	3,039	72	—	13,166
Net cash provided by investing activities	40,366	1,779	—	42,145	44,346	72	—	86,563
Net change in cash and cash equivalents	(779)	(20,460)	—	(21,239)	(15,464)	(2,387)	—	(39,090)
Cash and cash equivalents at beginning of year	356,655	161,592	—	518,247	153,732	8,243	—	680,222
Cash and cash equivalents at end of year	\$ 355,876	\$ 141,132	\$ —	\$ 497,008	\$ 138,268	\$ 5,856	\$ —	\$ 641,132
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 323,152	\$ (3,558)	\$ —	\$ 319,594	\$ 130,886	\$ 1,508	\$ —	\$ 451,988
Adjustments:								
Depreciation and amortization	202,619	410	—	203,029	160,815	2,467	—	366,311
Recognition of deferred costs and revenues, net	9,201	12,769	—	21,970	6,649	—	—	28,619
Other nonoperating income, net	419	—	—	419	620	—	—	1,039
Changes in noncash assets and noncash liabilities:								
Accounts receivable	6,648	—	—	6,648	755	115	—	7,518
Inventories	(7,083)	106	—	(6,977)	(2,649)	—	—	(9,626)
Other assets	3,844	88	—	3,932	(69)	(2)	—	3,861
Accounts and accrued expenses payable	8,676	1,415	—	10,091	(1,815)	(10)	—	8,266
Current liabilities payable from restricted assets	—	(7,339)	—	(7,339)	—	—	—	(7,339)
Other noncurrent liabilities and deferred inflows	(26,256)	(1,723)	—	(27,979)	(5,924)	41	—	(33,862)
Net cash provided by operating activities	\$ 521,220	\$ 2,168	\$ —	\$ 523,388	\$ 289,268	\$ 4,119	\$ —	\$ 816,775
Non-cash activity								
Contribution of capital assets from developers	\$ 1,992	\$ —	\$ —	\$ 1,992	\$ 74,566	\$ —	\$ —	\$ 76,558
Unrealized investment fair market value changes, net	\$ 1,383	\$ (7)	\$ —	\$ 1,376	\$ 1,665	\$ —	\$ —	\$ 3,041

Finance & Operations Committee - ADDITIONAL INFORMATION



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
 JEA
 Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of JEA, as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise JEA's basic financial statements, and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

January 27, 2022



BOND COMPLIANCE INFORMATION

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA Electric System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Electric	\$ 1,225,962	\$ 1,192,898
Investment income ⁽¹⁾	2,295	6,057
Earnings from The Energy Authority	15,378	2,848
Other, net ⁽²⁾	25,303	22,016
Plus: amounts paid from the rate stabilization fund into the revenue fund	82,016	91,118
Less: amounts paid from the revenue fund into the rate stabilization fund	(24,370)	(64,132)
Total revenues	1,326,584	1,250,805
Operating expenses ⁽³⁾		
Fuel	326,870	271,164
Purchased power ⁽⁴⁾	204,846	164,362
Maintenance and other operating expenses	211,537	222,585
State utility and franchise taxes	60,080	58,806
Total operating expenses	803,333	716,917
Net revenues	\$ 523,251	\$ 533,888
Debt service	\$ 47,552	\$ 53,384
Less: investment income on sinking fund	(1,677)	(1,842)
Less: Build America Bonds subsidy	(1,536)	(1,532)
Debt service requirement	\$ 44,339	\$ 50,010
Senior debt service coverage ⁽⁵⁾	11.80 x	10.68 x
Debt service requirement (from above)	\$ 44,339	\$ 50,010
Plus: aggregate subordinated debt service on outstanding subordinated bonds	58,701	63,443
Less: Build America Bonds subsidy	(1,908)	(1,947)
Total debt service requirement and aggregate subordinated debt service	\$ 101,132	\$ 111,506
Senior and subordinated debt service coverage ⁽⁶⁾	5.17 x	4.79 x

⁽¹⁾ Excludes investment income on sinking funds.⁽²⁾ Excludes the Build America Bonds subsidy.⁽³⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽⁴⁾ In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.⁽⁵⁾ Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.⁽⁶⁾ Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA Bulk Power Supply System

Schedule of Debt Service Coverage

(In Thousands)

	Year ended September 30	
	2021	2020
Revenues		
Operating	\$ 66,816	\$ 54,185
Investment income	101	485
Total revenues	66,917	54,670
Operating expenses ⁽¹⁾		
Fuel	37,204	19,801
Maintenance and other operating expenses	16,948	15,031
Total operating expenses	54,152	34,832
Net revenues	\$ 12,765	\$ 19,838
Aggregate debt service	\$ 10,579	\$ 10,691
Less: Build America Bonds subsidy	(550)	(592)
Aggregate debt service	\$ 10,029	\$ 10,099
Debt service coverage ⁽²⁾	1.27 x	1.96 x

⁽¹⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽²⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System, Second Resolution

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Operating	\$ 27,234	\$ 25,175
Investment income	147	1,830
Total revenues	27,381	27,005
Operating expenses ⁽¹⁾	-	-
Net revenues	\$ 27,381	\$ 27,005
Aggregate debt service	\$ 24,069	\$ 23,784
Less: Build America Bonds subsidy	(289)	(317)
Aggregate debt service	\$ 23,780	\$ 23,467
Debt service coverage ⁽²⁾	1.15 x	1.15 x

⁽¹⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽²⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA Water and Sewer System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Water	\$ 199,829	\$ 202,848
Water capacity fees	15,798	13,083
Sewer	263,567	260,808
Sewer capacity fees	24,131	19,775
Investment income	2,578	2,879
Other ⁽¹⁾	14,123	13,941
Plus: amounts paid from the rate stabilization fund into the revenue fund	18,494	32,201
Less: amounts paid from the revenue fund into the rate stabilization fund	(25,198)	(25,677)
Total revenues	513,322	519,858
Operating expenses ⁽²⁾		
Maintenance and other operating expenses	165,659	175,711
State utility and franchise taxes	10,886	10,963
Total operating expenses	176,545	186,674
Net revenues	\$ 336,777	\$ 333,184
Aggregate debt service	\$ 48,944	\$ 62,160
Less: Build America Bonds subsidy	(2,447)	(2,455)
Aggregate debt service	\$ 46,497	\$ 59,705
Senior debt service coverage ⁽³⁾	7.24 x	5.58 x
Aggregate debt service (from above)	\$ 46,497	\$ 59,705
Plus: aggregate subordinated debt service on outstanding subordinated debt	6,700	7,418
Total aggregate debt service and aggregate subordinated debt service	\$ 53,197	\$ 67,123
Senior and subordinated debt service coverage excluding capacity fees ⁽⁴⁾	5.58 x	4.47 x
Senior and subordinated debt service coverage including capacity fees ⁽⁴⁾	6.33 x	4.96 x

⁽¹⁾ Excludes the Build America Bonds subsidy.⁽²⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽³⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.⁽⁴⁾ Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity fees) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity fees).

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA District Energy System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Service revenues	\$ 8,042	\$ 8,587
Investment income	2	72
Total revenues	<u>8,044</u>	<u>8,659</u>
Operating expenses ⁽¹⁾		
Maintenance and other operating expenses	<u>4,460</u>	<u>4,611</u>
Total operating expenses	<u>4,460</u>	<u>4,611</u>
Net revenues	<u>\$ 3,584</u>	<u>\$ 4,048</u>
Aggregate debt service ⁽²⁾	<u>\$ 3,024</u>	<u>\$ 3,021</u>
Debt service coverage ⁽³⁾	<u>1.19 x</u>	<u>1.34 x</u>

⁽¹⁾ Excludes depreciation.

⁽²⁾ On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.

⁽³⁾ Net revenues divided by aggregate debt service.

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APPENDIX B**SUMMARY OF CERTAIN PROVISIONS
OF THE ELECTRIC SYSTEM RESOLUTION**

The following is a summary of certain provisions of the Electric System Resolution. Summaries of certain definitions contained in the Electric System Resolution are set forth below. Other terms defined in the Electric System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Electric System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

As more fully described under the caption "FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS – Debt Relating to Electric Utility Functions – *Proposed Amendments to the Electric System Resolution*" in the Annual Disclosure Report to which this summary is attached, on May 19, 1998, JEA adopted a resolution (as amended, the "May 1998 Amending Resolution") for the purpose of making certain material amendments to the Electric System Resolution. Certain of those amendments have become effective and are reflected in the following summary of the Electric System Resolution. The remainder of the amendments contained in the May 1998 Amending Resolution will become effective upon the occurrence of certain events, as more particularly described under "Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" below, which events include the consent thereto in writing of certain percentages of the holders of the outstanding Electric System Bonds, all bonds issued pursuant to a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution" (the "Power Park Issue Two Bonds"),¹ and the Power Park Issue Three Bonds. At such times as such amendments described in this paragraph become effective, they will apply to all of the Electric System Bonds then outstanding. As of the date of the Annual Disclosure Report to which this Appendix is attached, JEA has not solicited any consents to such amendments and currently has no intention of soliciting any such consents in the future.

The Electric System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Electric System Resolution (as so amended) and the May 1998 Amending Resolution also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Electric System Bonds" as used in this summary has the same meaning as the term "Electric System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definitions

The following are summaries of certain definitions in the Electric System Resolution:

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic compounding date therefor specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Capital Appreciation Bond (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in such resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately

¹ The Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding.

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succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in such resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Additional Parity Obligations shall mean additional obligations issued in compliance with the terms, conditions and limitations contained in the Electric System Resolution and which shall have an equal lien on the Net Revenues as therein defined and other amounts pledged under the Electric System Resolution, and rank equally in all respects with the Electric System Bonds initially issued thereunder.

Additionally Secured Bonds shall mean (a) all Electric System Bonds Outstanding on the date on which the amendments to the Electric System Resolution affected by Article I of the Amending Resolution became effective (February 29, 2000) and (b) the Electric System Bonds of any series issued after such effective date for which the payment of the principal or sinking fund redemption price, if any, of, and interest on, the Electric System Bonds of such series shall be secured, in addition to the pledge created pursuant to the Electric System Resolution in favor of all of the Electric System Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Sinking Fund.

Adjusted Debt Service Requirement for any period, as applied to the Electric System Bonds of any series, shall mean, as of any date of calculation, the Debt Service Requirement for such Electric System Bonds for such period, except that if such series includes any Outstanding Refundable Bonds, Adjusted Debt Service Requirement shall mean the Debt Service Requirement for such Bonds determined (i) in the case of Refundable Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Bond would be payable, over a period extending from the maturity date of such Bond through the later of (x) the 30th anniversary of the issuance of such Bond or (y) the 10th anniversary of the maturity date of such Refundable Bond, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto. Interest deemed payable in any period after the actual maturity date of any Refundable Bond shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Electric System Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Alternate Variable Rate Taxable Index shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an authorized officer of JEA.

Alternate Variable Rate Tax-Exempt Index shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an authorized officer of JEA.

Amortization Installment shall mean the amount established for the payment on any date of the principal of any Term Bonds and, for any Term Bonds issued as Capital Appreciation Bonds or Deferred Interest Bonds, the Accreted Value or Appreciated Value, as applicable, as of the date of such payment, as designated by resolution of JEA supplemental to the Electric System Resolution adopted on or prior to the Issuance Date of such Term Bonds.

Appreciated Value shall mean, (i) as of any date of computation with respect to any Deferred Interest Bond prior to the Current Interest Commencement Date, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such

Finance & Operations Committee - ADDITIONAL INFORMATION

Deferred Interest Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Interest Bonds set forth in such resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in such resolution authorizing such Deferred Interest Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Authorized Investments shall mean and include any securities, obligations or investments that, at the time, shall be permitted by Florida law for investment of JEA's funds.

Bank Bonds shall mean any Electric System Bonds issued in accordance with the provisions of subsection M of Section 13 of the Electric System Resolution.

BMA Municipal Swap Index shall mean the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Capital Appreciation Bonds shall mean any Electric System Bonds as to which interest is (i) compounded periodically on dates that are specified in the resolution authorizing such Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof.

Certified Interest Rate shall mean, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date, in each of the foregoing cases, that were, at the date of the original issuance thereof, the subject of an opinion of nationally recognized bond counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the twelve months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1),

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date, in each of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of an opinion of

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nationally recognized bond counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the twelve months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a) and

(iii) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Sinking Fund and with respect to any Commercial Paper Notes or Medium-Term Notes or any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an authorized officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, (A) in the case of Commercial Paper Notes or Medium-Term Notes, as the rate of interest such Commercial Paper Notes or Medium-Term Notes would bear if such Notes were issued as Electric System Bonds bearing a fixed interest rate and maturing 30 years after the date of issuance thereof and (B) in the case of Variable Rate Bonds, as the rate of interest such Variable Rate Bonds would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as such proposed Variable Rate Bonds, and on the basis of JEA's credit ratings with respect to the Electric System Bonds (other than Electric System Bonds for which credit enhancement is provided by a third party), such proposed Variable Rate Bonds were issued at a fixed interest rate.

Code shall mean the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note shall mean any Electric System Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the resolution of JEA supplemental to the Electric System Resolution authorizing such Bond.

Commercial Paper Payment Plan shall mean, with respect to any installment of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an authorized officer of JEA delivered on or prior to the date of the first issuance of such Commercial Paper Notes and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an authorized officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Electric System Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Note shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Commercial Paper Notes of such installment or (y) the 10th anniversary of the due date of the Commercial Paper Note to be refunded, in

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installments such that the principal and interest payable on such Commercial Paper Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Note in each other Fiscal Year in such period.

Consulting Engineer shall mean such qualified and recognized independent consulting engineer, having favorable repute for skill and experience, with respect to the acts and duties to be provided to JEA, as shall be from time to time retained by JEA to act as such with respect to the Electric System.

Contract Debts shall mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the St. Johns River Power Park System) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable pursuant to clause (4) under the caption "Establishment of Funds and Disposition of Revenues of the Electric System" herein. See "Proposed Amendments to the Electric System Resolution" below for a discussion of a proposed amendment to the foregoing provision.

Cost of Operation and Maintenance of the Electric System shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the Electric System, including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts, but shall not include any reserve for renewals and replacements or any allowance for depreciation or amortization and there shall be included in the Cost of Operation and Maintenance only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the Electric System.

Credit Enhancement shall mean, with respect to the Electric System Bonds of an installment or a maturity within an installment, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Electric System Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a resolution of JEA supplemental to the Electric System Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for an installment of the Electric System Bonds or a maturity within an installment.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Interest Bonds, the date specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Deferred Interest Bonds (which date must be prior to the maturity date for such Deferred Interest Bonds) after which interest accruing on such Deferred Interest Bonds shall be payable periodically on dates specified in such resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service Requirement for any period, as applied to the Electric System Bonds of any series, shall mean the sum of:

- (1) the interest to accrue on all Outstanding Electric System Bonds of such series during such period, except to the extent that such interest shall have been provided by payments into the Debt Service Account in the Sinking Fund out of Electric System Bond or Subordinated Bond proceeds for a specified period of time, or by payments of investment

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income into the Debt Service Account in the Sinking Fund during such period; provided, however, that in the event that the Bonds of any series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such series shall be calculated without regard to such subsidy,

(2) the principal to accrue on all Outstanding Serial Bonds of such series during such period, and

(3) the Amortization Installments to accrue on all Outstanding Term Bonds of such series during such period.

For purposes of the foregoing, (a) the principal of any Electric System Bond that is a Refundable Bond shall not be taken into account in calculating the Debt Service Requirement, (b) the interest described in clause (1) above shall be deemed to accrue daily in equal amounts since the preceding interest payment date (or if there shall be no such preceding interest payment date, from the dated date of such Electric System Bonds), (c) the principal of Outstanding Serial Bonds described in clause (2) above shall be deemed to accrue daily in equal amounts from a date one year (or, if any such Electric System Bonds are scheduled to mature at intervals of 6 months, 6 months) preceding the due date of such principal or from the date of issuance of such Electric System Bonds, whichever is later, (d) the Amortization Installments described in clause (3) above shall be deemed to accrue daily in equal amounts from a date which is one year preceding the due date of such Amortization Installments or from the date of issuance of such Term Bonds, whichever is later and (e) Bank Bonds shall be deemed to be Serial Bonds, and the principal thereof shall be deemed to be payable in the manner and at the times determined in accordance with the provisions thereof and of the resolution of JEA supplemental to the Electric System Resolution authorizing such Bank Bonds.

For the purpose of the calculation of the Debt Service Requirement for any future period as of any date for any Electric System Bonds bearing interest at a variable or floating rate, any Commercial Paper Notes or any Medium-Term Notes, such Electric System Bonds or Notes, as the case may be, shall be deemed to bear interest at the greater of (i) the actual rate of interest then borne by such Electric System Bonds or Notes, as the case may be, or (ii) the Certified Interest Rate applicable thereto; *provided, however*, that whenever an Electric System Bond that bears interest at a variable or floating rate and is convertible to a fixed rate shall be converted to a fixed rate the Debt Service Requirement for all affected Electric System Bonds shall be recalculated as of the conversion date using such fixed rate. Notwithstanding anything to the contrary contained in the Electric System Resolution, (a) if JEA has in connection with any Electric System Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Electric System Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating the Debt Service Requirement with respect to such Electric System Bonds for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "Issuance of Additional Electric System Bonds" below, it will be assumed that such Electric System Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the twelve months preceding such date of determination; *provided, however*,

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if such Designated Swap Obligation shall not have been in effect for twelve months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Electric System Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating the Debt Service Requirement with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "Issuance of Additional Electric System Bonds" below, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean (a) with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Bonds secured thereby during the then current, or any future, Fiscal Year (assuming, for this purpose, that in the case of any Additionally Secured Bonds secured thereby that bear interest at a variable or floating rate, (i) if the interest rate(s) on all or any portion of such Bonds shall have been converted synthetically to a fixed rate interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Bonds, such Bonds (or such portion thereof) shall be deemed to bear interest during such period at the greater of (A) the fixed rate payable by JEA under such interest rate swap transaction and (B) the Certified Interest Rate applicable to such Bonds and (ii) if the interest rate(s) on such Bonds (or such portion thereof) shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, such Bonds shall be deemed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Bonds or (Y) the Certified Interest Rate applicable thereto) and (b) with respect to each additional subaccount, if any, in the Debt Service Reserve Account in the Sinking Fund established after the date on which the amendments to the Resolution effected by Article I of the Amending Resolution shall become effective, the amount specified in the resolution of JEA supplemental hereto pursuant to which such subaccount shall be established.

Notwithstanding anything to the contrary contained in the Resolution, in the event that any Additionally Secured Bonds secured by the Initial Subaccount shall bear interest at a variable or floating rate, if the amount of the Debt Service Reserve Requirement for the Initial Subaccount shall increase as a result of either (x) any termination of any interest rate swap transaction applicable to such Bonds (or such portion thereof) that had been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction as described in subclause (a)(i) of the preceding paragraph prior to the final maturity date of such Bonds or (y) the actual rate of interest borne by such Bonds (or such portion thereof) that shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction at any time being in excess of the Certified Interest Rate applicable thereto, the amount of such increase shall be required to be funded in equal semi-annual installments over a three (3)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which the event resulting in such increase shall have occurred.

For the purpose of the calculation of the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund in the event that any Additionally Secured Bonds secured thereby shall constitute Build America Bonds, then until such time, if any, as JEA,

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for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Deferred Interest Bonds shall mean any Electric System Bonds as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Deferred Interest Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Electric System Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Electric System Bonds) and (ii) which has been designated in a certificate of an authorized officer of JEA filed with the records of JEA as such (which certificate shall specify the Electric System Bonds with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider shall mean any person with whom JEA enters into a Designated Swap Obligation.

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Electric System shall mean the existing electric generating, transmission and distribution system consisting of the existing generating plants and transmission and distribution lines and facilities together with any and all improvements, extensions and additions thereto constructed or acquired, and all lands or interests therein, including buildings, machinery, equipment and all property, real or personal, tangible or intangible, owned and constructed or acquired by JEA as part of said existing electric system; such Electric System shall not be deemed to include (a) any facilities or property constructed, owned or operated by JEA as a part of the St. Johns River Power Park System or the Bulk Power Supply System Projects or any other separate non-competing electric utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, (b) the existing water and sewer system owned by JEA or any additional utility functions added to such water and sewer system or (c) any properties or interests in properties of JEA (i) which JEA determines shall not constitute a part of the Electric System for the purpose of the Electric System Resolution at the time of the acquisition thereof by JEA or (ii) as to which JEA shall determine by resolution that the exclusion of such properties or interests in properties from the Electric System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the rate covenant contained in the Electric System Resolution.

Electric System Bonds shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered and Outstanding pursuant to the Electric System Resolution, but shall not mean Subordinated Bonds.

Fiscal Year shall mean the 12-month period established by JEA or provided by law from time to time as the fiscal year for the Electric System, and which initially shall be the 12-month period commencing on October 1 of each year and ending on the succeeding September 30.

Gross Revenues or Revenues shall mean all income or earnings, including any income from the investment of funds which is deposited in the Revenue Fund as provided in the Electric System Resolution, derived by JEA from the ownership or operation of the Electric System. Gross Revenues shall not include customers' deposits and any other deposits subject to refund unless such deposits have become property of JEA. For any purpose of the Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, "Gross Revenues" or "Revenues" shall include such amounts derived by JEA from the ownership or operation of the Electric System during such period plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period (excluding from (x) amounts, if any, included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Electric System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Gross Revenues" or "Revenues" for any purpose of the Electric System Resolution.

Investment Agreements shall mean agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (a) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (b) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other

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financial institution, or subsidiary or affiliate thereof; *provided, however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) of the preceding sentence.

Maximum Aggregate Adjusted Debt Service Requirement shall mean, as of any particular date of calculation, the greatest amount of the aggregate of the Adjusted Debt Service Requirements for the Electric System Bonds of all series then Outstanding for the then current or any future Fiscal Year.

Medium-Term Note shall mean any Electric System Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the resolution of JEA supplemental to the Electric System Resolution authorizing such Bond.

Medium-Term Note Payment Plan shall mean, with respect to any installment of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such notes contained in a certificate of an authorized officer of JEA delivered on or prior to the date of the first issuance of such Medium-Term Notes and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an authorized officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Electric System Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Note shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Medium-Term Notes of such installment or (y) the 10th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Note in each other Fiscal Year in such period.

Net Revenues of the Electric System shall mean the Revenues or Gross Revenues after deduction of the Cost of Operation and Maintenance.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Refundable Bonds shall mean any Electric System Bonds (including, without limitation, Commercial Paper Notes and Medium-Term Notes) the principal of which JEA intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of Electric System Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the resolution of JEA supplemental to the Electric System Resolution authorizing such Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*, that (i) any such Electric System Bonds other than Commercial Paper Notes and Medium-Term Notes shall be Refundable Bonds only through the penultimate day of the month preceding the month in which the principal thereof is stated to mature or such earlier time as JEA no longer intends to pay such principal with moneys which are not Revenues and (ii) any Commercial Paper Note or Medium-Term Note shall cease to be a Refundable Bond

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at such time, if any, as shall be provided in the Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as the case may be, applicable thereto.

Serial Bonds shall mean the Electric System Bonds of a series which shall be stated to mature in annual or semiannual installments.

St. Johns River Power Park System shall mean JEA's undivided 80 percent interest in the facilities acquired and constructed jointly with Florida Power & Light Company, a Florida corporation, pursuant to the Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park, Coal Units #1 and #2, dated as of April 2, 1982, executed by and between JEA and said corporation, as amended, and all renewals, replacements, additions, betterments, modifications and improvements to keep such System in good operating condition or to prevent a loss of revenues therefrom, or to comply with any requirement of a governmental agency exercising jurisdiction over such System, but excluding any additional generating units.

Subordinated Bonds shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, issued in accordance with the provisions of the Electric System Resolution that are, and are expressed to be, junior and subordinate in all respects to the Electric System Bonds, as to lien on and source and security for payment from the Net Revenues.

Term Bonds shall mean the Electric System Bonds of a series which shall be stated to mature on one date and which shall be subject to retirement by operation of the Debt Service Account in the Sinking Fund to satisfy Amortization Installments therefor.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Bond shall mean any Electric System Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance of such Electric System Bond.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The payment of the principal of and interest on the Electric System Bonds is secured equally and ratably by an irrevocable first lien on (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and JEA has irrevocably pledged such Net Revenues from the Electric System and such amounts to the payment of the principal of and interest on the Electric System Bonds. In addition, the payment of the principal of and interest on the Additionally Secured Bonds of each series is additionally secured by the amounts on deposit in the separate subaccount in the Debt Service Reserve Account in the Sinking Fund designated therefor as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and JEA has irrevocably pledged such amounts to the payment of the principal of and interest on the Additionally Secured Bonds of such series.

Establishment of Funds and Disposition of Revenues of the Electric System

JEA covenants in the Electric System Resolution that for so long as any of the principal of and interest on any of the Electric System Bonds shall be outstanding and unpaid or, subject to the defeasance provisions of the Electric System Resolution, until there has been set apart in the Debt Service Account and the Debt Service Reserve Account in the Sinking Fund, a sum sufficient to pay or make provision for payment when due the entire principal of the Electric System Bonds remaining unpaid, together with interest accrued or to accrue thereon, JEA will deposit the entire Gross Revenues derived from the ownership or operation of the Electric System upon receipt thereof into the Revenue Fund created and established by the Electric System Resolution. The Electric System Resolution provides that all Revenues at any time remaining on deposit in the Revenue Fund shall be applied monthly only in the following manner and order of priority:

(1) Revenues shall first be used to pay the Cost of Operation and Maintenance, including Contract Debts.

(2) From the moneys remaining in the Revenue Fund, the Electric System Resolution provides that JEA shall next deposit into the Sinking Fund created and established by the Electric System Resolution, for credit to the Debt Service Account therein, an amount equal to the aggregate of the Debt Service Requirements for such month for the Electric System Bonds of all series then Outstanding. Such monthly payments shall be reduced proportionately (i) by the amounts of money, if any, which have been deposited in the Debt Service Account out of proceeds from the sale of the Electric System Bonds for the payment of interest thereon and (ii) by the amount of investment income transferred to the Debt Service Account during such month.

The Electric System Resolution further provides that JEA shall pay out of the Debt Service Account to the respective paying agents (i) on or before each interest payment date for any of the Electric System Bonds, the amount required for the interest payable on such date; (ii) on or before the maturity date for any of the Electric System Bonds (other than any Refundable Bonds with respect to which moneys which are not Revenues are available for the payment thereof), the amount required for the principal payable on such date; (iii) on or before the due date for any Amortization Installment, the amount required to pay the redemption price of the Term Bonds required to be redeemed from such Amortization Installment; and (iv) on or before any redemption date for the Electric System Bonds, the amount required for the payment of interest on the Electric System Bonds then to be redeemed. JEA also shall pay out of the Debt Service Account the accrued interest included in the purchase price of Electric System Bonds purchased for retirement.

In the event of the refunding or defeasance of any Electric System Bonds, JEA may withdraw from the Debt Service Account all or any portion of the amount accumulated therein with respect to the Electric System Bonds being refunded or defeased and deposit such amount in the escrow being established for the Electric System Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless the amount on deposit in the Debt Service Account after such withdrawal and after the deposit of any amount being deposited therein out of the proceeds of any obligations being issued in connection with such refunding or defeasance shall be at least equal to the amount required to be on deposit therein as of the beginning of the month in which such withdrawal is made as provided in this clause (2).

From the moneys remaining in the Revenue Fund, the Electric System Resolution provides that JEA shall next deposit for credit to each separate subaccount established in the Debt Service Reserve Account in the Sinking Fund, such sums as shall be required so that the balance in each such subaccount, after giving effect to the maximum amount available to be drawn under any irrevocable surety bond, insurance policy or letter of credit deposited to any such subaccount, shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month.

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If on any day on which the principal or sinking fund redemption price of or interest on the Electric System Bonds shall be due, the amount on deposit in the Debt Service Account in the Sinking Fund shall be less than the amount required to pay such principal, redemption price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Bonds secured thereby.

The provisions of the Electric System Resolution provide for the creation of an "Initial Subaccount" within the Debt Service Reserve Account, for the benefit of (a) all Electric System Bonds Outstanding on the date on which the amendments to the Electric System Resolution affected by Article I of the Amending Resolution became effective (February 29, 2000) and (b) all Additional Parity Obligations of any series issued after such date, but only to the extent that the resolution of JEA supplemental to the Electric System Resolution authorizing the Additional Parity Obligations of such series shall specify that such Additional Parity Obligations shall be additionally secured by amounts on deposit in such Initial Subaccount; *provided, however*, that notwithstanding any other provision of the Electric System Resolution, no Capital Appreciation Bonds or Deferred Interest Bonds may be additionally secured by amounts on deposit in the Initial Subaccount. As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount secures JEA's Outstanding Electric System Revenue Bonds, Series Three 2004A, Series Three 2005B, Series Three 2009D, Series Three 2010E, Series Three 2013A, Series Three 2013C, Series Three 2015B, Series Three 2017B, Series Three 2020A, and Series Three 2021A and JEA's Outstanding Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-1, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008B-4, Series Three 2008C-1, Series Three 2008C-2, Series Three 2008C-3 and Series Three 2008 D-1.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit (referred to herein as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sum of moneys or value of Authorized Investments then on deposit in the Initial Subaccount, if any:

(a) A surety bond or insurance policy issued by an insurance company licensed or otherwise qualified to do business in the State of Florida may be deposited in the Initial Subaccount if the claims-paying ability of the issuer thereof is rated "AAA" by Standard & Poor's Credit Market Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "Aaa" by Moody's Investors Service ("Moody's").

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount if the senior, unsecured long-term debt of the issuer thereof is rated at least "AA" by S&P and "Aa2" by Moody's, and if such letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Additionally Secured Bonds secured by the Initial Subaccount. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Authorized Investments on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial

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Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in either of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument pursuant to this paragraph shall be subject to receipt of an opinion of counsel acceptable to an authorized officer of JEA and in form and substance satisfactory to such authorized officer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to an authorized officer of JEA. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to an authorized officer of JEA and in form and substance satisfactory to such authorized officer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Electric System Bonds. In addition, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be prior to the cash replenishment of the Initial Subaccount.

(f) The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If (i) such revolving reinstatement feature is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (iii) the rating of the issuer of the letter of credit falls below a S&P "AA", JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Authorized Investments on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Authorized Investments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or

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letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Authorized Investments deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Electric System Resolution for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "Issuance of Additional Electric System Bonds" below.

(i) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Additionally Secured Bonds secured by the Initial Subaccount.

(j) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On February 27, 2001, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2001A and Series Three 2001B, JEA caused Ambac Assurance Corporation ("Ambac Assurance") to issue a surety bond (the "Ambac Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Ambac Surety Bond is in an initial amount equal to \$32,447,452.51; is non-cancelable; expires on the earlier of (i) October 1, 2035 or (ii) the date on which JEA, to the satisfaction of Ambac Assurance, has made all payments required to be made on all Electric System Bonds that are additionally secured by amounts on deposit in the Initial Subaccount pursuant to the Electric System Resolution; and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount. Because of a rating downgrade of Ambac Assurance, JEA has made deposits to the Initial Subaccount in the amount of the Ambac Surety Bond.

On May 30, 2002, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2002A, JEA caused Assured Guaranty Municipal Corp., previously known as Financial Security Assurance Inc. ("FSA") to issue a municipal bond debt service reserve insurance policy (the "Initial FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial FSA Reserve Policy is in an initial amount equal to \$4,078,745.00; is non-cancelable; terminates on October 1, 2041; and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

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On May 19, 2004, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2004A (the "Series Three 2004A Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Second FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second FSA Reserve Policy is in an initial amount equal to \$4,397,006.50, is non-cancelable, terminates on October 1, 2039 or earlier retirement of the Series Three 2004A Bonds (including any Electric System Bonds issued to refund the Series Three 2004A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On January 13, 2005, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2005A (the "Series Three 2005A Bonds") and Electric System Revenue Bonds, Series Three 2005B, JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Third FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third FSA Reserve Policy is in an initial amount equal to \$3,187,521.69, is non-cancelable, terminates on October 1, 2039 or earlier retirement of the Series Three 2005A Bonds (including any Electric System Bonds issued to refund the Series Three 2005A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On July 28, 2005, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2005D (the "Series Three 2005D Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Fourth FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Fourth FSA Reserve Policy is in an initial amount equal to \$1,404,275.00, is non-cancelable, terminates on October 1, 2035 or earlier retirement of the Series Three 2005D Bonds (including any Electric System Bonds issued to refund the Series Three 2005D Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On August 17, 2005, JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Fifth FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Fifth FSA Reserve Policy is in an initial amount equal to \$4,713,125.05, is non-cancelable, terminates on October 1, 2039 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On January 26, 2006, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2006A (the "Series Three 2006A Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Sixth FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Sixth FSA Reserve Policy is in an initial amount equal to \$3,856,542.14, is non-cancelable, terminates on October 1, 2041 or earlier retirement of the Series Three 2006A Bonds (including any Electric System Bonds issued to refund the Series Three 2006A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On January 31, 2007, simultaneously with the issuance of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2007A, JEA caused CIFG Assurance North America, Inc. ("CIFG") to issue a surety bond (the "Initial CIFG Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial CIFG Surety Bond is in an initial amount of \$3,449,634.19, is non-cancelable, terminates on October 1, 2041 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On July 10, 2007, simultaneously with the issuance of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2007B, JEA caused CIFG to issue a surety bond (the "Second CIFG Surety Bond") for

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deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second CIFG Surety Bond is in an initial amount of \$1,426,000.00, is non-cancelable, terminates on October 1, 2037 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of CIFG, JEA has made deposits to the Initial Subaccount in the aggregate amount of the Initial CIFG Surety Bond and the Second CIFG Surety Bond.

On October 25, 2007, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2007C, JEA caused MBIA Insurance Corporation ("MBIA") to issue a Debt Service Reserve Fund Surety Bond (the "MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The MBIA Surety Bond is in an initial amount equal to \$1,136,269.17, is non-cancelable, terminates on October 1, 2042 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount. Effective as of January 1, 2009, MBIA Inc., parent company of MBIA, restructured MBIA; such restructuring involved the reinsurance and assignment of MBIA's obligations under the MBIA Surety Bond to National Public Finance Guarantee Corporation ("NPFGC") which is a subsidiary of MBIA Inc. Because of a rating downgrade of MBIA, JEA has made deposits to the Initial Subaccount in the amount of the MBIA Surety Bond.

On January 31, 2008, simultaneously with the issuance of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A (the "Series Three 2008A Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Seventh FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Seventh FSA Reserve Policy is in an initial amount equal to \$7,500,000, is non-cancelable, terminates on October 1, 2036 or earlier retirement of the Series Three 2008A Bonds (including any Electric System Bonds issued to refund the Series Three 2008A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of FSA, JEA has made deposits to the Initial Subaccount in the aggregate amount of the Initial FSA Reserve Policy, the Second FSA Reserve Policy, the Third FSA Reserve Policy, the Fourth FSA Reserve Policy, the Fifth FSA Reserve Policy, the Sixth FSA Reserve Policy and the Seventh FSA Reserve Policy.

JEA may, by supplemental resolution, create within the Debt Service Reserve Account one or more additional subaccounts, for the benefit of such series of Electric System Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such subaccount, JEA at any time may cause to be deposited into such subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such subaccount and the sum of moneys or value of Authorized Investments then on deposit therein, if any.

If by reason of the retirement upon maturity or the refunding or the defeasance of any Additionally Secured Bonds, or for any other reason, there shall be on deposit to the credit of the particular subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds any surplus of funds over and above the Debt Service Reserve Requirement related thereto, such surplus may be withdrawn therefrom by JEA and deposited in the General Reserve Fund. In the event of the refunding or defeasance of any Additionally Secured Bonds, JEA may withdraw from the particular subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds all or any portion of the amount accumulated therein with respect to the Additionally Secured Bonds being refunded or defeased and deposit such amount in the escrow being established for such Additionally Secured Bonds being refunded or defeased; *provided* that

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such withdrawal shall not be made unless the amount on deposit in such subaccount in the Debt Service Reserve Account after such withdrawal and after the deposit of any amount being deposited therein out of the proceeds of any obligations being issued in connection with such refunding or defeasance shall be at least equal to the Debt Service Reserve Requirement related thereto.

JEA shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in both the Debt Service Account and the Debt Service Reserve Account in the Sinking Fund is at least equal to the entire principal of the Electric System Bonds then Outstanding, together with interest accrued and to accrue thereon, plus the amount of redemption premium, if any, then due and thereafter to become due on such Electric System Bonds then Outstanding by operation of the Debt Service Account to satisfy Amortization Installments.

(4) The Electric System Resolution provides that moneys remaining in the Revenue Fund shall next be used by JEA (a) for payment of the principal and interest and redemption premium, if any, on any Subordinated Bonds, (b) to make payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the St. Johns River Power Park System) and (c) to make payments in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable pursuant to this clause (4). See "Proposed Amendments to the Electric System Resolution" below for a discussion of a proposed amendment to the foregoing provision.

(5) Moneys remaining in the Revenue Fund shall next be used by JEA for transfer to the Rate Stabilization Fund created and established pursuant to the Electric System Resolution, in the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget for the Electric System or the amount otherwise determined by an authorized officer of JEA to be credited to such Fund for the month.

Each month JEA shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget for the Electric System or the amount otherwise determined by an authorized officer of JEA to be deposited into such Fund for the month.

JEA may, from time to time, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Electric System Resolution, (ii) use such amounts to purchase or redeem Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system, (iii) use such amounts to otherwise provide for the payment of Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system or interest thereon, or (iv) use such amounts for any other lawful purpose in connection with the Electric System. In addition, if on any date on which the principal or sinking fund redemption price of, or interest on, any Electric System Bonds shall be payable and the sum of the amounts attributable to such Electric System Bonds on deposit in the Debt Service Account and, if such Electric System Bonds shall be Additionally Secured Bonds, the separate subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds, together with (X) the amount, if any, withdrawn from the Renewal and

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Replacement Fund for such purpose as described in the final sentence of the second paragraph of clause (6) below and (Y) the amount, if any, withdrawn from the General Reserve Fund for such purpose as described in the final sentence of clause (7) below, shall not be sufficient to pay such principal or redemption price and/or interest, then JEA shall withdraw from the Rate Stabilization Fund and apply to such payment the amount of such insufficiency.

(6) Moneys remaining in the Revenue Fund shall next be used by JEA to maintain the Renewal and Replacement Fund, and JEA shall pay into said Fund from the Revenue Fund a sum not less than one-twelfth (1/12) of 10 percent of the net revenues of the Electric System for the preceding Fiscal Year pursuant to, and as said net revenues are defined by, Chapter 22341, Laws of Florida, Acts of 1943 and similarly defined by Chapter 80-515, Laws of Florida. In addition to the foregoing, JEA shall pay such additional monthly amount into the Renewal and Replacement Fund as shall make the total annual payment equal to at least five percent of the Gross Revenues of the Electric System for the preceding Fiscal Year. Said Renewal and Replacement Fund shall be kept separate and apart from all other funds of JEA.

The moneys in the Renewal and Replacement Fund shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of, the Electric System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the Electric System, all to the extent not paid as a part of the Cost of Operation and Maintenance or from the proceeds of Electric System Bonds, Subordinated Bonds or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund also may be applied (a) to the purchase, redemption, payment or provision for payment of Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system or interest thereon or (b) upon determination of JEA, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Electric System. In addition, if on any date on which the principal or sinking fund redemption price of, or interest on, any Electric System Bonds shall be payable and the sum of the amounts attributable to such Electric System Bonds on deposit in the Debt Service Account and, if such Electric System Bonds shall be Additionally Secured Bonds, the separate subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds, together with the amount, if any, withdrawn from the General Reserve Fund for such purpose as described in the final sentence of clause (7) below, shall not be sufficient to pay such principal or redemption price and/or interest, then JEA shall withdraw from the Renewal and Replacement Fund and apply to such payment the amount of such insufficiency.

Notwithstanding the foregoing provisions of this clause (6), the failure of JEA to make the above described payments into the Renewal and Replacement Fund in any month in any Fiscal Year shall not constitute a default on the part of JEA; *provided* that any deficiencies therefor shall have been restored prior to the end of such Fiscal Year; and *provided, further*, that the full amount required to be deposited in said Renewal and Replacement Fund in such Fiscal Year shall have been deposited therein by the end of such Fiscal Year.

(7) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may, at the option of JEA, be deposited into the General Reserve Fund created and established pursuant to the Electric System Resolution. Moneys

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in the General Reserve Fund may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system and (b) transfers to any utility system owned and/or operated by JEA currently or in the future) not otherwise prohibited by the Electric System Resolution; *provided, however*, the Electric System Resolution provides that none of the remaining moneys shall be used for any purpose other than those described in the preceding clauses (1) through (6) unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA shall have complied fully with all the covenants and provisions of the Electric System Resolution. In addition, if on any date on which the principal or sinking fund redemption price of, or interest on, any Electric System Bonds shall be payable and the sum of the amounts attributable to such Electric System Bonds on deposit in the Debt Service Account and, if such Electric System Bonds shall be Additionally Secured Bonds, the separate subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds shall not be sufficient to pay such principal or redemption price and/or interest, then JEA shall withdraw from the General Reserve Fund and apply to such payment the amount of such insufficiency.

During any period in which the Debt Service Requirement for any series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* of clause (1) of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Sinking Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of the Electric System Resolution.

The Revenue Fund, the Sinking Fund, the Rate Stabilization Fund, the Renewal and Replacement Fund, the General Reserve Fund and any other special funds and accounts established and created in the Electric System Resolution shall be continuously secured in the same manner as municipal deposits are required to be secured by the laws of the State of Florida.

The Electric System Resolution provides that the designation and establishment of the various funds, accounts and subaccounts in and by the Electric System Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an allocation of certain revenues and assets of the Electric System for certain purposes and to establish certain priorities for application of such revenues and assets as provided in the Electric System Resolution. Without limiting the generality of the foregoing, the pledges in favor of the Electric System Bonds established by the Electric System Resolution shall be limited to those items specified in the Electric System Resolution, and nothing contained in the Electric System Resolution shall be deemed to pledge in favor of the Holders of the Electric System Bonds amounts on deposit in the Rate Stabilization Fund, the Renewal and Replacement Fund or the General Reserve Fund.

Investments

Moneys on deposit in any fund or account established pursuant to the Electric System Resolution may be invested and reinvested in Authorized Investments; *provided* such investments either mature or are redeemable at not less than par at the option of JEA not later than the dates on which such moneys will be needed for the purposes of such fund or account, but in no event shall any such investment mature later than

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30 years from the date of its purchase. Unless otherwise determined by an authorized officer of JEA, all income on investments in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Sinking Fund shall be deposited, as received, in the Debt Service Account, all income on investments in the Rate Stabilization Fund, the Renewal and Replacement Fund and the General Reserve Fund shall be deposited, as received, in the Revenue Fund and all income on investments in the Revenue Fund shall be retained therein.

Rate Covenant

JEA covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Revenues in each Fiscal Year sufficient to pay (1) 100 percent of all Costs of Operation and Maintenance, including Contract Debts, of the Electric System in such Fiscal Year, (2) 120 percent of the Debt Service Requirement on all Bonds Outstanding during such Fiscal Year and (3) any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution. For purposes of this covenant, the Electric System Resolution provides that Revenues shall not include any proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Issuance of Additional Electric System Bonds

Additional Parity Obligations. JEA may issue Additional Parity Obligations for any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing or refinancing the generating facilities of the Electric System) or to refund any of the Electric System Bonds and/or the interest payable thereon issued for any such purpose, upon satisfaction of the following conditions on or prior to the date of the issuance of the first Bonds of a particular series and/or installment:

(1) The Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of sale of such Additional Parity Obligations shall have been at least equal to 1.20 times the Maximum Aggregate Adjusted Debt Service Requirement for all Electric System Bonds then Outstanding and such Additional Parity Obligations. This requirement need not be met if the Additional Parity Obligations are to be issued for the purpose of refunding any Electric System Bonds and/or interest thereon.

(2) The Net Revenues for such 12 month period may be adjusted for the purposes of the calculation required by paragraph (1) above to (a) reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Electric System made after the commencement of such period and preceding the date of sale of such Additional Parity Obligations; (b) reflect any increase in Net Revenues due to any new facilities of the Electric System having been placed into use and operation subsequent to the commencement of such period and prior to the date of sale of such Additional Parity Obligations; and (c) include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of completion thereof estimated to be made by the facilities to be acquired and constructed with the proceeds of such Additional Parity Obligations.

(3) Except in the case of any series of refunding Additional Parity Obligations, JEA shall not be in default in performing any of the covenants and obligations assumed under the Electric System Resolution, and all payments required by the Electric System Resolution

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to have been made into the funds and accounts shall have been made to the full extent required.

For purposes of the foregoing provisions, Net Revenues shall not include any proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance).

Notwithstanding anything to the contrary contained in the Electric System Resolution, in the event that any Electric System Bonds that bear interest at a variable or floating rate contain provisions that allow the principal amount thereof to be repaid on an accelerated basis in the event that such Electric System Bonds are purchased by the Credit Enhancer therefor or the provider of liquidity support therefor and, in either such case, are not remarketed, for purposes of the foregoing provisions, such accelerated repayment shall not be taken into account, and compliance with such condition shall be determined based upon the scheduled due date(s) of principal of such Electric System Bonds, irrespective of any such accelerated repayment.

Bank Bonds. One or more series of Bank Bonds may be issued prior to or concurrently with the issuance of the Electric System Bonds of an installment for which Credit Enhancement or liquidity support is being provided with respect to such Electric System Bonds (or a maturity or maturities thereof) by a third-party. Such Bank Bonds shall be issued for the purpose of evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with such Credit Enhancement or liquidity support; *provided, however*, that the stated maximum principal amount of any such series of Bank Bonds shall not exceed the aggregate principal amount of the Electric System Bonds with respect to which such Credit Enhancement or liquidity support is being provided, and such number of days' interest thereon as JEA shall determine prior to the issuance thereof, but not in excess of 366 days' interest thereon, computed at the maximum interest rate applicable thereto. Notwithstanding anything to the contrary contained in the Electric System Resolution, Bank Bonds need not be taken into account for purposes of the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "*Additional Parity Obligations*" above.

Redemption

The Electric System Bonds or any portions thereof shall be subject to redemption prior to their respective stated dates of maturity, at the option of JEA, at such times and in such manner as shall be determined by resolution of JEA supplemental to the Electric System Resolution adopted prior to the sale thereof.

Unless otherwise provided in such supplemental resolution, notice of such redemption shall, at least 30 days prior to the redemption date (i) be filed with the paying agent, and (ii) be mailed, postage prepaid, to all Registered Owners of Electric System Bonds to be redeemed at their addresses as they appear of record on the books of the Registrar as of 45 days prior to the date fixed for redemption. Unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, interest shall cease to accrue on any Electric System Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Electric System Bonds so called for redemption is suspended for a period commencing 15 calendar days preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

Certain Other Covenants

No Mortgage or Sale of the Electric System. JEA covenants that it will not sell physical properties of the Electric System having an aggregate depreciated cost of 90% or more of the total depreciated cost of all of the physical properties of the Electric System at the time, nor will it create or cause to be created any mortgage or other lien on such properties to secure the repayment of borrowed money or the payment of the deferred purchase price of property.

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Corporate Reorganization. JEA reserves the right in the Electric System Resolution to effect a reorganization of its corporate structure in any manner whatsoever permitted pursuant to the laws of the State of Florida; *provided, however*, that no such reorganization may be undertaken if the result thereof would adversely affect the security for the Electric System Bonds.

No Free Service. JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private, nor will any preferential rates be established for users of the same class. Whenever the City, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the Electric System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the City shall transfer to JEA for deposit into the Revenue Fund sufficient sums to pay such charges. The revenues so received shall be deemed to be Revenues derived from the operation of the Electric System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the Electric System.

Defaults and Remedies

If one or more of the following events of default shall happen:

(A) if default shall be made in the due and punctual payment of the principal (including Amortization Installments) or redemption price of any Electric System Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(B) if default shall be made in the due and punctual payment of any installment of interest on any Electric System Bond when and as such interest installment shall become due and payable and such default shall continue for a period of 30 days;

(C) if default shall be made by JEA in the performance or observance of any other of the covenants or agreements in the Electric System Resolution or in the Electric System Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Electric System Bonds outstanding;

(D) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(E) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the Electric System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then, and in each and every such case, so long as such event of default shall not have been remedied, unless the principal of all the Electric System Bonds shall have already become due and payable, the Holders of not

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less than 25 percent in principal amount of the Electric System Bonds outstanding (by notice in writing to JEA), may declare the principal of all the Electric System Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Electric System Resolution or in any of the Electric System Bonds notwithstanding. The right of the Holders of not less than 25 percent in principal amount of the Electric System Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Electric System Bonds shall have matured by their terms, all overdue installments of interest upon the Electric System Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Electric System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Electric System Bonds or under the Electric System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Electric System Bonds outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The Electric System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Electric System Bonds, the Credit Enhancer for, and not the actual Holders of, Electric System Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Electric System Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an event of default under the Electric System Resolution. See "Action by Credit Enhancer When Action by Holders of Electric System Bonds Required" herein.

Issuance of Other Obligations

Except for Contract Debts and obligations, if any, permitted to be issued by JEA to finance the costs of any separate electric generating utility or system as described under "Creation of Separate Bulk Power Utilities or Systems" below, payable as a Cost of Operation and Maintenance, JEA will not issue any other obligations payable from the Revenues of the Electric System, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Electric System Bonds and the interest thereon, upon said Revenues except under the conditions and in the manner provided in the Electric System Resolution. Any obligations issued by JEA other than Contract Debts and any obligations permitted to be issued by JEA to finance the costs of any separate electric generating utility or system as described under "Creation of Separate Bulk Power Utilities or Systems" below, payable as a Cost of Operation and Maintenance, the Electric System Bonds, and Additional Parity Obligations provided for in the Electric System Resolution, payable from such Revenues, shall contain an express statement that such obligations are junior and subordinate in all respects to the Electric System Bonds authorized pursuant to the Electric System Resolution, as to lien on and source and security for payment from such Revenues. Without limiting the generality of the foregoing, Subordinated Bonds may be issued for any purpose of JEA relating to the Electric System including, without limitation, to refund Electric System Bonds and to finance any lawful purpose of JEA relating to the Electric System (including, without limitation, financing the costs of additions, extensions and improvements to the generating facilities of the Electric System and purposes incidental thereto).

Creation of Separate Bulk Power Utilities or Systems

Notwithstanding any other provisions of the Electric System Resolution to the contrary, JEA shall be authorized to construct or acquire and own and/or operate, either individually or acting jointly with any

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other Person located either within or without the State of Florida, other electric generating utilities or systems for the purpose of furnishing and supplying electric energy.

JEA shall be further authorized to issue its bonds, notes or other obligations to finance the cost of any such separate electric generating utility or system, which obligations shall be payable as provided in clause (4) under the caption "Establishment of Funds and Disposition of Revenues of the Electric System" herein (except that the obligation of JEA to make payments required to be made in respect of the St. Johns River Power Park System and the Bulk Power Supply System Projects shall be deemed Contract Debts, and shall be paid as a Cost of Operation and Maintenance of the Electric System).

None of the revenues derived by JEA from the operation of any such separate system shall be deemed to be Revenues of the Electric System under the Electric System Resolution.

Defeasance

If, at any time, JEA shall have paid or shall have made provision for payment of the principal, interest and redemption premiums, if any, with respect to any of the Electric System Bonds, then the pledge of and lien on the Net Revenues and other amounts pledged under the Electric System Resolution in favor of the Holders of such Electric System Bonds shall be no longer in effect, and such Electric System Bonds shall no longer be deemed to be Outstanding under the Electric System Resolution. For purposes of the preceding sentence, and unless otherwise provided with respect to the Electric System Bonds of a particular series in the supplemental resolution specifying the details of such Electric System Bonds, deposit by JEA of any of the following securities:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;
- (iii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in any of clauses (i), (ii) or (v) under this caption; *provided* that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;

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(iv) certificates of deposit, whether negotiable or non-negotiable, fully secured as to principal and interest by bonds or other obligations of the character described in clause (i) above;

(v) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, and which shall be rated in the highest whole rating category by at least two nationally recognized statistical rating organizations; and

(vi) Investment Agreements;

in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders of such Electric System Bonds, in respect of which such securities the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on such Electric System Bonds (or like deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) shall be considered "provision for payment."

Nothing in the Electric System Resolution shall be deemed to require JEA to call any Electric System Bond for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of JEA in determining whether to exercise any such option for early redemption.

Amendments

The Electric System Resolution provides that no material modification or amendment of the Electric System Resolution or of any resolution amendatory or supplemental to the Electric System Resolution may be made without the consent in writing of the Holders of not less than a majority in principal amount of the Electric System Bonds then Outstanding affected by such modification or amendment; *provided, however*, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affecting the unconditional promise of JEA to pay the principal of and interest on the Electric System Bonds as the same shall come due from the Net Revenues of the Electric System or reduce the percentage or otherwise affect the classes of Electric System Bonds the consent of the Holders of which is required to effect any material modification or amendment of the Electric System Resolution without the consent in writing of the Holder or Holders of all such Electric System Bonds. For the purpose of amending the Electric System Resolution, any Electric System Bond shall be deemed to be affected by a modification or amendment of the Electric System Resolution if the same adversely affects or diminishes the rights of the Holder of such Electric System Bond. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment any Electric System Bonds would be affected by any modification or amendment of the Electric System Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Electric System Bonds. For the purpose of amending the Electric System Resolution, a change in the terms of redemption of any Outstanding Electric System Bond shall be deemed only to affect such Electric System Bond, and shall be deemed not to affect any other Electric System Bond. See "Action by Credit Enhancer When Action by Holders of Electric System Bonds Required" herein.

The resolutions supplemental to the Electric System Resolution authorizing JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-1, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008B-4, Series Three 2008C-1, Series Three 2008C-2, Series Three 2008C-3

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and Series Three 2008D-1 (collectively, the "Prior Series Variable Rate Electric System Bonds") provide that in the event that JEA shall adopt any resolution supplemental to the Electric System Resolution making any amendment to the Electric System Resolution for which the consent of the Holders of the Prior Series Variable Rate Electric System Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an authorized officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Electric System Bonds of such Series a certificate requiring that the Prior Series Variable Rate Electric System Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Electric System Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Electric System Resolution. JEA intends to include this provision in each resolution supplemental to the Electric System Resolution it may adopt in the future authorizing the issuance of any Series of additional Electric System Bonds that bear interest at a variable or floating rate.

Action by Credit Enhancer When Action by Holders of Electric System Bonds Required

Except as otherwise provided in a supplemental resolution authorizing Electric System Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to such Credit Enhancement for the Electric System Bonds for which such Credit Enhancement is provided, the Credit Enhancer for, and not the actual Holders of, such Electric System Bonds for which such Credit Enhancement is being provided, shall be deemed to be the Holder of such Electric System Bonds as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to any amendment, change or modification of the Electric System Resolution which requires the written consent of Holders; *provided, however*, that the foregoing shall not apply to any change in the maturity of such Electric System Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affecting the unconditional promise of JEA to pay the principal of and interest on the Electric System Bonds as the same shall come due from the Net Revenues of the Electric System or reduce the percentage or otherwise affect the classes of Electric System Bonds the consent of the Holders of which is required to effect any material modification or amendment of the Electric System Resolution and (ii) giving any approval or consent, exercising any remedies or taking any other action in accordance with the provisions of the Electric System Resolution relating to events of default and remedies.

Special Provisions Relating to Capital Appreciation Bonds and Deferred Interest Bonds

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Interest Bonds becoming due at maturity or by virtue of an Amortization Installment shall be included in the calculations of accrued and unpaid and accruing interest or principal or Amortization Installments made for purposes of (a) the definitions of Adjusted Debt Service Requirement, Debt Service Requirement Debt Service Reserve Requirement and Maximum Aggregate Adjusted Debt Service Requirement and (b) the monthly deposits to the Debt Service Account in the Sinking Fund described in clause (2) under the caption "Establishment of Funds and Disposition of Revenues of the Electric System" herein only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Electric System Bonds is declared immediately due and payable following an event of default or (iii) computing the principal amount of Electric System Bonds held by the Holder of a Capital Appreciation

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Bond in giving to JEA any notice, consent, request or demand pursuant to the Electric System Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For purposes of (i) receiving payment of the redemption price if a Deferred Interest Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Interest Bond if the principal of all Electric System Bonds is declared immediately due and payable following an event of default or (iii) computing the principal amount of Electric System Bonds held by the Holder of a Deferred Interest Bond in giving to JEA any notice, consent, request, or demand pursuant to the Electric System Resolution for any purpose whatsoever, the principal amount of a Deferred Interest Bond shall be deemed to be its then current Appreciated Value.

Special Provisions Relating to Bank Bonds

Except as otherwise provided in the resolution of JEA supplemental to the Electric System Resolution authorizing a series of Bank Bonds, for the purposes of (i) receiving payment of a Bank Bond, whether at maturity, upon redemption or if the principal of all Electric System Bonds is declared immediately due and payable following an event of default under the Electric System Resolution or (ii) computing the principal amount of Electric System Bonds held by the Holder of a Bank Bond in giving to JEA any notice, consent, request, or demand pursuant to the Electric System Resolution for any purpose whatsoever, the principal amount of a Bank Bond shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Electric System Bonds of the installment or maturity for which such Bank Bond has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Electric System Bonds, less any prior repayments thereof.

Proposed Amendments to the Electric System Resolution

May 1998 Amending Resolution. In addition to certain amendments to the Electric System Resolution that heretofore have become effective, the May 1998 Amending Resolution provides for the amendment of certain provisions of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park (the "Power Park Amendment"), in a manner requiring (i) the consent of FPL, (ii) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds¹ outstanding and (iii) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding. To date, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

These amendments to the Electric System Resolution contained in the May 1998 Amending Resolution amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (i) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds¹ and the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or similar fund with respect to the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance, but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution also would have amended the provisions of the Electric System Resolution relating to the priority of payments with respect to the Scherer 4 Project (and any other project that may be financed under the Restated and

¹ The Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding.

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Amended Bulk Power Supply System Resolution in a manner similar to that described above with respect to the Power Park, but the amendments relating to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) were rescinded by JEA in conjunction with the adoption of the Restated and Amended Bulk Power Supply System Resolution.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE
SUBORDINATED ELECTRIC SYSTEM RESOLUTION

The following is a summary of certain provisions of the Subordinated Electric System Resolution. Summaries of certain definitions contained in the Subordinated Electric System Resolution are set forth below. Other terms defined in the Subordinated Electric System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Subordinated Electric System Resolution and, accordingly, is qualified by reference thereto and subject to the full text thereof.

The Subordinated Electric System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Subordinated Electric System Resolution (as so amended) also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Subordinated Bonds" as used in the Subordinated Electric System Resolution and in this summary has the same meaning as the term "Subordinated Electric System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definitions

The following are summaries of certain definitions in the Subordinated Electric System Resolution:

Accreted Value means, as of any date of computation with respect to any Capital Appreciation Subordinated Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Subordinated Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Subordinated Debt Service with respect to all Series, calculating the accrued Subordinated Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Subordinated Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Subordinated Debt Service) to the end of such calendar month; *provided, however*, that (i) there shall be excluded from the calculation of Accrued Aggregate Subordinated Debt Service any Principal Installments which are Refundable Principal Installments and (ii) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Accrued Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution.

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Adjusted Aggregate Subordinated Debt Service for any period means, as of any date of calculation, the Aggregate Subordinated Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Subordinated Bonds is included in Aggregate Subordinated Debt for such period, Adjusted Aggregate Subordinated Debt Service shall mean Aggregate Subordinated Debt Service determined (i) in the case of Refundable Principal Installments with respect to Subordinated Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Subordinated Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Adjusted Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution. Interest deemed payable in accordance with the foregoing in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Subordinated Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Adjusted Debt Service Requirement has the meaning given to such term in the Electric System Resolution.

Adjusted Net Revenues means the Net Revenues for any period, plus (X) the amounts, if any, paid from the Subordinated Bond Rate Stabilization Fund into the Subordinated Bond Fund during such period, and minus (Y) the amounts, if any, paid from the Revenue Fund into the Subordinated Bond Rate Stabilization Fund during such period.

Aggregate Adjusted Electric System Debt Service means, for any Fiscal Year, the sum of (i) the Adjusted Debt Service Requirement for such Fiscal Year and (ii) the Adjusted Aggregate Subordinated Debt Service for such Fiscal Year.

Aggregate Subordinated Debt Service for any period means, as of any date of calculation, the sum of the amounts of Subordinated Debt Service for such period with respect to all Series; *provided, however*, that (a) for purposes of estimating Aggregate Subordinated Debt Service for any future period (i) any Variable Rate Subordinated Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes or (Y) the Certified Interest Rate applicable thereto and (ii) any Option Subordinated Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution.

Alternate Variable Rate Taxable Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

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Alternate Variable Rate Tax-Exempt Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Appreciated Value means, with respect to any Deferred Income Subordinated Bond, (i) as of any date of computation prior to the Current Interest Commencement Date, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

BMA Municipal Swap Index means the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Build America Bonds means any Subordinated Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Subordinated Bonds.

Capital Appreciation Subordinated Bonds means any Subordinated Bonds issued under the Subordinated Electric System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Electric System Resolution or the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds.

Certified Interest Rate means, as of any date of determination:

- (i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in each of the foregoing cases, that were, at the date of the original issuance thereof, the subject of an Opinion of Counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*,

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however, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1), and

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in each of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of an Opinion of Counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a).

Code means the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note means any Subordinated Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Commercial Paper Payment Plan means, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the terms of the Subordinated Electric System Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or (b) Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 10th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Note in each other Fiscal Year in such period.

Credit Enhancement means, with respect to the Subordinated Bonds of a Series, a maturity within a Series, or an interest rate within a maturity or the Electric System Bonds of an installment, a maturity within an installment or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Subordinated Bonds or Electric System Bonds, as the case may be.

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Credit Enhancer means any person or entity which, pursuant to a Supplemental Subordinated Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for a Series of the Subordinated Bonds, a maturity within a Series or an interest rate within a maturity or an installment of the Electric System Bonds, a maturity within an installment or an interest rate within a maturity.

Current Interest Commencement Date means, with respect to any particular Deferred Income Subordinated Bonds, the date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds (which date must be prior to the maturity date for such Deferred Income Subordinated Bonds) after which interest accruing on such Deferred Income Subordinated Bonds shall be payable periodically on dates specified in such Supplemental Subordinated Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service Requirement shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Defeasance Securities means, unless otherwise provided with respect to the Subordinated Bonds of a Series in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds:

(i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption dates or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in any of clauses (i), (ii) or (v) of this definition; *provided, however*, that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;

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(iv) certificates of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in clause (i) above;

(v) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, and which shall be rated in the highest whole rating category by at least two nationally recognized statistical rating organizations;

(vi) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this clause (vi) referred to as "Providers"), (a) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (b) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided, however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) of the preceding sentence; and

(vii) upon compliance with the provisions of the Subordinated Electric System Resolution, such securities (a) as are described in clause (i) of this definition and (b) as are described in clause (iii) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) of this definition, in each case, which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Subordinated Bonds means any Subordinated Bonds issued under the terms of the Subordinated Electric System Resolution as to which interest accruing prior to the Current Interest Commencement Date therefor is (i) compounded periodically on dates specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Electric System Resolution or the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds.

Designated Swap Obligation means, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Subordinated Bonds or Electric System Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall

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have a term equal to the remaining term of such Subordinated Bonds or such Electric System Bonds, as applicable), and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Subordinated Bonds or the Electric System Bonds, as applicable, with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider means any person with whom JEA enters into a Designated Swap Obligation.

Electric System Debt Securities means Electric System Bonds, Subordinated Bonds and any other note, bond or other security evidencing indebtedness incurred to provide financing for the Electric System.

Gross Revenues or *Revenues* have the meaning given to such terms in the Electric System Resolution, as such meaning may be amended or modified in accordance with the provisions of the Electric System Resolution. For any purpose of the Subordinated Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, "Gross Revenues" or "Revenues" will be adjusted in the manner provided in the definition thereof contained in the Electric System Resolution, as such definition may be amended or modified in accordance with the provisions thereof.

Investment Securities means and includes any securities, obligations or investments that, at the time, shall be permitted by Florida law for investment of JEA's funds.

Medium-Term Note means any Subordinated Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Medium-Term Note Payment Plan means, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the provisions of the Subordinated Electric System Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Note shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 10th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Note in each other Fiscal Year in such period.

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Option Subordinated Bonds means Subordinated Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

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Principal Installment means, as of any date of calculation and with respect to any Series, so long as any Subordinated Bonds thereof are Outstanding, (i) the principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Subordinated Electric System Resolution) of any Sinking Fund Installments due on a certain future date for Subordinated Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Subordinated Bonds of such Series, the sum of such principal amount of Subordinated Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment means any Principal Installment which JEA intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in a Supplemental Subordinated Resolution authorizing such Series of Subordinated Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA determines to pay such Principal Installment with moneys which are not Revenues.

Special Subordinated Bonds means all Subordinated Bonds issued pursuant to the terms of the Subordinated Electric System Resolution to evidence JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with the provision of Credit Enhancement or liquidity support with respect to the Subordinated Bonds of a Series or the Electric System Bonds of a Series (or a maturity or maturities or interest rate within a maturity thereof) by a third party, whether issued in one or more Series, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to the terms of the Subordinated Electric System Resolution and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds.

Subordinated Bonds means any bonds, notes, certificates or other evidences of indebtedness authenticated and delivered under the Subordinated Electric System Resolution.

Subordinated Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on the Subordinated Bonds of such Series, except to the extent that such interest is to be paid from the proceeds of Subordinated Bonds or other Electric System Debt Securities and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Subordinated Bonds other than Special Subordinated Bonds, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Subordinated Bonds of such Series, whichever date is later, and (y) in the case of Special Subordinated Bonds, in accordance with the terms thereof and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds), in either such case, except to the extent that such Principal Installment is paid or to be paid from the proceeds of Subordinated Bonds or other Electric System Debt Securities; *provided, however*, that in the event that the Subordinated Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Subordinated Bonds, for purposes of this definition, the interest

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on the Subordinated Bonds of such Series shall be calculated net of the cash subsidy payments from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments due from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated without regard to such subsidy. Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Subordinated Bonds (except for Option Subordinated Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Subordinated Bonds tendered for payment before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds will be included in the calculation of Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution.

Notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution, (a) if JEA has in connection with any Subordinated Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Subordinated Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Subordinated Bonds, for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Subordinated Electric System Resolution relating to the issuance of additional Subordinated Bonds described under the caption "Additional Subordinated Bonds; Conditions to Issuance" below, it will be assumed that such Subordinated Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Subordinated Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Subordinated Electric System Resolution relating to the issuance of additional Subordinated Bonds described under the caption "Additional Subordinated Bonds; Conditions to Issuance" below, it will be assumed that such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

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U.S. Treasury means the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Subordinated Bond means any Subordinated Bond not bearing interest throughout its term at a specified rate or rates determined at the time of issuance of the Series of Subordinated Bonds of which such Subordinated Bond is one.

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Subordinated Bonds are payable from and secured as to the payment of the principal or Redemption Price, if any, thereof, and interest thereon, in accordance with their terms and the provisions of the Subordinated Electric System Resolution by (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (ii) amounts on deposit in the Funds established under the Subordinated Electric System Resolution, including the investments, if any, thereof, subject only to the provisions of the Subordinated Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Electric System Resolution; *provided, however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) will be junior and subordinate in all respects to the Electric System Bonds as to lien on and the source and security for payment from the Revenues.

The Subordinated Bonds shall be "Subordinated Bonds" within the meaning of such term contained in the Electric System Resolution.

Subordinated Bond Construction Fund

The Subordinated Electric System Resolution establishes a Subordinated Bond Construction Fund into which shall be deposited (a) amounts required to be paid into such Fund pursuant to any Supplemental Subordinated Resolution and (b) at the option of JEA, any moneys received for or in connection with the Electric System from any other source, unless required to be otherwise applied as provided by the Subordinated Electric System Resolution or the Electric System Resolution. Amounts on deposit in the Subordinated Bond Construction Fund will be withdrawn, used and applied by JEA solely for the payment of the cost of additions, extensions and improvements to the Electric System and purposes incidental thereto or any other lawful purpose of JEA relating to the Electric System.

Deposit of Revenues

Pursuant to the Subordinated Electric System Resolution, as soon as practicable in each month following the payment of the Cost of Operation and Maintenance of the Electric System and the making of all required deposits pursuant to the Electric System Resolution in respect of debt service on, and required reserves for, the Electric System Bonds, JEA is to pay out of the Revenue Fund established under the Electric System Resolution to the extent permitted by the Electric System Resolution and to the extent that the amount in the Revenue Fund is available therefor and deposit in the following funds established pursuant to the Subordinated Electric System Resolution the following amounts and in the following order of priority:

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1. ***To the Subordinated Bond Fund established pursuant to the Subordinated Electric System Resolution***, an amount at least equal to the amount, if any, required so that the balance in said Fund shall equal the Accrued Aggregate Subordinated Debt Service as of the last day of the then current month; *provided, however*, that, (a) for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance in said Fund the amount, if any, set aside in said Fund from the proceeds of Electric System Debt Securities for the payment of interest on Subordinated Bonds less that amount of such proceeds to be applied in accordance with the Subordinated Electric System Resolution to the payment of interest accrued and unpaid and to accrue on Subordinated Bonds to the last day of the then current calendar month; and (b) any amount deposited into said Fund during any month that is in excess of the minimum amount required to be deposited therein during such month may, upon written determination of an Authorized Officer of JEA, be deemed to be accumulated therein with respect to (i) any Sinking Fund Installment or (ii) any principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (iii) some combination of (i) and (ii), and interest thereon.

The Subordinated Electric System Resolution provides that, except as may otherwise be provided in a Commercial Paper Payment Plan, a Medium-Term Note Payment Plan or the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, JEA shall pay out of the Subordinated Bond Fund to the respective Paying Agent(s) therefor (i) on or before each interest payment date for any of the Subordinated Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Subordinated Bonds, the amount required for the payment of interest on the Subordinated Bonds then to be redeemed. Such amounts shall be applied by such Paying Agent(s) on and after the due dates thereof. JEA shall also pay out of the Subordinated Bond Fund the accrued interest included in the purchase price of Subordinated Bonds purchased for retirement. In addition, JEA may apply amounts in the Subordinated Bond Fund to the purchase or redemption of Subordinated Bonds to satisfy sinking fund requirements.

Whenever the moneys on deposit in the Subordinated Bond Fund shall exceed the amount required to be on deposit therein, as determined in accordance with the provisions of the Subordinated Electric System Resolution, such excess may be applied by JEA to any lawful purpose of JEA relating to the Electric System.

The Subordinated Electric System Resolution also provides that, in the event of the refunding or defeasance of any Subordinated Bonds, JEA may withdraw from the Subordinated Bond Fund all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Subordinated Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Subordinated Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Subordinated Bonds being refunded or defeased shall be deemed to have been paid pursuant to the provisions of the Subordinated Electric System Resolution, and (b) the amount remaining in the Subordinated Bond Fund, after giving effect to the issuance of the Electric System Debt Securities being issued to effect such refunding and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund. In the event of such refunding

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or defeasance, JEA may also withdraw from the Subordinated Bond Fund all or any portion of the amounts accumulated therein and (i) deposit such amounts in any fund or account under the Electric System Resolution or the Subordinated Electric System Resolution or (ii) apply such amounts to any lawful purpose of JEA relating to the Electric System; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

Notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution, whenever the amounts available therefor under the Electric System Resolution shall not be sufficient to pay the principal or redemption price of, or interest on, the Electric System Bonds then due, and such deficiency shall not have been cured by the transfer from the Subordinated Bond Rate Stabilization Fund described below, JEA shall withdraw from the Subordinated Bond Fund an amount equal to the remaining amount of such deficiency (or the entire amount on deposit therein, if less than the remaining amount of such deficiency), and shall deposit such amount in the Sinking Fund established under the Electric System Resolution.

2. ***To the Subordinated Bond Rate Stabilization Fund established pursuant to the Subordinated Electric System Resolution***, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited to such Fund for the month.

Each month JEA shall transfer from the Subordinated Bond Rate Stabilization Fund to the Subordinated Bond Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited into such Fund for the month. JEA may also from time to time withdraw amounts on deposit in the Subordinated Bond Rate Stabilization Fund and (i) transfer such amounts to any other fund or account established under the Subordinated Electric System Resolution or any fund or account established under the Electric System Resolution, (ii) use such amounts to purchase or redeem Subordinated Bonds or Electric System Bonds, (iii) use such amounts to otherwise provide for the payment of Subordinated Bonds or Electric System Bonds or (iv) use such amounts for any lawful purpose of JEA relating to the Electric System.

At any time and from time to time JEA may transfer for deposit in the Subordinated Bond Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts shall be applied for purposes of the Subordinated Bond Rate Stabilization Fund in accordance with the preceding paragraph.

Notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution, whenever the amounts available therefor under the Electric System Resolution shall not be sufficient to pay the principal or redemption price of, or interest on, the Electric System Bonds then due, JEA shall withdraw from the Subordinated Bond Rate Stabilization Fund an amount equal to the amount of such deficiency (or the entire amount on deposit therein, if less than the amount of such deficiency), and shall deposit such amount in the Sinking Fund established under the Electric System Resolution.

If and to the extent provided in a Supplemental Subordinated Resolution, the Subordinated Electric System Resolution also permits JEA to establish one or more additional funds or accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution and, if and to the extent provided in any such Supplemental Subordinated Resolution, amounts on

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deposit in any such fund or account, including the investments, if any, thereof may be pledged for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such fund or account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided, however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such fund or account, such deposit shall not be made in any month until after the deposits required to be made to the Subordinated Bond Fund and the Subordinated Bond Rate Stabilization Fund shall have been made for such month; and *provided, further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to be made with respect to all such funds and accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such fund and account.

During any period in which the Subordinated Debt Service with respect to any Series of Subordinated Bonds containing Build America Bonds shall be calculated in the manner provided in the proviso of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Subordinated Bond Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but not such payment shall constitute Revenues for any purpose of the Electric System Resolution or this Subordinated Resolution.

Additional Subordinated Bonds; Conditions to Issuance

JEA may issue additional Subordinated Bonds for the purposes of (i) providing a portion of the funds necessary for the construction or acquisition of additions, extensions and improvements to the Electric System, and purposes incidental thereto, (ii) providing funds for the refunding of Outstanding Electric System Bonds or Outstanding Subordinated Bonds and (iii) providing funds for any other lawful purpose of JEA relating to the Electric System. All such additional Subordinated Bonds will rank equally and be on a parity, as to security and source of payment, with all other Subordinated Bonds. Set forth below are certain conditions applicable to the issuance of additional Subordinated Bonds. The Subordinated Electric System Resolution provides that a Series of Subordinated Bonds may be issued at one time or from time to time. If the Subordinated Bonds of a Series are to be issued from time to time, the Subordinated Electric System Resolution requires that the conditions set forth below be satisfied only prior to the issuance of the first Subordinated Bonds of such Series to be issued.

Debt Service Coverage Test: The issuance of any Series of additional Subordinated Bonds (except for Refunding Subordinated Bonds and Special Subordinated Bonds) is conditioned upon the delivery by an Authorized Officer of JEA of a certificate to the effect that the Adjusted Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the first date of issuance of the Subordinated Bonds of such Series shall have been at least equal to the greater of (X) 115 percent of the Maximum Annual Aggregate Adjusted Electric System Debt Service on the Outstanding Electric System Bonds, the Outstanding Subordinated Bonds and the Subordinated Bonds of such Series or (Y) the sum of (i) the Maximum Annual Aggregate Adjusted Electric System Debt Service on the Outstanding Electric System Bonds, the Outstanding Subordinated Bonds and the Subordinated Bonds of such Series and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund established under the Electric System Resolution for the then current, or a previous, Fiscal Year.

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The Adjusted Net Revenues for such 12 month period may be adjusted for the purposes of the calculation required by the preceding paragraph (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Electric System made after the commencement of such period and preceding the first date of issuance of the Subordinated Bonds of such Series; (b) to reflect any increase in Adjusted Net Revenues due to any new facilities of the Electric System having been placed into use and operation subsequent to the commencement of such period and prior to the first date of issuance of the Subordinated Bonds of such Series; and (c) to include an amount equal to the average annual contribution to Adjusted Net Revenues for the first three full Fiscal Years commencing after the date of completion thereof estimated to be made by the facilities to be acquired and constructed with the proceeds of the Subordinated Bonds of such Series.

For purposes of the second preceding paragraph, Adjusted Net Revenues shall not include any amounts in respect of proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance).

No Default: In addition, additional Subordinated Bonds (except for Refunding Subordinated Bonds) may be issued only if an Authorized Officer of JEA certifies that no Event of Default exists under the Subordinated Electric System Resolution or that any such Event of Default will be cured through application of the proceeds of such Subordinated Bonds.

Redemption

In the case of any redemption of Subordinated Bonds, JEA shall give written notice to the Subordinated Bond Registrar(s) and the Paying Agent(s) therefor of the redemption date, of the Series, and of the principal amounts of the Subordinated Bonds of each maturity of such Series and of the Subordinated Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Subordinated Electric System Resolution or any Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part). Such notice shall be filed with such Subordinated Bond Registrar(s) and Paying Agent(s) for the Subordinated Bonds to be redeemed at least 33 days prior to the redemption date (or such shorter period (a) as may be specified in the Supplemental Subordinated Resolution authorizing the Series of Subordinated Bonds to be redeemed or (b) as shall be acceptable to such Subordinated Bond Registrar(s) and Paying Agent(s)). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agent(s) an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent(s), will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Subordinated Bonds to be redeemed.

Rate Covenant

Under the Subordinated Electric System Resolution, JEA has covenanted to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Adjusted Net Revenues in each Fiscal Year sufficient to pay the greater of (X) the sum of (i) 115 percent of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year and (ii) 115 percent of the Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such Fiscal Year or (Y) without duplication, (i) 100 percent of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year, and any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution and (ii) 100 percent of Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such

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Fiscal Year, and any additional amount required to make all other payments required to be made in such Fiscal Year by the Subordinated Electric System Resolution; *provided, however*, that for purposes of this paragraph there shall be excluded from the calculation of Aggregate Subordinated Debt Service all Refundable Principal Installments. For purposes of this covenant, Adjusted Net Revenues shall not include any amounts attributable to proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate Adjusted Net Revenues for such purposes.

Creations of Liens

JEA will not issue or incur indebtedness, other than the Electric System Bonds and Contract Debts (as defined in the Electric System Resolution), payable from Revenues on a prior basis than payment of Subordinated Bonds. JEA may issue bonds, notes or other evidences of indebtedness that are expressly made subordinate and junior in right of payment to the Subordinated Bonds and for which any pledge of such amounts in the Revenue Fund as may from time to time be available therefor shall be, and shall be expressed to be, subordinate in all respects to the pledge and lien created under the Subordinated Electric System Resolution as security for the Subordinated Bonds.

Sale or Mortgage of the Electric System

JEA will not sell all or substantially all of the physical properties of the Electric System, nor will it create or cause to be created any mortgage or other lien on such properties to secure the repayment of borrowed money or the payment of the deferred purchase price of property. For purposes of this covenant, "substantially all of the physical properties of the Electric System" shall be deemed to mean physical properties of the Electric System having an aggregate depreciated cost of not less than 90 percent of the total depreciated cost of all of the physical properties of the Electric System at the time.

Corporate Reorganization

In the Subordinated Electric System Resolution, JEA reserves the right to effect a reorganization of its corporate structure in any manner whatsoever permitted pursuant to the laws of the State of Florida; *provided* that no such reorganization may be undertaken if the result thereof would adversely affect the security for the Subordinated Bonds provided by the Subordinated Electric System Resolution.

Amendment of Subordinated Electric System Resolution

The Subordinated Electric System Resolution and the rights and obligations of JEA and of the Holders of the Subordinated Bonds may be amended by a Supplemental Subordinated Resolution with the written consent of the Holders of a majority in principal amount of (i) the Subordinated Bonds affected by such amendment or modification Outstanding at the time such consent is given, and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, the Subordinated Bonds of the particular Series and maturity entitled to the benefit of the Sinking Fund Installment and Outstanding at the time such consent is given. No such modification or amendment may (A) permit a change in the terms of redemption or maturity or any installment of interest or a reduction in the principal, Redemption Price or rate of interest thereon without consent of each affected Holder, or (B) reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment. For purposes of the foregoing, a Series of Subordinated Bonds shall be deemed to be affected by a modification or amendment of the Subordinated Electric System Resolution if the same adversely affects or diminishes the rights of the Holders of Subordinated Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Subordinated Bonds of any particular Series or maturity or any particular Commercial Paper Notes or

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Medium-Term Notes would be affected by any modification or amendment of the Subordinated Electric System Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Subordinated Bonds. For purposes of the foregoing, a change in the terms of redemption of any Outstanding Subordinated Bond shall be deemed only to affect such Subordinated Bond, and shall be deemed not to affect any other Subordinated Bond. For purposes of the foregoing, the Holders of Subordinated Bonds may include the initial Holders thereof regardless of whether such Subordinated Bonds are being held for subsequent resale. The Subordinated Electric System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided will be deemed to be the Holder of such Subordinated Bonds of any Series, or a maturity within a Series, at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Electric System Resolution which requires the written approval or consent of Holders, except that the foregoing provisions will not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without its written assent thereto. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

The Supplemental Subordinated Resolutions authorizing JEA's Variable Rate Electric System Subordinated Bonds, 2000 Series A, 2000 Series F-1, 2000 Series F-2 and 2008 Series D (collectively, the "Prior Series Variable Rate Subordinated Electric System Bonds", all of which constitute Variable Rate Subordinated Bonds within the meaning of the Subordinated Electric System Resolution) provide that in the event that JEA shall adopt any Supplemental Subordinated Resolution making any amendment to the Subordinated Electric System Resolution for which the consent of the Holders of the Prior Series Variable Rate Subordinated Electric System Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an Authorized Officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Subordinated Electric System Bonds of such Series a certificate requiring that the Prior Series Variable Rate Subordinated Electric System Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Subordinated Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Subordinated Electric System Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution. JEA intends to include this provision in each Supplemental Subordinated Resolution it may adopt in the future authorizing the issuance of any Series of additional Variable Rate Subordinated Bonds.

The Subordinated Electric System Resolution may be amended, without the consent of the Holders of the Subordinated Bonds, upon the delivery of an Opinion of Counsel to the effect that such amendment will not have a material adverse effect on the interests of the Holders of the Outstanding Subordinated Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisors to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate), (i) to cure any ambiguity, supply any omission or correct any defect or inconsistent provision in the Subordinated Electric System Resolution; (ii) to insert provisions clarifying the Subordinated Electric System Resolution; or (iii) to make any other modification or amendment of the Subordinated Electric System Resolution

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which in the reasonable judgment of such counsel will not have a material adverse effect on the interests of the Holders of the Outstanding Subordinated Bonds.

The Subordinated Electric System Resolution provides that in determining whether the interests of the Holders of any Subordinated Bonds are materially adversely affected, such counsel will consider the effect on the Holders of any Subordinated Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Without the consent of the Holders of the Outstanding Subordinated Bonds, JEA may adopt a Supplemental Subordinated Resolution which (i) closes the Subordinated Electric System Resolution against, or provides additional limitations and restrictions to, the issuance of Subordinated Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of JEA; (iii) adds limitations and restrictions to be observed by JEA; (iv) authorizes Subordinated Bonds of an additional Series; (v) provides for the issuance of Subordinated Bonds in coupon form payable to bearer or in uncertificated form, and determines other matters relative thereto; (vi) confirms any security interest or pledge created by the Subordinated Electric System Resolution; (vii) establishes one or more additional funds or accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution, specifies the purposes to which amounts on deposit in any such fund or account may be applied and, in connection therewith, specifies and determines any matters and things relative thereto; or (viii) makes any modification which is to be effective only after all Subordinated Bonds of each Series Outstanding as of the date of the adoption of such Supplemental Subordinated Resolution cease to be Outstanding.

Defeasance

The pledge of moneys and securities created by the Subordinated Electric System Resolution and all covenants, agreements and other obligations of JEA to the Holders will cease, terminate and become void and be discharged and satisfied whenever all Subordinated Bonds and interest due or to become due thereon are paid in full. If any Subordinated Bonds are paid in full, such Subordinated Bonds shall cease to be entitled to any lien, benefit or security under the Subordinated Electric System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Subordinated Bonds will cease, terminate and become void and be discharged and satisfied. Subordinated Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Subordinated Electric System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds) are met: (i) in case any Subordinated Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor, (ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Subordinated Bonds, and (iii) in the event such Subordinated Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Subordinated Bonds that the above deposit has been made and that such Subordinated Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Subordinated Bonds.

For purposes of determining whether Variable Rate Subordinated Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the Subordinated Electric System Resolution, the interest to come due on such Variable Rate Subordinated Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Rate

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Subordinated Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Subordinated Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Subordinated Bonds in order to satisfy the provisions of the Subordinated Electric System Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Subordinated Bonds or otherwise existing under the provisions of the Subordinated Electric System Resolution.

Option Subordinated Bonds shall be deemed to have been paid in accordance with the provisions of the Subordinated Electric System Resolution only if, in addition to satisfying the requirements described in clauses (i) and (ii) of the first paragraph hereof, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Subordinated Bonds which could become payable to the Holders of such Subordinated Bonds upon the exercise of any options provided to the Holders of such Subordinated Bonds; *provided, however*, that if, at the time a deposit is made with the Escrow Agent pursuant to provisions of the Subordinated Electric System Resolution, the options originally exercisable by the Holder of an Option Subordinated Bond are no longer exercisable, such Subordinated Bond shall not be considered an Option Subordinated Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Subordinated Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under the Subordinated Electric System Resolution.

Events of Default; Remedies

Events of default under the Subordinated Electric System Resolution include (i) failure to pay the principal (including Sinking Fund Installments) or Redemption Price of any Subordinated Bond when due; (ii) failure to pay any installment of interest on any Subordinated Bond when due; (iii) failure by JEA to perform or observe any other covenants or agreements contained in the Subordinated Electric System Resolution or the Subordinated Bonds; or (iv) an Event of Default pursuant to the provisions of the Electric System Resolution. Upon the happening of any such Event of Default the Holders of not less than 25 percent in principal amount of the Subordinated Bonds then Outstanding may declare the principal of and accrued interest on the Subordinated Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Subordinated Bonds have matured).

The Subordinated Electric System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Subordinated Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an Event of Default. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

During the continuance of an Event of Default under the Subordinated Electric System Resolution, JEA shall apply all moneys, securities and funds held or received by JEA with respect to the Subordinated Bonds as follows and in the following order: (i) to the extent required in the Electric System Resolution, to the payment of the interest and principal or redemption price due on the Electric System Bonds and (ii) to the interest and principal or Redemption Price due on the Subordinated Bonds.

Subordinated Bond Paying Agents

The Subordinated Electric System Resolution requires the appointment by JEA of one or more Paying Agents for the Subordinated Bonds of each Series. Any Paying Agent may resign on 60 days' notice and may at any time be removed with or without cause by JEA. Successor Paying Agents will be appointed by JEA, and will be an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank, trust company or national banking association having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 if there be such an entity willing to accept appointment.

Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required

Except as otherwise provided in a Supplemental Subordinated Resolution authorizing Subordinated Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Subordinated Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Electric System Resolution which requires the written approval or consent of Holders; *provided, however*, that the foregoing shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Subordinated Electric System Resolution.

Special Provisions Relating to Capital Appreciation Subordinated Bonds, Deferred Income Subordinated Bonds and Special Subordinated Bonds

The principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Subordinated Debt Service, Aggregate Subordinated Debt Service, Accrued Aggregate Subordinated Debt Service and Adjusted Aggregate Subordinated Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Capital Appreciation Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Electric System Resolution for any purpose whatsoever, the principal

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amount of a Capital Appreciation Subordinated Bond shall be deemed to be its then current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Income Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Deferred Income Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Electric System Resolution for any purpose whatsoever, the principal amount of a Deferred Income Subordinated Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in the Supplemental Subordinated Resolution authorizing a Series of Special Subordinated Bonds, for the purposes of (i) receiving payment of a Special Subordinated Bond, whether at maturity, upon redemption or if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (ii) computing the principal amount of Subordinated Bonds held by the Holder of a Special Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Electric System Resolution for any purpose whatsoever, the principal amount of a Special Subordinated Bond shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Subordinated Bonds of the Series or maturity or interest rate within a maturity or the Electric System Bonds of the installment or maturity or interest rate within a maturity for which such Special Subordinated Bond has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such bonds, less any prior repayments thereof.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE
SECOND POWER PARK RESOLUTION

The following is a summary of certain provisions of the Second Power Park Resolution. Summaries of certain definitions contained in the Second Power Park Resolution are set forth below. Other terms defined in the Second Power Park Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Second Power Park Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

The Second Power Park Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Second Power Park Resolution (as so amended) also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Bonds" as used in the Second Power Park Resolution and this summary has the same meaning as the term "Power Park Issue Three Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Second Power Park Resolution.

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (a) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (b) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided, however*, that (a) there shall be excluded from the calculation of Accrued Aggregate Debt service any Principal Installments which are Refundable Principal Installments, (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the Second Power Park Resolution and (c) if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d takes into account Accrued Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

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Additionally Secured Series shall mean a Series of Bonds for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to the Second Power Park Resolution in favor of all of the Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund 2d.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided, however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund 2d takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Bond Anticipation Notes shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

Bond Year shall mean the 12-month period commencing on October 1 in any year and ending on September 30 of the following year.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Certified Interest Rate shall mean, as of any date of determination:

(a) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (a) shall be the rate determined pursuant to the foregoing subclause (A),

(b) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have

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been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (A); and

(c) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d and with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, would bear if, assuming the same maturity date, terms and provisions (other than interest rate and redemption provisions) as such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, and on the basis of JEA's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, were issued at a fixed interest rate.

Commercial Paper Payment Plan shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Second Power Park Resolution setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Bonds other than Commercial Paper Note or Medium-Term Notes or (b) Subordinated Indebtedness, in either case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Costs shall mean, with respect to the System, all costs of planning, designing, acquiring, constructing, financing and placing in operation, or retirement or disposal of, the System, including amounts paid to FPL under the Joint Ownership Agreement for any cost or expense which would be Costs if paid or incurred by JEA, and which shall include, but not be limited to, funds for:

- (a) acquisition (including acquisition by prepayment) of additional fuel stockpile for the System;
- (b) all federal, state and local taxes and payments in lieu of taxes required to be paid under the Joint Ownership Agreement (other than payments in lieu of taxes provided for in Section 9.4.2.2 of the Joint Ownership Agreement) or otherwise legally required to be paid in connection with the acquisition and construction of the System;
- (c) all costs relating to claims or judgments arising out of construction or operation of the System;

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(d) planning and development costs, engineering fees, contractors' fees, costs of obtaining governmental or regulatory permits, licenses and approvals, costs of real property, labor, materials, equipment, supplies, training and testing costs, insurance premiums, legal and financing costs, administrative and general costs, and all other costs properly allocable to the acquisition and construction of the System and placing the same in operation;

(e) all other costs incurred in connection with, and properly chargeable or attributable to, the acquisition and construction of the System, including "Costs of Construction," "Other Costs" (other than those "Other Costs" which are payable as Operation and Maintenance Expenses), or "Costs of Plant" as defined in the Joint Ownership Agreement;

(f) the costs of any indemnity or surety bonds and premiums on insurance, preliminary investigation and development costs, engineering fees and expenses and contractors' fees and expenses;

(g) the costs of legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees, bond insurance and indemnity premiums, discounts to the underwriters or other purchasers thereof, amounts required to be paid under any interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars, in each case made in connection with the issuance of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA relating to the System;

(h) fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the Second Power Park Resolution;

(i) amounts, if any, required by the Second Power Park Resolution to be paid into the Debt Service Fund 2d to provide, among other things, for interest accruing on Bonds and to provide for the Debt Service Reserve Requirement or to be paid into the Revenue Fund 2d or the Renewal and Replacement Fund 2d for any of the respective purposes thereof;

(j) payments when due (whether at maturity of principal or due date of interest or of redemption) upon any indebtedness of JEA issued to finance or refinance any of the foregoing, and all federal, state and local taxes and payments in lieu of taxes in connection with the System or any part thereof; and

(k) working capital and reserves for any of the foregoing, including reimbursements to JEA for any of the above items theretofore paid by or on behalf of JEA.

It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of JEA related to the System which on the date of the Second Power Park Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of Florida law.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

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Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Debt Service Fund 2d made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d); provided, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on Such Bonds, for purposes of this definition, the interest on the Bonds of such series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such Series shall be calculated without regard to such subsidy and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (i) in the case of Bonds other than Reimbursement Obligations, if (A) there shall be no such preceding Principal Installment due date or (B) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later, and (ii) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Such interest and Principal Installments for such Series shall be calculated on the assumption that (i) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (ii) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (iii) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Second Power Park Resolution; *provided, however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

For the purpose of computing Debt Service (a) for any future period (i) any Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes or (Y) the Certified Interest Rate applicable thereto and, in the case of Commercial Paper Notes and Medium-Term Notes Outstanding, such

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period shall be assumed to have Principal Installments that come due in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan applicable thereto and (ii) any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Second Power Park Resolution.

Notwithstanding anything to the contrary contained in the Second Power Park Resolution, (a) if JEA has in connection with any Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount corresponding to the principal amount or issue price of such Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Debt Service with respect to such Bonds for purposes of the rate covenant contained in the Second Power Park Resolution, it will be assumed that such Bonds bear interest at a rate equal to the sum of (i) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination (or such lesser period the date of determination if in effect for less than five years), calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (A) and (ii) the difference (whether positive or negative) between (A) the fixed rate of interest on such Bonds and (B) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Debt Service with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of the rate covenant contained in the Second Power Park Resolution, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d, unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Series secured thereby during the then current, or any future, Fiscal Year (assuming, for this purpose, that all Additionally Secured Series secured thereby that bear interest at a variable or floating rate shall bear interest during such period at the Certified Interest Rate applicable thereto) excluding interest on such Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund 2d made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d).

For the purpose of the calculation of the Debt Service Reserve Requirement in the event that any Additionally Secured Bonds secured thereby shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest

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on such Bonds shall be calculated net of the amount of such subsidy; *provided, however*, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds,

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption

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premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate and (iv) which at the time of their purchase under the Second Power Park Resolution are rated "AAA" by Standard & Poor's Credit Market Services, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), if rated by such agency, and, are rated "Aaa" by Moody's Investors Service ("Moody's"), if rated by such agency,

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by two nationally recognized rating agencies,

(d) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (c) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000, or obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(e) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) or clause (b) of this definition to the extent not insured by the Federal Deposit Insurance Corporation,

(f) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (i) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other

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equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (ii) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off; the Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided, however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (i) or clause (ii) of the preceding sentence, and

(g) upon compliance with the applicable provisions of the Second Power Park Resolution, such securities (i) as are described in clause (a) of this definition and (ii) as are described in clause (d) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (a) of such definition, in each case provided that, notwithstanding such clauses, such securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Bonds shall mean any Bonds issued under the Second Power Park Resolution as to which interest accruing prior to the Current Interest Commencement Date is (a) compounded periodically on dates specified in the Supplemental Resolution authorizing such Deferred Income Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Second Power Park Resolution or the Supplemental Resolution authorizing such Deferred Income Bonds.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (a) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (b) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Bonds with respect to which such Designated Swap Obligation is entered into).

Electric Resolution shall mean the resolution adopted by JEA on March 30, 1982, authorizing the issuance of Electric System Revenue Bonds, as amended.

Electric System shall mean JEA's existing electric generating, transmission and distribution system consisting of the existing generating plants and transmission and distribution lines and facilities together with any and all improvements, extensions and additions thereto hereafter constructed or acquired, and all lands or interests therein, including buildings, machinery, equipment and all property, real or personal, tangible or intangible, now or hereafter owned and constructed or acquired by JEA as part of said existing electric system; such Electric System shall not be deemed to include (a) any facilities or property now or hereafter constructed, owned or operated by JEA as a part of the System or any other bulk power supply system projects or any other separate non-competing electric utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, (b) the existing water and sewer system owned by JEA or any additional utility functions hereafter added to such water and sewer system, (c) the district energy system owned by JEA or (d) any properties or interests in properties of JEA (i) which

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JEA determines shall not constitute a part of the Electric System for the purpose of the Electric Resolution at the time of the acquisition thereof by JEA or (ii) as to which JEA shall determine by resolution that the exclusion of such properties or interests in properties from the Electric System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the Electric Resolution.

First Resolution shall mean the St. Johns River Power Park System Revenue Bond Resolution adopted by JEA on March 30, 1982, as from time to time amended or supplemented.

FPL shall mean Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida.

Highest Rating Category shall mean (a) if the Bonds are rated by a Rating Agency, that each such Rating Agency has assigned a rating in the highest rating category given by that Rating Agency for that general category of security or obligation, and (b) if the Bonds are not rated (and, consequently, there is no Rating Agency), that Standard and Poor's or Moody's Investor Service has assigned a rating in the highest rating category given by that rating agency for that general category of security or obligation.

Investment Securities shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA's funds:

- (a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America;
- (b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase under the Second Power Park Resolution are rated "AAA" by S&P and "Aaa" by Moody's, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by S&P or Moody's, as the case may be;
- (c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision; *provided* that at the time of their purchase under the Second Power Park Resolution such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (d) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (e) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (b) of this definition; *provided* that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;

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(f) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; *provided* that at the time of their purchase under the Second Power Park Resolution such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody's or S&P or (Y) two nationally recognized rating agencies or (2) which bind, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; *provided* that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in subclause (a) or (b) of this clause (f), JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (a) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

(g) commercial paper that, at the date of investment, is rated "P-1" by Moody's and "A-1" by S&P, or if not so rated by both such rating agencies, then rated "P-1" by Moody's or "A-1" by S&P or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

(h) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (a) and (b) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;

(i) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by S&P and "Aa2" or above if rated by Moody's;

(j) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and

(k) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding

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senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

Joint Ownership Agreement shall mean (i) the Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2, dated April 2, 1982 between JEA and FPL, as amended and (ii) after the expiration of the term of the agreement described in clause (i), the agreement between JEA and FPL governing the joint ownership and operation of the System designated by JEA's governing board as intended to be treated as the Joint Ownership Agreement within the meaning of the Second Power Park Resolution. References in the Second Power Park Resolution to particular sections of the Joint Ownership Agreement after the agreement referred to in clause (ii) is in effect shall be deemed to be references to the respective sections of such agreement which cover the substance covered in the sections referenced in the Joint Ownership Agreement described in clause (i) above.

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Second Power Park Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Indebtedness, in either case, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (a) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (b) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

Net Revenues shall mean, for any period, the Revenues during such period, determined on an accrual basis, minus the Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses shall mean JEA's current expenses, paid or accrued, of operation, maintenance and repair of the System (but only to the extent not paid by or accrued in respect of "Revenues" under the First Resolution), including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include any reserve for renewals or replacements

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or any allowance for depreciation or amortization and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the System.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (a) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the Second Power Park Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (c) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds which JEA intends to pay with moneys which are not Revenues; *provided* that (a) in the case of Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds, (b) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (c) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; *provided, further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations shall mean all Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Bonds of a series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement shall mean, (a) if the First Resolution has not been satisfied and discharged, zero and (b) if the First Resolution has been satisfied and discharged, for each Bond Year, 12 1/2 percent of Aggregate Debt Service for such Bond Year or such greater amount as shall be determined from time to time by JEA's governing board as being prudent and appropriate.

Revenues shall mean (a) so long as the First Resolution has not been satisfied and discharged, (i) all payments made by JEA from its Electric System into the Revenue Fund 2d (x) pursuant to the applicable provision in the Second Power Park Resolution and (y) as may be required to comply with the requirements of the Second Power Park Resolution and (ii) amounts received or to be received as described in sub-clause (iii) of clause (b) below and (b) after the First Resolution has been satisfied and discharged, in addition to the payments received pursuant to sub-sub-clause (x) and (y) of sub-clause (i) of clause (a) above, (i) all revenues, income, rents and receipts derived or to be derived by JEA from or attributable or relating to the ownership and operation of the System, including all revenues attributable or relating to the System or to the payment of the costs thereof received or to be received by JEA from FPL under Section Eight of the Joint Ownership Agreement or otherwise payable to it for the sale of the output, capacity, use of service of the System or any part thereof or otherwise with respect to the System, including all payments made by

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JEA from its Electric System into the Revenue Fund 2d pursuant to the Second Power Park Resolution, (ii) the proceeds of any insurance covering business interruption loss relating to the System derived or to be derived by JEA and (iii) interest received or to be received on any moneys or securities (other than moneys or securities in the Construction Fund 2d) held pursuant to the Second Power Park Resolution and required to be paid into the Revenue Fund 2d. Revenues shall not include (a) any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System (except that payments made by JEA into the Revenue Fund 2d from the Electric System pursuant to the Second Power Park Resolution, as referred to in the preceding sentence, shall become Revenues when and to the extent such payments are actually made) or of any other separate bulk power supply utility or system of the nature referred to in the last sentence of the definition of St. Johns River Power Park System below, or (b) any payments by FPL to JEA for transmission service under 6.17 of the Joint Ownership Agreement. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Resolution.

St. Johns River Power Park System or System shall mean the Initial Facilities and the Additional Facilities. St. Johns River Power Park System or System shall not include JEA's Electric System or any other separate utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system.

Second Highest Rating Category shall mean (a) if the Bonds are rated by a Rating Agency, that each such Rating Agency has assigned a rating not lower than the second highest rating category (not taking into account numerical or plus or minus or other gradations within a rating category) given by that Rating Agency for that general category of security or obligation and (b) if the Bonds are not rated (and, consequently, there is no Rating Agency), that S&P or Moody's has assigned a rating not lower than the second highest rating category given by that rating agency for that general category of security or obligation.

Trust Estate shall mean (a) the proceeds of the sale of the Bonds, (b) the Revenues, and (c) all Funds and Accounts established by the Second Power Park Resolution (other than the Debt Service Reserve Account in the Debt Service Fund 2d and the Renewal and Replacement Fund 2d), including the investments and investment income, if any, thereof.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Bond shall mean any Bond not bearing interest throughout its remaining term at a specified rate or specified rates.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Second Power Park Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Second Power Park Resolution, subject only to the provisions of the Second Power Park Resolution

permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in the Second Power Park Resolution, the Trust Estate.

Pursuant to the Second Power Park Resolution, there are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Second Power Park Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Second Power Park Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund 2d, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the Second Power Park Resolution to payment of principal of and interest and redemption premium on the Bonds of all series, subject to the provisions of the Second Power Park Resolution permitting application for other purposes. For application of the Revenues, the Second Power Park Resolution establishes a Construction Fund 2d, Revenue Fund 2d, Debt Service Fund 2d, which shall consist of a Debt Service Account and a Debt Service Reserve Account, and within such Debt Service Reserve Account an Initial Subaccount; Subordinated Indebtedness Fund; Renewal and Replacement Fund 2d and General Reserve Fund 2d; all of such funds are held by JEA; *provided* that if and to the extent provided in a Supplemental Resolution authorizing Subordinated Indebtedness, the Subordinated Indebtedness Fund shall be held by the entity specified in such Supplemental Resolution.

Construction Fund 2d

There shall be paid into the Construction Fund 2d the amounts required to be so paid by the provisions of any Supplemental Resolution and there may be paid into the Construction Fund 2d, at the option of JEA, any moneys received for or in connection with the System by JEA from any other source, unless required to be otherwise applied as provided by the Second Power Park Resolution or the First Resolution. Amounts in the Construction Fund 2d shall be applied to the payment of the Costs of the System in the manner provided in the Second Power Park Resolution or for any other lawful purpose of JEA relating to the System.

The proceeds of insurance maintained pursuant to the Second Power Park Resolution against physical loss of or damage to the System or of contractors' performance bonds or other assurances of completion with respect thereto (all to the extent not required to be paid into an account under the First Resolution or not required to be held and applied under the Joint Ownership Agreement), pertaining to the period of construction or acquisition thereof, shall, upon receipt by JEA, be paid into the Renewal and Replacement Fund 2d.

Amounts in the Construction Fund 2d shall be paid by JEA into the Construction and Plant Account established pursuant to the Joint Ownership Agreement (and referred to in JEA's accounting system as the "Cost of Plant Account") to the extent, in the amounts and at the times required by the Joint Ownership Agreement.

To the extent that other moneys are not available therefor, amounts in the Construction Fund 2d shall be applied to the payment of the principal of and interest on the Bonds when due.

JEA may withdraw amounts from the Construction Fund 2d for the payment of amounts due and owing on account of Costs of the System.

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Amounts credited to the Construction Fund 2d which JEA determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account in the Debt Service Fund 2d, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess, upon written determination of an Authorized Officer of JEA, shall be deposited in the Revenue Fund 2d and the excess shall be deposited into the General Reserve Fund 2d; *provided, however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution.

JEA may permanently discontinue the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund 2d, if the Governing Body determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of JEA and not disadvantageous to the Holders of the Bonds.

Revenues and Revenue Fund 2d

Pursuant to the Second Power Park Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund 2d.

After payment of Operation and Maintenance Expenses, the Second Power Park Resolution provides that the Revenue Fund 2d should be applied monthly to the extent available in the following order:

- (a) in the Debt Service Fund 2d, (i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; *provided* that (A) for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said Account the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Second Power Park Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Account during any month that is in excess of the minimum amount required to be deposited therein during such month may be deemed by JEA to be accumulated therein with respect to (1) any Sinking Fund Installment or (2) any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and (ii) thereafter, for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund 2d shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund 2d shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

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(b) in the Subordinated Indebtedness Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor and make other payments, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness; and

(c) in the Renewal and Replacement Fund 2d, an amount determined in the discretion of JEA; *provided, however*, that the amount deposited therein in each Fiscal Year shall be at least equal to the Renewal and Replacement Requirement for that Fiscal Year.

The balance of any moneys remaining in the Revenue Fund 2d after the above required payments have been made shall be withdrawn from the Revenue Fund 2d and deposited in the General Reserve Fund 2d (other than amounts set aside therein as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel or materials and supplies inventory); *provided, however*, that none of the remaining moneys shall be used for any purpose other than those specified in this section above unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA shall have complied fully with all the covenants and provisions of the Second Power Park Resolution.

Notwithstanding the provisions above, so long as there shall be held in the Debt Service Fund 2d an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no deposits shall be required to be made into the Debt Service Fund 2d.

Debt Service Fund 2d -- Debt Service Reserve Account

There shall be established in the Debt Service Reserve Account in the Debt Service Fund 2d one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Bonds, in the manner and to the extent provided in the Second Power Park Resolution or the Supplemental Resolution establishing such subaccount, as the case may be.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund 2d (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series of the Bonds secured thereby.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount or the Second Power Park Resolution, as the case may be, such excess shall be deposited in the Revenue Fund 2d and the balance after all required payments have been made shall be deposited into the General Reserve Fund 2d; *provided, however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution.

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Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price, if applicable, and interest on the Bonds.

In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, JEA may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Second Power Park Resolution, and (b) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, JEA may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Second Power Park Resolution; *provided* that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; *provided, further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Second Power Park Resolution.

In addition to or in lieu of maintaining moneys or investments in a subaccount in the Debt Service Reserve Account JEA, in the Supplemental Resolution or Supplemental Resolutions authorizing the Series of Bonds additionally secured by such subaccount, may provide for the deposit into such subaccount of other available monies of JEA, from the sources and otherwise subject to such limitations as shall be provided in such Supplemental Resolution or Supplemental Resolutions.

**Establishment of Initial Subaccount in the
Debt Service Reserve Account and Application Thereof**

The Second Power Park Resolution establishes an Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d. Amounts held by JEA in the Initial Subaccount shall constitute a trust fund for the benefit of the Holders of the Bonds of any Series, if and to the extent that the Supplemental Resolution authorizing such Bonds provides that such Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount; *provided, however*, that if the Bonds of any Series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount, then it shall be a condition precedent to the authentication and delivery of such Bonds that the amount on deposit in the Initial Subaccount, after giving effect to any surety bond, insurance policy or letter of credit that may be credited to the Initial Subaccount in accordance with the provisions of the Second Power Park Resolution, and after giving effect to the issuance of such Bonds, shall not be less than the Debt Service Reserve Requirement for the Initial Subaccount. The Bonds of any Series that are additionally secured by amounts on deposit in the Initial Subaccount as aforesaid are herein referred to collectively as the "Initial Subaccount Additionally Secured Bonds." As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount secures JEA's Outstanding St. Johns River Power Park Revenue Bonds, Issue Three, Series One, Series Two, Series Four, Series Six, Series Seven and Series Eight.

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If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund 2d (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from the Initial Subaccount to the extent necessary to cure the deficiency that exists with respect to the Initial Subaccount Additionally Secured Bonds.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit (referred to in the Second Power Park Resolution as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities on deposit in the Initial Subaccount, if any, upon provision of such reserve fund credit instrument.

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(b) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount; *provided* that such entity or its claims paying ability is rated in the Highest Rating Category by each Rating Agency.

(c) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(d) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) through (c) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter

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of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(e) The use of any reserve fund credit instrument pursuant to the Second Power Park Resolution shall be subject to receipt of an opinion of counsel acceptable to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(f) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (iv) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(g) If (i) the revolving reinstatement feature described in the preceding clause (f) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Highest Rating Category (as rated by any Rating Agency) or (iii) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instrument then on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer

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of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(h) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (g).

(i) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Second Power Park Resolution for purposes of the rate covenant contained in the Second Power Park Resolution.

(j) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice timely to the issuer of the reserve fund credit instrument in accordance with its terms in order to receive proceeds thereunder prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Bonds.

(k) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On April 3, 2007, simultaneously with the issuance of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series One (the "Series One Bonds"), JEA caused XL Capital Assurance Inc. ("XLCA") to issue a debt service reserve insurance policy (the "XLCA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d. The XLCA Reserve Policy is in an initial amount equal to \$6,396,976.26, is non-cancelable, terminates on October 1, 2037 or earlier retirement of the Series One Bonds, and satisfied the requirements with respect to a reserve fund credit instrument contained in the Second Power Park Resolution at the time of its deposit to the Initial Subaccount. Because of a rating downgrade of XLCA, JEA has made a deposit to the Initial Subaccount in the amount of the XLCA Reserve Policy.

Renewal and Replacement Fund 2d

Amounts in the Renewal and Replacement Fund 2d shall be applied to the Costs of the System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the System, all to the extent not paid as Operation and Maintenance Expenses or from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund

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2d also may be applied (a) to the purchase, redemption, payment or provision for payment of Bonds or Subordinated Indebtedness, or interest thereon or (b) upon determination of the Governing Body, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the System.

If and to the extent provided in the Supplemental Resolution authorizing Bonds of a Series or Subordinated Indebtedness, amounts from the proceeds of such Bonds or Subordinated Indebtedness may be deposited in the Renewal and Replacement Fund 2d for any purpose of such Fund or may be deposited in the "Renewal and Replacement Fund" established under the First Resolution for any purpose of such Fund.

If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d shall be less than the current requirements of such Account or subaccount, respectively, then JEA shall transfer from the Renewal and Replacement Fund 2d for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

If at any time the amounts in the Subordinated Indebtedness Fund shall be less than the current requirement of such Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, then JEA shall transfer from the Renewal and Replacement Fund 2d for deposit in the Subordinated Indebtedness Fund the amount necessary (or all the moneys in the Renewal and Replacement Fund 2d if less than the amount necessary) to make up such deficiency.

General Reserve Fund 2d

JEA shall withdraw from the General Reserve Fund 2d and apply moneys in the following amounts and in the following order of priority: (a) JEA shall pay Operation and Maintenance Expenses due and unpaid, (b) JEA shall deposit in the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund 2d the amount necessary (or all the moneys in the General Reserve Fund 2d if less than the amount necessary) to make up any deficiencies in said Accounts, and (c) JEA shall deposit in the Renewal and Replacement Fund 2d the amount necessary (or all the moneys in the General Reserve Fund 2d if less than the amount necessary) to make up any deficiencies in payments to such Fund required the Second Power Park Resolution.

Amounts in the General Reserve Fund 2d not required to meet a deficiency or for transfer as required above shall upon determination of JEA be applied to or set aside for any one or more of the following:

- (a) the purchase (and delivery to the Bond Registrar for cancellation) or redemption of Bonds and expenses in connection with the purchase or redemption of such Bonds;
- (b) payment of any reserves which JEA determines shall be required for such purposes;

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- (c) transfer to the Renewal and Replacement Fund 2d for application to the purposes of such Fund; and
- (d) any other lawful purpose of JEA.

Additional Bonds

JEA may issue one or more series of additional Bonds for any lawful purpose of JEA relating to the System. All such Bonds will be payable from the Trust Estate pledged pursuant to the Second Power Park Resolution and secured thereby on a parity with all other Bonds. In addition, each series of Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d established under the Second Power Park Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Bonds:

Debt Service Reserve. If, at JEA's option, any series of additional Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d established under the Second Power Park Resolution, the issuance of the additional Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Bonds.

No Default. In addition, Bonds of any series other than Refunding Bonds may be issued only if JEA certified that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Second Power Park Resolution.

Subordinated Indebtedness

JEA may, at any time, or from time to time, issue Subordinated Indebtedness for any lawful purpose of JEA related to the System, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof; *provided, however*, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Trust Estate created by the Second Power Park Resolution as security for the Bonds.

Investment of Certain Funds

Unless further limited as to maturity by the provisions of a Supplemental Resolution, moneys held in the Funds and Accounts established under the Second Power Park Resolution may be invested and reinvested by JEA in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such Funds and Accounts. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Second Power Park Resolution and held by JEA, JEA may combine such moneys with moneys in any other Fund or Account held by JEA, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund 2d, shall be paid into the Revenue Fund 2d. Interest earned on any moneys or investments in the Construction Fund 2d shall be held in such Fund for the purposes thereof or paid into the Revenue Fund 2d.

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Nothing contained in the Second Power Park Resolution shall prevent JEA, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements ("lending agreements") with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities; *provided* that each such lending agreement (a) is in commercially reasonable form and is for a commercially reasonable period, and (b) results in a transfer to JEA of legal title to, or a grant to JEA of a prior perfected security interest in, identified securities which are obligations described in the definition of Investment Securities and which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of, JEA; *provided* that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102 percent of the market value of the securities loaned by JEA under such agreement. Any Investment Securities loaned by JEA under any such agreement shall be released from the lien of the pledge of the Trust Estate created under the Second Power Park Resolution, but only if all rights of JEA under the lending agreement (including, but not limited to, the monetary obligations to JEA of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of JEA to the identified securities transferred or pledged to JEA in connection therewith are substituted for the securities loaned, and such rights of JEA are by the Second Power Park Resolution declared to be subject to the lien of the pledge of the Trust Estate created under the Second Power Park Resolution to the same extent that the loaned Investment Securities formerly were subject.

Redemption

In the case of any redemption of Bonds, JEA shall give written notice to the Bond Registrar(s) therefor and the Paying Agents of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series and of the Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Second Power Park Resolution or any Supplemental Resolution authorizing the Series of which such Bonds are a part). Such notice shall be filed with such Bond Registrars and the Paying Agents for the Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Series of the Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrars and Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

Covenants as to Rates, Fees and Charges

JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to provide Net Revenues in each Bond Year which shall be at least equal to the greater of (a) 115 percent of the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (b) the amount which, together with other available funds, shall be sufficient for the payment of:

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- (a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);
- (b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);
- (c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);
- (d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and
- (e) all other charges and liens whatsoever payable out of Revenues during such Bond Year.

The Second Power Park Resolution establishes charges to JEA for the account of the Electric System, for the output, capacity, use and service of the System which are due on such dates and in such aggregate amounts as shall be sufficient to provide Net Revenues in each Bond Year sufficient to comply with the provision above.

JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the System free of charge to any person, firm or corporation, public or private.

Certain Other Covenants

Creation of Liens; Sale and Lease of Property. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Second Power Park Resolution and shall not create or cause to be created any lien or charge on the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d or such moneys, securities or funds; *provided, however,* that nothing contained in the Second Power Park Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Bonds or investment income therefrom, or (ii) amounts in the Construction Fund 2d derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of the System, or (iii) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Second Power Park Resolution shall be discharged and satisfied as provided in the Second Power Park Resolution, or (b) Subordinated Indebtedness.

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No part of the System shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(a) JEA may dispose of, sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of the System, or (ii) the net book value of the property or facilities disposed of, sold or exchanged is not more than 15 percent of the net book value of the property and facilities of the System, or (iii) there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the disposal, sale or exchange of such property or facilities will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the rate covenant described under "Covenant as to Rates, Fees and Other Charges." The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund 2d; *provided, however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution;

(b) JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, to the extent required by the Joint Ownership Agreement;

(c) In addition to the Joint Ownership Agreement, JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA of the System and (ii) does not in any manner impair or adversely affect the rights or security of the Holders of the Bonds under the Second Power Park Resolution; *provided, further*, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of 15 percent of the then current accumulated Cost of Acquisition and Construction (as defined in the First Resolution) of the System, JEA shall first file with the records of JEA a certificate of an Authorized Officer of JEA to the effect that the action of JEA with respect thereto does not result in a breach of the conditions under this clause (c). Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues;

(d) JEA may permanently discontinue the acquisition or construction of any portion of the System as provided in the Second Power Park Resolution; and

(e) JEA may acquire by lease or lease purchase additions and improvements to the System. The agreement pursuant to which such lease or lease purchase is made may provide that upon termination of such lease or lease purchase JEA shall be obligated to return the property subject to such lease or lease purchase, or such portion thereof as has not been fully paid for, to the lessor or its designee.

Maintenance of Insurance. JEA shall at all times keep or cause to be kept the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to such properties of the System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and

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risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the System.

JEA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Holders of the Bonds.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA unless otherwise required by the Joint Ownership Agreement.

Reconstruction; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of the System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA setting forth a determination by JEA that, taking into account all relevant facts and circumstances, including, if and to the extent JEA deems appropriate, the advice of the Consulting Engineer as to engineering matters, its attorneys as to legal matters and other consultants and advisors, such reconstruction or replacement is not in the interest of JEA and the Holders of the Bonds or unless it is determined under the provisions under the Joint Ownership Agreement that such reconstruction or replacement is not to be undertaken. Except as provided in the Second Power Park Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund 2d pursuant to the Second Power Park Resolution) or Condemnation unless held and applied under the Joint Ownership Agreement shall be held by JEA in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by JEA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such account or investments shall be deposited in the Revenue Fund 2d. Any such proceeds not applied within 36 months after receipt thereof by JEA to repairing or replacing damaged, destroyed or taken property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been filed with the records of JEA within such 36 months, or which JEA shall at any time determine are not to be so applied, unless otherwise applied, shall, unless otherwise applied or to be applied under the Joint Ownership Agreement, upon determination of JEA, be deposited in the Revenue Fund 2d; *provided, however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution. Notwithstanding the foregoing, in the event that payments for any such repairing or replacing of property damaged, destroyed or taken prior to the availability of proceeds of insurance or Condemnation therefor are made from the Renewal and Replacement Fund 2d, or from other funds of JEA not held in any Fund or Account established pursuant to the Second Power Park Resolution, such proceeds when received shall be deposited in the Renewal and Replacement Fund 2d to the extent of such payments therefrom, or shall be paid over to JEA, free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Second Power Park Resolution, as appropriate.

If the proceeds of insurance or Condemnation authorized by this Section to be applied to the reconstruction or replacement of any portion of the System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Renewal and Replacement Fund 2d.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund 2d unless otherwise required by the First Resolution or the Joint Ownership Agreement.

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Joint Ownership Agreement: Enforcement and Amendment. Upon the satisfaction and discharge of the First Resolution, JEA shall collect and forthwith deposit in the Revenue Fund 2d all amounts payable to it pursuant to Section Eight of the Joint Ownership Agreement or otherwise payable to it for the sale of the output, capacity, use or service of the System or any part thereof or otherwise with respect to the System. JEA shall enforce the provisions of the Joint Ownership Agreement and duly perform its covenants and agreements thereunder.

Allocation to Electric System of Output and Capacity of System; Obligations of Electric System. JEA shall allocate to and make available for the account of the Electric System in each year that portion of the output, capacity, use and service of the System which is in excess of the output, capacity, use and service of the System sold to FPL pursuant to Section Eight of the Joint Ownership Agreement. JEA shall make payments from the Electric System which will provide:

- (i) in each month, Revenues equal to:
 - (a) the Operation and Maintenance Expenses due and payable during such month (but with no duplication for amounts paid therefor pursuant to the First Resolution);
 - (b) the amount, if any, to be set aside in the Revenue Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Bonds) as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel in accordance with the then current Annual Budget,
 - (c) the Monthly Debt Service Deposit for such month,
 - (d) the amount, if any, to be paid during such month into the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Bonds),
 - (e) to the extent not paid into the revenue fund established pursuant to the First Resolution, all other direct and indirect costs of operating and maintaining the System, if any, which are not payable under the Second Power Park Resolution, but which are required to be paid by JEA under the Joint Ownership Agreement, including but not limited to (X) all costs, expenses, liabilities and charges which constitute "Costs of Operation" under the Joint Ownership Agreement and (Y) all losses, costs, damages and expenses payable to FPL under Section 13.6 of the Joint Ownership Agreement, and
 - (f) all other charges or liens (other than Costs of Acquisition and Construction of Initial Facilities or any Additional Facilities) whatsoever payable out of Revenues during such month, including payments of damages awarded pursuant to judgments of any court; and

During any period in which the Debt Service for any Series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* contained in clause (i) of the first paragraph of the definition thereof contained in Section 101 hereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund 2d and transfer to the Debt Service Account in the Debt Service Fund 2d an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any such cash subsidy payment received by JEA from the U.S. Treasury in respect of the

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interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund 2d, but no such payment shall constitute Revenues for any purpose of the Resolution.

- (ii) in each 12-month period ending September 30, the Renewal and Replacement Requirement for such period.

So long as the Electric Resolution shall not be satisfied and discharged, all payments to be made pursuant to the applicable provision of the Second Power Park Resolution shall constitute a "Cost of Operation and Maintenance" (as defined in the Electric Resolution) to be paid directly from the "Revenue Fund" established under the Electric Resolution. After the satisfaction and discharge of the Electric Resolution, JEA shall continue to make such payments from the revenues, income, rents and receipts derived by JEA from the ownership and operation of the Electric System as an operating expense of said Electric System. All such payments from the Electric System shall be made whether or not the System or any part thereof is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the System for any reason whatsoever, in whole or in part.

So long as the Electric Resolution shall not be satisfied and discharged, JEA shall not consent or agree to or permit any amendment or supplement to the Electric Resolution (other than a supplement thereto to authorize a series of additional parity bonds as permitted by the Electric Resolution) which will in any manner materially impair or materially adversely affect the obligation of JEA to pay for the output, capacity, use and service of the System in accordance with the Second Power Park Resolution or the priority of such obligation under the Electric Resolution, or which will in any manner impair or materially adversely affect the rights or security of the Holders of the Bonds under the Second Power Park Resolution.

Except as otherwise provided in this paragraph, after the satisfaction and discharge of the Electric Resolution and the satisfaction and discharge of the First Resolution, (i) JEA shall not become liable for any bonds, notes, debentures or other evidences of indebtedness of similar nature payable out of or secured by a pledge of or lien or charge on any of the revenues, income, rents or receipts to be derived by JEA from the ownership or operation of the Electric System which shall rank on a parity with or in priority over the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of the System in accordance with the applicable provision in the Second Power Park Resolution, and (ii) JEA shall not become liable for any obligation under any agreement to purchase or pay for electric power and energy or other goods or services whether or not the same are made available or furnished or any other obligation under which JEA lends credit to or guarantees any debt, claim or other obligation of any other person, firm or corporation which shall rank in priority over the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use or service of the System in accordance with the applicable provision in the Second Power Park Resolution; *provided, however*, that nothing contained in this paragraph shall prohibit or restrict JEA from establishing one or more other separate bulk power supply utilities or systems pursuant to Chapter 80-513, Laws of Florida, as amended, or any other law, and issuing its bonds therefore as provided in said Chapter 80-513, as amended, or such other law, and from making payments from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System for the purchase of output, capacity, use or service of any of the facilities of any such separate bulk power supply utility or system, including payments with respect to debt service on such bonds, on a parity with (but no in priority over) the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of the System in accordance with the applicable provision of the Second Power Park Resolution.

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Operation and Maintenance of the Electric System. JEA shall at all times operate or cause to be operated the Electric System properly and in an efficient and economical manner, consistent with good business and utility operating practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Electric System may be properly and advantageously conducted.

Rates and Fees of the Electric System. JEA shall at all times fix, establish, maintain, charge and collect fees and other charges for the sale of the output, capacity, use or service of the Electric System as shall be required to provide moneys from the Electric System at least sufficient in each fiscal year with respect to the Electric System for the payment of all charges or liens whatsoever payable out of revenues of the Electric System during such fiscal year, including the obligation of JEA to pay from the Electric System for output, capacity, use and service of the System in accordance with the applicable provision of the Second Power Park Resolution.

Except as otherwise provided in the Electric Resolution, JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private, and JEA will enforce promptly the payment of any and all accounts owing to JEA by reason of the ownership and operation of the Electric System.

Maintenance of Insurance for the Electric System. JEA shall at all times keep or cause to be kept the properties of the Electric System which are of an insurable nature and of the character usually insured by those operating properties similar to the Electric System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Electric System.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA.

Reconstruction of the Electric System. If any useful portion of the Electric System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise, JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there is executed a certificate by an Authorized Officer of JEA to the effect that such reconstruction and replacement is not in the interest of JEA and the Holders of the Bonds.

Events of Default; Remedies

If one or more of the following Events of Default shall happen:

- (a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement);
- (b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity

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date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and such default shall continue for a period of 30 days;

(c) if default shall be made by JEA in the performance or observance of any other of the covenants, agreements or conditions on its part in the Second Power Park Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Bonds Outstanding;

(d) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(e) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Holders of not less than 25 percent in principal amount of the Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Second Power Park Resolution or in any of the Bonds notwithstanding; *provided, however*, that in the event that a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided provides that the principal of such Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the following sentence) without the consent in writing of the Credit Enhancer therefor, then such Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled, as provided in the following sentence) without such written consent, and, in that event, the remedies available to the Holders of such Bonds (or such Credit Enhancer, on behalf of such Holders) shall be limited to those set forth in the Second Power Park Resolution. The right of the Holders of not less than 25 percent in principal amount of the Bonds to make such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Second Power Park Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Bonds or under the Second Power Park Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any

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subsequent default or impair or exhaust any right or power consequent thereon. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

During the continuance of an Event of Default, JEA shall apply all moneys, securities, funds and Revenues held or received by JEA under the Second Power Park Resolution (other than amounts on deposit in any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d) as follows and in the following order:

- (a) Operation and Maintenance Expenses -- to the payment of the amounts required for Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the System necessary in the judgment of JEA to prevent a loss of Revenues;
- (b) Principal or Redemption Price and Interest -- to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:
- (c) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

- (a) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and
- (b) Subordinated Indebtedness -- to the payment of principal, redemption price and interest then due on Subordinated Indebtedness in accordance with the Supplemental Resolution(s) authorizing such Subordinated Indebtedness.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d as follows and in the following order:

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(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of each Additionally Secured Series secured by such separate subaccount in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds of such Additionally Secured Series theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or sinking fund Redemption Price of any Bonds of such Additionally Secured Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or sinking fund Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds of each Additionally Secured Series secured by such separate subaccount without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries, and all other sums payable by JEA under the Second Power Park Resolution including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of JEA, and all defaults under the Second Power Park Resolution or the Bonds shall be made good, JEA and the Holders shall be restored, respectively, to their former positions and rights under the Second Power Park Resolution. No such restoration of JEA and the Holders to their former positions and rights shall extend to or affect any subsequent default under the Second Power Park Resolution or impair any right consequent thereon.

Powers of Amendment

Any modification or amendment of the Second Power Park Resolution and of the rights and obligations of JEA and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Second Power Park Resolution (a) of the Holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (b) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like

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Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of the Second Power Park Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the Second Power Park Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Bonds. For the purpose of this Section, a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond. For the purpose of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

Amendment to the Second Power Park Resolution

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of JEA may be adopted, which, upon its adoption and compliance with the applicable provisions of the Second Power Park Resolution, shall be fully effective in accordance with its terms:

- (a) to close the Second Power Park Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Second Power Park Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;
- (b) to add to the covenants and agreements of JEA in the Second Power Park Resolution other covenants and agreements to be observed by JEA which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect;
- (c) to add to the limitations and restrictions in the Second Power Park Resolution other limitations and restrictions to be observed by JEA which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect;
- (d) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;
- (e) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto;

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(f) to confirm, as further assurance, any security interest or pledge under, and the subjection to any security interest or pledge created or to be created by, the Second Power Park Resolution of the Revenues or of any other moneys, securities or funds;

(g) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve Account securing the Bonds of such Additionally Secured Series;

(h) to modify any of the provisions of the Second Power Park Resolution in any other respect whatever; *provided* that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof; and

(i) to authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness.

Supplemental Resolutions Effective Upon Delivery of Counsel's Opinion as to No Material Adverse Effect

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (a) delivery of a Counsel's Opinion to the effect that the provisions of such Supplemental Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (i) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (ii) the Consulting Engineer, as to matters within its field of expertise and (iii) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (b) compliance with the applicable provision of the Second Power Park Resolution, shall be fully effective in accordance with its terms:

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Second Power Park Resolution;

(ii) to insert such provisions clarifying matters or questions arising under the Second Power Park Resolution as are necessary or desirable and are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect; or

(iii) to make any other modification to or amendment of the Second Power Park Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of Holders of the Bonds.

Notwithstanding any other provision of the Second Power Park Resolution, in determining whether the interests of the Holders of Outstanding Bonds are materially adversely affected, such counsel shall consider

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the effect on the Holders of any Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Defeasance

If all Bonds and interest due or to become due therein are paid in full, then the pledge of moneys and securities and all covenants, agreements and other obligations of JEA to the Holders of the Bonds, will thereupon cease, terminate and become void and be discharged and satisfied.

If any Bonds are paid in full, then such Bonds shall cease to be entitled to any lien, benefit or security under the Second Power Park Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds are deemed to have been paid and are not entitled to the lien benefit and security of the Second Power Park Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Bonds) are met (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, JEA shall have given to the Escrow Agent therefor instructions accepted in writing by such Escrow Agent to give notice of redemption thereof, (b) there shall have been deposited with the Escrow Agent therefor either moneys, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, and (c) in the event said Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall have given such Escrow Agent instructions to give to the Holders of such Bonds a notice that the above deposit has been made and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the Second Power Park Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of the Second Power Park Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Second Power Park Resolution.

Option Bonds shall be deemed to have been paid in accordance with the provisions of the Second Power Park Resolution only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Escrow Agent pursuant to the provisions of the Second Power Park Resolution, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Bonds is not required

for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Second Power Park Resolution.

Action by Credit Enhancer When Action by Holders of Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Bonds of a Series, or a maturity within a Series or an interest rate within a maturity, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Bonds of any Series, or maturity within a Series or an interest rate within a maturity, as to which it is the Credit Enhancer at all times for the purpose of (a) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Second Power Park Resolution, which requires the written approval or consent of Holders; *provided, however*, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (b) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Second Power Park Resolution.

Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (a) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (b) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Second Power Park Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (a) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (b) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to JEA any notice, consent, request or demand pursuant to the Second Power Park Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (a) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an

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Event of Default or (b) computing the principal amount of Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the Second Power Park Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Bonds, less any prior repayments thereof.

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APPENDIX E

**SUMMARY OF CERTAIN PROVISIONS OF THE
RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION**

The following is a summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution. Summaries of certain definitions contained in the Restated and Amended Bulk Power Supply System Resolution are set forth below. Other terms defined in the Restated and Amended Bulk Power Supply System Resolution for which summary definitions are not set forth are indicated by capitalization. This summary does not purport to be a complete description of the terms of the Restated and Amended Bulk Power Supply System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

The Restated and Amended Bulk Power Supply System Resolution is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Restated and Amended Bulk Power Supply System Resolution also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Bonds" as used in the Restated and Amended Bulk Power Supply System Resolution and this summary has the same meaning as the term "Additional Bulk Power Supply System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Restated and Amended Bulk Power Supply System Resolution.

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (a) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (b) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided, however*, that (a) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the Restated and Amended Bulk Power Supply System Resolution and (c) if the calculation of the Debt Service Reserve Requirement for any separate

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subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Accrued Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Additionally Secured Series shall mean a Series of Bonds for which the Supplemental Resolution authorizing such Series provides that the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to the Restated and Amended Bulk Power Supply System Resolution in favor of all of the Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided, however*, that the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Aggregate Debt Service at the times and in the manner provided in the Restated and Amended Bulk Power Supply System Resolution; and *provided, further*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Annual Budget shall mean, with respect to any Project, the annual budget or budgets, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in the Restated and Amended Bulk Power Supply System Resolution.

Appreciated Value shall mean, with respect to any Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Authorized Officer of JEA shall mean (a) the Chair, the Vice Chair or the Secretary of the Governing Body, (b) the Managing Director and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer or the Director, Treasury Services of JEA (or any officer of JEA serving in a capacity equivalent to that of any of the foregoing officers) or (c) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by the Governing Body.

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Bond Anticipation Notes shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

Bond Year shall mean the 12-month period commencing on October 1 in any year and ending on September 30 of the following year.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Certified Interest Rate shall mean, as of any date of determination:

(a) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (a) shall be the rate determined pursuant to the foregoing subclause (i),

(b) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (b) shall be the rate determined pursuant to the foregoing subclause (i); and

(c) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund and with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, would bear if, assuming the same maturity date, terms and provisions (other than interest rate and redemption provisions) as such proposed

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Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, and on the basis of JEA's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, were issued at a fixed interest rate.

Commercial Paper Payment Plan shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Restated and Amended Bulk Power Supply System Resolution setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Indebtedness, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Note shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Costs shall mean, with respect to any Project, the costs, expenses and liabilities paid or incurred or to be paid or incurred by JEA in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, repairing, extending, improving, reconstructing, retiring, decommissioning and disposing thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto (including, for this purpose, any acquisition by JEA of an interest in an existing facility), including, but not limited to, any good faith or other similar payment or deposits required in connection with the acquisition or construction of such Project, or any part thereof, the cost of acquisition by or for JEA of real and personal property or any interests therein, costs of physical construction or acquisition of such Project, or any part thereof, and costs of JEA incidental to such construction or acquisition, the cost of acquisition of fuel or fuel inventory or facilities for the production or transportation of fuel, all costs relating to injury and damage claims relating to such Project, or any part thereof, all costs relating to the settlement or renegotiation of any contract entered into in connection with any Project, the cost of any indemnity or surety bonds and premiums on insurance, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees and bond insurance and indemnity premiums, discounts to the underwriters or purchasers thereof, amounts required to be paid under any interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars and termination fees related to the foregoing, in each case made in connection with the issuance of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA relating to the Project, fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the Restated and Amended Bulk Power Supply System Resolution, amounts, if any, required by the Restated and Amended Bulk Power Supply System Resolution to be paid into the Debt Service Fund to provide, among other things, for interest accruing on Bonds and to provide for the Debt Service Reserve Requirement or to be paid into the Revenue Fund or the Renewal and Replacement Fund for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of JEA, including Bonds,

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Bond Anticipation Notes and Subordinated Indebtedness, issued to finance or refinance any of the foregoing, and all federal, state and local taxes and payments in lieu of taxes in connection with any Project, or any part thereof, and working capital and reserves for any of the foregoing and shall include reimbursements to JEA for any of the above items theretofore paid by or on behalf of JEA.

It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of JEA related to the Project which on the date of the Restated and Amended Bulk Power Supply System Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of Florida law.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund); *provided*, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such Series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such Series shall be calculated without regard to such subsidy, and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (i) in the case of Bonds other than Reimbursement Obligations, if (A) there shall be no such preceding Principal Installment due date or (B) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later, and (ii) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Such interest and Principal Installments for such Series shall be calculated on the assumption that (i) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (ii) the principal amount of Option Bonds tendered for payment before the stated maturity thereof shall be deemed

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to accrue on the date required to be paid pursuant to such tender and (iii) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Restated and Amended Bulk Power Supply System Resolution; *provided, however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

For the purpose of computing Debt Service for any future period (i) any Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the Certified Interest Rate applicable thereto and, in the case of Commercial Paper Notes and Medium-Term Notes Outstanding, such period shall be assumed to have Principal Installments that come due in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan applicable thereto and (ii) any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof.

Notwithstanding anything to the contrary contained in the Restated and Amended Bulk Power Supply System Resolution, (a) if JEA has in connection with any Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount corresponding to the principal amount or issue price of such Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Debt Service with respect to such Bonds for purposes of the rate covenant contained in the Restated and Amended Bulk Power Supply System Resolution, it will be assumed that such Bonds bear interest at a rate equal to the sum of (i) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination (or such lesser period preceding the date of determination if in effect for less than five years), calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (i) and (ii) the difference (whether positive or negative) between (A) the fixed rate of interest on such Bonds and (B) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Debt Service with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of the rate covenant contained in the Restated and Amended Bulk Power Supply System Resolution, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on all Additionally Secured Bonds of all Series secured thereby then Outstanding in the then current or any future Bond Year (assuming, for this purpose, that all Additionally Secured Series secured thereby that bear interest at a variable or floating rate except as provided below

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shall bear interest during such period at the Certified Interest Rate applicable thereto; *provided*, if such variable or floating rate debt shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Additionally Secured Series in terms of series and maturity, in which case, such Additionally Secured Series shall be deemed to bear interest at the fixed rate payable by JEA under such interest rate swap transaction for so long as such interest rate swap transaction shall remain in effect; *provided, further, however*, that if, at the time of the original issuance thereof, the interest rate on such Additionally Secured Series of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, but such interest rate swap transaction shall be terminated prior to the final maturity date of such Additionally Secured Series and another interest rate swap transaction has not been entered into in replacement thereof, then the Debt Service Requirement for such Additionally Secured Series shall be recalculated as of the date of termination of such interest rate swap transaction, based upon the Certified Interest Rate established for such Additionally Secured Series at the time of original issuance thereof, and any resulting deficiency in the amount on deposit in the separate subaccount shall be required to be funded within one year of such termination with money and one or more additional reserve fund credit instruments) excluding interest on such Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund).

For the purpose of the calculation of the Debt Service Reserve Requirement in the event that the Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; *provided, however*, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly

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apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds,

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate and (iv) which at the time of their purchase hereunder are rated "AAA" or "Aaa," as applicable, by any two of Standard & Poor's Credit Market Services, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), Fitch Ratings and Moody's Investors Service ("Moody's"),

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by two nationally recognized rating agencies,

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(d) certificates that evidence ownership of the right to payments of principal and/or interest on (i) obligations described in clauses (a) and (b) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000, or (ii) obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(e) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) or clause (b) of this definition to the extent not fully insured by the Federal Deposit Insurance Corporation,

(f) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (i) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated at the time the investment is made, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (ii) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off; the Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided, however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) above, and

(g) upon compliance with the applicable provisions of the Restated and Amended Bulk Power Supply System Resolution, such securities (i) as are described in clause (a) of this definition and (ii) as are described in clause (d) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (a) of such definition; in each case *provided* that, notwithstanding such clauses, such securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

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Deferred Income Bonds shall mean any Bonds issued under the Restated and Amended Bulk Power Supply System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (a) compounded periodically on dates specified in the Supplemental Resolution authorizing such Deferred Income Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Restated and Amended Bulk Power Supply System Resolution or the Supplemental Resolution authorizing such Deferred Income Bonds.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (a) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (b) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Bonds with respect to which such Designated Swap Obligation is entered into).

Electric Resolution shall mean the resolution adopted by JEA on March 30, 1982, authorizing the issuance of Electric System Revenue Bonds, as amended.

Electric System shall mean the Electric System of JEA as defined in the Electric Resolution.

Highest Rating Category shall mean a rating in the highest rating category given by the applicable Rating Agency for that general category of security or obligation.

Investment Securities shall mean and include (x) each of the following securities, obligations and investments and (y) any other securities, obligations and investments, in either case, if and to the extent that at the time the same shall be legal for investment of JEA's funds:

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America;

(b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by S&P and "Aaa" by Moody's, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by S&P or Moody's, as the case may be;

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision; *provided* that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;

(d) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;

(e) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (b) of this definition; *provided* that such obligations shall be held in trust by a bank or trust company or a national banking

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association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;

(f) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; *provided* that at the time of their purchase hereunder such instruments are (i) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (ii) issued by a bank, trust company or nationally recognized association (A) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (I) Moody's or S&P or (II) two nationally recognized rating agencies or (B) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; *provided* that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in subclause (i) or (ii) of this clause (f), JEA shall sell such certificates of deposit, or (iii) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (a) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

(g) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by S&P, or if not so rated by both such rating agencies, then rated "P-1" by Moody's or "A-1" by S&P or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

(h) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (a) and (b) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;

(i) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by S&P and "Aa2" or above if rated by Moody's;

(j) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and

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(k) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (i) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (ii) are issued or entered into by (A) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (B) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Restated and Amended Bulk Power Supply System Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Indebtedness, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (a) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (b) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

Net Revenues shall mean, for any period, the Revenues during such period, determined on an accrual basis, minus Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses shall mean (i) JEA's expenses for operation and maintenance of all Projects, and ordinary repairs, renewals, replacements and reconstruction of all Projects, including all JEA's costs of producing and delivering electric power and energy from all Projects and payments (other than payments out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) into reserves in the Revenue Fund for items of Operation and Maintenance Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, fuel costs (including fuel hedges), costs of transmission service, rents, administrative and general expenses, costs of financial products, engineering expenses, legal, accounting and financial advisory expenses,

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salaries, management fees, payments to pension, retirement, health and hospitalization funds, insurance and surety bond premiums, any taxes or payments in lieu of taxes and payments required to be paid by JEA under any Project Agreement which are to be applied pursuant to the terms thereof to the payment of such costs and expenses, all to the extent properly allocable to the Projects in accordance with generally accepted accounting principles, or required to be incurred under or in connection with the performance of JEA's obligations under any Project Agreement, (ii) any other current expenses or obligations required to be paid by JEA under the provisions of the Restated and Amended Bulk Power Supply System Resolution or by law or regulation, all to the extent properly allocable to the Projects in accordance with generally accepted accounting principles, or required to be paid by JEA under any Project Agreement, (iii) the fees and expenses of the Fiduciaries and (iv) the costs and expenses in connection with the purchase or redemption of Bonds. Notwithstanding the foregoing, operation and Maintenance Expenses shall not include any allowance for depreciation or amortization and there shall be included in operation and Maintenance Expenses only that, portion of the total administrative and general expenses of JEA which are properly allocable to the Projects.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (a) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the Restated and Amended Bulk Power Supply System Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (c) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Project shall mean (i) the Scherer 4 Project or (ii) any Additional Project. Each Project shall be a separate bulk power supply utility or system within the meaning of Chapter 80-513, Laws of Florida, Special Acts of 1980, as amended. "Project" shall not include JEA's Electric System, the SJRPP System, or any other separate utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, or any part of any of the foregoing, and which is not financed with the proceeds of Bonds issued under the Restated and Amended Bulk Power Supply System Resolution or Subordinated Indebtedness.

Project Agreements shall mean, with respect to the Scherer 4 Project, the Scherer 4 Project Agreements and, with respect to any Additional Project, all of the contracts entered into by JEA relating to the ownership, lease, construction and operation of such Project, as from time to time amended or supplemented, and designated in a Supplemental Resolution or Supplemental Resolutions.

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds which JEA intends to pay with moneys which are not Revenues; *provided* that (a) in the case of Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds, (b) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (c) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; *provided, further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month

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preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations shall mean all Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Bonds of a series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement shall mean for each Bond Year, 12.5 percent of Aggregate Debt Service for such Bond Year or such greater amount as shall be determined from time to time by the Governing Body as being prudent and appropriate.

Revenues shall mean (i) all revenues, income, rents and receipts derived or to be derived by JEA from or attributable or relating to the ownership and operation of all Projects, including all payments made by JEA from its Electric System into the Revenue Fund pursuant to the Restated and Amended Bulk Power Supply System Resolution for output, capacity, use or service of the Projects, (ii) the proceeds of any insurance covering business interruption loss relating to any Project derived or to be derived by JEA and (iii) interest and gains on the sale of securities received or to be received on any moneys or securities held pursuant to the Restated and Amended Bulk Power Supply System Resolution and paid or required to be paid into the Revenue Fund. Revenues shall not include any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System (except that payments made or to be made by JEA into the Revenue Fund from the Electric System pursuant to the Restated and Amended Bulk Power Supply System Resolution, as referred to in clause (i) of the preceding sentence, shall become Revenues when and to the extent such payments have been accrued) or of any other separate bulk power supply utility or system of the nature referred to in the last sentence of the definition of Project. For any purpose of the Restated and Amended Bulk Power Supply System Resolution that requires the computation of Revenues with respect to any period of time, "Revenues" shall include such amounts described in the second preceding sentence derived or to be derived or received or to be received, as the case may be, during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Restated and Amended Bulk Power Supply System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Resolution.

Scherer 4 shall mean Plant Robert W. Scherer Unit No. 4, an 846 MW coal-fired, steam electric generating unit located near Forsyth, Georgia.

Scherer 4 Project shall mean (a) the following, all of which may be acquired by JEA in one or more transactions: (i) an undivided ownership interest in Scherer 4 of not more than 23.64 percent, (ii) an undivided ownership interest in the Additional Unit Common Facilities (as defined in the Scherer 4 Purchase Agreement) of not more than 11.82 percent, (iii) an undivided ownership interest in the Plant Scherer Common Facilities (as defined in the Scherer 4 Purchase Agreement) of not more than 5.91 percent and (iv) an undivided ownership interest in the Plant Scherer Coal Stockpile (as defined in the Scherer 4 Purchase Agreement) of not more than 5.91 percent and (b) any Capital Improvements thereto.

SJRPP Resolution shall mean the resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution," as amended and supplemented, together with a resolution adopted by JEA on February 20, 2007 entitled "St. Johns River Power Park System Second Revenue Bond Resolution."

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SJRPP System shall mean the bulk power supply utility or system owned and operated by JEA pursuant to the SJRPP Resolution.

Second Highest Rating Category shall mean a rating not lower than the second highest rating category (not taking into account numerical or plus or minus or other gradations within a rating category) given by that Rating Agency for that general category of security or obligation.

SIFMA Municipal Swap Index shall mean the rate determined on the basis of an index based upon the weekly interest rates of tax exempt variable rate issues included in a database maintained by the Securities Industry and Financial Markets Association ("SIFMA") or any successor indexing agent which meets specific criteria established by SIFMA.

Trust Estate shall mean (a) the proceeds of the sale of the Bonds, (b) the Revenues, and (c) all Funds and Accounts established by the Restated and Amended Bulk Power Supply System Resolution (other than (x) the Debt Service Reserve Account in the Debt Service Fund, (y) the Renewal and Replacement Fund and (z) the Decommissioning Fund which may be established pursuant to the Restated and Amended Bulk Power Supply System Resolution), including the investments and investment income, if any, thereof.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Bond shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds, of which such Bond is one.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the SIFMA Municipal Swap Index or, if the SIFMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Restated and Amended Bulk Power Supply System Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Restated and Amended Bulk Power Supply System Resolution, subject only to the provisions of the Restated and Amended Bulk Power Supply System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Restated and Amended Bulk Power Supply System Resolution, the Trust Estate.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, there are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Restated and Amended Bulk Power Supply System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Restated and Amended Bulk Power Supply System Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the Restated and Amended Bulk Power Supply System Resolution to payment of principal of and interest and redemption premium on the Bonds of all Series, subject to the provisions of the Restated and Amended Bulk Power Supply System Resolution permitting application for other purposes. For application of the Revenues, the Restated and Amended Bulk Power Supply System Resolution establishes a Construction Fund, Revenue Fund, Debt Service Fund, which shall consist of a Debt Service Account and a Debt Service Reserve Account, and within such Debt Service Reserve Account an Initial Subaccount; Subordinated Indebtedness Fund, Rate Stabilization Fund, Renewal and Replacement Fund and General Reserve Fund. All of such funds are held by JEA; *provided* that if and to the extent provided in a Supplemental Resolution authorizing Subordinated Indebtedness, the Subordinated Indebtedness Fund shall be held by the entity specified in such Supplemental Resolution.

Construction Fund

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Restated and Amended Bulk Power Supply System Resolution and there may be paid into the Construction Fund, at the option of JEA, any moneys received for or in connection with any Project by JEA from any other source, unless required to be otherwise applied as provided by the Restated and Amended Bulk Power Supply System Resolution or any Project Agreement. Amounts in the Construction Fund shall be applied to the payment of the Costs in the manner provided in the Restated and Amended Bulk Power Supply System Resolution. There shall be established within the Construction Fund a separate Project Account for each Project.

The proceeds of insurance maintained pursuant to the Restated and Amended Bulk Power Supply System Resolution against physical loss of or damage to any Project or of contractors' performance bonds or other assurances of completion with respect thereto pertaining to the period of construction or acquisition thereof, shall, upon receipt by JEA, be paid into the appropriate Project Account in the Construction Fund, unless required to be applied otherwise pursuant to the provisions of any Project Agreement relating to such Project.

Amounts in each Project Account shall be applied to the purpose or purposes specified in the Restated and Amended Bulk Power Supply System Resolution or any Supplemental Resolution authorizing Bonds relating to the Project for which such Project Account was established.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal of and interest on the Bonds when due.

JEA may withdraw amounts from the appropriate Project Account for the payment of amounts due and owing on account of Costs of the Project.

Amounts credited to any Project Account in the Construction Fund which JEA determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account in the Debt Service Fund if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess shall be deposited (a) in the General Reserve Fund for (i) application to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (ii) transfer to the Renewal and Replacement Fund for application as provided in the Restated and Amended Bulk Power Supply System Resolution; *provided, however*, that in the event such balance deposited in the General Reserve Fund is less than \$100,000, such balance may be applied to

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or set aside for any lawful purpose of JEA, (b) in the Renewal and Replacement Fund or (c) in any other Project Account in the Construction Fund for application to the payment of the Costs of any Project then under construction and/or being acquired.

Revenues and Revenue Fund

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund.

After payment of Operation and Maintenance Expenses, the Restated and Amended Bulk Power Supply System Resolution provides that the Revenue Fund should be applied monthly to the extent available in the following order:

(a) in the Debt Service Fund, (i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; *provided* that (A) for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said Account the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Restated and Amended Bulk Power Supply System Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Account during any month that is in excess of the minimum amount required to be deposited therein during such month may be deemed by JEA to be accumulated therein with respect to (1) any Sinking Fund Installment or (2) any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and (ii) for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

(b) in the Subordinated Indebtedness Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness;

(c) in the Rate Stabilization Fund, the amount, if any (i) budgeted for deposit into such Fund as set forth in the then current Annual Budget or (ii) otherwise determined by an Authorized Officer of JEA to be deposited therein; *provided* that such deposit need not be made until the last day of the Fiscal Year;

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(d) in the Renewal and Replacement Fund, an amount determined in the discretion of an Authorized Officer of JEA; *provided, however*, that the amount deposited therein in each Fiscal Year shall be at least equal to the Renewal and Replacement Requirement for that Fiscal Year; and

(e) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk Power Supply System Resolution, in each Decommissioning Fund, the amount budgeted for credit to said Fund for the then current month as set forth in the then current Annual Budget relating to the Project for which such Fund has been established (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the payments required to be made pursuant to this paragraph (e) with respect all of the Decommissioning Funds, then such amount on deposit in the Revenue Fund shall be applied (i) ratably, in proportion to the amount budgeted for credit to each such Decommissioning Fund or (ii) in such other manner as JEA may determine).

As of the last day of each Bond Year after payment of the Operation and Maintenance Expenses for such Bond Year and after all payments required to be made into the Rate Stabilization Fund, the Debt Service Fund, the Subordinated Indebtedness Fund, the Renewal and Replacement Fund and the Decommissioning Funds out of Revenues have been made for such Bond Year, JEA shall withdraw from the Revenue Fund and deposit in the General Reserve Fund the remaining balance, if any, of amounts on deposit in the Revenue Fund (other than amounts set aside therein as working capital or reserves for Operation and Maintenance Expenses).

Notwithstanding the provisions above, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no deposits shall be required to be made into the Debt Service Fund.

Debt Service Fund -- Debt Service Reserve Account

There shall be established in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Bonds, in the manner and to the extent provided in the Restated and Amended Bulk Power Supply System Resolution or the Supplemental Resolution establishing each such subaccount, as the case may be.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due, the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series of the Bonds secured thereby.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, such excess shall be retained therein or deposited in the Revenue Fund; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Restated and Amended Bulk Power Supply System Resolution.

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Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price, if applicable, and interest on the Bonds.

In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, JEA may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Restated and Amended Bulk Power Supply System Resolution, and (b) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, JEA may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Restated and Amended Bulk Power Supply System Resolution; *provided* that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; *provided, further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Restated and Amended Bulk Power Supply System Resolution.

**Establishment of Initial Subaccount in the
Debt Service Reserve Account and Application Thereof**

The Restated and Amended Bulk Power Supply System Resolution establishes an Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund. Amounts held by JEA in the Initial Subaccount shall constitute a trust fund for the benefit of the Holders of the Bonds of any Series, if and to the extent that the Supplemental Resolution authorizing such Bonds provides that such Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount; *provided, however*, that if the Bonds of any Series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount, then it shall be a condition precedent to the authentication and delivery of such Bonds that the amount on deposit in the Initial Subaccount, after giving effect to any surety bond, insurance policy or letter of credit that may be credited to the Initial Subaccount in accordance with the provisions of the Restated and Amended Bulk Power Supply System Resolution, and after giving effect to the issuance of such Bonds, shall not be less than the Debt Service Reserve Requirement for the Initial Subaccount. The Bonds of any Series that are additionally secured by amounts on deposit in the Initial Subaccount as aforesaid are herein referred to collectively as the "Initial Subaccount Additionally Secured Bonds." As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount secures JEA's Outstanding Bulk Power Supply Revenue Bonds, Scherer 4 Project Issue, Series 2010A (Federally Taxable - Issuer Subsidy - Build America Bonds) and Series 2014A.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction

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Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from the Initial Subaccount to the extent necessary to cure the deficiency that exists with respect to the Initial Subaccount Additionally Secured Bonds.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit (referred to in the Restated and Amended Bulk Power Supply System Resolution as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities on deposit in the Initial Subaccount, if any, upon provision of such reserve fund credit instrument.

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(b) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount; *provided* that such entity or its claims paying ability is rated in the Highest Rating Category by each Rating Agency.

(c) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(d) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) through (c) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

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(e) The use of any reserve fund credit instrument pursuant to the Restated and Amended Bulk Power Supply System Resolution shall be subject to receipt of an opinion of counsel acceptable to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(f) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount in an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (iv) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(g) If (i) the revolving reinstatement feature described in the preceding clause (f) is suspended or terminated or (ii) (A) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Second Highest Rating Category (as rated by any two of the Rating Agencies) and (B) within 45 days of the occurrence of such ratings reductions by two of the Rating Agencies JEA is unable to obtain confirmation of the underlying ratings on the Initial Subaccount Additionally Secured Bonds from all of the Rating Agencies at the respective ratings assigned to such Initial Subaccount Additionally Secured Bonds immediately before the decline in the rating by the first Rating Agency to reduce such rating or (iii) (A) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any two of the Rating Agencies) and (B) within 45 days of the occurrence of such ratings reductions by two of the Ratings Agencies JEA is unable to obtain confirmation of the underlying ratings on the Initial Subaccount Additionally Secured Bonds from all of the Rating Agencies at the respective ratings assigned to such Initial Subaccount Additionally Secured Bonds immediately before the decline in the rating by the first Rating Agency to reduce such rating, JEA shall either (X)

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deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments then on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A-" or "A3" by any two of the Rating Agencies or (2) the rating of the issuer of the letter of credit falls below "A-" or "A3" by any two of the Rating Agencies or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(h) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (g).

(i) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Restated and Amended Bulk Power Supply System Resolution for purposes of the rate covenant contained in the Restated and Amended Bulk Power Supply System Resolution.

(j) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide timely notice to the issuer of the reserve fund credit instrument in accordance with its terms in order to receive proceeds thereunder prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Bonds.

(k) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Rate Stabilization Fund

Each Fiscal Year JEA shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount, if any, budgeted for transfer into such Fund for the Fiscal Year as set forth in the then current Annual Budget or the amount otherwise determined by an Authorized Officer of JEA. JEA may, from time to time, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Restated and Amended Bulk Power Supply System

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Resolution, (ii) use such amounts to purchase or redeem Bonds, or (iii) use such amounts to otherwise provide for the payment of Bonds or interest thereon.

Renewal and Replacement Fund

Amounts in the Renewal and Replacement Fund shall be applied to the Costs of any Project, including Capital Improvements thereto, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with any Project, all to the extent not paid as Operation and Maintenance Expenses or from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund also may be applied (a) to the purchase, redemption, payment or provision for payment of Bonds or bonds issued under the Electric Resolution, or interest thereon or (b) upon determination of the Governing Body, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Project.

If and to the extent provided in the Supplemental Resolution authorizing Bonds of a Series or Subordinated Indebtedness, amounts from the proceeds of such Bonds or Subordinated Indebtedness may be deposited in the Renewal and Replacement Fund for any purpose of such Fund.

If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the current requirements of such Account or subaccount, respectively, and there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure such deficiency, then JEA may transfer from the Renewal and Replacement Fund for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund may be applied first to make up the deficiency in the Debt Service Account, and any balance remaining may be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

If at any time the amounts in the Subordinated Indebtedness Fund shall be less than the current requirement of such Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, then JEA may transfer from the Renewal and Replacement Fund for deposit in the Subordinated Indebtedness Fund the amount necessary (or all the moneys in the Renewal and Replacement Fund if less than the amount necessary) to make up such deficiency.

If at any time amounts in the Renewal and Replacement Fund exceed the Renewal and Replacement Requirement, the excess, if not needed for any of the purposes specified in the Restated and Amended Bulk Power Supply System Resolution, may be deposited in the General Reserve Fund.

General Reserve Fund

JEA shall withdraw from the General Reserve Fund and apply moneys in the following amounts and in the following order of priority: (a) JEA shall pay Operation and Maintenance Expenses due and unpaid, (b) JEA shall deposit in the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund the amount necessary to make up any deficiencies in said Account and subaccounts (or, if the amount in the General Reserve Fund shall be less than the amount necessary to make up the

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deficiencies with respect to the Debt Service Reserve Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency of each subaccount), (c) JEA shall deposit in the Subordinated Indebtedness Fund the amount necessary (or all of the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to such Fund required by the Restated and Amended Bulk Power Supply System Resolution and (d) JEA shall deposit in the Renewal and Replacement Fund the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to such Fund required the Restated and Amended Bulk Power Supply System Resolution.

Amounts in the General Reserve Fund not required to meet a deficiency or for transfer as required above shall upon determination of JEA be applied to or set aside for any lawful purpose of JEA (including transfers to any other Fund or Account established under the Restated and Amended Bulk Power Supply System Resolution or transfers to JEA for application in connection with the Electric System, except that the amount of any such transfer to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Restated and Amended Bulk Power Supply System Resolution); *provided, however,* that, subject to the provisions of the preceding paragraph, amounts deposited in the General Reserve Fund pursuant to the Amended and Restated Bulk Power Supply System Resolution and required thereby to be (i) applied to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (ii) transferred to the Renewal and Replacement Fund, shall be applied to such purposes.

Additional Bonds

JEA may issue one or more series or issues of additional Bonds for any lawful purpose of JEA relating to any Project. All such Bonds will be payable from the Trust Estate pledged pursuant to the Restated and Amended Bulk Power Supply System Resolution and secured thereby on a parity with all other Bonds or Bonds of particular Issues. In addition, each series of Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Restated and Amended Bulk Power Supply System Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Bonds:

Debt Service Reserve. If, at JEA's option, any series of additional Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Restated and Amended Bulk Power Supply System Resolution, the issuance of the additional Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Bonds.

No Default. In addition, Bonds of any series may be issued only if JEA certified that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Restated and Amended Bulk Power Supply System Resolution.

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Subordinated Indebtedness

JEA may, at any time, or from time to time, issue Subordinated Indebtedness for any lawful purpose of JEA related to any Project, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof; *provided, however*, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Trust Estate created by the Restated and Amended Bulk Power Supply System Resolution as security for the Bonds.

Investment of Certain Funds

Unless further limited as to maturity by the provisions of a Supplemental Resolution, moneys held in the Funds and Accounts established under the Restated and Amended Bulk Power Supply System Resolution (other than any Decommissioning Fund) may be invested and reinvested by JEA in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such Funds and Accounts. Moneys held in any Decommissioning Fund shall be invested and reinvested by JEA in accordance with the Supplemental Resolution establishing such Fund. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Restated and Amended Bulk Power Supply System Resolution and held by JEA, JEA may combine such moneys with moneys in any other Fund or Account held by JEA, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts (and, in the discretion of JEA, any profit realized from the liquidation of such investment), other than the Construction Fund and any Decommissioning Fund shall be paid into the Revenue Fund. Interest earned on any moneys or investments in the Project Account in the Construction Fund held in such Project Account for the purposes thereof shall be held in such Fund for the purposes thereof or paid into the Revenue Fund. Interest earned on any moneys or investments in any Decommissioning Fund shall be applied as provided in the Supplemental Resolution establishing such Fund.

Nothing contained in the Restated and Amended Bulk Power Supply System Resolution shall prevent JEA, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements ("lending agreements") with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities; *provided* that each such lending agreement (a) is in commercially reasonable form and is for a commercially reasonable period, and (b) results in a transfer to JEA of legal title to, or a grant to JEA of a prior perfected security interest in, identified securities which are obligations described in the definition of Investment Securities and which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of, JEA; *provided* that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102 percent of the market value of the securities loaned by JEA under such agreement. Any Investment Securities loaned by JEA under any such agreement shall be released from the lien of the pledge of the Trust Estate created under the Restated and Amended Bulk Power Supply System Resolution, but only if all rights of JEA under the lending agreement (including, but not limited to, the monetary obligations to JEA of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of JEA to the identified securities transferred or pledged to JEA in connection therewith are substituted for the securities loaned, and such rights of JEA are by the Restated and Amended Bulk Power Supply System Resolution declared to be subject to the lien of the pledge of the Trust Estate created under the Restated and Amended Bulk

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Power Supply System Resolution to the same extent that the loaned Investment Securities formerly were subject.

Redemption

In the case of any redemption of Bonds, JEA shall give written notice to the Bond Registrar and the Paying Agents of the redemption date, of the Issue and Series, and of the principal amounts of the Bonds of each maturity of such Issue and Series and of the Bonds of each interest rate within a maturity to be redeemed (which Issue, Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Restated and Amended Bulk Power Supply System Resolution or any Supplemental Resolution authorizing the Series of which such Bonds are a part). Such notice shall be filed with the Bond Registrar and the Paying Agents for the Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Issue and Series of the Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrar and the Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

Covenant as to Rates, Fees and Charges

JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of all of the Projects which shall be sufficient to provide Net Revenues in each Bond Year which shall be at least equal to the greater of (i) 115 percent of the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (ii) the amount which, together with other available funds, shall be sufficient for the payment of:

(a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

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(e) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk Power Supply System Resolution, the amount, if any to be paid during such Bond Year into each Decommissioning Fund (other than amounts required to be paid into any such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(f) all other charges and liens whatsoever payable out of Revenues during such Bond Year.

The Restated and Amended Bulk Power Supply System Resolution establishes charges to JEA for the account of the Electric System, for the output, capacity, use and service of the Projects which are due on such dates and in such aggregate amounts as shall be sufficient to provide Net Revenues in each Bond Year sufficient to comply with the provision above.

JEA generally will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System free of charge to any person, firm or corporation, public or private.

Certain Other Covenants

Creation of Liens; Sale and Lease of Property. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Restated and Amended Bulk Power Supply System Resolution and shall not create or cause to be created any lien or charge on the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or such moneys, securities or funds; *provided, however*, that nothing contained in the Restated and Amended Bulk Power Supply System Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Bonds or investment income therefrom, or (ii) amounts in the Construction Fund derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of any Project, or (iii) amounts in the General Reserve Fund as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) or (iv) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Restated and Amended Bulk Power Supply System Resolution shall be discharged and satisfied as provided in the Restated and Amended Bulk Power Supply System Resolution, or (b) Subordinated Indebtedness.

No part of any Project shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(a) JEA may dispose of, sell or exchange at any time and from time to time any property or facilities constituting part of such Project only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of such Project, or (ii) the net book value of the property or facilities, sold or exchanged is not more than 15 percent of the net book value of the property and facilities of such Project, or (iii) there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA stating, in his or her opinion, that the disposal, sale or exchange of such property or facilities will not materially diminish the value of the output, capacity, use and service of such Project being made available for the account of the Electric System pursuant to the Restated and

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Amended Bulk Power Supply System Resolution. The proceeds of any sale or exchange of any property or facilities constituting a part of a Project not used to acquire other property necessary or desirable for the safe or efficient operation of a Project shall forthwith be deposited in the General Reserve Fund or the Renewal and Replacement Fund, in either case, for application pursuant to the Restated and Amended Bulk Power Supply System Resolution;

(b) JEA may sell, lease or otherwise dispose of, or grant easements or other rights with respect to, any part of a Project to the extent required by or pursuant to the Project Agreements related thereto.

(c) In addition to the Project Agreements, JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of any Project; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA of such Project and (ii) does not materially adversely affect the rights or security of the Holders of the Bonds under the Restated and Amended Bulk Power Supply System Resolution. Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of any Project or any part thereof shall constitute Revenues; or

(d) JEA may sell, lease or otherwise dispose of any Project or any part thereof, if, at the time of such sale, lease or other disposition, all Bonds issued to pay the Costs of such Project (including any Refunding Bonds issued to refund such Bonds) shall have been paid or deemed to have been paid within the meaning and with the effect expressed and the defeasance provisions of the Restated and Amended Bulk Power Supply System Resolution.

Maintenance of Insurance. JEA shall at all times keep or cause to be kept the properties of each Project which are of an insurable nature and of the character usually insured by those operating properties similar to such Project insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained, but only to the extent the cost therefor is reasonable, in the judgment of JEA. JEA shall at all times maintain or cause to be maintained insurance or reserves (in the nature of self insurance) against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of each Project.

JEA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA unless otherwise required by any Project Agreement.

Reconstruction; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of any Project shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently proceed with the reconstruction or replacement thereof or take any other action deemed to be in the best interest of JEA. Except as provided in the Restated and Amended Bulk Power Supply System Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to the Restated and Amended Bulk Power Supply System Resolution) or Condemnation, unless held and applied under the applicable Project Agreements shall be held by JEA in a special account

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and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by JEA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement or may be invested as otherwise provided for under such Project Agreements. Interest earned on such account or investments shall be deposited in the Revenue Fund unless otherwise required under such Project Agreements. Any such proceeds not applied within 36 months after receipt thereof by JEA to repairing or replacing damaged, destroyed or taken property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been filed with the records of JEA within such 36 months, or which JEA shall at any time determine are not to be so applied, unless otherwise applied or to be applied under the applicable Project Agreements, shall be deposited (a) in the General Reserve Fund for (i) application to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (ii) transfer to the Renewal and Replacement Fund for application pursuant to the provisions of the Restated and Amended Bulk Power Supply System Resolution; *provided, however*, that in the event such amount deposited in the General Reserve Fund is less than \$100,000, such amount may be applied to or set aside for any lawful purpose of JEA or (b) in the Renewal and Replacement Fund for application pursuant to the provisions of the Restated and Amended Bulk Power Supply System Resolution. Notwithstanding the foregoing, in the event that payments for any such repairing or replacing of property damaged, destroyed or taken prior to the availability of proceeds of insurance or Condemnation therefor are made from the Renewal and Replacement Fund, or from the General Reserve Fund, or from other funds of JEA not held in any Fund or Account established pursuant to the Restated and Amended Bulk Power Supply System Resolution, such proceeds when received shall be deposited in the Renewal and Replacement Fund or in the General Reserve Fund, in each case, to the extent of such payments therefrom, or shall be paid over to JEA, free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Restated and Amended Bulk Power Supply System Resolution, as appropriate.

If the proceeds of insurance or Condemnation authorized by in the preceding paragraph to be applied to the reconstruction or replacement of any portion of any Project are insufficient for such purpose, the deficiency may be supplied out of moneys in the Renewal and Replacement Fund.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund unless otherwise required by the applicable Project Agreements.

Allocation to Electric System of Output and Capacity of System; Obligations of Electric System.

JEA shall allocate to and make available for the account of the Electric System in each year 100 percent of the output, capacity, use and service of each Project. JEA shall make payments from the Electric System into the Revenue Fund for such output, capacity, use and service of each Project at the times and in the amounts which (i) will produce Net Revenues in each Bond Year at least equal to 115 percent of the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues and (ii) will produce Revenues sufficient, together with other available funds, for the payment during each month of:

- (a) the Operation and Maintenance Expenses due and payable during such month;
- (b) the amount, if any, to be set aside in such month in the Revenue Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) as working capital or as reserves for Operation and Maintenance Expenses;

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(c) the amount, to be paid during such month into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such month into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(e) the amount, if any, to be paid during such month into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(f) the amount, if any, to be paid during such month into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(g) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk Power Supply System Resolution, the amount, if any, to be paid during such month into each Decommissioning Fund (other than amounts required to be paid into any such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(h) all other charges and liens whatsoever payable out of Revenues during such month.

During any period in which the Debt Service for any Series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* contained in clause (i) of the first paragraph of the definition thereof contained in Section 101 hereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Debt Service Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any such cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of this Resolution.

So long as the Electric Resolution shall not be satisfied and discharged, all payments to be made in accordance with the preceding paragraph shall constitute a "Cost of Operation and Maintenance" (as defined in the Electric Resolution) to be paid directly from the "Revenue Fund" established under the Electric Resolution. After the satisfaction and discharge of the Electric Resolution, JEA shall continue to make such payments from the revenues, income, rents and receipts derived by JEA from the ownership and operation of the Electric System as an operating expense of said Electric System. All such payments from the Electric System shall be made whether or not any Project or any part thereof is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of any Project for any reason whatsoever, in whole or in part.

So long as the Electric Resolution shall not be satisfied and discharged, JEA shall not consent or agree to or permit any amendment or supplement to the Electric Resolution (other than a supplement thereto to authorize a series of additional parity bonds as permitted by the Electric Resolution) which will in any manner materially impair or materially adversely affect the obligation of JEA to pay for the output,

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capacity, use and service of the Projects in accordance with the Restated and Amended Bulk Power Supply System Resolution or the priority of such obligation under the Electric Resolution.

Except as otherwise provided in this paragraph, after the satisfaction and discharge of the Electric Resolution, (i) JEA shall not become liable for any bonds, notes, debentures or other evidences of indebtedness of similar nature payable out of or secured by a pledge of or lien or charge on any of the revenues, income, rents or receipts to be derived by JEA from the ownership or operation of the Electric System which shall rank on a parity with or in priority over or, except for bonds, notes, debentures or other evidences of indebtedness issued in connection with obligations of the type described in clause (ii) below, on a parity with the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of the Projects in accordance with the applicable provision in the Restated and Amended Bulk Power Supply System Resolution, and (ii) JEA shall not become liable for any obligation under any agreement to purchase or pay for electric power and energy or other goods or services whether or not the same are made available or furnished or any other obligation under which JEA lends credit to or guarantees any debt, claim or other obligation of any other person, firm or corporation which shall rank in priority over the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use or service of the Projects in accordance with the applicable provision in the Restated and Amended Bulk Power Supply System Resolution; *provided, however*, that nothing contained in this paragraph shall prohibit or restrict JEA from establishing one or more other separate bulk power supply utilities or systems pursuant to Chapter 80-513, Laws of Florida, as amended, or any other law, and issuing its bonds therefor as provided in said Chapter 80-513, as amended, or such other law, and from making payments from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System for the purchase of output, capacity, use or service of any of the facilities of any such separate bulk power supply utility or system, including payments with respect to debt service on such bonds, on a parity with (but not in priority over) the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of any Project in accordance with the applicable provision in the Restated and Amended Bulk Power Supply System Resolution.

Operation and Maintenance of the Electric System. JEA shall at all times operate or cause to be operated the Electric System properly and in an efficient and economical manner, consistent with good business and utility operating practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Electric System may be properly and advantageously conducted.

Rates and Fees of the Electric System. JEA shall at all times fix, establish, maintain, charge and collect fees and other charges for the sale of the output, capacity, use or service of the Electric System as shall be required to provide moneys from the Electric System at least sufficient in each fiscal year with respect to the Electric System for the payment of all charges or liens whatsoever payable out of revenues of the Electric System during such fiscal year, including all payments required to be made by JEA out of revenues of the Electric System (i) pursuant to the SJRPP Resolution, (ii) pursuant to the Restated and Amended Bulk Power Supply System Resolution and (iii) in connection with any other bulk power supply utility or system previously created by JEA (other than (x) the SJRPP System and (y) all Projects the acquisition and/or construction of which have previously been authorized pursuant to the Restated and Amended Bulk Power Supply System Resolution).

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Except as otherwise provided in the Electric Resolution, JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private; and JEA will enforce promptly the payment of any and all accounts owing to JEA by reason of the ownership and operation of the Electric System.

Maintenance of Insurance for the Electric System. JEA shall at all times keep or cause to be kept the properties of the Electric System which are of an insurable nature and of the character usually insured by those operating properties similar to the Electric System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained, but only to the extent the cost therefor is reasonable, in the judgment of JEA. JEA shall at all times maintain or cause to be maintained insurance or reserves (in the nature of self insurance) against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Electric System, but only to the extent the cost therefor is reasonable, in the judgment of JEA.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA.

Events of Default; Remedies

If one or more of the following Events of Default shall happen:

- (a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;
- (b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable and such default shall continue for a period of 30 days;
- (c) if default shall be made by JEA in the performance or observance of any other of the covenants, agreements or conditions on its part in the Restated and Amended Bulk Power Supply System Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Bonds Outstanding;
- (d) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or
- (e) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

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then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Holders of not less than 25 percent in principal amount of the Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Restated and Amended Bulk Power Supply System Resolution or in any of the Bonds notwithstanding; *provided, however*, that in the event that a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided provides that the principal of such Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the following sentence) without the consent in writing of the Credit Enhancer therefor, then such Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled, as provided in the following sentence) without such written consent, and, in that event, the remedies available to the Holders of such Bonds (or such Credit Enhancer, on behalf of such Holders) shall be limited to those set forth in the Restated and Amended Bulk Power Supply System Resolution. The right of the Holders of not less than 25 percent in principal amount of the Bonds to make such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Restated and Amended Bulk Power Supply System Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Bonds or under the Restated and Amended Bulk Power Supply System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

During the continuance of an Event of Default, JEA shall apply all moneys, securities, funds and Revenues held or received by JEA under the Restated and Amended Bulk Power Supply System Resolution (other than (x) amounts on deposit in any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund and (y) amounts on deposit in the Decommissioning Fund) as follows and in the following order:

(a) Operation and Maintenance Expenses -- to the payment of the amounts required for Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of any Project necessary in the judgment of JEA to prevent a diminution in the value of the output, capacity, use and service of such Project being made available for the account of the Electric System pursuant to the Restated and Amended Bulk Power Supply System Resolution;

(b) Principal or Redemption Price and Interest -- to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(i) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds

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theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(ii) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

(c) Subordinated Indebtedness -- to the payment of principal, redemption price and interest then due on Subordinated Indebtedness in accordance with the Supplemental Resolution(s) authorizing such Subordinated Indebtedness.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund as follows and in the following order:

(d) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of each Additionally Secured Series secured by such separate subaccount in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds of such Additionally Secured Series theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or sinking fund Redemption Price of any Bonds of such Additionally Secured Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or sinking

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fund Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(e) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds of each Additionally Secured Series secured by such separate subaccount without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in any Decommissioning Fund only for the purposes for which such Fund was established.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries, and all other sums payable by JEA under the Restated and Amended Bulk Power Supply System Resolution including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of JEA, and all defaults under the Restated and Amended Bulk Power Supply System Resolution or the Bonds shall be made good, JEA and the Holders shall be restored, respectively, to their former positions and rights under the Restated and Amended Bulk Power Supply System Resolution. No such restoration of JEA and the Holders to their former positions and rights shall extend to or affect any subsequent default under the Restated and Amended Bulk Power Supply System Resolution or impair any right consequent thereon.

Powers of Amendment

Any modification or amendment of the Restated and Amended Bulk Power Supply System Resolution and of the rights and obligations of JEA and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Restated and Amended Bulk Power Supply System Resolution (a) of the Holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (b) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Issue, Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Issue, Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Restated and Amended Bulk Power Supply System Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the Restated and Amended Bulk Power Supply System Resolution and any such determination shall, absent manifest error, be binding

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and conclusive on JEA and all Holders of Bonds. For the purpose of this paragraph, a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond. For the purpose of this paragraph, the Holders of any Bonds may include the Holders thereof, regardless of whether such Bonds are being held for resale. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

Supplemental Resolutions

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of JEA may be adopted, which, upon its adoption and compliance with the applicable provisions of the Restated and Amended Bulk Power Supply System Resolution, shall be fully effective in accordance with its terms:

(a) to close the Restated and Amended Bulk Power Supply System Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Restated and Amended Bulk Power Supply System Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of JEA in the Restated and Amended Bulk Power Supply System Resolution other covenants and agreements to be observed by JEA which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect;

(c) to add to the limitations and restrictions in the Restated and Amended Bulk Power Supply System Resolution other limitations and restrictions to be observed by JEA which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect;

(d) to authorize Bonds of an Issue or of a Series and, in connection therewith, specify and determine the matters and things referred to in the article of the Restated and Amended Bulk Power Supply System Resolution relating to the authorization and issuance of Bonds, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(e) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto;

(f) to confirm, as further assurance, any security interest or pledge under, and the subjection to any security interest or pledge created or to be created by, the Restated and Amended Bulk Power Supply System Resolution of the Revenues or of any other moneys, securities or funds;

(g) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve if and to the extent authorized in a

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Supplemental Resolution authorizing an Additionally Account securing the Bonds of such Additionally Secured Series;

(h) to authorize the establishment of a Decommissioning Fund as provided in the Restated and Amended Bulk Power Supply System Resolution and, in connection therewith, to specify and determine the matters and things referred to therein or to modify any such matters and things in any other respect whatsoever;

(i) to modify any of the provisions of the Restated and Amended Bulk Power Supply System Resolution in any other respect whatever; *provided* that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(j) to identify and authorize the acquisition and/or construction of any Project;

(k) to designate any agreement entered into in connection with a Project as a "Project Agreement" therefor; and

(l) to authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness.

**Supplemental Resolutions Effective Upon Delivery
of Counsel's Opinion as to No Material Adverse Effect**

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (a) delivery of a Counsel's Opinion to the effect that the provisions of such Supplemental Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (i) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (ii) a consulting engineer, as to matters within its field of expertise and (iii) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (b) compliance with the applicable provision of the Restated and Amended Bulk Power Supply System Resolution, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Restated and Amended Bulk Power Supply System Resolution;

(b) to insert such provisions clarifying matters or questions arising under the Restated and Amended Bulk Power Supply System Resolution as are necessary or desirable and are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect; or

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(c) to make any other modification to or amendment of the Restated and Amended Bulk Power Supply System Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of the Bondholders.

Notwithstanding any other provision of the Restated and Amended Bulk Power Supply System Resolution, in determining whether the interests of the Holders of Outstanding Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Defeasance

If all Bonds and interest due or to become due therein are paid in full, then the pledge of the Trust Estate and all covenants, agreements and other obligations of JEA to the Holders of the Bonds, will thereupon cease, terminate and become void and be discharged and satisfied.

If any Bonds are paid in full, then such Bonds shall cease to be entitled to any lien, benefit or security under the Restated and Amended Bulk Power Supply System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Restated and Amended Bulk Power Supply System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Bonds) are met (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, JEA shall have given to the Escrow Agent therefor instructions accepted in writing by such Escrow Agent to give notice of redemption thereof, (b) there shall have been deposited with the Escrow Agent therefor either moneys, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, and (c) in the event said Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall have given such Escrow Agent instructions to give to the Holders of such Bonds a notice that the above deposit has been made and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the Restated and Amended Bulk Power Supply System Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of the Restated and Amended Bulk Power Supply System Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Restated and Amended Bulk Power Supply System Resolution.

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Option Bonds shall be deemed to have been paid in accordance with the provisions of the Restated and Amended Bulk Power Supply System Resolution only if, in addition to satisfying the requirements of clauses (a) and (c) of the second preceding paragraph, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Escrow Agent pursuant to the provisions of the Restated and Amended Bulk Power Supply System Resolution, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Restated and Amended Bulk Power Supply System Resolution.

Action by Credit Enhancer When Action by Holders of Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Bonds of a Series, or a maturity within a Series or an interest rate within a maturity, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Bonds of any Series, or maturity within a Series or an interest rate within a maturity, as to which it is the Credit Enhancer at all times for the purpose of (a) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Restated and Amended Bulk Power Supply System Resolution, which requires the written approval or consent of Holders; *provided, however*, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (b) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Restated and Amended Bulk Power Supply System Resolution.

Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (a) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (b) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Restated and Amended Bulk Power Supply System Resolution

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for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (a) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (b) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to JEA any notice, consent, request or demand pursuant to the Restated and Amended Bulk Power Supply System Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (a) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an Event of Default or (b) computing the principal amount of Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the Restated and Amended Bulk Power Supply System Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Bonds, less any prior repayments thereof.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE
POWER PARK JOINT OWNERSHIP AGREEMENT

The following is a brief summary of certain provisions of the Power Park Joint Ownership Agreement. This summary does not purport to be a complete or comprehensive statement of the contents of the Power Park Joint Ownership Agreement. This summary is entirely qualified by and reference is hereby made to the provisions of the Power Park Joint Ownership Agreement itself, copies of which may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction.

Definitions

Unless the context otherwise requires, the terms defined in this section shall for the purposes of this summary have the meanings specified herein. The reader is cautioned that the definitions contained in this summary of the Power Park Joint Ownership Agreement may and do materially vary from the definitions of similar terms used elsewhere in the Annual Disclosure Report to which this summary is attached.

Bonds: The bonds, notes or other evidences of indebtedness issued from time to time by JEA pursuant to a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution" (as amended and supplemented, the "First Power Park Resolution")¹ (or other applicable resolution or agreement in the case of notes or other evidences of indebtedness), except for certain bonds ("Other Bonds") issued to pay certain costs allocable solely to JEA, to pay any part of (i) Costs of Construction, (ii) Costs of Plant, (iii) interest accruing in whole or in part on bonds, notes or other evidences of indebtedness issued pursuant to the First Power Park Resolution¹ (or other applicable resolution or agreement in the case of notes or other evidences of indebtedness), except for interest accruing in whole or in part on Other Bonds, prior to and during construction and for such additional period as JEA may reasonably determine to be necessary for placing the Joint Facilities in operation, (iv) amounts required by the First Power Park Resolution¹ to be paid into the Debt Service Fund (as defined in the First Power Park Resolution¹), except for amounts to be paid into such Debt Service Fund attributable to Other Bonds, from the proceeds of bonds, notes or other evidences of indebtedness, (v) costs and expenses incurred in the issuance and sale of bonds, notes or other evidences of indebtedness issued pursuant to the First Power Park Resolution¹ (or other applicable resolution or agreement in the case of notes or other evidences of indebtedness), except for costs and expenses incurred in the issuance and sale of Other Bonds, including but not limited to legal fees and expenses, discounts to the underwriters or other purchasers thereof, fees and expenses of underwriters or other purchasers thereof and fees and expenses of financial advisors, or (vi) the payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption) on notes or other evidences of indebtedness issued in accordance with the provisions of clause (i) of subsection one of Section 707 of the First Power Park Resolution¹ (relating to bond anticipation notes) to finance any of the costs referred to above in clauses (i) through (v), inclusive, which costs have not been, and are not to be, paid out of the proceeds of bonds, and any additional bonds and refunding bonds issued in accordance with the First Power Park Resolution.¹

Co-owner: JEA or FPL or any party substituted for JEA or FPL pursuant to Section 12.1 or 12.2 of the Power Park Joint Ownership Agreement. The "Co-owners" shall mean JEA and FPL and any party substituted for JEA or FPL pursuant to such Sections.

Costs of Construction: All costs, expenses, losses, liabilities and charges (except certain costs allocable principally to JEA) incurred or accrued by JEA or FPL in planning, design, engineering,

¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

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acquisition, construction, contract preparation, installation, modifying, testing, environmental control, safety and completion of the Joint Facilities, including costs related to obtaining all licenses, approvals or permits from regulatory agencies required for construction, operation and ownership of the Joint Facilities which are incurred or accrued in connection with placing Coal Units No. 1 and No. 2 in commercial operation.

Costs of Operation: All direct and indirect costs of operating the Joint Facilities incurred or accrued by JEA or FPL pursuant to the terms of the Power Park Joint Ownership Agreement, including but not limited to all costs, expenses, losses, liabilities and charges incurred or accrued in operating, maintaining, repairing, supervising, fueling, staffing, insuring, testing, protecting, preserving, meeting legal, regulatory, permit and license requirements with respect to, and using the Joint Facilities, whether incurred in the name of JEA or FPL only or the name of both Co-owners, but excluding (i) any such items otherwise included as Costs of Construction, Costs of Plant or Other Costs and (ii) cost of Fuel or costs of Plant Materials and Operating Supplies as provided in Appendix B of the Power Park Joint Ownership Agreement.

Costs of Plant: All costs, expenses, losses, liabilities and charges (except certain costs principally allocable to JEA) incurred or accrued by JEA or FPL pursuant to the terms of the Power Park Joint Ownership Agreement for the Joint Facilities, after the Date of Commercial Operation with respect to each of Coal Units No. 1 and No. 2, which are directly or indirectly related to capital improvements, additions, betterments or replacements thereof, whether incurred in the name of JEA or FPL only or in the name of both Co-owners.

Generation Entitlement: The capacity in megawatts available to a Co-owner which is equal to such Co-owner's Generation Entitlement Percentage times the Net Electric Generating Capability.

Generation Entitlement Percentage: The percentage of the Net Electric Generating Capability of each of Coal Units No. 1 and No. 2 to which JEA or FPL, as the case may be, is entitled under the Power Park Joint Ownership Agreement.

Net Electric Generating Capability: With respect to each of Coal Units No. 1 and No. 2, at any time, the gross electric capability and associated electric energy of the Coal Unit at that time, less the electric energy utilized by such Coal Unit for all processes, auxiliary equipment and systems used or useful in connection with start-up, operation, maintenance, control, supply or shutdown of such Coal Unit, including appropriate station service transformer losses, available to the Co-owners at the high voltage bus at the Plant Site-located switchyard.

Ownership Interest: With respect to each Co-owner, the percentage of undivided ownership in the Joint Facilities. This percentage is subject to change as provided in Sections 12.1, 12.2 and 13.4.3 of the Power Park Joint Ownership Agreement.

Ownership and Construction

JEA and FPL each own an undivided interest in the Joint Facilities as tenants in common. The percentages of undivided ownership, and the rights and obligations of the Co-owners with respect to the output, capacity, use and service of the Joint Facilities are 80 percent for JEA and 20 percent for FPL (their respective "Ownership Interests").

The Costs of Construction and Costs of Plant of the Joint Facilities will be paid from the Construction and Plant Account. JEA and FPL will pay into the Construction and Plant Account, in proportion to their Ownership Interests, the amounts necessary to make such payments from the Construction and Plant Account pursuant to statements prepared monthly by the Project Management

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Committee. JEA as agent for the Co-owners shall have the sole responsibility, right and authority to withdraw and apply funds as necessary from the Construction and Plant Account to pay the Costs of Construction, the Costs of Plant and other specified expenditures to be made from such account.

Energy Entitlements

JEA is entitled to a percentage (its "Generation Entitlement Percentage") of the Net Electric Generating Capability of Coal Units No. 1 and No. 2 at any given time equal to its Ownership Interest less the percentage of the total Net Electric Generating Capability of each of Coal Units No. 1 and No. 2 sold by JEA to FPL pursuant to Section 8 of the Power Park Joint Ownership Agreement. In Section 8 of the Power Park Joint Ownership Agreement JEA sold to FPL 37.5 percent of JEA's Ownership Interest in the Net Electric Generating Capability of Coal Units No. 1 and No. 2 (subject to the limitation that FPL may not receive in excess of 25 percent of the product of the nameplate capacity of JEA's Ownership Interest and the number of years from the date FPL first took energy pursuant to such sale until the latest maturity date of the bonds issued pursuant to a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution" (the "Power Park Issue Two Bonds")¹). FPL is required to make payments to JEA for the purchase of such Net Electric Generating Capability approximately equal to the sum of 37.5 percent of the debt service on the Power Park Issue Two Bonds,¹ the administrative fees and expenses on the Power Park Issue Two Bonds,¹ the variable Costs of Operation and certain other costs, proportionate to the amount of net electric generating capability sold to FPL.

Coordination and Administration of the Joint Facilities

To provide management, administration and control of the activities necessary for the completion and operation of the Joint Facilities, the Power Park Joint Ownership Agreement established an Executive Committee and four functional committees (a Project Management Committee, Operating Committee, Fuels Committee and Energy Dispatch Committee) subordinate to it. Each committee is composed of an equal number of representatives of JEA and FPL. The authority, responsibilities, operation and coordination of the various committees is extensively detailed in Article V of the Power Park Joint Ownership Agreement, to which the reader is referred.

Operations

JEA as agent for FPL and acting on its own behalf shall be responsible for the operation and maintenance of the Joint Facilities. JEA shall discharge such responsibility in accordance with the directives and authorizations of the Executive Committee or Operating Committee or in accordance with the policies and procedures developed by the Operating Committee and approved in accordance with the Power Park Joint Ownership Agreement.

Except as otherwise provided in the Power Park Joint Ownership Agreement the fixed Costs of Operation of the Joint Facilities shall be borne by the Co-owners in proportion to their Ownership Interests and the variable Costs of Operation (as such fixed and variable Costs of Operations are defined in Appendix B to the Power Park Joint Ownership Agreement) shall be borne by the Co-owners in proportion to their respective amounts of Generated Energy associated with their respective Ownership Interests.

Transmission of FPL's Generated Energy

JEA will provide transmission capability for delivery of FPL's Generated Energy from the coal units to FPL. FPL will pay a transmission charge to the Electric System for this service, the amount of such

¹ The Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding.

charge to be determined as provided in Appendix B to the Power Park Joint Ownership Agreement, such payment to be made whether or not the coal units or the transmission facilities are completed, operable or operating and notwithstanding any suspension, interruption, interference, reduction or curtailment of the output, capacity or service of either of the coal units or such transmission facilities for any reason whatsoever.

Separate System and Funds of JEA

The Power Park Joint Ownership Agreement provides that JEA's Ownership Interest in the Joint Facilities will be financed, constructed and operated by JEA as a project under the provisions of Chapter 80-513, Laws of Florida, as amended (the "Bulk Power Act"), and will be financed and accounted for by JEA under the First Power Park Resolution¹ as a separate bulk power supply system of JEA known as the St. Johns River Power Park System in accordance with the provisions of the Bulk Power Act.

Other Provisions

The Power Park Joint Ownership Agreement contains other provisions relating to insurance, damage or destruction of the Joint Facilities, assignment and transfer of interests in the Joint Facilities, liability of the parties for taxes, liabilities of third parties, force majeure, rights of the parties to audit, maintenance of records, authority of the agents of either Co-owner, supporting staff and staff committees, sale of respective Ownership Interests, unrelated use of the Joint Facilities and the project site, resolution of disputes through voluntary non-binding arbitration, and other matters related to the joint ownership, construction and operation of the Joint Facilities.

Events of Default and Remedies on Default

(A) Events of Default. The Events of Default specified in the Power Park Joint Ownership Agreement are (a) a failure of a Co-owner to make any monetary payment required of it under the Power Park Joint Ownership Agreement when due (except for certain failures by JEA related to an inability to sell Power Park Bonds), and (b) a failure of a Co-owner to perform any other obligation or duty under the Power Park Joint Ownership Agreement which failure has not been cured within 60 days after the giving of notice of such failure or, if there is a good faith dispute, issuance of a final court or arbitrational order or decision, or, in the case of either (a) or (b) if not reasonably curable within such 60 day period, good faith efforts to cure the same have not commenced during such period and are not being pursued with due diligence by said Co-owner in default.

(B) Rights on Default. A Co-owner in default shall have no right to receive its Generation Entitlement Percentage of the Net Electric Generating Capability or to exercise any other rights under the Power Park Joint Ownership Agreement until such default has been cured (but each Co-owner shall continue to be represented on and to participate in the decision making of the administrative and planning committees described above).

During the period of a default the non-defaulting Co-owner, in addition to other rights available at law or equity, has the right to take any or all of the capacity and associated energy of Coal Units No. 1 and No. 2 unavailable to the defaulting Co-owner as described in the preceding paragraph. The defaulting Co-owner is not relieved of any liability for his default or for payments under the Power Park Joint Ownership Agreement, with the exception of some variable Costs of Operation which will be borne by the

¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

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non-defaulting Co-owner in proportion to its receipt of capacity and energy associated with utilization of a defaulting Co-owner's entitlement.

In the event a Co-owner remains in default for a period of 365 days, the non-defaulting Co-owner shall have the right, in addition to other rights available, to purchase in full or in part, the defaulting Co-owner's Ownership Interest in the Joint Facilities at a price determined in accordance with Section 13.4.3 of the Power Park Joint Ownership Agreement.

Further, a non-defaulting Co-owner shall have the right at any time and from time to time to sue the Co-owner in default to recover or enforce payment of any and all amounts which the Co-owner in default is obligated by the Power Park Joint Ownership Agreement to pay or to require performance or any other obligation or duty of the defaulting Co-owner under the Power Park Joint Ownership Agreement or to recover for all loss or damage suffered by reason of the default, or to seek a declaratory judgment to the respect of rights and obligations of the Co-owners under the Power Park Joint Ownership Agreement.

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APPENDIX G**SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS
RELATING TO SCHERER UNIT 4**

The following is a brief summary of certain provisions of certain agreements relating to Scherer Unit 4. This summary does not purport to be a complete or comprehensive statement of the contents of such agreements. This summary is entirely qualified by and reference is hereby made to the provisions of the such agreements themselves, copies of which may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction.

SCHERER UNIT 4 PURCHASE AGREEMENT

The Scherer Unit 4 Purchase Agreement and certain related agreements provide for the purchase by FPL and JEA of their ownership interests in Scherer Unit 4 and associated common facilities and an associated coal stockpile and generally govern the ownership and operation of Scherer Unit 4.

Agent

JEA and FPL have appointed GPC as their agent to act on behalf of JEA and FPL (the "Scherer 4 Participants") in performing all activities relating to the planning, construction, operation, maintenance and disposal of Scherer Unit 4 and the associated common facilities, subject to the terms of the ownership and operation agreements governing the other Plant Scherer units. GPC has sole authority and responsibility to perform such functions and is authorized to take all reasonable actions which in the discretion and judgment of GPC are deemed necessary or advisable to perform such functions with respect to Scherer Unit 4 and the associated common facilities. JEA and FPL retain the right to conduct operating and management audits and to have on-site representatives and inspections and participate in the Scherer Unit 4 Operating Committee. The terms and conditions upon which GPC will perform such functions are further delineated in a Scherer Unit 4 Operating Agreement, as amended (see "Scherer Unit 4 Operating Agreement" herein). GPC can be removed as agent under the Scherer Unit 4 Purchase Agreement in certain circumstances and a successor appointed. GPC's liability for failure to properly perform such agency functions is limited by the provisions of the Scherer Unit 4 Purchase Agreement.

Ownership, Rights and Obligations

The Scherer 4 Participants own Scherer Unit 4 and the associated common facilities, and possess the rights and obligations related thereto, in proportion to their undivided ownership interests therein from time to time. The Scherer 4 Participants are entitled to the capacity and the associated energy from Scherer Unit 4 in proportion to their undivided ownership interests from time to time.

Non-Payment

A Scherer 4 Participant which fails to make payments due under the Scherer Unit 4 Purchase Agreement will have no right to any output of capacity and energy, and other rights under the Scherer Unit 4 Purchase Agreement will be suspended, until all overdue amounts are paid.

Sale or Assignment

Each Scherer 4 Participant may sell or assign its ownership interest, subject to certain rights of first refusal granted to the other Scherer 4 Participants. Upon any sale of its ownership interest or a portion thereof, the selling Scherer 4 Participant's obligations (including payment obligations) under the Scherer Unit 4 Purchase Agreement are reduced to the extent of the interest sold.

Damage or Destruction

If Scherer Unit 4 or the associated common facilities, or any portion thereof, are damaged or destroyed, the damaged or destroyed portion (i) shall be repaired or reconstructed if insurance proceeds are sufficient to pay the cost thereof, or (ii) shall not be repaired or reconstructed if the insurance proceeds are insufficient to pay the cost thereof, in each case subject to the contrary decision of a specified proportion of the utilities having an ownership interest in the damaged or destroyed facilities and further subject to the right of any utility having an ownership interest in the damaged or destroyed facilities to repair or reconstruct such facilities at its own cost; *provided, however*, that if any such utility having an ownership interest in the damaged or destroyed facilities elects to repair or reconstruct and bear the full cost thereof, any other Scherer 4 Participant shall reimburse such utility its pro rata share of the net book value of the costs of such repair or reconstruction as a condition to again obtaining its entitlement of energy.

Insurance

GPC is required to carry in the name of the Scherer 4 Participants the following types of insurance: worker's compensation, commercial general liability, and "all risk" property, in such amounts and with such provisions as is consistent with GPC's customary practices.

Coal Stockpiles

JEA and FPL, for accounting, payment and settlement costs only, shall each have a separate coal stockpile and shall be entitled only to the use of coal in its separate stockpile account.

Clean Air Act Emissions Allowances

Each Scherer 4 Participant shall be entitled to a pro rata share (based upon its ownership interest in Scherer Unit 4) of any and all allowances allocated to Scherer Unit 4 under the 1990 Amendments to the Clean Air Act. See "*ELECTRIC UTILITY FUNCTIONS — Factors Affecting the Electric Utility Industry — Environmental*" in the Annual Disclosure Report to which this summary is attached.

Common Facilities Agreements

The provisions of the Scherer Unit 4 Purchase Agreement and the Scherer Unit 4 Operating Agreement relating to the associated common facilities are made subject, in the case of conflict, to the provisions of prior ownership and operating agreements governing the ownership and operation of the other Plant Scherer units.

No Adverse Distinction

The Scherer 4 Participants and GPC, as agent, each agree that in discharging their responsibilities under the Scherer Unit 4 Purchase Agreement they will not make any adverse distinction between Scherer Unit 4 and the associated common facilities, on the one hand, and any other generating units or common facilities in which such party has an ownership interest, on the other hand.

SCHERER UNIT 4 OPERATING AGREEMENT

JEA, FPL and GPC have entered into the Plant Robert W. Scherer Unit Number Four Operating Agreement, dated as of December 31, 1990, as amended (the "Scherer Unit 4 Operating Agreement"), which, together with certain related agreements, provides for the operation and maintenance, management, control, renewal, improvement, replacement, modification and disposal of Scherer Unit 4 and the associated common facilities, to the extent not covered by the Scherer Unit 4 Purchase Agreement. The

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Scherer Unit 4 Operating Agreement became effective on July 10, 1991 and remains in effect until the final decommissioning of Scherer Unit 4 and the associated common facilities.

GPC Agency

GPC is appointed agent for the Scherer 4 Participants to operate, maintain and perform other functions with respect to Scherer Unit 4 and the associated common facilities.

Operating Committee

The Scherer Unit 4 Operating Agreement creates an Operating Committee consisting of a representative from each of the Scherer 4 Participants. The Operating Committee has general authority to serve as liaison between GPC in its capacity as agent and the Scherer 4 Participants, and to administer the Scherer Unit 4 Operating Agreement and the Scherer Unit 4 Purchase Agreement. The Operating Committee also approves the Scherer Unit 4 business plan prepared by GPC, as agent, and certain procurement activities.

Operation

GPC, as agent for the Scherer 4 Participants, has the sole authority and responsibility to operate, maintain and perform other functions with respect to Scherer Unit 4 and the associated common facilities and is authorized to take all actions which, in its discretion and judgment, are deemed necessary or advisable to effect such operation, maintenance and other functions.

Separate Coal Procurement

Subject to the terms of the Scherer Unit 4 Purchase Agreement and Operating Agreement, FPL and JEA may act separately to supply their own coal requirements, as a separate coal stockpile, upon complying with certain conditions.

Availability, Scheduling and Dispatch of Output

The Scherer 4 Participants are entitled to the net capacity of Scherer Unit 4 in proportion to their ownership interests and other net energy output.

GPC has agreed to use its best efforts to dispatch or allow JEA and FPL direct dispatch control of the net energy output from Scherer Unit 4 to match schedules provided by the Scherer 4 Participants, subject to safety, reliability and integrity requirements of Scherer Unit 4, the other Plant Scherer units and the Georgia transmission grid.

Cost Sharing

Except as otherwise provided, each Scherer 4 Participant is responsible for its respective share of all operating and improvement costs. The Scherer Unit 4 Operating Agreement provides for the establishment of accounting and billing procedures, which have been approved by the Scherer 4 Participants.

AGENCY AGREEMENT BETWEEN JEA AND FPL

JEA and FPL have entered into an Agency Agreement Relating to the Joint Ownership of Plant Scherer Unit Number Four, dated as of December 31, 1990 (the "Scherer Unit 4 Agency Agreement"), which became effective on July 10, 1991. JEA and FPL agree in the Scherer Unit 4 Agency Agreement to

Finance & Operations Committee - ADDITIONAL INFORMATION

create joint Executive, Operating and Services Committees relating to their ownership interests in Scherer Unit 4 and the associated common facilities. Such committees are to be composed of a representative of FPL (the "Lead FPL Member") and a representative of JEA. JEA agrees to the appointment of FPL, through the FPL Lead Members or other FPL delegates, as its agent and proxy with respect to all matters concerning the parties' ownership interests in Scherer Unit 4 and the associated common facilities, including the operation, maintenance, contracting and project management thereof, to act in accordance with the instructions of the committees established in the Scherer Unit 4 Agency Agreement. FPL's duties and obligations in carrying out such agency include (i) voting JEA's ownership interest in conjunction with FPL's ownership interest at any managing board or operating or other committees, and (ii) directing the activities of the operating agent appointed for Scherer Unit 4 (initially, GPC).

FPL's authority to act on behalf of JEA under the Scherer Unit 4 Agency Agreement does not extend to actions regarding certain third party suits and claims, actions relating to reconstruction of damaged or destroyed facilities, retirement or life extension of Scherer Unit 4, dispatching of JEA's energy entitlement and the scheduling and transmission of such energy, and coal procurement activities.

Actions by the Executive Committee are taken by majority vote, with the votes of JEA and FPL representatives weighted in accordance with their respective ownership interests, *i.e.*, 76.36 percent for FPL and 23.64 percent for JEA. Thus, FPL will generally have the deciding vote. However, the unanimous consent of the committee representatives is required with respect to certain significant matters, including capital modifications or improvements, removal and replacement of the operating agent, and fuel utilization decisions requiring capital expenditures to maintain performance. The Scherer Unit 4 Agency Agreement provides for arbitration of deadlocks with respect to such significant matters. Decisions of the other committees established pursuant to the Scherer Unit 4 Agency Agreement will be by consensus, with disputes resolved by the Executive Committee.

The Scherer Unit 4 Agency Agreement may be terminated by agreement of JEA and FPL or by JEA in certain circumstances, including the insolvency or dissolution of FPL.

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APPENDIX H

**JEA ELECTRIC SYSTEM BONDS SUBJECT TO
CONTINUING DISCLOSURE UNDERTAKINGS***

JEA has entered into continue disclosure undertakings with respect to the following bonds to provide certain information to the Municipal Securities Rulemaking Board not later than the June 1 following the end of each Fiscal Year.

ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS, ISSUE THREE**St. Johns River Power Park System Revenue Bonds, Issue Three, Series One**

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2037	\$100,000	4.500%	46613Q EH3

St. Johns River Power Park System Revenue Bonds, Issue Three, Series Two

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2037	\$29,370,000	5.000%	46613Q EZ3

St. Johns River Power Park System Revenue Bonds, Issue Three, Series Four

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$1,950,000	4.850%	46613Q GH1
2023	2,020,000	4.950	46613Q GJ7
2024	2,085,000	5.050	46613Q GK4
2025	2,160,000	5.150	46613Q GL2
2026	2,240,000	5.250	46613Q GM0
2027	2,325,000	5.350	46613Q GN8
2028	2,415,000	5.450	46613Q GP3

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* Note: The CUSIP numbers listed in this APPENDIX H are provided for the convenience of bondholders. JEA is not responsible for the accuracy or completeness of such numbers.

Finance & Operations Committee - ADDITIONAL INFORMATION

St. Johns River Power Park System Revenue Bonds, Issue Three, Series Six

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$ 1,470,000	2.625%	46613Q HS6
2022	7,505,000	5.000	46613Q JD7
2023	1,330,000	3.000	46613Q HT4
2023	6,090,000	5.000	46613Q JE5
2024	1,560,000	3.000	46613Q HU1
2024	8,295,000	5.000	46613Q JF2
2025	2,495,000	3.125	46613Q HV9
2026	3,100,000	3.250	46613Q HW7
2027	3,590,000	3.375	46613Q HX5
2032	25,405,000	4.000	46613Q JA3
2037	100,000	4.000	46613Q HZ0

St. Johns River Power Park System Revenue Bonds, Issue Three, Series Seven

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$ 2,185,000	2.500%	46613Q JW5
2023	4,195,000	3.000	46613Q JX3
2024	2,210,000	3.000	46613Q JY1
2025	10,090,000	3.000	46613Q JZ8
2026	9,795,000	3.125	46613Q KA1
2027	9,640,000	3.250	46613Q KB9
2028	5,260,000	3.375	46613Q KC7
2031	5,680,000	3.500	46613Q KF0
2032	5,820,000	3.625	46613Q KG8
2033	5,975,000	3.625	46613Q KH6

St. Johns River Power Park System Revenue Bonds, Issue Three, Series Eight

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$ 2,175,000	2.500%	46613Q KT0
2023	2,230,000	2.750	46613Q KU7
2024	2,295,000	3.000	46613Q KV5
2025	2,360,000	3.000	46613Q KW3
2026	2,430,000	3.000	46613Q KX1
2027	2,505,000	3.125	46613Q KY9
2031	2,855,000	3.500	46613Q LC6
2032	2,955,000	3.625	46613Q LD4
2033	3,060,000	3.750	46613Q LE2
2034	3,175,000	3.750	46613Q LG7
2039	17,840,000	4.000	46613Q LF9

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Finance & Operations Committee - ADDITIONAL INFORMATION

ELECTRIC SYSTEM REVENUE BONDS**Electric System Revenue Bonds, Series Three 2004A**

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2039	\$5,000	5.000%	46613C EN1

Electric System Revenue Bonds, Series Three 2005B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2033	\$100,000	4.750%	46613C FQ3

Electric System Revenue Bonds, Series Three 2008C-3

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2038	\$25,000,000	Variable	46613C MP7

Electric System Revenue Bonds, Series Three 2009D

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2044	\$45,955,000	6.056%	46613C VW2

Electric System Revenue Bonds, Series Three 2010E

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2030	\$ 6,840,000	5.350%	46613C J30
2040	27,415,000	5.482	46613C J22

Electric System Revenue Bonds, Series Three 2013A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$15,245,000	5.000%	44613C 2F1

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Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Revenue Bonds, Series Three 2013C

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$1,950,000	5.000%	46613C 5N1
2030	845,000	4.600	46613S RD4

Electric System Revenue Bonds, Series Three 2015B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2030	\$ 75,000	5.000%	46613S LA6
2031	4,460,000	5.000	46613S DG2

Electric System Revenue Bonds, Series Three 2017B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2026	\$ 2,820,000	5.000%	46613S FT2
2027	33,105,000	5.000	46613S FU9
2028	26,400,000	5.000	46613S FV7
2029	26,705,000	5.000	46613S FW5
2030	26,800,000	5.000	46613S FX3
2035	20,945,000	4.000	46613S FY1
2036	24,575,000	4.000	46613S FZ8
2037	22,560,000	4.000	46613S GA2
2038	7,135,000	4.000	46613S GB0
2039	7,050,000	3.375	46613S GC8

Electric System Revenue Bonds, Series Three 2020A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2026	\$ 665,000	5.000%	46613S PZ7
2027	2,815,000	5.000	46613S QA1
2028	2,170,000	5.000	46613S QB9
2029	1,655,000	5.000	46613S QC7
2030	6,415,000	5.000	46613S QD5
2031	5,500,000	5.000	46613S QE3
2032	1,685,000	5.000	46613S QF0
2033	2,215,000	5.000	46613S QG8
2034	17,080,000	5.000	46613S QH6
2035	16,805,000	5.000	46613S QJ2
2036	12,695,000	4.000	46613S QK9
2037	16,210,000	4.000	46613S QL7
2038	16,430,000	4.000	46613S QM5
2039	14,865,000	4.000	46613S QN3
2040	6,070,000	3.000	46613S QP8
2041	5,980,000	3.000	46613S QQ6

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Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Revenue Bonds, Series Three 2021A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2033	\$8,700,000	5.000%	46613S RE2
2034	230,000	4.000	46613S RF9
2035	235,000	4.000	46613S RG7
2036	410,000	4.000	46613S RH5
2037	275,000	4.000	46613S RJ1
2038	270,000	4.000	46613S RK8
2039	265,000	4.000	46613S RL6

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Finance & Operations Committee - ADDITIONAL INFORMATION

ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS**Electric System Subordinated Revenue Bonds, 2009 Series F**

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2024	\$ 1,820,000	5.500%	46613C WH4
2034	56,600,000	6.406	46613C WG6

Electric System Subordinated Revenue Bonds, 2010 Series D

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$ 4,345,000	4.749%	46613C K20
2023	4,685,000	4.899	46613C K38
2027	25,455,000	5.582	46613C J89

Electric System Subordinated Revenue Bonds, 2013 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2027	\$2,785,000	5.000%	46613S MH0
2029	3,940,000	5.000	46613S MJ6

Electric System Subordinated Revenue Bonds, 2013 Series B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$5,225,000	5.000%	46613C 2R5

Electric System Subordinated Revenue Bonds, 2013 Series C

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2029	\$ 1,765,000	5.000%	46613C 4J1
2037	\$30,135,000	5.000	46613C 4L6

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Finance & Operations Committee - ADDITIONAL INFORMATION

Electric System Subordinated Revenue Bonds, 2014 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$ 6,280,000	5.000%	46613S BD1
2034	4,170,000	5.000	46613S PU8
2039	18,690,000	5.000	46613S PW4

Electric System Subordinated Revenue Bonds, 2017 Series B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2026	\$33,155,000	5.000%	46613S GJ3
2031	15,715,000	5.000	46613S GK0
2032	26,710,000	5.000	46613S GL8
2033	32,460,000	5.000	46613S GM6
2034	34,025,000	3.375	46613S GN4

Electric System Subordinated Revenue Bonds, 2020 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2028	\$12,830,000	5.000%	46613S QR4
2029	575,000	5.000	46613S QS2
2030	10,105,000	5.000	46613S QT0
2031	7,970,000	5.000	46613S QU7
2032	8,765,000	5.000	46613S QV5
2033	3,130,000	5.000	46613S QW3
2034	1,215,000	5.000	46613S QX1
2035	23,925,000	4.000	46613S QY9
2036	9,125,000	4.000	46613S QZ6
2037	5,905,000	4.000	46613S RA0
2038	8,870,000	4.000	46613S RB8

Electric System Subordinated Revenue Bonds, 2021 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2029	\$ 930,000	5.000%	46613S RM4
2031	12,055,000	5.000	46613S RN2
2032	11,830,000	5.000	46613S RP7
2033	8,895,000	5.000	46613S RQ5
2034	465,000	4.000	46613S RR3

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Finance & Operations Committee - ADDITIONAL INFORMATION

BULK POWER SUPPLY SYSTEM REVENUE BONDS**Scherer 4 Project Issue, Series 2010A**

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2022	\$ 2,410,000	5.200%	472149 BF9
2023	2,495,000	5.300	472149 BG7
2024	2,580,000	5.400	472149 BH5
2025	3,105,000	5.450	472149 BJ1
2030	16,585,000	5.920	472149 BK8

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Finance & Operations Committee - ADDITIONAL INFORMATION

ADDITIONAL VOGTLE UNITS PPA BONDS

Municipal Electric Authority of Georgia
Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A
(Issuer Subsidy – Build America Bonds)

Maturity Date (April 1)	Principal Amount	Interest Rate	CUSIP Number
2057	\$1,191,845,000	6.637%	626207 YF5

Municipal Electric Authority of Georgia
Plant Vogtle Units 3&4 Project J Bonds, Series 2015A (Tax-Exempt)

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP Number
2060	\$117,180,000	5.000%	626207 H23
2060	68,000,000	5.500	626207 H31

Municipal Electric Authority of Georgia
Plant Vogtle Units 3&4 Project J Bonds, Series 2021A (Tax-Exempt)

Maturity Date (January 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$ 1,130,000	5.000%	626207 7L2
2024	1,180,000	5.000	626207 7M0
2025	1,225,000	5.000	626207 7N8
2026	1,275,000	5.000	626207 7P3
2027	1,325,000	5.000	626207 7Q1
2028	1,385,000	5.000	626207 7R9
2029	1,445,000	5.000	626207 7S7
2030	1,505,000	5.000	626207 7T5
2031	1,565,000	5.000	626207 7U2
2032	1,630,000	5.000	626207 7V0
2033	1,695,000	5.000	626207 7W8
2034	1,770,000	5.000	626207 7X6
2035	1,845,000	4.000	626207 7Y4
2036	1,905,000	4.000	626207 7Z1
2037	1,965,000	4.000	626207 8A5
2038	2,030,000	4.000	626207 8B3
2039	2,095,000	4.000	626207 8C1
2040	2,165,000	4.000	626207 8D9
2041	3,495,000	4.000	626207 8E7
2046	13,445,000	4.000	626207 8F4
2051	21,995,000	4.000	626207 8G2
2056	27,295,000	5.000	626207 8H0
2062	54,985,000	5.000	626207 8J6

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**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX H hereto)**

Filed on EMMA

**Dated as of
[~~April 5~~ May 24, 2022]**

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Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS

BOARD OF DIRECTORS

Chair	John D. Baker II
Vice Chair	Robert L. Stein
Secretary <u>Vice Chair</u>	Martha T. Lanahan
<u>Secretary</u>	<u>Gen. Joseph P. DiSalvo</u>
	<u>John D. Baker II</u>
	Dr. A. Zachary Faison, Jr.
	Ricardo Morales III
	Thomas VanOsdol

LEADERSHIP TEAM¹

Managing Director and Chief Executive Officer	Joseph C. Stowe III
Chief Operating Officer	Raynetta Curry Marshall ²
Chief Customer Officer	Sheila E. Pressley
Chief Human Resources Officer	L. David Emanuel
Chief Financial Officer	Theodore B. Phillips ³
Chief Administrative Officer	Jody L. Brooks
Chief External Affairs Officer	Laura Marshall Schepis ⁴
Chief Strategy Officer	Laura M. Dutton
 Vice President, Financial Services and Treasurer	 Joseph E. Orfano ⁵

GENERAL COUNSEL

Jason R. Teal, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

- ¹ Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.
- ² On July 13, 2021, JEA named Raynetta Curry Marshall as Chief Operating Officer. Ms. Marshall began serving as Chief Operating Officer in August 2021.
- ³ On June 15, 2021, JEA named Theodore B. Phillips as Chief Financial Officer. Mr. Phillips began serving as Chief Financial Officer in August 2021.
- ⁴ Ms. Schepis began serving as Chief External Affairs Officer in September 2021.
- ⁵ Mr. Orfano is a member of the Extended Leadership Team. For additional information regarding the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein. ▀

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**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

INTRODUCTION

General

This Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2021 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX H attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2021, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System, and District Energy System is owned and operated by JEA separately. For information relating to JEA's Water and Sewer System and District Energy System, see the Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2021 (the "Water and Sewer/DES Annual Disclosure Report"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and revenues of the Electric System are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

For purposes of this Annual Disclosure Report, the Electric System, JEA's interest in the St. Johns River Power Park Units 1 and 2 (such generating station, the "Power Park" or "SJRPP") and the Scherer 4 Project (hereinafter defined) are referred to collectively as JEA's "Electric Utility Functions." SJRPP ceased commercial operation on January 5, 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein. Scherer Unit 4 (as defined herein) was retired on January 1, 2022. See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. This Annual Disclosure Report contains information regarding JEA's Electric Utility Functions. For financing purposes, the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by JEA from the sale of electricity and related services. **Accordingly, the information contained herein relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, and certain proposed amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of such resolutions are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

Miscellaneous; Forward-Looking Statements

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to

holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise.

JEA Establishment and Organization

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

Finance & Operations Committee - ADDITIONAL INFORMATION

The Charter assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM⁽¹⁾</u>
John D. Baker II, Chair	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, Vice Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Secretary Vice Chair	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
<u>Gen. Joseph P. DiSalvo, Secretary</u>	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022 2026
<u>John D. Baker II</u>	<u>Executive Chairman & CEO, FRP Holdings, Inc.</u>	<u>April 16, 2020 – February 28, 2024</u>
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022 2026
Ricardo 'Rick' Morales III	President & CEO, Morales Construction Co. Inc.	October 1, 2021 – February 28, 2024
Thomas VanOsdol	President & CEO, Ascension Florida	April 16, 2020 – February 28, 2023

⁽¹⁾ At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020. Mr. Stein was reappointed for a first full term commencing February 28, 2021. Mr. Morales was appointed for a first full term commencing October 1, 2021, replacing Dr. Leon L. Haley, Jr. General DiSalvo and Dr. Faison were each reappointed for a first full term commencing February 28, 2022.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's

acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. †As of the date of this Annual Disclosure Report, Nassau County has not appointed a replacement for its previous representative to the JEA Board.†

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act. JEA may develop other separate bulk power supply systems in connection with future generation and/or transmission projects. JEA has launched several initiatives to provide revenue diversity. Included in these initiatives are natural gas sales to commercial and industrial customers (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Natural Gas Sales*" herein), forestry management of JEA owned conservation lands, leasing of dark fiber and space on communication towers, transmission and distribution poles and partnering with the North Florida Transportation Planning Organization to encourage electrification.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, vice presidents, directors, managers, executive assistants and other appointed staff, numbering approximately 414 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

JEA's senior level management experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Chief Information Officer; Vice President, Technical Services; Chief Legal Counsel; Vice President, Communications; Vice President, Government Relations; Vice President, Environmental Services; Vice President, Corporate Strategy; and Vice President, Economic Development.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Chief Information Officer report to the Chief Financial Officer. The Chief Legal Counsel reports to the Chief Administrative Officer. The Vice President, Communications; Vice President, Government Relations; and Vice President, Environmental Services report to the Chief External Affairs Officer; and the Vice President, Corporate Strategy and Vice President, Economic Development report to the Chief Strategy Officer.

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Raynetta Curry Marshall, Chief Operating Officer. Ms. Marshall joined JEA as chief operating officer (COO) in August 2021. In her role, she leads all utility operations and the teams that provide reliable, affordable, safe utility services to more than one million Northeast Florida residents across four counties.

Ms. Marshall has more than 35 years of experience in water resources and utility management. During her diverse career, she has conducted planning analyses for water and wastewater systems; managed the design, engineering and construction management of various capital improvement projects; directed large-scale utility programs and provided administrative oversight for water utility system planning and new development.

Before coming to JEA as COO, Ms. Marshall, served as general manager of the Underground Utilities & Public Infrastructure Department (UU&PI) in Tallahassee, Florida. Prior to that, she served in several leadership roles at JEA from 2011 to 2019, including director of water/wastewater planning and development and director of water/wastewater project engineering and construction. She began her career at the Washington Suburban Sanitary Commission (WSSC) in Laurel, Maryland.

Ms. Marshall is a registered Professional Engineer in Florida and holds a master's degree in Environmental Engineering and a bachelor's degree in Civil Engineering from Howard University. She has served on various professional association boards and committees, including President of the Florida Water Environment Association and Chair of the Water Environment Federation Utility Management Committee.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Chief Customer Officer in February 2021. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Heath Charities of Florida and a past mentor with Take Stock in Children.

L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Theodore "Ted" B. Phillips, Chief Financial Officer. Mr. Phillips joined JEA as its Chief Financial Officer in August 2021. In this role, his responsibilities include oversight of Financial Services, Financial Planning and Services, Treasury Services, Risk Management Services, Supply Chain, Corporate Security, Procurement, Emergency Preparedness and Business Continuity, Facilities and Fleet Services and Technical Services. He brings with him a wealth of experience leading finance teams for public utilities.

Prior to joining JEA, Mr. Phillips worked for 10 years with Huntsville (Ala.) Utilities, leading teams in Finance/Accounting, MIS, Technical Services, Purchasing, Stores & Warehouses, Fleet and Facilities. Previously, he spent 20 years in the public sector working for the cities of Shelby and Monroe, North Carolina, Mecklenburg County, North Carolina, and the State Auditor's office in Missouri.

Mr. Phillips received a Bachelor of Science in Business Administration from Southeast Missouri State University. He has been an active member in the communities he has called home, having served on the boards of the United Way and The Schools Foundation in Huntsville, and in various United Way campaign leadership positions. He has also been a longtime pack leader for the Boy Scouts of America.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for ~~more than 17~~ almost 20 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee.

Laura Marshall Schepis, Chief External Affairs Officer. Ms. Schepis was named JEA's Chief External Affairs Officer in September 2021. She leads teams responsible for government relations, media relations, communications, and environmental services.

For over two decades, Ms. Schepis has focused on improving outcomes for energy utilities and the customers and communities they serve. In leadership positions at the American Public Power Association, the Edison Electric Institute, and the National Rural Electric Cooperative Association, she directed advocacy, political, and communications campaigns on issues including energy efficiency, renewable resources, national security, telecommunications, and climate change.

Ms. Schepis received her Juris ~~Doctorate~~ Doctor degree from the University of Georgia School of Law and practiced civil and criminal law in Georgia before relocating to Washington, D.C. in 2000. She has chaired and now serves on the board of the National Energy Resources Organization.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and

Finance & Operations Committee - ADDITIONAL INFORMATION

terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2021, JEA had 2,183 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,527 were budgeted to the Electric System, 650 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,479 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022. JEA ~~expects to begin~~ currently in negotiations with all five bargaining units for successor agreements ~~by April 2022.~~

Pension

Substantially all of JEA's employees participate in the City's General Employees Retirement Plan ("GERP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2019 for the City's GERP (the "2019 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2020 for the City's GERP (the "2020 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:

(<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2019 Valuation or the October 1, 2020 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2016, 2017, 2018, 2019 and 2020, JEA contributed approximately \$43,156,000, \$48,942,000, \$35,459,523, \$34,352,000, and

\$38,050,000 to the GERP, respectively. JEA's minimum required contribution to the GERP for the Fiscal Year ending September 30, 2021 is \$40,401,099.

Preparation of the Actuarial Valuation as of October 1, 2021 for the City's GERP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2020 Actuarial Valuation Report and the 2019 Actuarial Valuation Report, the latest two reports available.

JEA expects that its annual contributions to GERP will be at lower levels in the near term than it had been for Fiscal Year ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year ended September 30, 2017 and then it expects its annual contributions to GERP to increase over the longer-term as a result of the expected increase in the GERP's unfunded actuarial accrued liability. JEA expects that the GERP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2020, the aggregate unfunded actuarial accrued liability for the GERP was \$1,346,924,204, which represented an increase of \$68,784,054 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2019 of \$1,278,140,150. For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GERP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. JEA was informed by the City that the actuary for the GERP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2020 of \$648,120,149 (an increase of \$31,264,678 from JEA's allocated share for the Fiscal Year ended September 30, 2019) of the aggregate amount of \$1,346,924,204 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for the Fiscal Year ended September 30, 2018) of the aggregate amount of \$1,278,140,150. The actuarial accrued liability is an estimate by the actuary for GERP of the present value of the amount of earned benefit payments that GERP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GERP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GERP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GERP, JEA expects that its annual contributions to GERP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

The SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2020 and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and Florida Power & Light Company ("FPL"), JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRPP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRPP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of years of service. Members with at least 10 years of service on the plant closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

The number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRPP. One consequence to JEA of the closure of the Power Park plant is that the annual required contribution to the SJRPP Plan is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRPP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return was 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017. Preparation of the SJRPP Plan Actuarial Valuation as of October 1, 2021 has not been completed as of the date of the Annual Disclosure Report. The actuarial information in the following discussion is based on the Actuarial Valuations as of October 1, 2020, 2019 and 2018, respectively.

As of October 1, 2020, the SJRPP Plan's actuarial value of assets was \$161,017,264, the actuarial accrued liability entry-age normal was \$167,694,945, the unfunded actuarial accrued liability was \$6,677,681, the funded ratio was 96.0 percent, the covered payroll was \$467,042 and the unfunded actuarial accrued liability as a percentage of covered payroll was 1429.8 percent. As of October 1, 2019, the SJRPP Plan's actuarial value of assets was \$149,807,117,

the actuarial accrued liability entry-age normal was \$169,806,566, the unfunded actuarial accrued liability was (\$887,024), the funded ratio was 88.2 percent, the covered payroll was \$452,525 and the unfunded actuarial accrued liability as a percentage of covered payroll was 196.0 percent. As of October 1, 2018, the SJRPP Plan's actuarial value of assets was \$150,969,730, the actuarial accrued liability entry-age normal was \$174,666,326, the unfunded actuarial accrued liability was \$4,001,546, the funded ratio was 86.4 percent, the covered payroll was \$443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent.

In the current Fiscal Year, JEA intends to manage the SJRPP Plan to maintain a funded ratio consistent with Fiscal Years 2016-2020, with the goal to set the amortization schedule for the current and next few years so as to expect the SJRPP Plan assets (including all employer contributions scheduled to be made) to be equal to the expected Actuarial Accrued Liability derived in an open group projection for each annual actuarial valuation. JEA made \$13,307,093 in contributions during the Fiscal Year ended September 30, 2020, satisfying its required employer contribution of \$3,901,061 for the Fiscal Year ending September 30, 2021. Beginning with the Fiscal Year ended September 30, 2018, excess contributions were set aside to create a reserve credit balance that can be used to pay future contributions. As of September 30, 2020, \$8,962,815 of excess contributions remained. That amount, adjusted for projected interest earnings, will offset the required employer contribution of \$3,901,061 for the Fiscal Year ending September 30, 2021. JEA's required employer contribution for the Fiscal Year ending September 30, 2022 is \$3,374,430 and will be made in full from JEA's reserve credit balance. The decrease in the required total employer contribution to \$3,374,430 for the Fiscal Year ending September 30, 2022 results from a combination of the SJRPP Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and a statutorily- required change in the SJRPP Plan's mortality assumption to be the same as that used by the Florida Retirement System as updated in its July 1, 2019 valuation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

See Note 12, Note 13 and pages 108-114 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

The information provided in this section relates to the City and the Jacksonville Metropolitan Statistical Area (the "Jacksonville MSA"). The service areas for the Electric System do not encompass all of the City or the Jacksonville MSA. For additional information regarding the service areas for the Electric System, see "ELECTRIC UTILITY SYSTEM – ELECTRIC UTILITY FUNCTIONS – Electric System - Area Served" herein.

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the ~~2010~~2020 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of ~~1,587,892~~ 1,637,666 as of July 1, ~~2020~~ 2021. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

<u>Population</u>	
<u>Year</u>	<u>Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,126,224
2010	1,348,967
2020	1,587,892
<u>2021</u>	<u>1,637,666</u>

Source: United States Census Bureau.

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years ~~2011~~ 2012 through ~~2020~~ 2021.

<u>Jacksonville MSA Labor Force</u>				<u>Unemployment Rate (%)</u>	
<u>Year</u>	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2011	697,347	629,823	9.7	10.0	8.9
2012	699,451	640,340	8.5	8.6	8.1
2013	707,489	655,861	7.3	7.5	7.4
2014	714,795	668,958	6.4	6.4	6.2
2015	722,937	683,745	5.4	5.5	5.3
2016	738,827	704,144	4.7	4.9	4.9
2017	757,280 <u>757,108</u>	726,363 <u>721,215</u>	4.1	4.2 <u>4.3</u>	4.4
2018	771,103 <u>765,710</u>	744,184 <u>738,626</u>	3.5	3.6 <u>3.7</u>	3.9
2019	784,669 <u>777,963</u>	758,894 <u>752,998</u>	3.3	3.3 <u>3.2</u>	3.7
2020	777,771 <u>775,863</u>	729,426 <u>723,437</u>	6.2 <u>6.8</u>	7.7 <u>8.2</u>	8.1
<u>2021</u>	<u>797,000</u>	<u>765,019</u>	<u>4.0</u>	<u>4.6</u>	<u>5.3</u>

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

Finance & Operations Committee - ADDITIONAL INFORMATION

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for calendar year ~~2020~~2021.

	Number of Employees	Percent of Distribution
	153,700 1	
Trade, Transportation and Utilities	60,000	21.8%
Education and Health Services	109,900	15.6
	108,900 1	
Professional and Business Services	15,300	15.5 15.7
<u>Education and Health Services</u>	<u>112,600</u>	<u>15.4</u>
Government	77,500	11.0
	73,600 80.	
Leisure and Hospitality	200	10.4 11.0
<u>Government</u>	<u>77,200</u>	<u>10.5</u>
	68,000 71.	
Finance	000	9.7
	46,000 47.	
Construction	900	6.5
	34,400 36.	
Other Services ⁽¹⁾	300	4.9 5.0
	32,500	
Manufacturing	32,400	4.6 4.4
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	704,500 7	
	<u>32,900</u>	100.0%

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity
<http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

(1) Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,650 12,400
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
<u>Ascension</u> St. Vincent's Healthcare	Healthcare	5,380
Amazon	E-commerce Fulfillment	4,300
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900
<u>Amazon</u>	<u>E-commerce Fulfillment</u>	<u>3,000</u>

Source: Jacksonville Regional Chamber of Commerce Research Department.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,639 7,751 ⁽²⁾
St. Johns County School District	Public Education	5,298 5,893 ⁽³⁾
<u>Fleet Readiness Center</u>	<u>Maintenance / Repair Overhaul</u>	<u>5,550</u>
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	4,200
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

⁽¹⁾ Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

⁽²⁾ City of Jacksonville Annual Budget ~~2020-21~~ 2021-22
(<https://www.coj.net/departments/finance/docs/budget/fy-20-21-budget-summary.aspx> ~~https://www.coj.net/departments/finance/docs/budget/fy-2021-2022-budget-summary.aspx~~ <https://www.coj.net/departments/finance/docs/budget/fy-2021-2022-budget-summary.aspx>).

⁽³⁾ St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

Indebtedness of JEA

The indebtedness of JEA relating to its Electric Utility Functions as of the date of this Annual Disclosure Report consists of Electric System Bonds, Subordinated Electric System Bonds, Power Park Issue Three Bonds, Bulk Power Supply System Bonds and borrowings outstanding under the Revolving Credit Facility (as defined herein) for the account of the Electric System. All bonds issued pursuant to the First Power Park Resolution¹ (as defined herein) were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding (the "Power Park Issue Two Bonds"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*". See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, the information contained in this Annual Disclosure Report relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds (as described in the Water and Sewer System/DES Annual Disclosure Report), the Subordinated Water and Sewer System Bonds (as described in the Water and Sewer/DES Annual Disclosure Report) or the District Energy System Bonds (as described in the Water and Sewer/DES Annual Disclosure Report) and should not be taken into account in evaluating such debt.

¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2021, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Strategic Planning

JEA spent time in the early spring of 2021 discussing its mission and vision and solidifying its strategic direction. Each of JEA's strategic focus areas – Develop an Unbeatable Team, Deliver Business Excellence and Earn Customer Loyalty – is accomplished through the lens of JEA's core values of safety, respect, and integrity. The currently identified objectives within each strategic focus area are as follows:

1. Develop an Unbeatable Team
 - Exceptional work culture
 - Employee development
 - Employee engagement
 - Labor relations
 - Long-term workforce planning
 - Diversity, equity and inclusion
 - *'Work from Wherever'* approach
2. Deliver Business Excellence
 - Reasonable rates
 - Sound financial decisions
 - Integrated Resource Plan
 - Resilient and reliable JEA
 - Environmental stewardship
 - Technology, tools and data
 - New business opportunities
 - Real estate portfolio
3. Earn Customer Loyalty
 - Economic development
 - Ease of doing business
 - Community engagement
 - Stakeholder relationships
 - JEA brand management

While the mission, vision, and values do not change, the strategic focus areas, particularly the objectives within each focus area, will continue to evolve as JEA works to serve northeast Florida. These strategic focus areas and objectives will guide development and/or refinement of JEA's plans, programs, and targets to meet its mission of improving lives and building community to be the best utility in the nation.

ELECTRIC UTILITY SYSTEM

ELECTRIC UTILITY FUNCTIONS

General

In 2020, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year ended September 30, 2021, the Electric System served an average of 494,656 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein, prior to the cessation of operations of the Power Park on January 5, 2018, JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA's total energy sales in the Fiscal Year ended September 30, 2021, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.2 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2021, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage" herein)), were approximately \$1,326,584,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, five dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two gas-fired CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed net capacity of the Electric System's generating units is 2,798 megawatts ("MW"), net, summer and 2,952 MW, net, winter. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*" herein.

Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State. The Power Park and the Scherer 4 Project

each have been developed as a separate bulk power supply system under the Bulk Power Act and, as such, are not included in the Electric System.

The Power Park was a coal- and petcoke-fired steam electric generating station formerly rated at 1,276 MW, net, located in the northeast section of the City. The Power Park assets are jointly owned by JEA and FPL; JEA's ownership interest in the Power Park assets is 80 percent. In May 2017, JEA entered into an agreement with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the plant to occur thereafter. The termination agreement ends the obligation of the 37.5 percent sales of JEA's 80 percent to FPL. The costs of decommissioning were split between JEA 80 percent and FPL 20 percent. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant ("Scherer Unit 4"), a coal-fired steam electric generating unit currently rated at 846 MW, net, located near Forsyth, Georgia and a proportionate ownership interest in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). The Scherer 4 Project entitles JEA to 200 MW, net, of the capacity of Scherer Unit 4. The Electric System is entitled to the capacity of the Scherer 4 Project and is required to pay for such capacity on a "take-or-pay" basis by making deposits into certain funds and accounts established pursuant to the Restated and Amended Bulk Power Supply System Resolution. JEA and FPL have entered into a cooperation agreement for the closure of Scherer Unit 4 on or before January 1, 2022. For additional information, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein.

JEA is permitted under the resolution of JEA adopted on March 30, 1982, authorizing JEA's Electric System Revenue Bonds (as heretofore amended, restated and supplemented, the "Electric System Resolution") to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the cost of separate electric generating utilities as separate systems. The Power Park and the Scherer 4 Project constitute the only two such separate systems undertaken by JEA as of the date of this Annual Disclosure Report.

Pursuant to the Electric System Resolution, JEA's obligation to make payments from the Electric System with respect to the Power Park is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Additionally, all costs of operating and maintaining the Scherer 4 Project are Contract Debts of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Electric System Contract Debts*" herein.

JEA currently has no ownership interest in any nuclear power plant; however, it does have a purchase power agreement with Municipal Electric Authority of Georgia ("MEAG Power") for electric energy to be produced from two under construction nuclear generating units. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System -

Power Purchase Contracts" herein. JEA also has an option to purchase an ownership interest in a to-be-constructed nuclear power plant (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Option to Purchase Interest in Lee Nuclear Station*" herein) although plans to build such plant have been suspended.

Electric System

Power and Energy Resources

Electric power and energy sold by JEA to its customers is provided from the following sources (a) JEA's interest in Scherer Unit 4, (b) the generating facilities owned by JEA as part of the Electric System, and (c) and various power purchase arrangements ("PPAs" and each a "PPA"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*," "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System – *Power Purchase Contracts*," and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4" herein. JEA and FPL entered into a cooperation agreement for the closure of Scherer Unit 4. On January 1, 2022, Scherer Unit 4 was retired and replaced by the FPL PPA. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. JEA's interests in the Scherer Unit 4, the generating facilities of the Electric System and JEA's various firm purchase power arrangements are committed and dispatched on an economic basis as necessary to serve JEA's load. In addition, economy energy is purchased for JEA, by the joint power marketing alliance described below, from time to time when such energy is available at a lower cost than energy produced from JEA's generating facilities. See subsection "*Participation in The Energy Authority*" below in this section.

Electric System Generating Facilities

The generating facilities of the Electric System are located at four plant sites, (a) the J. Dillon Kennedy Generating Station ("Kennedy"), (b) the Northside Generating Station ("Northside"), (c) the Brandy Branch Generating Station ("Brandy Branch"), and (d) the Greenland Energy Center ("GEC"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Capacity*" herein.

JEA's Northside Unit 3, a steam unit, presently burns residual fuel oil and natural gas, while four CTs at Northside burn diesel. The Kennedy CTs 7 and 8, Brandy Branch CTs 1, 2 and 3 and GEC CTs 1 and 2 burn natural gas as the primary fuel. The Kennedy CTs 7 and 8, Brandy Branch CT 1 and GEC CTs 1 and 2 are dual-fueled with diesel as backup and the GEC CT units are also capable of having diesel as backup. Brandy Branch STM 4 is a steam turbine generator that is part of a combined cycle unit that uses waste heat from Brandy Branch CTs 2 and 3. In addition, natural gas is used at times to supplement the solid fuel in Northside Units 1 and 2. Northside Units 1 and 2 burn petcoke, coal and natural gas. Northside Unit 3 was originally scheduled to be placed into reserve storage on April 1, 2016, approximately three years ahead of the unit's scheduled retirement. Due to the early retirement of Power Park, Northside Unit 3 is expected to continue in operation at least through the current planning period which ends with the Fiscal Year ending September 30, 2026.

Finance & Operations Committee - ADDITIONAL INFORMATION

The following table presents the pertinent statistics regarding the generating facilities of the Electric System as of the date of this Annual Disclosure Report.

<u>Station</u>	<u>Unit</u>	<u>Type⁽¹⁾</u>	<u>First Placed in Service</u>	<u>Fuel⁽²⁾</u>	<u>Installed Net Capacity (MW)⁽⁵⁾</u>	
					<u>Summer</u>	<u>Winter</u>
Kennedy	7 ⁽³⁾	CT	6/00	G/LO	179	191
	8 ⁽³⁾	CT	6/09	G/LO	179	191
					<u>358</u>	<u>382</u>
Northside	1	ST	5/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	2	ST	4/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	3	ST	7/77	G/HO	524	524
	3	CT	2/75	LO	50	62
	4	CT	1/75	LO	50	62
	5	CT	12/74	LO	50	62
	6	CT	12/74	LO	50	62
					<u>1,310</u>	<u>1,358</u>
Brandy Branch	1 ⁽³⁾	CT	5/01	G/LO	179	191
	2	CT	5/01	G	190	212
	3	CT	10/01	G	190	212
	STM 4	ST	1/05	WH	216	216
					<u>775</u>	<u>831</u>
GEC	1 ⁽³⁾	CT	6/11	G/LO	179	191
	2 ⁽³⁾	CT	6/11	G/LO	179	191
					<u>358</u>	<u>382</u>
System Total					<u>2,798</u>	<u>2,952</u>

⁽¹⁾ CT - Combustion Turbine

ST - Steam Turbine

IC - Internal Combustion Engine

⁽²⁾ G - Natural Gas

LO - Light Oil (diesel)

HO - Heavy Oil (residual fuel oil)

WH - Waste Heat

⁽³⁾ Net capacity is based on diesel.

⁽⁴⁾ Northside Unit 1 was originally placed in service in November 1966, and Northside Unit 2 was originally placed in service in March 1972. Both units have been re-powered with CFB boilers, and their turbine generators and other ancillary equipment have been refurbished. The dates indicated in the table are the respective dates on which each was released for normal dispatch operation. Northside Units 1 and 2 each have gross capacities of 310 MW.

⁽⁵⁾ Numbers may not add due to rounding.

Fuel Mix

JEA believes in a fuel diversification strategy with a growing emphasis on renewable energy that improves its competitive position in the electric services industry. JEA has the ability to use natural gas as the primary fuel source with diesel as backup for generation in GEC CT1 and CT2, Kennedy CT7 and CT8, and Brandy Branch Unit 1. The exhaust heat from Brandy Branch Units 2 and 3 is utilized in Brandy Branch STM 4. This combined cycle

configuration provides additional energy without additional fuel consumption. Northside Unit 3 uses natural gas as a fuel source for generation with residual fuel oil as backup. JEA's 1970's vintage CTs provide less than one percent of JEA's total energy requirements and are powered by diesel.

JEA uses circulating fluidized bed technology in Northside Units 1 and 2. This technology allows JEA to use a blend of bituminous coal, petroleum coke, natural gas and biomass in these units. Until retirement at the end of calendar year 2021, solid fuel-based capacity and energy was provided by Scherer Unit 4 of which JEA owned 23.64 percent or 200MW net. Scherer Unit 4 burned sub-bituminous coal from the Powder River Basin. Scherer Unit 4 was replaced by a Purchase Power Agreement with FPL that will provides 200 MW of natural gas combined cycle power. Prior to its retirement ~~in~~on January 5, 2018, JEA also utilized the Power Park to produce electricity from solid fuel. JEA adjusts its use of solid fuel-based generation depending on its cost relative to competing resources, such as natural gas.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table sets forth JEA's fuel mix for the Fiscal Years ended September 30, 2017 through 2021 and JEA's projected fuel mix for the Fiscal Years ending September 30, 2022 through 2026. The information in the following table does not take into account the energy sold to FPL pursuant to the FPL-Power Park Sale. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein.

PERCENT FUEL MIX⁽¹⁾

Fiscal Year Ending September 30,	Oil	Gas	Power Park (Coal)⁽²⁾	Northside (Coal/ Petcoke)⁽³⁾	Scherer Unit 4 (Coal)⁽⁴⁾	MEAG Vogle 3 & 4 Nuclear Purchase⁽⁵⁾	Economy Purchases From Other Sources	FPL Purchase Power Agreement⁽⁴⁾	Total MWh Sales⁽⁶⁾
Actual									
2017	0.0	44.0	20.2	11.6	11.0	0.0	13.2	0.0	12,200,770
2018	0.3	48.9	4.2	19.3	8.7	0.0	18.5	0.0	12,399,769
2019	0.0	48.7	0.0	14.9	10.7	0.0	25.7	0.0	12,465,958
2020	0.0	62.8	0.0	18.4	5.3	0.0	13.4	0.0	12,202,973
2021	0.1	61.7	0.0	12.7	10.1	0.0	15.4	0.0	12,242,149
Projected⁽⁷⁾									
2022	0.1	58.7	0.0	10.9	2.2	0.0	18.7	9.4	12,333,125
2023	0.2	56.6	0.0	21.1	0.0	1.7	8.3	12.1	12,226,932
2024	0.1	56.6	0.0	20.9	0.0	6.3	4.9	11.1	12,355,113
2025	0.1	52.6	0.0	20.0	0.0	13.0	4.7	9.6	12,361,914
2026	0.1	56.6	0.0	16.9	0.0	13.0	4.9	8.4	12,377,938

(1) Percentages may not add to 100 percent due to rounding.

(2) Commercial operations at the Power Park ceased in January 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein.

(3) The projected fuel mix for Northside Units 1 and 2 is a range of 48 to 54 percent petcoke, 32 to 36 percent coal, 10 percent biomass and 10 percent natural gas.

(4) The Florida Power and Light Purchase Power Agreement replaced Scherer Unit 4 with 200MW of natural gas combined cycle power on January 1, 2022.

(5) The in-service dates for the Vogtle units in the Fuel Mix table are being used for planning purposes and differ from Southern Company's assumed in-service dates.

(6) Actual megawatt-hour ("MWh") sales include non-firm off-system sales, which totaled 150,635 MWh in the Fiscal Year ended September 30, 2017, 35,429 MWh in the Fiscal Year ended September 30, 2018, 99,563 MWh in the Fiscal Year ended September 30, 2019, 18,412 MWh in the Fiscal Year ended September 30, 2020, and 22,815 MWh in the Fiscal Year ended September 30, 2021. Projections include aggregate non-firm off-system sales of 574,555 MWh during the Fiscal Years ending September 30, 2022 through 2026.

(7) The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

Fuel Contracts

JEA has solid fuel storage at Northside for a maximum of approximately 25 days of operating inventory. JEA purchases a mix of contract and spot volumes to supply the fuel needs of Northside Units 1 and 2, which operate on a blend of petcoke, coal, and natural gas. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2021, JEA purchased approximately 89 percent of its petcoke requirements from TCP Petcoke Corporation and approximately 11 percent from KOMSA Sarl (Koch Minerals SA). For Northside Units 1 and 2

during the Fiscal Year ended September 30, 2021, JEA purchased approximately 75 percent of its coal requirements from Interocean Coal Sales and approximately 24 percent from Glencore LDC. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract.

JEA maintains diesel inventory at Brandy Branch, Kennedy, Greenland, and Northside. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that was scheduled to end in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. The agreement with Shell Energy (the "Shell Energy Agreement") supplied 34 percent of JEA's natural gas needs for the Fiscal Year ended September 30, 2021 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy Agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

On November 25, 2020, JEA entered into ten years of commodity swap transactions with an aggregate notional quantity of 85,822,000 MMBtu with NextEra to hedge natural gas prices as part of the FPL PPA that replaced Scherer 4. Based on information provided by ~~the~~ NextEra,

those swaps that have not yet settled had a total mark-to-market cost of approximately \$60.1 million on September 30, 2021.

As of September 30, 2021, JEA had 14 commodity swap transactions with an aggregate notional quantity of 60,280,000 MMBtu in place with two counterparties to hedge JEA's exposure to natural gas prices. Based on information provided by the counterparties, those swaps had a total mark-to-market cost of approximately \$90.3 million at that date.

JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations that JEA has access to with firm natural gas transportation or natural gas supply agreements. Those prepayments expire at various dates in 2039, 2048 and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

Natural Gas Sales

In March 2015, JEA made the decision to market natural gas to commercial and industrial customers within its service area as allowed under Article 21 of the Charter and JEA's Fuel Management Services Procurement Directive. JEA supplies natural gas under TECO Peoples Gas Natural Choice Program, which gives commercial and industrial customers the option to choose their gas supplier. JEA receives a number of benefits from its participation in the Natural Choice program. Natural gas sales generate marginal net revenues, reported as "other revenues" under the Electric Enterprise Fund. JEA will become a complete energy provider within its service territory for businesses that select JEA to be their natural gas supplier. Through the Fiscal Year ended September 30, 2021, this program has signed approximately 150 customers, including Boeing, The Hyatt, Jacksonville Zoo, Brooks Rehabilitation, YMCA, Jacksonville Housing Authority, First Baptist Church of Jacksonville, Dresser Equipment, and Unison, divisions of GE, several restaurants, and manufacturers.

Power Purchase Contracts

Overview

As a result of an earlier 2008 JEA Board policy establishing a 10 percent of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the "Additional Vogtle Units PPA") with the Municipal Electric Authority of Georgia ("MEAG") for 206 MW of capacity and related energy from MEAG's interest in two additional nuclear generating units (the "Additional Vogtle Units" or "Plant Vogtle Units 3 and 4") under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company ("Georgia Power" or "GPC"), Oglethorpe Power Corporation ("Oglethorpe"), MEAG and the City of Dalton, Georgia (collectively, the "Vogtle Co-Owners"). The energy received under the Additional Vogtle Units

PPA is projected to represent approximately 12 percent of JEA's total energy requirements in the year 2025.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, and whether or not its output is suspended, reduced or the like or terminated in whole or in part), except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

Financing and In-Service Costs

MEAG created three separate projects (collectively, the "Vogtle Units 3 and 4 Project Entities") for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as "Project J." MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately \$7.009 billion, including construction and financing costs through the estimated in-service dates, initial fuel load costs, switchyard and transmission costs, and contingencies established by Georgia Power at the project level for all Vogtle Co-Owners. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately \$7.518 billion. A certain portion of these costs is subject to reduction in accordance with the 2019 Global Amendments to the Plant Vogtle Joint Operating Agreements. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$3.215 billion.

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued approximately \$1.248 billion of its Plant Vogtle Units 3 and 4 Project J Bonds (the "2010 Project J Bonds") on March 11, 2010. Of the total 2010 Project J Bonds, approximately \$1.224 billion were issued as Federally Taxable - Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35 percent of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2030. The current sequestration rate of 5.7 percent will be applied unless and until a law is enacted that cancels or otherwise affects the sequester. MEAG issued

approximately \$185.2 million of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued approximately \$570.9 million of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of MEAG's July 18, 2019 Project J Bonds, Series 2019A Official Statement relating to the issuance, and JEA did not make any representations or warranties, or deliver any opinions of legal counsel, in connection with the offering, issuance, and sale of the Project J Bonds, Series 2019A. Further, on July 20, 2021, MEAG issued approximately \$150.4 million of additional Project J tax-exempt bonds. JEA provided updated disclosure regarding JEA in connection with MEAG's July 8, 2021 Project J Bonds, Series 2021A Official Statement relating to the issuance and JEA made certain representations and warranties and delivered opinions of legal counsel in connection with the offering, issuance, and sale of the Project J Bonds, Series 2021A.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy ("DOE") for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175 percent of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the "Project J Entity").

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank ("FFB") an aggregate amount of approximately \$687.3 million, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of \$414.7 million. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414.7 million. The Project J Entity's portion of the \$414.7 million in additional loan guarantees is approximately \$111.5 million and this amount was fully drawn on October 2, 2020. MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

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The following is a summary of financing associated with Project J:

**Project J Capital Requirements
(000s omitted)**

Long-term Bonds Issued

Series 2010A – Build America Bonds	\$1,224,265
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Finance & Operations Committee - ADDITIONAL INFORMATION

Series 2010B – Tax Exempt Bonds	24,170
Series 2015A – Tax Exempt Bonds	185,180
Series 2019A – Tax Exempt Bonds	570,925
Series 2021A – Tax Exempt Bonds	150,350
Remaining Financing Requirement	163,805
Total Long-term Bonds Issued	\$2,318,695
DOE Advances⁽¹⁾	
2015 DOE Advances	\$ 345,990
2019 DOE Advances	229,748
2020 DOE Advances	111,541
Total DOE Advances	\$ 687,279
Estimated Interest Earnings and Bond Premiums	\$ 209,368
Total Capital Requirements⁽²⁾	\$3,215,342

⁽¹⁾ Includes Advances and related capitalized interest accretion.

⁽²⁾ Represents estimated total construction costs and required reserve deposits, net of payments received.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2021, including the October 2, 2020 DOE advances, is summarized as follows (000s omitted):

Fiscal Year Ending September 30,	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2022	\$ 28,337	\$ 133,403	\$ 161,740	(\$ 26,763)	(\$101,200)	\$ 33,777
2023	31,449	132,976	164,425	(26,439)	(27,508)	110,478
2024	32,870	132,028	164,898	(26,100)	—	138,798
2025	34,109	130,472	164,581	(25,746)	—	138,835
2026	35,365	128,851	164,216	(25,378)	—	138,838
2027	36,686	127,151	163,837	(24,993)	—	138,844
2028	38,089	125,311	163,400	(24,592)	—	138,808
2029	39,525	123,476	163,001	(24,173)	—	138,828
2030	41,015	121,541	162,556	(23,737)	—	138,819
2031	42,568	119,526	162,094	(23,281)	—	138,813
2032	44,139	117,509	161,648	(22,806)	—	138,842
2033	45,877	115,224	161,101	(22,311)	—	138,790
2034	47,657	112,938	160,595	(21,794)	—	138,801
2035	49,459	110,608	160,067	(21,255)	—	138,812
2036	42,837	108,181	151,018	(20,692)	—	130,326
2037	31,599	105,617	137,216	(20,106)	—	117,110
2038	27,853	102,964	130,817	(19,494)	—	111,323
2039	24,730	100,152	124,882	(18,855)	—	106,027
2040	15,435	97,284	112,719	(18,189)	—	94,530
2041	12,218	94,224	106,442	(17,495)	—	88,947
2042	5,902	86,518	92,420	(16,022)	—	76,398
2043	770	23,509	24,279	(4,912)	—	19,367
Total	\$708,489	\$2,449,463	\$3,157,952	(\$475,133)	(\$128,708)	\$2,554,111

Construction Arrangements for the Additional Vogtle Units

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

(a) Bechtel Power Corporation ("Bechtel") will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the "Construction Agreement"), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.

(b) In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the "Vogtle Joint Ownership Agreements") that limit the circumstances under which the holders of at least 90 percent of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or

more over the most recently approved project schedule. Such events do not include increases in the construction budget.

(c) Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately \$1.4 billion to the current estimate of approximately \$3.215 billion inclusive of financing costs and required reserves. In addition, significant delays in the project's construction schedule have resulted in the original placed in-service dates [of the fourth quarter 2022 or the first quarter 2023](#) for Vogtle Unit 3 ~~of April 2016~~ and [the third or fourth quarter 2023](#) for Vogtle Unit 4 ~~of April 2017 being revised to the current projected placed in-service dates for Vogtle Unit 3 and for Vogtle Unit 4 of September 2022 and June 2023, respectively~~, [according to Southern's SEC Form 10 K for its fiscal year ended December 31, 2021.](#)

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Vogtle Units PPA. See the "Overview" and "Financing and In-Service Costs" sections above and "Litigation and Regulatory Proceedings" section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

Litigation and Regulatory Proceedings

Litigation – On September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Fourth Judicial Circuit Court of Florida, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019, MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 4, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the Additional Vogtle Units PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the Additional Vogtle Units PPA is enforceable. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues and on June 17, 2020, the district court granted MEAG's motion for summary judgment on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

Settlement of Litigation – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of \$0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission ("FERC") seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (the "FERC Petition"). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Other Renewable Sources

JEA purchases energy from two landfill gas-to-energy facilities through PPA with Landfill Energy Systems ("LES"). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, Florida and 6.4 MW from Sarasota Landfill in Sarasota, Florida. LES can supply the remaining 3.2 MW from Sarasota, Florida if it is expanded and becomes available, or JEA can exercise its option to receive the remaining 3.2 MW from New River Landfill in Raiford, Florida. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota, Florida to Jacksonville, Florida, which came online in January 2015. Purchases of landfill energy were 86,836 MWh for approximately \$6.42 million in the Fiscal Year ended September 30, 2021 and 89,646 MWh for approximately \$6.50 million in the Fiscal Year ended September 30, 2020.

In 2009, JEA entered into a 30-year PPA with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is currently owned by Rev Renewables, an LS Power company, and generated approximately 14,925 MWh of electricity in fiscal year 2021 and 17,818 MWh of electricity in 2020. JEA pays only for the energy produced. Purchases of energy were approximately \$3.169 million for the Fiscal Year ended September 30, 2021 and approximately \$3.676 million in the Fiscal Year ended September 30, 2020.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the JEA Board established a Solar Policy to add up to 38 MWac of solar photovoltaic ("PV") capacity. To support this policy, JEA issued requests for proposals for PPAs in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

As of the end of calendar year 2019, all seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, Old Kings Solar, and Sunport Solar. JEA entered into 20-25 year PPAs for the energy and the associated environmental attributes from each solar farm. The solar facilities generated approximately 51,629 MWh in fiscal year 2021 and 50,966 MWh in 2020. JEA pays only for the energy produced. Purchases of energy were approximately \$3.990 million for the Fiscal Year ended September 30, 2021 and approximately \$3.864 million in the Fiscal Year ended September 30, 2020.

†The JEA Board approved a further solar expansion consisting of five 50 MWac solar facilities to be constructed on JEA-owned property. These projects, totaling 250 MWac, are structured as PPAs. EDF-DS was selected as the vendor for the sites, and contracts were executed in January 2019. ~~Preliminary site work is underway. It is expected~~ It was initially anticipated that the facilities will be ~~would~~ phased into service with all sites completed being complete by the end of calendar year 2022. ~~†TO BE UPDATED†~~ However, due to impacts caused by the COVID-19 pandemic, supply chain disruptions, and the scarce availability of resources and supplies, construction of the facilities has been delayed and the final completion date is undetermined.

Participation in The Energy Authority

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is The Energy Authority ("TEA"), a Georgia nonprofit corporation. Subsequently, four additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU"), City Utilities of the City of Springfield, Missouri, and American Municipal Power, Inc. became members of TEA. The main office of TEA is in the City. TEA's board of directors consists of nine directors. The TEA Board, all of whom are elected by the members, is composed of one director from each member and two non-voting directors who serve as the respective chairs of two standing committees.

TEA commenced operations in August 1997 and is engaged in buying and selling wholesale power and natural gas and promoting the efficient use of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA transacts energy transactions among the members and external markets including arranging for any transmission services required to accommodate such transactions. TEA is the exclusive

purchaser of short-term surplus energy from its members. Each member is responsible for having adequate firm generating capacity to serve its native load requirement plus operating reserve requirements. TEA has not engaged in the construction or ownership of generation or transmission assets. Additionally, the members have not engaged in other activities that are found in some power pools such as reserve sharing or dedication of all resources to serve the combined load.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Fuel Contracts*" above.

Pursuant to an Electric Advance Agreement and a Natural Gas Advance Agreement among TEA and its members and a Member Advance Agreement between JEA and TEA, JEA supports TEA's trading activities by the issuance of JEA guaranties and/or provision of cash advances as determined by TEA within the limits contained in such advance agreements. As of January 1, 2022, JEA is obligated to guaranty, directly or indirectly, certain of TEA's electric trading activities in an amount up to \$28,929,000 and certain of TEA's natural gas procurement and trading activities up to \$33,600,000, in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. The JEA Board has approved guaranties of up to \$34,286,000 for TEA's electric trading activities, up to \$60,000,000 (plus attorney's fees) for TEA's natural gas procurement and trading activities and up to \$50,000,000 for TEA's electric and natural gas activities solely for JEA's benefit (since 2014 none of this latter type of trading activity is being engaged in by TEA). The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA. For a discussion of JEA's investment in TEA and its commitments to TEA as of September 30, 2021, see Note 7 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Order No. 889 of the Federal Energy Regulatory Commission ("FERC") established certain standards of conduct for utilities that offer open access transmission services. The effect of these standards would have been to require JEA to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. JEA believes that the establishment of TEA satisfied that requirement at a cost to JEA that is substantially less than the cost that JEA would have incurred if it acted alone in establishing a wholesale marketing organization.

Mutual Aid Alliance

JEA has entered into an agreement with seven other electric utilities located in Florida and Georgia (the "Participating Utilities") to provide mutual aid in the form of energy and price commitments in the event of an extended outage of certain designated baseload generating units of the Participating Utilities. Under this agreement, each Participating Utility agrees to make available, from its own capacity and only to the extent it has capacity available in excess of its native load and firm sales commitments, energy to replace energy unavailable due to unplanned outages of the designated units in excess of 60 days ("Replacement Power"). Each Participating Utility is obligated to provide such Replacement Power for up to 365 days from the outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and

is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

Interconnections

JEA's Electric System is interconnected with other utilities located in the State through five interconnections with FPL, four at 230 kV and one at 138 kV; one 230 kV interconnection with Seminole Electric Cooperative ("Seminole"); one 138 kV interconnection with Florida Public Utilities; and one interconnection each at 230 kV and 138 kV with Beaches Energy Services ("BES"). Of these, one interconnection at 230 kV is located in the southwestern portion of the Electric System service territory; four 230 kV interconnections in the western section; two at 138 kV in the northern section; one at 138 kV in the eastern section; and one interconnection at 230 kV is located in the southeastern section.

JEA also has joint ownership with FPL on the two 500 kV lines that connect Florida's grid with Georgia Integrated Transmission System. These lines are located in the western section of the Electric System service territory and extend from FPL's Duval substation to the north to interconnect with Georgia Integrated Transmission System at the Florida-Georgia state line.

JEA is a member of the SERC Reliability Corporation ("SERC"). Under a delegation agreement with NERC, SERC acts as JEA's Compliance Enforcement Authority for FERC approved Electric Reliability Standards. JEA is also a member of the Florida Reliability Coordinating Council ("FRCC"). The FRCC is a member owned organization whose objective is to provide certain reliability and planning functions in a coordinated manner among the utilities in the FRCC subregion. FRCC is the NERC approved and registered Reliability Coordinator for the utilities in the FRCC subregion. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services to share operating reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency load shedding relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

Power Sales and Transmission Contracts

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. ("Cedar Bay"), the owner of a cogeneration facility within JEA's service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated

energy for delivery to FPL through JEA's transmission system. Cedar Bay began using JEA's transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

Transmission and Distribution System

JEA's transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation's termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

JEA owns a total of 744 circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table presents the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total (Miles)</u>
69	113	46	159
138	195	3	198
230	308	4	312
500	75	0	75
Total	691	53	744

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System's service area, in the vicinity of the urban core. The 198 miles of 138 kV lines interconnect substations in most of JEA's high load and growth areas. The 312 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 84 substations in the JEA service territory. JEA owns two 500 kV lines jointly with FPL. These lines are connected between FPL's Duval Substation and Georgia Integrated Transmission System at the Florida-Georgia state line.

In the southeast portion of JEA's service territory, new load growth is occurring as a result of new large residential and commercial developments. JEA constructed a new 26.4 kV Nocatee load-serving substation, which is electrically connected to the adjacent GEC and Bartram substations by two separate four mile long overhead 230 kV transmission lines. The two transmission lines and the substation were placed in service in June 2021.

JEA's tie line interconnections with neighboring utilities within FRCC are:

<u>JEA Station</u>	<u>Neighboring Utility Station</u>	<u>Voltage (kV)</u>
Steelbald	Duval (FPL) Circuit 3	230
Brandy Branch	Duval (FPL) Circuit 1	230
Brandy Branch	Duval (FPL) Circuit 2	230

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Jax Heights	Duval (FPL) Circuit 4	230
Neptune	JB Penman (BES)	138
Switzerland	Sampson (BES)	230
Jax Heights	Black Creek (Seminole)	230
Nassau	Step Down (FPU)	138
Nassau	O'Neil (FPL)	138

The distribution system covers approximately 7,239 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 26.4 kV, with some 4.16 kV and 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

The transmission and distribution system is under the control of JEA's system operators through a supervisory control and data acquisition system. The control of the generation facilities and the balance of power flow over interconnection transmission facilities is managed by an automatic generation control application with the system operators' oversight and input as needed.

Area Served

The Electric System serves approximately 900 square miles, which includes virtually the entire City (Duval County), with the exception of Jacksonville Beach and Neptune Beach. The Electric System also provides retail service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively. The Electric System also furnished power for resale to Florida Public Utilities Company ("FPU") for use in the City of Fernandina Beach in Nassau County, north of the City. JEA's contract with FPU expired without renewal on December 31, 2017.

Customers and Sales

In the Fiscal Year ended September 30, 2021, the Electric System served an average of 494,656 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2017 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Fiscal Year Ended September 30,</u>					
Electric Revenues (000s omitted):					
Residential	\$ 644,639	\$ 624,078	\$ 629,355	\$ 618,171	\$ 584,663
Commercial and industrial	566,942	556,722	590,473	594,395	587,972
Public street lighting	13,821	13,410	13,176	12,873	13,069
Sales for resale	2,137	2,128	3,914	5,474	21,813
FPL saleback	1	(1)	1,664	30,767	128,737
TOTAL	\$1,227,540	\$1,196,337	\$1,238,582	\$1,261,680	\$1,336,254
Sales (MWh):					
Residential	5,642,412	5,566,222	5,515,428	5,414,721	5,108,945

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Commercial and industrial	6,518,435	6,562,365	6,793,557	6,851,803	6,725,201
Public street lighting	55,487	55,974	57,410	59,176	65,721
Sales for resale:					
Off-system	22,815	18,412	99,563	74,069	300,903
FPL saleback	0	0	0	332,467	1,693,082
TOTAL	<u>12,239,149</u>	<u>12,202,973</u>	<u>12,465,958</u>	<u>12,732,236</u>	<u>13,893,852</u>
Average Number of					
Accounts:					
Residential	436,299	427,321	418,728	410,060	403,164
Commercial and industrial	54,381	53,750	53,204	52,573	52,060
Public street lighting	3,976	3,929	3,854	3,776	3,727
TOTAL	<u>494,656</u>	<u>485,000</u>	<u>475,786</u>	<u>466,409</u>	<u>458,951</u>

Largest Customers

The 10 largest customer accounts served by the Electric System composed 13.9 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2021. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2021.

<u>Customer Accounts</u>	<u>MWh Purchases</u>	<u>Percentage of Total</u>
United States Navy	343,531	2.8
CMC Steel	301,684	2.5
WestRock	206,210	1.7
City of Jacksonville	182,196	1.5
Duval County Public Schools	142,252	1.2
Southern Baptist Hospital	110,193	0.9
Anheuser Busch	109,350	0.9
Johnson & Johnson Vision Care	102,172	0.8
Publix Supermarkets	97,969	0.8
Mayo Clinic Jacksonville	92,785	0.8
TOTAL	1,688,342	13.9

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.15 percent of estimated gross Electric System revenues for the Fiscal Year ending September 30, 2022. Actual uncollectible accounts were 0.16 percent of gross Electric System revenues for the Fiscal Year ended September 30, 2021.

Rates

JEA has sole discretion to set rate levels and revenue requirements for the Electric System, including its interest in Scherer Unit 4. JEA sets its retail rates after a public hearing. The JEA Board has the authority to change wholesale rates without a public hearing. The Florida Public Service Commission (the "PSC" or "Florida PSC") has the authority to review rate structures for municipal utilities in Florida, including JEA (see subsection "*Regulation*" of this section, below).

Each of JEA's various rates for electric service consists of "base rate" components and a "fuel and purchased power rate" component. The base rate is evaluated and adjusted as required to fund projected revenue requirements for each Fiscal Year. A comprehensive class cost of service study will be performed at a minimum of every five years to support the rates charged are

based on cost. The rate for the fuel and purchased power component will be set monthly for full recovery of actual energy expenditures.

In June 2011, the JEA Board approved the conversion of the \$2.90 per 1,000 kWh fuel recovery charge to base energy charges. The conversion became effective January 1, 2012.

On June 19, 2012, the JEA Board approved a decrease of the fuel and purchased power rate by \$4.14 per 1,000 kWh that became effective on July 1, 2012.

On January 19, 2016, the JEA Board approved a decrease of the fuel and purchased power rate by \$6.85 per 1,000 kWh that became effective on February 1, 2016.

On November 15, 2016, the JEA Board approved an increase to base rates of 4.4 percent on average across multiple rate classes and a decrease of the fuel and purchased power rate by \$4.25 per 1,000 kWh effective on December 1, 2016. This rate restructuring was designed to lower overall bills for residential and commercial customers, improve the alignment of rates with the cost of service and enable additional early pay down of currently outstanding debt.

On September 17, 2021, the JEA Board approved an increase to the energy kWh portion of base rates of approximately three percent on average across all rate classes and a decrease of the fuel and purchased power rate by \$2.00 per 1,000 kWh effective October 1, 2021. This resulted in a target revenue of neutral electric bills for all residential and commercial customers.

On October 26, 2021, the JEA Board approved the revision of the Pricing policy that states the Fuel Charge will be set monthly and is based on the energy cost projection for the billing month to fully recover all expected fuel-related costs. The monthly adjustments became effective December 1, 2021.

Given JEA's current five-year projection of flat electric sales and increasing obligations under the Additional Vogtle Units PPA, JEA expects to recommend net rate adjustments anticipated to result in modest residential bill increases averaging approximately 1.5 percent per year for each of Fiscal Years 2023, 2024, 2025, and 2026.

Since environmental regulatory constraints and the cost of environmental compliance are anticipated to increase in the future, the JEA Board enacted an Environmental Charge of \$0.62 per 1,000 kWh, which was applied to all rate classes as of October 1, 2007. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry - *Future Legislation*" herein.

In order to fund JEA's comprehensive conservation and demand reduction programs (which are designed to reduce electric consumption and, at the same time, reduce the need for acquiring or constructing additional generating capacity), the JEA Board enacted a Conservation Charge, which was applied to residential electric accounts effective as of October 1, 2007, in the amount of \$0.01 per kWh for usage above 2,750 kWh in a single month.

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A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of January 2022, is shown in the following table, arranged by price of 1,000 kWh:

<u>City (Utility)</u>	<u>500 kWh</u>	<u>1,000 kWh</u>	<u>1,250 kWh</u>	<u>2,000 kWh</u>
Gainesville (GRU)	\$80.85	\$149.59	\$188.49	\$305.19
Key West (Keys Energy Services)	85.48	146.95	177.69	269.90
St. Petersburg (Duke Energy Florida)	74.50	135.73	176.99	300.75
Pensacola (Gulf Power Company)	79.35	133.05	159.90	240.45
JACKSONVILLE (JEA)	65.53	125.40	155.34	245.14
Tampa (Tampa Electric)	71.65	120.92	145.56	219.47
Ocala (Electric Dept.)	68.82	120.64	146.55	224.28
Tallahassee (Electric Dept.)	63.05	117.85	145.25	227.45
Miami (FPL)	63.28	116.98	143.83	224.38
Lakeland (Utilities Dept.)	61.76	112.52	153.82	277.73
Orlando (Orlando Utilities Commission)	63.50	112.00	136.25	209.00
Atlanta (GPC)	58.61	100.50	120.59	180.87

Source: Publicly available information from utility websites (January 2022).

A comparison of non-residential rates in selected major regional cities for certain classifications of service for December 2021 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

<u>City (Utility)</u>	<u>Non-Demand 1,500 kWh</u>	<u>Demand 150 kW 60,000 kWh</u>	<u>Demand 500 kW 200,000 kWh</u>
Gainesville (GRU)	\$250.95	\$8,326.50	\$27,048.40
Key West (Keys Energy Services)	229.49	8,187.08	27,331.10
Pensacola (Gulf Power Company)	207.32	5,542.72	20,652.64
Atlanta (GPC)	206.42	5,689.92	19,230.80
St. Petersburg (Duke Energy Florida)	202.41	5,808.25	18,723.08
Ocala (Electric Dept.)	177.16	5,517.20	18,554.00
JACKSONVILLE (JEA)	176.81	5,507.20	18,287.10
Tampa (Tampa Electric)	169.02	5,051.60	16,757.00
Orlando (Orlando Utilities Commission)	164.53	5,701.00	18,805.00
Miami (FPL)	152.54	5,034.35	16,957.16
Tallahassee (Electric Dept.)	151.71	5,680.93	18,628.23
Lakeland (Utilities Dept.)	151.51	4,835.48	16,360.40

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (December 2021); for Atlanta, GPC (January 2022).

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In June 2011, the JEA Board approved a 10-year Incremental Economic Development Program ("IEDP") designed to provide an incentive for large industrial customers to increase electric consumption. IEDP discounts on incremental consumption in excess of a predetermined consumption baseline are described in the following table:

Fiscal Year Ending September 30,	Base Charges Discount	Fuel Charges Discount	Baseline Load
2012	100%	10%	
2013	100	10	lesser of
2014	75	7.5	Fiscal Year 2008
2015	50	5	through
2016	25	2.5	Fiscal Year 2010
2017	100	0	
2018	100	0	greater of
2019	75	0	Fiscal Year 2008
2020	50	0	through
2021	25	0	Fiscal Year 2016
2022			
and thereafter	0%	0%	

In August 2013, the JEA Board approved an Economic Development Program (the "EDP") designed to provide a financial incentive for new and existing commercial or industrial customers who, upon meeting certain eligibility criteria, expand their business and add jobs within the JEA service area. In January 2015, the JEA Board amended the EDP to create an increased level of incentive for customers expanding their business and adding jobs within designated areas where JEA has underutilized existing transmission and distribution capacity (Load Density Improvement areas). In August 2021, the JEA Board approved an extension of the EDP program application date to September 30, 2022. The EDP discount schedule is described in the following table:

Year	Base Charges Discount	Discount in Load Density Improvement Areas
Year 1	30%	35%
Year 2	25	30
Year 3	20	25
Year 4	15	20
Year 5	10	15
Year 6	5	10
Year 7	0	0

On November 15, 2016, the JEA Board approved an Economic Stimulus Rider designed to provide a financial incentive for new commercial or industrial customers to locate within JEA's service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

- (a) Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of the rider, the new load would not be served by JEA; and

(b) Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative to the customers taking electric service from JEA.

Regulation

Municipal electric utilities in the State, including JEA, are not subject to state regulation except for certain environmental matters, power plant and large transmission line siting, rate structures, certain conservation activities, certain safety standards and certain provisions of the Grid Power Bill. Section 366.04(5), Florida Statutes, a part of the Grid Power Bill, states that the PSC "shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities." In 1974, the Florida legislature enacted a statute which confers jurisdiction on the PSC to regulate "rate structures" of all utilities, including municipal utilities. In 1975, the PSC ruled that the statute does not confer ratemaking jurisdiction over municipal electric systems by distinguishing between "rates," as relating to determination of the revenues required by the utility, and "rate structures," as relating to the method by which revenues are generated.

The Florida legislature, in 1986, amended Section 366.04, Florida Statutes, which authorizes the PSC to prescribe and enforce safety standards for transmission and distribution facilities owned and operated by investor-owned electric utilities ("IOU's") and municipal- and cooperatively-owned electric utilities within the State. The PSC has adopted the National Electric Safety Code as its standard in this regard, and JEA believes it is currently in full compliance.

The Florida Electric Power Plant Siting Act, administered by the Florida Department of Environmental Protection (the "FDEP"), gives the PSC exclusive authority to determine the need for electric power plants. The Florida Transmission Line Siting Act, also administered by the FDEP, gives the PSC exclusive authority to determine the need for all transmission lines with voltages of 230 kV or greater which cross county lines. The Florida Department of Transportation ("FDOT") regulates the construction of new transmission and distribution lines that cross FDOT rights-of-way. The FDEP must approve the construction of transmission and distribution lines across FDEP-protected lands. Transmission and distribution lines that cross navigable waters are regulated by the Army Corps of Engineers, the FDEP and the St. Johns River Water Management District.

Existing and proposed interconnection agreements with IOU's are subject to review and approval by FERC. The Energy Policy Act of 1992 conferred on FERC the power to order any "transmitting utility" to perform wheeling services. The term "transmitting utility" is defined to include municipal utilities, such as JEA. In addition, "transmitting utilities" are subject to FERC reporting requirements.

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Capital Program

The Electric System's capital program consists of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process, (b) construction of a new Greenland 1x1 advanced-class combined cycle unit, and (c) JEA's remaining capital requirements for transmission and distribution facilities and other capital items. The projected total amount of the capital program for the five-year period ending September 30, 2026 is estimated to be approximately \$1,345 million as shown in the following table.

**Electric System Capital Program
(000s omitted)**

Fiscal Year Ending September 30,	Amount
2022	\$ 190,000
2023	259,000
2024	213,000
2025	232,000
2026	451,000
Total	<u>\$1,345,000</u>

It is expected that the total amount of the capital program for this period will be provided from Electric System revenues and revolving credit facility advances on an interim basis, to be refinanced with additional Electric System Bonds. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry" herein.

St. Johns River Power Park***General Description***

The St. Johns River Power Park, formerly a coal- and petcoke-fired steam electric generating station, is located on an approximately 1,900-acre site in the northeast section of the City. It consisted of two units, each having an average net capability of 638 MW. The two units were essentially identical in design and shared certain common facilities, including fuel handling and storage facilities, four on-site water wells, a demineralized water treatment system, a wastewater treatment facility, switchyards and miscellaneous buildings.

The term "Power Park" is used in this Annual Disclosure Report to mean the Joint Facilities, as that term is defined in the "Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2" dated as of April 2, 1982, as amended (the "Power Park Joint Ownership Agreement"), between JEA and FPL. The Joint Facilities are defined in the Power Park Joint Ownership Agreement to mean a coal-fired, steam electric generating facility consisting of two units, together with their associated improvements.

Ownership

The Power Park is owned and operated by JEA and FPL pursuant to the provisions of the Power Park Joint Ownership Agreement. A summary of certain provisions of the Power Park Joint Ownership Agreement is attached hereto as APPENDIX F. JEA owns an undivided 80 percent interest in the Power Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

Early Termination of Power Park Joint Ownership Agreement

On March 21, 2017, staff informed the JEA Board of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement dated as of May 17, 2017. FPL obtained PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

Upon the ceasing of commercial operation of the Power Park (the "Power Park Closing"), FPL made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On January 5, 2018, FPL and JEA deposited amounts, which together with funds on deposit in the debt service reserve fund, were sufficient to defease all outstanding debt issued under a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution" (the "First Power Park Resolution").¹ As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution currently remains outstanding and was not defeased in connection with the Power Park Closing.

JEA's obligation to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

Finance & Operations Committee - ADDITIONAL INFORMATION

The November 21, 2017 estimate for decommissioning St. Johns River Power Park was \$68 million and remains unchanged as of the date of this Annual Disclosure Report. JEA will pay 80 percent of the decommissioning cost for a total of \$54.4 million. The Demolition and Soil Remediation contractor retains the salvage value for process equipment, which is estimated to be approximately \$18.0 million. Demolition costs incurred through ~~December 31, 2021~~April 25, 2022 were approximately \$~~57.7~~59.2 million.

The total demolition is currently scheduled to be completed by the end of the first quarter of calendar year 2022. At that time, final closing will occur and all land and real property assets will be transferred to JEA. The active landfill closure commenced on December 9, 2020 and was completed in January 2022. JEA is evaluating opportunities for the future use, redevelopment or divestiture of the site.

Management

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In all cases, the JEA member of each committee is the lead manager in executing the functions of that committee. JEA provides all management and staffing below the committee level, unless otherwise agreed to by JEA and FPL. Since the date that JEA and FPL entered into the Power Park Joint Ownership Agreement, there has been only one case of disagreement, which subsequently was resolved. JEA is lead on the decommissioning of the Power Park. FPL and JEA executed a Service Management Agreement for any specific requirements for managing the decommissioning.

Operation

The following table shows the total plant capacity factors for the Power Park since 2017. The capacity factor is a measure of the actual output as a percentage of the theoretical maximum output of a generating plant, or an individual unit, as the case may be.

Fiscal Year Ended	Power Park Capacity Factor		
	<u>Unit 1 (%)</u>	<u>Unit 2 (%)</u>	<u>Total (%)</u>
<u>September 30,</u> 2017 ⁽¹⁾	42.4	54.9	48.7
2018 ⁽²⁾	45.7	29.8	37.8
2019 ⁽³⁾	n/a	n/a	n/a
2020 ⁽³⁾	n/a	n/a	n/a
2021 ⁽³⁾	n/a	n/a	n/a

⁽¹⁾ During this period, Unit 1 underwent a five-week planned outage.

⁽²⁾ During this period, Unit 1 and 2 were permanently shut down on January 5, 2018.

⁽³⁾ Not applicable beginning Fiscal Year ended September 30, 2019.

Transmission Arrangements

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA has terminated all transmission arrangements related to Power Park.

Fuel Supply and Transportation

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA has concluded all fuel supply and transportation activities related to Power Park.

Capital Program

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA does not project any additional expenditures relating to the capital program.

Scherer 4***General Description***

Scherer Unit 4 is one of four coal-fired steam units located at the Robert W. Scherer Electric Generating Plant ("Plant Scherer") on a 12,000-acre site near the Ocmulgee River approximately three miles east of Forsyth, Georgia. Scherer Unit 4 has a current net maximum output of 846 MW and was placed in service in February 1989. Pursuant to the Plant Robert W. Scherer Unit Number Four Amended and Restated Purchase and Ownership Participation Agreement, dated as of December 31, 1990, as amended, among GPC, FPL and JEA (the "Scherer Unit 4 Purchase Agreement"), JEA purchased an aggregate of 23.64 percent of Scherer Unit 4, and FPL purchased an aggregate of 76.36 percent of Scherer Unit 4. In addition to the purchase of undivided ownership interests in Scherer Unit 4, under the Scherer Unit 4 Purchase Agreement, JEA and FPL also purchased proportionate undivided ownership interests in (a) certain common facilities shared by Units 3 and 4 at Plant Scherer, (b) certain common facilities shared by Units 1, 2, 3 and 4 at Plant Scherer and (c) an associated coal stockpile. Under a separate agreement, JEA also purchased a proportionate undivided ownership interest in substation and switchyard facilities. A summary of certain provisions of the Scherer Unit 4 Purchase Agreement and certain related agreements is attached hereto as APPENDIX G.

Ownership

As stated above, JEA and FPL are the owners of Scherer Unit 4 with undivided ownership interests of 23.64 percent and 76.36 percent, respectively; and JEA and FPL have proportionate ownership interests in the common facilities associated with all four units located at Plant Scherer. Oglethorpe, MEAG Power, GPC and the City of Dalton, Georgia ("Dalton"), as co-owners of Scherer Units 1 and 2, and Gulf Power Company ("Gulf Power") and GPC, as co-owners of Scherer Unit 3, also have proportionate undivided ownership interests in such common facilities. FPL and JEA also have proportionate undivided ownership interests in the common facilities shared by Scherer Units 3 and 4. GPC and Gulf Power, as co-owners of Scherer Unit 3, also have proportionate ownership interests in such common facilities (see "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4 - Scherer Unit 4 Purchase Agreement" in APPENDIX G attached hereto).

Oglethorpe, MEAG Power, Dalton, Gulf Power, GPC, FPL and JEA have entered into the Plant Scherer Managing Board Agreement which, among other things, established a managing board to coordinate the implementation and administration of various ownership agreements relating to Plant Scherer, including the establishment of standards, rules and policies for fuel procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners have an interest.

Retirement of Scherer Unit 4

On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Scherer Unit 4 closure as of January 1, 2022. On that same date, JEA also executed a 20-year purchased power agreement between JEA and FPL for a natural gas-fired system product with a solar conversion option ("FPL PPA") and a related 10-year natural gas hedge to replace the capacity and energy of Scherer Unit 4. The obligation of JEA to retire Scherer Unit 4 was subject to FPL having performed and complied in all material respects with the retirement agreement including remittance of the \$100 million consummation payment (the "FPL Consummation Payment") to be used by JEA in its discretion to pay for JEA's costs in completing the retirement of Scherer Unit 4, including, but not limited to, the defeasance of the outstanding bonds.

FPL could have, at any time before the retirement date, terminated the retirement agreement if the Florida Public Service Commission ("PSC" or "Florida PSC") did not issue an order allowing FPL's proposed cost recovery plan for the FPL Consummation Payment. FPL filed with the PSC for approval in March 2021 and received approval on October 26, 2021. The FPL Consummation Payment was petitioned to be recovered as part of FPL's base rates, and the actual payment was made to JEA on December 6, 2021. On January 1, 2022, Scherer Unit 4 was retired and replaced by the FPL PPA.

Operation

The following table shows the total plant availability factors and capacity factors for Scherer Unit 4 since 2017.

<u>Calendar Year</u>	<u>Scherer Unit 4</u>	
	<u>Availability Factor (%)</u>	<u>Capacity Factor (%)</u>
2017	96.3	62.1
2018 ⁽¹⁾	76.6	52.5
2019	98.7	53.5
2020 ⁽²⁾	80.2	32.0
2021	93.4	47.7

⁽¹⁾ During this period, Scherer Unit 4 underwent an 11-week planned outage.

⁽²⁾ During this period, Scherer Unit 4 underwent 13.5 weeks of planned and economic outages.

Transmission Arrangements

As a part of the purchase by JEA of its interest in Scherer Unit 4, GPC and Southern Company Services, Inc. provided JEA with firm transmission service through the GPC system to

the Florida/Georgia border for delivery of the output of JEA's ownership interest in Scherer Unit 4 for the life of the unit. Transmission rates were computed by formulae contained within the agreement and are filed with, and under the jurisdiction of, FERC.

Fuel Supply

As a result of the closure of Scherer Unit 4 in January 2022, JEA has concluded all fuel supply activities related to Scherer Unit 4. See "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

Capital Program

As a result of the closure of Scherer Unit 4 in January 2022, pursuant to the cooperation agreement entered into between JEA and FPL, JEA does not project any additional expenditures relating to the capital program. See "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

Resource Requirements

Capacity

JEA must have sufficient resources to serve expected firm customer demands in the future. The capacity required consists of forecasted annual peak demands (net of interruptible demands) and a reserve margin necessary to allow for routine and emergency equipment outages and demand forecast variances. The installed capacity consists of existing Electric System generating units and firm power purchase agreement. The difference between firm capacity required (including the reserve margin) and installed capacity is the net capacity surplus or deficit.

JEA applies the Florida State mandated general rule that reserve capacity should be at least 15 percent of the projected seasonal firm peak demand. This reserve amount is added to projected firm peak demand to determine the seasonal capacity required. This approach is considered reasonable and prudent, particularly in light of JEA's strong transmission ties with FPL and The Southern Company ("Southern"). JEA owns approximately 1,028 MW of transmission import capacity into Florida. Additional capacity, if needed, may be available for economic purchases by JEA. JEA also makes its part of the transmission import capacity available to others for transmission service under FERC Order No. 888.

As part of its strategic planning process, JEA re-evaluates its resource needs annually. The results of JEA's 2021 resource requirements study are shown below in the table entitled "PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS." JEA's 2021 resource requirements study reflected JEA's most recent peak demand and energy forecast, which continued to identify JEA as a winter-peaking utility. The study also reflected the use of interruptible and curtailable rates. JEA's resource plan is expected to satisfy JEA's need for capacity through the listed operating period.

JEA is in the process of ~~soliciting for consultants to perform~~ developing a comprehensive Integrated Resource Plan ("IRP") ~~analysis~~. JEA's prime contractor is Black and Veatch ("B&V"), and supporting B&V as its IRP subcontractors are nFront Consulting, Resource Innovations and Accuity Design Group. The purpose of the IRP is to develop a near-term to long-term strategic recommendation, with alternatives that address the following concerns:

- (a) System reliability, system balancing capability, and adequacy of resources (*i.e.*, Florida Administrative Code, Rule: 25-6.035).
- (b) Retirement and replacement for aging generating plants.
- (c) Integration of planned and future utility-scale solar facilities, and system ramping requirements.
- (d) Land requirements and site locations for all new system additions.
- (e) Increased customer-owned Distributed Energy Resources, Demand-side management, and Energy Efficiency adoption.
- (f) Increased Electrification adoption.
- (g) Effects of other emerging supply-side resource technologies.
- (h) Industry objective of lowering carbon emissions.
- (i) Potential legislative and/or regulatory mandates on carbon emissions, environmental quality, and renewable goals.

The timeframe of the IRP will cover 30 years, dividing into Near-Term (the next 10 years), Mid-Term (10 to 20 years), and Long-Term (20 to 30 years). Each timeframe has a scope which will require careful analysis of the JEA generation fleet, integration of clean energy and low carbon emissions resources, fuel and energy supply, and consideration of transmission and distribution capacity, especially when considered solutions involve power purchase agreements for importing power, locally sited generating plants capable of exporting power, or other viable firm resource alternatives.

JEA has developed a stakeholder engagement component to the IRP effort. Reasons for stakeholder engagement include:

- Educate stakeholders on utility plans
- = Improve transparency of utility decision-making process for resource planning
- = Create an opportunity to provide feedback to the utility on its resource plan
- = Encourage robust and informed dialogue on resource decisions
- = Reduce utility regulatory risk by building understanding and support for utility resource decisions

JEA has engaged a diverse group of stakeholders that have been selected to represent the broad range of the utility's customers and their individual interests. The stakeholder group includes a variety of local and regional governmental and non-governmental organizations that in turn support the visions of their respective organizations. These stakeholders will have an opportunity to review and provide input relative to various scenarios that may impact the utility and the community.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011 JEA entered into an option agreement with Duke Energy Carolinas, LLC ("Duke Carolinas"), a wholly-owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than five percent and not more than 20 percent of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 & 2 to be constructed at a site in Cherokee County, South Carolina (the "Lee Project"). The Lee Project was planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was \$7.5 million, with \$3.75 million paid in each of Fiscal Years ended September 30, 2011 and 2012. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30 percent of JEA's energy requirements from nuclear sources by 2030.

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA's exercising the option. The option exercise period will be opened by Duke Carolinas after it (a) receives NRC approval of the combined construction and operating license ("COL") for the Lee Project and (b) executes an engineering, procurement and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant; however, the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre-construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optionable portion of the projected Lee Project capacity. Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

System Load

From 2017 to 2021, the peak demand for power on JEA's Electric System decreased at a compound annual rate of 0.95 percent per year. From 2017 to 2021, energy output increased at a compound annual rate of 0.41 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

Fiscal Year	System Peak Demand (MW)⁽¹⁾	Percent Change From Previous Year	Annual Net Energy For Load (GWh)⁽²⁾	Percent Change From Previous Year
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6
2019	2,644	(14.1)	12,862	0.4
2020	2,658	14.0	12,623	(1.9)
2021	2,582	(2.9)	12,687	0.5

⁽¹⁾ The highest 60-minute net integrated peak demand for that year.

⁽²⁾ Does not include the FPL-Power Park Sale or other off-system sales.

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Finance & Operations Committee - ADDITIONAL INFORMATION

JEA's peak load forecast, which is based on weather-normalized load and energy data, together with JEA's projections for available generation and firm power purchases, is shown in the following tables.

PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS⁽¹⁾
(MW)

Fiscal Year	Firm Winter Peak Demand⁽²⁾	Capacity Reserves	Firm Winter Peak Demand Plus Capacity Reserves⁽³⁾	Electric System Capacity⁽⁴⁾	Firm Power Purchases⁽⁵⁾	Scherer Unit 4⁽⁶⁾	Installed Capacity and Net Firm Power Purchases⁽³⁾	Available Capacity Surplus⁽³⁾
2022	2,745	412	3,157	2,952	215	0	3,167	10
2023	2,764	415	3,178	2,952	230	0	3,182	4
2024	2,783	417	3,201	2,952	315	0	3,267	66
2025	2,803	420	3,223	2,952	415	0	3,367	144
2026	2,823	423	3,246	2,952	415	0	3,367	121

Fiscal Year	Firm Summer Peak Demand⁽²⁾	Capacity Reserves	Firm Summer Peak Demand Plus Capacity Reserves⁽³⁾	Electric System Capacity⁽⁴⁾	Firm Power Purchases⁽⁵⁾	Scherer Unit 4⁽⁶⁾	Installed Capacity and Net Firm Power Purchases⁽³⁾	Available Capacity Surplus⁽³⁾
2022	2,593	389	2,982	2,798	215	0	3,014	32
2023	2,610	391	3,001	2,798	215	0	3,014	13
2024	2,629	394	3,023	2,798	315	0	3,114	91
2025	2,650	397	3,047	2,798	415	0	3,214	167
2026	2,669	400	3,069	2,798	415	0	3,214	145

⁽¹⁾ The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

⁽²⁾ Peak demand:

- (a) does not include serving expected interruptible loads.
- (b) includes Demand-Side Management.
- (c) includes Plug-In Electric Vehicle (PEV) penetration.

⁽³⁾ Totals may not add due to rounding.

⁽⁴⁾ Figures include the following considerations:

- (a) No capacity additions occur in the planning horizon.
- (b) Diesel capacity rating for Kennedy CTs 7 & 8, Greenland CTs and Brandy Branch CTs.
- (c) Gas capacity ratings in winter and summer for Brandy Branch CTs 2 & 3.

⁽⁵⁾ Firm Power Purchases include:

- (a) TRE Phase I: 9 net MW clean power purchase starting winter 2008 and expiring December 2026.
- (b) TRE Phase II: 6 net MW clean power purchase starting winter 2014 and expiring December 2026.
- (c) Annual Firm Purchased Power Agreement for 200 MW Natural Gas Combined Cycle capacity and energy beginning January 1, 2022.
- (d) Vogtle Units 3 and 4: 100 MW each unit delivered from MEAG July 2023 and October 2024. The in-service dates for the Vogtle units in the Projected Available Capacity and Requirements table are being used for planning purposes and differ from Southern Company's assumed in-service dates.

⁽⁶⁾ Scherer Unit 4 was operational during the first quarter of the Fiscal Year ending September 30, 2022 and retired on January 1, 2022. It was excluded from consideration in determining available capacity for all of the Fiscal Year ending September 30, 2022 and thereafter.

Environmental Matters

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions and contaminated site assessment and remediation. Based on

analysis of the cost of remediation and other identified environmental contingencies, as of September 30, 2021, JEA had accrued liabilities of approximately \$30,618,000 related to environmental matters, of which approximately \$17,025,000 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station. Other environmental matters could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time. For a further discussion of certain pending litigation relating to environmental matters, see the discussion under the captions "Pollution Remediation Obligations" and "Northside Generating Station Byproduct" in Note 15 to the financial statements of JEA set forth in APPENDIX A of this Annual Disclosure Report. See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters - *Other Environmental*" herein.

While the final outcome of the foregoing proceedings cannot be predicted with certainty, JEA does not believe that its potential liabilities arising from such proceedings, either individually or in the aggregate, will have a material adverse effect upon its financial position, results of operations or liquidity.

Global Climate Change

Over the past 25 years, environmental concerns of the public, the scientific community and Congress have resulted in legislation that has had, and is expected to continue to have, a significant impact on the electric utility industry. Based on the increasing intensity of national and international attention to climate change, federal and state legislative and/or regulatory actions/discussions have been ongoing in this area.

Specific regulations with significant impact to JEA are described below.

In 1990, legislation was enacted (the "1990 Amendments") that substantially revised the Federal Clean Air Act (the "Clean Air Act"). A main feature of the 1990 Amendments is the reduction of sulfur dioxide ("SO₂") and nitrogen oxide ("NO_x") emissions caused by electric utility power plants, particularly those fueled by oil and coal. The SO₂ reduction was to be achieved in two phases. Phase I addressed specific high sulfur emitting generating units named in the 1990 Amendments and was effective on January 1, 1995.

In Phase II, which became effective on January 1, 2000, total U.S. SO₂ emissions are capped at 8,900,000 tons per year. The 1990 Amendments contained provisions for allocating emission allowances to power plants based on historical or calculated levels. An allowance is defined as the authorization to emit one ton of SO₂. An "Affected Unit" is defined as a unit that is subject to emission reduction requirements or limitations under the United States Environmental Protection Agency ([the](#) "EPA") Acid Rain Program.

In 2009, the EPA issued final rules that require mandatory reporting of greenhouse gases ("GHG") emissions from all sectors of the economy. The rules require reporting by fossil fuel suppliers and industrial gas suppliers, direct GHG emitters and manufacturers of heavy-duty and off-road vehicles and engines. Electric generating units ("EGUs") subject to the Clean Air Act's Acid Rain Program would continue to measure CO₂ emissions as presently performed and report based on those measurements. Annual reports are due by March 31 each year.

Under the structure of the Clean Air Act, permits are required for all sectors of the economy that have activities that meet the definition of a "major source" of GHG emissions under the Clean Air Act. Covered entities will immediately be subject to Prevention of Significant Deterioration ("PSD") and Title V permitting regimes, including requirements that construction of new sources or modifications to existing sources that will significantly increase GHG emissions install Best Available Control Technology ("BACT") to limit those emissions.

[The](#) EPA final PSD and Title V Greenhouse Gas Tailoring Rule (the "Tailoring Rule"), which provided a three-stage phase-in of Clean Air Act PSD and Title V operating permit requirements for GHGs from stationary sources, became applicable to GHG emissions on January 2, 2011.

Under the first phase, PSD and Title V requirements only apply to GHGs at sources that are already subject to these programs as a result of their non-GHG emissions. In the second and third phases, PSD and Title V requirements can apply to sources on the basis of GHG emissions alone, even if non-GHG emissions are not high enough to trigger current PSD and Title V requirements. The second and third phase of the Tailoring Rule and any related assessments were rendered irrelevant by a U.S. Supreme Court ("Supreme Court") ruling in 2014. ~~EPA's~~[The](#) Tailoring Rule was initially upheld by the U.S. Court of Appeals for the District of Columbia Circuit, but, on June 23, 2014, the U.S. Supreme Court reversed in part and affirmed in part. The Supreme Court held that the Clean Air Act neither compels nor permits [the](#) EPA to require compliance with PSD or Title V requirements solely on the basis of GHG emissions but that [the](#) EPA reasonably interpreted the Act to require a source that must obtain a PSD permit based on its emission of non-GHG emissions to also comply with BACT requirements for GHGs. On remand from the Supreme Court, the U.S. Court of Appeals for the District of Columbia Circuit issued an amended judgment on April 10, 2015 that held that the Tailoring Rule was vacated to the extent it required sources to obtain PSD or Title V permits solely on the basis of GHG emissions and directed [the](#) EPA to take steps to rescind or revise applicable regulations to reflect the Court's judgment. [The](#) EPA has issued guidance indicating that it will no longer seek to apply the second or third phase of the Tailoring Rule but will continue to implement the first phase and will undertake additional future rulemaking. In early October 2016, [the](#) EPA proposed revisions in response to the June 2014 U.S. Supreme Court's decision that invalidated GHG-only PSD permitting under ~~EPA's~~[the](#) Tailoring Rule. The proposal revised a variety of provisions to comply with the Court's ruling, and established a significant emissions rate threshold for GHGs of 75,000 tons per year CO₂, which would determine whether a source that triggers PSD for conventional pollutants is required to conduct a BACT analysis for GHGs. [The](#) EPA accepted comments on the revisions until December 16, 2016. Consistent with the ruling, the EPA is no longer requiring PSD permitting based on GHG emissions. JEA cannot determine the impact of this rule or any future related regulatory actions on its facilities at this time.

On October 23, 2015, [the](#) EPA published final performance standards for carbon emissions from new, modified and reconstructed electric generating units, establishing standards of performance for CO₂ emissions from these units (the "Carbon Pollution Standards"). On the same date, [the](#) EPA issued final guidelines for existing power plants, called the Clean Power Plan ("CPP"), which requires states to regulate CO₂ emissions from existing fossil fuel-fired

power plants. This rule requires Florida to achieve a CO₂ emissions rate reduction of 26 percent by 2030, with interim CO₂ reduction goals over the period of 2022 to 2029.

Under the CPP, each state would be required to submit for EPA approval a plan for achieving the mandated emissions reductions. If a state failed to submit a plan then the EPA would be able, under the CPP, to impose a federal plan. States have at least one year (up to three years in special circumstances) to develop and submit plans to the EPA for approval. Plans do not go into effect until 2022. If a state does not submit an acceptable implementation plan, the EPA will implement a federal plan for the state. The final "Carbon Pollution Standards" rule applies to any facility that commenced construction after January 8, 2014, or modification or reconstruction after June 18, 2014, with requirements becoming effective 60 days after the rule is published in the Federal Register. The EPA accepted Public Comment on the Federal Plan up until January 21, 2016.

On August 3, 2015, the EPA issued concurrently three separate rules pertaining to emissions of carbon dioxide ("CO₂") fossil fuel-fired electric generating units:

- (a) The Final Clean Power Plan, applicable to existing fossil fuel-fired electric EGUs.
- (b) The Final Carbon Pollution Standards Rule ("CPS"), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- (c) The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the U.S. Supreme Court issued an order staying implementation of the CPP. The Supreme Court granted the applications of numerous parties to stay the CPP pending judicial review of the rule. The EPA subsequently petitioned the court to pause the litigation indefinitely while the EPA promulgates new rules.

On October 16, 2017, the EPA issued an Advanced Notice of Proposed Rulemaking to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO₂ regulation under the Clean Air Act. On August 31, 2018, the EPA issued a proposed rule to replace the CPP, which is entitled the Affordable Clean Energy ("ACE") rule. The proposed rule requires states to set CO₂ performance standards for each individual affected generating unit based on heat rate improvements that can be made at each specific unit. In addition, the ACE proposal would adopt reforms to the New Source Review ("NSR") program that are designed to remove the current regulatory barriers to implementing efficiency measures as well as other reliability, maintenance and safety projects at existing power plants. The compliance requirements of the proposed ACE rule are significantly less stringent than those of the CPP. The EPA accepted written comments on the proposed ACE rule until October 31, 2018. For the duration of the ACE rule's promulgation, the D.C. Circuit court had held the CPP litigation in abeyance while the EPA acted to repeal and replace the CPP. The CPP becomes repealed essentially when the ACE becomes final. On June 19, 2019, the EPA issued the final ACE rule, similar to the initial proposal except that the EPA opted to finalize the NSR reform rules sometime during the year 2020. JEA anticipates the ability to comply with ACE without significant new investment. On September 17, 2019, the D.C. Circuit Court granted motions seeking to dismiss, as moot, the litigation on the CPP, essentially affirming the repeal of the CPP. For ACE compliance, JEA is working on establishing a baseline CO₂ emissions rate and

initiating a Heat Rate Improvement study for NGS Units 1 and 2. JEA ~~will~~began the process to propose a CO₂ emissions standard for each unit ~~and submit an application for submission to~~ FDEP towards the end of 2021. ~~The to support submission of an FDEP State will submit its~~ plan in 2022 for the EPA's approval by 2024. ~~Due~~However, due to the litigation and verdict described below, this ~~effort has been~~process was suspended.

On December 6, 2018, the EPA issued a proposed rule to replace the CPS by revising the new source performance standards ("NSPS") for CO₂ emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO₂ performance standards for new coal-fired power plants, replacing the current standard based on carbon capture and storage with a more achievable standard based on high-efficiency generating technologies in combination with best operating practices. Similar to the ACE rule, the proposed NSPS for CO₂ emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO₂ emissions without significant incremental investment should it ever decide to construct a new EGU or modify an existing one.

On October 8, 2020, oral arguments were held at the D.C. Circuit Court to determine the validity of the ACE rule. On January 19, 2021, the court vacated the ACE rule and remanded it back to the EPA. The court decided that it was wrong for the EPA to conclude that the best system of emission reduction (BSER) meant only measures that can be applied to or at the source. The court also cited that generation shifting, averaging, trading, and biomass co-firing could be viable compliance options. The court stated that the repeal of the CPP was imbedded in the ACE rule, and therefore the CPP could go back into effect. This is not anticipated to happen, but should the CPP go back into effect, new compliance dates would have to be established since the current dates in the rule have already passed. The court concluded that the EPA can regulate the same category (EGUs) under both Sections 111 and 112 of the Clean Air Act, but not the same pollutant. Back in 2015, the EPA made the Endangerment Finding to regulate GHGs from existing EGUs as part of a NSPS. On October 29, 2021, the Supreme Court accepted appeal of ACE vacatur (CPP Replacement) from West Virginia and 18 States, North Dakota, Westmoreland Mining and North American Coal Corp. Initial briefings were made on December 13, 2021, responses were ~~due submitted~~ on January 18, 2022, and replies ~~are due were~~ completed by ~~February 17, 2022~~. Oral arguments ~~are scheduled for~~ were held on February 28, 2022. A replacement rule is also under development. The current Biden-Harris Administration's Build Back Better bill has a climate change component, but it is not certain if the bill will pass or if the climate component may be separated out.

National Ambient Air Quality Standards

National Ambient Air Quality Standard ("NAAQS") are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with provisions of the Clean Air Act. If the EPA determines that a state's air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

Ozone NAAQS. On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion ("ppb"), which is more stringent than the 75-ppb standard set in 2008. The Clean Air Act mandates that [the](#) EPA publish initial area designations within two years of the promulgation of a new standard (*i.e.*, by October 2017), but allows for a one-year extension if the Administrator determines he "has insufficient information to promulgate the designations." On November 16, 2017, [the](#) EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone—~~EPA~~, designating 2,646 counties (including all counties in Florida) as "attainment/unclassifiable." [The](#) EPA is designating areas as "attainment/unclassifiable" where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where [the](#) EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan ("SIP") outlining strategy and emission control measures to achieve compliance. In November 2017, Duval County was deemed unclassifiable pending acceptable monitoring results expected at the end of 2018. Duval County is projected to be in attainment of the revised standard. On August 14, 2019, [the](#) EPA published the proposal to redesignate Duval County from unclassifiable to attainment/unclassifiable for the 2015 Ozone NAAQS. In the event that Duval County was to become a non-attainment area, JEA's power plants (e.g., Northside and Brandy Branch) could be required to comply with additional emission control requirements (e.g., increased usage of ammonia in their Selective catalytic reduction/Selective non-catalytic reduction ("SCR/SNCR")) for nitrogen oxides and volatile organic compounds which are precursors to ozone formation. The nature and consequences of a non-attainment designation cannot be predicted at this time. On January 20, 2021, the new Biden-Harris administration stated that it will be reviewing the Ozone NAAQS as contained in 85 Fed. Reg. 87256 dated December 31, 2020 (to be completed by December 2023).

Particulate Matter NAAQS. The EPA finalized the NAAQS Fine Particulate Matter ("PM_{2.5}") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM_{2.5} standard and kept the annual average PM_{2.5} standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM_{2.5} rule on December 14, 2012, that reduced the annual PM_{2.5} standard from 15 µg/m³ to 12 µg/m³. The rule left the 24-hour PM_{2.5} standard of 35 µg/m³ unchanged. The change in the PM_{2.5} has not resulted in non-attainment designation for Duval County and has not had a material adverse effect on the operations of JEA's generating facilities. On January 20, 2021, the new (Biden-Harris) administration stated that it will be reviewing the PM NAAQS as contained in 85 Fed. Reg. 82854 dated December 18, 2020.

SO₂ and NO₂ NAAQS. During 2010, the EPA finalized new one-hour NAAQS for both SO₂ and nitrogen dioxide ("NO₂"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one-hour primary SO₂ NAAQS. Parts of two Florida counties, including Nassau County, which is adjacent to JEA's service territory, were initially designated as being nonattainment areas. Duval County was not designated at this time. On August 10, 2015, [the](#) EPA issued a final rule directing states to provide data to characterize current air quality in areas with

large sources of sulfur dioxide SO₂ emissions to identify maximum one-hour SO₂ concentrations in ambient air. The air quality data developed by the states in accordance with the final rule will be used by [the](#) EPA in future rounds of area designations for the 2010 one-hour SO₂ NAAQS. A March 2015 court order requires [the](#) EPA to complete designations of all areas by the end of 2020. The FDEP conducted dispersion modeling studies of several large SO₂-emitting sources in the State (including JEA's NGS), and found that the one-hour SO₂ NAAQS is being met in Duval County using either allowable emission rates or actual emission rates (for the three years 2016-2018). [The](#) EPA completed its review and issued a final rule on February 25, 2019 to maintain the one-hour standard at 75 ppb.

State Implementation Plans. The Clean Air Act requires states to develop a general plan to attain and maintain the NAAQS in all areas of the country and a specific plan to attain the standards for each area designated nonattainment for a NAAQS. These plans, known as State Implementation Plans ("SIPs"), are developed by state and local air quality management agencies and submitted to [the](#) EPA for approval.

On June 12, 2015, [the](#) EPA published a final rule concerning how provisions in [the](#) EPA-approved SIPs treat excess emissions during periods of startup, shutdown or malfunction ("SSM").

The final rule updates [the](#) EPA's SSM Policy as it applies to SIP provisions and clarifies, restates, and revises [the](#) EPA's guidance concerning its interpretation of the Clean Air Act requirements with respect to treatment in SIPs of excess emissions that occur during periods of SSM. The EPA issued a "SIP call" for Florida and 35 other states requiring them to submit corrective SIP revisions by November 22, 2016. Florida submitted its SSM SIP revision on November 22, 2016. On June 4, 2019, EPA Region 4 proposed to change its SSM policy and withdraw the SSM SIP Call for North Carolina. This could result in Florida's initial SIP being reinstated at a future date. JEA does not anticipate any impacts to JEA sources or permit conditions from either the former SIP or the revised SIP if approved. On April 28, 2020, the EPA published the final action withdrawing the SSM SIP Call for North Carolina. Environmental Non-governmental Organizations (ENGOS) are expected to challenge this action and then seek to consolidate it in the D.C. Circuit with the nationwide case. On January 20, 2021, the new Biden-Harris administration announced that it will be reviewing the previous administration's guidance memorandum dated October 9, 2020 regarding inclusion of affirmative defense provisions governing SSMs in state SIPs.

On May 1, 2020, the EPA has determined that the State will not contribute significantly to nonattainment or interfere with maintenance of the 2010 1-hour SO₂ NAAQS in any other state. Therefore, the EPA is approving the September 18, 2018, SIP revision as meeting the requirements of the good neighbor provision for the 2010 1-hour SO₂ NAAQS.

MATS

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards ("MATS") Rule is intended to regulate four categories of hazardous air pollutants ("HAPs") emitted by coal- or oil-fired EGUs with a capacity of 25 MW or greater, namely mercury, HAPs metals, acid gases and organic HAPs.

Affected sources had until April 2015 to be in compliance, subject to a one-year extension. In June 2015, the U.S. Supreme Court determined that [the](#) EPA's rule did not properly consider costs in developing MATS and directed [the](#) EPA to address costs. On December 1, 2015, the EPA published a proposed supplemental finding and request for comment regarding the costs of the MATS rule, in response to the Supreme Court's decision. On December 15, 2015, the D.C. Circuit remanded MATS back to the EPA without vacatur, leaving MATS in effect and giving the EPA to opportunity to properly complete "supplemental findings" associated with the MATS rulemaking. In April 2016, [the](#) EPA's supplemental findings determined that it is still "appropriate and necessary" to regulate HAPs from coal-fired power plants.

Reports indicate that [the](#) EPA will issue a proposed rule that may obviate the appropriate and necessary finding (obviating the need for the MATS rule) as well as the residual risk and technology review that [the](#) EPA must complete in order to determine whether a tightening of the current MATS emission limits is necessary. The proposed rule package was sent to the U.S. Office of Management and Budget in October 2018 for interagency review. [The](#) EPA published its MATS proposal on February 7, 2019 in the *Federal Register*. The proposal states that regulation of HAPs is not appropriate or necessary after reconsidering costs but that coal- and oil-fired EGUs would not be delisted from regulation under Section 112 of the Clean Air Act, and the 2012 MATS rule would remain in place. The comment period ended on April 17, 2019. [The](#) EPA has submitted its final rule regarding the MATS Supplemental Cost Finding Reconsideration and Risk and Technology Review ("RTR"). The final rule was issued on April 16, 2020. On January 20, 2021, the new Biden-Harris administration stated that it will be reviewing the reconsideration of supplemental finding and RTR review for Coal- and Oil-fired EGUs as contained in 85 Fed. Reg. 82854 dated May 22, 2020. [On February 2, 2022, the EPA proposed to revoke the previous administration's Appropriate and Necessary Finding, and to revisit RTR.](#)

Because of the controls already installed at JEA's EGUs, JEA did not need to install any new or additional control equipment in order to comply with the MATS rule, as dependent on fuel type. As a precautionary measure, JEA has implemented an Activated Carbon Injection (ACI) system to further control mercury emissions from Units 1 and 2 at NGS if necessary.

National Emissions Standard for Hazardous Air Pollutants ("NESHAP") for Combustion Turbines

On March 9, 2020, the EPA published the final rule regarding 40 CFR 63 Subpart YYYY; *i.e.*, NESHAP for stationary combustion turbines. This final action completes [the](#) EPA's RTR obligations for this rule. This final action (a) concludes that no revisions are necessary as a

result of its RTR, (b) revises the startup, shutdown, and malfunction provisions to define when startup ends, as reaching stable operation or less than one hour for simple cycle turbines and less than three hours for combined cycle, whichever is less, (c) requires electronic reporting, and (d) does not lift the stay for new combustion turbines as it was previously proposed, pending [the](#) EPA's review of a petition to delist the entire combustion turbine source category with respect to this NESHAP. Challenged by NGOs, the rule is in abeyance pending reconsideration. A proposal to lift the stay was made in December 2021, and a decision is due by December 2022. There is also a petition to delist this NESHAP category, [and the](#) ~~(decision due in February was made March 9, 2022)~~ [to delist](#). JEA's combustion turbine plants are minor sources of HAPs and are not expected to be impacted by this rule. JEA also conducted HAP emissions testing at Brandy Branch (specifically, for formaldehyde) to confirm that the facility is not a major source of HAPs.

CCRs

In April 2015, [the](#) EPA finalized its rule to regulate the disposal and management of coal combustion residuals ("CCRs"), meaning fly ash, bottom ash, boiler slag and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015 and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by [the](#) EPA, was to be enforced only by citizen-initiated lawsuits, rather than by [the](#) EPA. However, on December 16, 2016, the President signed the Water Infrastructure Improvements for the Nation Act (the "WIIN Act"), which contains coal ash provisions that enable states to implement and enforce the requirements of the final CCR rule. The WIIN Act provides for the establishment of state and [the](#) EPA permit programs for coal combustion residuals (coal ash), flexibility for states to incorporate the EPA final rule for coal combustion residuals or develop other criteria that are at least as protective as the final rule and requires [the](#) EPA to approve state permit programs within 180 days of a state submitting a program for approval. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The State has started the process to incorporate the rule and regulations, which might ultimately constitute a state permitting or tailored program. At this time, the proposed state permit program will not include landfills in post-closure or corrective action. Enforcement will continue via third party citizen suits.

The rule applies to CCR management practices at the Power Park and Plant Scherer. The rule does not apply to management of byproducts at Northside Generating Station as long as it continues to burn a fuel mix with less than 50 percent coal. The operating cell within Area B of the Power Park was closed in accordance with performance standards specified in the CCR rule and included the installation of an impermeable liner on the top and side slopes. The cell did not have to be retrofitted with a bottom liner. The facility will continue to comply with the operating and monitoring requirements of the rule even after the plant decommissioning is completed, in accordance with the post-closure and corrective action plans that are developed for groundwater. The Power Park's two closed byproduct storage areas (Areas I and II) are not affected by this rule. The Power Park has no regulated surface impoundments. Existing surface impoundments, like that at Plant Scherer, are required to meet increased and more restrictive technical and operating criteria or to meet closure deadlines. GPC has decided to close in-place the surface

impoundment at Plant Scherer instead of pursuing a retrofit. The receipt of CCR waste streams at the impoundment concluded in April 2019 and final closure is expected by 2030.

[The](#) EPA left in place an amendment to the Federal Resource Conservation and Recovery Act known as the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of being placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard and other contained or encapsulated applications.

Cross-State Air Pollution Rule and Clean Air Interstate Rule

On July 6, 2011, [the](#) EPA finalized the Cross-State Air Pollution Rule ("CSAPR") to regulate interstate impacts of SO₂ and NO_x. The final rule replaced the EPA's 2005 Clean Air Interstate Rule ("CAIR"). On April 29, 2014, the U.S. Supreme Court reversed a D.C. Circuit decision and upheld the CSAPR rule. CSAPR requires a total of 28 states, plus the District of Columbia, to reduce annual SO₂ emissions, annual NO_x emissions and/or ozone season NO_x emissions to assist in attaining the 1997 ozone and fine particle and 2006 fine particle NAAQS. CSAPR became effective on January 1, 2015 for SO₂ and annual NO_x, and May 1, 2015 with respect to seasonal NO_x requirements. The State currently is subject only to seasonal NO_x requirements (May 1 through September 30) under CSAPR rule.

On December 3, 2015, [the](#) EPA proposed an updated rule (known as the "transport rule"), which incorporated the 2008 ozone standard into [the](#) EPA's cross-state air pollution analysis. The proposal indicates that Florida's emissions do not cause non-compliance with the 2008 ozone standard in any downwind states. The rule was finalized on September 7, 2016, and Florida is no longer subject to CSAPR and has been removed from CSAPR beginning in 2017.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Fuel Supply and Transportation*" herein.

Regional Haze

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and wilderness areas ("Class I areas") across the country. Haze is formed, in part, from emissions of SO₂ and NO_x. Because these pollutants can be transported over long distances, all 50 states, including those that do not have Class I areas, are required to participate in planning, analysis, and in many cases, emission control programs under the regional haze rule. The second implementation period, state implementation plans, are due to be submitted to [the](#) EPA by July 21, 2021. This period lasts until 2028.

Northside Unit 3 is subject to Best Available Retrofit Technology requirements under the EPA Regional Haze rules. Northside Unit 3 applied for and received an exemption under the Regional Haze Rule due to this unit's having minimal impacts on visibility in the Class I areas from particulate emissions as demonstrated by ambient air modeling. No other units are impacted.

A new visibility model by [the](#) EPA showed that NGS can contribute to visibility impairment at a nearby Class I area (specifically, due to SO₂ emissions and potential impacts at Wolf Island). As such, JEA provided an analysis to FDEP in October 2020. The analyses demonstrated that Units 1 and 2 at NGS are "well-controlled" for SO₂ due to surrogate HCl limits per MATS regulations. JEA has accepted permit conditions to restrict the sulfur content of No. 6 fuel oil at Northside Unit 3, and no additional controls are expected to be necessary.

Water

On May 14, 2014, [the](#) EPA promulgated a draft rule to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. Under the rule, existing facilities that withdraw very large amounts of water are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems. The final rule was published in the Federal Register on August 15, 2014 and became effective October 14, 2014.

The new standards in the final rule do not affect any of its facilities other than Northside. Northside is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries or oceans to cool their plants. It is possible that new standards may prospectively require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available ("BTA"), to improvements to the existing screening facilities to the installation of other cooling technologies. A full two-year study is required to evaluate site specific conditions and form a basis for assessing BTA. JEA completed these studies in March 2020. Analyses of that data is underway, and a full peer reviewed submittal to the regulatory agency is expected to be completed in 2024. Accordingly, costs have not been determined for Northside and are not currently included in JEA's capital program for the Electric System.

Effluent Limitation Guidelines

[The](#) EPA issued the final Steam Electric Effluent Limitations Guidelines ("ELG") on September 30, 2015, and they became final on January 4, 2016. On August 31, 2020, the Trump Administration EPA finalized an ELG reconsideration rule. Under the reconsideration rule, the phase-in dates for new requirements for existing power plants would be extended until 2025. The ELG Reconsideration will be subject to legal challenges. Requirements under the rule are waste-stream specific within a generating facility. JEA has evaluated compliance strategies that are being planned for NGS since SJRPP began the decommissioning process in January 2018. The investments to ensure compliance are not material. Options for compliance at Plant Scherer are being developed by all co-owners and will be phased in from 2017 to 2025.

Other Environmental

On May 27, 2015, [the](#) EPA and the U.S. Army Corps of Engineers ("USACE") released the prepublication version of the final "Clean Water Rule: Definition of 'Waters of the United States,'" ("WOTUS") redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule ("2015 Rule") contains many specific exemptions for connecting surface water features that are portions of the City's existing stormwater management system permitted under the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Stormwater Sewer System ("MS4") permits. Also, this rule specifically exempts JEA's permitted NPDES wastewater treatment ponds and potentially exempts identified NPDES Stormwater ponds from being considered as waters of the U.S., although discharges from such ponds would continue to be regulated.

The 2015 Rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, [the](#) EPA and the USACE finalized a proposed rule that would postpone the effective date of the 2015 Rule for a period of two years. During the two-year period, the agencies were directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule. On January 23, 2020, the EPA and the USACE released a pre-publication version of the rule. The final Rule repeals the 2015 Rule and restores the regulatory text that existed prior to the 2015 Rule. The official version of The Navigable Waters Protection Rule ("NWPR"): Definition of "Waters of the United States" was published in the Federal Register April 21, 2020. This Rule was effective June 22, 2020 but was subject to legal challenges. On August 30, 2021, the NWPR was vacated by an Arizona federal court (Pascua Yaqui Tribe v. U.S. Environmental Protection Agency, No. 20-00266 (D. Ariz. Aug. 30, 2021)). As a result, [the](#) EPA's position is that the NWPR is no longer in effect. On November 18, 2021, the agencies announced the signing of a proposed rule to revise the definition of "waters of the United States." The agencies propose to put back into place the pre-2015 definition of "waters of the United States," updated to reflect consideration of Supreme Court decisions. This familiar approach is thought to support a stable implementation of "waters of the United States" while the agencies continue to consult with states, tribes, local governments, and a broad array of stakeholders in both the current implementation and future regulatory actions. [The](#) EPA will hold public roundtable discussions to aid in developing a new rule to define jurisdictional Waters of the United States.

On December 17, 2020, [the](#) EPA approved Florida's assumption of the Clean Water Act section 404, providing for Florida administration oversight of the 404 program in lieu of USACE. The assumption became effective on December 22, 2020. At this time, DEP continues to employ the NWPR in the State Assumed 404 Program while [the](#) EPA is developing a new rule to define jurisdictional Waters of the United States. The delegation of the 404 program was expected to streamline permitting; however initially, delays have been realized as FDEP adapts to the additional workload consequent to assuming the program. The delegation itself is expected to face legal challenges from environmental advocacy groups.

JEA's electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA's system are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures.

Consequently, there is no assurance that the units in operation, under construction or contemplated will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in increased costs of operating units, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

JEA cannot predict at this time whether any additional legislation or rules will be enacted which will affect JEA's operations, and if such laws or rules are enacted, what the costs to JEA might be in the future because of such action.

Certain Factors Affecting the Electric Utility Industry

General

The electric utility industry has been, and in the future, may be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the Electric System. These factors likely would affect individual utilities in different ways. Such factors include, among others: (a) effects of compliance with changing environmental, licensing and regulatory requirements, (b) regulatory changes and changes that might result from a national energy policy, (c) uncertain access to low cost capital for replacement of aging fixed assets, (d) increases in operating costs, (e) effects of competition from other suppliers of electricity and (f) issues relating to the reliability of electric transmission systems and grids. In addition, municipal electric utilities may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed battery and electric storage resources, renewable distributed generation, customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions. These factors, and others, are discussed in more detail below in relation to how they affect JEA.

The future financial condition of the Electric System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of electric service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

COVID-19 Pandemic

General. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees and established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date, JEA has

managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements (as defined herein) set forth in APPENDIX A attached hereto.

Financial Impact. JEA saw a 1.7 percent reduction in Electric System industrial MWh sales during the Fiscal Year ended September 30, 2021, compared to the Fiscal Year ended September 30, 2020, which was offset by a 1.4 percent increase in residential customer MWh sales and a 0.1 percent increase in commercial MWh sales between such periods. Total MWh sales were up 0.3 percent in the Fiscal Year ended September 30, 2021 compared to the Fiscal Year ended September 30, 2020. For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Pending Legislation

~~{In February 2021, a bill was filed in the Florida Senate that would prohibit any Florida municipality from enacting policies that restrict the ability of customers of electric utilities and other energy service providers to choose their utility supplier. It is uncertain at this time if the bill will progress in the legislative session or become law.}~~

~~{A bill was introduced in the 2022 Florida Legislature that would authorize owners of businesses, or third parties contracted by such owners, to install, maintain, and operate renewable energy devices on or about the structures in which the businesses operate and allow them to sell electricity generated to other businesses. The sale of electricity produced by such devices would be exempt from regulation. If enacted, the new policy could have detrimental impact to JEA electric sales revenue. At this time, it is uncertain if the bill will become law.}~~

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new generating facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Compliance with any future GHG emission reduction requirements could require JEA, at significant cost, to purchase allowances or offsets, change the type of boiler fuel JEA uses, retire high-emitting generation facilities and replace them with lower-emitting generation facilities, or implement carbon capture and sequestration technology. The estimation of costs of compliance with GHG legislation or with EPA rules is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and

commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

Retail Competition

On October 5, 2018, the Florida Division of Elections approved a ballot initiative to amend the Florida Constitution to allow retail energy choice, as sought by an organization known as Floridians for Affordable Reliable Energy ("FARE"). Even though the initiative secured enough signatures to be allowed on the ballot in 2020, the Florida Supreme Court ruled that the ballot language was misleading, disallowing it from being on the ballot. FARE stated it that would continue its effort in subsequent elections.

Currently, neither FARE nor any other similar group have initiated any public efforts to implement retail choice for electric customers in Florida. There are no current or anticipated proposals in the Florida Legislature or at the Florida Public Service to evaluate or implement retail choice for electric customers in Florida.

FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS

Debt Relating to Electric Utility Functions

Electric System Bonds

As of September 30, 2021, \$904,760,000 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of the date of this Annual Disclosure Report, there is ~~\$880,460,000~~ in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) ~~\$439,835,000~~ in aggregate principal amount of variable rate Electric System Bonds and (b) ~~\$440,625,000~~ in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

From time to time, JEA requests Council approval of the issuance of Electric System Bonds and Subordinated Electric System Bonds. Pursuant to previous Council approvals, JEA currently is authorized to issue additional Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of financing the costs of additions, extensions and improvements to the Electric System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$465,160,991. JEA expects that such current authorization will be

adequate to enable JEA to maintain its Electric System capital improvement program as projected through the Fiscal Year ending September 30, 2026. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Capital Program*" herein.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated Electric System Bonds to refund outstanding Electric System Bonds and/or Subordinated Electric System Bonds from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Electric System Bonds and/or Subordinated Electric System Bonds in order to enable it to finance its Electric System capital program.

A summary of certain provisions of the Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008C-1, Series Three 2008C-2 and Series Three 2008C-3 (collectively, the "Senior Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from August 22, 2022 to May 8, 2023.

On July 27, 2010, the bank previously providing liquidity support for JEA Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 and Series Three 2008D-1 and on October 22, 2012, the bank previously providing credit and liquidity support for JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008B-4 (such Series Three 2008B-1,

2008D-1 and 2008B-4 Bonds are referred to herein collectively as the "Bank Purchased Bonds") purchased the applicable Bank Purchased Bonds pursuant to three substantially similar direct purchase agreements. The Bank Purchased Bonds are, as of the date of this Annual Disclosure Report, outstanding in the principal amounts of ~~\$56,395,000~~, ~~\$97,705,000~~ and ~~\$42,110,000~~, respectively.

Upon such purchases, the letter of credit and standby bond purchase agreement previously in effect for the respective Bank Purchased Bonds terminated. Except as described below, the bank does not have the option to tender the respective Bank Purchased Bonds for purchase for a period specified in the respective direct purchase agreements, which period would be subject to renewal under certain conditions. The three direct purchase agreements were amended effective September 17, 2015, December 11, 2018, and December 9, 2021, and the current expiration date of each is December 9, 2024. At the end of the period specified, which period is subject to extension under certain conditions, the Bank Purchased Bonds are subject to mandatory tender for purchase. Any Bank Purchased Bond that is not remarketed and purchased from such bank on the mandatory tender date that occurred upon the expiration of such period would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from such mandatory tender date. Such bank has no option to tender the Bank Purchased Bonds for payment by JEA during the holding period except upon the occurrence of certain "events of default" on the part of JEA under the respective direct purchase agreements and the occurrence of certain other conditions. Upon any such tender for payment, the Bank Purchased Bond so tendered would be due and payable immediately.

Proposed Amendments to the Electric System Resolution

In May 1998, JEA adopted a resolution (as amended, the "May 1998 Amending Resolution") for the purpose of making certain material amendments to the Electric System Resolution. In addition to certain amendments to the Electric System Resolution that heretofore have become effective, the May 1998 Amending Resolution provides for the amendment of certain provisions of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park (the "Power Park Amendment"), in a manner requiring (a) the consent of FPL, (b) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds⁶ outstanding and (c) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding. As of the date of this Annual Disclosure Report, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

If the Power Park Amendment ever were to become effective, it would amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (a) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds¹ and the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (b) deposits into any renewal and replacement or similar fund with respect to

¹ The Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP and are no longer outstanding.

the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance (as defined in the Electric System Resolution), but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution also would have amended the provisions of the Electric System Resolution relating to the priority of payments with respect to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) in a manner similar to that described above with respect to the Power Park, but the amendments relating to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) were rescinded by JEA in conjunction with the adoption of the Restated and Amended Bulk Power Supply System Resolution.

Subordinated Electric System Bonds

On August 16, 1988, JEA adopted a resolution (as amended, restated and supplemented, the "Subordinated Electric System Resolution") authorizing the issuance of obligations of JEA (the "Subordinated Electric System Bonds") that are junior and subordinate in all respects to the Electric System Bonds as to lien on, and source and security for payment from, the revenues of the Electric System. As of September 30, 2021, \$523,615,000 in aggregate principal amount of Subordinated Electric System Bonds was outstanding. As of the date of this Annual Disclosure Report, there is ~~\$488,775,000~~ in aggregate principal amount of Subordinated Electric System Bonds outstanding under the Subordinated Electric System Resolution, consisting of (a) ~~\$54,225,000~~ in aggregate principal amount of variable rate Subordinated Electric System Bonds and (b) ~~\$434,550,000~~ in aggregate principal amount of fixed rate Subordinated Electric System Bonds.

The Subordinated Electric System Bonds may be issued for the purpose of financing the cost of acquisition and construction of additions, extensions and improvements to the Electric System, or any other lawful purpose of JEA relating to the Electric System, or to refund any of the Electric System Bonds or the Subordinated Electric System Bonds.

Pursuant to the Subordinated Electric System Resolution and the laws of the State, and in accordance with the Electric System Resolution, the amount of Subordinated Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Electric System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds, see subsection "*Electric System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX C. See "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION - Additional Subordinated Bonds; Conditions to Issuance" in APPENDIX C attached hereto.

Liquidity support in connection with tenders for purchase of the Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A and 2008 Series D (collectively, the "Subordinated Liquidity Supported Electric System Bonds") currently is provided by a certain bank pursuant to standby bond purchase agreements between JEA and such bank. Any Subordinated Liquidity Supported Electric Bond that is purchased by the bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Electric Bond that is purchased by the bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Electric System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Electric Bonds are held by the bank providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration date of the standby bond purchase agreements is September 18, 2022.

Power Park Issue Three Bonds

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds". As of September 30, 2021, \$251,765,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. On January 31, 2022, \$27,255,000 of Power Park Issue Three Bonds were defeased using available funds from the FPL Consummation Payment. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. As of the date of this Annual Disclosure Report, ~~\$~~210,335,000~~†~~ in aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System regardless of whether the Power Park is operational. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

A summary of certain provisions of the Second Power Park Resolution, including a description of the amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX D.

Bulk Power Supply System Bonds

JEA financed the acquisition of a portion of its ownership in the Scherer 4 Project through the issuance of its bonds (the "Original Bulk Power Supply System Bonds") issued pursuant to a resolution of JEA adopted on February 5, 1991, as amended and supplemented (the "Original Bulk Power Supply System Resolution"). Pursuant to the Original Bulk Power Supply System Resolution, the Electric System was entitled to the entire capacity of the Scherer 4 Project and was required to pay for such capacity on a "take-or-pay" basis. During its Fiscal Year ended September 30, 1999, JEA caused all the remaining Original Bulk Power Supply System Bonds to be retired in advance of the scheduled due dates from certain available funds of the Electric System accumulated for that purpose. As a result, all of the covenants, agreements and other obligations of JEA under the Original Bulk Power Supply System Resolution were discharged and satisfied. However, JEA continued to make the output of the Scherer 4 Project available to the Electric System, and all costs of operating and maintaining the Scherer 4 Project continued to be paid as a Contract Debt of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See subsection "*Electric System Contract Debts*" below in this section.

On November 18, 2008, the JEA Board adopted a resolution that readopted, amended and restated the Original Bulk Power Supply System Resolution (the Original Bulk Power Supply System Resolution, as so readopted, amended and restated, is referred to herein as the "Restated and Amended Bulk Power Supply System Resolution"). The Restated and Amended Bulk Power Supply System Resolution permits JEA to issue one or more series of bonds thereunder ("Additional Bulk Power Supply System Bonds") for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The Restated and Amended Bulk Power Supply System Resolution also permits JEA to issue refunding Additional Bulk Power Supply System Bonds to refund any outstanding Additional Bulk Power Supply System Bonds from time to time as it deems economical or advantageous. As of September 30, 2021, \$81,885,000 in aggregate principal amount of bonds was outstanding under the Restated and Amended Bulk Power Supply System Resolution. On January 31, 2022, \$47,630,000 of Additional Bulk Power Supply Bonds were defeased using available funds from the FPL Consummation Payment. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein. As of the date of this Annual Disclosure Report, \$27,175,000 in aggregate principal amount of bonds is outstanding under the Restated and Amended Bulk Power Supply System Resolution. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. JEA presently has no plans to issue Additional Bulk Power Supply System Bonds.

A summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution is attached to this Annual Disclosure Report as APPENDIX E.

Electric System Contract Debts

"Contract Debts," a component of the Electric System's Cost of Operation and Maintenance, is defined by the Electric System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk electric purchase power agreement or otherwise to make payments out of the revenues of the Electric System for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the Power Park and the Bulk Power Supply System Projects (as defined in the Electric System Resolution and which includes additional electric generating plants)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale entered into after February 29, 2000 as may be determined by JEA to be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in APPENDIX B attached hereto. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection *"Proposed Amendments to the Electric System Resolution"* above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" in APPENDIX B attached hereto.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, JEA is obligated to make the output and capacity of the Scherer 4 Project (and any other projects that may be financed under the Restated and Amended Bulk Power Supply System Resolution) available to the Electric System and is obligated to make payments from the Electric System on a "take-or-pay" basis to provide revenues to pay operating and maintenance expenses of the Scherer 4 Project (and such other projects), debt service on the Additional Bulk Power Supply System Bonds, renewal and replacement costs relating to the Scherer 4 Project (and such other projects) and all other costs relating to the Scherer 4 Project (and such other projects), and such payments constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein for a description of JEA's obligations pursuant to certain purchase power contracts, which obligations also constitute Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution.

JEA is authorized under the Electric System Resolution to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the costs of any such separate electric generating utilities or systems, which obligations shall be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. None of the revenues derived by JEA from the prior operation of the Power Park under the Second Power Park Resolution, from the operation of the Scherer 4 Project under the Restated and Amended Bulk Power Supply System Resolution (and any other projects that may be financed thereunder), or from the operation of any other separate bulk power supply utility or system undertaken by JEA shall be deemed under the Second Power Park Resolution, the Restated and Amended Bulk Power Supply System Resolution or the Electric System Resolution to be revenues of the Electric System. *For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "Proposed Amendments to the Electric System Resolution" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" in APPENDIX B attached hereto.*

Schedules of Debt Service Coverage

The following table shows the Electric System Schedules of Debt Service Coverage for the Fiscal Years ended September 30, 2021 and September 30, 2020, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2021 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto. Set forth in APPENDIX A to this Annual Disclosure Report are Schedules of Debt Service Coverage for JEA's interest in the Power Park and the Bulk Power Supply System for the Fiscal Years ended September 30, 2021 and September 30, 2020. In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the Power Park and the Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of JEA's interest in the Power Park and the Bulk Power Supply System are reflected as a purchased power expense on the Electric System Schedules of Debt Service Coverage. The Electric System Schedules of Debt Service Coverage do not include revenues of the Power Park or the Bulk Power Supply System, except that the purchased power expense described in the preceding sentence is net of interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. In addition, the Electric System Schedules of Debt Service Coverage do not include revenues received by JEA pursuant to the FPL-Power Park Sale.

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**Electric System Schedules of Debt Service Coverage
(In Thousands)**

	Fiscal Year Ended	
	September 30,	
	2021	2020
Revenues		
Electric	\$1,225,962	\$1,192,898
Investment income ⁽¹⁾	2,295	6,057
Earnings from The Energy Authority	15,378	2,848
Other, net ⁽²⁾	25,303	22,016
Plus: amount amounts paid from the Rate Stabilization Fund into the Revenue Fund	82,016	91,118
Less: amount amounts paid from the Revenue Fund into the Rate Stabilization Fund	(24,370)	(64,132)
Total revenues	\$1,326,584	\$1,250,805
Operating expenses ⁽³⁾		
Fuel	326,870	271,164
Purchased power ⁽⁴⁾	204,846	164,362
Maintenance and other operating expenses	211,537	222,585
State utility and franchise taxes	60,080	58,806
Total operating expenses	803,333	716,917
Net Revenues revenues	\$ 523,251	\$ 533,888
Debt Service		
Debt service on Electric System Bonds	\$ 47,552	\$ 53,384
Less: investment income on sinking fund	(1,677)	(1,842)
Less: Build America Bonds subsidy	(1,536)	(1,532)
Debt service requirement on Electric System Bonds	\$ 44,339	\$ 50,010
Debt service coverage on Electric System Bonds ⁽⁵⁾	11.80x	10.68x
Net revenues (from above)	\$ 523,251	\$ 533,888
Debt service requirement on Electric System Bonds	44,339	

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-(from above).....		50,010
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds	58,701	63,443
Less: Build America Bonds subsidy.....	(1,908)	(1,947)
Debt service requirement on Subordinated Electric System Bonds	56,793	61,496
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	\$ 101,132	\$ 111,506
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds ⁽⁶⁾	5.17x	4.79x

(1) Excludes investment income on sinking funds.

(2) Excludes the Build America Bonds subsidy.

(3) Excludes depreciation and recognition of deferred costs and revenues, net.

(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

(5) Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage 1.20x.

(6) Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage is 1.15x.

Management's Discussion and Analysis of Electric System Schedules of Debt Service Coverage

Revenues

Total revenues increased \$75.8 million, or 6.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to higher electric revenues, a decrease in amounts paid from the Revenue Fund into the Rate Stabilization Fund and higher earnings from The Energy Authority offset, in part, by a decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Electric sales volume increased 36,176 MWh, or 0.3 percent, to 12,239,149 MWh for the Fiscal Year ended September 30, 2021 from 12,202,973 MWh for the Fiscal Year ended September 30, 2020, primarily related to residential sales increasing 76,190 MWh, or 1.4 percent offset, in part, by industrial sales decreasing 46,784 MWh, or 1.7 percent.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund decreased \$9.1 million, or 10.0 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to the \$29.9 million debt management withdrawal used to retire Electric System debt in October 2019 offset, in part, by the \$18.0 million increase in fuel withdrawals and a \$5.3 million increase in non-fuel purchased power withdrawals.

Amounts paid from the Revenue Fund into the Rate Stabilization Fund decreased \$39.8 million, or 62.0 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a decrease in fuel contributions.

Operating Expenses

Total operating expenses increased \$86.4 million, or 12.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020. Total fuel and purchased power expenses increased \$96.2 million, or 22.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a 20.5 percent increase in fuel expense and a 24.6 percent increase in purchased power expense. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. Total MWh power generated and purchased increased 0.4 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, to 12,674,148 MWh from 12,627,990 MWh, with an increase of 36.5 percent for MWh purchased offset, in part, by a decrease of 7.9 percent for MWh generated. The cost per MWh of power generated increased 47.9 percent and the cost per MWh of purchased power decreased 7.5 percent.

Maintenance and other operating expenses decreased \$11.0 million, or 5.0 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to decreases in legal and other professional services.

Net Revenues

Net revenues available for debt service decreased \$10.6 million, or 2.0 percent, to \$523.3 million for the Fiscal Year ended September 30, 2021 from \$533.9 million for the Fiscal Year ended September 30, 2020. Total revenues increased \$75.8 million, or 6.1 percent, and total operating expenses increased \$86.4 million, or 12.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, as stated above. The decrease in net revenues available for debt service is primarily related to the increase in fuel and purchased power expenses and the decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund offset, in part, by higher electric revenues, the decrease in amounts paid from the Revenue Fund into the Rate Stabilization fund, higher earnings from The Energy Authority and the decrease in maintenance and other operating expenses.

Debt Service on Electric System Bonds

The debt service requirement on Electric System Bonds decreased \$5.7 million, or 11.3 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, related to a \$4.9 million lower interest expense and a \$0.8 million lower principal amortization as a result of lower interest rates and lower outstanding debt balances.

During the Fiscal Year ended September 30, 2021, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2021A	Refunding ⁽¹⁾	July 2021	\$10,385,000	\$13,750,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2020, JEA issued Electric System Bonds as summarized in the following table:

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<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2020A	Refunding ⁽¹⁾	July 2020	\$129,255,000	\$159,705,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage Ratio on Electric System Bonds

The debt service coverage ratio on Electric System Bonds increased to 11.80 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 10.68 times for the Fiscal Year ended September 30, 2020 as a result of the 2.0 percent decrease in net revenues available for debt service being proportionately less than the 11.3 percent decrease in the debt service requirement on Electric System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Electric System Bonds

Aggregate subordinated debt service on Subordinated Electric System Bonds decreased \$4.7 million, or 7.6 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, related to a \$3.8 million lower interest expense and a \$0.9 million lower principal amortization as a result of lower interest rates and lower outstanding debt balances.

During the Fiscal Year ended September 30, 2021, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2021 Series A	Refunding ⁽¹⁾	July 2021	\$34,175,000	\$46,010,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$92,415,000	\$113,160,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds

The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 5.17 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 4.79 times for the Fiscal Year ended September 30, 2020 as a result of the 2.0 percent decrease in net revenues available for debt service being proportionately less than the 9.3 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

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Liquidity Resources

The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2021 was 166 days, and the Days of Liquidity was 331 days. The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2020 was 183 days, and the Days of Liquidity was 359 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

The Days of Liquidity computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

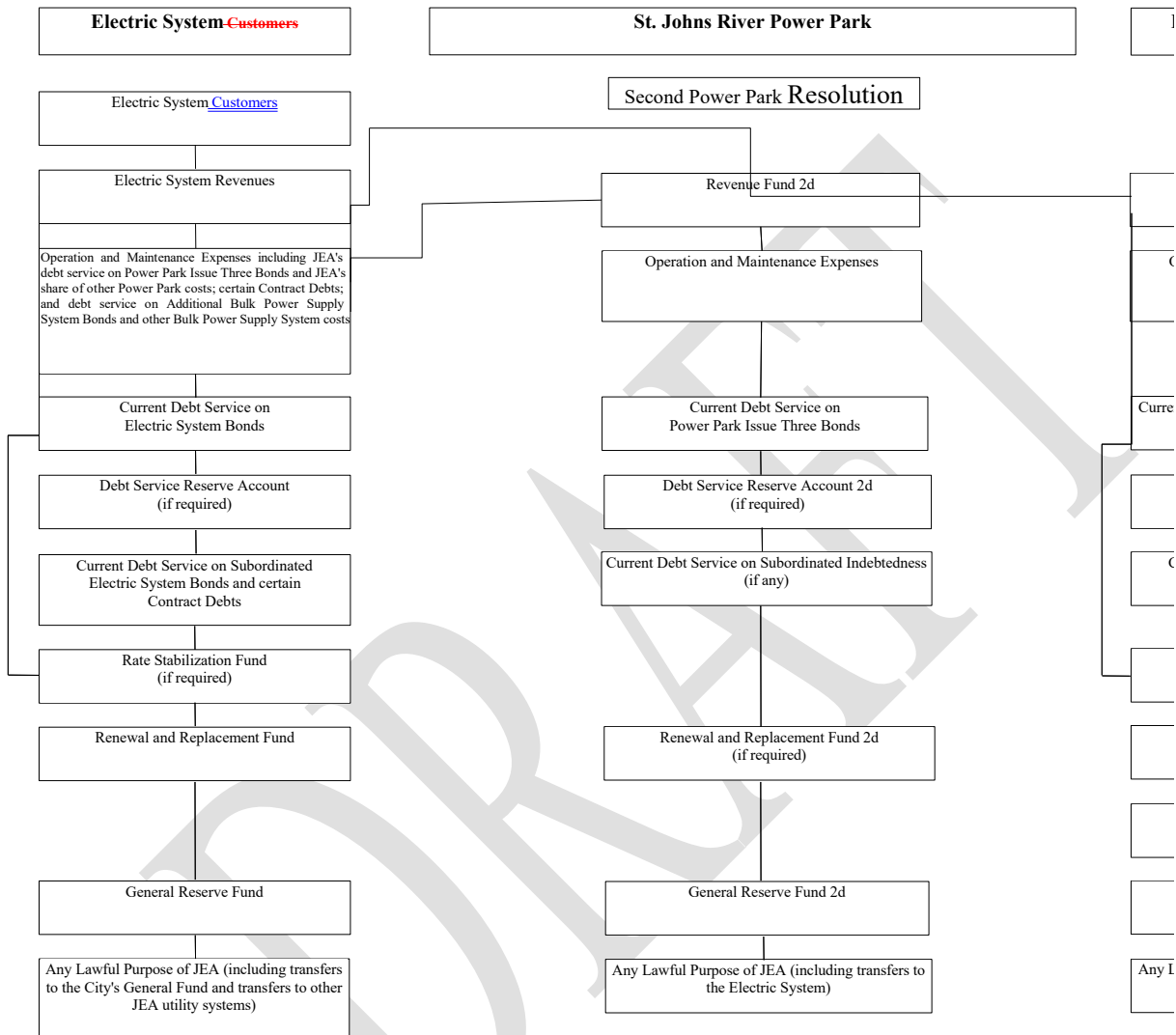
* Allocated share of available Revolving Credit Facility at September 30, 2021 was approximately \$405.6 million and approximately \$389.8 million at September 30, 2020; however, the total balance of \$500 million could have been drawn as of September 30, 2021.

APPLICATION OF ELECTRIC SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Electric System Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see the subsection "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Proposed Amendments to the Electric System Resolution*" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

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Finance & Operations Committee - ADDITIONAL INFORMATION



OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Electric System, the Scherer 4 Project (which is sometimes referred to herein and in JEA's financial statements as the "Bulk Power Supply System"), and its interest in the Power Park. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Years ended September 30, 2021 (which consist of the statement of net position of JEA as of September 30, 2021 and September 30, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2021 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2021 and September 30, 2020 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2021 and September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2021 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2021 Financial Statements include all of the assets of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. However, revenues of JEA's interest in the Power Park and the Bulk Power Supply System are not included in such statement of revenues, expenses, and changes in

by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services; *provided, however*, available revenues of the Water and Sewer System shall be deposited into a Debt Service Reserve Account established for the District Energy System Refunding Revenue Bonds, 2013 Series A (Federally Taxable) (the "2013 DES Bonds") and pledged to pay debt service on the 2013 DES Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on the 2013 DES Bonds). Accordingly, potential purchasers of the Electric System Bonds are advised that the information in JEA's 2021 Financial Statements relating to JEA's Water and Sewer System and District Energy System is not relevant to a decision to purchase the Electric System Bonds and should not be taken into account with respect thereto.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City.

The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter, which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter

Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall, or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Electric System has increased from approximately \$93,609,555 for the Fiscal Year ended September 30, 2021 to \$94,545,651 for the Fiscal Year ending September 30, 2022. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

~~In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House. Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.~~

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

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The table below sets forth the current ratings and outlooks for JEA's Electric System Bonds and Subordinated Electric System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u>Fitch Ratings</u>	<u>Moody's</u>	<u>S&P</u>
		A 2 ¹ (positive) <u>stable</u>	
Outstanding Electric System Bonds	AA (stable)	A 3 ² (positive) <u>stable</u>	A+ (negative)
Outstanding Subordinated Electric System Bonds	AA (stable)	<u>stable</u>	A (negative)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into standby bond purchase agreements with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Electric Bonds, and the Subordinated Liquidity Supported Electric Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$~~243,625,000~~ in aggregate principal amount of Senior Liquidity Supported Electric Bonds outstanding and \$~~54,225,000~~ in aggregate principal amount of Subordinated Liquidity Supported Electric Bonds outstanding. The standby bond purchase agreements relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, each standby bond purchase agreement provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which such standby bond purchase agreement relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings. ("Fitch"), "Baa3" by Moody's Investors Service ("Moody's") and/or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Electric System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of

Finance & Operations Committee - ADDITIONAL INFORMATION

\$497,990,000 as of September 30, 2021, of which, \$402,785,000 were for the account of the Electric System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

As of September 30, 2021, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$129,355,000, of which approximately \$102,752,000 was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<u>Related Bonds</u>	<u>Counterparty</u>	<u>Initial Notional Amount</u>	<u>Notional Amount as of September 30, 2021</u>	<u>Fixed Rate of Interest</u>	<u>Variable Rate Index⁽¹⁾</u>	<u>Termination Date⁽²⁾</u>
Variable Rate Electric System Revenue Bonds, Series Three 2008A	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	\$100,000,000	\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4	Morgan Stanley Capital Services Inc. ("MSCS")	117,825,000	82,575,000	4.351	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. ("JPMorgan")	116,425,000	81,575,000	3.661	68% of 1 month LIBOR	10/1/2035
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2	GSMMDP	174,000,000	84,800,000	3.717	68% of 1 month LIBOR	9/16/2033
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1	MSCS	98,375,000	62,980,000	3.907	SIFMA Municipal Swap Index	10/1/2031
Variable Rate Electric	JPMorgan	40,875,000	39,175,000	3.716	68% of	10/1/2037

System Subordinated
Revenue Bonds, 2008
Series D

1 month LIBOR

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of

JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were ~~effeeted~~affected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director

and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Electric System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$1.5 billion in the case of interest rate swaps, (b) \$500,000,000 in the case of basis swaps and (c) \$1 billion in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction". Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2021, 15.9 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 6.5 years. As of September 30, 2021, the remaining 84.1 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2021, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (a) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (b) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (c) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Electric System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Electric System, including any Contract Debts of

the Electric System, debt service on Electric System Bonds, debt service on any Subordinated Bonds of the Electric System (including Subordinated Electric System Bonds) and the deposits to the Renewal and Replacement Fund established by the Electric System Resolution.

All interest rate swap transactions for the account of the Electric System are required to be entered into pursuant to Electric System Swap Agreements. Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement (the "Revolving Credit Facility") with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment. Effective November 1, 2018, the parties amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000. Effective May 24, 2021, the parties further amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for the Water and Sewer System loans by \$200,000,000, for a total commitment equal to \$500,000,000. The Revolving Credit Facility is scheduled to expire May 24, 2024. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of September 30, 2021, JEA had no borrowings outstanding under the Revolving Credit Facility. As of the date of this Annual Disclosure Report, JEA has \$1,000,000 in borrowings outstanding under the Revolving Credit Facility for

the account of the District Energy System. For information about the borrowing made subsequent to the Fiscal Year ended September 30, 2021, see Note 18 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 715.2 of the Second Power Park Resolution, and Section 714.2 of the Restated and Amended Bulk Power Supply System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, respectively, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution.

LITIGATION AND OTHER MATTERS

~~(TO BE UPDATED)~~

General

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Electric System other than as set forth in the financial statements of JEA in

APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance, or the City's Risk Management fund, or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Electric System.

Other Matters

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, [Aaron Zahn](#) ("[Zahn](#)"); the former Invitation to Negotiate #127-19 for Strategic Alternatives, ("[ITN](#)"), [providing for the sale of JEA's assets and liabilities; and, a proposed bonus pay plan for senior executives established during to be funded by proceeds from the administration sale of the former CEO JEA's assets and liabilities.](#) JEA ~~has~~ complied with the subpoena and provided the requested documents and records.

[Subsequently, on March 2, 2022, a federal grand jury issued an indictment charging Zahn and Ryan Wannemacher \("Wannemacher"\), JEA's former CFO, with one count of conspiracy and one count of wire fraud. According to the indictment, the charges stem from allegations that Zahn began planning for the ITN in efforts to effectuate the sale and privatization of JEA before he was selected as CEO of JEA. The indictment further alleges that Zahn and Wannemacher willfully engaged in a scheme to make false and fraudulent representations to the JEA Board about material facts concerning development of the proposed bonus plan and its connection to the ITN, knowing that if JEA was sold, they, along with others would be paid exorbitant sums of money from funds that would otherwise have gone to the City's General Fund.](#)

[On January 28, 2019, the JEA fired Zahn with cause.](#) On May 8, 2020, ~~Aaron~~-Zahn filed a demand for arbitration with the American Arbitration Association seeking damages for JEA's alleged violation of the July 2019 employment agreement. JEA filed its complaint on June 5, 2020 seeking damages and injunctive relief. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust. Simultaneously with the complaint, JEA moved to enjoin or stay the pending arbitration. In response, Mr. Zahn moved to compel arbitration. The circuit court entered an order staying the arbitration until the court had ruled on the parties' respective motions relating to arbitration.

On October 15, 2020, the circuit court entered an Order Granting in Part and Denying in Part JEA's Motion to Enjoin or Stay Arbitration Proceeding, which compelled [arbitration of all](#)

of JEA's claims ~~to be arbitrated. On November 13, 2020, JEA filed a~~ timely ~~filed a notice~~ of appeal. ~~The matter has been fully briefed and the parties are awaiting ruling by~~ of the circuit court's decision; and, on August 24, 2021, the First District Court of Appeal affirmed the circuit court's order compelling arbitration. Resolution of the matter is currently pending.

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DRAFT

AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: /s/ ~~John D. Baker II~~ Robert L. Stein
Chair

By: /s/ Joseph C. Stowe III
Managing Director and Chief Executive Officer

~~GT VERSION #3~~

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**ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX E hereto)**

Filed on EMMA

**Dated as of
[May 24, 2022]**

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Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS

BOARD OF DIRECTORS

Chair
Vice Chair
Secretary

Robert L. Stein
Martha T. Lanahan
Gen. Joseph P. DiSalvo
John D. Baker II
Dr. A. Zachary Faison, Jr.
Ricardo Morales III
Thomas VanOsdol

LEADERSHIP TEAM¹

Managing Director and Chief Executive Officer
Chief Operating Officer
Chief Customer Officer
Chief Human Resources Officer
Chief Financial Officer
Chief Administrative Officer
Chief External Affairs Officer
Chief Strategy Officer

Joseph C. Stowe III
Raynetta Curry Marshall²
Sheila E. Pressley
L. David Emanuel
Theodore B. Phillips³
Jody L. Brooks
Laura Marshall Schepis⁴
Laura M. Dutton

Vice President, Financial Services and Treasurer

Joseph E. Orfano⁵

GENERAL COUNSEL

Jason R. Teal, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

¹ Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

² On July 13, 2021, JEA named Raynetta Curry Marshall as Chief Operating Officer. Ms. Marshall began serving as Chief Operating Officer in August 2021.

³ On June 15, 2021, JEA named Theodore B. Phillips as Chief Financial Officer. Mr. Phillips began serving as Chief Financial Officer in August 2021.

⁴ Ms. Schepis began serving as Chief External Affairs Officer in September 2021.

⁵ Mr. Orfano is a member of the Extended Leadership Team. For additional information regarding the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

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**ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

INTRODUCTION

General

This Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2021 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX E attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2021, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System and District Energy System is owned and operated by JEA separately. For information relating to JEA's Electric System, see the Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2021 (the "Electric Annual Disclosure Report"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and, except as described under "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System - Water and Sewer System Support of the District Energy System Bonds" herein, revenues of each system are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

This Annual Disclosure Report contains information regarding JEA's Water and Sewer System and the District Energy System. For financing purposes and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of sewer treatment and related services. The debt of JEA relating to the District Energy System is payable from and secured by the revenues derived from JEA's chilled water activities and any local district heating facilities JEA may develop in the future. Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained herein relating to the Water and Sewer System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained herein relating to the District Energy System is not relevant to the Electric System Bonds, Subordinated Electric System Bonds, Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds and should not be taken into account in evaluating such debt.

The summaries of or references to the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution, and certain amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the Water and Sewer System Resolution, the Subordinated Water and Sewer Resolution and the District Energy System Resolution are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

Miscellaneous; Forward-Looking Statements

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure

Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise.

JEA Establishment and Organization

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. JEA

Finance & Operations Committee - ADDITIONAL INFORMATION

operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The Charter assigns responsibility for the management of JEA's utility systems, including the Water and Sewer System, to the JEA Board. The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM⁽¹⁾</u>
Robert L. Stein, Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Vice Chair	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Gen. Joseph P. DiSalvo, Secretary	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2026
John D. Baker II	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2026
Ricardo 'Rick' Morales III	President & CEO, Morales Construction Co. Inc.	October 1, 2021 – February 28, 2024
Thomas VanOsdol	President & CEO, Ascension Florida	April 16, 2020 – February 28, 2023

⁽¹⁾ At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020. Mr. Stein was reappointed for a first full term commencing February 28, 2021. Mr. Morales was appointed for a first full term commencing October 1, 2021, replacing Dr. Leon L. Haley, Jr. General DiSalvo and Dr. Faison were each reappointed for a first full term commencing February 28, 2022.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County

representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. As of the date of this Annual Disclosure Report, Nassau County has not appointed a replacement for its previous representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, vice presidents, directors, managers, executive assistants and other appointed staff, numbering approximately 414 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

JEA's senior level management experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Chief Information Officer; Vice President, Technical Services; Chief Legal Counsel; Vice President, Communications; Vice President, Government Relations; Vice President, Environmental Services; Vice President, Corporate Strategy; and Vice President, Economic Development.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Chief Information Officer report to the Chief Financial Officer. The Chief Legal Counsel reports to the Chief Administrative Officer. The Vice President, Communications; Vice President, Government Relations; and Vice President, Environmental Services report to the Chief External Affairs Officer; and the Vice President, Corporate Strategy and Vice President, Economic Development report to the Chief Strategy Officer.

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Raynetta Curry Marshall, Chief Operating Officer. Ms. Marshall joined JEA as chief operating officer (COO) in August 2021. In her role, she leads all utility operations and the teams that provide reliable, affordable, safe utility services to more than one million Northeast Florida residents across four counties.

Ms. Marshall has more than 35 years of experience in water resources and utility management. During her diverse career, she has conducted planning analyses for water and wastewater systems; managed the design, engineering and construction management of various capital improvement projects; directed large-scale utility programs and provided administrative oversight for water utility system planning and new development.

Before coming to JEA as COO, Ms. Marshall, served as general manager of the Underground Utilities & Public Infrastructure Department (UU&PI) in Tallahassee, Florida. Prior to that, she served in several leadership roles at JEA from 2011 to 2019, including director of water/wastewater planning and development and director of water/wastewater project engineering and construction. She began her career at the Washington Suburban Sanitary Commission (WSSC) in Laurel, Maryland.

Ms. Marshall is a registered Professional Engineer in Florida and holds a master's degree in Environmental Engineering and a bachelor's degree in Civil Engineering from Howard University. She has served on various professional association boards and committees, including President of the Florida Water Environment Association and Chair of the Water Environment Federation Utility Management Committee.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Chief Customer Officer in February 2021. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Theodore "Ted" B. Phillips, Chief Financial Officer. Mr. Phillips joined JEA as its Chief Financial Officer in August 2021. In this role, his responsibilities include oversight of Financial Services, Financial Planning and Services, Treasury Services, Risk Management Services, Supply Chain, Corporate Security, Procurement, Emergency Preparedness and Business Continuity, Facilities and Fleet Services and Technical Services. He brings with him a wealth of experience leading finance teams for public utilities.

Prior to joining JEA, Mr. Phillips worked for 10 years with Huntsville (Ala.) Utilities, leading teams in Finance/Accounting, MIS, Technical Services, Purchasing, Stores & Warehouses, Fleet and Facilities. Previously, he spent 20 years in the public sector working for the cities of Shelby and Monroe, North Carolina, Mecklenburg County, North Carolina, and the State Auditor's office in Missouri.

Mr. Phillips received a Bachelor of Science in Business Administration from Southeast Missouri State University. He has been an active member in the communities he has called home, having served on the boards of the United Way and The Schools Foundation in Huntsville, and in various United Way campaign leadership positions. He has also been a longtime pack leader for the Boy Scouts of America.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for almost 20 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee.

Laura Marshall Schepis, Chief External Affairs Officer. Ms. Schepis was named JEA's Chief External Affairs Officer in September 2021. She leads teams responsible for government relations, media relations, communications and environmental services.

For over two decades, Ms. Schepis has focused on improving outcomes for energy utilities and the customers and communities they serve. In leadership positions at the American Public Power Association, the Edison Electric Institute, and the National Rural Electric Cooperative Association, she directed advocacy, political, and communications campaigns on issues including energy efficiency, renewable resources, national security, telecommunications and climate change.

Ms. Schepis received her Juris Doctor degree from the University of Georgia School of Law and practiced civil and criminal law in Georgia before relocating to Washington, D.C. in 2000. She has chaired and now serves on the board of the National Energy Resources Organization.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration

and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2021, JEA had 2,183 budgeted employee positions (exclusive of the Power Park (as defined in the Electric Annual Disclosure Report) employees referred to below), of which 650 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,527 were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,479 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022. JEA is currently in negotiations with all five bargaining units for successor agreements.

Pension

Substantially all of JEA's employees participate in the City's General Employees Retirement Plan ("GERP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2019 for the City's GERP (the "2019 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2020 for the City's GERP (the "2020 Actuarial Valuation Report") are available for viewing and downloading from the City's website link: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2019 Valuation or the October 1, 2020 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2016, 2017, 2018, 2019 and 2020, JEA contributed approximately \$43,156,000, \$48,942,000, \$35,459,523, \$34,352,000 and \$38,050,000 to the GERP, respectively. JEA's minimum required contribution to the GERP for the Fiscal Year ending September 30, 2021 is \$40,401,099.

Preparation of the Actuarial Valuation as of October 1, 2021 for the City's GERP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2020 Actuarial Valuation Report and the 2019 Actuarial Valuation Report, the latest two reports available.

JEA expects that its annual contributions to GERP will be at lower levels in the near term than it had been for Fiscal Year ended September 30, 2017 primarily due to the recognition of a

pension liability surtax beginning with Fiscal Year ended September 30, 2017 and then it expects its annual contributions to GERP to increase over the longer-term as a result of the expected increase in the GERP's unfunded actuarial accrued liability. JEA expects that the GERP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2020, the aggregate unfunded actuarial accrued liability for the GERP was \$1,346,924,204, which represented an increase of \$68,784,054 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2019 of \$1,278,140,150. For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GERP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. JEA was informed by the City that the actuary for the GERP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2020 of \$648,120,149 (an increase of \$31,264,678 from JEA's allocated share for the Fiscal Year ended September 30, 2019) of the aggregate amount of \$1,346,924,204 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for the Fiscal Year ended September 30, 2018) of the aggregate amount of \$1,278,140,150. The actuarial accrued liability is an estimate by the actuary for GERP of the present value of the amount of earned benefit payments that GERP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GERP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GERP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GERP, JEA expects that its annual contributions to GERP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

See Note 12, Note 13 and pages 108-114 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

The information provided in this section relates to the City and the Jacksonville Metropolitan Statistical Area (the "Jacksonville MSA"). The service areas for the Water System and the Sewer System do not encompass all of the City or the Jacksonville MSA. For additional information regarding the service areas for the Water System and the Sewer System, see "WATER

AND SEWER SYSTEM - WATER AND SEWER SYSTEM FUNCTIONS – Area Served – Water System" and "- Sewer System " herein.

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2020 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,637,666 as of July 1, 2021. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

<u>Year</u>	<u>Population</u> <u>Jacksonville MSA</u>
1990	906,727
2000 ⁽¹⁾	1,126,224
2010	1,348,967
2020	1,587,892
2021	1,637,666

Source: United States Census Bureau.

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years 2012 through 2021.

Year	Jacksonville MSA Labor Force			Unemployment Rate (%)	
	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
2012	699,451	640,340	8.5	8.6	8.1
2013	707,489	655,861	7.3	7.5	7.4
2014	714,795	668,958	6.4	6.4	6.2
2015	722,937	683,745	5.4	5.5	5.3
2016	738,827	704,144	4.7	4.9	4.9
2017	752,108	721,215	4.1	4.3	4.4
2018	765,710	738,626	3.5	3.7	3.9
2019	777,963	752,998	3.2	3.2	3.7
2020	775,863	723,437	6.8	8.2	8.1
2021	797,000	765,019	4.0	4.6	5.3

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for calendar year 2021.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	160,000	21.8%
Professional and Business Services	115,300	15.7
Education and Health Services	112,600	15.4
Leisure and Hospitality	80,200	11.0
Government	77,200	10.5
Finance	71,000	9.7
Construction	47,900	6.5
Other Services ⁽¹⁾	36,300	5.0
Manufacturing	32,400	4.4
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	732,900	100.0%

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

⁽¹⁾ Consists of other services, information and natural resources and mining.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	12,400
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
Ascension St. Vincent's Healthcare	Healthcare	5,380
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900
Amazon	E-commerce Fulfillment	3,000

Source: Jacksonville Regional Chamber of Commerce Research Department.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,751 ⁽²⁾
St. Johns County School District	Public Education	5,893 ⁽³⁾
Fleet Readiness Center	Maintenance / Repair Overhaul	5,550
Clay County School Board	Public Education	5,000
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

⁽¹⁾ Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

⁽²⁾ City of Jacksonville Annual Budget 2021-22 (<https://www.coj.net/departments/finance/docs/budget/fy-2021-2022-budget-summary.aspx>).

⁽³⁾ St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

Indebtedness of JEA

The indebtedness of JEA relating to its Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System" herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. See "DISTRICT ENERGY SYSTEM - FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM - Debt Relating to the District Energy System" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, and except as described under "WATER AND SEWER

SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to its Electric System, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained in this Annual Disclosure Report relating to JEA's Water and Sewer System is not relevant to the Electric System Bonds (as described in the Electric Annual Disclosure Report), the Subordinated Electric System Bonds (as described in the Electric Annual Disclosure Report), Power Park Issue Three Bonds (as described in the Electric Annual Disclosure Report), Additional Bulk Power Supply System Bonds (as described in the Electric Annual Disclosure Report) or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained in this Annual Disclosure Report relating to the District Energy System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2021, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Strategic Planning

JEA spent time in the early spring of 2021 discussing its mission and vision and solidifying its strategic direction. Each of JEA's strategic focus areas – Develop an Unbeatable Team, Deliver Business Excellence and Earn Customer Loyalty – is accomplished through the lens of JEA's core values of safety, respect, and integrity. The currently identified objectives within each strategic focus area are as follows:

1. Develop an Unbeatable Team
 - Exceptional work culture
 - Employee development
 - Employee engagement
 - Labor relations
 - Long-term workforce planning
 - Diversity, equity and inclusion
 - 'Work from Wherever' approach
2. Deliver Business Excellence
 - Reasonable rates
 - Sound financial decisions
 - Integrated Resource Plan

Finance & Operations Committee - ADDITIONAL INFORMATION

- Resilient and reliable JEA
 - Environmental stewardship
 - Technology, tools and data
 - New business opportunities
 - Real estate portfolio
3. Earn Customer Loyalty
- Economic development
 - Ease of doing business
 - Community engagement
 - Stakeholder relationships
 - JEA brand management

While the mission, vision, and values do not change, the strategic focus areas, particularly the objectives within each focus area, will continue to evolve as JEA works to serve northeast Florida. These strategic focus areas and objectives will guide the development and/or refinement of JEA's plans, programs, and targets to meet its mission of improving lives and building community to be the best utility in the nation.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and sewer service within the urban and suburban areas of the City, other than certain excluded areas described below.

The Water and Sewer System's service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City. It is JEA's policy to serve any customer requesting service within its urban and suburban service area. Investor-owned utilities must file a petition with the Public Service Commission in order to provide water or wastewater service within the City, and JEA would object to any petition for expansion of investor-owned utility service areas unless it otherwise determines that it would be in JEA's interest not to do so.

The Water System, which served an average of 373,075 customer accounts and 19,704 reuse water customers, respectively, in the Fiscal Year ended September 30, 2021, currently is composed of 38 water treatment plants and two repump facilities, 136 active water supply wells, approximately 4,925 miles of water distribution mains and water storage capacity of 83 million gallons (including the repump facilities). The overall peak capacity of the Water System is approximately 319 million gallons per day ("mgd"), and the Water System experienced an average

daily flow of approximately 117 mgd and a maximum daily flow of approximately 174 mgd during the Fiscal Year ended September 30, 2021. Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, which provides high quality water. Total Water System sales revenues (including water capacity fees) during the Fiscal Year ended September 30, 2021 were approximately \$215,627,000 (see "WATER AND SEWER SYSTEM – *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* – Schedules of Debt Service Coverage" herein).

The Sewer System, which served an average of 293,870 customer accounts in the Fiscal Year ended September 30, 2021, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 123 mgd and a maximum daily flow capacity of approximately 247 mgd, approximately 1,551 pumping stations, five vacuum stations, 739 low pressure sewer units and approximately 4,226 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 85 mgd and a non-coincident maximum daily flow of approximately 148 mgd during the Fiscal Year ended September 30, 2021. Total Sewer System sales revenues (including sewer capacity fees) during the Fiscal Year ended September 30, 2021 were approximately \$287,698,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

Since the transfer of the Water and Sewer System from the City to JEA in 1997, JEA has acquired the assets and customers of seven privately-owned water and sewer companies and one governmentally-owned water and sewer utility. From time to time, JEA may explore other potential acquisition opportunities but presently has no plans to do so.

In July 1999, JEA entered into a 10-year interlocal agreement (the "1999 Interlocal Agreement") with St. Johns County in connection with JEA's acquisition of JCP Utility Company, a standalone water and wastewater utility located wholly within St. Johns County. In 2001, the 1999 Interlocal Agreement was extended to 30 years and amended to include JEA's acquisition of the entire utility system of United Water Florida, Inc., which included those portions of United Water Florida's water and wastewater operations located within St. Johns County (the "2001 Amendment"). In connection with the 2001 Amendment, JEA made an up-front payment in December 2001 to St. Johns County in the amount of the net present value of five percent of JEA's projected gross revenues from the retail sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in St. Johns County, calculated to be \$3,616,576. Under the terms of the 1999 Interlocal Agreement, subsequent utilities were purchased under the 1999 Interlocal Agreement, and St. Johns County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County, (b) provide water and wastewater service to additional areas in St. Johns County not currently served by either the St. Johns County Water and Sewer Department or other water and wastewater utilities and (c) acquire, in JEA's sole discretion, other private utilities in northern St. Johns County. Under the original terms of the interlocal agreement, at the end of each 10-year anniversary of this 30-year interlocal agreement with St. Johns County, JEA will calculate a "true-up" to adjust for the net present value of the actual retail revenues realized if the revenues exceed the projected revenues during the 10-year period. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay St. Johns County the net present value of five percent of the projected water and wastewater retail

Finance & Operations Committee - ADDITIONAL INFORMATION

revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid St. Johns County \$12,176,152 on January 11, 2012 for both components related to the first 10-year anniversary. St. Johns County disputed JEA's methodology for computing the true-up payment related to the first 10-year anniversary, and the parties entered mediation and resolved the issue, with the result that future payments will be made on an annual basis. Pursuant to the 1999 Interlocal Agreement, St. Johns County was granted a purchase option with regard to JEA facilities in St. Johns County. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to St. Johns County of its intent to enter into negotiations for purchase of the St. Johns County facilities, as provided in the 1999 Interlocal Agreement. Following cancellation of the privatization initiative, JEA determined that St. Johns County's purchase option was not triggered. Therefore, as a result, the 1999 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019.

In December 2001, JEA entered into a 30-year interlocal agreement (the "2001 Interlocal Agreement") with Nassau County in connection with JEA's acquisition of the entire utility system of United Water Florida, Inc., including those portions of United Water Florida's water and wastewater facilities located within Nassau County. JEA made an up-front payment in December 2001 to Nassau County in the amount of the net present value of five percent of JEA's projected gross revenues from the sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in Nassau County, calculated to be \$720,000. Under the terms of the 2001 Interlocal Agreement, Nassau County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within Nassau County and (b) provide water and wastewater service to additional areas in Nassau County not currently served by either Nassau County or other water and wastewater utilities. At the end of each 10-year anniversary of the 2001 Interlocal Agreement with Nassau County, JEA will calculate a "true-up" based on the actual revenues realized during the 10-year period. If the revenues exceed the projected amount, JEA will pay Nassau County the amount that would have been due based on actual revenues. Additionally, after the 10-year and 20-year anniversaries of the 2001 Interlocal Agreement, JEA agrees to pay the county the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid Nassau County \$3,480,556 on January 11, 2012 for both components related to the first 10-year anniversary. Pursuant to the 2001 Interlocal Agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. The 2001 Interlocal Agreement provided Nassau County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the Nassau County facilities. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to Nassau County of its intent to enter into negotiations for purchase of the Nassau facilities, as provided in the 2001 Interlocal Agreement. Following cancellation of the privatization initiative, JEA determined that the Nassau County purchase option was not triggered. Therefore, as a result, the 2001 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019.

Area Served***Water System***

The service territory of the Water System includes (a) virtually the entire City, other than the beach communities (Jacksonville Beach, Atlantic Beach and Neptune Beach), the Town of Baldwin, the active United States Navy facilities located within the City and those areas served by a community-owned water and wastewater utility that is not subject to jurisdiction of the Florida Public Service Commission ("PSC") and one investor-owned water utility and one investor-owned sewer utility that provide service within certificated territories under jurisdiction of the PSC, (b) approximately 143 square miles in St. Johns County and (c) approximately 620 square miles in Nassau County. In addition, the Water System serves a small number of customers in Clay County.

The Water System provides service in an area currently comprising approximately 497 square miles in Duval County, approximately 95 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four-square miles in Clay County. In the remaining areas of the Water System's service territory not currently served by the Water System, other cities, the Navy, the community-owned utility or investor-owned utility, water service is provided through privately owned and operated wells.

Customers of the Water System are charged for water service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary based upon meter size and monthly consumption.

Sewer System

The service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is approximately 40 percent of the service territory. In the remaining areas of the Sewer System's service territory not currently served by the Sewer System, other cities, the Navy, the community-owned utility or the investor-owned utility, wastewater service is provided through privately owned and operated septic tanks.

Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary and are based upon meter size and monthly flow. The Sewer System provides wholesale bulk sewer service to the investor-owned utility mentioned above.

Existing Facilities***Water System***

The Water System consists of 28 major and 10 small water treatment plants and two repump facilities and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte Vedra, Ponce de Leon, Mayport and Nassau County. The major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy. The purpose of such interconnectivity is to provide sufficient water capacity at the least cost which meets JEA's

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desired level of customer service requirements and complies with water quality criteria while avoiding adverse impacts on the Floridan Aquifer. The Water System has 136 active wells supplying the various water plants. Each plant consists of wells, aerators, ground storage tanks, water quality treatment and pH monitoring and chlorination facilities. Control is by computer with regular operator oversight. The rated maximum daily treatment capacity of the Water System is approximately 305 mgd for the north and south grids together and 319 mgd for the total Water System, taking into consideration maintenance factors. Treatment at the water plants currently consists of aeration and detention to oxidize hydrogen sulfide. The addition of sodium hypochlorite provides disinfection and prevents biological growth in the water distribution system. JEA also uses packed tower forced draft aeration and ozone to treat hydrogen sulfide at several facilities.

The following table shows the daily average and maximum flow capacities for the Fiscal Years ended September 30, 2017 through 2021.

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Average Daily</u> <u>Flow (mgd)</u>	<u>Maximum Daily Flow</u> <u>(Non-Coincident) (mgd)</u>
2017	114	187
2018	112	152
2019	117	173
2020	118	170
2021	117	174

The following table shows the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2021 for each distribution grid.

<u>Grid</u>	<u>Maximum Daily Treatment</u> <u>Capacity (mgd)</u>
North grid	116
South grid	189
Other	14
Total	319

The water distribution system consists of approximately 4,925 miles of water distribution mains ranging from two to 36 inches in diameter. The water distribution mains are made of various materials, including polyvinyl chloride ("PVC"), galvanized steel, ductile iron, cast iron and asbestos cement. The majority of the water distribution mains are made of PVC, with less than one percent of the water distribution system being composed of asbestos cement pipe. Water quality monitoring in the areas containing asbestos cement pipe has shown all areas to be within the United States Environmental Protection Agency (the "EPA") and the Florida Department of Environmental Protection ("FDEP") regulatory limits. The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains. Virtually all new water system distribution mains are constructed of PVC.

Total finished water storage capacity of the Water System is 83 million gallons. All water storage facilities are located at the various water treatment plants, including three repump facilities. The Water System does not utilize elevated storage tanks.

Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water. The Floridan Aquifer covers most of Florida and parts of Georgia and South Carolina. The Floridan Aquifer should be capable of meeting JEA's needs well into the future; *provided* that JEA continues its three-part program and well water quality program described under "Regulation - *Public Water Supply System*" below. Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply. As of the date of this Annual Disclosure Report, water quality monitoring of JEA well fields has not detected the presence of any man-made compounds at actionable levels, and water quality impacts are limited to selected wells on the south grid from localized upwelling of trapped water from deep fissures - not the result of lateral salt water intrusion. JEA is the largest single user of water from the Floridan Aquifer in Duval County. Other major users include the paper industry and investor-owned utilities. JEA currently operates the water systems and water plants under one potable Consumptive Use of Water Permit ("CUP"). JEA expects that current permitted withdrawal allocations (2011-2031) should be sufficient to satisfy customer demands through CUP expiration in 2031, assuming average weather conditions. JEA expects that customer demands will exceed current permitted withdrawal allocations (2011-2031) during the latter part of the 2021-2041 planning period. JEA is currently implementing conservation measures through the Demand Side Management program and developing alternative water supplies to offset the shortfall.

Sewer System

The Sewer System consists of approximately 4,226 miles of gravity sewers and force mains. The gravity sewers range from six to 84 inches in diameter and the force mains range from three to 54 inches in diameter. Approximately 72 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene. Virtually all new sewer system gravity sewers and force mains are constructed of PVC, and the majority of sewer system rehabilitation (using pipe bursting technology) is constructed of high-density polyethylene.

The Sewer System has approximately 1,551 pumping stations, five vacuum stations, 739 low pressure sewer units and 11 treatment plants ranging in rated average daily treatment capacity from 0.2 to 52.5 mgd. Each of the treatment plants provides a minimum of secondary treatment with biological nutrient removal utilized at the major treatment plants. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and palletization in preparation for beneficial use. Current sludge production averages approximately 38.9 dry tons per day ("dt/day"). The Residuals Management Facility ("RMF") is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. JEA also plans to replace the dryer with new dryers in a new building.

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2021 for each of JEA's wastewater treatment plants.

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Wastewater Treatment Plant	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)	Rated Average Daily Treatment Capacity (mgd)⁽¹⁾	Rated Maximum Daily Treatment Capacity (mgd)⁽¹⁾
Buckman	27.18	55.00	52.50	105.00
District 2	5.76	7.73	10.00	20.00
Southwest	12.37	20.63	14.00	28.00
Arlington East	20.57	26.22	25.00	50.00
Mandarin	8.44	18.77	8.75	17.50
Julington Creek Plantation	0.92	1.14	1.00	2.00
Blacks Ford	5.34	6.62	6.00	12.00
Nassau	1.50	7.45	1.55	3.10
Monterey	2.35	3.16	3.60	7.20
Ponte Vedra	0.59	1.01	0.80	1.60
Ponce De Leon	0.08	0.74	0.24	0.48
Total	85.08	148.46	123.44	246.88

⁽¹⁾ Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system (*i.e.*, storm water and/or ground water that enters the sewer system through cracks or openings in the collection system) and inflow (*i.e.*, water that enters the sewer system through illegal or unpermitted piped connections to the collection system).

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO₂ for dechlorination prior to discharge to the St. Johns River. Design is underway to expand treatment capacity at Southwest and Nassau to 16.0 mgd and 3.5 mgd respectively. Construction is underway on the new Greenland wastewater treatment plant (4.0 mgd) to be located in the Southeast corner of Duval County.

Although effluent disposal currently is predominately surface water discharge, JEA initiated implementation of a reclaimed water reuse program in 1999 with its acquisition of the assets and customers of an investor-owned water and wastewater utility which had an existing program for reuse of reclaimed water by customers. JEA has established an expanding program to substantially increase water reclamation systems in Nassau, Duval and St. Johns Counties. JEA is actively developing additional reclaimed water capacity, and as of September 2021, the reclaimed water capacity (in mgd) was approximately:

Facility	Capacity (mgd)
Arlington East (Public Access)	8.00
Mandarin (Public Access)	8.75
Blacks Ford (Public Access)	6.00
Julington Creek Plantation (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	0.24
Total	40.84

Customers and Sales***Water System***

During the Fiscal Year ended September 30, 2021, the Water System served an average of 373,075 customer accounts and 19,704 reuse water customers, respectively. Water System revenues, including revenues from environmental charges, sales of water, expressed in 1,000 gallons ("kgal") and the average number of Water System customer accounts, all by customer classification, for the Fiscal Year ended September 30, 2017 through 2021 are shown in the following table.

		<u>Fiscal Year Ended September 30,</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Water Revenues (000s omitted)					
Residential	\$100,361	\$100,316	\$ 96,699	\$ 91,954	\$ 96,615
Commercial and Industrial	47,429	47,011	47,619	47,494	47,969
Irrigation	31,666	35,030	34,800	32,004	36,836
Subtotal	<u>\$179,456</u>	<u>\$182,357</u>	<u>\$179,118</u>	<u>\$171,452</u>	<u>\$181,420</u>
Reuse Water	20,643	21,097	17,909	13,659	13,216
TOTAL	<u>\$200,099</u>	<u>\$203,454</u>	<u>\$197,027</u>	<u>\$185,111</u>	<u>\$194,636</u>
Water Sales (kgals):					
Residential	18,448,336	18,839,990	17,921,588	16,932,812	17,624,952
Commercial and Industrial	13,675,041	13,540,631	13,958,000	14,023,130	13,402,094
Irrigation	5,057,191	5,891,176	5,816,484	5,230,617	6,218,142
Subtotal	<u>37,180,568</u>	<u>38,271,797</u>	<u>37,696,072</u>	<u>36,186,559</u>	<u>37,245,188</u>
Reuse Water	4,463,047	4,426,905	3,884,210	3,119,739	3,290,311
TOTAL	<u>41,643,615</u>	<u>42,698,702</u>	<u>41,580,282</u>	<u>39,306,298</u>	<u>40,535,499</u>
Average Number of Accounts:					
Residential	308,626	299,872	292,460	285,404	278,838
Commercial and Industrial	26,518	26,190	25,963	25,702	25,423
Irrigation	37,931	37,535	37,212	37,053	36,755
Subtotal	<u>373,075</u>	<u>363,597</u>	<u>355,635</u>	<u>348,159</u>	<u>341,016</u>
Reuse Water	19,704	17,031	14,267	11,498	9,391
TOTAL	<u>392,779</u>	<u>380,628</u>	<u>369,902</u>	<u>359,657</u>	<u>340,637</u>

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Sewer System

During the Fiscal Year ended September 30, 2021, the Sewer System served an average of 293,870 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2017 through 2021 are shown in the following table.

		<u>Fiscal Year Ended September 30,</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Sewer Revenues (000s omitted):					
Residential	\$152,684	\$151,893	\$146,186	\$139,174	\$143,967
Commercial and Industrial	111,255	109,682	110,724	108,126	107,446
TOTAL	\$263,939	\$261,575	\$256,910	\$247,300	\$251,413
Volume (kgals):					
Residential	16,148,759	16,405,359	15,717,129	14,623,682	15,225,124
Commercial and Industrial	11,990,765	11,754,843	12,009,667	11,716,940	11,487,646
TOTAL	28,139,524	28,160,202	27,726,796	26,340,622	26,712,770
Average Number of Accounts:					
Residential	275,022	266,460	259,308	252,531	246,187
Commercial and Industrial	18,848	18,644	18,507	18,340	18,149
TOTAL	293,870	285,104	277,815	270,871	264,336

Largest Customers***Water System***

The 10 highest consumption customers served by the Water System composed 5.8 percent of total Water System consumption during the Fiscal Year ended September 30, 2021. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2021.

<u>Customer Account</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	583,349	1.4
City of Jacksonville	513,425	1.2
Southern Baptist Hospital	264,822	0.6
Duval County Public Schools	230,031	0.6
The American Bottling Company	181,617	0.4
Mayo Clinic Jacksonville	166,891	0.4
Johnson & Johnson Vision Care	144,432	0.3
American Homes 4 Rent	136,026	0.3
Gate Petroleum Company	123,981	0.3
WWF Operating Company	122,740	0.3
Total	2,467,314	5.8

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Sewer System

The 10 customers with the highest usage level served by the Sewer System composed 5.8 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2021. The following table sets forth the 10 customers with the highest usage level, by volume of wastewater treatment billed, during the Fiscal Year ended September 30, 2021.

<u>Customer Accounts</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	356,001	1.3
City of Jacksonville	264,161	0.9
Duval County Public Schools	162,146	0.6
Southern Baptist Hospital	150,687	0.5
Johnson & Johnson Vision Care	128,116	0.5
Mayo Clinic Jacksonville	120,161	0.4
Symrise Inc	119,856	0.4
American Homes 4 Rent	115,566	0.4
The American Bottling Company	114,004	0.4
Gate Petroleum Company	103,712	0.4
Total	<u>1,634,410</u>	<u>5.8</u>

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.15 percent of estimated gross Water and Sewer System revenues for the Fiscal Year ending September 30, 2022. Actual uncollectible accounts were 0.12 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2021.

Rates***General***

Water and Sewer System revenues are derived from two basic types of charges: (a) monthly service charges and (b) connection charges (which include capacity charges). Additionally, environmental charges collected are reflected in Water and Sewer System Revenues. The JEA Board has sole discretion to set rate levels and revenue requirements for the Water and Sewer System. JEA sets its retail rates after a public hearing.

Generally, Water System customers are charged for monthly water service based upon metered consumption, and Sewer System customers are charged for monthly sewer service based upon water consumption during that same month, utilizing readings of the water meters. Approximately 11 percent of the customers of the Water System have separate meters for water used for irrigation purposes. In those cases, billings for monthly sewer service exclude the water

used for irrigation purposes. In the case of Sewer System customers that obtain water service from a community- or investor-owned utility, monthly sewer charges are based upon readings of that utility's water meter. In the case of Sewer System customers that obtain water from privately owned wells, water meters meeting JEA's requirements are required to be installed, and monthly sewer charges are based upon readings of those meters. In addition, in some instances, non-residential customers have separate meters to measure wastewater flows, and JEA charges those customers for sewer service based upon readings of such separate meters. Further, certain non-residential Sewer System customers are subject to surcharges for wastewater discharges that exceed certain designated levels of chemical oxygen demand and suspended solids.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2021 and remain in effect as of the date of this Annual Disclosure Report.

Rates for Monthly Service

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2021.

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Water Rates

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules.

Water System
Monthly Service Availability Charge

<u>Meter Size</u>	<u>Residential</u>	<u>Residential Irrigation</u>	<u>Commercial</u>	<u>Multi-Family</u>	<u>Multi-Family Irrigation; Commercial Irrigation</u>
5/8"	\$ 12.60	\$ 12.60	\$ 12.60	\$ 18.41	\$ 12.60
3/4"	18.90	18.90	18.90	27.62	18.90
1"	31.50	31.50	31.50	46.03	31.50
1 1/2"	63.00	63.00	63.00	92.05	63.00
2"	100.80	100.80	100.80	147.28	100.80
3"	201.60	201.60	201.60	294.56	201.60
4"	-	-	315.00	460.25	315.00
6"	-	-	630.00	920.50	630.00
8"	-	-	1,008.00	1,472.80	1,008.00
10"	-	-	1,974.55	2,117.15	-
12"	-	-	3,691.55	3,958.15	-
20"	-	-	7,726.50	8,284.50	-

Water System
Unit Charge (per kgal)

<u>Non-Irrigation</u>			<u>Irrigation</u>					
<u>Residential Tiers (kgal)</u>			<u>Commercial Tier</u>	<u>Multi-Family Tier</u>	<u>Residential Tiers (kgal)</u>		<u>Multi-Family; Commercial Tiers (kgal)</u>	
<u>1-6</u>	<u>7-20</u>	<u>≥20</u>	<u>All kgal</u>	<u>All kgal</u>	<u>1-14</u>	<u>≥14</u>	<u>1-14</u>	<u>≥14</u>
\$0.93	\$2.60	\$5.60	\$1.49	\$1.00	\$2.60	\$5.60	\$3.44	\$3.96

Water System
Environmental Charge (per kgal)

Water	\$0.37
Irrigation	0.37

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Sewer Rates

Users of the Sewer System are charged a monthly service availability charge according to water meter size, plus a unit rate based on water consumption from JEA, community- or investor-owned utilities or private wells, as applicable and an environmental charge according to the following schedules.

Sewer System			
<u>Monthly Service Availability Charge</u>			
<u>Meter Size</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>
5/8"	\$ 14.10	\$ 24.68	\$ 21.15
3/4"	21.15	37.01	31.73
1"	35.25	61.69	52.88
1 1/2"	70.50	123.38	105.75
2"	112.80	197.40	169.20
3"	225.60	394.80	338.40
4"	-	616.88	528.75
6"	-	1,233.75	1,057.50
8"	-	1,974.00	1,692.00
10"	-	2,837.63	2,432.25
12"	-	5,305.13	4,547.25
20"	-	11,103.75	9,517.50

Sewer System		
<u>Unit Charge (per kgal)</u>		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-6	\$4.94	-
7-20	6.02	-
All	-	\$6.02

Sewer System	
<u>Environmental Charge (per kgal)</u>	
Residential: 1-20 kgal	\$0.37
Commercial; Multi-Family; Limited Service: All kgal	0.37

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Reclaimed Water Rates

Reclaimed (reuse) water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules.

Reclaimed System Monthly Service Availability Charge		
Meter Size	Residential⁽¹⁾	Multi-Family⁽¹⁾; Commercial⁽¹⁾
5/8"	\$ 12.60	\$ 12.60
3/4"	18.90	18.90
1"	31.50	31.50
1 1/2"	63.00	63.00
2"	100.80	100.80
3"	201.60	201.60
4"	-	315.00
6"	-	630.00
8"	-	1,008.00

⁽¹⁾ Non-bulk reclaimed customers will be charged an additional \$6.00 regardless of meter size to cover costs due to regulatory requirements.

Reclaimed System Unit Charge (per kgal)		
Tiers (kgal)	Residential	Multi-Family; Commercial
1-14	\$2.60	\$3.44
> 14	5.60	3.96

Reclaimed System Environmental Charge (per kgal)	
\$0.37	

Note: Environmental charge not applicable to bulk reclaimed usage.

Connection and Capacity Charges

In addition to the monthly charges for water and wastewater service described above, JEA assesses connection and capacity charges for new Water and Sewer System customers, which charges are designed to cover some of the capital costs of providing service to new customers.

Capacity charges are included within the revenues pledged for payment of the Water and Sewer System Bonds. However, under applicable Florida law and in accordance with the provisions of the Water and Sewer System Resolution, such capacity charges may be used and applied only for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt service on Water and Sewer System Bonds, Subordinated Indebtedness or other indebtedness of JEA relating to the Water and Sewer System issued for such purpose.

On September 17, 2021, the JEA Board approved a new rate structure for plant capacity and line extension charges to better reflect the actual expenditures for providing water with and

Finance & Operations Committee - ADDITIONAL INFORMATION

without irrigation. These rates were effective October 1, 2021 and are scheduled to adjust through 2023. On October 15, 2021, the JEA Board Finance & Audit Committee approved deferring implementation of phase-in until the April 1, 2022 scheduled increases.

New Water System customers are assessed a one-time plant capacity charge for new connections. The minimum charge for a new water connection shall be the greater of the charge per gallon of average daily water as estimated and approved by JEA or the applicable plant capacity fee stated below, plus the line extension growth capacity charge.

Water Plant Capacity Fees for Residential and Commercial Service ⁽¹⁾

<u>Effective Date/ Meter Size</u>	<u>October 1, 2021</u>	<u>April 1, 2022</u>	<u>October 1, 2022</u>	<u>April 1, 2023</u>
	<u>Charge per Gallon</u>			
\$/gallon	\$1.90	\$2.83	\$3.76	\$4.68
	<u>Water (without irrigation)</u>			
3/4"	\$475.00	\$ 707.50	\$ 940.00	\$1,170.00
1"	570.00	849.00	1,128.00	1,404.00
1 1/2"	855.00	1,273.50	1,692.00	2,106.00
	<u>Water (with irrigation)</u>			
3/4"	\$380.00	\$566.00	\$ 752.00	\$ 936.00
1"	475.00	707.50	940.00	1,170.00
1 1/2"	570.00	849.00	1,128.00	1,404.00
	<u>Irrigation</u>			
3/4"	\$ 427.50	\$ 636.75	\$ 846.00	\$1,053.00
1"	617.50	919.75	1,222.00	1,521.00
1 1/2"	1,330.00	1,981.00	2,632.00	3,276.00

⁽¹⁾ Services greater than 1 1/2" and those that have more fixture units than allowed by meter size will be charged based on the estimated average daily flow.

The average daily flow is determined by reference to industry standards, subject to review and approval by the JEA Board. In addition, all new Water and Sewer System connections are assessed a one-time "line extension growth" capacity charge that is a minimum of \$1,695.00.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table presents the line extension growth capacity charges for new residential and commercial Water System customers. Services that have more fixture units than allowed by meter size will be charged based on the estimated average daily flow.

Water Line Extension Growth Capacity Charge for Residential and Commercial Service		
<u>Meter Size</u>	<u>Residential</u>	<u>Commercial</u>
5/8"	N/A	N/A
3/4"	\$1,695	\$ 1,695
1"	2,000	2,500
1 1/2"	2,175	2,500
2"	2,350	2,500
3"	N/A	5,000
4"	N/A	5,000
6"	N/A	5,000
8"	N/A	5,000
10"	N/A	10,000
12"	N/A	10,000
20"	N/A	20,000

The following table presents the connection charges for new residential and commercial Water System customers.

Water System Connection Charges for Residential and Commercial Service⁽¹⁾		
<u>Meter Size</u>	<u>Tap Fee</u>	<u>Set Fee</u>
3/4"	\$1,360.00	\$ 300.00
1"	1,360.00	320.00
1 1/2"	1,770.00	1,010.00
2"	1,770.00 ⁽²⁾	1,150.00 ⁽²⁾

⁽¹⁾ Includes potable, irrigation, and reclaimed water.

⁽²⁾ Or actual installation cost, whichever is greater, for service connections larger than 2".

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Finance & Operations Committee - ADDITIONAL INFORMATION

New residential and commercial Sewer System customers also are assessed a one-time capacity charge for new connections. The minimum charge for a new sewer connection shall be the greater of the charge per gallon of average daily sewer as estimated and approved by JEA or the applicable plant capacity fee stated below. For existing sewer connections, there will be a charge per gallon of additional average daily sewer capacity as estimated and approved as stated below.

<u>Sewer Plant Capacity Fees for Residential and Commercial Service</u>				
<u>Effective Date/ Meter Size</u>	<u>October 1, 2021</u>	<u>April 1, 2022</u>	<u>October 1, 2022</u>	<u>April 1, 2023</u>
	<u>Charge per Gallon</u>			
\$/gallon	\$9.12	\$14.60	\$20.08	\$25.57
	<u>Sewer</u>			
3/4"	\$1,824.00	\$2,920.00	\$4,016.00	\$5,114.00
1"	2,280.00	3,650.00	5,020.00	6,392.50
1 1/2"	2,736.00	4,380.00	6,024.00	7,671.00

The following table presents the connection charges for new Sewer System customers:

<u>Sewer System Connection Charges</u>	
<u>Connection Size</u>	<u>Charge</u>
Up to 6"	\$8,330.00
Greater than 6"	Actual Cost

Effective on October 1, 2007, the retail reclaimed (reuse) water rate was modified to reflect (a) a separate rate for commercial customers in DRIs equal to potable, non-DRI, commercial irrigation rates and (b) a new rate class for commercial bulk reclaimed (reuse) water service.

Regulation

Water and Sewer System

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Several upcoming rules could impact the potable water system:

1. *America's Water Infrastructure Act of 2018 ("AWIA")*. AWIA will require biannual distribution of JEA's Water Quality Report; as well as a Risk and Resilience assessment that was due March 31, 2020 and must be reviewed every five years to determine if it needs to be revised. It also required JEA to prepare an emergency response plan that incorporates the findings from the risk and resiliency assessment and submit it by September 30, 2020. Both of these items have been completed and submitted.

2. *The revised Lead and Copper Rule ("LCR").* The LCR includes (a) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, (b) a new trigger level of 10 ppb for the 90th percentile sample for optimizing corrosion control treatment ("CCT") or completing a CCT study if not currently treating, (c) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, (d) require public notification with 24 hours of an action level exceedance, (e) require utilities to test for lead in schools and child care facilities and (f) require a lead service line inventory and replacement plan. The final rule was published January 15, 2021, with an effective date of December 16, 2021. The first compliance deadlines are currently October 16, 2024, but the EPA intends to propose and promulgate further revisions, the Lead and Copper Rule Improvements (LCRI), prior to that date, which may further delay compliance dates. As described above, the rule will require additional sampling and reporting; however, the overall financial impacts are expected to be minimal.

3. *Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS").* PFAS are group of synthetic compounds widely used in consumer and commercial products, including perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"). The PFAS rule is still pending; however, it will likely not affect JEA as there is no PFOA or PFOS in our deep Floridan aquifer wells, and levels reported in wastewater effluent are below provisional screening levels.

Public Water Supply System

The St. Johns River Water Management District ("SJRWMD") regulates groundwater withdrawals and issues permits for the same. JEA was issued a 20-year CUP in May 2011 from the SJRWMD. As of the date of this Annual Disclosure Report, modeling efforts have indicated that a sustainable groundwater supply can continue to be met for the 20-year planning period out to 2031 and beyond with a three-part program that is the basis of JEA's water capital improvement plan: (a) continued expansion of the reuse system, (b) aggressive water conservation program and (c) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides. The 2021 permitted CUP allocation was 142.26 million gallons per day. Actual calendar year withdrawals through December 2021 averaged 119 million gallons per day.

JEA's groundwater withdrawals are subject to a consumptive use permit issued by the St. Johns River Water Management District. Pursuant to its CUP, JEA is required to address its share of impact to water bodies with set minimum flows and levels, which are regulatory water levels intended to prevent significant harm.

Rulemaking to set Minimum Flows and Levels ("MFLs") is currently underway for several water bodies in north Florida. The SJRWMD set MFLs for Lakes Brooklyn and Geneva on May 11, 2021. JEA and other utilities participated in an agreement with the SJRWMD to partially fund a project to move water from Black Creek into the lakes. The Florida Department of

Environmental Protection is due to set MFLs for the Lower Santa Fe and Ichetucknee Rivers in 2022. Based on preliminary information, one or more of the MFLs for these water bodies may be violated upon completion of rulemaking.

As such, JEA's costs associated with its use of groundwater could be increased or JEA may be required to implement more costly sources of water.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan. The SJRWMD and SRWMD have started a new regional water supply plan and a draft is due in late 2022.

Wastewater Treatment System

The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. The EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013, the EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State. As part of the NNC adoption process, the EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits ("Initial Credits") to the City through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Initial Credits to the City for no compensation through December 31, 2023 and intends to extend the transfer of the Initial Credits to the City every ten years as long as the Initial Credits are authorized and approved by the appropriate regulatory agency. JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2021, JEA facilities discharged 371 short tons to the river.

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows ("SSO") consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each Fiscal Year are typically adjudicated on an annual to bi-annual basis. JEA will be assessed an estimated penalty of \$310,500 by FDEP for Fiscal Year 2021 SSOs. JEA is undertaking an extreme weather

resiliency program to evaluate and implement processes or physical projects to reduce the potential for and mitigate impacts from SSOs during extreme weather events or due to effects of climate change.

Reclaimed Water System

April 21, 2021, the Florida Legislature passed Senate Bill 64, titled "Reclaimed Water" (the "Reclaimed Water Bill"), which was signed into law by the Governor on June 29, 2021. The Reclaimed Water Bill calls for the state-wide elimination of non-beneficial surface water discharges of effluent, reclaimed water or reuse water. With a few exceptions, wastewater utilities with discharges to surface water were required to submit a plan by November 1, 2021 to the FDEP outlining how they will comply with the elimination or curtailment of the discharges. FDEP must approve or deny a plan within nine months of receipt and plans must be fully implemented by January 1, 2032. In conjunction with JEA's integrated water resource planning process, JEA timely submitted a plan designed to meet the conditions required under the Reclaimed Water Bill to FDEP. The plan is currently under review by the FDEP and could result in significant costs to JEA.

Capital Program

The Water and Sewer System's projected capital program for the five-year period ending September 30, 2026 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility to 16.0 mgd, expansion of the Nassau Regional Water Reclamation Facility to 3.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 4.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility, construction of a 4.7 mgd Water Treatment Plant to serve customers in the southwestern part of JEA's service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to meeting the three-part program described in "Regulation - *Public Water Supply System*" above to maintain sustainable water supply for JEA's customers.

Water and Sewer System Capital Program (000s omitted)

<u>Fiscal Year Ending September 30.</u>	<u>Amount</u>
2022	\$ 310,000
2023	400,000
2024	396,000
2025	510,000
2026	396,000
Total	<u><u>\$2,012,000</u></u>

The total amount of the capital program for the five-year period is estimated to be approximately \$2,012 million. It is expected that the total amount of the capital program for this

period will be provided from Water and Sewer System revenues (including capacity charges) and revolving credit facility advances on an interim basis, to be refinanced with additional Water and Sewer System Bonds. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "Regulation" above.

Certain Factors Affecting the Water and Sewer Utility Industry

COVID-19 Pandemic

General. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees and established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date, JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements (as defined herein) set forth in APPENDIX A attached hereto.

Financial Impact. JEA saw a 2.1 percent reduction in residential water kgal sales and a 14.2 percent reduction in irrigation customer kgal sales during the Fiscal Year ended September 30, 2021, compared to the Fiscal Year ended September 30, 2020, which were partially offset by a 1.0 percent increase in commercial and industrial kgal sales between such periods. Total water sales were down 2.9 percent in the Fiscal ended September 30, Year 2021 compared to the Fiscal Year ended September 30, 2020. For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

JEA saw a 1.6 percent reduction in residential sewer kgal demand during the Fiscal Year ended September 30, 2021, compared to the Fiscal Year ended September 30, 2020, which was partially offset by a 2.0 percent increase in commercial and industrial customer kgal demand, between such periods. Total sewer demand was down 0.1 percent in the Fiscal Year ended September 30, 2021 compared to the Fiscal Year ended September 30, 2020. For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Legislation

From time to time, additional federal or state legislation or regulations affecting the water and sewer utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM

Debt Relating to Water and Sewer System

Water and Sewer System Bonds

As of September 30, 2021, \$1,016,595,000 in aggregate principal amount of bonds (the "Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended, restated and supplemented, the "Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$1,009,675,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) \$142,165,000 in aggregate principal amount of variable rate Water and Sewer System Bonds and (b) \$867,510,000 in aggregate principal amount of fixed rate Water and Sewer System Bonds.

Water and Sewer System Bonds may be issued for the purposes of (a) paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Additional Water and Sewer System Bonds" in APPENDIX B attached hereto.

Pursuant to the Water and Sewer System Resolution and the laws of the State, the amount of Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Water and Sewer System Resolution.

From time to time, JEA requests Council approval of the issuance of Water and Sewer System Bonds and Subordinated Indebtedness (as defined in the Water and Sewer System Resolution). Pursuant to previous Council approvals, JEA currently is authorized to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness for the purpose of paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System in an aggregate principal amount of \$218,078,022. JEA expects that such authorization will be adequate to finance its Water and Sewer System capital program through the Fiscal Year ending September 30, 2023 and that Council authorization will be required for the issuance of additional Water and Sewer System Bonds and Subordinated Indebtedness to finance the capital program in subsequent years. See "WATER AND SEWER SYSTEM - WATER AND SEWER SYSTEM FUNCTIONS - Capital Program" herein.

JEA also has received approvals from the Council for the issuance of Water and Sewer System Bonds for the purpose of refunding outstanding Water and Sewer System Bonds and Subordinated Indebtedness. JEA may issue additional Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds to refund outstanding Water and Sewer System

Bonds and/or Subordinated Indebtedness from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness in order to enable it to finance its Water and Sewer System capital program.

A summary of certain provisions of the Water and Sewer System Resolution, including a description of the recent amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B (the "SBPA Supported Variable Rate Water and Sewer Bond") currently is provided by a bank pursuant to a standby bond purchase agreement between JEA and such bank. Credit and liquidity support for JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the "LOC Supported Variable Rate Water and Sewer System Bond" and, together with the SBPA Supported Variable Rate Water and Sewer System Bond, the "Senior Liquidity Supported Water and Sewer Bonds") currently is provided by a direct-pay letter of credit issued by a different bank. Any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its (a) standby bond purchase agreement between JEA and such bank or (b) letter of credit issued in connection with the reimbursement agreement between JEA and such bank, as applicable, and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit reimbursement agreement, as applicable, will constitute an "Option Bond" within the meaning of the Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement or letter of credit reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreement and such reimbursement agreement, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreement or such letter of credit. The standby bond purchase agreement and letter of credit are subject to periodic renewal at the discretion of the respective bank. The current expiration date for the standby bond purchase agreement is May 8, 2023, and the current expiration date for the letter of credit is December 1, 2023.

Subordinated Water and Sewer System Bonds

As of September 30, 2021, \$189,680,000 in aggregate principal amount of bonds (the "Subordinated Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on May 15, 2003 and referred to therein as the "Water and Sewer System Subordinated

Revenue Bond Resolution" (as supplemented, the "Subordinated Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$187,230,000 in aggregate principal amount of Subordinated Water and Sewer System Bonds outstanding under the Subordinated Water and Sewer System Resolution, consisting of (a) \$98,385,000 in aggregate principal amount of variable rate Subordinated Water and Sewer System Bonds and (b) \$88,845,000 in aggregate principal amount of fixed rate Subordinated Water and Sewer System Bonds.

The Subordinated Water and Sewer System Bonds may be issued (a) for any lawful purpose of JEA relating to the Water and Sewer System or (b) to refund any of the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

Pursuant to the Subordinated Water and Sewer System Resolution and the laws of the State, and in accordance with the Water and Sewer System Resolution, the amount of Subordinated Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Water and Sewer System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Water and Sewer System Bonds and/or Subordinated Water and Sewer System Bonds, see subsection "*Water and Sewer System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Water and Sewer System Resolution is attached to this Annual Disclosure Report as APPENDIX C.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1, 2008 Series A-2 and 2008 Series B-1 (the "Subordinated Liquidity Supported Water and Sewer Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under the standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2023 to March 19, 2024.

Water and Sewer System Contract Debts

"Contract Debts," a component of the Water and Sewer System's Operation and Maintenance Expenses, is defined by the Water and Sewer System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of the Revenues of the Water and Sewer System for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the Water and Sewer System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the Water and Sewer System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the Water and Sewer System, including the Water and Sewer System Bonds and Subordinated Indebtedness (including the Subordinated Water and Sewer System Bonds).

Water and Sewer System Support of the District Energy System Bonds

Effective as of October 1, 2004, JEA established the District Energy System, a separate system to provide chilled water services and other local district energy functions. JEA transferred its assets relating to chilled water production and distribution from the Electric System to the District Energy System. The Electric System received approximately \$30,000,000 from the District Energy System for the transferred assets. The District Energy System is operated as a separate system for accounting and financing purposes. See the financial statements of JEA attached hereto as APPENDIX A.

As of the date of this Annual Disclosure Report, there is \$29,640,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

Pursuant to Resolution No. 2013-2, adopted by JEA on March 19, 2013, revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the District Energy System Refunding Revenue Bonds, 2013 Series A (the "DES 2013 Series A Bonds") and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the Water and Sewer System for the Fiscal Years ended September 30, 2021 and September 30, 2020 and has been prepared in accordance with the requirements of the Resolution. Such information should be read in conjunction with JEA's audited financial statements for the Water and Sewer System and the notes thereto for the Fiscal Years ended September 30, 2021 and 2020, included as APPENDIX A to this Annual Disclosure Report.

Finance & Operations Committee - ADDITIONAL INFORMATION

**Water and Sewer System Schedules of Debt Service Coverage
(In Thousands)**

	Fiscal Year Ended September 30,	
	2021	2020
Revenues		
Water	\$199,829	\$202,848
Water capacity fees	15,798	13,083
Sewer	263,567	260,808
Sewer capacity fees	24,131	19,775
Investment income	2,578	2,879
Other ⁽¹⁾	14,123	13,941
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	18,494	32,201
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(25,198)	(25,677)
Total revenues	<u>513,322</u>	<u>519,858</u>
Operating expenses ⁽²⁾		
Maintenance and other operating expenses	165,659	175,711
State utility and franchise taxes	10,886	10,963
Total operating expenses	<u>176,545</u>	<u>186,674</u>
Net revenues	<u>\$336,777</u>	<u>\$333,184</u>
Debt Service		
Debt service on Water and Sewer System Bonds (prior to reduction of Build America Bonds subsidy)	\$ 48,944	\$ 62,160
Less: Build America Bonds subsidy	(2,447)	(2,455)
Debt service on Water and Sewer System Bonds	<u>\$ 46,497</u>	<u>\$ 59,705</u>
Debt service coverage on Water and Sewer System Bonds ⁽³⁾	<u>7.24x</u>	<u>5.58x</u>
Net revenues (from above)	\$336,777	\$333,184
Debt service on Water and Sewer System Bonds (from above)	\$ 46,497	\$ 59,705
Plus: debt service on Subordinated Water and Sewer System Bonds	6,700	7,418
Debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds	<u>\$ 53,197</u>	<u>\$ 67,123</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds excluding capacity fees ⁽⁴⁾	<u>5.58x</u>	<u>4.47x</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees ⁽⁴⁾	<u>6.33x</u>	<u>4.96x</u>

(1) Excludes the Build America Bonds subsidy.

(2) Excludes depreciation and recognition of deferred costs and revenues, net.

(3) Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.

(4) Net revenues divided by debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.00x debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (excluding capacity fees) or the sum of 1.00x debt service on Water and Sewer System Bonds and 1.20x debt service on Subordinated Water and Sewer System Bonds (including capacity fees).

Management's Discussion and Analysis of Water and Sewer System Schedules of Debt Service Coverage***Revenues***

Total revenues decreased \$6.5 million, or 1.3 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to lower sales volumes and a decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund offset, in part, by higher capacity fees and increased customer accounts.

Water revenues (including reuse) decreased \$3.0 million, or 1.5 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a 2.5 percent decrease in water sales offset, in part, by a 3.2 percent increase in water accounts. Sewer revenues increased \$2.8 million, or 1.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a 3.1 percent increase in sewer accounts offset, in part, by a 0.1 percent decrease in sewer sales.

Water sales volume, measured in thousands of gallons (kgals), decreased 1,055,087 kgals, or 2.5 percent, to 41,643,615 kgals for the Fiscal Year ended September 30, 2021 from 42,698,702 kgals for the Fiscal Year ended September 30, 2020. Sewer sales volume decreased 20,678 kgals, or 0.1 percent, to 28,139,524 kgals for the Fiscal Year ended September 30, 2021 from 28,160,202 kgals for the Fiscal Year ended September 30, 2020.

Water capacity fees increased \$2.7 million, or 20.8 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to an increase in water connections. Sewer capacity fees increased \$4.4 million, or 22.0 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to an increase in sewer connections. Water and sewer connections increased due to a 14.6 percent increase in building permits for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund decreased \$13.7 million, or 42.6 percent primarily due to debt management withdrawals which were used to retire Water and Sewer System debt, in October 2019.

Operating Expenses

Total operating expenses decreased \$10.1 million, or 5.4 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020 primarily related to lower maintenance and other operating expenses. Maintenance and other operating expenses decreased \$10.0 million, or 5.7 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily due to \$6.0 million in lower professional services, a \$2.0 million decrease in interlocal payments, and a \$2.0 million decrease in maintenance expenses.

Net Revenues

Net revenues available for debt service increased \$3.6 million, or 1.1 percent, to \$336.8 million for the Fiscal Year ended September 30, 2021 from \$333.2 million for the Fiscal Year ended September 30, 2020. Total revenues decreased \$6.5 million, or 1.3 percent, and total operating expenses decreased \$10.1 million, or 5.4 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, as described above.

Debt Service on Water and Sewer System Bonds

Debt service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2021 decreased \$13.2 million, or 22.1 percent, as compared to the Fiscal Year ended September 30, 2020, primarily related to a \$10.6 million decrease in lower scheduled principal amortization and a \$2.6 million lower interest expense as a result of lower outstanding debt balances and lower interest rates.

During the Fiscal Year ended September 30, 2021, JEA issued Water and Sewer System Bonds as summarized in the following table.

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2021 Series A	Refunding ⁽¹⁾	July 2021	\$121,815,000	\$152,105,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2020, JEA issued Water and Sewer System Bonds as summarized in the following table.

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$104,000,000	\$125,055,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds

The debt service coverage ratio on Water and Sewer System Bonds increased to 7.24 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 5.58 times for the Fiscal Year ended September 30, 2020, as a result of the 1.1 percent increase in net revenues available for debt service and the 22.1 percent decrease in debt service on Water and Sewer System Bonds between such periods.

Debt Service on Subordinated Water and Sewer System Bonds

Debt service on Subordinated Water and Sewer System Bonds decreased \$0.7 million, or 9.7 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a \$0.9 million lower interest expense as a result of lower outstanding debt balances and lower interest rates offset, in part, by a \$0.2 million increase in scheduled principal amortization.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2021.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Water and Sewer System Bonds as summarized in the following table.

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$26,590,000	\$31,635,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees

The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 6.33 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 4.96 times for the Fiscal Year ended September 30, 2020, as a result of the 1.1 percent increase in net revenues available for debt service and the 20.7 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such periods.

Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System at September 30, 2021 was 296 days, and the Days of Liquidity was 458 days. The Days of Cash on Hand for the Water and Sewer System at September 30, 2020 was 176 days, and the Days of Liquidity was 353 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

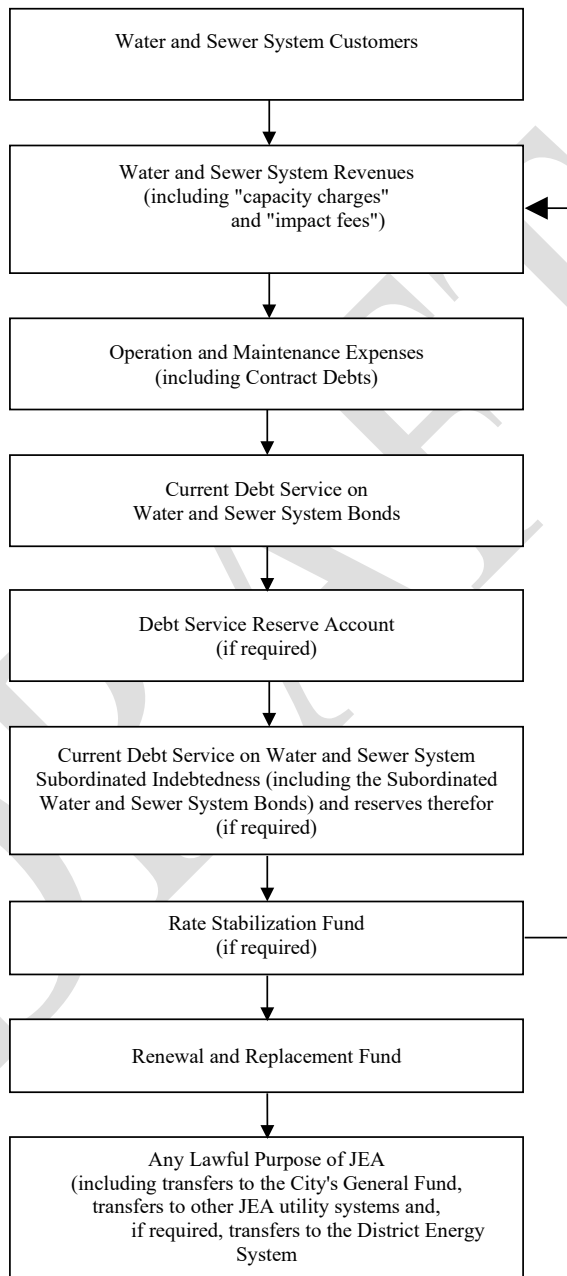
The Days of Liquidity computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)*

* Allocated share of available Revolving Credit Facility at September 30, 2021 was approximately \$94.4 million and approximately \$105.2 million at September 30, 2020; however, the total balance available to the Water and Sewer System of \$500 million could have been drawn as of September 30, 2021.

APPLICATION OF WATER AND SEWER SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Water and Sewer System Resolution.



DISTRICT ENERGY SYSTEM

DISTRICT ENERGY FUNCTIONS

General

The District Energy System provides chilled water to customers for air-conditioning. The facilities for the chilled water business consist of chilled water plants to generate chilled water and underground piping to distribute the chilled water to buildings located within the respective districts served by the plants and certain ancillary equipment. JEA's first chilled water facility became fully operational in March 2003.

The establishment of the District Energy System was approved by the Council in September 2004. Effective as of October 1, 2004, the District Energy System was established as a separate utility system for its local district energy facilities, including the chilled water activities, and any local district heating facilities JEA may develop in the future. Since its commencement of operations, JEA subsequently added three other chilled water facilities, one of which was sold on September 30, 2020.

Chilled Water Facilities

Chilled water systems air condition buildings by circulating cold water in a continuous flow to the building. A central chilled water plant provides chilled water to buildings through an underground loop, rather than the customer installing and operating its own chiller equipment. JEA has entered into agreements with the City to provide chilled water systems to the baseball park, the arena, the Duval County Courthouse, the library and other government buildings. JEA also has contracts with private entities to serve institutional buildings.

JEA's first chilled water facility, the Hogan's Creek Plant, located on East Church Street in downtown Jacksonville, became fully operational in March 2003. At this time, the plant is serving the Baseball Grounds of Jacksonville (310-ton contract demand) and the Jacksonville Veteran's Memorial Arena (2,350-ton contract demand). The facility includes three 2,100-ton chillers, two 1,600-ton cooling towers and a one-million-gallon chilled water storage tank for peak demand capacity.

A second chilled water facility located on Duval Street serves five City buildings including the Court House, State Attorney's Office, Library, City Hall Annex and a City garage for a total contract demand of 5,870 tons. The plant also serves the JEA downtown complex with a demand of 700 tons. The facility includes three 2,400-ton chillers, one 800-ton standby chiller and a 7,200-ton cooling tower.

JEA's third chilled water facility is located at 2103 Boulevard Avenue in the Springfield neighborhood. The Springfield facility currently serves eight locations on the UF Health Jacksonville complex. The total contracted demand for the facility is 6,500 tons. The facility includes six 1,500-ton chillers, an 8,100-ton cooling tower and a 3,000-ton cooling tower. The second cooling tower was added in 2018.

Customers and Sales

The District Energy System had contracts to provide 16 locations with chilled water and total District Energy System sales revenues were approximately \$8,043,000 for the Fiscal Year ended September 30, 2021. Currently and following the sale of the Riverplace Boulevard chilled water facility, the District Energy System has contracts to provide 16 locations with chilled water.

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. Customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria, or do not maintain a good payment record, are assessed a deposit which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days.

Rates

District Energy System revenues are derived from two basic types of charges: (a) a demand charge based upon the customer's estimated expected yearly cooling load requirements and (b) a consumption charge based upon the actual amount of chilled water consumed by the customer. JEA has sole discretion to set rate levels and revenue requirements for the District Energy System.

Standard rates for chilled water services are based on the customer's demand and consumption of chilled water and a standard 2,400 Equivalent Full Load Hour ("EFLH") profile. EFLH is defined as the annual ton-hours of chilled water required divided by the chiller's design capacity in tons.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Starting in December 2021, the consumption rates for chilled water will adjust monthly to reflect recovery of costs due to changes in the electric rate charged to DES. The following schedule reflects the current rates for chilled water service.

<u>Contract Size</u>	<u>Charge</u>	<u>Rate Effective on January 1, 2022</u>	<u>Rate Effective on December 1, 2021</u>	<u>Rate Effective on December 1, 2016</u>	<u>Rate Effective on February 1, 2016</u>
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ ≤ 2,400 EFLH	Consumption Charge	\$0.11828/ ton-hour	\$0.11132/ ton-hour	\$0.10569/ ton-hour	\$0.10973/ ton-hour
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ > 2,400 EFLH	Consumption Charge	\$0.10128/ ton-hour	\$0.09432/ ton-hour	\$0.08869/ ton-hour	\$0.09273/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ ≤ 2,400 EFLH	Consumption Charge	\$0.20828/ ton-hour	\$0.23132/ ton-hour	\$0.19569/ ton-hour	\$0.19973/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ > 2,400 EFLH	Consumption Charge	\$0.10128/ ton-hour	\$0.09432/ ton-hour	\$0.08869/ ton-hour	\$0.09273/ ton-hour

Permits, Licenses and Approvals

All permits, licenses and approvals required for the operation of all of the District Energy System facilities have been obtained, and all of the facilities are operating in compliance with such permits, licenses and approvals.

Capital Program

The District Energy System's capital program consists of capital requirements for renewal and replacement and improvements to existing facilities and expansion of the system. The District Energy System's projected capital program for the five-year period ending September 30, 2026 is summarized below.

District Energy System Capital Program (000s omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 5,500
2023	7,000
2024	3,000
2025	4,000
2026	7,000
Total	<u>\$26,500</u>

The total amount of the capital program for the Fiscal Years 2022 through 2026 is estimated to be approximately \$26.5 million, which includes approximately \$9.0 million for Hogans Creek Chilled Water Extension, \$4.0 million for the Downtown chilled water extension, and \$3.7 million for a new backup power generator at the Springfield facility. JEA expects the total amount

required for the capital program will be derived from revenues, other available funds of the District Energy System and borrowings from the revolving credit facility. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein for additional information.

FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM

Debt Relating to the District Energy System

District Energy System Bonds

As of September 30, 2021, \$31,410,000 in aggregate principal amount of bonds (the "District Energy System Bonds") issued pursuant to the resolution of JEA adopted on June 15, 2004, as amended and supplemented (the "District Energy System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$29,640,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

District Energy System Bonds may be issued to finance any lawful purpose of JEA relating to the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION - Additional Bonds" in APPENDIX D attached hereto.

Pursuant to the District Energy System Resolution and the laws of the State, the amount of District Energy System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the District Energy System Resolution.

Pursuant to a previous Council approval, JEA currently is authorized to issue additional District Energy System Bonds for the purpose of financing the costs of additions, extensions and improvements to the District Energy System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$54,321,245. JEA expects that such authorization will be adequate to enable JEA to maintain its District Energy System capital improvement program as projected through the Fiscal Year ending September 30, 2026. See "DISTRICT ENERGY SYSTEM - *DISTRICT ENERGY FUNCTIONS* - Capital Program" herein. In the future, JEA will continue to seek authorization as needed from the Council to issue additional District Energy System Bonds in order to enable it to finance its District Energy System capital program.

JEA also has received approvals from the Council for the issuance of District Energy System Bonds for the purpose of refunding outstanding District Energy System Bonds. JEA may issue additional District Energy System Bonds to refund outstanding District Energy System Bonds from time to time as it deems economical or advantageous.

A summary of certain provisions of the District Energy System Resolution is attached to this Annual Disclosure Report as APPENDIX D.

District Energy System Contract Debts

Contract Debts, a component of the District Energy System's Operation and Maintenance Expenses, is defined by the District Energy System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the District Energy System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the District Energy System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the District Energy System, including the District Energy System Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the District Energy System for the years ended September 30, 2021 and September 30, 2020, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2021 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto.

JEA did not issue any District Energy System Bonds during the Fiscal Year ended September 30, 2021.

**District Energy System Schedules of Debt Service Coverage
(In Thousands)**

	Fiscal Year Ended September 30,	
	2021	2020
Revenues		
Services revenues.....	\$8,042	\$8,587
Investment income.....	2	72
Total revenues.....	8,044	8,659
Operating expenses ⁽¹⁾		
Maintenance and other operating expenses.....	4,460	4,611
Total operating expenses.....	4,460	4,611
Net revenues.....	\$3,584	\$4,048
Debt Service		
Aggregate debt service ⁽²⁾	\$3,024	\$3,021
Debt service coverage on District Energy System Bonds ⁽³⁾.....	1.19x	1.34x

⁽¹⁾ Excludes depreciation.

⁽²⁾ On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer Revenues an amount equal to the Aggregate DES Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.

⁽³⁾ Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Management's Discussion and Analysis of District Energy System Schedules of Debt Service Coverage

Revenues

Total revenues decreased \$0.6 million, or 7.1 percent, to \$8.0 million for the Fiscal Year ended September 30, 2021 from \$8.7 million for the Fiscal Year ended September 30, 2020 primarily related to a decrease of \$0.5 million, or 6.3 percent in service revenues.

Operating Expenses

Total operating expenses decreased \$0.1 million, or 3.3 percent, to \$4.5 million for the Fiscal Year ended September 30, 2021 from \$4.6 million for the Fiscal Year ended September 30, 2020.

Net Revenues

Net revenues decreased \$0.5 million, or 11.5 percent, to \$3.6 million for the Fiscal Year ended September 30, 2021 from \$4.1 million for the Fiscal Year ended September 30, 2020, primarily related to the decrease in total revenues.

Aggregate Debt Service on District Energy System Bonds

Aggregate Debt Service on District Energy System Bonds for the Fiscal Year ended September 30, 2021 remained relatively flat as compared to the Fiscal Year ended September 30, 2020.

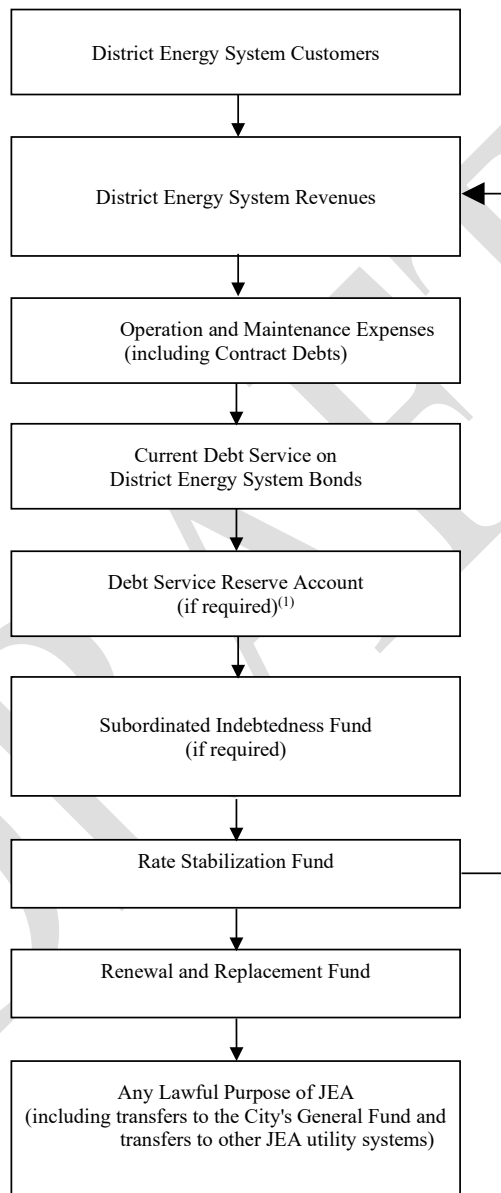
Debt Service Coverage on District Energy System Bonds

The debt service coverage ratio on District Energy System Bonds decreased to 1.19 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 1.34 times for the Fiscal Year ended September 30, 2020 as a result of the 11.5 percent decrease in net revenues available for debt service.

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APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the District Energy System Resolution.



⁽¹⁾ Revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the DES 2013 Series A Bonds and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Water and Sewer System and the District Energy System. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park⁽¹⁾, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year ended September 30, 2021 (which consist of the statements of net position of JEA as of September 30, 2021 and September 30, 2020 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2021 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2021 and September 30, 2020 and for the years then ended (which consist of the combining statements of net position, the combining statements of revenues, expenses, and changes in net position and the combining statements of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the years ended September 30, 2021 and September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2021 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2021 Financial Statements include all of the assets of the Water and Sewer System, Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

Except as described under the caption "INTRODUCTION - General" herein, for financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as

⁽¹⁾ The Power Park ceased operations on January 5, 2018.

described under the caption "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). Accordingly, potential purchasers of the Water and Sewer System and District Energy System Bonds are advised that the information in JEA's 2021 Financial Statements relating to JEA's Electric System is not relevant to a decision to purchase the Water and Sewer System and District Energy System Bonds.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System.

The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding

the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall, or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Water and Sewer System has increased from approximately \$26,402,695 for the Fiscal Year ended September 30, 2021 to \$26,666,722 for the Fiscal Year ending September 30, 2022. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of

available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA. JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u>Fitch Ratings</u>	<u>Moody's</u>	<u>S&P</u>
Outstanding Water and Sewer System Bonds	AA (positive)	Aa3 (stable)	AA+ (stable)
Outstanding Subordinated Water and Sewer System Bonds	AA (positive)	Aa3 (stable)	AA (stable)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into a credit agreement, standby bond purchase agreements and letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Water and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$137,110,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer

Bonds outstanding and \$98,385,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding. The standby bond purchase agreements and reimbursement agreements, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement or such reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, the credit agreement and each standby bond purchase agreement and reimbursement agreement, as applicable, provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which the credit agreement or such standby bond purchase agreement or such reimbursement agreement, as applicable, relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings Inc. ("Fitch"), "Baa3" by Moody's Investors Service ("Moody's") and / or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Water and Sewer System. As of September 30, 2021, JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$497,990,000, of which \$95,205,00 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG ("MLDP") for the account of the Water and Sewer System contains an automatic transfer

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provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or MLDP. Under certain circumstances if the rating on JEA's senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of MLDP were to fall below the double-A category, all rights and obligations of MLDP under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. ("MLCS"). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs (the "Merrill Lynch Guarantee") and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP to "A+" on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2021, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$129,355,000, of which approximately \$26,603,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<u>Related Bonds</u>	<u>Counterparty</u>	<u>Initial Notional Amount</u>	<u>Notional Amount as of September 30, 2021</u>	<u>Fixed Rate of Interest</u>	<u>Variable Rate Index⁽¹⁾</u>	<u>Termination Date⁽²⁾</u>
<i>Water and Sewer System Revenue Bonds, 2006 Series B Variable Rate</i>	Morgan Stanley Capital Services, Inc.	\$38,730,000	\$9,915,000	4.06-4.09%	CPI Index	10/1/2021 to 10/1/2022
<i>Water and Sewer System Revenue Bonds, 2008 Series B</i>	Merrill Lynch Capital Services, Inc.	85,290,000	85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be

utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were affected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than

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200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Water and Sewer System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$600,000,000 in the case of interest rate swaps, (b) \$250,000,000 in the case of basis swaps and (c) \$400,000,000 in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction.

The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2021, 15.9 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 6.5 years. As of September 30, 2021, the remaining 84.1 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time-to-time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2021, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter

into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (a) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (b) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (c) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Water and Sewer System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service on Water and Sewer System Bonds, debt service on any Subordinated Indebtedness of the Water and Sewer System (including Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement (the "Revolving Credit Facility") with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment. Effective November 1, 2018, the parties amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000. Effective May 24, 2021, the parties further amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for the Water and Sewer System loans by \$200,000,000, for a total commitment equal to \$500,000,000. The Revolving Credit Facility is scheduled to expire May 24, 2024. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Water and Sewer System under the Revolving Credit Facility are payable from the revenues of the Water and Sewer System but are subordinate to the payment of JEA's Water and Sewer System (including the Water and Sewer System Bonds and the Subordinated Water and Sewer System Bonds). As of September 30, 2021, JEA had no borrowings outstanding under the Revolving Credit Facility. As of the date of this Annual Disclosure Report, JEA has \$1,000,000 in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. For information about the borrowing made subsequent to the Fiscal Year ended September 30, 2021, see Note 18 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 714.2 of the Water and Sewer System Resolution and Section 7.07 of the Subordinated Water and Sewer Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution, respectively, and if so, the nature of such default. Section 713.2 of the District Energy System Resolution requires that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the District Energy System Resolution, and if so, the nature of such default. The actual certificates provided by such accountants' state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally recognized accounting firm will provide certificates that strictly meet the requirements of the

applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Water and Sewer System Resolution, Subordinated Water and Sewer Resolution and the District Energy System Resolution.

LITIGATION AND OTHER MATTERS

General

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Water and Sewer System or the District Energy System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance, or the City's Risk Management fund, or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

Other Matters

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, Aaron Zahn ("Zahn"); the former Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN"), providing for the sale of JEA's assets and liabilities; and, a proposed bonus pay plan for senior executives to be funded by proceeds from the sale of JEA's assets and liabilities. JEA complied with the subpoena and provided the requested documents and records.

Subsequently, on March 2, 2022, a federal grand jury issued an indictment charging Zahn and Ryan Wannemacher ("Wannemacher"), JEA's former CFO, with one count of conspiracy and one count of wire fraud. According to the indictment, the charges stem from allegations that Zahn began planning for the ITN in efforts to effectuate the sale and privatization of JEA before he was selected as CEO of JEA. The indictment further alleges that Zahn and Wannemacher willfully engaged in a scheme to make false and fraudulent representations to the JEA Board about material facts concerning development of the proposed bonus plan and its connection to the ITN, knowing that if JEA was sold, they, along with others would be paid exorbitant sums of money from funds that would otherwise have gone to the City's General Fund.

On January 28, 2019, the JEA fired Zahn with cause. On May 8, 2020, Zahn filed a demand for arbitration with the American Arbitration Association seeking damages for JEA's alleged violation of the July 2019 employment agreement. JEA filed its complaint on June 5, 2020 seeking damages and injunctive relief. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust. Simultaneously with the complaint, JEA moved to enjoin or stay the pending arbitration. In response, Mr. Zahn moved to compel arbitration. The circuit court entered an order staying the arbitration until the court had ruled on the parties' respective motions relating to arbitration.

On October 15, 2020, the circuit court entered an Order Granting in Part and Denying in Part JEA's Motion to Enjoin or Stay Arbitration Proceeding, which compelled arbitration of all of JEA's claims. JEA filed a timely appeal of the circuit court's decision; and, on August 24, 2021, the First District Court of Appeal affirmed the circuit court's order compelling arbitration. Resolution of the matter is currently pending.

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AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: /s/ Robert L. Stein
Chair

By: /s/ Joseph C. Stowe III
Managing Director and Chief Executive Officer

DRAFT

SCHEDULE 1

OPERATING HIGHLIGHTS

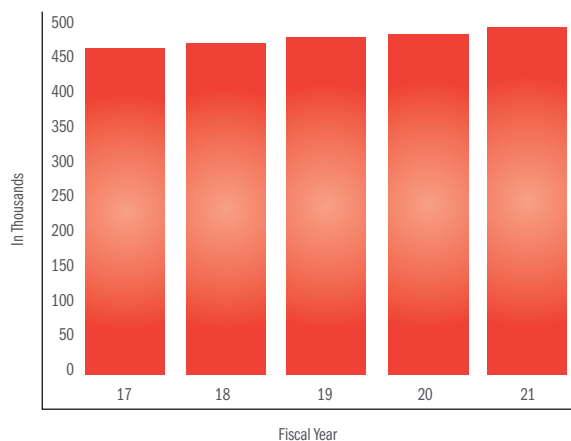
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Finance & Operations Committee - ADDITIONAL INFORMATION

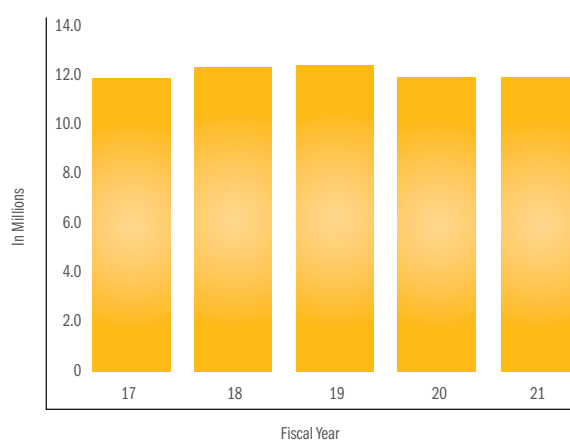
ELECTRIC FINANCIAL AND OPERATING HIGHLIGHTS

	Years Ended September 30					% Change
	2021	2020	2019	2018	2017	2021-2020
FINANCIAL HIGHLIGHTS						
Total operating revenues (thousands)	\$1,308,997	\$1,241,506	\$1,300,208	\$1,366,111	\$1,428,329	5.44%
Fuel and purchased power expenses (thousands)	\$475,461	\$376,011	\$465,573	\$530,246	\$536,250	26.45%
Total operating expenses (thousands)	\$1,010,651	\$921,912	\$1,019,589	\$1,102,133	\$1,088,386	9.63%
Debt service coverage:						
Senior and subordinated - Electric	5.17 x	4.79 x	2.81 x	2.30 x	2.53 x	7.93%
Senior - Electric	11.80 x	10.68 x	6.51 x	6.55 x	7.53 x	10.49%
Bulk Power Supply System	1.27 x	1.96 x	2.19 x	3.47 x	1.75 x	-35.20%
St. Johns River Power Park 2nd Resolution	1.15 x	1.15 x	1.19 x	1.60 x	1.18 x	0.00%
OPERATING HIGHLIGHTS						
Sales (megawatt hours)	12,239,149	12,202,973	12,465,958	12,732,236	13,893,852	0.30%
Peak demand - megawatts (60 minute net)	2,582	2,658	2,644	3,080	2,682	-2.86%
Total accounts - average number	494,656	485,000	475,786	466,409	458,953	1.99%
Sales per residential account (kilowatt hours)	12,932	13,026	13,172	13,205	12,672	-0.72%
Average residential revenue per kilowatt hour	\$11.42	\$11.21	\$11.41	\$11.42	\$11.44	1.87%
Power supply:						
Natural gas	62%	63%	49%	48%	39%	-1.59%
Purchases	15%	13%	26%	18%	12%	15.38%
Coal	15%	12%	16%	22%	43%	25.00%
Petroleum coke	8%	12%	9%	12%	6%	-33.33%

Average Number of Electric Retail Accounts



Retail Megawatt Hour Sales

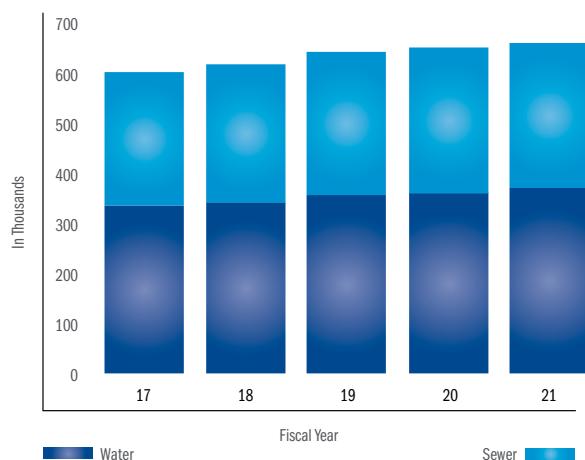


Finance & Operations Committee - ADDITIONAL INFORMATION

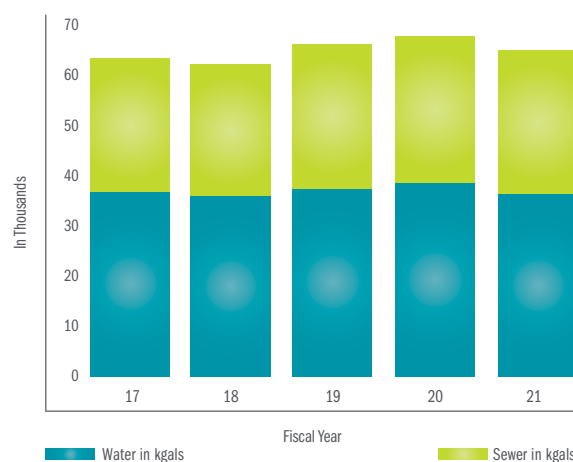
WATER AND SEWER FINANCIAL AND OPERATING HIGHLIGHTS

	Years Ended September 30					% Change
	2021	2020	2019	2018	2017	2021-2020
FINANCIAL HIGHLIGHTS						
Total operating revenues (thousands)	\$470,787	\$483,859	\$463,817	\$435,682	\$457,908	-2.70%
Operating expenses (thousands)	\$357,645	\$352,973	\$334,177	\$310,435	\$305,131	1.32%
Debt service coverage:						
Senior and subordinated	6.33 x	4.96 x	3.02 x	2.79 x	2.99 x	27.62%
Senior	7.24 x	5.58 x	3.59 x	3.33 x	3.54 x	29.75%
OPERATING HIGHLIGHTS						
WATER						
Total sales (kgals)	37,180,568	38,271,797	37,696,072	36,186,559	37,245,188	-2.85%
Total accounts - average number	373,075	363,597	355,635	348,159	341,016	2.61%
Average sales per residential account (kgals)	59.78	62.83	61.28	59.33	63.21	-4.85%
Average residential revenue per kgal	\$5.44	\$5.32	\$5.40	\$5.43	\$5.48	2.26%
SEWER						
Total sales (kgals)	28,139,524	28,160,202	27,726,796	26,340,622	26,712,770	-0.07%
Total accounts - average number	293,870	285,104	277,815	270,871	264,336	3.07%
Average sales per residential account (kgals)	58.72	61.57	60.61	57.91	61.84	-4.63%
Average residential revenue per kgal	\$9.45	\$9.26	\$9.30	\$9.52	\$9.46	2.05%
REUSE						
Total sales (kgals)	4,463,047	4,426,905	3,884,210	3,119,739	3,290,311	0.82%
Total accounts - average number	19,704	17,031	14,267	11,498	9,391	15.69%

Average Number of Water and Sewer Accounts



Water and Sewer Sales Volume

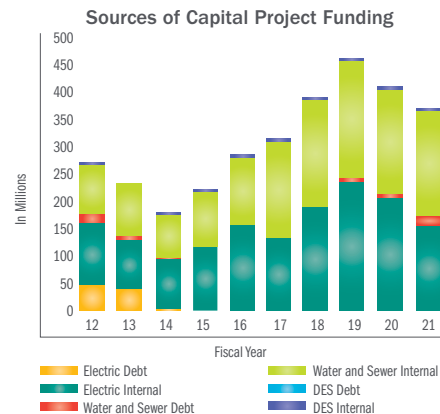
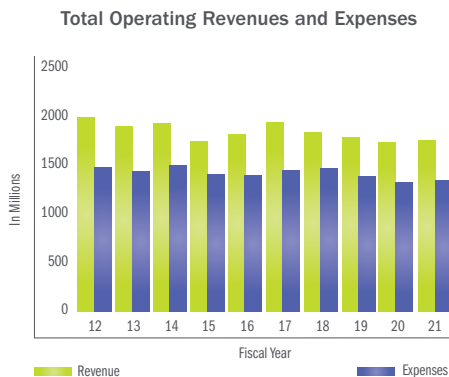


Finance & Operations Committee - ADDITIONAL INFORMATION

FINANCIAL SUMMARY

Combined Electric System, Bulk Power Supply System, St Johns River Power Park System, Water and Sewer and District Energy System (in thousands of dollars)

	2021-20	2020-19	2019-18	2018-17	2017-16
Operating revenues:					
Electric	\$1,267,227	\$1,203,688	\$1,259,815	\$1,267,202	\$1,382,206
Water and sewer	456,433	469,914	450,116	423,480	448,057
District energy system	7,704	8,235	8,504	8,348	8,185
Other	37,269	32,621	33,526	90,952	36,729
Total operating revenues	1,768,633	1,714,458	1,751,961	1,789,982	1,875,177
Operating expenses:					
Maintenance and other operating expenses	387,288	422,925	395,692	431,269	392,142
Fuel and purchased power	475,461	376,011	465,573	530,246	536,250
Depreciation	391,715	365,146	362,313	360,609	386,699
State utility and franchise taxes	70,966	69,769	71,569	70,027	69,683
Recognition of deferred costs and revenues, net	30,718	28,619	44,792	6,856	(4,075)
Total operating expenses	1,356,148	1,262,470	1,339,939	1,399,007	1,380,699
Operating income	412,485	451,988	412,022	390,975	494,478
Nonoperating revenues (expenses):					
Interest on debt	(120,911)	(141,213)	(175,046)	(166,508)	(182,992)
Earnings from The Energy Authority	15,378	2,848	2,412	4,074	6,335
Allowance for funds used during construction	9,305	19,713	14,099	11,764	11,774
Other nonoperating income, net	4,796	7,370	9,082	9,857	5,918
Investment income	2,165	15,721	39,745	11,826	10,576
Other interest, net	(23)	666	(1,626)	(1,825)	(451)
Total nonoperating expenses, net	(89,290)	(94,895)	(111,334)	(130,812)	(148,840)
Income before contributions and special item	323,195	357,093	300,688	260,163	345,638
Contributions (to) from:					
General fund, City of Jacksonville	(120,012)	(118,824)	(132,802)	(116,620)	(115,823)
Capital contributions:					
Developers and other	94,580	109,546	97,726	82,157	66,875
Reduction of plant cost through contributions	(54,299)	(76,558)	(68,188)	(54,114)	(42,069)
Total contributions, net	(79,731)	(85,836)	(103,264)	(88,577)	(91,017)
Special item	-	-	-	(45,099)	-
Change in net position	243,464	271,257	197,424	126,487	254,621
Net position - beginning of year, originally reported	3,223,990	2,952,733	2,755,309	2,628,822	2,376,925
Effect of change in accounting	-	-	-	-	(2,724)
Net position - beginning of year, as restated	3,223,990	2,952,733	2,755,309	2,628,822	2,374,201
Net position - end of year	\$3,467,454	\$3,223,990	\$2,952,733	\$2,755,309	\$2,628,822



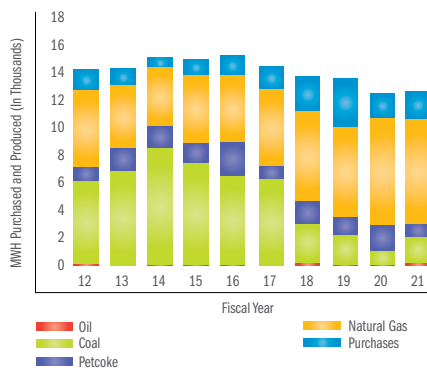
Finance & Operations Committee - ADDITIONAL INFORMATION

FINANCIAL SUMMARY, CONTINUED

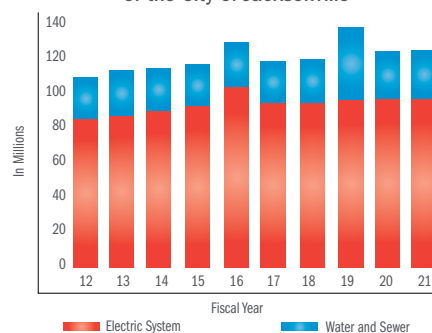
Combined Electric System, Bulk Power Supply System, St Johns River Power Park System, Water and Sewer and District Energy System (in thousands of dollars)

	2016-15	2015-14	2014-13	2013-12	2012-11
Operating revenues:					
Electric	\$1,321,713	\$1,324,883	\$1,431,167	\$1,383,696	\$1,473,134
Water and sewer	417,404	379,789	383,643	381,677	385,631
District energy system	8,337	8,778	8,682	8,471	8,571
Other	34,298	35,930	38,389	38,975	41,046
Total operating revenues	1,781,752	1,749,380	1,861,881	1,812,819	1,908,382
Operating expenses:					
Maintenance and other operating expenses	380,219	374,166	364,764	371,041	366,751
Fuel and purchased power	485,874	517,239	585,021	539,646	548,030
Depreciation	382,432	366,486	375,505	378,067	379,570
State utility and franchise taxes	71,244	72,510	72,221	70,237	72,925
Recognition of deferred costs and revenues, net	(1,527)	(11,168)	49,271	64,305	59,153
Total operating expenses	1,318,242	1,319,233	1,446,782	1,423,296	1,426,429
Operating income	463,510	430,147	415,099	389,523	481,953
Nonoperating revenues (expenses):					
Interest on debt	(184,457)	(198,199)	(223,736)	(235,228)	(248,681)
Investment income (loss)	14,225	12,904	20,546	(13,240)	8,804
Allowance for funds used during construction	9,407	5,723	3,894	3,986	3,365
Other nonoperating income, net	8,765	11,634	7,280	7,530	16,420
Earnings from The Energy Authority	6,136	1,461	3,567	4,325	6,328
Other interest, net	(403)	(68)	(38)	(134)	(23)
Total nonoperating expenses, net	(146,327)	(166,545)	(188,487)	(232,761)	(213,787)
Income before contributions and special item	317,183	263,602	226,612	156,762	268,166
Contributions (to) from:					
General fund, City of Jacksonville	(129,187)	(111,688)	(109,188)	(106,687)	(104,188)
Capital contributions:					
Developers and other	53,652	52,709	38,845	29,292	18,774
Reduction of plant cost through contributions	(31,632)	-	-	-	-
Water & Sewer Expansion Authority	-	(33,105)	-	-	-
Total contributions, net	(107,167)	(92,084)	(70,343)	(77,395)	(85,414)
Special item	-	151,490	-	-	-
Change in net position	210,016	323,008	156,269	79,367	182,752
Net position – beginning of year, originally reported	2,166,909	1,843,901	2,039,737	1,991,311	1,808,559
Effect of change in accounting	-	-	(352,105)	(30,941)	-
Net position – beginning of year, as restated	2,166,909	1,843,901	1,687,632	1,960,370	1,808,559
Net position – end of year	\$2,376,925	\$2,166,909	\$1,843,901	\$2,039,737	\$1,991,311

Fuel Sources



Contribution to the General Fund of the City of Jacksonville



Finance & Operations Committee - ADDITIONAL INFORMATION

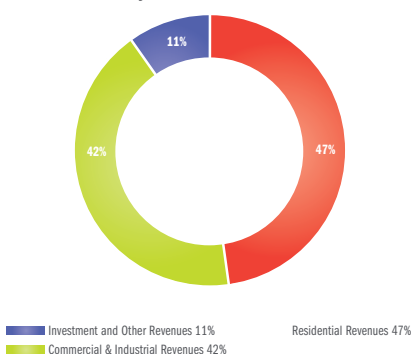
OPERATING SUMMARY: ELECTRIC SYSTEM

Electric System, Bulk Power System and St Johns River Power Park

	2021-20	2020-19	2019-18	2018-17	2017-16
Electric revenues (000s omitted):					
Residential	\$644,639	\$624,078	\$629,355	\$618,171	\$584,663
Commercial and industrial	566,942	556,722	590,473	594,395	587,972
Public street lighting	13,821	13,410	13,176	12,873	13,069
Sales for resale	2,137	2,128	3,914	5,474	21,813
Florida Power & Light saleback	1	(1)	1,664	30,767	128,737
Total	1,227,540	1,196,337	1,238,582	1,261,680	1,336,254
Sales (megawatt hours):					
Residential	5,642,412	5,566,222	5,515,428	5,414,721	5,108,945
Commercial and industrial	6,518,435	6,562,365	6,793,557	6,851,803	6,725,201
Public street lighting	55,487	55,974	57,410	59,176	65,721
Sales for resale	22,815	18,412	99,563	74,069	300,903
Florida Power & Light saleback	-	-	-	332,467	1,693,082
Total	12,239,149	12,202,973	12,465,958	12,732,236	13,893,852
Average number of accounts:					
Residential	436,299	427,321	418,728	410,060	403,164
Commercial and industrial	54,381	53,750	53,204	52,573	52,060
Public street lighting	3,976	3,929	3,854	3,776	3,727
Total	494,656	485,000	475,786	466,409	458,951
System installed capacity – MW (1)	3,129	3,113	3,114	3,084	3,722
Peak demand – MW (60 minute net)	2,582	2,658	2,644	3,080	2,682
System load factor – %	56%	54%	56%	48%	53%
Residential averages – annual:					
Revenue per account – \$	1,477.52	1,460.44	1,503.02	1,507.51	1,450.19
kWh per account	12,932	13,026	13,172	13,205	12,672
Revenue per kWh – ¢	11.42	11.21	11.41	11.42	11.44
All other retail – annual:					
Revenue per account – \$	9,951.90	9,884.57	10,579.57	10,776.91	10,773.85
kWh per account	112,650	114,744	120,070	122,646	121,729
Revenue per kWh – ¢	8.83	8.61	8.81	8.79	8.85
Heating-cooling degree days	4,012	4,015	4,294	4,256	3,737

(1) Includes JEA's 50% share of the SJRPP's two coal-fired generating units (638 net megawatts each) through closure in January 2018 and JEA's 23.64% share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.

Electric System Revenue Sources



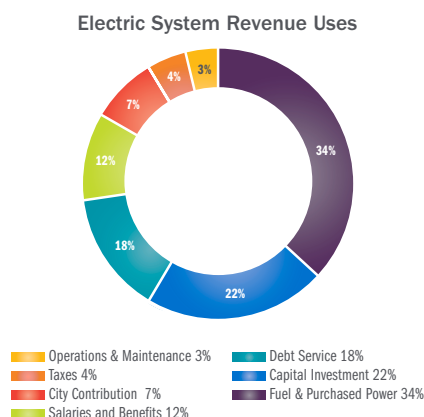
Finance & Operations Committee - ADDITIONAL INFORMATION

OPERATING SUMMARY: ELECTRIC SYSTEM, CONTINUED

Electric System, Bulk Power System and St Johns River Power Park

	2016-15	2015-14	2014-13	2013-12	2012-11
Electric revenues (000s omitted):					
Residential	\$599,009	\$619,897	\$608,983	\$580,893	\$601,581
Commercial and industrial	597,796	627,547	632,121	617,962	670,983
Public street lighting	13,488	11,982	13,943	14,661	15,311
Sales for resale	31,210	32,424	34,700	29,989	37,153
Florida Power & Light saleback	130,053	128,475	159,747	158,031	166,873
Total	1,371,556	1,420,325	1,449,494	1,401,536	1,491,901
Sales (megawatt hours):					
Residential	5,328,245	5,243,002	5,086,866	4,877,264	4,806,144
Commercial and industrial	6,847,583	6,767,836	6,636,445	6,599,249	6,670,200
Public street lighting	80,108	89,376	111,325	123,177	122,614
Sales for resale	474,352	417,361	473,695	372,208	448,968
Florida Power & Light saleback	1,856,198	1,862,122	2,003,682	1,810,651	1,806,781
Total	14,586,486	14,379,697	14,312,013	13,782,549	13,854,707
Average number of accounts:					
Residential	396,664	389,287	382,438	375,600	371,658
Commercial and industrial	51,472	50,867	48,999	47,709	47,230
Public street lighting	3,649	3,549	3,477	3,460	3,424
Total	451,785	443,703	434,914	426,769	422,312
System installed capacity – MW (1)	3,722	3,759	3,759	3,759	3,759
Peak demand – MW (60 minute net)	2,674	2,863	2,823	2,596	2,665
System load factor –%	56%	51%	51%	54%	53%
Residential averages – annual:					
Revenue per account – \$	1,510.12	1,592.39	1,592.37	1,546.57	1,618.64
kWh per account	13,433	13,468	13,301	12,985	12,932
Revenue per kWh – ¢	11.24	11.82	11.97	11.91	12.52
All other retail – annual:					
Revenue per account – \$	11,089.86	11,752.59	12,311.61	12,363.40	13,548.66
kWh per account	125,682	126,015	128,588	131,377	134,102
Revenue per kWh – ¢	8.82	9.33	9.57	9.41	10.10
Heating-cooling degree days	4,117	4,159	3,998	3,830	3,618

(1) Includes JEA's 50% share of the SJRPP's two coal-fired generating units (638 net megawatts each) and JEA's 23.64% share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.



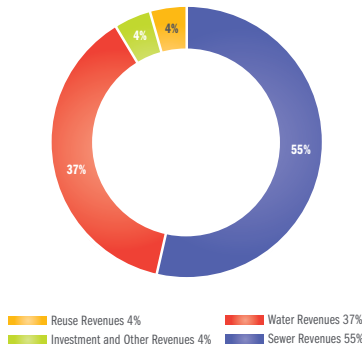
S1-6

Finance & Operations Committee - ADDITIONAL INFORMATION

OPERATING SUMMARY: WATER AND SEWER SYSTEM

		2021-20	2020-19	2019-18	2018-17	2017-16
WATER	Water revenues (000s omitted):					
	Residential	\$100,361	\$100,316	\$96,699	\$91,954	\$96,615
	Commercial and industrial	47,429	47,011	47,619	47,494	47,969
	Irrigation	31,666	35,030	34,800	32,004	36,836
	Total	179,456	182,357	179,118	171,452	181,420
	Water sales (kgals):					
	Residential	18,448,336	18,839,990	17,921,588	16,932,812	17,624,952
	Commercial and industrial	13,675,041	13,540,631	13,958,000	14,023,130	13,402,094
	Irrigation	5,057,191	5,891,176	5,816,484	5,230,617	6,218,142
	Total	37,180,568	38,271,797	37,696,072	36,186,559	37,245,188
	Average number of accounts:					
	Residential	308,626	299,872	292,460	285,404	278,838
	Commercial and industrial	26,518	26,190	25,963	25,702	25,423
	Irrigation	37,931	37,535	37,212	37,053	36,755
	Total	373,075	363,597	355,635	348,159	341,016
	Residential averages - annual:					
	Revenue per account - \$	325.19	334.53	330.64	322.19	346.49
	kgals per account	59.78	62.83	61.28	59.33	63.21
	Revenue per kgal - \$	5.44	5.32	5.40	5.43	5.48
SEWER	Sewer revenues (000s omitted):					
	Residential	\$152,684	\$151,893	\$146,186	\$139,174	\$143,967
	Commercial and industrial	111,255	109,682	110,724	108,126	107,446
	Total	263,939	261,575	256,910	247,300	251,413
	Volume (kgals):					
	Residential	16,148,759	16,405,359	15,717,129	14,623,682	15,225,124
	Commercial and industrial	11,990,765	11,754,843	12,009,667	11,716,940	11,487,646
	Total	28,139,524	28,160,202	27,726,796	26,340,622	26,712,770
	Average number of accounts:					
	Residential	275,022	266,460	259,308	252,531	246,187
	Commercial and industrial	18,848	18,644	18,507	18,340	18,149
	Total	293,870	285,104	277,815	270,871	264,336
	Residential averages - annual:					
	Revenue per account - \$	555.17	570.04	563.75	551.12	584.79
	kgals per account	58.72	61.57	60.61	57.91	61.84
	Revenue per kgal - \$	9.45	9.26	9.30	9.52	9.46
REUSE	Reuse revenues (000s omitted):	\$20,643	\$21,097	\$17,909	\$13,659	\$13,216
	Reuse sales (kgals):	4,463,047	4,426,905	3,884,210	3,119,739	3,290,311
	Average number of accounts:	19,704	17,031	14,267	11,498	9,391
RAINFALL	Inches	56.40	60.97	45.95	57.41	72.89
	Days	135	122	123	120	98

Water and Sewer System Revenue Sources



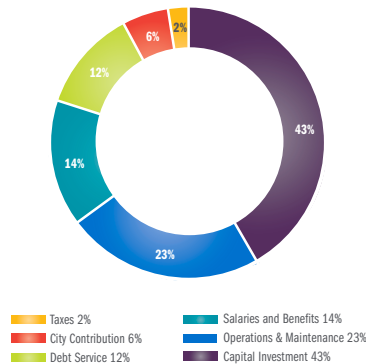
S1-7

Finance & Operations Committee - ADDITIONAL INFORMATION

OPERATING SUMMARY: WATER AND SEWER SYSTEM, CONTINUED

		2016-15	2015-14	2014-13	2013-12	2012-11
WATER	Water revenues (000s omitted):					
	Residential	\$89,946	\$86,215	\$83,014	\$81,832	\$83,390
	Commercial and industrial	46,212	45,078	43,647	42,809	43,629
	Irrigation	34,846	32,681	30,088	32,796	34,802
	Total	171,004	163,974	156,749	157,437	161,821
	Water sales (kgals):					
	Residential	17,086,586	16,271,698	15,507,752	15,741,904	16,589,517
	Commercial and industrial	13,343,376	12,870,984	12,131,400	11,777,128	12,134,488
	Irrigation	5,927,957	5,415,602	4,829,184	5,568,772	6,621,039
	Total	36,357,919	34,558,284	32,468,336	33,087,804	35,345,044
	Average number of accounts:					
	Residential	272,157	265,373	259,159	253,662	250,204
	Commercial and industrial	24,698	23,951	23,722	23,487	23,365
	Irrigation	36,284	36,028	35,827	35,765	35,652
	Total	333,139	325,352	318,708	312,914	309,221
	Residential averages - annual:					
	Revenue per account - \$	330.49	324.88	320.32	322.60	333.29
	kgals per account	62.78	61.32	59.84	62.06	66.30
	Revenue per kgal - \$	5.26	5.30	5.35	5.20	5.03
SEWER	Sewer revenues (000s omitted):					
	Residential	\$135,288	\$129,976	\$125,526	\$124,642	\$126,722
	Commercial and industrial	103,731	101,910	97,339	96,009	94,232
	Total	239,019	231,886	222,865	220,651	220,954
	Volume (kgals):					
	Residential	14,614,026	13,934,981	13,269,638	13,439,781	14,091,702
	Commercial and industrial	11,203,632	10,987,160	10,257,338	10,184,193	10,398,369
	Total	25,817,658	24,922,141	23,526,976	23,623,974	24,490,071
	Average number of accounts:					
	Residential	239,738	233,203	227,216	221,821	218,264
	Commercial and industrial	17,981	17,771	17,620	17,462	17,351
	Total	257,719	250,974	244,836	239,283	235,615
	Residential averages - annual:					
	Revenue per account - \$	564.32	557.35	552.45	561.90	580.59
	kgals per account	60.96	59.75	58.40	60.59	64.56
	Revenue per kgal - \$	9.26	9.33	9.46	9.27	8.99
REUSE	Reuse revenues (000s omitted):	\$10,267	\$7,378	\$5,533	\$4,551	\$3,936
	Reuse sales (kgals):	2,644,046	1,783,730	1,300,838	1,109,653	1,330,359
	Average number of accounts:	7,498	5,891	4,501	3,143	2,241
RAINFALL	Inches	31.38	49.43	51.17	45.54	55.24
	Days	98	114	114	121	N/A

Water and Sewer System Revenue Uses



APPENDIX A

JEA FINANCIAL INFORMATION

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FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION,
AND BOND COMPLIANCE INFORMATION

JEA

Years Ended September 30, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP



JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2021 and 2020

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Finance & Operations Committee - ADDITIONAL INFORMATION



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Report of Independent Auditors

The Board of Directors
JEA
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate fiduciary activities of JEA, a component unit of the City of Jacksonville, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the JEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of JEA as of September 30, 2021 and 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Adoption of GASB 84, Fiduciary Activities

Effective October 1, 2019, JEA adopted GASB Statement No. 84, Fiduciary Activities. GASB 84 requires inclusion of JEA's fiduciary activities that meet certain criteria in its financial report. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of JEA's Proportionate Share of the Net Pension Liability and Schedule of JEA Contributions, SJRPP Pension Plan – Schedule of Changes in Net Pension Liability and Related Ratios, SJRPP Pension Plan – Investment Returns and Schedule of Contributions, OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios and OPEB Plan – Investment Returns and Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position and cash flows and Schedules of Debt Service Coverage as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements of net position, revenues, expenses and changes in net position and cash flows, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated January 27, 2022 on our consideration of the JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Ernst & Young LLP'.

January 27, 2022

Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Electric Enterprise, Water and Sewer, and DES funds are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2021 and 2020. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The fiduciary financial statements are presented on a comparative basis for the fiscal years ended September 30, 2021 and 2020. The statements of fiduciary net position present the SJRPP pension trust fund's assets and liabilities, with the residual reported as fiduciary net position. Additions and deductions information is presented in the accompanying statements of changes in fiduciary net position.

The notes to the financial statements are an integral part of JEA's basic and fiduciary financial statements and contain information on accounting principles and additional information on certain components of these statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

The following tables summarize the financial condition and operations of JEA for the 2021 and 2020 fiscal years:

Condensed Statements of Net Position

	2021	2020	2019
	<i>(In millions)</i>		
Assets and deferred outflows of resources			
Current assets	\$ 696	\$ 728	\$ 753
Other noncurrent assets	1,688	1,449	1,517
Net capital assets	5,477	5,511	5,466
Deferred outflows of resources	421	468	461
Total assets and deferred outflows of resources	<u>\$ 8,282</u>	<u>\$ 8,156</u>	<u>\$ 8,197</u>
Liabilities and deferred inflows of resources			
Current liabilities	\$ 205	\$ 193	\$ 200
Current liabilities payable from restricted assets	221	241	371
Net pension liability	730	641	566
Other noncurrent liabilities	91	93	110
Long-term debt	3,232	3,506	3,696
Deferred inflows of resources	336	258	301
Net position			
Net investment in capital assets	2,696	2,533	2,183
Restricted	431	355	400
Unrestricted	340	336	370
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,282</u>	<u>\$ 8,156</u>	<u>\$ 8,197</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
	<i>(In millions)</i>		
Operating revenues	\$ 1,768	\$ 1,714	\$ 1,752
Operating expenses	(1,356)	(1,262)	(1,340)
Operating income	412	452	412
Nonoperating expenses, net	(89)	(95)	(111)
Contributions	(80)	(86)	(103)
Change in net position	243	271	198
Net position – beginning of the year	3,224	2,953	2,755
Net position – end of the year	<u>\$ 3,467</u>	<u>\$ 3,224</u>	<u>\$ 2,953</u>

Management's Discussion and Analysis (continued)

Financial Analysis of JEA for fiscal years 2021 and 2020

2021 Compared to 2020

Electric Enterprise*Operating Revenues*

Total operating revenues increased approximately \$67 million (5.4%) over the prior year. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating revenues	\$	1,242
Territorial sales		31
Stabilization funds		31
Allowance for doubtful accounts		2
Other		3
September 2021 operating revenues	\$	1,309

Territorial sales revenues increased \$31 million, comprised of a \$24 million increase in fuel revenues and a \$7 million increase in base revenue. The increase in fuel revenues was due to the prior year fuel credit paid to customers, which did not repeat in the current year. The increase in base revenues was driven by higher consumption as a result of a 2.0% increase in customers. Stabilization fund revenues increased due to withdrawals from the fuel stabilization fund, which were partially offset by prior year debt management withdrawals. There was a decrease in the allowance for doubtful accounts of \$2 million, resulting in higher operating revenues, due to a prior year increase in the allowance for possible COVID-19 write-offs, which did not repeat in the current year. Other operating revenue increased \$3 million largely due to higher reconnection and late fees, due to the COVID-19 suspension of disconnections and late fees in the prior year, and higher pole attachment revenue.

Operating Expenses

Total operating expenses increased approximately \$89 million (9.6%) over the prior year comparable period. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating expenses	\$	922
Fuel		73
Purchased power		27
Maintenance and other operating expense		(26)
Depreciation		15
State utility and franchise taxes		1
Recognition of deferred costs and revenues, net		(1)
September 2021 operating expenses	\$	1,011

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Fuel expense increased \$73 million (25.1%) due to increased generation costs of \$83 million and a \$10 million decrease from lower MWh generated (196,717 MWh, 1.8%).

Purchased power expense increased \$27 million (31.0%) driven by an \$11 million increase in purchased power unit cost, a \$10 million increase in MWh purchased (242,875 MWh, 14.3%), and a \$6 million increase in MEAG power purchase agreement debt service.

Maintenance and other operating expenses decreased \$26 million (9.8%) as a result of \$15 million in lower compensation and benefits, primarily due to prior year SJRPP pension contributions, and \$11 million in lower legal and other professional services.

Depreciation expense increased \$15 million (7.3%) due to a higher depreciable base.

State utility and franchise taxes increased \$1 million (2.2%), as a result of higher taxable revenues.

Recognition of deferred costs and revenues, net decreased \$1 million (4.5%) driven by lower environmental expenditures.

As commodity prices fluctuate, the mix between generation and purchased power shifts, with JEA taking advantage of the most economical source of power. JEA's power supply mix is detailed below.

	2021	2020
Natural gas	62%	63%
Purchased power	15%	13%
Coal	15%	12%
Petroleum coke	8%	12%
Total	100%	100%

Water and Sewer Enterprise*Operating Revenues*

Total operating revenues decreased approximately \$13 million (2.7%) over the prior year comparable period. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating revenues	\$	484
Stabilization funds		(13)
Water		(3)
Sewer		2
Other		1
September 2021 operating revenues	\$	471

Stabilization fund revenues decreased \$13 million primarily due to prior year withdrawals from the debt management stabilization fund. Water revenues decreased \$3 million with the \$5 million decrease in consumption being partially offset by a \$2 million increase due to changes in mix. Sewer revenues increased \$2 million due to changes in mix. Other operating revenue increased \$1 million due to higher miscellaneous service revenues.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Operating Expenses

Operating expenses increased \$5 million (1.3%) over the prior year comparable period. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 operating expenses	\$	353
Depreciation		12
Maintenance and other operating expenses		(10)
Recognition of deferred costs and revenues, net		3
September 2021 operating expenses	\$	358

Depreciation expense increased \$12 million (7.3%) due to a higher depreciable base.

Maintenance and other operating expenses decreased \$10 million (5.7%) due to \$6 million in lower professional services, a \$2 million decrease in interlocal payments, and a \$2 million decrease in maintenance expenses.

Recognition of deferred costs and revenues, net increased \$3 million (46.5%) due to higher environmental expenditures.

District Energy System

Operating revenues and expenses remained relatively flat when compared to the prior year comparable period at approximately \$8 million and \$7 million, respectively.

Nonoperating Revenues and Expenses

Total nonoperating expenses, net decreased \$6 million (5.9%) over the prior year. The drivers of the changes are detailed below.

(Dollars in millions)

September 2020 nonoperating expenses, net	\$	(95)
Decrease in interest on debt		20
Increase in The Energy Authority earnings		13
Decrease in allowance for funds used during construction		(11)
Decrease in investment fair market value		(8)
Decrease in realized investment income		(6)
Loss on sale of land		(2)
September 2021 nonoperating expenses, net	\$	(89)

Management's Discussion and Analysis (continued)

2020 Compared to 2019**Electric Enterprise***Operating Revenues*

Total operating revenues decreased approximately \$59 million (4.5%) and total megawatt hours (MWh) sales decreased 262,985 (2.1%) compared to fiscal year 2019. Revenues from territorial sales decreased \$39 million and territorial MWh sales were down 181,834 MWh (1.5%). The territorial sales decrease was comprised of a \$10 million decrease in base revenues and a \$29 million decrease in fuel revenues. The \$10 million decrease in base revenues was driven by a decrease in consumption. The \$29 million decrease in fuel revenues was primarily the result of a \$23 million fuel credit provided to customers and a decrease in consumption. Lower consumption was associated with COVID-19 shutdowns and partially offset by a 1.9 percent increase in customers. Off system revenues decreased by approximately \$4 million and MWhs decreased by 81,151 driven by lower sales to The Energy Authority. Stabilization fund revenues decreased \$12 million (see note 2, Regulatory Deferrals, for additional information). There was also a \$2 million decrease in revenues due to an increase in allowance for doubtful accounts for the COVID-19 pandemic. Other operating revenue decreased \$2 million driven by lower late and reconnection fees due to the COVID-19 suspension of late fees and disconnections (see note 16, Disaster Costs, for additional information). Additionally, mutual aid revenues increased by \$2 million for Hurricanes Michael and Florence, and transmission and SJRPP revenues each decreased by \$1 million.

Operating Expenses

Total operating expenses decreased approximately \$97 million (9.6%), compared to fiscal year 2019.

Fuel and purchased power expense decreased \$90 million (19.2 percent), primarily driven by:

- a \$82 million decrease as a result of lower MWh purchased (1,634,084 MWh, 49.1%);
- a \$70 million decrease in generation costs primarily driven by lower fuel prices;
- a \$32 million increase in purchased power cost; and
- a \$30 million increase as a result of higher MWh generated (1,297,497 MWh, 13.5%).

As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. JEA's power supply mix is detailed below.

	FY 2020	FY 2019
Natural gas	63%	49%
Purchases	13%	26%
Coal	12%	16%
Petroleum coke	12%	9%
Total	100%	100%

Operating expenses, other than fuel and purchased power, decreased approximately \$7 million, compared to fiscal year 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Maintenance and other operating expenses increased \$11 million. The drivers for the increase were a \$16 million increase in compensation and benefits, primarily related to SJRPP pension contributions and COVID-19 stipends, a \$5 million increase in professional services, and a \$2 million increase in insurance costs. These increases were offset by a \$5 million decrease in maintenance, a \$3 million decrease in industrial services, a \$2 million decrease in Plant Scherer costs, and a \$2 million decrease in environmental costs.

Recognition of deferred costs and revenues, net decreased \$12 million due to a decrease in environmental projects paid from the rate stabilization fund. Depreciation expense decreased \$5 million due to a decrease in the depreciable base. State utility and franchise taxes decreased \$2 million due to lower electric revenue taxable sales. Interfund utility charges to the Electric Enterprise fund increased \$1 million.

Water and Sewer Enterprise*Operating Revenues*

Total operating revenues increased approximately \$20 million (4.3%) compared to fiscal year 2019. Water revenues increased \$3 million (1.8%) due to a 1.5% increase in consumption and a 2.2% increase in customer accounts. Water consumption increased 575,725 kilogallons (kgals) to 38,271,797 kgals. Sewer revenues increased approximately \$5 million (1.8%) primarily related to a 1.6% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 433,406 kgals to 28,160,202 kgals. Reuse revenues increased approximately \$3 million (17.8%), primarily related to a 19.4% increase in reuse accounts and a 14.0% increase in sales. Reuse sales increased 542,695 kgals to 4,426,905 kgals. Water and sewer revenues also increased due to a \$9 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information). There was also a \$1 million decrease in revenues due to an increase in allowance for doubtful accounts for the COVID-19 pandemic. Other operating revenues increased by \$1 million driven by mutual aid revenues.

Operating Expenses

Operating expenses increased \$19 million (5.6%), compared to fiscal year 2019. Maintenance and other expenses increased \$15 million due to a \$5 million increase in compensation and benefits, a \$4 million increase in professional services, a \$2 million increase in interlocal payments, a \$2 million increase in maintenance, a \$1 million increase in insurance costs, and a \$1 million increase in industrial services. Depreciation expense increased \$8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net decreased \$4 million due to a decrease in environmental projects paid from the rate stabilization fund.

District Energy System*Operating Revenues*

Operating revenues remained flat when compared to fiscal year 2019 at \$9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2019 at \$7 million.

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

Nonoperating Revenues and Expenses

There was a decrease of approximately \$16 million (14.8%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2020
	<i>(in millions)</i>
Changes in nonoperating expenses, net	
Decrease in interest on debt	\$ 34
Decrease in investment income	(14)
Decrease in investment gains – fair value adjustments	(10)
Increase in allowance for funds used during construction	6
Decrease in customer deposit interest	2
Decrease in other nonoperating income - timber	(2)
Total change in nonoperating expenses, net	\$ 16

Capital Assets and Debt Administration for Fiscal Years 2021 and 2020**Capital Assets**

JEA's total investment in capital assets and capital expenditures are detailed below.

	Total Investment		Additions	
<i>(Dollars in millions)</i>	September 30, 2021	September 30, 2020	FY 2021	FY 2020
Electric Enterprise	\$ 2,618	\$ 2,684	\$ 152	\$ 203
Water and Sewer Enterprise	2,824	2,793	200	197
District Energy System	34	34	3	4
Total	\$ 5,476	\$ 5,511	\$ 355	\$ 404

Under the utility basis methodology for rate setting, the depreciation of contributed assets is not included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2021, \$3 million of contributed capital related to the Electric System and \$51 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2020, \$2 million of contributed capital related to the Electric System and \$75 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be primarily provided from revenues generated from operations, existing construction fund balances, and a potential issuance of new debt in the Water and Sewer Fund.

Management's Discussion and Analysis (continued)

Debt Administration

Debt outstanding at September 30, 2021 was \$3,000 million, a decrease of approximately \$257 million from the prior fiscal year. This decrease was due to defeasance of principal of \$316 million, scheduled principal payments of \$103 million, and \$5 million in revolving credit agreement repayments, being partially offset by new debt issued of \$167 million.

Debt outstanding at September 30, 2020, was \$3,257 million, a decrease of approximately \$364 million from the prior fiscal year. This decrease was due to defeasance of principal of \$523 million and scheduled principal payments of \$193 million, being partially offset by new debt issued of \$352 million.

JEA's debt ratings on its long-term debt remained unchanged from fiscal year 2020. JEA's outlooks on its long-term debt per Moody's remained unchanged from fiscal year 2020. On June 28, 2021, Standard & Poor's raised its outlook on the W&S and DES bonds to stable from developing and Fitch raised its outlook on the W&S and DES bonds to positive from stable. All ratings and outlooks as of September 30, 2021 are detailed below.

	Moody's		Standard & Poor's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
JEA Electric System						
Senior	A2	positive	A+	negative	AA	stable
Subordinated	A3	positive	A	negative	AA	stable
Scherer	A2	positive	A+	negative	AA	stable
SJRPP	A2	positive	A+	negative	AA	stable
W&S						
Senior	Aa3	stable	AA+	stable	AA	positive
Subordinated	Aa3	stable	AA	stable	AA	positive
DES	A1	stable	AA	stable	AA	positive

Currently Known Facts Expected to have a Significant Effect on Financial Position and/or Changes in Operations*Setting of Rates*

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. At the June 2021 meeting, the Board approved the FY22 Budget which included a Fuel Charge decrease to \$30.50/MWh, effective October 1, 2021. At the August 2021 meeting, the Board approved the following rate changes, also effective October 1, 2021:

- Increase the Energy Rate for all customers
- Extension of the Economic Development Riders
- Removal of the JEA Residential Demand Rate
- Increase Plant Capacity, Tap, and Meter Fees
- Increase the $\geq 10"$ meters Commercial Volume Charge

Finance & Operations Committee - ADDITIONAL INFORMATION

Management's Discussion and Analysis (continued)

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

SJRPP Pension Trust Fund for Fiscal Years 2021 and 2020

The Statements of Fiduciary Net Position present information on all of the SJRPP Pension Trust Fund's assets and liabilities with the difference between these two amounts being reported as fiduciary net position available for benefits. Assets and liabilities are segregated based on their nature and liquidity. The Statements of Changes in Fiduciary Net Position present the current year additions and deductions from the fiduciary net position during the fiscal year.

	2021	2020	2019
	<i>(in thousands)</i>		
<i>Condensed Statement of Fiduciary Net Position</i>			
Total assets	\$ 190,477	\$ 170,038	\$ 162,071
Total liabilities	383	56	58
Fiduciary net position available for benefits	<u>\$ 190,094</u>	<u>\$ 169,982</u>	<u>\$ 162,013</u>
<i>Condensed Statement of Changes in Fiduciary Net Position</i>			
Total contributions	\$ 15	\$ 13,326	\$ 18
Net investment earnings	33,731	7,877	4,610
Total additions to fiduciary net position	33,746	21,203	4,628
Total deductions from fiduciary net position	13,634	13,234	13,280
Net change in fiduciary net position	<u>\$ 20,112</u>	<u>\$ 7,969</u>	<u>\$ (8,652)</u>

2021 compared to 2020

Total assets increased due to an increase in investment values as a result of market conditions. Total liabilities increased due to timing of broker settlements regarding investment sales and purchases.

Total contributions decreased as there were no employer contributions during fiscal year 2021. Net investment income increased due to a much improved market performance as compared to the prior year.

2020 compared to 2019

Total assets increased due to an increase in investment values as a result of market conditions.

Total contributions increased due to employer contributions made during fiscal year 2020. Net investment income increased due to improved market performance as compared to the prior year.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Audited Financial Statements

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Net Position
(In Thousands)

	September	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 350,495	\$ 387,148
Investments	4,140	3,107
Customer accounts receivable, net of allowance (\$3,155 for 2021 and \$3,864 for 2020)	221,348	219,814
Inventories:		
Materials and supplies	62,796	61,663
Fuel	32,911	37,822
Other current assets	24,434	18,400
Total current assets	696,124	727,954
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	362,618	253,984
Investments	269,820	311,130
Accounts and interest receivable	240	1,071
Total restricted assets	632,678	566,185
Costs to be recovered from future revenues	881,949	852,314
Hedging derivative instruments	150,453	11,944
Other assets	22,939	18,241
Total noncurrent assets	1,688,019	1,448,684
Net capital assets	5,476,493	5,511,175
Total assets	7,860,636	7,687,813
Deferred outflows of resources		
Unrealized pension contributions and losses	157,296	143,881
Accumulated decrease in fair value of hedging derivatives	129,355	179,286
Unamortized deferred losses on refundings	89,729	100,314
Unrealized asset retirement obligations	37,669	35,241
Unrealized OPEB contributions and losses	7,302	9,406
Total deferred outflows of resources	421,351	468,128
Total assets and deferred outflows of resources	\$ 8,281,987	\$ 8,155,941

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Net Position (continued)
(In Thousands)

	September	
	2021	2020
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 76,702	\$ 66,622
Customer deposits and prepayments	75,030	71,304
Billings on behalf of state and local governments	26,006	26,005
Compensation and benefits payable	13,361	14,599
City of Jacksonville payable	10,193	10,255
Asset retirement obligations	3,307	4,136
Total current liabilities	204,599	192,921
Current liabilities payable from restricted assets:		
Debt due within one year	91,535	102,700
Interest payable	51,454	52,856
Construction contracts and accounts payable	45,466	46,977
Renewal and replacement reserve	32,776	37,910
Total current liabilities payable from restricted assets	221,231	240,443
Noncurrent liabilities:		
Long-term debt		
Debt payable, less current portion	2,908,175	3,154,590
Unamortized premium, net	194,070	174,205
Fair value of debt management strategy instruments	129,355	177,288
Total long-term debt	3,231,600	3,506,083
Net pension liability	729,569	641,086
Asset retirement obligations	34,362	31,105
Compensation and benefits payable	33,433	31,342
Net OPEB liability	5,136	10,091
Other liabilities	18,338	20,556
Total noncurrent liabilities	4,052,438	4,240,263
Total liabilities	4,478,268	4,673,627
Deferred inflows of resources		
Revenues to be used for future costs	156,814	206,782
Accumulated increase in fair value of hedging derivatives	150,453	11,944
Unrealized OPEB gains	14,725	15,294
Unrealized pension gains	14,273	24,304
Total deferred inflows of resources	336,265	258,324
Net position		
Net investment in capital assets	2,696,104	2,532,627
Restricted for:		
Capital projects	296,059	204,554
Debt service	90,423	101,558
Other purposes	44,774	48,918
Unrestricted	340,094	336,333
Total net position	3,467,454	3,223,990
Total liabilities, deferred inflows of resources, and net position	\$ 8,281,987	\$ 8,155,941

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	September	
	2021	2020
Operating revenues		
Electric	\$ 1,267,227	\$ 1,203,688
Water and sewer	456,433	469,914
District energy system	7,704	8,235
Other operating revenues	37,269	32,621
Total operating revenues	1,768,633	1,714,458
Operating expenses		
Operations and maintenance:		
Maintenance and other operating expenses	387,288	422,925
Fuel	364,074	290,965
Purchased power	111,387	85,046
Depreciation	391,715	365,146
State utility and franchise taxes	70,966	69,769
Recognition of deferred costs and revenues, net	30,718	28,619
Total operating expenses	1,356,148	1,262,470
Operating income	412,485	451,988
Nonoperating revenues (expenses)		
Interest on debt	(120,911)	(141,213)
Earnings from The Energy Authority	15,378	2,848
Allowance for funds used during construction	9,305	19,713
Other nonoperating income, net	4,796	7,370
Investment income	2,165	15,721
Other interest, net	(23)	666
Total nonoperating expenses, net	(89,290)	(94,895)
Income before contributions	323,195	357,093
Contributions (to) from		
General Fund, City of Jacksonville, Florida	(120,012)	(118,824)
Developers and other	94,580	109,546
Reduction of plant cost through contributions	(54,299)	(76,558)
Total contributions, net	(79,731)	(85,836)
Change in net position	243,464	271,257
Net position, beginning of year	3,223,990	2,952,733
Net position, end of year	\$ 3,467,454	\$ 3,223,990

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Cash Flows
(In Thousands)

	September	
	2021	2020
Operating activities		
Receipts from customers	\$ 1,682,405	\$ 1,652,824
Payments to suppliers	(691,655)	(611,378)
Payments for salaries and benefits	(238,024)	(262,228)
Other operating activities	37,953	37,557
Net cash provided by operating activities	790,679	816,775
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(119,913)	(118,726)
Net cash used in noncapital and related financing activities	(119,913)	(118,726)
Capital and related financing activities		
Acquisition and construction of capital assets	(352,653)	(409,139)
Defeasance of debt	(316,255)	(523,050)
Proceeds received from debt	166,375	352,260
Interest paid on debt	(133,894)	(154,096)
Repayment of debt principal	(102,700)	(192,555)
Capital contributions	40,281	32,988
Revolving credit agreement repayments	(5,000)	-
Other capital financing activities	51,178	69,890
Net cash used in capital and related financing activities	(652,668)	(823,702)
Investing activities		
Proceeds from sale and maturity of investments	325,679	339,818
Purchase of investments	(289,935)	(268,366)
Distributions from The Energy Authority	10,848	1,945
Investment income	7,291	13,166
Net cash provided by investing activities	53,883	86,563
Net change in cash and cash equivalents	71,981	(39,090)
Cash and cash equivalents at beginning of year	641,132	680,222
Cash and cash equivalents at end of year	\$ 713,113	\$ 641,132
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 412,485	\$ 451,988
Adjustments:		
Depreciation and amortization	392,827	366,311
Recognition of deferred costs and revenues, net	30,718	28,619
Other nonoperating income, net	56	1,039
Changes in noncash assets and noncash liabilities:		
Accounts receivable	(1,756)	7,518
Inventories	3,778	(9,626)
Other assets	(4,652)	3,861
Accounts and accrued expenses payable	7,624	8,266
Current liabilities payable from restricted assets	(4,978)	(7,339)
Other noncurrent liabilities and deferred inflows	(45,423)	(33,862)
Net cash provided by operating activities	\$ 790,679	\$ 816,775
Noncash activity		
Contribution of capital assets from developers	\$ 54,299	\$ 76,558
Unrealized investment fair market value changes, net	\$ (4,534)	\$ 3,041

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Fiduciary Net Position
 SJRPP Pension Trust Fund
(In Thousands)

	September	
	2021	2020
Assets		
Cash and cash equivalents	\$ 11,110	\$ 3,273
Receivables:		
Interest and dividends	425	421
Sale of investments	14	104
Employee	1	68
Employer	-	1
Total receivables	<u>440</u>	<u>594</u>
Investments at fair value:		
Bonds and notes	67,322	67,509
Common stock	57,236	45,736
Mutual funds	54,369	52,926
Total investments	<u>178,927</u>	<u>166,171</u>
Total assets	<u>\$ 190,477</u>	<u>\$ 170,038</u>
Liabilities		
Accounts payable and other liabilities	\$ 383	\$ 56
Net position		
Restricted for pensions	190,094	169,982
Total liabilities and net position	<u>\$ 190,477</u>	<u>\$ 170,038</u>

See accompanying notes to financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Statements of Changes in Fiduciary Net Position
 SJRPP Pension Trust Fund
(In Thousands)

	September	
	2021	2020
Additions		
Contributions:		
Employer	\$ -	\$ 13,307
Members	15	19
Total contributions	15	13,326
Investment earnings:		
Net gains (losses)	31,424	5,494
Interest, dividends, and other	2,858	2,855
Total investment earnings	34,282	8,349
Less investment activity costs	(551)	(472)
Net investment earnings	33,731	7,877
Total additions	33,746	21,203
Deductions		
Benefits paid to participants or beneficiaries	13,540	13,148
Administrative expense	94	86
Total deductions	13,634	13,234
Net change in fiduciary net position	20,112	7,969
Net position, beginning of year	169,982	162,013
Net position, end of year	\$ 190,094	\$ 169,982

See accompanying notes to financial statements.

JEA

Notes to Financial Statements
(Dollars in Thousands)

Years Ended September 30, 2021 and 2020

1. Summary of Significant Accounting Policies and Practices**(a) Reporting Entity**

JEA is currently organized into three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which is jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). Water and Sewer consists of water and sewer system activities. DES consists of chilled water activities. Separate accounting records are currently maintained for each system. These financial statements include JEA's ownership interest in Scherer. The following information relates to JEA's ownership interest in Scherer as of September 30, 2021 and 2020:

	2021	2020
Inventories	\$ 2,477	\$ 6,590
Other current assets	24	320
Costs to be recovered from future revenues	608	940
Net capital assets	110,434	118,821
Unrealized asset retirement obligations	37,601	32,368
Unamortized deferred losses on refundings	757	801
Current portion of asset retirement obligations	3,239	1,263
Accounts and accrued expenses payable	999	991
Debt due within one year	7,080	6,975
Interest payable	1,749	1,858
Long-term portion of asset retirement obligations	34,362	31,105
Long-term debt	74,414	81,461
Revenues to be used for future costs	28,102	29,784

The funds are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the operations. The operations of Scherer and SJRPP are subject to joint ownership agreements and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(t), Setting of rates.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Plant Scherer closure as of January 1, 2022. On that same date, JEA also executed a 20-year Purchased Power Agreement (PPA) between JEA and FPL for natural gas-fired system product with a solar conversion option and a related 10-year natural gas hedge to replace the capacity and energy of Plant Scherer.

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.
- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.
- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)**(c) Revenues**

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to and/or from stabilization funds. Discounts and allowances totaled \$32,526 in fiscal year 2021 and \$35,895 in 2020. JEA withdrew the net amount of \$50,942 in fiscal year 2021 and \$33,510 in 2020 from stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. Operating revenues include amounts estimated for unbilled services provided during the reporting period of \$73,489 in fiscal year 2021 and \$74,566 in 2020.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by their bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	2021	2020
Electric Enterprise Fund	4.3%	4.3%
Water and Sewer Fund	4.1%	4.2%
District Energy System	4.0%	3.9%

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was \$120,911 for fiscal year 2021 and \$141,213 for 2020, of which \$9,305 was capitalized in fiscal year 2021 and \$19,713 was capitalized in 2020. Investment income on bond proceeds was \$34 in fiscal year 2021 and \$837 in 2020.

(f) Depreciation

Depreciation of capital assets is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. Depreciation begins on the date the assets are placed in service. Generally, recurring renewal and replacement capital additions are placed in service at the end of each fiscal year. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically. The latest depreciation study was completed during fiscal year 2019 and the rates for that study became effective in fiscal year 2020. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.19% and 3.08% for fiscal years 2021 and 2020, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life (Years)	2021	2020
Electric Enterprise Fund	23.7	23.4
Water and Sewer Fund	27.1	27.3
District Energy System	19.1	22.7

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)**(i) Investments**

Investments are presented at fair value or cost, which is further explained in note 14, *Fair Value Measurements*. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2021 and 2020, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)****(l) Inventory**

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred outflow of resources or a deferred inflow of resources until such time that the transactions end. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position.

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of \$54,299 and \$76,558 were recorded in fiscal years 2021 and 2020 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City's General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. The SJRPP Plan is governed by a three-member Pension Committee to ensure compliance with actuarial standards.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)**

The compensated absence liability as of September 30, 2021 is \$37,195. Of this amount, \$3,762 is included in compensation and benefits payable under current liabilities on the accompanying statement of net position. The remaining balance of \$33,433 is included in compensation and benefits payable in noncurrent liabilities on the accompanying statement of net position. During fiscal year 2021, annual leave earned totaled \$24,247 and annual leave taken totaled \$22,478. The compensated absence liability as of September 30, 2020 was \$35,402. Of this amount, \$4,060 was included in compensation and benefits payable under current liabilities on the accompanying statements of net position. The remaining balance of \$31,342 was included in compensation and benefits payable in noncurrent liabilities on the accompanying statements of net position. During fiscal year 2020, annual leave earned totaled \$23,492 and annual leave taken totaled \$20,243.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

(r) Asset Retirement Obligations

JEA applies GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). See note 3, Asset Retirement Obligations, for further discussion.

(s) Costs to Be Recovered from Future Revenues/Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)**(t) Setting of Rates**

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. At the June 2021 meeting, the Board approved the FY22 Budget which included a Fuel Charge decrease to \$30.50/MWh, effective October 1, 2021. At the August 2021 meeting, the Board approved the following rate changes, also effective October 1, 2021:

- Increase the Energy Rate for all customers
- Extension of the Economic Development Riders
- Removal of the JEA Residential Demand Rate
- Increase Plant Capacity, Tap, and Meter Fees
- Increase the ≥ 10 " meters Commercial Volume Charge

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

(u) Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

(v) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)****(w) Newly Adopted Standards for Fiscal Year 2021**

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2021. As a result of this standard, JEA included fiduciary fund financial statements for the SJRPP Pension Trust Fund and related disclosures in these financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for JEA in fiscal year 2021. The implementation of this statement did not have an impact on JEA's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. The removal of LIBOR as an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt is effective for JEA in fiscal year 2022 while all other requirements of this statement were effective for JEA for fiscal year 2021. The implementation of the fiscal year 2021 requirements for this statement did not have an impact on JEA's financial statements.

(x) Recently Issued Accounting Pronouncements Not Yet Effective

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for JEA in fiscal year 2022. The impact on JEA's financial reporting has not been determined.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**1. Summary of Significant Accounting Policies and Practices (continued)**

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. However, GASB allows those entities meeting the criteria for regulated operations, and electing to apply the related provisions of Statement 62, to continue to capitalize qualifying interest cost as a regulatory asset. This statement is effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for JEA in fiscal year 2023. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Some requirements were effective for fiscal year 2020, while the remaining requirements are effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

GASB 93 requires the removal of LIBOR as an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt, effective for JEA in fiscal year 2022. The taxable debt of JEA is fixed rate debt and, as such, the implementation of this portion of the statement will not have an impact on JEA's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement is effective for JEA in fiscal year 2023. The impact on JEA's financial reporting has not been determined.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for JEA in fiscal year 2023. The impact on JEA's financial reporting has not been determined.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Portions of this statement were effective for fiscal year 2020 while the remaining requirements are effective for JEA in fiscal year 2023. The impact on JEA's financial reporting for the fiscal year 2023 provisions has not been determined.

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under costs to be recovered from future revenues or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Assets	2021	2020
Unfunded pension costs	\$ 589,355	\$ 527,330
SJRPP and Bulk Power cost to be recovered	218,458	232,605
Environmental projects	45,616	59,872
Unfunded OPEB costs	12,559	15,979
Debt issue costs	9,003	7,918
Storm costs to be recovered	6,958	8,610
Total regulatory assets	\$ 881,949	\$ 852,314

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's portion of the GERP. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of \$218,458 at September 30, 2021 and \$232,335 at September 30, 2020 are the result of differences between expenses in determining rates and those used in financial reporting. During fiscal year 2018, operations of SJRPP, as generating facility, ceased and the majority of the assets were dismantled. As of September 30, 2021, SJRPP has remaining plant in service assets of \$8,914 and outstanding debt of \$251,765. The details relating to the shutdown of SJRPP are further discussed in the St. Johns River Power Park section of note 3, Asset Retirement Obligations. The JEA board approved the deferral of this regulatory asset. SJRPP has a contract with the JEA Electric System to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were \$0 at September 30, 2021 and \$270 at September 30, 2020. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Environmental Projects – The Board approved the recovery of previously approved water environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was \$101,277 of which \$34,205 and \$42,756 remained unrecovered as of September 30, 2021 and 2020, respectively. This deferral is being amortized over ten years. The Board also approved the recovery of previously approved electric environmental capital projects that had not been collected through the environmental surcharge over a five-year period beginning October 1, 2018. The amount approved for recovery and transferred out of capital assets was \$28,527 of which \$11,411 and \$17,116 remained unrecovered as of September 30, 2021 and 2020. This deferral is being amortized over five years.

Unfunded OPEB Costs – Accrued OPEB represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's other postemployment benefit plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for OPEB. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 75 in fiscal year 2018. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and OPEB expense.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Storm costs to be recovered – This amount represents storm costs that are expected to be recovered from insurance and the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

Regulatory Liabilities

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities	2021	2020
Environmental	\$ 49,833	\$ 45,190
Fuel stabilization	41,767	73,347
Bulk Power revenues to be used for future costs	28,102	29,784
Self-insurance medical reserve	14,272	10,890
Nonfuel purchased power	10,513	36,326
Customer benefit stabilization	7,233	5,424
Excess pension contributions	5,094	5,821
Total regulatory liabilities	<u>\$ 156,814</u>	<u>\$ 206,782</u>

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability.

The changes in the environmental regulatory liability for the years ended September 30, 2021 and 2020 are as follows:

Environmental	2021	2020
Beginning balance	\$ 45,190	\$ 41,319
Surcharge revenue	32,696	33,146
Prior capital projects cost recovery	(14,257)	(14,257)
Capital projects	(12,512)	(11,038)
Operations and maintenance projects	(1,284)	(3,980)
Ending balance	<u>\$ 49,833</u>	<u>\$ 45,190</u>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. Net expense incurred in excess of the revenue collected and recognized as a reduction of the regulatory liability during fiscal year 2021 was \$31,580. Net revenue collected in excess of expense incurred and recognized as an addition to the regulatory liability during fiscal year 2020 was \$26,194.

Bulk Power revenues to be used for future costs – This amount represents Bulk Power Supply System early debt principal paid in excess of straight-line depreciation.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated “Health Self-Insurance Fund” to cover reserve requirements for its self-insurance health program over medical and prescription benefits. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less approved amounts to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of \$250 per employee. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

The changes in the self-insurance medical reserve for the years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Beginning balance	\$ 10,890	\$ 11,210
Contributions	30,599	30,027
Incurred claims	(27,217)	(30,347)
Ending balance	<u>\$ 14,272</u>	<u>\$ 10,890</u>

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle’s debt service with the anticipated in service date. It may be used for other purposes with the Board’s approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed. No deposits were made to the stabilization fund for fiscal years 2021 and 2020.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**2. Regulatory Deferrals (continued)**

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

Excess pension contributions – Excess pensions contributions represents a regulatory liability related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to the SJRPP Plan. The regulatory liability is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

3. Asset Retirement Obligations**Scherer**

On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Plant Scherer closure as of January 1, 2022. On that same date, JEA also executed the FPL PPA and a related 10-year natural gas hedge. The obligation of JEA to retire Plant Scherer is subject to FPL having performed and complied in all material respects with the agreement including remittance of the \$100,000 consummation payment to be used by JEA in its discretion to pay for JEA's costs in completing the retirement of Unit No. 4, including, but not limited to, the defeasance of the outstanding bonds. FPL may also, at any time before the retirement date, terminate the retirement agreement if the Florida Public Service Commission (FPSC) does not issue an order that allows FPL's proposed cost recovery plan for the consummation payment. FPL filed with the FPSC for approval in March 2021 and received approval on October 26, 2021 (see note 18, Subsequent Events for more information).

As part of JEA's ownership of Scherer, it has a proportionate ownership interest in associated common facilities (Common Facilities) of 5.91% (23.64% divided by 4, as there are 4 units in total). There is no majority owner of the Common Facilities. Georgia Power is the nongovernmental minority owner that has operational responsibility of the Common Facilities and, as such, is responsible for calculating any associated asset retirement obligations (AROs). The AROs at Scherer are primarily related to the ash pond.

In accordance with GASB 83, JEA's minority share of the AROs is reported using the measurement produced by Georgia Power, who is registered with the Securities and Exchange Commission and is subject to accounting rules set by the Financial Accounting Standards Board.

At September 30, 2021, the total amount of the AROs at Scherer are \$636,226, with JEA's minority share being \$37,601. Of the total liability, \$3,239 is recorded in asset retirement obligations in current liabilities and \$34,362 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by the unrealized asset retirement obligation of \$37,601, which is recorded in deferred outflows of resources.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

3. Asset Retirement Obligations (continued)

At September 30, 2020, the total amount of the AROs at Scherer are \$547,683, with JEA's minority share being \$32,368. Of the total liability, \$1,263 is recorded in asset retirement obligations in current liabilities and \$31,105 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by the unrealized asset retirement obligation of \$32,368, which is recorded in deferred outflows of resources.

There are no legally required funding or assurance provisions associated with JEA's minority share of the AROs and JEA has not restricted any of its assets for payment of this liability.

St. Johns River Power Park

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. The JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP. The final order was approved by FPSC in October 2017.

FPL received a credit for their estimated share of the material and supplies inventory balance at shutdown, pending sale of the inventory. After the sales period passed, FPL paid a shutdown payment adjustment for their share of 20% of the loss on the remaining materials and supplies inventory. During fiscal year 2020, JEA liquidated the remaining material and supplies inventory.

Regulatory balances remaining will be amortized over the life of the remaining debt outstanding related to Issue Three debt. See note 2, Regulatory Deferrals, for additional information related to SJRPP's regulatory deferrals.

FPL conveyed their 20% undivided ownership of plant in service assets to JEA. The retained plant in service assets were recorded at fair value. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA upon completion of dismantlement and environmental remediation. Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. Dismantlement and remediation is expected to be complete by January 2022. Monitoring of the site will continue for thirty years subsequent to the completion date. JEA's share of the estimated cost for dismantlement and remediation remaining is approximately \$68 is recorded in current portion of asset retirement obligations and is offset by the separate line item, unrealized asset retirement obligation, in the statement of net position. Currently, JEA does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on the site until completion of future environmental studies. In addition, conditions that are currently unknown could result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, JEA believes its ARO accurately reflects the estimated cost of remedial actions currently required.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**4. Restricted Assets**

Restricted assets were held in the following funds at September 30, 2021 and 2020:

	September 30, 2021				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	\$ 183,800	\$ 32,998	\$ 97,073	\$ 634	\$ 314,505
Sinking Fund	89,817	19,489	30,006	2,397	141,709
Debt Service Reserve Fund	55,844	10,098	55,665	—	121,607
Revenue Fund	—	29,871	—	—	29,871
Construction Fund	286	—	14,266	—	14,552
Adjustment to fair value of investments	2,977	72	4,184	—	7,233
Environmental Fund	83	—	3,118	—	3,201
Total	<u>\$ 332,807</u>	<u>\$ 92,528</u>	<u>\$ 204,312</u>	<u>\$ 3,031</u>	<u>\$ 632,678</u>

	September 30, 2020				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	\$ 138,696	\$ 37,910	\$ 38,138	\$ 1,868	\$ 216,612
Sinking Fund	91,358	18,928	41,660	2,373	154,319
Debt Service Reserve Fund	55,844	10,555	58,228	—	124,627
Revenue Fund	—	32,062	—	—	32,062
Construction Fund	311	—	25,541	—	25,852
Adjustment to fair value of investments	5,772	101	5,890	—	11,763
Environmental Fund	301	—	649	—	950
Total	<u>\$ 292,282</u>	<u>\$ 99,556</u>	<u>\$ 170,106</u>	<u>\$ 4,241</u>	<u>\$ 566,185</u>

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

At September 30, 2021 and 2020, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2021	2020
Securities:		
Money market mutual funds	\$ 331,417	\$ 248,983
Local government investment pool	168,799	181,891
Commercial paper	117,378	63,765
State and local government securities	113,483	140,950
U.S. Treasury and government agency securities	43,860	110,875
Total securities, at fair value	<u>\$ 774,937</u>	<u>\$ 746,464</u>

These securities are held in the following accounts:

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 350,495	\$ 387,148
Investments	4,140	3,107
Restricted assets:		
Cash and cash equivalents	362,618	253,984
Investments	269,820	311,130
Total cash and investments	<u>987,073</u>	<u>955,369</u>
Less: cash on deposit	(212,896)	(210,257)
Plus: interest due on securities	760	1,352
Total securities, at fair value	<u>\$ 774,937</u>	<u>\$ 746,464</u>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

5. Cash and Investments (continued)

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2021, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year.

The maturity distribution of the investments held at September 30, 2021 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
Money market mutual funds	\$ 331,417	\$ –	\$ –	\$ –	\$ 331,417
Local government investment pools	168,799	–	–	–	168,799
State and local government securities	23,245	9,940	41,423	38,875	113,483
U.S. Treasury and government agency securities	4,291	39,569	–	–	43,860
Commercial paper	117,378	–	–	–	117,378
Total securities, at fair value	<u>\$ 645,130</u>	<u>\$ 49,509</u>	<u>\$ 41,423</u>	<u>\$ 38,875</u>	<u>\$ 774,937</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**5. Cash and Investments (continued)**

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; (2) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2021, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to \$12,500 as well as limits investments in commercial paper to 25% of the total cash and investment portfolio, regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2021, JEA had 15.1% of its investments in commercial paper.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

Concentration of Credit Risk – As of September 30, 2021, investments in any one issuer representing 5% or more of JEA's investments included \$43,860 (5.7%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2021, investments in all security types were within the allowable policy limits.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

6. Capital Assets

Capital asset activity for the year ended September 30, 2021 is as follows:

	Balance September 30, 2020	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2021
Electric Enterprise Fund:					
Generation assets	\$ 3,853,169	\$ –	\$ (1,003)	\$ 20,913	\$ 3,873,079
Transmission assets	645,784	–	(3,635)	36,772	678,921
Distribution assets	2,132,333	–	(6,122)	113,975	2,240,186
Other assets	520,644	–	(2,886)	13,850	531,608
Total capital assets	7,151,930	–	(13,646)	185,510	7,323,794
Less: accumulated depreciation and amortization	(4,752,821)	(218,423)	13,646	–	(4,957,598)
Land	130,408	–	–	1,088	131,496
Construction work-in-process	154,702	152,034	–	(186,598)	120,138
Net capital assets	2,684,219	(66,389)	–	–	2,617,830
Water and Sewer Fund:					
Pumping assets	597,500	–	(5,726)	56,950	648,724
Treatment assets	803,698	–	(3,010)	8,503	809,191
Transmission and distribution assets	1,298,283	–	(79)	34,374	1,332,578
Collection assets	1,598,138	–	(15)	6,904	1,605,027
Reclaimed water assets	158,868	–	(7)	4,748	163,609
General and other assets	456,506	–	(1,429)	16,646	471,723
Total capital assets	4,912,993	–	(10,266)	128,125	5,030,852
Less: accumulated depreciation	(2,379,631)	(167,412)	10,266	4,189	(2,532,588)
Land	83,459	–	(5,155)	798	79,102
Construction work-in-process	175,783	200,068	–	(128,923)	246,928
Net capital assets	2,792,604	32,656	(5,155)	4,189	2,824,294
District Energy System:					
Chilled water plant assets	59,530	–	–	1,328	60,858
Total capital assets	59,530	–	–	1,328	60,858
Less: accumulated depreciation	(29,255)	(2,586)	–	–	(31,841)
Land	3,051	–	–	–	3,051
Construction work-in process	1,026	2,603	–	(1,328)	2,301
Net capital assets	34,352	17	–	–	34,369
Total	\$ 5,511,175	\$ (33,716)	\$ (5,155)	\$ 4,189	\$ 5,476,493

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**6. Capital Assets (continued)**

Capital asset activity for the year ended September 30, 2020 is as follows:

	Balance September 30, 2019	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2020
Electric Enterprise Fund:					
Generation assets	\$ 3,798,017	\$ —	\$ (5,530)	\$ 60,682	\$ 3,853,169
Transmission assets	593,911	—	(20)	51,893	645,784
Distribution assets	2,050,306	—	(4,980)	87,007	2,132,333
Other assets	472,398	—	(5,380)	53,626	520,644
Total capital assets	6,914,632	—	(15,910)	253,208	7,151,930
Less: accumulated depreciation and amortization	(4,565,606)	(203,125)	15,910	—	(4,752,821)
Land	131,117	—	—	(709)	130,408
Construction work-in-process	203,901	203,300	—	(252,499)	154,702
Net capital assets	2,684,044	175	—	—	2,684,219
Water and Sewer Fund:					
Pumping assets	561,875	—	(5,070)	40,695	597,500
Treatment assets	681,301	—	(6,220)	128,617	803,698
Transmission and distribution assets	1,254,028	—	(72)	44,327	1,298,283
Collection assets	1,532,283	—	(291)	66,146	1,598,138
Reclaimed water assets	138,843	—	—	20,025	158,868
General and other assets	423,761	—	(3,406)	36,151	456,506
Total capital assets	4,592,091	—	(15,059)	335,961	4,912,993
Less: accumulated depreciation	(2,242,977)	(155,902)	15,059	4,189	(2,379,631)
Land	61,293	—	(633)	22,799	83,459
Construction work-in-process	337,716	196,828	—	(358,761)	175,783
Net capital assets	2,748,123	40,926	(633)	4,188	2,792,604
District Energy System:					
Chilled water plant assets	57,150	—	(1,115)	3,495	59,530
Total capital assets	57,150	—	(1,115)	3,495	59,530
Less: accumulated depreciation	(27,728)	(2,642)	1,115	—	(29,255)
Land	3,051	—	—	—	3,051
Construction work-in process	804	3,717	—	(3,495)	1,026
Net capital assets	33,277	1,075	—	—	34,352
Total	\$ 5,465,444	\$ 42,176	\$ (633)	\$ 4,188	\$ 5,511,175

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida, with an ownership interest of 17.6%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were \$15,378 in fiscal year 2021 and \$2,848 in 2020 for all power marketing activities. JEA's distributions from TEA were \$10,848 in fiscal year 2021 and \$1,945 in 2020. The investment in TEA was \$12,153 at September 30, 2021 and \$8,619 at September 30, 2020 and is included in noncurrent assets on the accompanying statements of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2021 and 2020. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2021	2020
Condensed statement of net position:		
Current assets	\$ 329,376	\$ 155,621
Noncurrent assets	35,937	22,752
Total assets	<u>\$ 365,313</u>	<u>\$ 178,373</u>
Current liabilities	\$ 291,886	\$ 127,800
Noncurrent liabilities	14,153	275
Deferred inflows	17,252	-
Members' capital	69,416	50,298
Total liabilities and members' capital	<u>\$ 392,707</u>	<u>\$ 178,373</u>
Condensed statement of operations:		
Operating revenues	\$ 2,086,069	\$ 901,423
Operating expenses	1,958,481	852,836
Operating income	<u>\$ 127,588</u>	<u>\$ 48,587</u>
Net income	<u>\$ 127,610</u>	<u>\$ 48,619</u>

As of September 30, 2021, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to \$28,929 and TEA's natural gas procurement and trading activities up to \$33,600, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to \$60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**7. Investment in The Energy Authority (continued)**

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

Under a separate agreement, TEA contracted with Southern Power Company ("Southern"), on JEA's behalf, for the purchase and sale of capacity and energy from Southern's Wansley plant located in Heard County, GA, covering the term from January 1, 2018 to December 31, 2019. In turn, JEA guaranteed the payment obligations in the agreement up to \$9,000 as well as all reasonable fees and expenses of Southern's counsel in any way relating to the enforcement of Southern's rights under the agreement.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt**

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each system in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)**

Below is the schedule of outstanding indebtedness for the fiscal years 2021 and 2020.

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	\$ 5	\$ 5
Series Three 2005B	4.750%	2033	100	100
Series Three 2008A ⁽²⁾	Variable	2027-2036	51,680	51,680
Series Three 2008B-1 ⁽³⁾	Variable	2021-2040	58,745	59,195
Series Three 2008B-2 ⁽²⁾	Variable	2025-2040	41,900	41,900
Series Three 2008B-3 ⁽²⁾	Variable	2024-2036	37,000	37,000
Series Three 2008B-4 ⁽³⁾	Variable	2021-2036	45,385	48,585
Series Three 2008C-1 ⁽²⁾	Variable	2024-2034	44,145	44,145
Series Three 2008C-2 ⁽²⁾	Variable	2024-2034	43,900	43,900
Series Three 2008C-3 ⁽²⁾	Variable	2030-2038	25,000	25,000
Series Three 2008D-1 ⁽³⁾	Variable	2021-2036	100,675	103,530
Series Three 2009D ⁽⁴⁾	6.056%	2033-2044	45,955	45,955
Series Three 2010D	N/A	N/A	—	1,145
Series Three 2010E ⁽⁴⁾	5.350-5.482%	2028-2040	34,255	34,255
Series Three 2012A	N/A	N/A	—	16,210
Series Three 2012B	N/A	N/A	—	2,050
Series Three 2013A	5.000%	2021-2022	27,485	39,880
Series Three 2013C	4.600-5.000%	2021-2029	4,705	8,855
Series Three 2015A	5.000%	2021	1,555	4,825
Series Three 2015B	5.000%	2030-2031	4,535	4,535
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095	198,095
Series Three 2020A	3.000 - 5.000%	2026-2041	129,255	129,255
Series Three 2021A	4.000 - 5.000%	2033-2039	10,385	—
Total Electric System Senior Revenue Bonds			904,760	940,100

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Electric System Subordinated Revenue Bonds:				
2000 Series A ⁽²⁾	Variable	2021-2025	\$ 17,740	\$ 30,965
2000 Series F-1 ⁽²⁾	N/A	N/A	–	37,200
2000 Series F-2 ⁽²⁾	N/A	N/A	–	24,800
2008 Series D ⁽²⁾	Variable	2024-2038	39,455	39,455
2009 Series F ⁽⁴⁾	5.200 - 6.406%	2021-2034	58,880	60,605
2010 Series B	N/A	N/A	–	2,155
2010 Series D ⁽⁴⁾	4.549 - 5.582%	2021-2027	38,335	39,345
2012 Series A	N/A	N/A	–	52,480
2012 Series B	N/A	N/A	–	1,060
2013 Series A	5.000%	2021-2029	9,770	12,660
2013 Series B	5.000%	2021-2022	10,235	13,225
2013 Series C	5.000%	2021-2037	33,640	36,975
2013 Series D	5.000%	2021	5,485	18,275
2014 Series A	5.000%	2021-2039	41,420	63,865
2017 Series B	3.375 - 5.000%	2026-2034	142,065	143,175
2020 Series A	4.000 - 5.000%	2028-2038	92,415	92,415
2021 Series A	4.000 - 5.000%	2029-2034	34,175	–
Total Electric System Subordinated Revenue Bonds			523,615	668,655
Bulk Power Supply System Revenue Bonds:				
Series 2010A ⁽⁴⁾	5.050 - 5.920%	2021-2030	29,510	32,215
Series 2014A	2.250 - 4.125%	2021-2038	52,375	56,645
Total Bulk Power System Revenue Bonds			81,885	88,860
SJRP System Revenue Bonds:				
Issue Three, Series One	4.500%	2037	100	100
Issue Three, Series Two	5.000%	2034-2037	29,370	29,370
Issue Three, Series Four ⁽⁴⁾	4.750 - 5.450%	2021-2028	17,085	18,915
Issue Three, Series Six	2.375 - 5.000%	2021-2037	77,940	85,650
Issue Three, Series Seven	2.500 - 3.625%	2021-2033	73,815	75,380
Issue Three, Series Eight	2.250 - 4.000%	2021-2039	53,455	55,690
Total SJRP System Revenue Bonds			251,765	265,105

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Water and Sewer System Senior Revenue Bonds:				
2006 Series B ⁽⁵⁾	Variable	2021-2022	\$ 9,915	\$ 19,110
2008 Series A-2 ⁽²⁾	Variable	2028-2042	51,820	51,820
2008 Series B ⁽²⁾	Variable	2023-2041	85,290	85,290
2010 Series A ⁽⁴⁾	6.210 - 6.310%	2026-2044	83,115	83,115
2010 Series B	5.400 - 5.700%	2021-2025	8,650	10,380
2010 Series F ⁽⁴⁾	4.150 - 5.887%	2021-2040	38,665	39,700
2012 Series A	N/A	N/A	—	152,105
2012 Series B	3.000 - 5.000%	2024-2034	13,170	13,170
2013 Series A	4.500 - 5.000%	2023-2027	4,995	4,995
2014 Series A	4.000 - 5.000%	2023-2040	148,390	154,000
2017 Series A	3.125 - 5.000%	2023-2041	346,770	346,770
2020 Series A	3.000 - 5.000%	2023-2040	104,000	104,000
2021 Series A	3.000 - 5.000%	2023-2041	121,815	—
Total Water and Sewer System Senior Revenue Bonds			1,016,595	1,064,455
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1 ⁽²⁾	Variable	2021-2038	44,350	46,650
Subordinated 2008 Series A-2 ⁽²⁾	Variable	2030-2038	25,600	25,600
Subordinated 2008 Series B-1 ⁽²⁾	Variable	2030-2036	30,885	30,885
Subordinated 2012 Series B	3.250 - 5.000%	2030-2034	4,480	4,480
Subordinated 2013 Series A	5.000%	2028-2029	2,760	2,760
Subordinated 2017 Series A	2.750 - 5.000%	2023-2034	55,015	55,015
Subordinated 2020 Series A	4.000 - 5.000%	2024-2040	26,590	26,590
Total Water and Sewer System Subordinated Revenue Bonds			189,680	191,980

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates ⁽¹⁾	Payment Dates	September 30	
			2021	2020
Water and Sewer System Other Subordinated Debt				
Revolving Credit Agreement	N/A	N/A	\$ —	\$ 5,000
Total Water and Sewer System Other Subordinated Debt			—	5,000
District Energy System:				
2013 Series A	2.694 - 4.538%	2021-2034	31,410	33,135
Total District Energy System			31,410	33,135
Total Debt Principal Outstanding			2,999,710	3,257,290
Less: Debt Due Within One Year			(91,535)	(102,700)
Total Long-Term Debt			<u>\$ 2,908,175</u>	<u>\$ 3,154,590</u>

(1) Interest rates apply only to bonds outstanding at September 30, 2021. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode, or the flexible mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2021 and 2020.

(2) Variable rate demand obligations – interest rates ranged from 0.05% to 0.11% at September 30, 2021.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 0.55% at September 30, 2021.

(4) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(5) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 2.39% to 2.40% at September 30, 2021.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2021 was as follows:

System	Debt Payable September 30, 2020	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2021	Current Portion of Debt Payable September 30, 2021
Electric:						
Revenue	\$ 1,397,445	\$ 44,560	\$ (164,150)	\$ (54,285)	\$ 1,223,570	\$ 50,545
Direct purchase	211,310	—	—	(6,505)	204,805	8,595
Total electric	1,608,755	44,560	(164,150)	(60,790)	1,428,375	59,140
Bulk Power Supply	88,860	—	—	(6,975)	81,885	7,080
SJRPP	265,105	—	—	(13,340)	251,765	14,175
Water and Sewer	1,256,435	121,815	(152,105)	(19,870)	1,206,275	9,370
DES	33,135	—	—	(1,725)	31,410	1,770
Total	\$ 3,252,290	\$ 166,375	\$ (316,255)	\$ (102,700)	\$ 2,999,710	\$ 91,535

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2020 was as follows:

System	Debt Payable September 30, 2019	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2020	Current Portion of Debt Payable September 30, 2020
Electric:						
Revenue	\$ 1,609,345	\$ 221,670	\$ (320,935)	\$ (112,635)	\$ 1,397,445	\$ 54,285
Direct purchase	214,905	—	—	(3,595)	211,310	6,505
Total electric	1,824,250	221,670	(320,935)	(116,230)	1,608,755	60,790
Bulk Power Supply	95,010	—	—	(6,150)	88,860	6,975
SJRPP	278,885	—	—	(13,780)	265,105	13,340
Water and Sewer	1,382,665	130,590	(202,115)	(54,705)	1,256,435	19,870
DES	34,825	—	—	(1,690)	33,135	1,725
Total	\$ 3,615,635	\$ 352,260	\$ (523,050)	\$ (192,555)	\$ 3,252,290	\$ 102,700

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The debt service payments to maturity on the outstanding debt as of September 30, 2021 are summarized below.

Fiscal Year	Electric System Revenue		Electric System Direct Purchase		Bulk Power Supply System	
	Principal	Interest ⁽¹⁾⁽²⁾	Principal	Interest ⁽²⁾	Principal	Interest ⁽¹⁾
2022	\$ 50,545	\$ 43,155	\$ 8,595	\$ 1,023	\$ 7,080	\$ 3,386
2023	35,785	41,869	8,925	978	7,270	3,138
2024	8,830	40,932	7,950	936	7,485	2,868
2025	19,745	40,596	10,190	884	4,760	2,631
2026	26,020	40,048	10,605	829	4,280	2,425
2027–2031	329,270	166,942	76,620	3,033	26,025	8,591
2032–2036	433,510	97,096	56,285	1,221	13,830	3,760
2037–2041	296,150	25,590	25,635	168	11,155	743
2042–2045	23,715	2,290	–	–	–	–
Total	\$ 1,223,570	\$ 498,518	\$ 204,805	\$ 9,072	\$ 81,885	\$ 27,542

Fiscal Year	SJPPP		Water and Sewer System		District Energy System		Total Debt Service
	Principal	Interest ⁽¹⁾	Principal	Interest ⁽¹⁾⁽²⁾	Principal	Interest	
2022	\$ 14,175	\$ 9,602	\$ 9,370	\$ 42,855	\$ 1,770	\$ 1,230	\$ 192,786
2023	15,285	9,002	9,850	44,280	1,815	1,179	179,376
2024	15,865	8,377	52,365	42,989	1,870	1,121	191,588
2025	16,445	7,710	55,675	40,576	1,930	1,058	202,200
2026	17,105	7,078	60,155	38,023	1,995	990	209,553
2027–2031	86,175	26,078	277,500	151,904	11,200	3,677	1,167,015
2032–2036	56,725	12,315	312,950	94,206	10,830	1,010	1,093,738
2037–2041	29,990	1,975	347,820	38,982	–	–	778,208
2042–2045	–	–	80,590	3,552	–	–	110,147
Total	\$ 251,765	\$ 82,137	\$ 1,206,275	\$ 497,367	\$ 31,410	\$ 10,265	\$ 4,124,611

(1) The interest requirement reflects gross interest, prior to any 35% cash subsidy payments, on the Federally Taxable – Issuer Subsidy – Build America Bonds.

(2) The interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2021.

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJPPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2022	2022	2022	2022	2023
Redemption price	100%	100%	100%	100%	100%

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)**

JEA debt issued during fiscal year 2021 is summarized as follows:

System	Debt Issued	Purpose	Priority of Lien	Month of Issue	Par Amount Issued	Par Amount Refunded	Accounting Gain/(Loss)
Electric	Series Three 2021A	Refunding ⁽¹⁾	Senior	Jul 2021	\$ 10,385	\$ 13,750	\$ 238
Electric	2021 Series A	Refunding ⁽²⁾	Subordinated	Jul 2021	34,175	46,010	(30)
Water and Sewer	2021 Series A	Refunding ⁽³⁾	Senior	Jul 2021	121,815	152,105	2,490
					<u>\$ 166,375</u>	<u>\$ 211,865</u>	<u>\$ 2,698</u>

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds with new debt service of \$16,741 compared to prior debt service of \$21,078 and \$3,812 of net present value economic savings.

⁽²⁾ Fixed rate bonds issued to refund fixed rate bonds with new debt service of \$52,598 compared to prior debt service of \$65,896 and \$11,494 of net present value economic savings.

⁽³⁾ Fixed rate bonds issued to refund fixed rate bonds with new debt service of \$187,119 compared to prior debt service of \$242,496 and \$46,194 of net present value economic savings.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, Bulk Power Supply System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

System	Authorization		Expiration
	Senior	Subordinated	
Electric	\$ 466,615	\$ 236,825	December 31, 2022
SJRPP Issue Three	250,000	—	December 31, 2022
Water and Sewer	290,185	111,000	December 31, 2022

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)***Variable Rate Demand Obligations (VRDOs) – Liquidity Support***

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2021, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. Commitment fees range 0.42% to 0.68% with stated termination dates ranging from August 22, 2022 to March 19, 2024, unless otherwise extended.

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2021, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The commitment fee is 0.42% with a stated expiration date of December 1, 2023, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4, and Series Three 2008D-1 (collectively, the Direct Purchase Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchase Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchase Bonds that were not purchased on the scheduled mandatory tender date that occurred, upon the expiration of such period, would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the scheduled mandatory tender date. The continuing covenant agreements specify certain events of default that require immediate repayment of outstanding amounts and other events of default that require repayment of outstanding amounts if the event of default continues from 7 days to 180 days. During the years ended September 30, 2021 and 2020, JEA did not default on any terms of the continuing covenant agreements. The current expiration date of the continuing covenant agreements is December 10, 2021, unless otherwise extended. The interest rate is variable and set weekly based upon SIFMA plus 50 basis points.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)*****Revolving Credit Agreement***

JEA has a revolving credit agreement with a commercial bank for an unsecured amount of \$500,000. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES for operating or capital expenditures. The revolving credit agreement specifies events of default that require immediate repayment of outstanding amounts. During the years ended September 30, 2021 and 2020, JEA did not default on any terms of the revolving credit agreement. During fiscal year 2021, the revolving credit agreement outstanding balance of \$5,000 was repaid by the Water and Sewer System, with \$500,000 available to be drawn as of September 30, 2021. The revolving credit agreement is scheduled to expire on May 24, 2024.

Debt Management Strategy

JEA has entered into various interest rate swap agreements, executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2021, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	\$ 174,000	\$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	81,575	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	9,915	4.1%	Oct 2006	Oct 2021-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		<u>\$ 771,520</u>	<u>\$ 497,990</u>				

The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2020, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	\$ 174,000	\$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	84,775	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	19,110	4.0-4.1%	Oct 2006	Oct 2020-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		<u>\$ 771,520</u>	<u>\$ 510,385</u>				

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The following table includes fiscal year 2021 and 2020 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

System	Changes in Fair Value		Fair Value at September 30, 2021		Notional
	Classification	Amount	Classification	Amount ⁽¹⁾	
Electric	Deferred outflows	\$ (36,855)	Fair value of debt management strategy instruments	\$ (102,752)	\$ 402,785
Water and Sewer	Deferred outflows	(11,078)	Fair value of debt management strategy instruments	(26,603)	95,205
Total		<u>\$ (47,933)</u>		<u>\$ (129,355)</u>	<u>\$ 497,990</u>

System	Changes in Fair Value		Fair Value at September 30, 2020		Notional
	Classification	Amount	Classification	Amount ⁽¹⁾	
Electric	Deferred outflows	\$ 20,986	Fair value of debt management strategy instruments	\$ (139,607)	\$ 405,985
Water and Sewer	Deferred outflows	6,415	Fair value of debt management strategy instruments	(37,681)	104,400
Total		<u>\$ 27,401</u>		<u>\$ (177,288)</u>	<u>\$ 510,385</u>

(1) Fair value amounts were calculated using market rates and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2021 and 2020, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2021	2020
68% of LIBOR Index:		
Notional amount outstanding	\$ 205,550	\$ 208,750
Variable rate received (weighted average)	0.08%	0.71%
Fixed rate paid (weighted average)	3.69%	3.69%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	\$ 282,525	\$ 282,525
Variable rate received (weighted average)	0.06%	0.83%
Fixed rate paid (weighted average)	4.02%	4.02%
CPI Index:		
Notional amount outstanding	\$ 9,915	\$ 19,100
Variable rate received (weighted average)	2.19%	3.14%
Fixed rate paid (weighted average)	4.08%	4.05%
Net debt management swap loss	\$ (18,811)	\$ (15,348)

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2021:

Electric System					
Fiscal Year	Principal	Interest⁽¹⁾	Net Swap Interest	Total	
2022	\$ 3,275	\$ 879	\$ 15,360	\$	19,514
2023	3,375	872	15,239		19,486
2024	5,400	862	15,043		21,305
2025	13,840	832	14,556		29,228
2026	19,205	789	13,835		33,829
2027–2031	160,355	2,981	52,179		215,515
2032–2036	117,495	1,285	22,712		141,492
2037–2040	79,840	175	3,285		83,300
Total	\$ 402,785	\$ 8,675	\$ 152,209	\$	563,669

Water and Sewer System					
Fiscal Year	Principal	Interest⁽¹⁾	Net Swap Interest	Total	
2022	\$ 4,860	\$ 205	\$ 3,430	\$	8,495
2023	5,055	86	3,346		8,487
2024	4,035	24	3,161		7,220
2025	4,420	23	2,991		7,434
2026	4,525	22	2,816		7,363
2027–2031	6,045	104	13,078		19,227
2032–2036	13,280	92	11,648		25,020
2037–2041	41,900	47	6,108		48,055
2042	11,085	–	36		11,121
Total	\$ 95,205	\$ 603	\$ 46,614	\$	142,422

⁽¹⁾ Interest requirement for the variable rate debt and the variable portion of the interest rate swaps was determined by using the interest rates that were in effect at the financial statement date of September 30, 2021. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2021.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" and a payment is owed to JEA. With respect to swap agreements entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+"/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount. All outstanding interest rate swaps at September 30, 2021, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2021.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2021, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A1/A	\$ 155,470
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480
JPMorgan Chase Bank, N.A.	A+/Aa2/AA	120,750
Merrill Lynch Derivative Products AG	A-/A2/AA-	85,290
Total		<u>\$ 497,990</u>

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2021, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 0.21%, the SIFMA swap index rate is 0.05%, and 68% of LIBOR is 0.06%.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**8. Long-Term Debt (continued)**

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Related Party Transactions**City of Jacksonville***Utility and Administrative Services*

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	2021	2020
Revenues	\$ 26,664	\$ 26,413
Expenses	\$ 5,216	\$ 6,154

City Contribution

On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021. On February 28, 2019, the agreement was amended to extend its expiration date to September 30, 2023.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

9. Related Party Transactions (continued)

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund were as follows:

	2021		2020
Electric	\$ 93,609	\$	93,871
Water and Sewer	\$ 26,403	\$	24,953

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

	2021		2020
Electric	\$ 28,750	\$	28,191
Water and Sewer	\$ 10,886	\$	10,963

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

9. Related Party Transactions (continued)

JEA has excess coverage for individual workers' compensation claims above \$1,500. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

	2021	2020
General liability	\$ 2,218	\$ 2,066
Workers' compensation	\$ 1,796	\$ 1,729

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2021 and 2020. The amounts are recorded by the City at present value using a 4% discount rate for the fiscal years ended September 30, 2021 and September 30, 2020.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	\$ 109,231	\$ 2,707	\$ 17,761	\$ 1,496
Change in provision	45,979	1,493	8,175	1,810
Payments	(22,483)	(809)	(7,139)	(1,000)
Ending balance	\$ 132,727	\$ 3,391	\$ 18,797	\$ 2,306

Vulcan Construction Materials LP

JEA purchases limestone from Vulcan Construction Materials LP (Vulcan) for use in generation of electricity at its Northside power plant as well as small amounts of granite and stone for repair of JEA access roads. The largest private shareholder of Vulcan is the Baker family, of which John D. Baker II, JEA Board Chairman, is a member. JEA executed its current contract with Vulcan prior to Mr. Baker's appointment to the Board. The contract will expire on December 31, 2021. In fiscal year 2021 and 2020, JEA purchased limestone from Vulcan of \$3,728 and \$7,636, respectively.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**10. Fuel Purchase and Purchased Power Commitments**

JEA has made long-term commitments to purchase approximately 664,000 tons of coal for Scherer Unit 4 between October and December 2021. Additionally, in September 2021, JEA has committed to purchase approximately 70,000 tons of coal for Northside. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts. The majority of JEA's coal and petroleum coke supply is purchased with transportation included.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2021.

On January 1, 2022, Scherer Unit 4 was retired and replaced by the FPL PPA, which will provide 200 MW of day-ahead scheduled power. The pricing structure of the FPL PPA is based on the cost of a natural gas combined cycle unit and will have a term of 20 years.

JEA had commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that were set to expire in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long-term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations accessible to JEA via firm natural gas transportation or natural gas supply agreements. The contracts expire at various dates in 2039, 2048, and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year Ending	Coal and Pet Coke		Natural Gas		Transmission	Total
	Fuel	Transportation	Transportation			
2022	\$ 765	\$ 975	\$ 6,606	\$ 12,600	\$ 20,946	
2023	—	—	6,606	16,800	23,406	
2024	—	—	6,624	16,800	23,424	
2025	—	—	6,606	16,800	23,406	
2026	—	—	6,606	16,800	23,406	
2027-2042	—	—	30,841	256,200	287,041	
Total	\$ 765	\$ 975	\$ 63,889	\$ 336,000	\$ 401,629	

Vogtle Units Purchased Power Agreement*Overview*

As a result of an earlier 2008 Board policy establishing a 10% of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the Additional Vogtle Units PPA) with the Municipal Electric Authority of Georgia (MEAG) for 206 megawatts (MW) of capacity and related energy from MEAG's interest in two additional nuclear generating units (the Additional Vogtle Units or Plant Vogtle Units 3 and 4) under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company (Georgia Power), Oglethorpe Power Corporation, MEAG and the City of Dalton, Georgia (collectively, the Vogtle Co-Owners). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 12% of JEA's total energy requirements in the year 2025.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, whether or not its output is suspended, reduced or the like, or terminated in whole or in part) except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)*Financing and In-Service Costs*

MEAG created three separate projects (the Vogtle Units 3 and 4 Project Entities) for the purpose of owning and financing its 22.7% undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as Project J. MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately \$7,008,700, including construction and financing costs through the estimated in-service dates, initial fuel load costs, switchyard and transmission costs, and contingencies established by Georgia Power at the project level for all Vogtle Co-Owners. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately \$7,517,785. A certain portion of these costs is subject to reduction in accordance with the 2019 Global Amendments to the Plant Vogtle Joint Operating Agreements. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$3,215,342.

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued \$1,248,435 of its Plant Vogtle Units 3 and 4 Project J Bonds (the 2010 PPA Bonds) on March 11, 2010. Of the total 2010 PPA Bonds, approximately \$1,224,265 were issued as Federally Taxable – Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35% of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2030. The current sequestration rate of 5.7% will be applied unless and until a law is enacted that cancels or otherwise affects the sequester. MEAG issued \$185,180 of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued \$570,925 of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of MEAG's July 18, 2019 Project J Bonds Series 2019A Official Statement relating to the issuance and JEA did not make any representations or warranties, or deliver any opinions of legal counsel, in connection with the offering, issuance, and sale of the Project J Bonds, Series 2019A. Further, on July 20, 2021, MEAG issued \$150,350 of additional Project J tax-exempt bonds. JEA provided updated disclosure regarding JEA in connection with MEAG's July 8, 2021 Project J Bonds, Series 2021 A Official Statement relating to the issuance and JEA made certain representations and warranties and delivered opinions of legal counsel in connection with the offering, issuance, and sale of the Project J Bonds, Series 2021A.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy (DOE) for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175% of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the Project J Entity).

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank (FFB) an aggregate amount of approximately \$687,279, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of \$414,700. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414,700. The Project J Entity's portion of the \$414,700 in additional loan guarantees is \$111,541 and this amount was fully drawn on October 2, 2020. MEAG expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

Summary of financing associated with Project J:

Long-term bonds	
2010A Build America bonds	\$ 1,224,265
2010B tax-exempt bonds	24,170
2015A tax-exempt bonds	185,180
2019A tax-exempt bonds	570,925
2021A tax-exempt bonds	150,350
Remaining financing requirement	163,805
Total long-term bonds	<u>2,318,695</u>
DOE advances ⁽¹⁾	
2015 DOE advances	345,990
2019 DOE advances	229,748
2020 DOE advances	111,541
Total DOE advances	<u>687,279</u>
Estimated interest earnings and bond premiums	209,368
Total capital requirements ⁽²⁾	<u>\$ 3,215,342</u>

(1) Includes advances and related capitalized interest accretion.

(2) Represents estimated total construction costs and required reserve deposits, net of payments received.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2021, including the October 2, 2020 DOE advances, is summarized as follows:

Fiscal Year Ending September 30	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2022	\$ 28,337	\$ 133,403	\$ 161,740	\$ (26,763)	\$ (101,200)	\$ 33,777
2023	31,449	132,976	164,425	(26,439)	(27,508)	110,478
2024	32,870	132,028	164,898	(26,100)	—	138,798
2025	34,109	130,472	164,581	(25,746)	—	138,835
2026	35,365	128,851	164,216	(25,378)	—	138,838
2027	36,686	127,151	163,837	(24,993)	—	138,844
2028	38,089	125,311	163,400	(24,592)	—	138,808
2029	39,525	123,476	163,001	(24,173)	—	138,828
2030	41,015	121,541	162,556	(23,737)	—	138,819
2031	42,568	119,526	162,094	(23,281)	—	138,813
2032	44,139	117,509	161,648	(22,806)	—	138,842
2033	45,877	115,224	161,101	(22,311)	—	138,790
2034	47,657	112,938	160,595	(21,794)	—	138,801
2035	49,459	110,608	160,067	(21,255)	—	138,812
2036	42,837	108,181	151,018	(20,692)	—	130,326
2037	31,599	105,617	137,216	(20,106)	—	117,110
2038	27,853	102,964	130,817	(19,494)	—	111,323
2039	24,730	100,152	124,882	(18,855)	—	106,027
2040	15,435	97,284	112,719	(18,189)	—	94,530
2041	12,218	94,224	106,442	(17,495)	—	88,947
2042	5,902	86,518	92,420	(16,022)	—	76,398
2043	770	23,509	24,279	(4,912)	—	19,367
Total	\$ 708,489	\$ 2,449,463	\$ 3,157,952	\$ (475,133)	\$ (128,708)	\$ 2,554,111

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)*Construction Arrangements for the Additional Vogtle Units*

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

- Bechtel Power Corporation (Bechtel) will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the Construction Agreement), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.
- In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the Vogtle Joint Ownership Agreements) that limit the circumstances under which the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.
- Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately \$1,400,000 to the current estimate of approximately \$3,215,342 inclusive of financing costs and required reserves. In addition, significant delays in the project's construction schedule have resulted in the original placed in service dates for Vogtle Unit 3 of April 2016 and for Vogtle Unit 4 of April 2017 being revised to the current projected placed in service dates for Vogtle Unit 3 and for Vogtle Unit 4 of September 2022 and June 2023, respectively.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project, or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Vogtle Units PPA. See the *Overview* and *Financing and In-Service Costs* sections above and *Litigation and Regulatory Proceedings* section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**10. Fuel Purchase and Purchased Power Commitments (continued)***Litigation and Regulatory Proceedings*

Litigation – On September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Fourth Judicial Circuit Court of Florida seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019, MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 4, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The Court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the PPA is enforceable. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues. On June 17, 2020, the district court granted MEAG's motion for summary judgment on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

Settlement of Litigation – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of \$0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission (FERC) seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (FERC Petition). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011, JEA entered into an option agreement with Duke Energy Carolinas, LLC (Duke Carolinas), a wholly owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was \$7,500, with \$3,750 paid in both fiscal year 2011 and 2012, respectively. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% of JEA's energy requirements from nuclear sources by 2030.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

10. Fuel Purchase and Purchased Power Commitments (continued)

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however, the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances, should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optional portion of the projected Lee Project capacity.

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year PPA with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is currently owned by Rev Renewables, an LS Power company, and generated approximately 14,925 MWh of electricity in fiscal year 2021 and 17,818 MWh of electricity in 2020. JEA pays only for the energy produced. Purchases of energy were \$3,169 for fiscal year 2021 and \$3,676 in 2020.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued requests for proposals for PPAs in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

JEA

Notes to Financial Statements (continued)
*(Dollars in Thousands)***10. Fuel Purchase and Purchased Power Commitments (continued)**

As of the end of calendar year 2019, all seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, Old Kings Solar, and Sunport Solar. JEA entered into 20-25 year PPAs for the energy and the associate environmental attributes from each solar farm. The solar facilities generated approximately 51,629 MWh in fiscal year 2021 and 50,966 MWh in 2020. JEA pays only for the energy produced. Purchases of energy were \$3,990 for fiscal year 2021 and \$3,864 in 2020.

The JEA Board approved a further solar expansion consisting of five 50 MWac solar facilities to be constructed on JEA owned property. These projects, totaling 250 MWac, are structured as PPAs. EDF-DS was selected as the vendor for the sites and contract were executed in January 2019. Preliminary site work is underway. It is expected the facilities will be phased into service with all sites completed by the end of calendar year 2022.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota, if it is expanded and becomes available, or JEA can exercise its option to receive the remaining 3.2 MW from New River Landfill in Raiford, FL. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville, which came online in January 2015. Purchases of landfill energy were 86,836 MWh for \$6,424 in fiscal year 2021 and 89,646 MWh for \$6,503 in 2020.

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA entered into financial swaps that locked in the monthly commodity price of natural gas for January 2020 through December 2023, covering approximately 40% in each calendar year of its expected annual natural gas requirements. A small volume of natural gas has also been hedged for 2024.

Under the existing natural gas supply contract with Shell Energy, JEA has the option to enter into fixed price transactions with Shell Energy in relation to the purchases to be made under the contract. During fiscal year 2021, transactions were executed for November 2021 through September 2022, increasing the coverage to approximately 80% of expected natural gas requirements for 2022.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

11. Energy Market Risk Management Program (continued)

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either deferred charges or deferred credits until such time that the transactions end. At September 30, 2021, deferred credits of \$150,453 were included in accumulated increase in fair value of hedging derivatives on the statement of net position. At September 30, 2020, deferred credits of \$11,944 were included in accumulated increase in fair value of hedging derivatives and deferred charges of \$1,998 were included in accumulated decrease in fair value of hedging derivatives on the statement of net position. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. There were realized gains offsetting fuel expense of \$18,014 in fiscal year 2021 and realized losses in fuel expense of \$15,524 in 2020.

12. Pension Plans

Substantially all JEA employees participate in and contribute to the GERP, as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan (DB) with a defined contribution alternative (DC). The defined benefit pension plan portion of the GERP is closed to new members, with all new employees entering the defined contribution plan. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation. GERP, based on laws outlined in the City's Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the Comprehensive Annual Financial Report of the City. This report may be obtained at: <https://www.coj.net/departments/finance/accounting/comprehensive-annual-financial-reports.aspx> or by writing to the City of Jacksonville, Florida, Accounting Division, City Hall at St. James Building, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202-5725.

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars (\$5) multiplied by the number of years of credited service. This benefit may not exceed \$150 per month.

A member who has suffered an illness, injury, or disease, which renders the member permanently and totally incapacitated, physically or mentally, from regular and continuous duty as an employee is considered disabled under the terms of the GERP. The GERP provides two types of disability benefits: a service related disability benefit and a non-service related disability benefit. The service related disability benefit is 50% of the member's final monthly compensation at the time of the disability. Members are eligible for non-service related disability benefits after five years of service. The benefit is 25% of the member's final monthly compensation at the time of the disability, increasing 2.5% for each year of service in excess of five years to a maximum of 50%.

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

JEA plan members of the DB plan were required to contribute 9.7% of their annual covered salary. JEA's pension contribution for the DB plan was \$39,895 (29.36%) in fiscal year 2021 and \$37,592 (27.20%) in 2020.

JEA plan members of the DC plan were required to contribute 7.7% of their annual covered salary. JEA's pension contribution for the DC plan was \$3,976 (11.71%) in fiscal year 2021 and \$3,452 (11.72%) in 2020. Employees vest in the employer contributions to the DC plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Any contribution forfeitures were used to offset plan expenses.

All JEA plan members were required to contribute 0.3% of their annual covered salary to the disability program fund. JEA's disability contribution was \$506 (0.30%) in fiscal year 2021 and \$503 (0.30%) in 2020.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of September 30, 2020 and September 30, 2019, respectively. JEA's allocated share of the net pension liability is \$729,569 (52.71%) as of September 30, 2021, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2020. JEA's allocated share of the net pension liability is \$633,292 (48.84%) as of September 30, 2020, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2019.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

For the year ended September 30, 2021 and 2020, JEA's recognized pension expense is \$102,382 and \$86,363, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30	
	2021	2020
Deferred outflows of resources		
Contributions subsequent to the measurement date	\$ 40,401	\$ 38,095
Changes in proportion	35,203	6,725
Changes in assumptions	32,995	41,198
Net difference between projected and actual earnings on pension investments	28,733	18,928
Differences between expected and actual experience	15,348	21,334
Total	\$ 152,680	\$ 126,280
Deferred inflows of resources		
Changes in proportion	\$ (11,507)	\$ (18,541)
Differences between expected and actual experience	(959)	(1,777)
Total	\$ (12,466)	\$ (20,318)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2022	\$ 76,080
2023	31,805
2024	31,535
2025	794
Total	\$ 140,214

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Actuarial Assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Inflation	2.50%
Salary increases assumption	3.00%-7.50%, of which 2.50% is the Plan's long-term payroll inflation
Investment rate of return	6.80% (2021) and 6.90% (2020), net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	FRS pre-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with scale MP2018.
Healthy post-retirement mortality rates	FRS healthy post-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018.
Disabled mortality rates	FRS disabled mortality tables for personnel other than special risk, with no set forward, projected generationally from 2010 with Scale MP2018. The FRS tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The FRS disabled mortality tables for personnel other than special risk reasonably reflect the disabled annuitant mortality experience as of the measurement date.
Rationale for assumptions	The information and analysis used in selecting each demographic assumption that has a significant effect on this actuarial valuation is shown in the Experience Study Report for the five-year period ended September 30, 2017.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

Asset Class	2021		2020	
	Target	Long-term Expected Nominal Rate of Return	Target	Long-term Expected Nominal Rate of Return
Domestic equity	30.0%	6.55%	30.0%	6.40%
Fixed income	20.0%	0.50%	20.0%	1.15%
International equity	20.0%	7.40%	20.0%	7.05%
Real estate	15.0%	3.75%	15.0%	4.50%
Alternatives	7.5%	2.55%	7.5%	3.32%
Private equity	7.5%	10.65%	7.5%	10.40%
Total	100%		100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.80%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 6.80% for 2021 and 6.90% for 2020, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2021	2020
1% decrease	\$ 940,491	\$ 822,615
Current discount	729,569	633,292
1% increase	553,394	475,183

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the Comprehensive Annual Financial Report of the City.

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan that covers former employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan was required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a three-member pension committee (Pension Committee). As part of the Asset Transfer Agreement with FPL related to the shutdown of SJRPP, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited in SJRPP Pension Fund.

The SJRPP Plan periodically issues stand-alone financial statements, with the most recent report issued for the year ended September 30, 2020. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan and Tier Two employees (defined as employees with less than 20 years of experience) will participate in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant's earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant's Earliest Retirement Age.

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2021 and September 30, 2020, the following employees were covered by the benefit terms:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	385	382
Inactive plan members entitled to but not yet receiving benefits	74	80
Active plan members	5	5
Total plan members	464	467

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2021 and 2020, SJRPP plan members were required to contribute 4% of their annual covered salary. SJRPP did not make any employer contributions in fiscal year 2021. In fiscal year 2020, SJRPP employer's contribution to the SJRPP Plan was \$13,307 (2,845.69%).

Net Pension Liability – SJRPP's net pension liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of September 30, 2020 and September 30, 2019, respectively.

Actuarial Assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25% (2021) and 2.5% (2020)
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	6.00% per year compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates based on year of eligibility.
Mortality rates	<p>Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows:</p> <p><i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.</p>

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table.

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Domestic equity	47%	6.11%	47%	5.96%
Fixed income	45%	1.65%	45%	1.70%
International equity	8%	5.05%	8%	4.90%
Total	100%		100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability (asset) of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2021	2020
1% decrease	\$ 14,626	\$ 25,237
Current discount rate	(2,285)	7,794
1% increase	(16,630)	(6,970)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

Changes in the net pension (asset) liability are detailed below.

	2021	2020
Total pension liability		
Beginning balance	\$ 169,807	\$ 174,666
Service cost	22	35
Interest on the total pension liability	9,795	10,086
Difference between expected and actual experience	1,222	1,193
Changes in assumptions	–	(2,975)
Benefit payments	(13,150)	(13,198)
Ending balance	167,696	169,807
Plan fiduciary net position		
Beginning balance	162,013	170,665
Employer contributions	13,307	–
Employee contributions	19	90
Pension plan net investment income	7,878	4,610
Benefit payments	(13,150)	(13,198)
Administrative expense	(86)	(154)
Ending balance	169,981	162,013
Net pension (asset) liability	\$ (2,285)	\$ 7,794

Plan Assets – Cash balances are amounts on deposit with the SJRPP Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

At September 30, 2021 and September 30, 2020, the SJRPP Plan's cash and cash equivalents consisted of the following:

	2021	2020
Cash on hand	\$ 13	\$ 1
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account	11,097	3,272
Total cash and cash equivalents	\$ 11,110	\$ 3,273

The Policy specifies investment objectives and guidelines for the SJRPP Plan's investment portfolio and provides asset allocation targets for various asset classes.

Investments controlled by the SJRPP Plan that represent 5% or more of the SJRPP Plan's net position were the Alliance Domestic Passive Collective Trust. At September 30, 2021, the investment had a basis of \$11,761, a fair market value of \$54,369, and represented 29% of the fiduciary net position available for benefits. At September 30, 2020, the investment had a basis of \$14,868, a fair market value of \$52,926, and represented 31% of the fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the SJRPP Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. The average modified duration of the managed fixed securities portfolio was 5.0 years as of September 30, 2021 and 4.9 years as of September 30, 2020.

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The SJRPP Plan's rated debt instruments as of September 30, 2021 and 2020 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the SJRPP Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the SJRPP Plan's investments are held by the SJRPP Plan's directed trustee and custodian in the SJRPP Plan's name, or by an agent in the SJRPP Plan's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio and specific target allocations are as follows:

	September 30, 2021			September 30, 2020		
	Fair Value	Percent		Fair Value	Percent	
		Actual	Target		Actual	Target
U.S. Government Securities and Agencies	\$ 33,584	17%	N/A	\$ 22,317	13%	N/A
Corporate bonds - non-convertible	33,738	18%	N/A	45,192	27%	N/A
Money Market / Cash	11,110	6%	N/A	3,273	2%	N/A
Total fixed income	78,432	41%	45%	70,782	42%	45%
S&P 500 Index Fund	54,368	29%	28%	52,926	31%	28%
S&P 400 Mid-Cap Index Fund	22,327	12%	11%	20,013	12%	11%
Small and Mid-Cap Value Fund	18,156	9%	8%	12,438	7%	8%
International equities	16,754	9%	8%	13,285	8%	8%
Total equities	111,605	59%	55%	98,662	58%	55%
Total	\$ 190,037	100%	100%	\$ 169,444	100%	100%

JEA

Notes to Financial Statements (continued)
*(Dollars in Thousands)***12. Pension Plans (continued)**

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

The annual money-weighted rate of return on pension plan investments was 4.86% for the year ended September 30, 2021 and 2.81% for the year ended September 30, 2020. This reflects the changing amounts actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 9% of total investments as of September 30, 2021 and 8% as of September 30, 2020.

Fair Value Disclosures

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The SJRPP Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**12. Pension Plans (continued)**

Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. The table below summarizes the SJRPP Plan's investments.

	September 30, 2021			September 30, 2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
U.S. Government Securities and Agencies	\$ 23,498	\$ 10,086	\$ 33,584	\$ 22,317	\$ –	\$ 22,317
Corporate bonds - non-convertible	–	33,738	33,738	–	45,192	45,192
Money Market/ Cash	11,110	–	11,110	3,273	–	3,273
Total fixed income	34,608	43,824	78,432	25,590	45,192	70,782
S&P 500 Index Fund	–	54,368	54,368	–	52,926	52,926
S&P 400 Mid-Cap Index Fund	21,638	689	22,327	19,562	451	20,013
Small and Mid-Cap Value Fund	16,939	1,217	18,156	11,056	1,382	12,438
International equities	140	16,614	16,754	117	13,168	13,285
Total equities	38,717	72,888	111,605	30,735	67,927	98,662
Total	\$ 73,325	\$ 116,712	\$ 190,037	\$ 56,325	\$ 113,119	\$ 169,444

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension (Assets) Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension (Asset) Liability – SJRPP's net pension liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of September 30, 2020 and September 30, 2019, respectively. SJRPP's net pension asset is \$2,285 as of September 30, 2021 and is included in other noncurrent assets on the statement of net position. SJRPP's net pension liability is \$7,794 as of September 30, 2020.

For the year ended September 30, 2021 and 2020, SJRPP recognized pension expense is \$727 and \$858, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

12. Pension Plans (continued)

SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30	
	2021	2020
Deferred outflows of resources		
Contributions subsequent to the measurement date	\$ —	\$ 13,307
Net difference between projected and actual earnings on pension plan investments	4,616	4,186
Differences between expected and actual experience	—	108
Changes in assumptions	—	—
Total	\$ 4,616	\$ 17,601
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	\$ (1,807)	\$ (3,986)
Total	\$ (1,807)	\$ (3,986)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2022	\$ 37
2023	987
2024	1,416
2025	369
Total	\$ 2,809

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits***Plan Description***

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is an agent multiple-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries.

JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees. The OPEB Plan does not issue separate financial statements.

Plan membership – As of September 30, 2021 and September 30, 2020, the OPEB Plan membership consisted of the following:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	401	453
Active plan members	1,934	1,898
Total plan members	2,335	2,351

Benefits provided – The OPEB Plan refers to the benefits applicable to current and future retirees and their beneficiaries. These benefits consist of continued access to medical, dental, and vision benefits as well as life insurance coverage upon retirement through the plan sponsored by JEA. Premiums for the first \$5,000 of coverage are being subsidized by JEA and, as such, are considered as other postemployment benefits for purposes of GASB Statement No. 75.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

Actuarial assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	6.00%
Salary increases	2.5% to 12.5%, including inflation; varies by years of service
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	<p>Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows:</p> <p><i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;</p> <p><i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.</p>
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.25% (2021) and 6.50% (2020) and gradually decreasing to an ultimate trend rate of 3.99%.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, Administrative expenses related to the operation of the health plan are included in the premium costs.
Other Information	A load for modeling the excise tax was removed following a repeal of the "Cadillac tax"

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table.

Asset Class	2021		2020	
	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Large cap domestic equity	34%	6.8%	34%	7.4%
Global fixed income	15%	4.1%	15%	4.8%
International equity	15%	8.9%	15%	9.5%
Domestic fixed income	15%	3.7%	15%	4.4%
Small cap domestic equity	11%	8.3%	11%	8.2%
Real estate	10%	7.3%	10%	7.7%
Total	100%		100%	

Discount Rate – GASB Statement No. 75 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As the assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate of 6.00% was used.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using a discount rate of 6.00% as well as what the net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	2021	2020
1% decrease	\$ 9,386	\$ 14,707
Current discount rate	5,136	10,091
1% increase	1,532	6,200

Healthcare Cost Trend Rate – JEA followed the Getzen model with trend rates for costs and premiums declining from 6.25% assumed for the year 2021 and 6.50% for the year 2020 to the ultimate level of 3.99%.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**13. Other Postemployment Benefits (continued)**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, calculated using a healthcare cost trend rate of 6.25% for 2021 and 6.50% for 2020, down to 3.99%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current trend rate:

	2021	2020
1% decrease	\$ 1,310	\$ 6,007
Current healthcare cost trend rate	5,136	10,091
1% increase	9,647	14,927

Changes in the net OPEB liability are detailed below.

	2021	2020
Total OPEB liability		
Beginning balance	\$ 40,794	\$ 46,705
Service cost	453	539
Interest on the total OPEB liability	2,392	2,740
Difference between expected and actual experience	(620)	362
Change of assumptions	(1,131)	(6,387)
Benefit payments	(2,753)	(3,165)
Ending balance	39,135	40,794
Plan fiduciary net position		
Beginning balance	30,703	28,449
Employer contributions	4,394	3,903
Net investment income	2,112	1,617
Reimbursements to employer	(3,187)	(3,244)
OPEB plan administrative expense	(23)	(22)
Ending balance	33,999	30,703
Net OPEB liability	\$ 5,136	\$ 10,091
Plan fiduciary net position as a percentage of the total OPEB liability	86.88%	75.26%
Covered payroll	\$162,138	\$157,415
Net OPEB liability as a percentage of covered payroll	3.17%	6.41%

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**13. Other Postemployment Benefits (continued)**

Plan Assets – The assets of the plan consist of shares held in the Florida Municipal Investment Trust (FMIT), which is administered by the Florida League of Cities. The FMIT is an interlocal governmental entity created under the laws of the State of Florida and an Authorized Investment under Sec. 163.01 Florida Statutes. It is considered an external investment pool for reporting purposes. JEA owns shares in the OPEB Fund A as directed in the Master Trust Agreement. OPEB Fund A target asset allocation is 60% equities, 30% fixed income, and 10% real estate.

At September 30, 2021 and September 30, 2020, the OPEB Plan's cash and money market balance within the OPEB Fund A was \$272 and \$184, respectively.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table below details the interest rate risk in years for investments in the trust.

	September 30, 2021		September 30, 2020	
	Modified Duration	Weighted Average Maturity	Modified Duration	Weighted Average Maturity
Fixed Income Fund				
FMIT Broad Market High Quality Bond Fund	5.52	6.60	5.31	6.43
FMIT Core Plus Fixed Income Fund	3.35	5.82	1.40	5.16

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The FMIT Broad Market High Quality Bond Fund was rated by Fitch as AAf/S4 as of September 30, 2021 and September 30, 2020. The remaining funds of the trust are unrated.

Money-Weighted rates of return

The money-weighted rates of return for the fiscal years ended September 30, 2021 and September 30, 2020 were 6.69% and 5.55%, respectively.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

13. Other Postemployment Benefits (continued)*Fair Value Disclosures*

The table below summarizes the OPEB Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. The disclosure below is based on the asset allocation provided by the FMIT of those investments held by OPEB Fund A.

	September 30, 2021			September 30, 2020		
	Level 2	Level 3	Total	Level 2	Level 3	Total
FMIT Core Plus Fixed Income Fund	\$ –	\$ 4,998	\$ 4,998	\$ –	\$ 4,421	\$ 4,421
FMIT Broad Market High Quality Bond Fund	4,794	–	4,794	4,452	–	4,452
Total fixed income	4,794	4,998	9,792	4,452	4,421	8,873
FMIT Large Cap Diversified Value Portfolio	12,137	–	12,137	10,593	–	10,593
FMIT International Equity Portfolio	5,508	–	5,508	4,452	–	4,452
FMIT Diversified Small to Mid Cap Equity Portfolio	3,434	–	3,434	3,776	–	3,776
FMIT Core Real Estate Portfolio	–	2,856	2,856	–	2,825	2,825
Total equities	21,079	2,856	23,935	18,821	2,825	21,646
Total	\$ 25,873	\$ 7,854	\$ 33,727	\$ 23,273	\$ 7,246	\$ 30,519

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the OPEB

Net OPEB Liability – JEA's net OPEB liability at September 30, 2021 and September 30, 2020 was measured based on an actuarial valuation as of and with the measurement dates of September 30, 2020 and September 30, 2019, respectively. JEA's net OPEB liability is \$5,136 as of September 30, 2021 and \$10,091 as of September 30, 2020.

For the year ended September 30, 2021 and 2020, JEA recognized OPEB expense is \$(907) and \$(110), respectively. As JEA has implemented regulatory accounting for OPEB, the difference between the recognized OPEB expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**13. Other Postemployment Benefits (continued)**

The JEA Plan recorded deferred outflows of resources and deferred inflows of resources related to OPEB as detailed in the table below.

	September 30	
	2021	2020
Deferred outflows of resources		
Change of assumptions	\$ 4,002	\$ 4,599
Contributions subsequent to the measurement date	2,946	4,394
Differences between expected and actual experience	288	325
Net difference between projected and actual earnings on OPEB plan investments	66	88
Total	\$ 7,302	\$ 9,406
Deferred inflows of resources		
Differences between expected and actual experience	\$ (8,099)	\$ (8,745)
Change of assumptions	(6,094)	(5,729)
Net difference between projected and actual earnings on OPEB plan investments	(532)	(820)
Total	\$ (14,725)	\$ (15,294)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2022	\$ 1,214
2023	(1,454)
2024	(1,421)
2025	(1,443)
2026	(1,397)
Thereafter	(2,922)
Total	\$ (7,423)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2021	
	Total	Level 2
Investments by fair value level		
State and local government securities	\$ 113,483	\$ 113,483
U.S. Treasury and government agency securities	43,860	43,860
Total investments by fair value level	<u>157,343</u>	<u>157,343</u>
Investments measured at NAV		
Money market mutual funds	331,417	
Local government investment pools	168,799	
Total investments measured at NAV	<u>500,216</u>	
Investments measured at cost		
Commercial paper	117,378	
Total investments measured at cost	<u>117,378</u>	
Total investments per statement of net position	<u><u>\$ 774,937</u></u>	

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

14. Fair Value Measurements (continued)

	2020	
	Total	Level 2
Investments by fair value level		
State and local government securities	\$ 140,950	\$ 140,950
U.S. Treasury and government agency securities	108,377	108,377
Total investments by fair value level	249,327	249,327
Investments measured at NAV		
Money market mutual funds	248,983	
Local government investment pools	181,891	
Total investments measured at NAV	430,874	
Investments measured at cost		
Commercial paper	63,765	
U.S. Treasury and government agency securities	2,498	
Total investments measured at cost	66,263	
Total investments per statement of net position	\$ 746,464	

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2021 and 2020 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2021	2020
Electric	\$ (102,752)	\$ (139,607)
Water and Sewer	(26,603)	(37,681)
Total	\$ (129,355)	\$ (177,288)

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**14. Fair Value Measurements (continued)*****Natural Gas Cash Flow Hedges***

JEA's natural gas cash flow hedges consisted of swap agreements for either a 3-month or 12-month period, covering calendar years 2020 through 2024. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. At September 30, 2021, deferred credits of \$150,453 were included in accumulated increase in fair value of hedging derivatives on the statement of net position. At September 30, 2020, deferred credits of \$11,944 were included in accumulated increase in fair value of hedging derivatives and deferred charges of \$1,998 were included in accumulated decrease in fair value of hedging derivatives on the statement of net position.

15. Commitments and Contingent Liabilities***Grants***

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations affecting JEA:

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO₂) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), applicable to existing fossil fuel-fired electric EGUs.
- The Final Carbon Pollution Standards Rule (CPS), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

On February 9, 2016, the United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy “in favor of energy independence, economic growth, and the rule of law”. The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO₂ emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA’s review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA published a proposal to repeal the Clean Power Plan (CPP). On August 31, 2018, EPA published a proposal to replace the CPP, called the Affordable Clean Energy (ACE) Rule. On July 8, 2019, EPA published the final ACE rule. The compliance requirements of the ACE rule are significantly less stringent than those of the CPP. Rule will establish a CO₂ emission limit for Northside Generating Units 1 and 2. The CO₂ emission limit will be set using a baseline of previous CO₂ emissions and what potential reductions can be completed by heat rate improvements (HRI). Units 1 and 2 are currently being assessed on what HRI projects could be implemented. These studies were completed in November 2020. Cost of compliance is being evaluated at this time, but should not result in significant capital outlay. The ACE rule requires state plans to be submitted by July 8, 2022. On January 19, 2021, the D.C. Circuit vacated the Affordable Clean Energy rule and remanded to the Environmental Protection Agency for further proceedings consistent with its opinion. EPA is in process of developing a new rule.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter (PM_{2.5}), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO₂ and NO_x emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of PM_{2.5} and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012 with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NO_x emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPs) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

In April 2015, the EPA finalized rules to regulate the disposal and management of coal combustion residuals (CCRs), meaning fly ash, bottom ash, boiler slag, and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015 and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by the EPA, is enforced only by citizen-initiated lawsuits, rather than by the EPA. However, with passage of the WIIN Act in 2016, the rule can now be reformed to provide the following: 1) conversion from a "self-implementing" program to a permit program the states or EPA would have primary responsibility to administer and enforce; and, 2) flexibility for state programs to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. Florida has started the process to incorporate the rule and regulations, which ultimately may constitute a permitting or tailored program.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of byproducts at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The recently closed cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule. SJRPP's two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities is currently projected to run through 2030.

The EPA left in place the Beville exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**15. Commitments and Contingent Liabilities (continued)**

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems.

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries, or oceans to cool their plants. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and was completed in 2020. Study results are currently being evaluated. Estimated final compliance deadlines are not expected until after 2025 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but no later than December 31, 2023. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)

Water Supply System Regulatory Initiatives – JEA was issued a 20-year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable. The SRWMD is re-evaluating the 2015 MFLs and a draft MFL has been released and is still in recovery status. In 2020, the SJRWMD released draft MFLs for Lakes Brooklyn and Geneva in the Keystone Heights area. The draft MFL indicates the lakes will require a prevention and recovery strategy. In 2021, JEA along with other northeast Florida water utilities entered into an MOA with SJRWMD to provide financial assistance with a proposed pipeline from Black Creek to assist in providing additional water resource for recharging of the lakes. In addition, JEA completed and submitted the CUP 10-year compliance report in May 2021 and the report was accepted by SJRWMD.

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

The Florida Legislature passed statutory changes in 2021 to eliminate the disposal of effluent from wastewater treatment facilities (WWTF) via surface water discharge by 2032. This change would require the WWTF effluent be used for aquifer recharge, potable reuse, conventional reuse, or ecological restoration. The bill also declares potable reuse to be an alternative water supply and prohibits exclusion of use of potable reuse water from regional water supply planning. JEA will be completing the FDEP required plan in accordance with the legislation requirements in November 2021 and the costs of compliance are being evaluated.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

15. Commitments and Contingent Liabilities (continued)***Pollution Remediation Obligations***

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions, and contaminated site assessment and remediation. Based on an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on project estimates and probabilities, the liability is estimated to be \$30,618 at September 30, 2021. The accrual is related to the following environmental matters: Kennedy Generating Station (KGS) RCRA Corrective Action for former wood preserving site; Northside Generating Station RCRA Corrective Action for former chemical waste pond site; SJRPP Area B Landfill; Pearl Street Electric Shop remedial activities; Sans Souci Substation remedial activities; Buckman Administration Building remedial activities; KGS Bulkhead remedial activities; Westside Service Center PCB remedial activities, and remediation at a number of miscellaneous petroleum sites. Of the \$30,618 that JEA has accrued as environmental liabilities, approximately \$17,025 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain and no accurate prediction of range of loss is possible at this time: Pickettville Road Landfill CERCLA site post-closure activities and the Ellis Road CERCLA site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total \$16,568. The remaining liability is recognized as part of revenues to be used for future costs.

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)**15. Commitments and Contingent Liabilities (continued)**

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff sued multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately \$100,000 in damages from JEA; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of \$500. The issue was argued in the Mississippi Supreme Court in January 2019. In June 2019, the U.S. Supreme Court reversed a long-standing precedent with respect to the ability of one state's courts to exercise jurisdiction over another state. The same week, the Mississippi Supreme Court dismissed Promenade's damages cap appeal and remanded the case to the trial court for consideration of JEA's jurisdiction defense in light of the U.S. Supreme Court's 2019 decision. JEA has filed a Re-Urged Motion to Dismiss, which was originally set for hearing in 2020, but has been cancelled and rescheduled multiple times due to COVID-19. Currently, the motion is not set for hearing and it is unknown when the trial court will rule on the pending motion.

New Headquarters Building Lease

On July 11, 2019, JEA signed a 15-year building lease for a new headquarters building with the option to renew the lease for three consecutive renewal terms of 5 years each. In May 2020, the Board approved a revised building scope and program that reduced the building size and number of stories and extended the initial lease term from 15 years to 20 years. Ryan Companies should complete the main building (core and shell) and garage structure in the first calendar quarter 2022. The tenant improvement construction will commence in November 2021 and continue through August 2022. The costs to finance and build the new building will be paid for by the lessor and the lease term will commence once construction is complete. The annual lease payment for the initial year is estimated to be approximately \$5,542 and will increase by 2.50% each year thereafter for years 2 through 15 and escalate 1.25% annually in years 16 through 20.

In addition to the annual rent, JEA will also pay an additional rental related to operating expenses for operation, maintenance, management, and repair of the building. This amount will vary each year, but will be no more than 105% of the preceding year's controllable operating expenses. Controllable expenses exclude real estate taxes, utilities and insurance. The initial year's estimate of additional rental is \$1,190, including estimated real estate taxes. JEA will pay the lesser of the rent amount or expense carry costs for the period between when the temporary certificate of occupancy for the core and shell building is issued and the tenant improvements are complete.

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

16. Disaster Costs*Storm Costs*

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida) of those costs not covered by insurance. As a result, \$41,870 of the eligible costs were deferred as costs to be recovered from future revenues in the statement of net position with \$4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position in fiscal year 2017. Through September 30, 2021, JEA has received \$34,912, which reduced the deferred costs to be recovered from future revenues. Of the \$34,912 received, \$18,500 was from insurance and \$16,412 from FEMA. JEA believes it is probable that reimbursement from FEMA will be received for the eligible cost incurred that is remaining.

COVID-19 Pandemic

In response to the COVID-19 pandemic, JEA took the following actions:

- suspended disconnections from March 12, 2020 to July 9, 2020;
- waived late and reconnection fees from March 31, 2020 to September 30, 2020; and
- waived credit card convenience fees for MasterCard, Visa, and Discover card payments up to \$10,000 from April 6, 2020 to September 30, 2020.

Waived late and disconnection fees are estimated to have been between \$2,000 and \$3,000. Waived credit card convenience fees paid on behalf of customers totaled \$1,885. In addition, the JEA Board, on April 3, 2020, approved a fuel credit for customers that appeared on their May 2020 bills and totaled \$23,390.

During March, April, and May 2020, JEA paid additional compensation related to COVID-19. Employees who were telecommuting on a full or part-time basis received an allowance to cover the cost of electricity, internet, water and other incidentals normally provided at the workplace. In addition, JEA and its bargaining units agreed to a stipend that was payable to employees who were authorized in advance by their manager to perform work at a JEA facility or field location in a particular work week. The COVID-19 allowances and stipends totaled \$9,626.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. The total of these expenditures was \$1,770. JEA may seek recovery from FEMA for these amounts in the future.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA, which is currently in the process of being decommissioned as discussed in note 3, Asset Retirement Obligations. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the financial statements. See intercompany charges detailed below.

	2021			2020		
	Electric	W&S	DES	Electric	W&S	DES
Electricity services	N/A	\$ 13,411	\$ 2,971	N/A	\$ 13,069	\$ 3,126
Water and sewer services	152	N/A	107	135	N/A	131
Chilled water services	—	338	N/A	—	351	N/A

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was \$55,041 for fiscal year 2021 and \$56,878 for 2020.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for \$32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were \$79 for fiscal year 2021 and \$558 for 2020.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of \$22,940 and \$6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was \$2,136 for fiscal year 2021 and \$2,123 for 2020.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2021 and 2020 was as follows:

	Electric System and Bulk Power Supply System		SJRRP System		Water and Sewer		DES	
	2021	2020	2021	2020	2021	2020	2021	2020
Condensed statements of net position								
Total current assets	\$ 445,868	\$ 489,282	\$ 55,600	\$ 60,282	\$ 197,209	\$ 186,168	\$ 1,726	\$ 1,741
Total noncurrent assets	879,809	669,768	319,734	338,226	490,180	440,919	3,061	4,271
Net capital assets	2,608,916	2,674,895	8,914	9,324	2,824,294	2,792,604	34,369	34,352
Deferred outflows of resources	285,785	310,720	7,783	23,774	127,626	133,465	157	169
Total assets and deferred outflows of resources	\$ 4,220,378	\$ 4,144,665	\$ 392,031	\$ 431,606	\$ 3,639,309	\$ 3,553,156	\$ 39,313	\$ 40,533
Total current liabilities	\$ 165,716	\$ 153,014	\$ 585	\$ 8,531	\$ 38,166	\$ 36,572	\$ 165	\$ 180
Total current liabilities payable from restricted assets	100,332	107,745	57,630	62,047	64,288	72,374	3,227	2,420
Total long-term debt	1,646,423	1,865,134	237,921	252,548	1,317,635	1,357,015	29,621	31,386
Total other noncurrent liabilities	510,091	453,528	4,765	12,294	310,670	272,789	77	69
Total liabilities	2,422,562	2,579,421	300,901	335,420	1,730,759	1,738,750	33,090	34,055
Deferred inflows of resources	288,139	210,544	6,901	9,807	41,225	37,973	-	-
Net investment in (divestment of) capital assets	1,089,669	977,434	(15,562)	(14,114)	1,619,661	1,567,914	2,336	1,393
Restricted net position	252,077	211,567	44,708	45,869	127,821	89,858	2,404	3,593
Unrestricted net position	167,931	165,699	55,083	54,624	119,843	118,661	1,483	1,492
Total net position	1,509,677	1,354,700	84,229	86,379	1,867,325	1,776,433	6,223	6,478
Total liabilities, deferred inflows of resources, and net position	\$ 4,220,378	\$ 4,144,665	\$ 392,031	\$ 431,606	\$ 3,639,309	\$ 3,553,156	\$ 39,313	\$ 40,533
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	\$ 1,308,885	\$ 1,241,789	\$ 26,755	\$ 24,847	\$ 470,787	\$ 483,859	\$ 8,043	\$ 8,586
Depreciation	217,362	202,619	410	410	171,357	159,650	2,586	2,467
Other operating expenses	800,405	716,018	19,117	27,995	186,288	193,323	4,460	4,611
Operating income	291,118	323,152	7,228	(3,558)	113,142	130,886	997	1,508
Total nonoperating expenses, net	(42,532)	(53,683)	(9,378)	(7,993)	(36,128)	(32,056)	(1,252)	(1,163)
Total contributions, net	(93,609)	(93,871)	-	-	13,878	8,035	-	-
Changes in net position	154,977	175,598	(2,150)	(11,551)	90,892	106,865	(255)	345
Net position, beginning of year	1,354,700	1,179,102	86,379	97,930	1,776,433	1,669,568	6,478	6,133
Net position, end of year	\$ 1,509,677	\$ 1,354,700	\$ 84,229	\$ 86,379	\$ 1,867,325	\$ 1,776,433	\$ 6,223	\$ 6,478
Condensed statements of cash flow information								
Net cash provided by operating activities	\$ 470,963	\$ 521,220	\$ 16,251	\$ 2,168	\$ 300,270	\$ 289,268	\$ 3,195	\$ 4,119
Net cash used in noncapital and related financing activities	(93,631)	(93,794)	-	-	(26,282)	(24,932)	-	-
Net cash used in capital and related financing activities	(392,662)	(468,571)	(23,060)	(24,407)	(227,143)	(324,146)	(4,803)	(6,578)
Net cash provided by (used in) investing activities	46,228	40,366	(370)	1,779	8,023	44,346	2	72
Net change in cash and cash equivalents	30,898	(779)	(7,179)	(20,460)	54,868	(15,464)	(1,606)	(2,387)
Cash and cash equivalents at beginning of year	355,876	356,655	141,132	161,592	138,268	153,732	5,856	8,243
Cash and cash equivalents at end of year	\$ 386,774	\$ 355,876	\$ 133,953	\$ 141,132	\$ 193,136	\$ 138,268	\$ 4,250	\$ 5,856

JEA

Notes to Financial Statements (continued)
(Dollars in Thousands)

18. Subsequent Events

On October 26, 2021, the JEA Board revised its pricing policy to begin setting its fuel surcharge rate monthly and discontinue the use of the fuel stabilization fund, effective November 1, 2021.

Also on October 26, 2021, the FPSC approved FPL's cost recovery plan for the Scherer consummation payment as part of FPL's 2021 Rate Case (Docket 20210015-EI). The consummation payment was petitioned to be recovered as part of FPL's base rates and the actual payment was made to JEA on December 6, 2021.

On December 9, 2021, JEA amended and renewed three continuing covenants agreements relating to the Direct Purchase Bonds, commencing on December 10, 2021 and ending December 9, 2024.

On December 15, 2021, the revolving credit agreement was drawn upon by DES for \$1,000, leaving \$499,000 available to be drawn.

REQUIRED SUPPLEMENTARY INFORMATION

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

City of Jacksonville General Employees Retirement Plan

Schedule of JEA's Proportionate Share of the Net Pension Liability^(a)

Fiscal Year	Proportional Share Percentage	Net Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	48.85%	\$ 386,789	\$ 129,922	297.71%	68.64%
2015	48.85%	404,466	128,084	315.78%	69.06%
2016	49.15%	480,353	127,440	376.92%	64.03%
2017	50.37%	541,025	126,808	426.65%	63.00%
2018	51.68%	527,680	134,443	392.49%	63.71%
2019	50.59%	562,371	135,709	414.40%	65.23%
2020	48.84%	633,292	134,549	470.68%	60.54%
2021	52.71%	729,569	133,714	545.62%	59.16%

Schedule of JEA Contributions^(b)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2012	\$ 22,301	\$ 22,301	\$ -	\$ 127,434	17.50%
2013	27,038	27,038	-	129,990	20.80%
2014	34,149	34,149	-	129,922	26.28%
2015	40,179	40,179	-	128,084	31.37%
2016	43,156	43,156	-	127,440	33.86%
2017	48,942	48,942	-	126,808	38.60%
2018	35,459	35,929	(470)	134,443	26.72%
2019	33,856	34,352	(496)	135,709	25.31%
2020	37,592	38,095	(503)	134,549	28.31%
2021	40,401	40,401	-	133,714	30.21%

(a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

(b) All information is on measurement year basis.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension (continued)
(Dollars in Thousands)

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 1.50% annual increases*
Remaining amortization period	As of October 1, 2018, the effective amortization period is 28 years
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.

Actual assumptions:

Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%*
Projected salary increases	3.00% – 7.50%, of which 2.50% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	Plan provisions contain a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.50% as of October 1, 2018. Per Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, the payroll growth assumption used for amortization of the unfunded liability is not allowed to exceed the average annual payroll growth for the proceeding ten years. However, pursuant to Chapter 112.64(5)(b), and after adjusting this analysis to account for bargained pay level increases and inclusion of DC plan participants in the total payroll, the assumption was set at 1.50%.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)SJRP Plan – Schedule of Changes in Net Pension (Asset) Liability and Related Ratios^(a)

	2020	2019 ^(b)	2018	2017	2016	2015	2014
Total Pension Liability							
Beginning balance	\$ 169,807	\$ 174,666	\$ 169,321	\$ 158,926	\$ 155,143	\$ 148,508	\$ 146,521
Service cost	22	35	112	1,032	1,210	1,275	1,470
Interest	9,795	10,086	11,163	10,768	10,514	10,271	10,026
Changes in benefit terms	–	–	–	–	(59)	–	–
Difference between actual and expected experience	1,222	1,193	(1,784)	10,826	714	2,121	–
Changes in assumptions	–	(2,975)	15,782	26	3,730	3,316	–
Benefit payments	(13,150)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	<u>\$ 167,696</u>	<u>\$ 169,807</u>	<u>\$ 174,666</u>	<u>\$ 169,321</u>	<u>\$ 158,926</u>	<u>\$ 155,143</u>	<u>\$ 148,508</u>
Plan Fiduciary Net Position							
Beginning balance	\$ 162,013	\$ 170,665	\$ 152,798	\$ 142,286	\$ 138,902	\$ 145,425	\$ 135,019
Contributions – employer	13,307	–	26,409	8,039	2,142	3,509	5,559
Contributions – employee	19	90	232	625	629	648	655
Net investment income (loss)	7,878	4,610	11,499	14,571	13,379	(266)	13,763
Benefit payments	(13,150)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	(86)	(154)	(345)	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	<u>\$ 169,981</u>	<u>\$ 162,013</u>	<u>\$ 170,665</u>	<u>\$ 152,798</u>	<u>\$ 142,286</u>	<u>\$ 138,902</u>	<u>\$ 145,425</u>
Net Pension Liability (Asset) – Ending	<u>\$ (2,285)</u>	<u>\$ 7,794</u>	<u>\$ 4,001</u>	<u>\$ 16,523</u>	<u>\$ 16,640</u>	<u>\$ 16,241</u>	<u>\$ 3,083</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.36%	95.41%	97.71%	90.24%	89.53%	89.53%	97.92%
Covered Payroll	\$ 468	\$ 452	\$ 3,992	\$ 15,621	\$ 15,730	\$ 16,665	\$ 21,304
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-488.67%	1723.50%	100.24%	105.78%	105.79%	97.46%	14.47%

^(a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

^(b) The mortality tables and improvement scales used by FRS were updated in their July 1, 2019 valuation. The new FRS mortality assumptions were adopted for this measurement.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)SJRP Plan – Investment Returns^(a)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0.41%	17.17%	12.64%	10.32%	-0.19%	9.99%	10.39%	7.37%	2.48%	4.78%

SJRP Plan – Schedule of Contributions^(a)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 7,995	\$ 8,005	\$ (10)	\$ 19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,727	26,409	(18,682)	3,992	661.57%
2019	-	-	-	452	0.00%
2020	4,582	13,307	(8,725)	468	2845.69%
2021	-	-	-	362	0.00%

(a) All information is on measurement year basis

Notes to Schedule of Contributions

Valuation date: Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	1 year
Asset valuation method	Market value of assets less Credit Balance Account
Inflation	2.25% (2021) and 2.5% (2020)
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	6.00% per year, compounded annually, net of investment expenses.
Retirement age	Experience-based table of rates based on year of eligibility.
Mortality	Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows: <i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios^(a)

	2020 ^(b)	2019 ^(c)	2018	2017	2016
Total OPEB Liability					
Beginning balance	\$ 40,794	\$ 46,705	\$ 44,547	\$ 60,949	\$ 62,554
Service cost	453	539	499	811	781
Interest on the total OPEB liability	2,392	2,740	3,044	4,253	4,203
Changes in benefit terms	–	–	–	(11,556)	–
Difference between actual and expected experience	(620)	362	(4,057)	(7,891)	–
Change of assumptions	(1,131)	(6,387)	5,794	–	–
Benefit payments	(2,753)	(3,165)	(3,122)	(2,019)	(6,589)
Total OPEB liability – ending	<u>\$ 39,135</u>	<u>\$ 40,794</u>	<u>\$ 46,705</u>	<u>\$ 44,547</u>	<u>\$ 60,949</u>
Plan Fiduciary Net Position					
Beginning balance	\$ 30,703	\$ 28,449	\$ 25,712	\$ 21,441	\$ 18,156
Employer contributions	4,394	3,903	4,078	5,240	5,061
Net investment income	2,112	1,617	1,989	2,942	2,135
Reimbursements to employer	(3,187)	(3,244)	(3,308)	(3,911)	(3,911)
OPEB plan administrative expense	(23)	(22)	(22)	–	–
Plan fiduciary net position – ending	<u>\$ 33,999</u>	<u>\$ 30,703</u>	<u>\$ 28,449</u>	<u>\$ 25,712</u>	<u>\$ 21,441</u>
Net OPEB Liability – Ending	<u>\$ 5,136</u>	<u>\$ 10,091</u>	<u>\$ 18,256</u>	<u>\$ 18,835</u>	<u>\$ 39,508</u>
Plan Fiduciary Net Position as a Percentage of					
Total OPEB Liability	86.88%	75.26%	60.91%	57.72%	35.18%
Covered Payroll	\$ 162,138	\$ 157,415	\$ 156,042	\$ 155,326	\$ 150,073
Net OPEB Liability as a Percentage of					
Covered Payroll	3.17%	6.41%	11.70%	12.13%	26.33%

^(a) This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

^(b) A load for modeling the excise tax was removed following the repeal of the Cadillac tax.

^(c) First year trend on premiums was reduced from 6.50% to 2.06%. Assumed initial cost of coverage was reduced from previously projected \$1,090 per subscriber per month to \$1,016 per subscriber per month, partially offset by a modest change in the first year average premium to \$699 per month from expected \$695 per month. Assumed mortality rates were updated to PUB-2020 tables. These are the same rates used by the Florida Retirement System in their July 1, 2019 Actuarial Valuation for non K-12 Instructional Regular Class Members. Demographic assumptions for GERP members were updated following an experience study by the plan actuary for the GERP. Updated assumptions include salary increase assumptions, rates of disability, rates of withdrawal, and rates of retirement. The ultimate inflation assumption was changed from 2.5% to 2.25% with healthcare cost trend assumption revised accordingly.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)OPEB Plan – Investment Returns^(a)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
-1.41%	15.84%	11.93%	8.22%	-0.46%	7.90%	13.35%	7.54%	5.55%	6.69%

OPEB Plan – Schedule of Contributions^{(a)(b)}

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	\$ 5,344	\$ 6,601	\$ (1,257)	N/A	N/A
2012	5,211	5,423	(212)	150,714	3.60%
2013	5,433	6,185	(752)	N/A	N/A
2014	4,819	4,382	437	148,617	2.95%
2015	5,011	7,255	(2,244)	N/A	N/A
2016	5,061	7,739	(2,678)	150,073	5.16%
2017	4,138	5,240	(1,102)	155,326	3.37%
2018	4,078	4,078	-	156,042	2.61%
2019	3,903	3,903	-	157,415	2.48%
2020	4,394	4,394	-	162,138	2.71%

(a) All information is on measurement year basis

(b) This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten year trend is compiled, only available information is shown. All information is on a measurement year basis.

Notes to Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	5 years
Asset valuation method	Market value
Inflation	2.25% (2020) and 2.5% (2019)
Salary increases	2.5% – 12.5% per year, including inflation; varies by years of service
Investment rate of return	6.00% (2020) and 7.00% (2019)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Mortality rates used by the Florida Retirement System for its regular class members other than K-12 School Instructional Personnel described as follows: <i>Healthy pre-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Healthy post-retirement mortality rates</i> : PUB-2010 Headcount Weighted General Below Median Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Disabled mortality rates</i> : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.50% (2020) and 7.00% (2019) and gradually decreasing to an ultimate trend rate of 3.99% (2020) and 4.57% (2019) (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, administrative expenses related to operation of the health plan are included in the premium costs.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 222,273	\$ 51,335	\$ —	\$ 273,608	\$ 75,668	\$ 1,219	\$ 350,495
Investments	—	4,140	—	4,140	—	—	4,140
Customer accounts receivable, net of allowance (\$3,155)	165,572	—	—	165,572	55,273	503	221,348
Inventories:							
Materials and supplies	2,248	—	—	2,248	60,548	—	62,796
Fuel	32,911	—	—	32,911	—	—	32,911
Other current assets	22,864	125	(4,279)	18,710	5,720	4	24,434
Total current assets	445,868	55,600	(4,279)	497,189	197,209	1,726	696,124
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	164,501	82,618	—	247,119	112,468	3,031	362,618
Investments	168,306	9,677	—	177,983	91,837	—	269,820
Accounts and interest receivable	—	233	—	233	7	—	240
Total restricted assets	332,807	92,528	—	425,335	204,312	3,031	632,678
Costs to be recovered from future revenues	376,214	220,155	—	596,369	285,550	30	881,949
Hedging derivative instruments	150,453	—	—	150,453	—	—	150,453
Other assets	20,335	7,051	(4,765)	22,621	318	—	22,939
Total noncurrent assets	879,809	319,734	(4,765)	1,194,778	490,180	3,061	1,688,019
Net capital assets	2,608,916	8,914	—	2,617,830	2,824,294	34,369	5,476,493
Total assets	3,934,593	384,248	(9,044)	4,309,797	3,511,683	39,156	7,860,636
Deferred outflows of resources							
Unrealized pension contributions and losses	90,081	4,616	—	94,697	62,599	—	157,296
Accumulated decrease in fair value of hedging derivatives	102,752	—	—	102,752	26,603	—	129,355
Unamortized deferred losses on refundings	51,043	3,099	—	54,142	35,430	157	89,729
Unrealized asset retirement obligations	37,601	68	—	37,669	—	—	37,669
Unrealized OPEB contributions and losses	4,308	—	—	4,308	2,994	—	7,302
Total deferred outflows of resources	285,785	7,783	—	293,568	127,626	157	421,351
Total assets and deferred outflows of resources	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 67,698	\$ 517	\$ (33)	\$ 68,182	\$ 8,418	\$ 102	\$ 76,702
Customer deposits and prepayments	57,354	—	—	57,354	17,676	—	75,030
Billings on behalf of state and local governments	22,218	—	—	22,218	3,788	—	26,006
Compensation and benefits payable	7,229	—	—	7,229	6,069	63	13,361
City of Jacksonville payable	7,978	—	—	7,978	2,215	—	10,193
Asset retirement obligations	3,239	68	—	3,307	—	—	3,307
Total current liabilities	165,716	585	(33)	166,268	38,166	165	204,599
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	—	80,395	9,370	1,770	91,535
Interest payable	24,886	4,947	—	29,833	20,994	627	51,454
Construction contracts and accounts payable	9,226	5,732	(4,246)	10,712	33,924	830	45,466
Renewal and replacement reserve	—	32,776	—	32,776	—	—	32,776
Total current liabilities payable from restricted assets	100,332	57,630	(4,246)	153,716	64,288	3,227	221,231
Noncurrent liabilities:							
Long-term debt							
Debt payable, less current portion	1,444,040	237,590	—	1,681,630	1,196,905	29,640	2,908,175
Unamortized premium (discount), net	99,631	331	—	99,962	94,127	(19)	194,070
Fair value of debt management strategy instruments	102,752	—	—	102,752	26,603	—	129,355
Total long-term debt	1,646,423	237,921	—	1,884,344	1,317,635	29,621	3,231,600
Net pension liability	430,446	—	—	430,446	299,123	—	729,569
Asset retirement obligations	34,362	—	—	34,362	—	—	34,362
Compensation and benefits payable	23,915	—	—	23,915	9,441	77	33,433
Net OPEB liability	3,030	—	—	3,030	2,106	—	5,136
Other liabilities	18,338	4,765	(4,765)	18,338	—	—	18,338
Total noncurrent liabilities	2,156,514	242,686	(4,765)	2,394,435	1,628,305	29,698	4,052,438
Total liabilities	2,422,562	300,901	(9,044)	2,714,419	1,730,759	33,090	4,478,268
Deferred inflows of resources							
Revenues to be used for future costs	121,643	5,094	—	126,737	30,077	—	156,814
Accumulated increase in fair value of hedging derivatives	150,453	—	—	150,453	—	—	150,453
Unrealized OPEB gains	8,688	—	—	8,688	6,037	—	14,725
Unrealized pension gains	7,355	1,807	—	9,162	5,111	—	14,273
Total deferred inflows of resources	288,139	6,901	—	295,040	41,225	—	336,265
Net position							
Net investment in (divestment of) capital assets	1,089,669	(15,562)	—	1,074,107	1,619,661	2,336	2,696,104
Restricted							
Capital projects	184,086	—	—	184,086	111,339	634	296,059
Debt service	64,931	14,542	—	79,473	9,180	1,770	90,423
Other purposes	3,060	30,166	4,246	37,472	7,302	—	44,774
Unrestricted	167,931	55,083	(4,246)	218,768	119,843	1,483	340,094
Total net position	1,509,677	84,229	—	1,593,906	1,867,325	6,223	3,467,454
Total liabilities, deferred inflows of resources, and net position	\$ 4,220,378	\$ 392,031	\$ (9,044)	\$ 4,603,365	\$ 3,639,309	\$ 39,313	\$ 8,281,987

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 266,683	\$ 51,814	\$ —	\$ 318,497	\$ 67,036	\$ 1,615	\$ 387,148
Investments	—	3,107	—	3,107	—	—	3,107
Customer accounts receivable, net of allowance (\$3,864)	165,515	—	—	165,515	54,176	123	219,814
Inventories:							
Materials and supplies	2,378	—	—	2,378	59,285	—	61,663
Fuel	37,822	—	—	37,822	—	—	37,822
Other current assets	16,884	5,361	(9,519)	12,726	5,671	3	18,400
Total current assets	489,282	60,282	(9,519)	540,045	186,168	1,741	727,954
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	89,193	89,318	—	178,511	71,232	4,241	253,984
Investments	202,036	10,227	—	212,263	98,867	—	311,130
Accounts and interest receivable	1,053	11	—	1,064	7	—	1,071
Total restricted assets	292,282	99,556	—	391,838	170,106	4,241	566,185
Costs to be recovered from future revenues	348,740	234,170	—	582,910	269,374	30	852,314
Hedging derivative instruments	11,944	—	—	11,944	—	—	11,944
Other assets	16,802	4,500	(4,500)	16,802	1,439	—	18,241
Total noncurrent assets	669,768	338,226	(4,500)	1,003,494	440,919	4,271	1,448,684
Net capital assets	2,674,895	9,324	—	2,684,219	2,792,604	34,352	5,511,175
Total assets	3,833,945	407,832	(14,019)	4,227,758	3,419,691	40,364	7,687,813
Deferred outflows of resources							
Unrealized pension contributions and losses	74,505	17,601	—	92,106	51,775	—	143,881
Accumulated decrease in fair value of hedging derivatives	141,605	—	—	141,605	37,681	—	179,286
Unamortized deferred losses on refundings	56,693	3,300	—	59,993	40,152	169	100,314
Unrealized asset retirement obligations	32,368	2,873	—	35,241	—	—	35,241
Unrealized OPEB contributions and losses	5,549	—	—	5,549	3,857	—	9,406
Total deferred outflows of resources	310,720	23,774	—	334,494	133,465	169	468,128
Total assets and deferred outflows of resources	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 57,341	\$ 5,658	\$ (5,376)	\$ 57,623	\$ 8,855	\$ 144	\$ 66,622
Customer deposits and prepayments	53,779	—	—	53,779	17,525	—	71,304
Billings on behalf of state and local governments	22,171	—	—	22,171	3,834	—	26,005
Compensation and benefits payable	10,301	—	—	10,301	4,262	36	14,599
City of Jacksonville payable	8,159	—	—	8,159	2,096	—	10,255
Asset retirement obligations	1,263	2,873	—	4,136	—	—	4,136
Total current liabilities	153,014	8,531	(5,376)	156,169	36,572	180	192,921
Current liabilities payable from restricted assets:							
Debt due within one year	67,765	13,340	—	81,105	19,870	1,725	102,700
Interest payable	24,871	5,222	—	30,093	22,115	648	52,856
Construction contracts and accounts payable	15,109	5,575	(4,143)	16,541	30,389	47	46,977
Renewal and replacement reserve	—	37,910	—	37,910	—	—	37,910
Total current liabilities payable from restricted assets	107,745	62,047	(4,143)	165,649	72,374	2,420	240,443
Noncurrent liabilities:							
Long-term debt							
Debt payable, less current portion	1,629,850	251,765	—	1,881,615	1,241,565	31,410	3,154,590
Unamortized premium (discount), net	95,677	783	—	96,460	77,769	(24)	174,205
Fair value of debt management strategy instruments	139,607	—	—	139,607	37,681	—	177,288
Total long-term debt	1,865,134	252,548	—	2,117,682	1,357,015	31,386	3,506,083
Net pension liability	373,642	7,794	—	381,436	259,650	—	641,086
Asset retirement obligations	31,105	—	—	31,105	—	—	31,105
Compensation and benefits payable	22,271	—	—	22,271	9,002	69	31,342
Net OPEB liability	5,954	—	—	5,954	4,137	—	10,091
Other liabilities	20,556	4,500	(4,500)	20,556	—	—	20,556
Total noncurrent liabilities	2,318,662	264,842	(4,500)	2,579,004	1,629,804	31,455	4,240,263
Total liabilities	2,579,421	335,420	(14,019)	2,900,822	1,738,750	34,055	4,673,627
Deferred inflows of resources							
Revenues to be used for future costs	177,589	5,821	—	183,410	23,372	—	206,782
Accumulated increase in fair value of hedging derivatives	11,944	—	—	11,944	—	—	11,944
Unrealized OPEB gains	9,023	—	—	9,023	6,271	—	15,294
Unrealized pension gains	11,988	3,986	—	15,974	8,330	—	24,304
Total deferred inflows of resources	210,544	9,807	—	220,351	37,973	—	258,324
Net position							
Net investment in (divestment of) capital assets	977,434	(14,114)	—	963,320	1,567,914	1,393	2,532,627
Restricted							
Capital projects	139,007	—	—	139,007	63,679	1,868	204,554
Debt service	66,487	13,706	—	80,193	19,640	1,725	101,558
Other purposes	6,073	32,163	4,143	42,379	6,539	—	48,918
Unrestricted	165,699	54,624	(4,143)	216,180	118,661	1,492	336,333
Total net position	1,354,700	86,379	—	1,441,079	1,776,433	6,478	3,223,990
Total liabilities, deferred inflows of resources, and net position	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	\$ 1,283,608	\$ 26,644	\$ (26,643)	\$ 1,283,609	\$ -	\$ -	\$ (16,382)	\$ 1,267,227
Water and sewer	-	-	-	-	456,692	-	(259)	456,433
District energy system	-	-	-	-	-	8,042	(338)	7,704
Other operating revenues	25,277	111	-	25,388	14,095	1	(2,215)	37,269
Total operating revenues	1,308,885	26,755	(26,643)	1,308,997	470,787	8,043	(19,194)	1,768,633
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	231,123	5,240	-	236,363	165,659	4,460	(19,194)	387,288
Fuel	364,074	-	-	364,074	-	-	-	364,074
Purchased power	138,030	-	(26,643)	111,387	-	-	-	111,387
Depreciation	217,362	410	-	217,772	171,357	2,586	-	391,715
State utility and franchise taxes	60,080	-	-	60,080	10,886	-	-	70,966
Recognition of deferred costs and revenues, net	7,098	13,877	-	20,975	9,743	-	-	30,718
Total operating expenses	1,017,767	19,527	(26,643)	1,010,651	357,645	7,046	(19,194)	1,356,148
Operating income	291,118	7,228	-	298,346	113,142	997	-	412,485
Nonoperating revenues (expenses)								
Interest on debt	(66,288)	(9,782)	-	(76,070)	(43,570)	(1,271)	-	(120,911)
Earnings from The Energy Authority	15,378	-	-	15,378	-	-	-	15,378
Allowance for funds used during construction	3,203	-	-	3,203	6,085	17	-	9,305
Other nonoperating income, net	4,041	290	-	4,331	465	-	-	4,796
Investment income	1,177	114	-	1,291	872	2	-	2,165
Other interest, net	(43)	-	-	(43)	20	-	-	(23)
Total nonoperating expenses, net	(42,532)	(9,378)	-	(51,910)	(36,128)	(1,252)	-	(89,290)
Income before contributions	248,586	(2,150)	-	246,436	77,014	(255)	-	323,195
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(93,609)	-	-	(93,609)	(26,403)	-	-	(120,012)
Developers and other	2,898	-	-	2,898	91,682	-	-	94,580
Reduction of plant cost through contributions	(2,898)	-	-	(2,898)	(51,401)	-	-	(54,299)
Total contributions, net	(93,609)	-	-	(93,609)	13,878	-	-	(79,731)
Change in net position	154,977	(2,150)	-	152,827	90,892	(255)	-	243,464
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of year	\$ 1,509,677	\$ 84,229	\$ -	\$ 1,593,906	\$ 1,867,325	\$ 6,223	\$ -	\$ 3,467,454

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)
Year Ended September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	\$ 1,219,884	\$ 25,129	\$ (25,130)	\$ 1,219,883	\$ -	\$ -	\$ (16,195)	\$ 1,203,688
Water and sewer	-	-	-	-	470,180	-	(266)	469,914
District energy system	-	-	-	-	-	8,586	(351)	8,235
Other operating revenues	21,905	(282)	-	21,623	13,679	-	(2,681)	32,621
Total operating revenues	1,241,789	24,847	(25,130)	1,241,506	483,859	8,586	(19,493)	1,714,458
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	246,870	15,226	-	262,096	175,711	4,611	(19,493)	422,925
Fuel	290,965	-	-	290,965	-	-	-	290,965
Purchased power	110,176	-	(25,130)	85,046	-	-	-	85,046
Depreciation	202,619	410	-	203,029	159,650	2,467	-	365,146
State utility and franchise taxes	58,806	-	-	58,806	10,963	-	-	69,769
Recognition of deferred costs and revenues, net	9,201	12,769	-	21,970	6,649	-	-	28,619
Total operating expenses	918,637	28,405	(25,130)	921,912	352,973	7,078	(19,493)	1,262,470
Operating income	323,152	(3,558)	-	319,594	130,886	1,508	-	451,988
Nonoperating revenues (expenses)								
Interest on debt	(78,047)	(10,133)	-	(88,180)	(51,721)	(1,312)	-	(141,213)
Earnings from The Energy Authority	2,848	-	-	2,848	-	-	-	2,848
Allowance for funds used during construction	7,744	-	-	7,744	11,892	77	-	19,713
Other nonoperating income, net	4,182	317	-	4,499	2,871	-	-	7,370
Investment income	9,282	1,823	-	11,105	4,544	72	-	15,721
Other interest, net	308	-	-	308	358	-	-	666
Total nonoperating expenses, net	(53,683)	(7,993)	-	(61,676)	(32,056)	(1,163)	-	(94,895)
Income before contributions	269,469	(11,551)	-	257,918	98,830	345	-	357,093
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(93,871)	-	-	(93,871)	(24,953)	-	-	(118,824)
Developers and other	1,992	-	-	1,992	107,554	-	-	109,546
Reduction of plant cost through contributions	(1,992)	-	-	(1,992)	(74,566)	-	-	(76,558)
Total contributions, net	(93,871)	-	-	(93,871)	8,035	-	-	(85,836)
Change in net position	175,598	(11,551)	-	164,047	106,865	345	-	271,257
Net position, beginning of year	1,179,102	97,930	-	1,277,032	1,669,568	6,133	-	2,952,733
Net position, end of year	\$ 1,354,700	\$ 86,379	\$ -	\$ 1,441,079	\$ 1,776,433	\$ 6,478	\$ -	\$ 3,223,990

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Cash Flows
(In Thousands)
Year Ended September 30, 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	\$ 1,229,418	\$ 26,421	\$ (26,587)	\$ 1,229,252	\$ 462,470	\$ 7,662	\$ (16,979)	\$ 1,682,405
Payments to suppliers	(616,998)	(10,123)	26,587	(600,534)	(106,540)	(3,775)	19,194	(691,655)
Payments for salaries and benefits	(168,812)	—	—	(168,812)	(68,519)	(693)	—	(238,024)
Other operating activities	27,355	(47)	—	27,308	12,859	1	(2,215)	37,953
Net cash provided by operating activities	470,963	16,251	—	487,214	300,270	3,195	—	790,679
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(93,631)	—	—	(93,631)	(26,282)	—	—	(119,913)
Net cash used in noncapital and related financing activities	(93,631)	—	—	(93,631)	(26,282)	—	—	(119,913)
Capital and related financing activities								
Acquisition and construction of capital assets	(155,958)	—	—	(155,958)	(194,892)	(1,803)	—	(352,653)
Defeasance of debt	(164,150)	—	—	(164,150)	(152,105)	—	—	(316,255)
Proceeds from issuance of debt	44,560	—	—	44,560	121,815	—	—	166,375
Interest paid on debt	(69,904)	(10,169)	—	(80,073)	(52,546)	(1,275)	—	(133,894)
Repayment of debt principal	(67,765)	(13,340)	—	(81,105)	(19,870)	(1,725)	—	(102,700)
Capital contributions	—	—	—	—	40,281	—	—	40,281
Revolving credit agreement repayments	—	—	—	—	(5,000)	—	—	(5,000)
Other capital financing activities	20,555	449	—	21,004	30,174	—	—	51,178
Net cash used in capital and related financing activities	(392,662)	(23,060)	—	(415,722)	(232,143)	(4,803)	—	(652,668)
Investing activities								
Proceeds from sale and maturity of investments	260,865	26,968	—	287,833	37,846	—	—	325,679
Purchase of investments	(229,929)	(27,485)	—	(257,414)	(32,521)	—	—	(289,935)
Distributions from The Energy Authority	10,848	—	—	10,848	—	—	—	10,848
Investment income	4,444	147	—	4,591	2,698	2	—	7,291
Net cash provided by (used in) investing activities	46,228	(370)	—	45,858	8,023	2	—	53,883
Net change in cash and cash equivalents	30,898	(7,179)	—	23,719	49,868	(1,606)	—	71,981
Cash and cash equivalents at beginning of year	355,876	141,132	—	497,008	138,268	5,856	—	641,132
Cash and cash equivalents at end of year	\$ 386,774	\$ 133,953	\$ —	\$ 520,727	\$ 188,136	\$ 4,250	\$ —	\$ 713,113
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 291,118	\$ 7,228	\$ —	\$ 298,346	\$ 113,142	\$ 997	\$ —	\$ 412,485
Adjustments:								
Depreciation and amortization	217,362	410	—	217,772	172,469	2,586	—	392,827
Recognition of deferred costs and revenues, net	7,098	13,877	—	20,975	9,743	—	—	30,718
Other nonoperating income, net	9	—	—	9	47	—	—	56
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(56)	(223)	—	(279)	(1,097)	(380)	—	(1,756)
Inventories	5,041	—	—	5,041	(1,263)	—	—	3,778
Other assets	(8,075)	4,812	—	(3,263)	(1,387)	(2)	—	(4,652)
Accounts and accrued expenses payable	11,305	(5,141)	—	6,164	1,474	(14)	—	7,624
Current liabilities payable from restricted assets	—	(4,978)	—	(4,978)	—	—	—	(4,978)
Other noncurrent liabilities and deferred inflows	(52,839)	266	—	(52,573)	7,142	8	—	(45,423)
Net cash provided by operating activities	\$ 470,963	\$ 16,251	\$ —	\$ 487,214	\$ 300,270	\$ 3,195	\$ —	\$ 790,679
Non-cash activity								
Contribution of capital assets from developers	\$ 2,898	\$ —	\$ —	\$ 2,898	\$ 51,401	\$ —	\$ —	\$ 54,299
Unrealized investment fair market value changes, net	\$ (2,795)	\$ (33)	\$ —	\$ (2,828)	\$ (1,706)	\$ —	\$ —	\$ (4,534)

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
Combining Statement of Cash Flows
(In Thousands)
Year Ended September 30, 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	\$ 1,196,924	\$ 25,129	\$ (26,117)	\$ 1,195,936	\$ 464,998	\$ 8,702	\$ (16,812)	\$ 1,652,824
Payments to suppliers	(525,261)	(9,570)	26,117	(508,714)	(118,287)	(3,870)	19,493	(611,378)
Payments for salaries and benefits	(176,881)	(13,307)	—	(190,188)	(71,327)	(713)	—	(262,228)
Other operating activities	26,438	(84)	—	26,354	13,884	—	(2,681)	37,557
Net cash provided by operating activities	521,220	2,168	—	523,388	289,268	4,119	—	816,775
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(93,794)	—	—	(93,794)	(24,932)	—	—	(118,726)
Net cash used in noncapital and related financing activities	(93,794)	—	—	(93,794)	(24,932)	—	—	(118,726)
Capital and related financing activities								
Acquisition and construction of capital assets	(208,175)	—	—	(208,175)	(197,389)	(3,575)	—	(409,139)
Defeasance of debt	(320,935)	—	—	(320,935)	(202,115)	—	—	(523,050)
Proceeds from issuance of debt	221,670	—	—	221,670	130,590	—	—	352,260
Interest paid on debt	(83,617)	(10,786)	—	(94,403)	(58,380)	(1,313)	—	(154,096)
Repayment of debt principal	(122,380)	(13,780)	—	(136,160)	(54,705)	(1,690)	—	(192,555)
Capital contributions	—	—	—	—	32,988	—	—	32,988
Other capital financing activities	44,866	159	—	45,025	24,865	—	—	69,890
Net cash used in capital and related financing activities	(468,571)	(24,407)	—	(492,978)	(324,146)	(6,578)	—	(823,702)
Investing activities								
Proceeds from sale and maturity of investments	247,265	23,768	—	271,033	68,785	—	—	339,818
Purchase of investments	(217,069)	(23,819)	—	(240,888)	(27,478)	—	—	(268,366)
Distributions from The Energy Authority	1,945	—	—	1,945	—	—	—	1,945
Investment income	8,225	1,830	—	10,055	3,039	72	—	13,166
Net cash provided by investing activities	40,366	1,779	—	42,145	44,346	72	—	86,563
Net change in cash and cash equivalents	(779)	(20,460)	—	(21,239)	(15,464)	(2,387)	—	(39,090)
Cash and cash equivalents at beginning of year	356,655	161,592	—	518,247	153,732	8,243	—	680,222
Cash and cash equivalents at end of year	\$ 355,876	\$ 141,132	\$ —	\$ 497,008	\$ 138,268	\$ 5,856	\$ —	\$ 641,132
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 323,152	\$ (3,558)	\$ —	\$ 319,594	\$ 130,886	\$ 1,508	\$ —	\$ 451,988
Adjustments:								
Depreciation and amortization	202,619	410	—	203,029	160,815	2,467	—	366,311
Recognition of deferred costs and revenues, net	9,201	12,769	—	21,970	6,649	—	—	28,619
Other nonoperating income, net	419	—	—	419	620	—	—	1,039
Changes in noncash assets and noncash liabilities:								
Accounts receivable	6,648	—	—	6,648	755	115	—	7,518
Inventories	(7,083)	106	—	(6,977)	(2,649)	—	—	(9,626)
Other assets	3,844	88	—	3,932	(69)	(2)	—	3,861
Accounts and accrued expenses payable	8,676	1,415	—	10,091	(1,815)	(10)	—	8,266
Current liabilities payable from restricted assets	—	(7,339)	—	(7,339)	—	—	—	(7,339)
Other noncurrent liabilities and deferred inflows	(26,256)	(1,723)	—	(27,979)	(5,924)	41	—	(33,862)
Net cash provided by operating activities	\$ 521,220	\$ 2,168	\$ —	\$ 523,388	\$ 289,268	\$ 4,119	\$ —	\$ 816,775
Non-cash activity								
Contribution of capital assets from developers	\$ 1,992	\$ —	\$ —	\$ 1,992	\$ 74,566	\$ —	\$ —	\$ 76,558
Unrealized investment fair market value changes, net	\$ 1,383	\$ (7)	\$ —	\$ 1,376	\$ 1,665	\$ —	\$ —	\$ 3,041

Finance & Operations Committee - ADDITIONAL INFORMATION



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
 JEA
 Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of JEA, as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise JEA's basic financial statements, and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

January 27, 2022



BOND COMPLIANCE INFORMATION

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA Electric System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Electric	\$ 1,225,962	\$ 1,192,898
Investment income ⁽¹⁾	2,295	6,057
Earnings from The Energy Authority	15,378	2,848
Other, net ⁽²⁾	25,303	22,016
Plus: amounts paid from the rate stabilization fund into the revenue fund	82,016	91,118
Less: amounts paid from the revenue fund into the rate stabilization fund	(24,370)	(64,132)
Total revenues	1,326,584	1,250,805
Operating expenses ⁽³⁾		
Fuel	326,870	271,164
Purchased power ⁽⁴⁾	204,846	164,362
Maintenance and other operating expenses	211,537	222,585
State utility and franchise taxes	60,080	58,806
Total operating expenses	803,333	716,917
Net revenues	\$ 523,251	\$ 533,888
Debt service	\$ 47,552	\$ 53,384
Less: investment income on sinking fund	(1,677)	(1,842)
Less: Build America Bonds subsidy	(1,536)	(1,532)
Debt service requirement	\$ 44,339	\$ 50,010
Senior debt service coverage ⁽⁵⁾	11.80 x	10.68 x
Debt service requirement (from above)	\$ 44,339	\$ 50,010
Plus: aggregate subordinated debt service on outstanding subordinated bonds	58,701	63,443
Less: Build America Bonds subsidy	(1,908)	(1,947)
Total debt service requirement and aggregate subordinated debt service	\$ 101,132	\$ 111,506
Senior and subordinated debt service coverage ⁽⁶⁾	5.17 x	4.79 x

⁽¹⁾ Excludes investment income on sinking funds.⁽²⁾ Excludes the Build America Bonds subsidy.⁽³⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽⁴⁾ In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.⁽⁵⁾ Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.⁽⁶⁾ Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA Bulk Power Supply System

Schedule of Debt Service Coverage

(In Thousands)

	Year ended September 30	
	2021	2020
Revenues		
Operating	\$ 66,816	\$ 54,185
Investment income	101	485
Total revenues	<u>66,917</u>	<u>54,670</u>
Operating expenses ⁽¹⁾		
Fuel	37,204	19,801
Maintenance and other operating expenses	16,948	15,031
Total operating expenses	<u>54,152</u>	<u>34,832</u>
Net revenues	<u>\$ 12,765</u>	<u>\$ 19,838</u>
Aggregate debt service	<u>\$ 10,579</u>	<u>\$ 10,691</u>
Less: Build America Bonds subsidy	(550)	(592)
Aggregate debt service	<u>\$ 10,029</u>	<u>\$ 10,099</u>
Debt service coverage ⁽²⁾	<u>1.27 x</u>	<u>1.96 x</u>

⁽¹⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽²⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System, Second Resolution

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Operating	\$ 27,234	\$ 25,175
Investment income	147	1,830
Total revenues	<u>27,381</u>	<u>27,005</u>
Operating expenses ⁽¹⁾	<u>-</u>	<u>-</u>
Net revenues	<u>\$ 27,381</u>	<u>\$ 27,005</u>
Aggregate debt service	<u>\$ 24,069</u>	<u>\$ 23,784</u>
Less: Build America Bonds subsidy	(289)	(317)
Aggregate debt service	<u>\$ 23,780</u>	<u>\$ 23,467</u>
Debt service coverage ⁽²⁾	<u>1.15 x</u>	<u>1.15 x</u>

⁽¹⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽²⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA Water and Sewer System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Water	\$ 199,829	\$ 202,848
Water capacity fees	15,798	13,083
Sewer	263,567	260,808
Sewer capacity fees	24,131	19,775
Investment income	2,578	2,879
Other ⁽¹⁾	14,123	13,941
Plus: amounts paid from the rate stabilization fund into the revenue fund	18,494	32,201
Less: amounts paid from the revenue fund into the rate stabilization fund	(25,198)	(25,677)
Total revenues	513,322	519,858
Operating expenses ⁽²⁾		
Maintenance and other operating expenses	165,659	175,711
State utility and franchise taxes	10,886	10,963
Total operating expenses	176,545	186,674
Net revenues	\$ 336,777	\$ 333,184
Aggregate debt service	\$ 48,944	\$ 62,160
Less: Build America Bonds subsidy	(2,447)	(2,455)
Aggregate debt service	\$ 46,497	\$ 59,705
Senior debt service coverage ⁽³⁾	7.24 x	5.58 x
Aggregate debt service (from above)	\$ 46,497	\$ 59,705
Plus: aggregate subordinated debt service on outstanding subordinated debt	6,700	7,418
Total aggregate debt service and aggregate subordinated debt service	\$ 53,197	\$ 67,123
Senior and subordinated debt service coverage excluding capacity fees ⁽⁴⁾	5.58 x	4.47 x
Senior and subordinated debt service coverage including capacity fees ⁽⁴⁾	6.33 x	4.96 x

⁽¹⁾ Excludes the Build America Bonds subsidy.⁽²⁾ Excludes depreciation and recognition of deferred costs and revenues, net.⁽³⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.⁽⁴⁾ Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity fees) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity fees).

Finance & Operations Committee - ADDITIONAL INFORMATION

JEA District Energy System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2021	2020
Revenues		
Service revenues	\$ 8,042	\$ 8,587
Investment income	2	72
Total revenues	<u>8,044</u>	<u>8,659</u>
Operating expenses ⁽¹⁾		
Maintenance and other operating expenses	<u>4,460</u>	<u>4,611</u>
Total operating expenses	<u>4,460</u>	<u>4,611</u>
Net revenues	<u>\$ 3,584</u>	<u>\$ 4,048</u>
Aggregate debt service ⁽²⁾	<u>\$ 3,024</u>	<u>\$ 3,021</u>
Debt service coverage ⁽³⁾	<u>1.19 x</u>	<u>1.34 x</u>

⁽¹⁾ Excludes depreciation.

⁽²⁾ On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.

⁽³⁾ Net revenues divided by aggregate debt service.

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APPENDIX B**SUMMARY OF CERTAIN PROVISIONS OF THE
WATER AND SEWER SYSTEM RESOLUTION**

The following is a summary of certain provisions of the Water and Sewer System Resolution. Summaries of certain definitions contained in the Water and Sewer System Resolution are set forth below. Other terms defined in the Water and Sewer System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Water and Sewer System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

The Water and Sewer System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Water and Sewer System Resolution (as so amended) and the First Supplemental Resolution (as defined herein) may be obtained from JEA; provided that a reasonable charge may be imposed for the cost of reproduction. The term "Water and Sewer System Bonds" as used in this summary has the same meaning as the term "Water and Sewer System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Water and Sewer System Resolution:

Accreted Value means, as of any date of computation with respect to any Water and Sewer System Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Water and Sewer System Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided, however*, that (i) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (ii) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the Water and Sewer System Resolution and (iii) if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account takes into account Accrued

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Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Water and Sewer System Bonds of the Series secured thereby.

Additionally Secured Series means a Series of Water and Sewer System Bonds for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, all or a portion of the Water and Sewer System Bonds of which shall be secured, in addition to the pledge of the Trust Estate created pursuant to the Water and Sewer System Resolution, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account. For all purposes of the Water and Sewer System Resolution relating to the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established with respect to all or any portion of the Water and Sewer System Bonds of any such Additionally Secured Series, any reference to such Additionally Secured Series shall be deemed to refer only to the Water and Sewer System Bonds of such maturities (or interest rate(s) within a maturity) of such series that are so secured by amounts on deposit in such separate subaccount.

Adjusted Aggregate Debt Service for any period means, as of any date of calculation, the Aggregate Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Water and Sewer System Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Water and Sewer System Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Adjusted Aggregate Debt Service at the times and in the manner provided in the Water and Sewer System Resolution. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Water and Sewer System Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Water and Sewer System Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Aggregate Debt Service for any period means, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided, however*, that (a) for purposes of estimating Aggregate Debt Service for any future period (i) any Water and Sewer System Variable Rate Bonds Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Water and Sewer System Variable Rate Bonds or (Y) the Certified Interest Rate applicable thereto and (ii) any Water and Sewer System Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Aggregate Debt Service at the times and in the manner provided in the Water and Sewer System Resolution; and *provided, further*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Water and Sewer System Bonds of the Series secured thereby.

Alternate Variable Rate Taxable Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

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Alternate Variable Rate Tax-Exempt Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Annual Net Revenues means, with respect to any Fiscal Year, the Revenues during such Fiscal Year, determined on an accrual basis, minus the sum of (a) Operation and Maintenance Expenses during such Fiscal Year, determined on an accrual basis, to the extent paid or to be paid from Revenues, (b) the Aggregate Debt Service with respect to such Fiscal Year and (c) debt service payable during such Fiscal Year with respect to all other obligations issued by JEA (including, without limitation, Subordinated Indebtedness) in connection with the System, determined on an accrual basis.

Appreciated Value means, with respect to any Water and Sewer System Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Water and Sewer System Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Deferred Income Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

BMA Municipal Swap Index means the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Bond Anticipation Notes means notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Water and Sewer System Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Water and Sewer System Bonds may be issued, the payment of which notes is to be made from the proceeds of the Water and Sewer System Bonds in anticipation of the issuance of which said notes are issued.

Bond Year means the 12 month period commencing on October 1 in any year and ending on September 30 of the following year.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

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Capacity Charges shall mean water and sewer capacity charges imposed by JEA with respect to the System.

Certified Interest Rate means, as of any date of determination:

(i) with respect to any Water and Sewer System Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by Water and Sewer System Variable Rate Bonds for the 12 months preceding such date of determination; *provided, however*, if such Water and Sewer System Variable Rate Bonds are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1);

(ii) with respect to any Water and Sewer System Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Water and Sewer System Variable Rate Bonds, for the 12 months preceding such date of determination; *provided, however*, if such Water and Sewer System Variable Rate Bonds are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a); and

(iii) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund and with respect to any Water and Sewer System Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Water and Sewer System Variable Rate Bonds as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Water and Sewer System Variable Rate Bonds would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as such proposed Water and Sewer System Variable Rate Bonds, and on the basis of JEA's credit ratings with respect to the Water and Sewer System Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Water and Sewer System Variable Rate Bonds were issued at a fixed interest rate.

Code means the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Contract Debts means any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received.

Finance & Operations Committee - ADDITIONAL INFORMATION

Costs means the costs, expenses and liabilities paid or incurred or to be paid or incurred by JEA in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, repairing, extending, improving, reconstructing, retiring and disposing of the System or any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto (including, for this purpose, any acquisition by JEA of an interest in an existing facility).

Credit Enhancement means, with respect to the Water and Sewer System Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Water and Sewer System Bonds.

Credit Enhancer means any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for any Water and Sewer System Bonds.

Current Interest Commencement Date means, with respect to any particular Water and Sewer System Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds (which date must be prior to the maturity date for such Water and Sewer System Deferred Income Bonds) after which interest accruing on such Water and Sewer System Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

(i) interest accruing during such period on Water and Sewer System Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of the indebtedness of JEA; provided, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of the definition, the interest on the Bonds of such Series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such Series shall be calculated without regard to such subsidy, and

(ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Water and Sewer System Bonds other than Reimbursement Obligations, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of the Water and Sewer System Bonds of such Series, whichever date is later, and (y) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA.

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Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Water and Sewer System Bonds (except for Water and Sewer System Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Water and Sewer System Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Water and Sewer System Resolution; *provided, however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Water and Sewer System Bonds of the Series secured thereby.

Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, (a) if JEA has in connection with any Water and Sewer System Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Water and Sewer System Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating the Debt Service with respect to such Water and Sewer System Bonds for purposes of the "additional bonds test" and the "rate covenant" contained in clause (7) of subsection 1 of Section 203 and Section 711 of the Water and Sewer System Resolution and, it will be assumed that such Water and Sewer System Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Water and Sewer System Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Water and Sewer System Variable Rate Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Water and Sewer System Variable Rate Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating the Debt Service Requirement with respect to such Water and Sewer System Variable Rate Bonds for purposes of the "additional bonds test" and the "rate covenant" contained in clause (7) of subsection 1 of Section 203 and Section 711 of the Water and Sewer System Resolution, it will be assumed that such Water and Sewer System Variable Rate Bonds bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement means, with respect to each separate subaccount in the Debt Service Reserve Account, unless otherwise determined in the manner provided in the Water and Sewer System Resolution, as of any date of calculation, an amount equal to the maximum Aggregate Debt Service coming due on the Water and Sewer System Bonds of all Series secured thereby then Outstanding in the then current or any future Bond Year excluding interest on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA.

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For the purpose of the calculation of the Debt Service Reserve Requirement in the event that the Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds, U.S. Obligations which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof.

Defeased Municipal Obligations shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or U.S. Obligations which

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fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this definition, as appropriate, (c) as to which the principal of and interest on the U.S. Obligations on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this definition, as appropriate and (d) which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's Ratings Group and, if rated by Moody's Investors Service, are rated "Aaa" by such agency.

Designated Swap Obligation means, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Water and Sewer System Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Water and Sewer System Bonds with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider means any person with whom JEA enters into a Designated Swap Obligation.

Federal Agency Securities shall mean bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investors Service, if rated by both rating agencies, and, if rated by one rating agency, shall have a rating of "AAA" or "Aaa" by Standard & Poor's Ratings Group or Moody's Investors Service, as the case may be.

Investment Securities shall mean and include any other securities, obligations or investments that, at the time, shall be permitted by Florida Law for the investment of JEA's funds.

Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service means, as of any date of calculation, the greatest Adjusted Aggregate Debt Service for the then current or any future Fiscal Year.

Net Revenues means, for any period, the Revenues during such period, determined on an accrual basis, minus Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses means the current expenses, paid or accrued, of operation, maintenance and repair of the System, including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include any reserve for renewals or replacements or any allowance for depreciation or amortization and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the System.

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Principal Installment means, as of any date of calculation and with respect to any Series, so long as any Water and Sewer System Bonds thereof are Outstanding, (i) the principal amount of Water and Sewer System Bonds (including, in the case of any Water and Sewer System Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Water and Sewer System Resolution) of any Sinking Fund Installments due on a certain future date for Water and Sewer System Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Water and Sewer System Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Water and Sewer System Bonds of such Series, the sum of such principal amount of Water and Sewer System Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment means any Principal Installment for any Series of Water and Sewer System Bonds which JEA intends to pay with moneys which are not Revenues, if such intent was expressed in the Supplemental Resolution authorizing such Series. Any such Principal Installment will be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations means all Water and Sewer System Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Water and Sewer System Bonds of a Series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement means, at any date of calculation, an amount equal to 10 percent of the sum of (a) the aggregate amount of Water and Sewer System Bonds Outstanding under the Water and Sewer System Resolution and (b) the aggregate amount of all other obligations issued by JEA in connection with the System (including, without limitation, Subordinated Indebtedness) outstanding and unpaid (or as to which provision for payment has not been made in accordance with the terms thereof).

Revenues means (i) all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System, excluding (a) unless otherwise determined by the Governing Body, Capacity Charges, (b) customer deposits and any other deposits subject to refund unless such deposits have become property of JEA and (c) if and to the extent determined by the JEA Board, special assessments, if any, levied by JEA in connection with any facilities constituting a part of the System, (ii) the proceeds of any insurance covering business interruption loss relating to the System and (iii) interest received or to be received on any moneys or securities held pursuant to the Water and Sewer System Resolution and paid or required to be paid into the Revenue Fund. For any purpose of the Water and Sewer System Resolution that requires the computation of Revenues with respect to any period of time, "Revenues" shall include such amounts resulting, received or to be received, as the case may be, during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period, but only to the extent that such amounts originally were deposited to the Rate Stabilization Fund from Revenues (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Water and Sewer System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Resolution.

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System or Water and Sewer System means each and every part of the water system and sewer system owned and operated by JEA for water supply, transmission, treatment and distribution and for sewage collection, transmission, treatment and disposal or distribution now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed, including any interest or participation of JEA in any facilities in connection with said system, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, licenses and rights of way and all other works, property or structures and contract rights and other tangible and intangible assets now or hereafter owned or used in connection with or related to said System; *provided, however*, that upon compliance with certain provisions of the Water and Sewer System Resolution described under "Certain Other Covenants – *Additional Utility Functions*" below, the term System shall be deemed to include other utility functions added to the System such as the acquisition, distribution, and sale of natural gas, the production, distribution and sale of process steam, or other utility functions that are, in accordance with Prudent Utility Practice, reasonably related to the services provided by the System. Notwithstanding the foregoing definition of the term System, such term shall not include the existing electric system owned by JEA or any bulk power supply utilities or systems now owned or hereafter acquired by JEA, nor shall it include any properties or interests in properties of JEA (a) which JEA determines shall not constitute a part of the System for the purpose of the Water and Sewer System Resolution at the time of the acquisition thereof by JEA or (b) as to which there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the exclusion of such properties or interests in properties from the System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the rate covenant described under "Covenant as to Rates, Fees and Other Charges" below.

Trust Estate means (i) the proceeds of the sale of the Water and Sewer System Bonds, (ii) the Revenues, and (iii) all Funds and Accounts established by the Water and Sewer System Resolution (other than the Debt Service Reserve Account), including the investments and investment income, if any, thereof.

U.S. Obligations shall mean any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including Federal Agency Securities to the extent unconditionally guaranteed by the United States of America.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index means the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Water and Sewer System Bond or Bonds means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Water and Sewer System Resolution but shall not mean Subordinated Indebtedness or Bond Anticipation Notes.

Water and Sewer System Capital Appreciation Bond or Bonds means any Water and Sewer System Bonds issued under the Water and Sewer System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Water and Sewer System Resolution or the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds.

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Water and Sewer System Deferred Income Bond or Bonds means any Water and Sewer System Bonds issued under the Water and Sewer System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Water and Sewer System Resolution or the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds.

Water and Sewer System Option Bond or Bonds means any Water and Sewer System Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Water and Sewer System Variable Rate Bond means any Water and Sewer System Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Water and Sewer System Bonds of which such Water and Sewer System Bond is one.

Pledge

The Water and Sewer System Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Water and Sewer System Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Water and Sewer System Bonds in accordance with their terms and the provisions of the Water and Sewer System Resolution, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution, the Trust Estate.

Pursuant to the Water and Sewer System Resolution, there also are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Water and Sewer System Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the Water and Sewer System Resolution to payment of principal of and interest and redemption premium on the Water and Sewer System Bonds of all series, subject to the provisions of the Water and Sewer System Resolution permitting application for other purposes. For the application of Revenues, the Water and Sewer System Resolution establishes a Revenue Fund, a Debt Service Fund, a Subordinated Indebtedness Fund, a Rate Stabilization Fund and a Renewal and Replacement Fund, all of which are held by JEA.

Pursuant to the Water and Sewer System Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund. Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, in the event that any Revenues constitute "impact fees" within the meaning of applicable Florida law, JEA may use and apply such Revenues only in the manner permitted or required by such applicable law, and JEA is to take such measures (including, without limitation, the establishment of such separate accounts or subaccounts or the implementation of such accounting procedures) as an Authorized Officer of JEA may determine are necessary or desirable to effect the foregoing. Each month JEA is to make transfers from the Rate Stabilization Fund to the Revenue Fund, in accordance with the then

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current Annual Budget or as otherwise determined by JEA. Each month JEA is to pay from the Revenue Fund amounts necessary to meet Operation and Maintenance Expenses as they become due and payable.

Following the payment of Operation and Maintenance Expenses, the Water and Sewer System Resolution provides that the moneys in the Revenue Fund shall be applied monthly, to the extent available, and subject to the limitation described in the preceding paragraph regarding "impact fees," in the following manner and in the following order of priority:

1. ***To the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund,*** (a) an amount at least equal to the amount, if any, required so that the balance in the Debt Service Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all Water and Sewer System Bonds to the end of the then current calendar month) equals the Accrued Aggregate Debt Service as of the last day of the then current month and (b) the respective amounts, if any, required so that the balance in each separate subaccount in the Debt Service Reserve Account equals the Debt Service Reserve Requirement related thereto.

Amounts in the Debt Service Account are to be applied by JEA to pay the principal or Redemption Price of and interest on the Water and Sewer System Bonds. In addition, JEA may apply such amounts to the purchase or redemption of Water and Sewer System Bonds to satisfy sinking fund requirements.

Amounts in each separate subaccount in the Debt Service Reserve Account are to be applied by JEA to pay the principal or sinking fund Redemption Price of or interest on each Additionally Secured Series of Water and Sewer System Bonds secured thereby, if and to the extent necessary following the application of amounts on deposit in the Debt Service Account in accordance with the terms of the Water and Sewer System Resolution; *provided, however*, that the amount payable from the Initial Subaccount with respect to the Water and Sewer System Variable Rate Bonds of a particular series and maturity shall be limited to the amount on deposit therein allocable to the Water and Sewer System Variable Rate Bonds of such series and maturity, based upon the interest rate that such Water and Sewer System Variable Rate Bonds of such series and maturity are deemed to bear for purposes of computing the Debt Service Reserve Requirement for the Initial Subaccount, as described in the second paragraph under "Debt Service Reserve Account" herein.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Water and Sewer System Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account, and no further deposits will be required to be made to the Debt Service Fund.

In the event of the refunding or defeasance of any Water and Sewer System Bonds, JEA may withdraw from the Debt Service Account, and, if the Water and Sewer System Bonds being refunded or defeased are Water and Sewer System Bonds of an Additionally Secured Series, withdraw from the separate subaccount in the Debt Service Reserve Account securing such Water and Sewer System Bonds, all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Water and Sewer System Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on such Water and Sewer System Bonds; *provided* that such withdrawal shall not be made unless (i) immediately thereafter the Water and Sewer System Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Water and Sewer System Resolution, and (ii) the amount remaining in the Debt Service Account and, if applicable, such separate subaccount in the Debt Service Reserve Account after such withdrawal, and after giving effect to the issuance of any obligations being issued to refund such Water and Sewer System Bonds and the disposition of the proceeds thereof and, in the case of any separate subaccount in the Debt Service Reserve Account, any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount,

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shall not be less than the Accrued Aggregate Debt Service and the Debt Service Reserve Requirement relating thereto, respectively. In the event of such refunding or defeasance, JEA may also withdraw from the Debt Service Account or such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Water and Sewer System Resolution; *provided, however*, that such withdrawal cannot be made unless items (i) and (ii) hereinabove have been satisfied and, at the time of such withdrawal, there will exist no deficiency in any Fund or Account held under the Water and Sewer System Resolution.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement related thereto, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount, such excess will be deposited in the Revenue Fund.

See also "Debt Service Reserve Account" herein.

2. ***To the Subordinated Indebtedness Fund***, an amount at least equal to the amount, if any, required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness and reserves therefor as required by the Supplemental Resolution authorizing such Subordinated Indebtedness.

At any time and from time to time JEA may deposit in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund installments of and interest and premium on each issue of Subordinated Indebtedness amounts received from the proceeds of additional issues of Subordinated Indebtedness or amounts received from any other source.

If at any time there is a deficiency in the Debt Service Account or any separate subaccount(s) in the Debt Service Reserve Account and the available funds in the Renewal and Replacement Fund are insufficient to cure such deficiency, there will be transferred from the Subordinated Indebtedness Fund to such Account or subaccount(s) the amount necessary to cure such deficiency (or, if the amount in the Subordinated Indebtedness Fund is less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in the Subordinated Indebtedness Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

3. ***To the Rate Stabilization Fund***, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by JEA to be credited to such Fund for the month.

4. ***To the Renewal and Replacement Fund***, an amount at least equal to the sum of (i) one-twelfth (1/12th) of ten percent of the Annual Net Revenues of the Water and Sewer System for the preceding Fiscal Year and (ii) such additional amount as will make the total annual payment into such Fund during the Fiscal Year of which such month is a part equal to at least five percent of the Revenues of the Water and Sewer System for the preceding Fiscal Year; *provided, however*, that so long as there shall be held in the Renewal and Replacement Fund an amount which is at least equal to the Renewal and Replacement Requirement, no deposits are required to be made into the Renewal and Replacement Fund; and *provided, further*, however, that the failure of JEA to make such payment into the Renewal and Replacement Fund in any month shall not constitute an Event of Default under the Water and Sewer System Resolution; *provided* that any deficiencies therefor shall have been restored prior to the end of the Fiscal Year of which such month is a part; and *provided, further*, that the full amount required to be

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deposited in said Renewal and Replacement Fund in such Fiscal Year has been deposited therein by the end of such Fiscal Year.

Amounts in the Renewal and Replacement Fund may be applied to the Costs of the Water and Sewer System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the Water and Sewer System, in the manner provided in the Water and Sewer System Resolution. Amounts in the Renewal and Replacement Fund also may be applied to the purchase, redemption, payment or provision for payment of Water and Sewer System Bonds or interest thereon or, upon determination of the JEA Board, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Water and Sewer System.

If at any time there is a deficiency in the Debt Service Account or any separate subaccount(s) in the Debt Service Reserve Account, there will be transferred from the Renewal and Replacement Fund to such Account or subaccount(s) the amount necessary to cure such deficiency (or, if the amount in the Renewal and Replacement Fund is less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in the Renewal and Replacement Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount). If at any time there is a deficiency in the Subordinated Indebtedness Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, there will be transferred from the Renewal and Replacement Fund to the Subordinated Indebtedness Fund the amount necessary to cure such deficiency.

Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, in the event that any amounts on deposit in the Renewal and Replacement Fund constitute "impact fees" within the meaning of applicable Florida law, JEA will use and apply such amounts only in the manner permitted or required thereby, and JEA will take such measures (including, without limitation, the establishment of such separate accounts or subaccounts in the Renewal and Replacement Fund or the implementation of such accounting procedures) as an Authorized Officer of JEA may determine are necessary or desirable to effect the foregoing.

The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Water and Sewer System Bonds, (b) transfers to any utility system owned and/or operated by JEA currently or in the future and (c) the annual transfer by JEA to the City's General Fund not otherwise prohibited by the Water and Sewer System Resolution; *provided, however*, that none of the remaining moneys can be used for any purpose other than those specified above unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA has complied fully with all the covenants and provisions of the Water and Sewer System Resolution.

"Available Water and Sewer System Revenues" are those monies remaining on deposit in the Revenue Fund established under the Water and Sewer System Resolution and available for use by JEA for any lawful purpose. In the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with clause (a) of subsection (1) of Section 506 of the District Energy System Resolution is less than Accrued Aggregate Debt Service with respect to the 2013 Series A Bonds of the District Energy System as of the last Business Day of the then current month, JEA shall deposit into the

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2013 Series A Bonds Subaccount in the Debt Service Reserve Account in the Debt Service Fund under the District Energy System Resolution from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION – Debt Service Fund – Debt Service Reserve Account and 2013 Series A Bonds Subaccount – *2013 Series A Bonds Subaccount*".

During any period in which the Debt Service Requirement for any series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* of clause (1) of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Sinking Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of the Electric System Resolution.

Construction Fund

The Water and Sewer System Resolution establishes a Construction Fund, into which are paid amounts required by the provisions of the Water and Sewer System Resolution and any Supplemental Resolution and, at the option of JEA, any moneys received for or in connection with the System, unless required to be applied otherwise as provided in the Water and Sewer System Resolution. In addition, proceeds of insurance against physical loss of or damage to the System or of contractors' performance bonds, pertaining to the period of construction or acquisition, will be paid into the Construction Fund.

JEA may withdraw amounts from the Construction Fund for the payment of amounts due and owing on account of the Costs of the System upon determination of an Authorized Officer of JEA (or such officer's designee) that an obligation in the amount to be paid from the Construction Fund has been incurred by JEA and that each item thereof is a proper and reasonable charge against the Construction Fund, and that such amount has not been paid.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Water and Sewer System Bonds when due.

Amounts credited to the Construction Fund which JEA at any time determines to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess, upon written determination of an Authorized Officer of JEA, shall be deposited in the Revenue Fund and may be used by JEA for any lawful purpose of JEA, subject to the limitations contained in the Water and Sewer System Resolution; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Water and Sewer System Resolution.

JEA may discontinue the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund, if the JEA Board determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of JEA and not disadvantageous to the Holders of the Water and Sewer System Bonds.

Debt Service Reserve Account

JEA may establish a separate subaccount in the Debt Service Reserve Account with respect to any one or more maturities (or interest rate(s) within a maturity) of the Water and Sewer System Bonds of one or more series as provided in the Water and Sewer System Resolution. Amounts on deposit in any separate subaccount in the Debt Service Reserve Account will be applied to pay the principal or sinking fund Redemption Price of or interest on each Additionally Secured Series of Water and Sewer System Bonds secured thereby, if and to the extent necessary following the application of amounts on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said Account for the payment of interest on Water and Sewer System Bonds on a future date) in accordance with the terms of the Water and Sewer System Resolution.

Pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution adopted by JEA on August 19, 1997 (the "First Supplemental Resolution"), authorizing, among others, JEA's Water and Sewer System Revenue Bonds, 1997 Series B (the "1997 Series B Bonds") JEA established a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund entitled the "Initial Subaccount". The 1997 Series B Bonds, which as of the date of the Annual Disclosure Report to which this Appendix is attached are no longer outstanding, were additionally secured by amounts on deposit in the Initial Subaccount, including the investments and investment income, if any, thereof, which amounts are pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 1997 Series B Bonds, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution. The Initial Subaccount in the Debt Service Reserve Account may, at the option of JEA, secure one or more maturities (or interest rate(s) within a maturity) of the additional Water and Sewer System Bonds of any series thereafter issued; *provided, however*, that for purposes of computing the Debt Service Reserve Requirement for the Initial Subaccount, the Water and Sewer System Variable Rate Bonds, if any, of each series and maturity secured thereby shall be deemed to bear interest at the Certified Interest Rate established with respect thereto at the time of the original issuance thereof *unless* the interest rate(s) on such Water and Sewer System Variable Rate Bonds of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Water and Sewer System Variable Rate Bonds of such series and maturity, in which case, such Water and Sewer System Variable Rate Bonds shall be deemed to bear interest at the fixed rate payable by JEA under such interest rate swap transaction for so long as such interest rate swap transaction shall remain in effect (*provided, however*, that if, at the time of the original issuance thereof, the interest rate on the Water and Sewer System Variable Rate Bonds of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, but such interest rate swap transaction shall be terminated prior to the final maturity date of such Water and Sewer System Variable Rate Bonds, then the Debt Service Reserve Requirement for the Initial Subaccount shall be recalculated as of the date of termination of such interest rate swap transaction, based upon the Certified Interest Rate established for such Water and Sewer System Variable Rate Bonds at the time of the original issuance thereof, and any resulting deficiency in the amount on deposit in the Initial Subaccount shall be required to be funded with moneys and/or one or more additional surety bonds, insurance policies or letters of credit that may be credited to the Initial Subaccount in accordance with the provisions of the First Supplemental Resolution). As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount also secures JEA's Water and Sewer System Revenue Bonds, 2010 Series A, 2010 Series B, 2010 Series F, 2012 Series B, 2013 Series A, 2014 Series A, 2017 Series A, 2020 Series A, and 2021 Series A and JEA's Variable Rate Water and Sewer System Revenue Bonds, 2006 Series B, 2008 Series A-2 and 2008 Series B.

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Pursuant to the Water and Sewer System Resolution, the Water and Sewer System Bonds of any series are not required to be additionally secured by amounts on deposit in any separate subaccount in the Debt Service Reserve Account. JEA currently intends to secure all long-term Water and Sewer System Bonds with the Initial Subaccount in the Debt Service Reserve Account. In the event that one or more maturities (or interest rate(s) within a maturity) of the Water and Sewer System Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account, it will be a condition to the issuance of the Water and Sewer System Bonds of such series that the amount on deposit in the Initial Subaccount, after giving effect to the issuance of such Water and Sewer System Bonds, equals the Debt Service Reserve Requirement for such Subaccount.

The Water and Sewer System Resolution requires JEA to deposit and maintain in the Initial Subaccount in the Debt Service Reserve Account moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Debt Service Reserve Requirement for the Initial Subaccount. The Debt Service Reserve Requirement for the Initial Subaccount is defined in the First Supplemental Resolution, as of any date of calculation, as an amount equal to the lowest of (a) ten percent of the original principal amount of the Water and Sewer System Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Water and Sewer System Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price), (b) the maximum Aggregate Debt Service on the Water and Sewer System Bonds of all series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or (c) 125 percent of the average annual Debt Service on the Water and Sewer System Bonds of all series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided, however*, that in no event may an increase in the Debt Service Reserve Requirement for the Initial Subaccount resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Water and Sewer System Bonds exceed ten percent of the original principal amount of the Water and Sewer System Bonds of such issue (or, if the Water and Sewer System Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price).

Amounts in the Initial Subaccount in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for such Subaccount, after giving effect to any reserve fund credit instrument, will be credited to the Revenue Fund.

The First Supplemental Resolution provides that in lieu of maintaining moneys or investments in the Initial Subaccount in the Debt Service Reserve Account, JEA at any time may cause to be deposited therein for the benefit of the Holders of the Water and Sewer System Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (a "reserve fund credit instrument"), in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of money or value of Investment Securities then on deposit in the Initial Subaccount, if any. The following is a summary of the provisions of the First Supplemental Resolution, as amended by the applicable portion of the Resolution Amendments, relating to the deposit of reserve fund credit instruments to the Initial Subaccount:

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(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated at least "AA-" or "Aa3" by any two of Standard & Poor's Ratings Group (hereinafter referred to as "S&P") or Moody's Investors Service (hereinafter referred to as "Moody's") or Fitch Ratings (hereinafter referred to as "Fitch").

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least "AA-" or "Aa3" by any two of S&P, Moody's or Fitch. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument pursuant to this subsection 4 shall be subject to receipt of an opinion of counsel as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a reserve fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Initial Subaccount, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity

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with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be further subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch or (iv) the rating of the issuer of the letter of credit falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch, the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(f) If (i) the revolving reinstatement feature described in the preceding clause (e) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch or (iii) the rating of the issuer of the letter of credit falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A-" or "A3" by any two of S&P, Moody's or Fitch or (2) the rating of the issuer of the letter of credit falls below "A-" or "A3" by any two of S&P, Moody's or Fitch or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Resolution for purposes of clause (7) of subsection 1 of Section 203 and subsection 1 of Section 711 of the Resolution.

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(i) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Series.

(j) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On January 4, 2001, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2001 Series A, JEA caused FGIC to issue its Municipal Bond Debt Service Reserve Fund Policy (the "Initial FGIC Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial FGIC Reserve Policy is in a maximum amount of \$37,126,447.50, is non-cancellable, terminates on October 1, 2039 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On April 11, 2002, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2002 Series A, JEA caused FGIC to issue an additional Municipal Bond Debt Service Reserve Fund Policy (the "Second FGIC Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second FGIC Reserve Policy is in a maximum amount of \$8,503,298.05, is non-cancellable, terminates on October 1, 2041 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On October 24, 2002, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2002 Series C, JEA caused FGIC to issue an additional Municipal Bond Debt Service Reserve Fund Policy (the "Third FGIC Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third FGIC Reserve Policy is in a maximum amount of \$9,531,724.90, is non-cancellable, terminates on October 1, 2041 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of FGIC, JEA funded the Initial Subaccount with cash and the Berkshire Reserve Policy (hereinafter defined) in the amount of the Initial FGIC Reserve Policy, the Second FGIC Reserve Policy and the Third FGIC Reserve Policy (collectively, the "FGIC Reserve Policies") thereby fulfilling the requirements of the First Supplemental Resolution with regard to the FGIC Reserve Policies.

On November 21, 2003, simultaneously with the issuance of JEA's Variable Rate Water and Sewer System Revenue Bonds, 2003 Series C (the "2003 Series C Bonds"), JEA caused XL Capital Assurance Inc. ("XLCA") to issue a debt service reserve insurance policy (the "Initial XLCA Reserve Policy") for deposit to the credit of a separate subaccount created in the Debt Service Reserve Account. The Initial XLCA Reserve Policy is in a maximum amount of \$3,750,000.00, is non-cancelable, terminates on October 1, 2038 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount. On April 8, 2004, simultaneously with the issuance of JEA's Water and

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Sewer System Revenue Bonds, 2004 Series A and B, JEA redeemed the 2003 Series C Bonds, and the Initial XLCA Reserve Policy was reissued by XLCA and deposited by JEA into the Initial Subaccount.

On September 22, 2004, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2004 Series C, JEA caused Assured Guaranty Municipal Corp., previously known as Financial Security Assurance Inc. ("FSA") to issue its Debt Service Reserve Insurance Policy (the "Initial FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial FSA Reserve Policy is in a maximum amount of \$3,702,459.05, is non-cancelable, terminates on October 1, 2039 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On March 24, 2005, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2005 Series A (the "2005 Series A Bonds"), JEA caused MBIA Insurance Corporation ("MBIA") to issue its Debt Service Reserve Surety Bond (the "Initial MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial MBIA Surety Bond is in a maximum amount of \$9,003,471.86, is non-cancelable, terminates on October 1, 2041 (or the date on which JEA has made all payments required to be made on the Initial Subaccount Additionally Secured Bonds pursuant to the Water and Sewer System Resolution) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On June 6, 2005, JEA caused MBIA to issue an additional Debt Service Reserve Surety Bond (the "Second MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second MBIA Surety Bond is in a maximum amount of \$13,719,213.54, is non-cancelable, terminates on October 1, 2041 (or the date on which JEA has made all payments required to be made on the Initial Subaccount Additionally Secured Bonds pursuant to the Water and Sewer System Resolution) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On May 25, 2006, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2006 Series A (the "2006 Series A Bonds"), JEA caused MBIA to issue an additional Debt Service Reserve Surety Bond (the "Third MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third MBIA Surety Bond is in a maximum amount of \$2,375,403.75, is non-cancelable, terminates on October 1, 2041 (or upon the earlier retirement of all of the 2006 Series A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

Effective as of January 1, 2009, MBIA Inc., parent company of MBIA, restructured MBIA; such restructuring involved the reinsurance and assignment of MBIA's obligations under the Initial MBIA Surety Bond, the Second MBIA Surety Bond and the Third MBIA Surety Bond (collectively, the "MBIA Surety Bonds") to National Public Finance Guarantee Corporation ("NPFGC") which is a subsidiary of MBIA Inc. Because of a rating downgrade of MBIA, JEA has made deposits to the Initial Subaccount in the amount of the MBIA Surety Bonds.

On March 8, 2007, simultaneously with the issuance of JEA's Variable Rate Water and Sewer System Revenue Bonds, 2007 Series A (the "2007 Series A Bonds"), JEA caused XLCA to issue a debt service reserve insurance policy (the "Second XLCA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second XLCA Reserve Policy is in a maximum amount of \$5,275,233.64, is non-cancelable, terminates on October 1, 2041 and satisfied the requirements

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with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of XLCA, JEA has made deposits to the Initial Subaccount in the amount of the Initial XLCA Reserve Policy and the Second XLCA Reserve Policy.

On July 26, 2007, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2007 Series C (the "2007 Series C Bonds"), JEA caused FSA to issue its Debt Service Reserve Insurance Policy (the "Second FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second FSA Reserve Policy is in a maximum amount of \$468,627.91, is non-cancelable, terminates on October 1, 2037 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On February 7, 2008, simultaneously with the issuance of JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A (the "2008 Series A Bonds"), JEA caused FSA to issue its Debt Service Reserve Insurance Policy (the "Third FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third FSA Reserve Policy is in a maximum amount of \$15,000,000.00, is non-cancelable, terminates on October 1, 2042 (or upon the earlier retirement of all of the 2008 Series A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

The forms of the Initial FSA Reserve Policy, the Second FSA Reserve Policy and the Third FSA Reserve Policy (collectively, the "FSA Reserve Policies") are substantially identical, and a specimen thereof is attached to this APPENDIX B as Attachment 1. Because of a rating downgrade of FSA, JEA has made deposits to the Initial Subaccount equal to the aggregate amount of the FSA Reserve Policies.

On August 11, 2008, JEA caused Berkshire Hathaway Assurance Corporation ("Berkshire") to issue its Debt Service Reserve Fund Financial Guaranty Insurance Policy (the "Berkshire Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Berkshire Reserve Policy is in a maximum amount of \$33,000,000.00, is non-cancelable, terminates on October 1, 2038 and otherwise satisfies the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution). The form of the Berkshire Reserve Policy is attached hereto to this APPENDIX B as Attachment 2. Because of a rating downgrade of Berkshire, JEA made deposits to the Initial Subaccount equal to the amount of the Berkshire Reserve Policy.

On October 2, 2018, JEA transferred \$33,000,000 from the Initial Subaccount to the Construction Fund. JEA was able to make such a transfer as a result of amendments to the Water and Sewer System Resolution contained in Resolution No. 2013-10, adopted June 18, 2013, that lowered the minimum ratings requirement for the provider of a reserve fund credit instrument that is a surety bond or insurance policy to fund the Initial Subaccount. Upon the effectiveness of such amendments on May 2, 2018, the Berkshire Reserve Policy may be counted as satisfying the Debt Service Reserve Requirement.

Investment of Funds and Accounts

The Water and Sewer System Resolution provides that moneys held in the Funds and Accounts established thereunder may be invested and reinvested in Investment Securities which will provide moneys when needed for payments from such Funds and Accounts. Investment Securities are to be valued as of September 30 in each year, at the amortized cost thereof. In the event that JEA causes to be deposited in any separate subaccount in the Debt Service Reserve Account an irrevocable surety bond, an insurance

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policy, a letter of credit or any other similar obligation, such surety bond, insurance policy, letter of credit or other obligation shall be valued at the lesser of the face amount thereof or the maximum amount available thereunder.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund, shall be paid into the Revenue Fund. Interest earned on any moneys or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, upon written determination of an Authorized Officer of JEA, paid into the Revenue Fund.

Additional Water and Sewer System Bonds

JEA may issue one or more series of additional Water and Sewer System Bonds for the purposes of (a) paying or providing for the payment of the Costs of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. All such Water and Sewer System Bonds will be payable from the Trust Estate pledged pursuant to the Water and Sewer System Resolution and secured thereby on a parity with all other Water and Sewer System Bonds. In addition, each series of Water and Sewer System Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Water and Sewer System Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Water and Sewer System Bonds:

Certificates of Authorized Officer of JEA. The issuance of each series of additional Water and Sewer System Bonds (other than Water and Sewer System Refunding Bonds and Reimbursement Obligations) is conditioned upon the filing with JEA of a certificate of an Authorized Officer of JEA: (1) setting forth the amounts of Net Revenues and Capacity Charges for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the additional Water and Sewer System Bonds of the series with respect to which such certificate is being given; and (2) stating that the difference between such Net Revenues and such Capacity Charges for such 12 consecutive month period is at least equal to the greater of (X) 125 percent of the Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service (calculating such Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service with respect to the Water and Sewer System Bonds of all series then Outstanding and the additional Water and Sewer System Bonds of the series with respect to which such certificate is given) or (Y) the sum of (i) the Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service (calculated as aforesaid) and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year; *provided, however*, that the Net Revenues for such 12 month period may be adjusted for the purposes of such certificate (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Water and Sewer System made after the commencement of such period and preceding the date of issuance of such additional Water and Sewer System Bonds; (b) to reflect any increase in Net Revenues due to any new facilities of the Water and Sewer System having been placed into use and operation subsequent to the commencement of such period and prior to the date of issuance of such additional Water and Sewer System Bonds; and (c) to include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of such certificate.

Debt Service Reserve. If, at JEA's option, any series of additional Water and Sewer System Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Water and Sewer System Resolution, the issuance of the additional Water and Sewer System Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount

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such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Water and Sewer System Bonds.

No Default. In addition, Water and Sewer System Bonds of any series other than Water and Sewer System Refunding Bonds may be issued only if JEA certifies that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Water and Sewer System Resolution.

Subordinated Indebtedness

JEA may issue Subordinated Indebtedness for any lawful purpose of JEA related to the System, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor; *provided, however*, that any such pledge will be subordinate in all respects to the pledge of the Trust Estate created by the Water and Sewer System Resolution as security for the Water and Sewer System Bonds.

Issuance of Other Indebtedness

The Water and Sewer System Resolution does not restrict the issuance by JEA of other indebtedness to finance facilities which are not a part of the System *provided* that such indebtedness shall not be payable out of or secured by the Revenues or any Fund or Account held under the Water and Sewer System Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund or Account.

Redemption

In the case of any redemption of Water and Sewer System Bonds, JEA shall give written notice to the Bond Registrar(s) therefor and the Paying Agents of the redemption date, of the Series, and of the principal amounts of the Water and Sewer System Bonds of each maturity of such Series and of the Water and Sewer System Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Water and Sewer System Resolution or any Supplemental Resolution authorizing the Series of which such Water and Sewer System Bonds are a part). Such notice shall be filed with such Bond Registrars and the Paying Agents for the Water and Sewer System Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Series of the Water and Sewer System Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrars and Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Water and Sewer System Bonds to be redeemed.

Covenant as to Rates, Fees and Other Charges

Under the Water and Sewer System Resolution, JEA has covenanted that it will at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to provide an amount at least equal to the difference between (a) Net Revenues in each Bond Year and (b) Capacity Charges in such Bond Year which shall be the greater of (i) 125 percent of the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate

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Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (ii) the amount which, together with other available funds, shall be sufficient for the payment of: (a) the amount to be paid during such Bond Year into the Debt Service Account (other than amounts required to be paid into such Account out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account (other than amounts required to be paid into any such subaccount out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and (e) all other charges and liens whatsoever payable out of Revenues during such Bond Year. Nothing in the preceding sentence shall be deemed to prevent or preclude JEA, for purposes of financial reporting, from preparing and disseminating schedules of debt service coverage based upon Net Revenues without deduction therefrom of Capacity Charges, nor shall anything in the preceding sentence be deemed to require JEA, for purposes of financial reporting, to prepare schedules of debt service coverage based upon the difference between Net Revenues and Capacity Charges.

Certain Other Covenants

Creation of Liens. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Water and Sewer System Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate, any separate subaccount in the Debt Service Reserve Account or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Water and Sewer System Resolution and shall not create or cause to be created any lien or charge on the Trust Estate, any separate subaccount in the Debt Service Reserve Account or such moneys, securities or funds; *provided, however*, that nothing contained in the Water and Sewer System Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Water and Sewer System Bonds or investment income therefrom, or (ii) amounts in the Construction Fund derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of the System, or (iii) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Water and Sewer System Resolution shall be discharged and satisfied as provided in the Water and Sewer System Resolution, or (b) Subordinated Indebtedness.

Disposition of the System. Except as described in this paragraph, JEA may not sell, lease, mortgage or otherwise dispose of any part of the System. JEA may sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of the System, or (ii) the net book value of the property or facilities sold or exchanged is not more than five percent of the net book value of the property and facilities of the System, or (iii) there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the sale or exchange of such property or facilities will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the rate covenant described under "Covenant as to Rates, Fees and Other Charges" above. The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall be deposited in the Revenue Fund; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or

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be deemed to constitute Revenues for any purpose of the Water and Sewer System Resolution. In addition to any agreement in effect as of the date on which JEA assumes ownership of the System to which JEA and/or the City is a party relating to the ownership or operation of any part of the System or the use of the output thereof, JEA also may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA or its agents of the System and (ii) does not materially adversely affect the rights or security of the Holders of the Water and Sewer System Bonds under the Water and Sewer System Resolution. Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System shall constitute Revenues. JEA also may enter into certain sale-leaseback and lease-leaseback transactions if certain conditions set forth in the Water and Sewer System Resolution are satisfied. The proceeds of any such transaction not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall be deposited in the Revenue Fund; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Water and Sewer System Resolution. JEA may permanently discontinue the acquisition or construction of any portion of the System as described in the final paragraph under "Construction Fund" above.

Insurance. JEA shall at all times keep or cause to be kept the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to such properties of the System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the System.

Reconstruction of the System; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of the System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA setting forth a determination by JEA that, taking into account all relevant facts and circumstances, including, if and to the extent JEA deems appropriate, the advice of the Consulting Engineer as to engineering matters, its attorneys as to legal matters and other consultants and advisors, such reconstruction or replacement is not in the interest of JEA and the Holders of the Water and Sewer System Bonds. Except as provided in the Water and Sewer System Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to the Water and Sewer System Resolution) or Condemnation shall be held by JEA in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement.

Additional Utility Functions. JEA may expand the utility functions of the System as they exist as of the date on which JEA assumes the ownership thereof as permitted in the definition of "System" only if JEA files with the books and records of JEA a certified copy of resolutions of the JEA Board to the effect that the addition of such utility functions (a) will not impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the Water and Sewer System Resolution, including specifically the rate covenant described under "Covenant as to Rates, Fees and Other Charges" above and (b) will not materially adversely affect the rights of the Holders of the Water and Sewer System Bonds. In making the determinations to be set forth in such resolutions, the JEA Board may rely upon such certificates and opinions of its Consulting Engineer, independent certified public accountants, bond

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counsel, financial advisors or other appropriate advisors as the JEA Board shall deem necessary or appropriate.

Amendment of Water and Sewer System Resolution

The Water and Sewer System Resolution and the rights and obligations of JEA and of the Holders of the Water and Sewer System Bonds may be amended by a Supplemental Resolution with the written consent (i) of the Holders of not less than a majority in principal amount of the Water and Sewer System Bonds affected by such modification or amendment and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Water and Sewer System Bonds of the particular Series and maturity entitled to such Sinking Fund Installment. No such modification or amendment may (A) permit a change in the terms of redemption or maturity of the principal of any Water and Sewer System Bond or any installment of interest or a reduction in the principal, Redemption Price or rate of interest thereon without consent of each affected Holder, or (B) reduce the percentages or otherwise affect the classes of Water and Sewer System Bonds the consent of the Holders of which is required to effect any such modification or amendment. For purposes of the foregoing, (a) a change in the terms of redemption of any Water and Sewer System Bond shall be deemed only to affect such Bond and (b) the Holders of Water and Sewer System Bonds may include the initial Holders thereof, regardless of whether such Water and Sewer System Bonds are being held for resale. The Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Water and Sewer System Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, Water and Sewer System Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided will be deemed to be the Holder of such Water and Sewer System Bonds of any Series, or a maturity within a Series, at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Water and Sewer System Resolution which requires the written approval or consent of Holders, except that the foregoing provisions will not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Water and Sewer System Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Water and Sewer System Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. See "Action by Credit Enhancer When Action by Holders of Water and Sewer System Bonds Required" herein.

The Supplemental Resolutions authorizing JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 and 2008 Series B (collectively, the "Prior Series Variable Rate Water and Sewer System Bonds") provide that in the event that JEA shall adopt any Supplemental Resolution making any amendment to the Water and Sewer System Resolution for which the consent of the Holders of the Prior Series Variable Rate Water and Sewer System Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an authorized officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Water and Sewer System Bonds of such Series a certificate requiring that the Prior Series Variable Rate Water and Sewer System Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Water and Sewer System Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Water and Sewer System Resolution. JEA intends to include this provision in each Supplemental Resolution it may adopt in the future authorizing the issuance of any Series of additional Water and Sewer System Variable Rate Bonds.

The Water and Sewer System Resolution also may be amended, upon the delivery of a Counsel's Opinion to the effect that the provisions of such amendment will not have a material adverse effect on the

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interests of the Holders of Outstanding Water and Sewer System Bonds, but without the consent of Holders of Water and Sewer System Bonds, (i) to cure any ambiguity, omission, defect or inconsistent provision in the Water and Sewer System Resolution; (ii) to insert provisions clarifying the Water and Sewer System Resolution; or (iii) to make any other modification or amendment of the Water and Sewer System Resolution which such counsel in its reasonable judgment determines will not have a material adverse effect on the interests of the Holders of the Water and Sewer System Bonds. Notwithstanding any other provision of the Water and Sewer System Resolution, in determining whether the interests of the Holders of Outstanding Water and Sewer System Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Water and Sewer System Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Without the consent of the Holders of Water and Sewer System Bonds, JEA may adopt a Supplemental Resolution which (i) closes the Water and Sewer System Resolution against, or provides additional conditions to, the issuance of Water and Sewer System Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of JEA; (iii) adds limitations and restrictions to be observed by JEA; (iv) authorizes Water and Sewer System Bonds of an additional Series; (v) provides for the issuance of Water and Sewer System Bonds in coupon form payable to bearer or in uncertificated form; (vi) confirms any security interest or pledge of the Revenues or of any other moneys, securities or funds; (vii) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Water and Sewer System Bonds, specifies the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve Account securing the Water and Sewer System Bonds of such Additionally Secured Series; (viii) makes any modification which is to be effective only after all Water and Sewer System Bonds of each Series Outstanding as of the date of the adoption of such Supplemental Resolution cease to be Outstanding; and (ix) authorizes Subordinated Indebtedness.

Defeasance

The pledge of the Trust Estate and each separate subaccount in the Debt Service Reserve Account created by the Water and Sewer System Resolution and all covenants, agreements and other obligations of JEA to the Holders of Water and Sewer System Bonds will cease, terminate and become void and be discharged and satisfied whenever all Water and Sewer System Bonds and interest due or to become due thereon are paid in full. If any Water and Sewer System Bonds are paid in full, such Water and Sewer System Bonds shall cease to be entitled to any lien, benefit or security under the Water and Sewer System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Water and Sewer System Bonds will cease, terminate and become void and be discharged and satisfied. Water and Sewer System Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Water and Sewer System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Resolution authorizing such Water and Sewer System Bonds) are met: (i) in case any Water and Sewer System Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor, (ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Water and Sewer System Bonds, and (iii) in the event such Water and Sewer System Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Water and Sewer System Bonds that the above deposit has been made and that such Water and Sewer System Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Water and Sewer System Bonds.

Events of Default; Remedies

Events of Default under the Water and Sewer System Resolution include (i) failure to pay the principal or Redemption Price of any Water and Sewer System Bond when due (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement); (ii) failure to pay any installment of interest on any Water and Sewer System Bond or the unsatisfied balance of any Sinking Fund Installment when due (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and continuance thereof for a period of 30 days; (iii) failure by JEA to perform or observe any other covenants, agreements, or conditions contained in the Water and Sewer System Resolution or the Water and Sewer System Bonds and continuance thereof for a period of 60 days after written notice; and (iv) certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Holders of not less than 25 percent in principal amount of the Water and Sewer System Bonds Outstanding may declare the principal of all the Water and Sewer System Bonds then Outstanding, and the interest accrued thereon, due and payable (subject to a rescission of such declaration upon the curing of such default before the Water and Sewer System Bonds have matured); *provided, however*, that in the event that a Supplemental Resolution authorizing Water and Sewer System Bonds for which Credit Enhancement is being provided provides that the principal of such Water and Sewer System Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the Water and Sewer System Resolution) without the consent in writing of the Credit Enhancer therefor, then such Water and Sewer System Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled) without such written consent, and, in that event, the remedies available to the Holders of such Water and Sewer System Bonds (or such Credit Enhancer on behalf of such Holders) shall be limited to the other remedies set forth in the Water and Sewer System Resolution.

During the continuance of an Event of Default under the Water and Sewer System Resolution, JEA is to apply all moneys, securities, funds and Revenues held or received by JEA (other than amounts on deposit in any separate subaccount in the Debt Service Reserve Account) as follows and in the following order: (i) for Operation and Maintenance Expenses and for the reasonable renewals, repairs, replacements of the System necessary in the judgment of JEA to prevent a loss of Revenues; (ii) to the interest and principal or Redemption Price due on the Water and Sewer System Bonds; and (iii) to the interest and principal or redemption price due on Subordinated Indebtedness. During the continuance of an Event of Default under the Water and Sewer System Resolution, JEA is to apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account to the interest and principal or sinking fund Redemption Price due on the Water and Sewer System Bonds of any Additionally Secured Series secured thereby.

The Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Water and Sewer System Bonds, the Credit Enhancer for, and not the actual Holders of, Water and Sewer System Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Water and Sewer System Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an Event of Default. See "Action by Credit Enhancer When Action by Holders of Water and Sewer System Bonds Required" herein.

Action by Credit Enhancer When Action by Holders of Water and Sewer System Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Water and Sewer System Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Water and Sewer System Bonds of a Series, or a maturity

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within a Series, the Credit Enhancer for, and not the actual Holders of, the Water and Sewer System Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Water and Sewer System Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Water and Sewer System Resolution which requires the written approval or consent of Holders; *provided, however*, that the foregoing shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Water and Sewer System Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Water and Sewer System Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Water and Sewer System Resolution.

**Special Provisions Relating to Water and Sewer System
Capital Appreciation Bonds, Water and Sewer System
Deferred Income Bonds and Reimbursement Obligations**

The principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service, Adjusted Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Water and Sewer System Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Water and Sewer System Capital Appreciation Bond if the principal of all Water and Sewer System Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Water and Sewer System Bonds held by the Holder of a Water and Sewer System Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Water and Sewer System Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Water and Sewer System Deferred Income Bond is redeemed prior to maturity, or (ii) receiving payment of a Water and Sewer System Deferred Income Bond if the principal of all Water and Sewer System Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Water and Sewer System Bonds held by the Holder of a Water and Sewer System Deferred Income Bond in giving to JEA any notice, consent, request, or demand pursuant to the Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Water and Sewer System Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Water and Sewer System Bonds is declared immediately due and payable following an Event of Default or (ii) computing the principal amount of Water and Sewer System Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or


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demand pursuant to the Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Water and Sewer System Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Water and Sewer System Bonds, less any prior repayments thereof.

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Attachment 1

	FINANCIAL SECURITY ASSURANCE®	MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY
ISSUER: JEA, Florida	Policy No.: 203510-R	
BONDS: Water and Sewer System Revenue Bonds, 2004 Series C and other Additionally Secured Bonds secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund	Effective Date: September 22, 2004	Premium: \$
<p>FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become due for payment but shall be unpaid by reason of Nonpayment by the Issuer.</p>		
<p>Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes due for payment or the Business Day next following the Business Day on which Financial Security shall have received notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by Financial Security hereunder.</p>		
<p>The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.</p>		
<p>Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that Financial Security has issued.</p>		
<p>Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due</p>		

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upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$3,702,499.05. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document. "Termination Date" means October 1, 2039.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud) whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity, and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.


In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.


By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022 (212) 826-0100

Form 501B NY (8/96)

	FINANCIAL SECURITY ASSURANCE®	ENDORSEMENT NO. 1 TO MUNICIPAL BOND INSURANCE POLICY (Florida Insurance Guaranty Association)
ISSUER: JEA, Florida		Policy No.: 253510-R
BONDS: Water and Sewer System Revenue Bonds, 2004 Series C and other Additionally Secured Bonds secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund		Effective Date: September 22, 2004
Notwithstanding the terms and provisions contained in this Policy, it is further understood that the insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under part 11 of chapter 631, Florida Statutes.		
Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.		
In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.		
		FINANCIAL SECURITY ASSURANCE INC. By: _____ Authorized Officer
A subsidiary of Financial Security Assurance Holdings Ltd. 350 Park Avenue, New York, N.Y. 10022-6022		(212) 826-0100
Form No. 553NY (FL 6/90)		

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	FINANCIAL SECURITY ASSURANCE®	ENDORSEMENT NO. 2 TO MUNICIPAL BOND INSURANCE POLICY (Nonreduction Endorsement)
ISSUER: JEA, Florida		Policy No: 203510-R
BONDS: Water and Sewer System Revenue Bonds, 2004 Series C and other Additionally Secured Bonds secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund		Effective Date: September 22, 2004
<p>Notwithstanding the terms and provisions contained in this Policy, the amount available under this Policy to pay principal of and interest on Bonds that are due for payment but are unpaid by reason of Nonpayment, at any time prior to the time the Policy terminates, shall be an amount equal to the Policy Limit reduced by the dollar amount of any payment under this Policy and increased by the dollar amount of any subsequent reimbursement to Financial Security for amounts so paid, up to the Policy Limit.</p> <p>"Policy Limit" shall mean \$3,702,459.05.</p> <p>Nothing herein shall be construed to waive, alter, reduce or amend coverage of the Policy in any other respect. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.</p> <p>FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.</p>		
		By _____ Authorized Officer
A subsidiary of Financial Security Assurance Holdings Ltd. 350 Park Avenue, New York, N.Y. 10022-6022		(212) 826-0100
Form 632 NY (FL 5/04)		

Attachment 2

**BERKSHIRE HATHAWAY
ASSURANCE CORPORATION
*NEW YORK, NEW YORK***

**DEBT SERVICE RESERVE FUND
FINANCIAL GUARANTY
INSURANCE POLICY**

DECLARATIONS

Policy No.:	98SRD102446
Issuer:	JEA
Issuer Address:	Jacksonville, Florida
Obligations:	All Water and Sewer System Revenue Bonds which constitute an Additionally Secured Series secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund established pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution of August 19, 1997
Effective Date:	August 11, 2008
Termination Date:	October 1, 2038
Insured Limit:	\$33,000,000
Percentage:	Insured Limit of this Policy divided by the sum of the available limits of all surety bonds, insurance policies, letters of credit or any other reserve fund credit instruments outstanding on the Date of Demand as defined in this Policy that meet the requirements of the Initial Subaccount at the time of a demand under this Policy.
Premium:	
Endorsements:	None

INSURANCE POLICY TERMS AND CONDITIONS

BERKSHIRE HATHAWAY ASSURANCE CORPORATION ("BHAC"), in consideration of the payment of the premium received by BHAC and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to the Trustee for the benefit of the Holders the Insured Payments on the Payment Due Date but shall be unpaid by reason of Nonpayment by the Issuer. Payment will be made on the later to occur of (i) the Business Day following the day on which BHAC shall have Received a completed notice of Nonpayment in form attached as Exhibit A to the Policy, or (ii) the Payment Due Date with respect to the applicable principal or interest payment (the later of the dates referred to in clauses (i) and (ii) being the "Date of Demand"). If a notice of Nonpayment to BHAC is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and BHAC shall promptly give notice to the Trustee that the purported notice of Nonpayment is not deemed Received. Upon receipt of such notice, the Trustee may submit an amended notice of Nonpayment. Payment by BHAC to the Trustee for the benefit of the Holders shall discharge the obligation of BHAC under this Policy to the extent of such payment.

Except as described below, this Policy is non-cancelable by BHAC for any reason. The Premium on this Policy is not refundable for any reason, including the payment prior to maturity of the Obligations. This Policy does not insure against loss of any premium on the Obligation paid by the Holder or any acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of BHAC, nor does this Policy insure against any risk other than Nonpayment.

Under no circumstance shall BHAC's obligations under this Policy exceed the Insured Limit. The amount available at any time to be paid to the Trustee under the terms of this Policy shall automatically be reduced by any payment under this Policy; provided that Issuer may reinstate the Insured Limit by payment of the amount paid by BHAC hereunder plus interest and expenses as provided herein. Issuer shall repay any draws under this Policy and pay all related reasonable expenses incurred by BHAC. Interest shall accrue and be payable on such draws and expenses from the date of payment by BHAC at the Late Payment Rate. Repayment of draws and payment of expenses and accrued interest there on at the Late Payment Rate (collectively "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Payment of such Policy Costs shall be payable in the manner provided in paragraph (f) of subsection 4 of Section 6.01 of the First Supplemental Water and Sewer System Revenue Bond Resolution of the Issuer adopted August 19, 1997.

Each reinstatement payment shall first be applied to payment of interest and expenses and any remainder deemed to be repayment of the principal paid by BHAC to reinstate the Insured Limit. BHAC shall provide the Trustee and the Issuer with notice of reinstatement of the Insured Limit in the form provided in Exhibit B to this Policy within three Business Days following Receipt of the full reinstatement payment due BHAC. Under no circumstances shall BHAC incur duplicate liability for the same amounts owing with respect to the Obligations that are covered under this Policy and any other insurance policy or surety bond that BHAC has issued.

Under no circumstances may the Insured Limit be increased from the amount stated in the Declarations other than by Endorsement to this Policy.

BHAC shall have no liability under this Policy with respect to any Obligation which is not subject to the Resolution. This Policy will not apply to any Obligation that is not *pari passu* in security to the Water and Sewer System Refunding Revenue Bonds, 2007 Series C whether or not such 2007 Series C Bonds remain outstanding; provided that, if the 2007 Series C Bonds are not outstanding, this Policy will not apply to any Obligation that would not have been *pari passu* in security to the Water and Sewer System Refunding Revenue Bonds, 2007 Series C if they had remained outstanding. BHAC shall have no liability under this Policy for any Nonpayment with respect to an Obligation that is not issued pursuant to the Resolution, without amendment of that Resolution.

This Policy excludes from coverage any Non-Payment occurring prior to the Effective Date or after the Termination Date.

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If JEA shall fail to pay any Policy Costs in accordance with the requirement of this Policy, BHAC shall be entitled to exercise any and all legal and equitable remedies available to it, including (i) the bringing of an action for mandamus and (ii) those remedies provided under the Resolution other than (A) acceleration of the maturity of the Obligations or (B) remedies which would adversely affect owners of the Obligations. In furtherance of the foregoing, JEA hereby acknowledges and agrees that BHAC shall be a third-party beneficiary of the Resolution, and shall be entitled to bring suit on the Resolution based upon JEA's failure to pay any Policy Costs as aforesaid.

The Resolution shall not be discharged until all Policy Costs owing to BHAC shall have been paid in full. JEA's obligation to pay such amounts shall survive payment in full of the Obligations.

Except to the extent expressly modified by the Declarations to this Policy or any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Custodian are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York, New York.

"Holder" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is the registered owner of an Obligation pursuant to the applicable Resolution governing the Obligation entitled to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations.

"Initial Subaccount" means the initial subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund established pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution of the Issuer adopted August 19, 1997.

"Insured Payments" means the Percentage set forth in the Declarations multiplied by the principal of and interest for which payment is due on the Obligations on the applicable Payment Due Date, but only after any cash and investments in the Initial Subaccount on the Date of Demand under this Policy have been applied to amounts due under the Obligations on that Payment Due Date. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee by reason of such failure.

"Late Payment Rate" means, the lesser of (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus three percent interest plus fifty basis points per annum starting twelve months after any draw is made and increasing by fifty basis points per annum every twelve months any draw remains unpaid, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as BHAC shall specify.

"Nonpayment" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee for payment in full of all principal and interest due on such Obligation on the applicable Payment Due Date.

"Obligations" mean the bonds described in the Declarations which are outstanding under the terms of the Resolution.

"Payment Due Date" means (i) when referring to the principal of an Obligation, the stated

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maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BHAC in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest.

"Receipt" or "Received" means actual receipt of notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to BHAC may be mailed by certified mail or may be delivered by telecopier to facsimile number 203 363 5221, attn: Bond Insurance Claims, or to such other address as shall be specified by BHAC to the Trustee in writing.

"Resolution" means the Water and Sewer System Revenue Bond Resolution of the Issuer adopted February 18, 1997, the First Supplemental Water and Sewer System Revenue Bond Resolution of the Issuer adopted August 19, 1997 and any further supplemental resolution issued subject to the foregoing resolutions.

"Trustee" means the trustee or paying agent, as set forth in the applicable Resolution of the Issuer governing the Obligations.

All capitalized terms used in this Policy and not otherwise defined in this Policy shall have the meaning given them in the applicable Resolution governing the Obligations.

To the fullest extent permitted by applicable law, BHAC hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to BHAC to deny or avoid payment of amounts due under this Policy in accordance with the express provisions hereof, and BHAC furthermore hereby expressly waives any claim for set-off or other counterclaim against payment hereunder. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and BHAC expressly reserves, BHAC's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee, in accordance with the express provisions hereof, and/or (ii) to require payment by BHAC of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of BHAC with respect to the subject matter hereof, and shall not be modified, altered or affected by any other agreement or instrument, including without limitation, any modification or amendment thereto, unless the modification or amendment is agreed to by the Custodian of the Obligations. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAWS OR THE FLORIDA INSURANCE GUARANTY ASSOCIATION SPECIFIED IN THE FLORIDA INSURANCE GUARANTY ASSOCIATION ACT. Payments under this Policy may not be accelerated except at the sole option of BHAC.

Premium is due from the Issuer not later than the Effective Date.

This Policy will be governed by, and shall be construed in accordance with, the laws of the State of Florida.

IN WITNESS WHEREOF, BHAC has caused this Policy to be executed on its behalf by its duly authorized officer, and to become effective and binding upon BHAC by virtue of such signature.

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

Exhibit A

Policy No. _____

NOTICE OF NONPAYMENT

_____, 20__

BERKSHIRE HATHAWAY ASSURANCE CORPORATION
 100 First Stamford Place
 Stamford, CT 06902

Attention:

Reference is made to the Policy No. _____ (the "Policy") issued by Berkshire Hathaway Assurance Corporation ("BHAC"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Policy unless the context otherwise requires.

The Paying Agent hereby certifies that:

1. On the Payment Due Date of _____, 20__ \$_____ [became] [will become] due for payment on the following Obligations: [list of Obligations]_____.
2. The amount on deposit in the Debt Service Account of the Debt Service Fund and the Initial Subaccount of the Debt Service Reserve Account of the Debt Service Fund available to pay such amount is \$_____, which is \$_____ less than the amount due (the "Deficiency Amount");
3. The Paying Agent hereby demands payment of \$_____ which amount does not exceed the lesser of (i) the Percentage multiplied by the Deficiency Amount and (ii) the amount available to be drawn under the Policy which in no event shall exceed the Insured Limit;
4. The Paying Agent has not heretofore made demand under the Policy for the amount specified in 3. above or any portion thereof; and
5. The Paying Agent hereby requests that payment of the amount specified in 3. above be made by BHAC under the Policy and directs that payment under the Policy be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Policy: _____ [Paying Agent's Account].

[Paying Agent]

By: _____

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Exhibit B

Policy No. _____

NOTICE OF REINSTATEMENT

_____, 20____

[Paying Agent]

[Address]

Reference is made to the Policy No. _____ (the "Policy") issued by Berkshire Hathaway Assurance Corporation ("BHAC"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Policy unless the context otherwise requires.

BHAC hereby delivers notice that it is in receipt of payment from the Issuer pursuant to Article 2 of the Financial Guaranty Agreement relating to the Policy and as of the date hereof the Insured Limit is \$_____.

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

Authorized Officer

Attest: _____

Title:

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APPENDIX C

**SUMMARY OF CERTAIN PROVISIONS OF THE
SUBORDINATED WATER AND SEWER SYSTEM RESOLUTION**

The following is a summary of certain provisions of the Subordinated Water and Sewer System Resolution. Summaries of certain definitions contained in the Subordinated Water and Sewer System Resolution are set forth below. Other terms defined in the Subordinated Water and Sewer System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Subordinated Water and Sewer System Resolution and, accordingly, is qualified by reference thereto and subject to the full text thereof.

The Subordinated Water and Sewer System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Subordinated Water and Sewer System Resolution also may be obtained from JEA; provided that a reasonable charge may be imposed for the cost of reproduction. The term "Subordinated Bonds" as used in the Subordinated Water and Sewer System Resolution and in this summary, has the same meaning as the term "Subordinated Water and Sewer System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definitions

The following are summaries of certain definitions in the Subordinated Water and Sewer System Resolution:

Accreted Value means, as of any date of computation with respect to any Water and Sewer System Capital Appreciation Subordinated Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Capital Appreciation Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Additional Parity Subordinated Indebtedness means any obligation incurred by JEA subsequent to the date of adoption of the Subordinated Water and Sewer System Resolution in respect of amounts payable by JEA in repayment of draws under any surety bond, insurance policy, letter of credit or other similar obligation that is deposited, in lieu of a cash deposit thereto, to any subaccount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Water and Sewer System Resolution, and all expenses with respect thereto and interest thereon, and that is designated as such by an Authorized Officer of JEA in a certificate filed with the records of JEA on the date of the deposit of such surety bond, insurance policy, letter of credit or other similar obligation to such subaccount.

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Adjusted Aggregate Debt Service shall have the meaning assigned to such term in the Water and Sewer System Resolution.

Adjusted Aggregate Subordinated Debt Service for any period shall mean, as of any date of calculation, the Aggregate Subordinated Debt Service for such period except that (a) if any Refundable Subordinated Principal Installment for any Series of Subordinated Bonds is included in Aggregate Subordinated Debt Service for such period, Adjusted Aggregate Subordinated Debt Service shall mean Aggregate Subordinated Debt Service determined (i) in the case of Refundable Subordinated Principal Installments with respect to Subordinated Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Subordinated Principal Installment had been payable, over a period extending from the due date of such Subordinated Principal Installment through the earlier of (x) the 40th anniversary of the issuance of such Series of Subordinated Bonds or (y) the 30th anniversary of the due date of such Refundable Subordinated Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Subordinated Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds shall be included in the calculation of Adjusted Aggregate Subordinated Debt Service at the times and in the manner provided in the provisions of the Subordinated Water and Sewer System Resolution. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Subordinated Principal Installment of any Series of Subordinated Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution or financial advisory firm selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of clause (a) of the preceding sentence, determined as of such date of calculation.

Aggregate Subordinated Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Subordinated Debt Service for such period with respect to all Series; *provided, however,* that (a) for purposes of estimating Aggregate Subordinated Debt Service for any future period (i) any Variable Rate Subordinated Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the Stipulated Interest Rate applicable thereto, determined as of such date of calculation and (ii) any Option Subordinated Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds shall be included in the calculation of Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Water and Sewer System Resolution.

Alternate Variable Rate Taxable Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Alternate Variable Rate Tax-Exempt Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Appreciated Value means, with respect to any Water and Sewer System Deferred Income Subordinated Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Water and Sewer System Deferred Income Subordinated Bond, an amount equal to the

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principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Deferred Income Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Average Annual Adjusted Aggregate Debt Service means, as of any date of calculation, the arithmetic average of the Adjusted Aggregate Debt Service for the then current and each future Bond Year.

Average Annual Adjusted Aggregate Subordinated Debt Service means, as of any date of calculation, the arithmetic average of the Adjusted Aggregate Subordinated Debt Service for the then current and each future Bond Year.

Bearer Commercial Paper Note means any Commercial Paper Note that, in accordance with the Supplemental Subordinated Resolution authorizing the Series of which such Commercial Paper Note is a part, is issued in bearer form, not registrable as to principal or face amount.

BMA Municipal Swap Index means the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Build America Bonds means any Subordinated Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Subordinated Bonds.

Code means the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note means any Subordinated Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Commercial Paper Payment Plan means, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds

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of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Water and Sewer System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Credit Enhancement means, with respect to the Water and Sewer System Bonds of a Series, a maturity within a Series or an interest rate within a maturity or the Subordinated Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Water and Sewer System Bonds or Subordinated Bonds, as the case may be.

Credit Enhancer means any person or entity which, pursuant to a Supplemental Subordinated Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Water and Sewer System Bonds of a Series, a maturity within a Series or an interest rate within a maturity or the Subordinated Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date means, with respect to any particular Water and Sewer System Deferred Income Subordinated Bonds, the date specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds (which date must be prior to the maturity date for such Water and Sewer System Deferred Income Subordinated Bonds) after which interest accruing on such Water and Sewer System Deferred Income Subordinated Bonds shall be payable periodically on dates specified in such Supplemental Subordinated Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Defeasance Securities have the meaning given to such term in the Water and Sewer Resolution except that (a) the references therein to "Bonds of a Series" and "the Supplemental Resolution authorizing such Bonds" shall be deemed to refer to "Subordinated Bonds of a Series" and "the Supplemental Subordinated Resolution authorizing such Subordinated Bonds," respectively and (b) the reference in clause (g) thereof to subsection 6 of Section 1201 of the Water and Sewer Resolution shall be deemed to refer to subsection 6 of Section 12.01 of the Subordinated Water and Sewer Resolution.

Designated Swap Obligation means, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Water and Sewer System Bonds or Subordinated Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Water and Sewer System Bonds or Subordinated Bonds, as the case may be) and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Water and Sewer System Bonds or Subordinated Bonds, as applicable, with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider means any person with whom JEA enters into a Designated Swap Obligation.

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Event of Default when used with respect to the Subordinated Bonds, shall mean any event specified as such in the Water and Sewer System Resolution and any other event specified as such in the Subordinated Water and Sewer System Resolution.

Existing Parity Subordinated Indebtedness means (i) the Reimbursement Obligations of JEA under (and as defined in) the Debt Service Reserve Fund Policy Agreement, dated as of January 4, 2001, between JEA and Financial Guaranty Insurance Company ("FGIC"), (ii) the Reimbursement Obligations of JEA under (and as defined in) the Debt Service Reserve Fund Policy Agreement, dated as of April 11, 2002, between JEA and FGIC and (iii) the Reimbursement Obligations of JEA under (and as defined in) the Debt Service Reserve Fund Policy Agreement, dated as of October 24, 2002, between JEA and FGIC.

Initial Subordinated Debt Service Reserve Fund means the Fund by that name that is established in the Third Supplemental Subordinated Water and Sewer System Resolution.

Medium-Term Note means any Subordinated Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Medium-Term Note Payment Plan means, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Water and Sewer System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Option Subordinated Bonds means Subordinated Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Refundable Subordinated Principal Installment means any Subordinated Principal Installment for any Series of Subordinated Bonds which JEA intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Subordinated Resolution authorizing such Series of Subordinated Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*, that such Subordinated Principal Installment shall be a Refundable Subordinated Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such

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earlier time as JEA no longer intends to pay such Subordinated Principal Installment with moneys which are not Revenues.

Stipulated Interest Rate means, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in either of the foregoing cases, that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1) and

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in either of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a).

Subordinated Bonds means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Subordinated Water and Sewer System Resolution, which shall constitute "Subordinated Indebtedness," and shall not constitute "Water and Sewer System Bonds," for purposes of the Water and Sewer System Resolution.

Subordinated Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

(i) interest accruing during such period on the Subordinated Bonds of such Series, except to the extent that such interest is to be paid from the proceeds of Water and Sewer System Bonds, Subordinated Bonds or other evidences of indebtedness of JEA, provided, that in the event that the Subordinated Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Subordinated Bonds, for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated net of the amount of cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by

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offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated without regard to such subsidy, and

(ii) that portion of each Subordinated Principal Installment for such Series which would accrue during such period if such Subordinated Principal Installment were deemed to accrue daily in equal amounts from the next preceding Subordinated Principal Installment due date for such Series (or, (x) in the case of Subordinated Bonds other than Subordinated Reimbursement Obligations, if (1) there shall be no such preceding Subordinated Principal Installment due date or (2) such preceding Subordinated Principal Installment due date is more than one year prior to the due date of such Subordinated Principal Installment, then, from a date one year preceding the due date of such Subordinated Principal Installment or from the date of issuance of the Subordinated Bonds of such Series, whichever date is later, and (y) in the case of Subordinated Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Subordinated Resolution authorizing such Subordinated Reimbursement Obligations), except to the extent that such Subordinated Principal Installment is paid or to be paid from the proceeds of Water and Sewer System Bonds, Subordinated Bonds or other evidences of indebtedness of JEA.

Such interest and Subordinated Principal Installments for such Series shall be calculated on the assumption that (x) no Subordinated Bonds (except for Option Subordinated Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Subordinated Principal Installment on the due date thereof, (y) the principal amount of Option Subordinated Bonds tendered for payment before the stated maturity thereof, and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds shall be included in the calculation of Subordinated Debt Service at the times and in the manner provided in the Subordinated Water and Sewer System Resolution.

Notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution, (a) if JEA has in connection with any Subordinated Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Subordinated Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Subordinated Bonds for the purposes of the rates, fees and charges covenant of JEA in the Subordinated Water and Sewer System Resolution and the issuance of additional Subordinated Bonds, it will be assumed that such Subordinated Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Subordinated Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider

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an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, it will be assumed that such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Subordinated Debt Service Reserve Requirement as of any date of calculation and with respect to the Initial Subordinated Debt Service Reserve Fund, shall have the meaning assigned to such term in the Third Supplemental Subordinated Water and Sewer System Resolution hereinafter referred to (see "Initial Subordinated Debt Service Reserve Fund" discussion below).

For the purpose of the calculation of the Subordinated Debt Service Reserve Requirement in the event that the Subordinated Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Subordinated Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Subordinated Bonds represented by such subsidy shall be permanently reduced, then the amount of such Subordinated Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Subordinated Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Subordinated Bonds shall cease to be Outstanding or (y) the amount of such Subordinated Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Subordinated Bonds that remain Outstanding and the amount (if any) of such reduction in such Subordinated Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Subordinated Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Subordinated Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Subordinated Bonds shall cease to be Outstanding or (y) the amount of such Subordinated Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Subordinated Bonds that remain Outstanding and the amount (if any) of such reduction in such Subordinated Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Subordinated Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

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Subordinated Principal Installment means, as of any date of calculation and with respect to any Series, so long as any Subordinated Bonds thereof are Outstanding, (i) the principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Subordinated Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Subordinated Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Subordinated Bonds of such Series, the sum of such principal amount of Subordinated Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Subordinated Reimbursement Obligations means all Subordinated Bonds issued pursuant to the Subordinated Water and Sewer System Resolution, concurrently with (a) the issuance of the Water and Sewer System Bonds of a Series authorized pursuant to the provisions of the Water and Sewer System Resolution for which Credit Enhancement or liquidity support is being provided with respect to such Water and Sewer System Bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third-party or (b) the issuance of the Subordinated Bonds of a Series authorized pursuant to the provisions of the Subordinated Water and Sewer System Resolution for which Credit Enhancement or liquidity support is being provided with respect to such Subordinated Bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third-party, for the purpose of evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with such Credit Enhancement or liquidity support, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds.

Subordinated Water and Sewer System Resolution means the Water and Sewer System Subordinated Revenue Bond Resolution, supplemental to the Water and Sewer System Resolution, as from time to time amended or supplemented by Supplemental Subordinated Resolutions in accordance with the terms of the Water and Sewer System Resolution and the terms of the Water and Sewer System Subordinated Revenue Bond Resolution. The Water and Sewer System Subordinated Revenue Bond Resolution shall constitute a "Supplemental Resolution" within the meaning of the Water and Sewer System Resolution.

Supplemental Subordinated Resolution means any resolution supplemental to the Subordinated Water and Sewer System Resolution adopted by JEA in accordance with the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution.

U.S. Treasury means the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Subordinated Bond means any Subordinated Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance of the Series of Subordinated Bonds of which such Subordinated Bond is one.

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index means the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

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Water and Sewer System Capital Appreciation Subordinated Bonds means any Subordinated Bonds issued under the Subordinated Water and Sewer System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Water and Sewer System Resolution or the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bonds.

Water and Sewer System Deferred Income Subordinated Bonds means any Subordinated Bonds issued under the Subordinated Water and Sewer System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Water and Sewer System Resolution or the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds.

Pledge

The Subordinated Bonds are special obligations of JEA payable from and secured as to the payment of the principal or Redemption Price, if any, thereof, and interest thereon, in accordance with their terms and the provisions of the Subordinated Water and Sewer System Resolution by (i) the amounts on deposit in the Subordinated Indebtedness Fund established pursuant to the Water and Sewer System Resolution as may from time to time be available therefor, *subject, however*, to the pledge of the Trust Estate created by the Water and Sewer System Resolution as security for the Water and Sewer System Bonds and (ii) amounts on deposit in the Funds established under the Subordinated Water and Sewer System Resolution, subject only to the provisions of the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution. The Subordinated Bonds shall be "Subordinated Indebtedness" within the meaning of such term contained in the Water and Sewer System Resolution.

Deposit of Revenues

Pursuant to the Subordinated Water and Sewer System Resolution, as soon as practicable in each month following the payment of the Cost of Operation and Maintenance of the Water and Sewer System and the making of all required deposits pursuant to the Water and Sewer System Resolution in respect of debt service on, and required reserves for, the Water and Sewer System Bonds, JEA is to pay out of the Revenue Fund established under the Water and Sewer System Resolution to the extent permitted by the Water and Sewer System Resolution and to the extent that the amount in the Revenue Fund is available therefor and deposit in the Subordinated Indebtedness Fund established pursuant to the Water and Sewer System Resolution (a) in each month such amounts as shall be provided (i) in the then current annual budget or as otherwise determined by JEA to be deposited in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund redemption price, if any, of, and interest on, the Subordinated Bonds and other Subordinated Indebtedness on the next succeeding payment date with respect to such bonds and indebtedness and (ii) in any event, on any date that any principal or sinking fund redemption price, if any, of, and interest on, any Subordinated Bonds or other Subordinated Indebtedness shall become due and payable, an amount which, together with (A) other amounts then on deposit in such Subordinated Indebtedness Fund, including the proceeds of the sale of the Subordinated Bonds or Subordinated Indebtedness (exclusive of amounts, if any, set aside in said Fund for the payment of interest on Subordinated Indebtedness on a future date or as a reserve for the payment of the principal or redemption price, if any, of, and interest on, Subordinated Indebtedness), (B) in the case of Subordinated Bonds of any Series for which a separate fund or account has been established pursuant to the Subordinated Water and

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Sewer System Resolution, the amounts then on deposit in such separate account (exclusive of amounts, if any, set aside in said fund or account for the payment of interest on the Subordinated Bonds of such Series on a future date) and (C) in the case of any other issue of Subordinated Indebtedness for which a separate fund or account has been established as a source of moneys for the payment of the Subordinated Indebtedness of such issue, the amounts available in such fund or account (exclusive of amounts, if any, set aside in said fund or account for the payment of interest on the Subordinated Indebtedness of such issue on a future date or as a reserve for the payment of the principal or redemption price, if any, of, and interest on, the Subordinated Indebtedness of such issue), will be sufficient and available to make such payment in full on such payment date.

During any period in which the Subordinated Debt Service with respect to any Series of Subordinated Bonds containing Build America Bonds shall be calculated in the manner provided in the proviso of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Subordinated Bond Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but not such payment shall constitute Revenues for any purpose of the Electric System Resolution or this Subordinated Resolution.

Subordinated Indebtedness Fund

Subject to the provisions of the Water and Sewer System Resolution, amounts in the Subordinated Indebtedness Fund shall be applied to the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Subordinated Bonds. In addition, JEA may apply such amounts to the purchase or redemption of Subordinated Bonds to satisfy sinking fund requirements.

The Subordinated Water and Sewer System Resolution also provides that, in the event of the refunding or defeasance of any Subordinated Bonds, JEA may withdraw from the Subordinated Indebtedness Fund all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Subordinated Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Subordinated Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Subordinated Bonds being refunded or defeased shall be deemed to have been paid pursuant to the provisions of the Subordinated Water and Sewer System Resolution, and (b) the amount remaining in the Subordinated Indebtedness Fund, after giving effect to the issuance of any obligations being issued to refund any Subordinated Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such Account. In the event of such refunding or defeasance, JEA may also withdraw from the Subordinated Indebtedness Fund all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Water and Sewer System Resolution or any fund or account established thereunder; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; and *provided, further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Water and Sewer System Resolution or any fund or account held under the Subordinated Water and Sewer System Resolution.

Subordinated Bond Construction Fund

The Subordinated Water and Sewer System Resolution establishes a Subordinated Bond Construction Fund into which shall be deposited the amount required to be paid by the provisions of any Supplemental Subordinated Resolution and as may be paid into the Subordinated Bond Construction Fund,

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at the option of JEA, any moneys received for or in connection with the Water and Sewer System by JEA from any other source, unless required to be otherwise applied as provided by the Water and Sewer System Resolution or the Subordinated Water and Sewer System Resolution. Amounts on deposit in the Subordinated Bond Construction Fund shall be withdrawn, used and applied by JEA solely for the payment of costs of the Water and Sewer System or any other lawful purpose of JEA relating to the Water and Sewer System.

Subordinated Bond Rate Stabilization Fund

The Subordinated Water and Sewer System Resolution establishes a Subordinated Bond Stabilization Fund. As soon as practicable in each month following the application of Revenues to make the deposits required by the Water and Sewer System Resolution, but in any case not later than the last day of such month, JEA shall pay out of the amounts remaining in the Revenue Fund to the extent permitted by the Water and Sewer System Resolution, and to the extent that the amount in the Revenue Fund is available therefor, for deposit into the Subordinated Bond Rate Stabilization Fund, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited to such Fund for the month.

Each month JEA shall transfer from the Subordinated Bond Rate Stabilization Fund to the Subordinated Indebtedness Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited into such Fund for the month. JEA may also from time to time withdraw amounts currently on deposit in the Subordinated Bond Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Water and Sewer System Resolution or any fund or account established under the Subordinated Water and Sewer System Resolution, (ii) use such amounts to purchase or redeem Water and Sewer System Bonds or Subordinated Bonds, (iii) use such amounts to otherwise provide for the payment of Water and Sewer System Bonds or Subordinated Bonds or (iv) use such amounts for any lawful purpose of JEA relating to the Water and Sewer System. If JEA determines that amounts on deposit in the Subordinated Bond Rate Stabilization Fund are to be used to pay the principal or Redemption Price of, or interest on, or to otherwise provide for the payment of, Water and Sewer System Bonds or Subordinated Bonds, JEA may designate the particular Water and Sewer System Bonds or Subordinated Bonds for which such amounts are to be so used, and such amounts shall, subject only to the other provisions of the Subordinated Water and Sewer System Resolution permitting or requiring the application thereof, be used for such purpose.

At any time and from time to time JEA may transfer for deposit in the Subordinated Bond Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts shall be applied for purposes of the Subordinated Bond Rate Stabilization Fund in accordance with the preceding paragraph.

Notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution, whenever the amounts available therefor under the Water and Sewer System Resolution shall not be sufficient to pay the principal or Redemption Price of, or interest on, the Water and Sewer System Bonds then due, JEA shall withdraw from the Subordinated Bond Rate Stabilization Fund an amount equal to the amount of such deficiency (or the entire amount on deposit therein, if less than the amount of such deficiency), and shall deposit such amount in the Debt Service Fund established under the Water and Sewer System Resolution.

Establishment of Additional Funds

If and to the extent provided in a Supplemental Subordinated Resolution, JEA may establish one or more additional funds or accounts with respect to the Subordinated Bonds of one or more Series as shall be

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specified in such Supplemental Subordinated Resolution and, if and to the extent provided in any such Supplemental Subordinated Resolution, amounts on deposit in any such fund or account, including the investments, if any, thereof may be pledged for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such fund or account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided, however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such fund or account, such deposit shall not be made in any month until after the deposits required pursuant to the provisions of the Water and Sewer System Resolution shall have been made for such month, and such deposits shall be made pro rata with the deposits of Revenues to the Subordinated Bond Rate Stabilization Fund provided for in the provisions of the Subordinated Water and Sewer System Resolution; and *provided, further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to be made with respect to all such funds and accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such fund and account.

Initial Subordinated Debt Service Reserve Fund

Pursuant to the Third Supplemental Water and Sewer System Revenue Subordinated Bond Resolution adopted by JEA on July 15, 2003 (the "Third Supplemental Subordinated Water and Sewer System Resolution"), authorizing JEA's Water and Sewer System Subordinated Revenue Bonds, 2003 Series C (the "2003 Series C Subordinated Bonds") JEA established an additional fund under the Subordinated Water and Sewer System Resolution, the "Initial Subordinated Debt Service Reserve Fund." The 2003 Series C Subordinated Bonds were additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, including the investments and investment income, if any, thereof, which amounts were pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 2003 Series C Subordinated Bonds, subject only to the provisions of the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution. The Initial Subordinated Debt Service Reserve Fund may, at the option of JEA, secure additional Subordinated Bonds of any series thereafter issued. As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subordinated Debt Service Reserve Fund also secures JEA's Water and Sewer System Subordinated Revenue Bonds, 2012 Series B, 2013 Series A, 2017 Series A and 2020 Series A.

Pursuant to the Subordinated Water and Sewer System Resolution, the Subordinated Bonds of any series are not required to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund. However, JEA may provide, at its option, in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of any series that the Subordinated Bonds of such series will be additionally secured by amounts on deposit in any Initial Subordinated Debt Service Reserve Fund. In the event that the Subordinated Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, it will be a condition to the issuance of such Subordinated Bonds that the amount on deposit in the Initial Subordinated Debt Service Reserve Fund, after giving effect to the issuance of such Subordinated Bonds, equals the Subordinated Debt Service Reserve Requirement.

The Subordinated Water and Sewer System Resolution requires JEA to deposit and maintain in the Initial Subordinated Debt Service Reserve Fund moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Subordinated Debt Service Reserve Requirement. The Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund is defined in the Third Supplemental Subordinated Water and Sewer System Resolution, as of any date of calculation, as an amount equal to the lowest of (a) ten percent of the original principal amount of the Subordinated Bonds of all issues (as defined for federal income tax purposes)

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secured thereby (or, if the Subordinated Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price), (b) the maximum Aggregate Subordinated Debt Service on the Subordinated Bonds of all series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Subordinated Bonds to be paid from deposits in the Subordinated Indebtedness Fund made from the proceeds of Subordinated Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or (c) 125 percent of the average annual Subordinated Debt Service on the Subordinated Bonds of all series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Subordinated Bonds to be paid from deposits in the Subordinated Indebtedness Fund made from the proceeds of Subordinated Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided, however*, that in no event may an increase in the Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Subordinated Bonds exceed ten percent of the original principal amount of the Subordinated Bonds of such issue (or, if the Subordinated Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price).

Amounts in the Initial Subordinated Debt Service Reserve Fund in excess of the Subordinated Debt Service Reserve Requirement, after giving effect to any reserve fund credit instrument, will be credited to the Revenue Fund.

The Third Supplemental Subordinated Water and Sewer System Resolution provides that in lieu of maintaining moneys or investments in the Initial Subordinated Debt Service Reserve Fund, JEA at any time may cause to be deposited therein for the benefit of the Holders of the Subordinated Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (a "reserve fund credit instrument"), in an amount equal to the difference between the Subordinated Debt Service Reserve Requirement and the sums of money or value of Investment Securities then on deposit in the Initial Subordinated Debt Service Reserve Fund, if any. The following is a summary of the provisions of the Third Supplemental Subordinated Water and Sewer System Resolution relating to the deposit of reserve fund credit instruments to the Initial Subordinated Debt Service Reserve Fund:

(a) A surety bond or insurance policy issued by a company (a "municipal bond insurer") licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Subordinated Bonds that are additionally secured by the Initial Subordinated Debt Service Reserve Fund (the "Initial Subordinated Debt Service Reserve Fund Additionally Secured Bonds") may be deposited in the Initial Subordinated Debt Service Reserve Fund to meet the Subordinated Debt Service Reserve Requirement or if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by Standard & Poor's Credit Market Services, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), or Moody's Investors Service ("Moody's"), respectively.

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subordinated Debt Service Reserve Fund if the issuer thereof is rated at least "AA" by S&P and if such letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Subordinated Bonds secured by the Initial Subordinated Debt Service Reserve Fund. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the

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letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subordinated Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subordinated Debt Service Reserve Fund, together with any other qualifying reserve fund credit instruments, to equal the Subordinated Debt Service Reserve Requirement, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in either of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subordinated Debt Service Reserve Fund is fully funded in its required amount.

(d) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Subordinated Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subordinated Debt Service Reserve Fund. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subordinated Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a S&P "AAA" or a Moody's "Aaa" or (iv) the rating of the issuer of the letter of credit falls below a S&P "AA", the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subordinated Debt Service Reserve Fund.

(e) If (i) the revolving reinstatement feature described in the preceding clause (d) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (iii) the rating of the issuer of the letter of credit falls below a S&P "AA", JEA shall either (X) deposit into the Initial Subordinated Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subordinated Debt Service Reserve Fund to equal the Subordinated Debt Service Reserve Requirement, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the

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surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subordinated Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subordinated Debt Service Reserve Fund to equal to Subordinated Debt Service Reserve Requirement, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. Where applicable, the amount for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subordinated Debt Service Reserve Fund pursuant to clause (X) of the penultimate sentence of this clause (e).

(f) In the event that a reserve fund credit instrument shall be deposited into the Initial Subordinated Debt Service Reserve Fund as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Subordinated Water and Sewer System Resolution for purposes of the additional bonds test and rate covenant contained in the Subordinated Water and Sewer System Resolution.

(g) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Subordinated Bonds of any Series additionally secured by the Initial Subordinated Debt Service Reserve Fund.

(h) Cash on deposit in the Initial Subordinated Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subordinated Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On April 8, 2004, simultaneously with the issuance of JEA's Water and Sewer System Subordinated Revenue Bonds, 2004 Series A, JEA caused FGIC to issue its Municipal Bond Debt Service Reserve Fund Policy (the "FGIC Subordinated Reserve Policy") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The FGIC Subordinated Reserve Policy is in the amount of \$2,292,670.54, is non-cancelable, terminates on October 1, 2034 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund. Because of a rating downgrade of FGIC, JEA has made deposits to the Initial Subordinated Debt Service Reserve Fund in the amount of the FGIC Subordinated Reserve Policy.

On September 22, 2004, simultaneously with the issuance of JEA's Water and Sewer System Subordinated Revenue Bonds, 2004 Series B, JEA caused Assured Guaranty Municipal Corp., previously known as Financial Security Assurance Inc. ("FSA") to issue its Debt Service Reserve Insurance Policy (the "FSA Subordinated Reserve Policy") for deposit to the credit of the Initial Subordinated Debt Service

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Reserve Fund. The FSA Subordinated Reserve Policy is in the amount of \$1,076,155.73, is non-cancelable, terminates on October 1, 2025 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund. Because of a rating downgrade of FSA, JEA has made deposits to the Initial Subordinated Debt Service Reserve Fund in the amount of the FSA Subordinated Reserve Policy.

On June 6, 2005, JEA caused MBIA Insurance Corporation ("MBIA") to issue its Debt Service Reserve Surety Bond (the "Initial MBIA Subordinated Surety Bond") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The Initial MBIA Subordinated Surety Bond is in the amount of \$3,957,054.21, is non-cancelable, terminates on October 1, 2043 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund.

On May 25, 2006, simultaneously with the issuance of JEA's Water and Sewer System Subordinated Revenue Bonds, 2006 Series A (the "2006 Series A Bonds"), JEA caused MBIA to issue an additional Debt Service Reserve Surety Bond (the "Second MBIA Subordinated Surety Bond") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The Second MBIA Subordinated Surety Bond is in the amount of \$977,475.00, is non-cancelable, terminates on October 1, 2036 (or upon the earlier retirement of all of the 2006 Series A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund.

Effective as of January 1, 2009, MBIA Inc., parent company of MBIA, restructured MBIA; such restructuring involved the reinsurance and assignment of MBIA's obligations under the Initial MBIA Subordinated Surety Bond and the Second MBIA Subordinated Surety Bond (collectively, the "MBIA Surety Bonds") to National Public Finance Guarantee Corporation ("NPFGC") which is a subsidiary of MBIA Inc. Because of a rating downgrade of MBIA, JEA has made deposits to the Initial Subordinated Debt Service Reserve Fund in the amount of the MBIA Surety Bonds.

Additional Subordinated Bonds; Conditions to Issuance

JEA may issue additional Subordinated Bonds for any lawful purpose of the Water and Sewer System, including providing funds for the refunding of Outstanding Water and Sewer System Bonds or Outstanding Subordinated Bonds and evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with Credit Enhancement or liquidity support. All such additional Subordinated Bonds will be payable from amounts on deposit in the Subordinated Indebtedness Fund and secured thereby on a parity with all other Subordinated Bonds. Set forth below are certain conditions applicable to the issuance of additional Subordinated Bonds. The Subordinated Water and Sewer System Resolution provides that a Series of Subordinated Bonds may be issued at one time or from time to time. If the Subordinated Bonds of a Series are to be issued from time to time, the Subordinated Water and Sewer System Resolution requires that the conditions set forth below be satisfied only prior to the issuance of the first Subordinated Bonds of such Series to be issued.

Debt Service Coverage Test: The issuance of any Series of additional Subordinated Bonds (except for Refunding Subordinated Bonds and Subordinated Reimbursement Obligations) is conditioned upon the delivery by an Authorized Officer of JEA of a certificate to the effect that either (a) the difference between Net Revenues and Capacity Charges for each of the three full Bond Years succeeding the date of issuance of the Subordinated Bonds of the Series with respect to which such certificate is being given, as such Net Revenues and Capacity Charges are estimated in accordance with the Subordinated Water and Sewer System Resolution, are at least equal to the sum of (i) the Adjusted Aggregate Debt Service for each such Bond Year, (ii) 120 percent of the Adjusted Aggregate Subordinated Debt Service for each such Bond

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Year and (iii) all amounts payable by JEA for each such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness, or (b) the Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the Subordinated Bonds of the Series with respect to which such certificate is being given is at least equal to the greater of (X) the sum of (i) the Average Annual Adjusted Aggregate Debt Service, (ii) 110 percent of the Average Annual Adjusted Aggregate Subordinated Debt Service and (iii) all amounts payable by JEA during such 12 month period with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness and (Y) the sum of (i) the Average Annual Adjusted Aggregate Debt Service, (ii) the Average Annual Adjusted Aggregate Subordinated Debt Service, (iii) all amounts payable by JEA during such 12 month period with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness and (iv) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year.

No Default: In addition, additional Subordinated Bonds (except for Refunding Subordinated Bonds and Subordinated Reimbursement Obligations) may be issued only if an Authorized Officer of JEA certifies that upon the issuance of such Series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Water and Sewer System Resolution or in the Subordinated Water and Sewer System Resolution.

Redemption

In the case of any redemption of Subordinated Bonds, JEA shall give written notice to the Subordinated Bond Registrar(s) therefor and the Subordinated Bond Paying Agents of the redemption date, of the Series, and of the principal amounts of the Subordinated Bonds of each maturity of such Series and of the Subordinated Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Subordinated Water and Sewer System Resolution or any Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part). Such notice shall be filed with such Subordinated Bond Registrars and the Subordinated Bond Paying Agents for the Subordinated Bonds to be redeemed at least 35 days prior to the redemption date (or such shorter period (a) as may be specified in the Supplemental Subordinated Resolution authorizing the Series of the Subordinated Bonds to be redeemed or (b) as shall be acceptable to such Subordinated Bond Registrars and Subordinated Bond Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Subordinated Bond Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Subordinated Bond Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Subordinated Bonds to be redeemed.

Rate Covenant

Under the Subordinated Water and Sewer System Resolution, JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Water and Sewer System which shall be sufficient to provide Revenues in each Bond Year in an amount at least equal to the amount required to satisfy either clause (i) or clause (ii) below:

- (i) the difference between (a) Net Revenues in each Bond Year and (b) Capacity Charges in such Bond Year shall be at least equal to the sum of (X) the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate

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Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, (Y) the Aggregate Subordinated Debt Service for such Bond Year; *provided, however*, that any Subordinated Principal Installment which is a Refundable Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Subordinated Principal Installment from sources other than Revenues and (Z) all amounts payable by JEA during such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness; or

(ii) Net Revenues in each Bond Year shall be at least equal to the sum of (X) the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, (Y) 120 percent of the Aggregate Subordinated Debt Service for such Bond Year; *provided, however*, that any Subordinated Principal Installment which is a Refundable Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Subordinated Principal Installment from sources other than Revenues and (Z) all amounts payable by JEA during such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness.

Creations of Liens

JEA will not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Water and Sewer System Bonds and the Subordinated Bonds, payable out of or secured by a security interest in or pledge of the Subordinated Indebtedness Fund, including the funds, moneys and securities contained therein; *provided, however*, that nothing contained in the Subordinated Water and Sewer System Resolution shall prevent JEA from issuing or incurring, if and to the extent permitted by law and the Water and Sewer System Resolution, (a) Additional Parity Subordinated Indebtedness and (b) Subordinated Indebtedness that is expressly made subordinate in right of payment to the Subordinated Bonds and for which any pledge of such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor shall be, and shall be expressed to be, subordinate in all respects to the pledge and lien created under the Subordinated Water and Sewer System Resolution as security for the Subordinated Bonds.

Amendment of Subordinated Water and Sewer System Resolution

The Subordinated Water and Sewer System Resolution and the rights and obligations of JEA and of the Holders of the Subordinated Bonds may be amended by a Supplemental Subordinated Resolution, with the written consent (i) of the Holders of not less than a majority in principal amount of the Subordinated Bonds affected by such modification or amendment and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Subordinated Bonds of the particular Series and maturity entitled to such Sinking Fund Installment. No such modification or amendment may (A) permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount, Redemption Price or rate of interest thereon without the consent of each affected Holder, or (B) reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment. For purposes of the foregoing, (a) a change in the terms of redemption of any Outstanding Subordinated Bond

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shall be deemed only to affect such Subordinated Bond, and shall be deemed not to affect any other Subordinated Bond and (b) the Holders of Subordinated Bonds may include the initial Holders thereof, regardless of whether such Subordinated Bonds are being held for resale.

The Subordinated Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provide will be deemed to be the Holder of such Subordinated Water and Sewer System Bonds of any Series, or a maturity within a Series, at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Water and Sewer System Resolution which requires the written approval or consent of Holders, except that the foregoing provisions will not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

The Supplemental Subordinated Resolutions authorizing JEA's Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A and 2008 Series B (collectively, the "Prior Series Variable Rate Water and Sewer System Subordinated Bonds") provide that in the event that JEA shall adopt any Supplemental Subordinated Resolution making any amendment to the Subordinated Water and Sewer System Resolution for which the consent of the Holders of the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an authorized officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of such Series a certificate requiring that the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Subordinated Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution. JEA intends to include this provision in each Supplemental Subordinated Resolution it may adopt in the future authorizing the issuance of any Series of additional Variable Rate Subordinated Bonds.

Without the consent of the Holders of the Subordinated Bonds, JEA may adopt a Supplemental Subordinated Resolution which (i) closes the Subordinated Water and Sewer System Resolution against, or provides additional conditions to, the issuance of Subordinated Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of JEA; (iii) adds limitations and restrictions to be observed by JEA; (iv) authorizes Subordinated Bonds of an additional Series; (v) provides for the issuance of Subordinated Bonds in coupon form payable to bearer or in uncertificated form; and makes any modification which is to be effective only after all Subordinated Bonds of each Series Outstanding as of the date of the adoption of such Supplemental Subordinated Resolution cease to be Outstanding.

Defeasance

The pledge of moneys and securities created by the Subordinated Water and Sewer System Resolution and all covenants, agreements and other obligations of JEA to the Holders of Subordinated Bonds will cease, terminate and become void and be discharged and satisfied whenever all Subordinated Bonds and interest due or to become due thereon are paid in full. If any Subordinated Bonds are paid in

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full, such Subordinated Bonds shall cease to be entitled to any lien, benefit or security under the Subordinated Water and Sewer System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Subordinated Bonds will cease, terminate and become void and be discharged and satisfied. Subordinated Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Subordinated Water and Sewer System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds) are met: (i) in case any Subordinated Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor, (ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Subordinated Bonds, and (iii) in the event such Subordinated Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Subordinated Bonds that the above deposit has been made and that such Subordinated Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Subordinated Bonds.

In addition, any Outstanding Subordinated Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) there shall have been deposited with the Escrow Agent therefor, Water and Sewer System Bonds issued pursuant to Article II of the Water and Sewer System Resolution of the type described in Section 12.01, subsection 1 of the Subordinated Water and Sewer System Resolution (hereinafter, "Senior Bonds"), (b) in the event said Subordinated Bonds do not by their terms mature within the next succeeding 60 days, JEA shall have given such Escrow Agent in form satisfactory to it instructions to give, as soon as practicable, by first-class mail, postage paid, to the Holders of such Subordinated Bonds at their last addresses appearing on the books of JEA kept at the office of the Subordinated Bond Registrar(s) therefor a notice that the deposit required by clause (a) above has been made with such Escrow Agent and that said Subordinated Bonds are deemed to have been paid and (c) JEA and such Escrow Agent shall have entered into an agreement in writing whereby such Escrow Agent agrees, among other things, to perform the duties required to be performed by it set forth in the Water and Sewer System Resolution. Senior Bonds deposited for purposes of clause (a) above (i) shall be payable to such Escrow Agent as the registered owner thereof, (ii) shall provide, with respect to the giving of any notice by or on behalf of JEA, for the giving of such notice to such Escrow Agent no later than 2 business days prior to the earliest date required or permitted under the Subordinated Water and Sewer System Resolution for the giving of notice of the corresponding event with respect to the Subordinated Bonds, (iii) shall be payable in immediately available funds and (iv) shall be identical (except as provided in clauses (ii) and (iii) above), as to aggregate principal amount, maturity dates, interest rates and redemption features, to the Subordinated Bonds deemed to have been paid by reason of the deposit of such Senior Bonds.

Events of Default; Remedies

Events of default under the Subordinated Water and Sewer System Resolution include (i) failure to pay the principal or Redemption Price of any Subordinated Bond when due; (ii) failure to pay any installment of interest on any Subordinated Bond on the unsatisfied balance of any Sinking Fund Installment when due; (iii) failure by JEA to perform or observe any other covenants, agreements or conditions contained in the Subordinated Water and Sewer System Resolution or the Subordinated Bonds and continuation thereof for a period of 60 days after written notice thereof; (iv) certain events of bankruptcy or insolvency or (v) an Event of Default pursuant to the provisions of the Water and Sewer System Resolution. Upon the happening of any such Event of Default the Holders of not less than 25 percent in principal amount of the Subordinated Bonds then Outstanding may declare the principal of all the Subordinated Bonds then Outstanding, and the interest accrued thereon, due and payable (subject to a

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rescission of such declaration upon the curing of such default before the Subordinated Bonds have matured).

The Subordinated Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Subordinated Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an Event of Default. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

During the continuance of an Event of Default under the Subordinated Water and Sewer System Resolution, JEA is to apply all moneys, securities and funds held or received by JEA with respect to the Subordinated Bonds as follows and in the following order: (i) to the extent required in the Water and Sewer System Resolution, to the payment of the interest and principal or redemption price due on the Water and Sewer System Bonds and (ii) to the interest and principal or Redemption Price due on the Subordinated Bonds.

Subordinated Bond Paying Agents

The Subordinated Water and Sewer System Resolution requires the appointment by JEA of one or more Subordinated Bond Paying Agent(s) for the Subordinated Bonds of each Series. Any Subordinated Bond Paying Agent may resign on 60 days' notice and may at any time be removed with or without cause by JEA. Successor Subordinated Bond Paying Agents will be appointed by JEA, and will be an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank, trust company or national banking association having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 if there be such an entity willing to accept appointment.

Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required

Except as otherwise provided in a Supplemental Subordinated Resolution authorizing Subordinated Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Subordinated Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Water and Sewer System Resolution which requires the written approval or consent of Holders; *provided, however*, that the foregoing shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Subordinated Water and Sewer System Resolution.

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Special Provisions Relating to Water and Sewer System Capital Appreciation Subordinated Bonds, Water and Sewer System Deferred Income Subordinated Bonds and Subordinated Reimbursement Obligations

The principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Subordinated Debt Service, Aggregate Subordinated Debt Service, Adjusted Aggregate Subordinated Debt Service and Average Annual Adjusted Aggregate Subordinated Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Water and Sewer System Capital Appreciation Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Water and Sewer System Capital Appreciation Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Water and Sewer System Capital Appreciation Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Water and Sewer System Capital Appreciation Subordinated Bond shall be deemed to be its then current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Water and Sewer System Deferred Income Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Water and Sewer System Deferred Income Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Water and Sewer System Deferred Income Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Water and Sewer System Deferred Income Subordinated Bond shall be deemed to be its then current Appreciated Value.

Notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution, in the event that any Variable Rate Subordinated Bonds contain provisions that allow the principal amount thereof to be repaid on an accelerated basis in the event that such Subordinated Bonds are purchased by the Credit Enhancer therefor or the provider of liquidity support therefor and, in either such case, are not remarketed, for purposes of the additional bonds test contained in the Subordinated Water and Sewer System Resolution, such accelerated repayment shall not be taken into account, and compliance with such test shall be determined based upon the scheduled due date(s) of the Subordinated Principal Installments for such Subordinated Bonds, irrespective of any such accelerated repayment.

Except as otherwise provided in the Supplemental Subordinated Resolution authorizing a Series of Subordinated Reimbursement Obligations, for the purposes of (i) receiving payment of a Subordinated Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (ii) computing the principal amount of Subordinated Bonds held by the Holder of a Subordinated Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Subordinated Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal

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the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Water and Sewer System Bonds or Subordinated Bonds, as the case may be, of the Series or maturity or interest rate within a maturity for which such Subordinated Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Water and Sewer System Bonds or Subordinated Bonds, as the case may be, less any prior repayments thereof.

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APPENDIX D**SUMMARY OF CERTAIN PROVISIONS OF
THE DISTRICT ENERGY SYSTEM RESOLUTION**

The following is a summary of certain provisions of the District Energy System Resolution. Summaries of certain definitions contained in the District Energy System Resolution are set forth below. Other terms defined in the District Energy System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the District Energy System Resolution and, accordingly, is qualified by reference thereto and subject to the full text thereof.

The District Energy System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the District Energy System Resolution also may be obtained from JEA; provided that a reasonable charge may be imposed for the cost of reproduction. The term "Bonds" as used in the District Energy System Resolution and in this summary, has the same meaning as the term "District Energy System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Excluded Provisions

The Third Supplemental Resolution provides that solely with respect to the rate covenant set forth in Section 710 of the District Energy System Resolution (summarized below under the caption "Covenant as to Rates, Fees and Charges"), clause (iii) of Section 801, Events of Default, of the District Energy System Resolution shall not be applicable to the 2013 Series A Bonds and shall not be enforceable by the Holders of the 2013 Series A Bonds so long as JEA remains in compliance with its obligations to make deposits to the 2013 Series A Bonds Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund from Available Water and Sewer System Revenues as provided in the Third Supplemental Resolution and described below under "Debt Service Fund – Debt Service Reserve Account and 2013 Series A Bonds Subaccount – 2013 Series A Bonds Subaccount".

Definition of Terms

The following are summaries of certain definitions in the District Energy System Resolution:

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Bonds of such

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Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided, however*, that (i) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (ii) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the District Energy System Resolution and (iii) if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Accrued Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Additionally Secured Series shall mean a Series of Bonds for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to the District Energy System Resolution in favor of all of the Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund.

Adjusted Aggregate Debt Service for any period shall mean, as of any date of calculation, the Aggregate Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined (i) in the case of Refundable Principal Installments with respect to Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto, and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Adjusted Aggregate Debt Service at the times and in the manner provided in the District Energy System Resolution. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution or financial advisory firm selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Bonds maturing at the times determined in accordance with the provisions of the preceding sentence, determined as of the date of such calculation.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided, however*, that (a) for purposes of estimating Aggregate Debt Service for any future period (i) any Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Bonds or (Y) the Certified Interest Rate applicable thereto and (ii) any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Aggregate Debt Service at the times and in the manner provided in the District Energy System Resolution; and *provided, further*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve

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Account in the Debt Service Fund takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Annual Net Revenues shall mean, with respect to any Fiscal Year, the Revenues during such Fiscal Year, determined on an accrual basis, minus the sum of (a) Operation and Maintenance Expenses during such Fiscal Year, determined on an accrual basis, to the extent paid or to be paid from Revenues, (b) the Aggregate Debt Service with respect to such Fiscal Year, and (c) debt service payable during such Fiscal Year with respect to all other obligations issued by JEA (including, without limitation, Subordinated Indebtedness) in connection with the System, determined on an accrual basis.

Appreciated Value shall mean, with respect to any Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Average Annual Adjusted Aggregate Debt Service shall mean, as of any date of calculation, the arithmetic average of the Adjusted Aggregate Debt Service for the then current and each future Bond Year.

Bond or *Bonds* shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the District Energy System Resolution but shall not mean Subordinated Indebtedness or Bond Anticipation Notes.

Bond Anticipation Notes shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

Bond Year shall mean the 12 month period commencing on October 1 in any year and ending on September 30 of the following year.

Capital Lease Obligations shall mean all Bonds issued pursuant to the District Energy System Resolution as capital lease obligations and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the District Energy System Resolution and the Supplemental Resolution authorizing such Capital Lease Obligations.

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Certified Interest Rate shall mean, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1),

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a); and

(iii) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund and with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, and on the basis of JEA's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, were issued at a fixed interest rate.

Commercial Paper Payment Plan shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds

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of Bonds other than Commercial Paper Notes or Medium-Term Notes that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Contract Debts shall mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received.

Costs shall mean, the costs, expenses and liabilities paid or incurred or to be paid or incurred by JEA in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, repairing, extending, improving, reconstructing, retiring and disposing of the System or any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto (including, for this purpose, any acquisition by JEA of an interest in an existing facility), including, but not limited to, any good faith or other similar payment or deposits required in connection with the acquisition or construction of such part of the System, the cost of acquisition by or for JEA of real and personal property or any interests therein, costs of physical construction or acquisition of such part of the System, and costs of JEA incidental to such construction or acquisition, all costs relating to injury and damage claims relating to such part of the System, all costs relating to the settlement or renegotiation of any contract entered into in connection with any such part of the System, the cost of any indemnity or surety bonds and premiums on insurance, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees, bond insurance and indemnity premiums, discounts to the underwriters or other purchasers thereof, if any, amounts required to be paid under any interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars, in each case made in connection with the issuance of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA relating to the System, fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the District Energy System Resolution, amounts, if any, required by the District Energy System Resolution to be paid into the Debt Service Fund to provide, among other things, for interest accruing on Bonds and to provide for the Debt Service Reserve Requirement or to be paid into the Revenue Fund or the Renewal and Replacement Fund for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of JEA, including Bonds, Bond Anticipation Notes and Subordinated Indebtedness, issued to finance or refinance any of the foregoing, and all federal, state and local taxes and payments in lieu of taxes in connection with the System, or any part thereof, and working capital and reserves for any of the foregoing and shall include reimbursements to JEA for any of the above items theretofore paid by or on behalf of JEA. It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of JEA related to the System which on the date of the District Energy System Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of Florida law.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

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Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Bonds other than Reimbursement Obligations, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later, and (y) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the District Energy System Resolution; *provided, however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Notwithstanding anything to the contrary contained in the District Energy System Resolution, (a) if JEA has in connection with any Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount corresponding to the principal amount or issue price of such Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Debt Service with respect to such Bonds for purposes of the additional bonds test and the rate covenant contained in the District Energy System Resolution, it will be assumed that such Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such

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date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Debt Service with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of the additional bonds test and the rate covenant contained in the District Energy System Resolution, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund, unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the lesser of (a) 10 percent of the original principal amount of the Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price), and (b) the maximum amount of interest included in Aggregate Debt Service on the Bonds of all Series secured thereby then Outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided, however*, that in no event may an increase in the Debt Service Reserve Requirement for any subaccount resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Bonds exceed ten percent of the original principal amount of the Bonds of such issue (or, if the Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price).

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds, (a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or

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the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate and (iv) which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's Credit Market Services, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), and, if rated by Moody's Investors Service ("Moody's"), are rated "Aaa" by such agency, (c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by two nationally recognized rating agencies, (d) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (c) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000, or obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (e) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) or clause (b) of the definition to the extent not insured by the Federal Deposit Insurance Corporation, (f) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (i) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (ii) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided, however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (i) or clause (ii) of the preceding sentence, and (g) upon compliance with the applicable provisions of the District Energy System Resolution, such securities (I) as are described in clause (a) of this definition and (II) as are described in clause (d) of this definition so long as such securities evidence ownership of the right to payments of principal and/or

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interest on obligations described in clause (a) of such definition; in each case *provided* that, notwithstanding such clauses, such securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Bonds shall mean any Bonds issued under the District Energy System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Resolution authorizing such Deferred Income Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the District Energy System Resolution or the Supplemental Resolution authorizing such Deferred Income Bonds.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Bonds with respect to which such Designated Swap Obligation is entered into).

Highest Rating Category shall mean (i) if the Bonds are rated by a Rating Agency, that each Rating Agency has assigned a rating in the highest rating given by that Rating Agency for that general category of security or obligation, and (ii) if the Bonds are not rated (and, consequently, there is no Rating Agency), that Standard and Poor's or Moody Ratings Service has assigned a rating in the highest rating given by that rating agency for that general category of security or obligation.

Investment Securities shall mean and include any securities, obligations or investments that, at the time, shall be permitted by Florida law for investment of JEA's funds.

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the District Energy Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of Bonds other than Commercial Paper Notes or Medium-Term Notes, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

Net Revenues shall mean, for any period, the Revenues during such period, determined on an accrual basis, minus the Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

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Operation and Maintenance Expenses shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the System, including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include any reserve for renewals or replacements or any allowance for depreciation or amortization and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the System.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the District Energy System Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds which JEA intends to pay with moneys which are not Revenues; *provided* that (i) in the case of Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations shall mean all Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Bonds of a Series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement shall mean, at any date of calculation, either (i) an amount equal to 10 percent of the sum of (a) the aggregate amount of Bonds Outstanding under the District Energy System Resolution, and (b) the aggregate amount of all other obligations issued by JEA in connection with the System (including, without limitation, Subordinated Indebtedness) outstanding and unpaid (or as to which provision for payment has not been made in accordance with the terms thereof) or (ii) such greater or lesser amount as the Consulting Engineer shall certify as reasonable and necessary for the purposes of the Renewal and Replacement Fund.

Revenues shall mean (i) all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System, excluding customer deposits and any other deposits subject to refund unless such deposits have become property of JEA, (ii) the proceeds of

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any insurance covering business interruption loss relating to the System and (iii) interest received or to be received on any moneys or securities held pursuant to the District Energy System Resolution and paid or required to be paid into the Revenue Fund. For any purpose of the District Energy System Resolution that requires the computation of Revenues with respect to any period of time, "Revenues" shall include such amounts resulting, received or to be received, as the case may be, during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period, but only to the extent provided that such amounts originally were deposited to the Rate Stabilization Fund from Revenues (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the District Energy System Resolution and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period.

Second Highest Rating Category shall mean (i) if the Bonds are rated by a Rating Agency, that each Rating Agency has assigned a rating not lower than the second highest rating category given by that Rating Agency for that general category of security or obligation and (ii) if the Bonds are not rated (and, consequently, there is no Rating Agency), that Standard and Poor's or Moody Ratings Service has assigned a rating not lower than the second highest rating given by that rating agency for that general category of security or obligation.

System shall mean each and every part of the district energy facilities owned and operated by JEA for supply, transmission and distribution of chilled water, process steam or similar thermal energy, now existing or hereafter acquired by lease, contract, purchase or otherwise or constructed, including any interest or participation of JEA in any facilities in connection with said system, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, licenses and rights of way and all other works, property or structures and contract rights and other tangible and intangible assets now or hereafter owned or used in connection with or related to said System; *provided, however*, that upon compliance with the provisions of the District Energy System Resolution, the term System shall be deemed to include other utility functions added to the System that are, in accordance with Prudent Utility Practice, reasonably related to the services provided by the System. Notwithstanding the foregoing definition of the term System, such term shall not include the existing electric system or water and sewer system owned by JEA or any bulk power supply utilities or systems now owned or hereafter acquired by JEA (other than facilities transferred from the existing system upon establishment of the district energy system as provided by District Energy System Resolution of JEA), nor shall it include any properties or interests in properties of JEA (a) which JEA determines shall not constitute a part of the System for the purpose of the District Energy System Resolution at the time of the acquisition thereof by JEA or (b) as to which there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the exclusion of such properties or interests in properties from the System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of Section 710.

Trust Estate shall mean (i) the proceeds of the sale of the Bonds, (ii) the Revenues, and (iii) all Funds and Accounts established by the District Energy System Resolution (other than the Debt Service Reserve Account in the Debt Service Fund and the Renewal and Replacement Fund), including the investments and investment income, if any, thereof.

Variable Rate Bond shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds of which such Bond is one.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

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Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the District Energy System Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the District Energy System Resolution, subject only to the provisions of the District Energy System Resolution permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in the District Energy System Resolution, the Trust Estate.

Pursuant to the District Energy System Resolution, there are also pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the District Energy System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the District Energy System Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the District Energy System Resolution to payment of principal of and interest and redemption premium on the Bonds of all series, subject to the provisions of the District Energy System Resolution permitting application for other purposes. For application of the Revenues, the District Energy System Resolution establishes a Revenue Fund; Debt Service Fund, which shall consist of a Debt Service Account and a Debt Service Reserve Account, and within such Debt Service Reserve Account an Initial Subaccount; Subordinated Indebtedness Fund; Rate Stabilization Fund; and Renewal and Replacement Fund; all of such funds are held by JEA; *provided* that if and to the extent provided in a Supplemental Resolution authorizing Subordinated Indebtedness, the Subordinated Indebtedness Fund shall be held by the entity specified in such Supplemental Resolution.

Revenues and Revenue Fund. Pursuant to the District Energy System Resolution, Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund.

After payment of Operation and Maintenance Expenses, the District Energy System Resolution provides that the Revenue Fund should be applied monthly to the extent available in the following order:

- (a) in the Debt Service Fund, (i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; provided that (A) for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said Account the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the District Energy System Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Account during any month that is in excess of the minimum amount required to be deposited therein during such month may, upon written determination of an Authorized Officer of JEA, be deemed to be accumulated therein with respect to

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(1) any Sinking Fund Installment or (2) any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and (ii) thereafter, for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

(b) in the Subordinated Indebtedness Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness;

(c) in the Rate Stabilization Fund, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current Annual Budget or the amount otherwise determined by JEA to be credited to such Fund for the month; and

(d) in the Renewal and Replacement Fund, an amount at least equal to the sum of (i) one-twelfth (1/12th) of 10 percent of the Annual Net Revenues of the System for the preceding Fiscal Year and (ii) such additional amount as shall make the total annual payment into such Fund during the Fiscal Year of which such month shall be a part equal to at least five percent of the Revenues of the System for the preceding Fiscal Year; *provided, however*, that so long as there shall be held in the Renewal and Replacement Fund an amount which shall be at least equal to the Renewal and Replacement Requirement, no deposits shall be required to be made into the Renewal and Replacement Fund; and *provided, further*, however, that the failure of JEA to make such payment into the Renewal and Replacement Fund in any month shall not constitute an Event of Default under the District Energy System Resolution; *provided* that any deficiencies therefor shall have been restored prior to the end of the Fiscal Year of which such month shall be a part; and *provided, further*, that the full amount required to be deposited in said Renewal and Replacement Fund in such Fiscal Year shall have been deposited therein by the end of such Fiscal Year.

The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Bonds and (b) transfers to any utility system owned and/or operated by JEA currently or in the future) not otherwise prohibited by the District Energy System Resolution; *provided, however*, that none of the remaining moneys shall be used for any purpose other than those specified above unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA shall have complied fully with all the covenants and provisions of the District Energy System Resolution.

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Notwithstanding the provisions above, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no deposits shall be required to be made into the Debt Service Fund.

Construction Fund. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of any Supplemental Resolution and there may be paid into the Construction Fund, at the option of JEA, any moneys received for or in connection with the System by JEA from any other source, unless required to be otherwise applied as provided by the District Energy System Resolution. Amounts in the Construction Fund shall be applied to the payment of the Costs of the System in the manner provided in the District Energy System Resolution or for any other lawful purpose of JEA relating to the System.

The proceeds of insurance maintained pursuant to the District Energy System Resolution against physical loss of or damage to the System or of contractors' performance bonds or other assurances of completion with respect thereto, pertaining to the period of construction or acquisition thereof, shall, upon receipt by JEA, be paid into the Construction Fund.

JEA shall withdraw amounts from the Construction Fund for the payment of amounts due and owing on account of the Costs of the System upon determination of an Authorized Officer of JEA (or such officer's designee) that an obligation in the amount to be paid from the Construction Fund has been incurred by JEA and that each item thereof is a proper and reasonable charge against the Construction Fund, and that such amount has not been paid theretofore.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal of and interest on the Bonds when due.

Amounts credited to the Construction Fund which JEA determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account in the Debt Service Fund, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess, upon written determination of an Authorized Officer of JEA, shall be deposited in the Revenue Fund and may be used by JEA for any lawful purpose of JEA, subject to the limitations contained in the District Energy System Resolution; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the District Energy System Resolution.

JEA may permanently discontinue the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund, if the Governing Body determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of JEA and not disadvantageous to the Holders of the Bonds.

Debt Service Fund - Debt Service Reserve Account and 2013 Series A Bonds Subaccount

Debt Service Reserve Account

There shall be established in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Bonds, in the manner and to the extent provided in the District Energy System Resolution or the Supplemental Resolution establishing such subaccount, as the case may be.

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If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series of the Bonds secured thereby.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount or the District Energy System Resolution, as the case may be, such excess shall be deposited in the Revenue Fund and applied for any lawful purpose of JEA, subject to the limitations contained in the District Energy System Resolution; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the District Energy System Resolution.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price, if applicable, and interest on the Bonds.

In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, JEA may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to the District Energy System Resolution, and (b) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, JEA may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the District Energy System Resolution; *provided* that such withdrawal shall not be made unless items (a) and (b) referred to above have been satisfied; and *provided, further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the District Energy System Resolution.

In addition to or in lieu of maintaining moneys or investments in a subaccount in the Debt Service Reserve Account JEA, in the Supplemental Resolution or Supplemental Resolutions authorizing the Series of Bonds additionally secured by such subaccount, may provide for the deposit into such subaccount of other available monies of JEA, from the sources and otherwise subject to such limitations as shall be provided in such Supplemental Resolution or Supplemental Resolutions.

2013 Series A Bonds Subaccount

The payment of the principal of and interest on the 2013 Series A Bonds is additionally payable from amounts on deposit in the 2013 Series A Bonds Subaccount established in the Debt Service Reserve Account. Amounts on deposit in the 2013 Series A Bonds Subaccount shall be pledged solely for the benefit of the 2013 Series A Bonds. The 2013 Series A Bonds Subaccount will be funded under the circumstances described below solely from amounts on deposit in the Revenue Fund established under the Water and Sewer System Resolution and available for use by JEA pursuant to the provisions of the Water and Sewer System Resolution from the amounts remaining in the Revenue Fund (as defined in the Water and Sewer System Resolution) (collectively, "Available Water and Sewer System Revenues").

JEA has covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month. "Aggregate DES Debt Service Deficiency" is defined under the Third Supplemental Resolution to mean an amount equal to Accrued Aggregate Debt Service for the 2013 Series A Bonds less the sum of (a) the amount on deposit in the Debt Service Account in the Debt Service Fund to be applied to the payment of Debt Service on the 2013 Series A Bonds and (b) the amount on deposit in the 2013 Series A Bonds Subaccount in the Debt Service Reserve Account in the Debt Service Fund.

If on the last Business Day of the month preceding any date on which principal or Sinking Fund Installments of and Redemption Price, including premium, if any, and interest on 2013 Series A Bonds is due and payable the amount on deposit in the Debt Service Account in the Debt Service Fund shall be less than Accrued Aggregate Debt Service with respect to the 2013 Series A Bonds, JEA shall withdraw from the 2013 Series A Bonds Subaccount for transfer to the Debt Service Account in the Debt Service Fund monies in an amount sufficient to make the balance in said Debt Service Account equal the Accrued Aggregate Debt Service as of the last day of the then current month.

The Third Supplemental Resolution provides that Section 710 of the District Energy System Resolution (summarized below under the caption "Covenant as to Rates, Fees and Charges") is not applicable to the 2013 Series A Bonds so long as JEA is obligated under the Third Supplemental Resolution and remains in compliance with its obligations to make deposits of Available Water and Sewer System Revenues to the 2013 Series A Bonds Subaccount in the Debt Service Reserve Account of the Debt Service Fund.

There is no Debt Service Reserve Requirement with respect to the 2013 Series A Bonds, and the 2013 Series A Bonds do not constitute an Additionally Secured Series under the District Energy System Resolution.

**Establishment of Initial Subaccount in the
Debt Service Reserve Account and Application Thereof**

The District Energy System Resolution establishes an Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund. Amounts held by JEA in the Initial Subaccount shall constitute a trust fund for the benefit of the Holders of the Bonds of any Series, if and to the extent that the Supplemental Resolution authorizing such Bonds provides that such Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount; *provided, however*, that if the Bonds of any Series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount, then it shall be a condition precedent to the authentication and delivery of such Bonds that the amount on deposit in the Initial Subaccount, after giving effect to any surety bond, insurance policy or letter of credit

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that may be credited to the Initial Subaccount in accordance with the provisions of paragraph 3 of this Section, and after giving effect to the issuance of such Bonds, shall not be less than the Debt Service Reserve Requirement for the Initial Subaccount. The Bonds of any Series that are additionally secured by amounts on deposit in the Initial Subaccount as aforesaid are referred to collectively as the "Initial Subaccount Additionally Secured Bonds."

The 2013 Series A Bonds are not additionally secured by amounts on deposit in the Initial Subaccount.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from the Initial Subaccount to the extent necessary to cure the deficiency that exists with respect to the Initial Subaccount Additionally Secured Bonds.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit (referred to in the District Energy System Resolution as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities then on deposit in the Initial Subaccount, if any.

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(b) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount.

(c) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(d) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or

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Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) through (c) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(e) The use of any reserve fund credit instrument pursuant to this paragraph 3 shall be subject to receipt of an opinion of counsel to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(f) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (iv) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

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(g) If (i) the revolving reinstatement feature described in the preceding clause (f) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Highest Rating Category (as rated by any Rating Agency) or (iii) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(h) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (g).

(i) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the District Energy System Resolution for purposes of the additional bonds test and the rate covenant contained in the District Energy System Resolution.

(j) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Bonds.

(k) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

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Rate Stabilization Fund

Each month JEA shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current Annual Budget or the amount otherwise determined by JEA to be deposited into such Fund for the month.

At any time and from time to time JEA may transfer for deposit in the Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts to be applied for purposes of the Rate Stabilization Fund in accordance with the District Energy System Resolution; *provided, however*, any such amounts deposited into the Rate Stabilization Fund pursuant to this paragraph shall not constitute or be deemed to constitute Revenues for any purpose of the District Energy System Resolution.

JEa may, from time to time, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the District Energy System Resolution, (ii) use such amounts to purchase or redeem Bonds, or (iii) use such amounts to otherwise provide for the payment of Bonds or interest thereon.

Renewal and Replacement Fund

Amounts in the Renewal and Replacement Fund shall be applied to the Costs of the System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the System, all to the extent not paid as Operation and Maintenance Expenses or from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund also may be applied (a) to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (b) upon determination of the Governing Body, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the System.

If and to the extent provided in the Supplemental Resolution Authorizing Bonds of a Series or Subordinated Indebtedness, amounts from the proceeds of such Bonds or Subordinated Indebtedness may be deposited in the Renewal and Replacement Fund for any purpose of such Fund.

No payments shall be made from the Renewal and Replacement Fund if and to the extent that the proceeds of insurance or other moneys recoverable as the result of damage, if any, are available to pay the costs otherwise payable from such Fund.

If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the current requirements of such Account or subaccount, respectively, then JEA shall transfer from the Renewal and Replacement Fund for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

If at any time the amounts in the Subordinated Indebtedness Fund shall be less than the current requirement of such Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall equal the current

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requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, then JEA shall transfer from the Renewal and Replacement Fund for deposit in the Subordinated Indebtedness Fund the amount necessary (or all the moneys in the Renewal and Replacement Fund if less than the amount necessary) to make up such deficiency.

Additional Bonds

JEA may issue one or more series of additional Bonds for any lawful purpose of JEA relating to the System. All such Bonds will be payable from the Trust Estate pledged pursuant to the District Energy System Resolution and secured thereby on a parity with all other Bonds. In addition, each series of Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the District Energy System Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Bonds:

Certificates of Authorized Officers. The issuance of each series of additional Bonds (other than Refunding Bonds and Reimbursement Obligations) is conditioned upon the execution by an Authorized Officer of JEA of a certificate: (1) setting forth the amounts of Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the additional Bonds of the series with respect to which such certificate is being given; and (2) stating that such Net Revenues for such 12 consecutive month period is at least equal to the greater of (X) 115 percent of the Average Annual Aggregate Adjusted System Debt Service (calculating such Average Annual Aggregate Adjusted System Debt Service with respect to the Bonds of all series then Outstanding and the additional Bonds of the series with respect to which such certificate is given) or (Y) the sum of (i) the Average Annual Aggregate Adjusted Debt Service (calculated as aforesaid) and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year; *provided, however*, that the Net Revenues for such 12 month period may be adjusted for the purposes of such certificate (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the System made after the commencement of such period and preceding the date of issuance of such additional Bonds; (b) to reflect any increase in Net Revenues due to any new facilities of the System having been placed into use and operation subsequent to the commencement of such period and prior to the date of issuance of such additional Bonds; and (c) to include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of such certificate.

Debt Service Reserve. If, at JEA's option, any series of additional Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the District Energy System Resolution, the issuance of the additional Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Bonds.

No Default. In addition, Bonds of any series other than Refunding Bonds may be issued only if JEA certifies that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the District Energy System Resolution.

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Subordinated Indebtedness

JEA may, at any time, or from time to time, issue Subordinated Indebtedness for any lawful purpose of JEA related to the System, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof; *provided, however*, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Trust Estate created by the District Energy System Resolution as security for the Bonds.

Investment of Certain Funds

Unless further limited as to maturity by the provisions of a Supplemental Resolution, moneys held in the Funds and Accounts established under the District Energy System Resolution may be invested and reinvested by JEA in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such Funds and Accounts. In making any investment in any Investment Securities with moneys in any Fund or Account established under the District Energy System Resolution and held by JEA, JEA may combine such moneys with moneys in any other Fund or Account held by JEA, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund, shall be paid into the Revenue Fund. Interest earned on any moneys or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, upon written determination of an Authorized Officer of JEA, paid into the Revenue Fund.

Nothing contained in the District Energy System Resolution shall prevent JEA, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements ("lending agreements") with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities; *provided* that each such lending agreement (i) is in commercially reasonable form and is for a commercially reasonable period, and (ii) results in a transfer to JEA of legal title to, or a grant to JEA of a prior perfected security interest in, identified securities which are obligations described in the definition of Investment Securities and which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of, JEA; *provided* that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102 percent of the market value of the securities loaned by JEA under such agreement. Any Investment Securities loaned by JEA under any such agreement shall be released from the lien of the pledge of the Trust Estate created under the District Energy System Resolution, but only if all rights of JEA under the lending agreement (including, but not limited to, the monetary obligations to JEA of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of JEA to the identified securities transferred or pledged to JEA in connection therewith are substituted for the securities loaned, and such rights of JEA are declared to be subject to the lien of the pledge of the Trust Estate created under the District Energy System Resolution to the same extent that the loaned Investment Securities formerly were subject.

Redemption

In the case of any redemption of Bonds, JEA shall give written notice to the Bond Registrar(s) therefor and the Paying Agents of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series and of the Bonds of each interest rate within a maturity to be

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redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the District Energy System Resolution or any Supplemental Resolution authorizing the Series of which such Bonds are a part). Such notice shall be filed with such Bond Registrars and the Paying Agents for the Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Series of the Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrars and Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

Covenant as to Rates, Fees and Other Charges

JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to provide Net Revenues in each Bond Year which shall be at least equal to the greater of (i) 115 percent of the Aggregate Debt Service for such Bond Year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (ii) the amount which, together with other available funds, shall be sufficient for the payment of: (a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and (e) all other charges and liens whatsoever payable out of Revenues during such Bond Year.

JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the System, free of charge to any person, firm or corporation, public or private. However, JEA shall not be required to charge the City, including its departments, agencies or instrumentalities, for any use, output, capacity or service of the System to the extent (and only to the extent) that the cost of such use, output, capacity or service is included in the rates, fees or charges imposed by JEA on all customers of the System or a specified class or classes or category or categories thereof. Except as provided in the preceding sentence, whenever the City, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the City shall transfer to JEA sufficient sums to pay such charges. Such charges shall be paid as they accrue, and the City shall transfer to JEA sufficient sums to pay such charges. Whenever JEA shall avail itself of the product, facilities or services provided by the System, or any part thereof, for the use or benefit of another of JEA's utility systems JEA shall fairly allocate the costs of such product, facilities or services and charge to such other utility system such costs. The revenues so received from the City or charged by JEA to such other utility system shall be

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deemed to be Revenues derived from the operation of the System, and shall be applied, deposited and accounted for in the same manner as other Revenues derived from operation of the System.

The rate covenant provision of the District Energy System Resolution described above will not apply to the 2013 Series A Bonds prior to certain events. See "Excluded Provisions" herein.

Certain Other Covenants

Creation of Liens and Sales and Lease of Property. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the District Energy System Resolution and shall not create or cause to be created any lien or charge on the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or such moneys, securities or funds; *provided, however*, that nothing contained in the District Energy System Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Bonds or investment income therefrom, or (ii) amounts in the Construction Fund derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of the System, or (iii) Revenues to be derived on and after such date as the pledge of the Revenues provided in the District Energy System Resolution shall be discharged and satisfied as provided in the District Energy System Resolution, or (b) Subordinated Indebtedness.

No part of the System shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(a) JEA may dispose of, sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of the System, or (ii) the net book value of the property or facilities disposed of, sold or exchanged is not more than 15 percent of the net book value of the property and facilities of the System, or (iii) there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the disposal, sale or exchange of such property or facilities will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the rate covenant described under "Covenant as to Rates, Fees and Other Charges." The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the District Energy System Resolution;

(b) JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA or its agents of the System and (ii) does not materially adversely affect the rights or security of the Holders of the Bonds under the District Energy System Resolution. Any payments received by JEA

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under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues.

(c) The limitations imposed upon JEA by clauses (a) and (b) above shall not apply to any disposition of property by JEA where: (i) such property is leased back to JEA under a lease having a term of years (including renewal options) (X) of not less than 75 percent of the remaining useful life of the property as estimated by JEA computed from the date of disposition and lease if such property is disposed of by sale or a lease for more than 90 percent of the remaining estimated useful life or any other means of disposition except as set forth in the following clause (Y), or (Y) 75 percent of the term of the lease out by JEA if such property is disposed of by a lease for less than 90 percent of the useful life of the property so estimated, (ii) fair value to JEA (as determined by JEA) is received by JEA for the property subject to such transaction, and (iii) there shall have been delivered to the Governing Body a Counsel's Opinion to the effect that the disposition and lease will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate). The proceeds of any such transaction not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the District Energy System Resolution;

(d) JEA may permanently discontinue the acquisition or construction of any portion of the System as provided in the District Energy System Resolution; and

(e) JEA may acquire by lease or lease purchase additions and improvements to the System. The agreement pursuant to which such lease or lease purchase is made may provide that upon termination of such lease or lease purchase JEA shall be obligated to return the property subject to such lease or lease purchase, or such portion thereof as has not been fully paid for, to the lessor or its designee.

Insurance. JEA shall at all times keep or cause to be kept the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to such properties of the System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the System. JEA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Holders of the Bonds. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA.

Reconstruction; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of the System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA setting forth a determination by JEA that, taking into account all relevant facts and circumstances, including, if

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and to the extent JEA deems appropriate, the advice of the Consulting Engineer as to engineering matters, its attorneys as to legal matters and other consultants and advisors, such reconstruction or replacement is not in the interest of JEA and the Holders of the Bonds. Except as provided in the District Energy System Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to the District Energy System Resolution) or Condemnation shall be held by JEA in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by JEA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such account or investments shall be deposited in the Revenue Fund. Any such proceeds not applied within 36 months after receipt thereof by JEA to repairing or replacing damaged, destroyed or taken property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been filed with the records of JEA within such 36 months, or which JEA shall at any time determine are not to be so applied, unless otherwise applied, shall, upon written determination of an Authorized Officer of JEA, be deposited in the Revenue Fund; *provided, however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the District Energy System Resolution. Notwithstanding the foregoing, in the event that payments for any such repairing or replacing of property damaged, destroyed or taken prior to the availability of proceeds of insurance or Condemnation therefor are made from the Renewal and Replacement Fund, or from other funds of JEA not held in any Fund or Account established pursuant to the District Energy System Resolution, such proceeds when received shall be deposited in the Renewal and Replacement Fund to the extent of such payments therefrom, or shall be paid over to JEA, free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the District Energy System Resolution, as appropriate.

If the proceeds of insurance or Condemnation authorized by this Section to be applied to the reconstruction or replacement of any portion of the System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Renewal and Replacement Fund.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

Additional Utility Functions. JEA may expand the utility functions of the System as permitted by the proviso contained in the definition of "System," only if JEA files with the books and records of JEA a certified copy of resolutions of the Governing Body to the effect that the addition of such utility functions (a) will not impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the District Energy System Resolution, including specifically the rate covenant described under "Covenant as to Rates, Fees and other Charges" above and (b) will not materially adversely affect the rights of the Holders of the Bonds. In making the determinations to be set forth in such resolutions, the Governing Body may rely upon such certificates and opinions of its Consulting Engineer, independent certified public accountants, bond counsel, financial advisors or other appropriate advisors as the Governing Body shall deem necessary or appropriate.

Events of Defaults; Remedies

If one or more of the following Events of Default shall happen: (i) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement); (ii) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment

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or Sinking Fund Installment shall become due and payable (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and such default shall continue for a period of 30 days; (iii) if default shall be made by JEA in the performance or observance of any other of the covenants, agreements or conditions on its part in the District Energy System Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Bonds Outstanding; (iv) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or (v) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof; then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Holders of not less than 25 percent in principal amount of the Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the District Energy System Resolution or in any of the Bonds notwithstanding; *provided, however*, that in the event that a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided provides that the principal of such Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the following sentence) without the consent in writing of the Credit Enhancer therefor, then such Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled, as provided in the following sentence) without such written consent, and, in that event, the remedies available to the Holders of such Bonds (or such Credit Enhancer, on behalf of such Holders) shall be limited to those set forth in the District Energy System Resolution. The right of the Holders of not less than 25 percent in principal amount of the Bonds to make such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the District Energy System Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Bonds or under the District Energy System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

During the continuance of an Event of Default, JEA, shall apply all moneys, securities, funds and Revenues held or received by JEA under the District Energy System Resolution (other than amounts on deposit in any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund) as follows and in the following order: (i) to the payment of the amounts required for Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the System necessary

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in the judgment of JEA to prevent a loss of Revenues; (ii) to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows: (a) unless the principal of all the Bonds shall have become or have been declared due and payable (1) first to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and (2) second to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or (b) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and (iii) to the payment of principal, redemption price and interest then due on Subordinated Indebtedness in accordance with the Supplemental Resolution(s) authorizing such Subordinated Indebtedness.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund as follows and in the following order: (a) unless the principal of all of the Bonds shall have become or have been declared due and payable, (1) first to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of each Additionally Secured Series secured by such separate subaccount in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds of such Additionally Secured Series theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and (2) second to the payment to the persons entitled thereto of the unpaid principal or sinking fund Redemption Price of any Bonds of such Additionally Secured Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or sinking fund Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or (b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds of each Additionally Secured Series secured by such separate subaccount without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries, and all other sums payable by JEA under the District Energy System Resolution including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of JEA, and all defaults under the District Energy System Resolution or the Bonds shall be made good, JEA and the Holders shall be restored, respectively, to their former positions and

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rights under the District Energy System Resolution. No such restoration of JEA and the Holders to their former positions and rights shall extend to or affect any subsequent default under the District Energy System Resolution or impair any right consequent thereon.

Powers of Amendment

Any modification or amendment of the District Energy System Resolution and of the rights and obligations of JEA and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the District Energy System Resolution (i) of the Holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of the District Energy System Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the District Energy System Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Bonds. For the purpose of this Section, a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond. For the purpose of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

Amendment to District Energy System Resolution

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of JEA may be adopted, which, upon its adoption and compliance with the applicable provisions of the District Energy System Resolution, shall be fully effective in accordance with its terms: (a) to close the District Energy System Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the District Energy System Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; (b) to add to the covenants and agreements of JEA in the District Energy System Resolution other covenants and agreements to be observed by JEA which are not contrary to or inconsistent with the District Energy System Resolution as theretofore in effect; (c) to add to the limitations and restrictions in the District Energy System Resolution other limitations and restrictions to be observed by JEA which are not contrary to or inconsistent with the District Energy System Resolution as theretofore in effect; (d) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the District Energy System Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or

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determination at any time prior to the first authentication and delivery of such Bonds; (e) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto; (f) to confirm, as further assurance, any security interest or pledge under, and the subjection to any security interest or pledge created or to be created by, the District Energy System Resolution of the Revenues or of any other moneys, securities or funds; (g) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve Account securing the Bonds of such Additionally Secured Series; (h) to modify any of the provisions of the District Energy System Resolution in any other respect whatever; *provided* that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof; and (j) to authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the District Energy System Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness.

**Supplemental Resolutions Effective Upon Delivery
of Counsel's Opinion as to No Material Adverse Effect**

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) delivery of a Counsel's Opinion to the effect that the provisions of such Supplemental Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (ii) compliance with the applicable provision of the District Energy System Resolution, shall be fully effective in accordance with its terms: to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the District Energy System Resolution; to insert such provisions clarifying matters or questions arising under the District Energy System Resolution as are necessary or desirable and are not contrary to or inconsistent with the District Energy System Resolution as theretofore in effect; or to make any other modification to or amendment of the District Energy System Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of Holders of the Bonds.

Notwithstanding any other provision of the District Energy System Resolution, in determining whether the interests of the Holders of Outstanding Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Defeasance

The pledge of moneys and securities created by the District Energy System Resolution and all covenants, agreements and other obligations of JEA to the Holders will cease, terminate and become void and be discharged and satisfied whenever all Bonds and interest due or to become due thereon are paid in full. If any Bonds are paid in full, such Bonds shall cease to be entitled to any lien, benefit or security under the District Energy System Resolution, and all covenants, agreements and obligations of

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JEA to the Holders of such Bonds will cease, terminate and become void and be discharged and satisfied. Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the District Energy System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Bonds) are met: (i) in case any Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor, (ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, and (iii) in the event such Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Bonds that the above deposit has been made and that such Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the District Energy System Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of the District Energy System Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the provisions of the District Energy System Resolution.

Option Bonds shall be deemed to have been paid in accordance with the provisions of the District Energy System Resolution only if, in addition to satisfying the requirements described in clauses (i) and (ii) of the first paragraph hereof, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Escrow Agent pursuant to provisions of the District Energy System Resolution, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Subordinated Electric System.

Action by Credit Enhancer When Action by Holders of Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Bonds of a Series, or a maturity within a Series or an interest rate within a maturity, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Bonds of any Series, or maturity within a Series or an interest rate within a maturity, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of

any Supplemental Resolution or any amendment, change or modification of the District Energy System Resolution, which requires the written approval or consent of Holders; *provided, however*, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the District Energy System Resolution.

**Special Provisions Relating to Capital Appreciation Bonds,
Deferred Income Bonds and Reimbursement Obligations**

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service, Adjusted Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the District Energy System Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to JEA any notice, consent, request, or demand pursuant to the District Energy System Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an Event of Default or (ii) computing the principal amount of Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the District Energy System Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Bonds, less any prior repayments thereof.

APPENDIX E

**JEA WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM BONDS
SUBJECT TO CONTINUING DISCLOSURE UNDERTAKINGS***

JEA has entered into continue disclosure undertakings with respect to the following bonds to provide certain information to the Municipal Securities Rulemaking Board not later than the June 1 following the end of each Fiscal Year.

WATER AND SEWER SYSTEM REVENUE BONDS

Water and Sewer System Revenue Bonds, 2006 Series B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2021	\$4,860,000	Variable	46613P SZ0
2022	5,055,000	Variable	46613P TA4

Water and Sewer System Revenue Bonds, 2010 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2033	\$27,550,000	6.210%	46613P XS0
2044	55,565,000	6.310	46613P XT8

Water and Sewer System Revenue Bonds, 2010 Series B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2021	\$1,730,000	5.400%	46613P YD2
2022	1,730,000	5.500	46613P YE0
2023	1,730,000	5.600	46613P YF7
2024	1,730,000	5.650	46613P YG5
2025	1,730,000	5.700	46613P YH3

Water and Sewer System Revenue Bonds, 2010 Series F

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2021	\$ 330,000	4.150%	46613P C61	2026	\$ 2,975,000	5.287%	46613P D60
2022	490,000	4.300	46613P C79	2027	3,070,000	5.487	46613P D78
2023	250,000	4.550	46613P C87	2030	5,360,000	5.637	46613P D52
2024	500,000	4.700	46613P C95	2040	24,305,000	5.887	46613P D37
2025	1,385,000	5.000	46613P D29				

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* Note: The CUSIP numbers listed in this APPENDIX E are provided for the convenience of bondholders. JEA is not responsible for the accuracy or completeness of such numbers.

Finance & Operations Committee - ADDITIONAL INFORMATION

Water and Sewer System Revenue Bonds, 2012 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$4,345,000	4.000%	46613P 7J9	2029	\$ 250,000	3.625%	46613P J80
2024	2,205,000	3.000	46613P J31	2030	95,000	4.000	46613P 7S9
2024	4,410,000	5.000	46613P 7T7	2030	4,655,000	5.000	46613P 8A7
2025	970,000	4.000	46613P 7M2	2030	325,000	3.750	46613P J98
2025	1,450,000	5.000	46613P 7U4	2031	50,000	4.000	46613P L46
2026	5,000	4.000	46613P 7N0	2031	11,105,000	5.000	46613P 8B5
2026	3,270,000	5.000	46613P 7V2	2031	65,000	3.800	46613P K21
2027	195,000	3.375	46613P 7P5	2032	2,915,000	4.000	46613P K39
2027	4,730,000	4.250	46613P 7X8	2032	9,190,000	5.000	46613P 7W0
2028	95,000	4.000	46613P 7Q3	2033	4,160,000	5.000	46613P 8C3
2028	5,095,000	4.250	46613P 7Y6	2037	7,510,000	4.125	46613P K88
2028	140,000	3.500	46613P 7K6	2037	21,085,000	4.500	46613P 8D1
2029	20,000	4.000	46613P 7R1	2041	58,350,000	4.250	46613P 7L4
2029	5,420,000	5.000	46613P 7Z3				

Water and Sewer System Revenue Bonds, 2012 Series B

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2024	\$ 545,000	5.000%	46613P 8J8
2025	575,000	5.000	46613P 8K5
2026	1,650,000	3.000	46613P Q82
2027	1,700,000	3.000	46613P Q90
2032	1,175,000	3.375	46613P R24
2032	960,000	5.000	46613P 8L3
2034	6,565,000	5.000	46613P 8M1

Water and Sewer System Revenue Bonds, 2013 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$3,005,000	5.000%	46615S AF5
2024	460,000	4.500	46615S AG3
2025	490,000	4.500	46615S AH1
2026	510,000	4.500	46615S AJ7
2027	530,000	4.500	46615S AK4

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Finance & Operations Committee - ADDITIONAL INFORMATION

Water and Sewer System Revenue Bonds, 2014 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$ 2,585,000	5.000%	46613P 2D7
2024	14,980,000	5.000	46613P 2E5
2025	8,860,000	5.000	46615S BA5
2026	9,825,000	5.000	46615S BB3
2027	9,875,000	5.000	46615S BC1
2028	10,490,000	5.000	46615S BD9
2029	11,250,000	5.000	46615S BE7
2030	17,505,000	4.000	46613P 2L9
2031	8,010,000	4.000	46613P 2S4
2032	8,025,000	4.000	46613P 2T2
2033	8,385,000	4.000	46613P 2U9
2034	9,180,000	4.000	46613P 2V7
2035	10,450,000	4.000	46613P 2W5
2040	18,970,000	4.000	46613P 2M7

Water and Sewer System Revenue Bonds, 2017 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$23,905,000	5.000%	46613P 3C8	2034	\$ 1,900,000	3.125%	46613P 3P9
2024	15,480,000	5.000	46613P 3D6	2034	9,000,000	4.000	46613P 3Q7
2025	23,215,000	5.000	46613P 3E4	2035	8,940,000	3.250	46613P 3R5
2026	23,490,000	5.000	46613P 3F1	2035	10,545,000	4.000	46613P 3S3
2027	24,780,000	5.000	46613P 3G9	2036	23,235,000	3.250	46613P 3T1
2028	24,665,000	5.000	46613P 3H7	2037	16,160,000	3.375	46613P 3U8
2029	26,025,000	5.000	46613P 3J3	2037	1,625,000	4.000	46613P 3V6
2030	11,435,000	5.000	46613P 3K0	2039	29,305,000	4.000	46613P 3W4
2031	17,455,000	5.000	46613P 3L8	2041	15,000,000	3.500	46613P 4P8
2032	16,175,000	5.000	46613P 3M6	2041	13,205,000	3.375	46613P 3X2
2033	11,230,000	4.000	46613P 3N4				

Water and Sewer System Revenue Bonds, 2020 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$ 3,790,000	5.000%	46613S CY2
2024	3,880,000	5.000	46613S CZ9
2025	1,625,000	5.000	46613S DA3
2026	2,505,000	5.000	46613S DB1
2027	630,000	5.000	46613S DC9
2028	565,000	5.000	46613S DD7
2029	390,000	5.000	46613S DE5
2033	7,375,000	5.000	46613S DF2
2034	10,605,000	5.000	46613S DG0
2035	13,165,000	5.000	46613S DH8
2036	14,895,000	3.000	46613S DJ4
2037	15,520,000	3.000	46613S DK1
2038	10,665,000	4.000	46613S DL9
2039	11,125,000	4.000	46613S DM7
2040	7,265,000	4.000	46613S DN5

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WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS**Water and Sewer System Subordinated Revenue Bonds, 2012 Series B**

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2030	\$ 565,000	3.250%	46613P R99
2030	1,335,000	5.000	46615S CD8
2032	525,000	3.500	46613P S23
2032	600,000	5.000	46615S CE6
2034	1,455,000	5.000	46615S CF3

Water and Sewer System Subordinated Revenue Bonds, 2013 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2028	\$1,350,000	5.000%	46615S CW6
2029	1,410,000	5.000	46615S CX4

Water and Sewer System Subordinated Revenue Bonds, 2017 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2023	\$8,170,000	5.000%	46613P 4A1	2029	\$5,930,000	5.000%	46613P 4H6
2024	5,500,000	5.000	46613P 4B9	2030	2,125,000	5.000	46613P 4J2
2025	3,500,000	2.750	46613P 4D5	2031	1,745,000	5.000	46613P 4K9
2025	8,050,000	5.000	46613P 4C7	2032	3,595,000	5.000	46613P 4L7
2026	1,920,000	5.000	46613P 4E3	2033	5,815,000	5.000	46613P 4M5
2027	3,705,000	5.000	46613P 4F0	2034	1,190,000	3.250	46613P 4N3
2028	3,770,000	5.000	46613P 4G8				

Water and Sewer System Subordinated Revenue Bonds, 2020 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2024	\$ 955,000	5.000%	46615S DP0
2025	3,085,000	5.000	46615S DQ8
2026	540,000	5.000	46615S DR6
2027	1,170,000	5.000	46615S DS6
2034	5,430,000	5.000	46615S DS4
2035	2,525,000	5.000	46615S DT2
2036	2,355,000	4.000	46615S DU9
2037	2,480,000	4.000	46615S DW5
2038	2,580,000	4.000	46615S DX3
2039	2,685,000	4.000	46615S DY1
2040	2,785,000	4.000	46615S DZ8

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DISTRICT ENERGY SYSTEM BONDS**District Energy System Refunding Revenue Bonds, 2013 Series A (Federally Taxable)**

Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP Number
2021	\$ 1,770,000	2.694%	46615M AL5
2022	1,815,000	3.000	46615M AM3
2023	1,870,000	3.244	46615M AN1
2024	1,930,000	3.394	46615M AP6
2025	1,995,000	3.544	46615M AQ4
2026	2,065,000	3.694	46615M AR2
2030	9,135,000	4.238	46615M AS0
2034	10,830,000	4.538	46615M AT8

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**ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX E hereto)**

Filed on EMMA

**Dated as of
[~~April 5~~ May 24, 2022]**

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Finance & Operations Committee - ADDITIONAL INFORMATION

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS

BOARD OF DIRECTORS

Chair	John D. Baker II
Vice-Chair	Robert L. Stein
Secretary Vice Chair	Martha T. Lanahan
Secretary	Gen. Joseph P. DiSalvo
	John D. Baker II
	Dr. A. Zachary Faison, Jr.
	Ricardo Morales III
	Thomas VanOsdol

LEADERSHIP TEAM¹

Managing Director and Chief Executive Officer
Chief Operating Officer
Chief Customer Officer
Chief Human Resources Officer
Chief Financial Officer
Chief Administrative Officer
Chief External Affairs Officer
Chief Strategy Officer

Joseph C. Stowe III
Raynetta Curry Marshall²
Sheila E. Pressley
L. David Emanuel
Theodore B. Phillips³
Jody L. Brooks
Laura Marshall Schepis⁴
Laura M. Dutton

Vice President, Financial Services and Treasurer

Joseph E. Orfano⁵

GENERAL COUNSEL

Jason R. Teal, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

- ¹ Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.
- ² On July 13, 2021, JEA named Raynetta Curry Marshall as Chief Operating Officer. Ms. Marshall began serving as Chief Operating Officer in August 2021.
- ³ On June 15, 2021, JEA named Theodore B. Phillips as Chief Financial Officer. Mr. Phillips began serving as Chief Financial Officer in August 2021.
- ⁴ Ms. Schepis began serving as Chief External Affairs Officer in September 2021.
- ⁵ Mr. Orfano is a member of the Extended Leadership Team. For additional information regarding the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein. ▀

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**ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2021**

INTRODUCTION

General

This Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2021 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX E attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2021, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System and District Energy System is owned and operated by JEA separately. For information relating to JEA's Electric System, see the Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2021 (the "Electric Annual Disclosure Report"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and, except as described under "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System - Water and Sewer System Support of the District Energy System Bonds" herein, revenues of each system are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

GT VERSION #3

This Annual Disclosure Report contains information regarding JEA's Water and Sewer System and the District Energy System. For financing purposes and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of sewer treatment and related services. The debt of JEA relating to the District Energy System is payable from and secured by the revenues derived from JEA's chilled water activities and any local district heating facilities JEA may develop in the future. **Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained herein relating to the Water and Sewer System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained herein relating to the District Energy System is not relevant to the Electric System Bonds, Subordinated Electric System Bonds, Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution, and certain amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

Miscellaneous; Forward-Looking Statements

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this

Annual Disclosure Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise.

JEA Establishment and Organization

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its

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chilled water activities and any local district heating facilities JEA may develop in the future. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The Charter assigns responsibility for the management of JEA's utility systems, including the Water and Sewer System, to the JEA Board. The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

MEMBER	OCCUPATION	TERM ⁽¹⁾
John D. Baker II, Chair	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, Vice Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Secretary <u>Vice Chair</u>	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
<u>Gen. Joseph P. DiSalvo,</u> <u>Secretary</u>	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022 <u>2026</u>
<u>John D. Baker II</u>	<u>Executive Chairman & CEO, FRP Holdings, Inc.</u>	<u>April 16, 2020 – February 28, 2024</u>
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022 <u>2026</u>
Ricardo 'Rick' Morales III	President & CEO, Morales Construction Co. Inc.	October 1, 2021 – February 28, 2024
Thomas VanOsdol	President & CEO, Ascension Florida	April 16, 2020 – February 28, 2023

⁽¹⁾ At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020. Mr. Stein was reappointed for a first full term commencing February 28, 2021. Mr. Morales was appointed for a first full term commencing October 1, 2021, replacing Dr. Leon L. Haley, Jr. General DiSalvo and Dr. Faison were each reappointed for a first full term commencing February 28, 2022.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. †As of the date of this Annual Disclosure Report, Nassau County has not appointed a replacement for its previous representative to the JEA Board.†

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, vice presidents, directors, managers, executive assistants and other appointed staff, numbering approximately 414 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

JEA's senior level management experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of

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a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Chief Information Officer; Vice President, Technical Services; Chief Legal Counsel; Vice President, Communications; Vice President, Government Relations; Vice President, Environmental Services; Vice President, Corporate Strategy; and Vice President, Economic Development.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Chief Information Officer report to the Chief Financial Officer. The Chief Legal Counsel reports to the Chief Administrative Officer. The Vice President, Communications; Vice President, Government Relations; and Vice President, Environmental Services report to the Chief External Affairs Officer; and the Vice President, Corporate Strategy and Vice President, Economic Development report to the Chief Strategy Officer.

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Raynetta Curry Marshall, Chief Operating Officer. Ms. Marshall joined JEA as chief operating officer (COO) in August 2021. In her role, she leads all utility operations and the teams that provide reliable, affordable, safe utility services to more than one million Northeast Florida residents across four counties.

Ms. Marshall has more than 35 years of experience in water resources and utility management. During her diverse career, she has conducted planning analyses for water and wastewater systems; managed the design, engineering and construction management of various capital improvement projects; directed large-scale utility programs and provided administrative oversight for water utility system planning and new development.

Before coming to JEA as COO, Ms. Marshall, served as general manager of the Underground Utilities & Public Infrastructure Department (UU&PI) in Tallahassee, Florida. Prior to that, she served in several leadership roles at JEA from 2011 to 2019, including director of water/wastewater planning and development and director of water/wastewater project engineering and construction. She began her career at the Washington Suburban Sanitary Commission (WSSC) in Laurel, Maryland.

Ms. Marshall is a registered Professional Engineer in Florida and holds a master's degree in Environmental Engineering and a bachelor's degree in Civil Engineering from Howard University. She has served on various professional association boards and committees, including President of the Florida Water Environment Association and Chair of the Water Environment Federation Utility Management Committee.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Chief Customer Officer in February 2021. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible

for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Theodore "Ted" B. Phillips, Chief Financial Officer. Mr. Phillips joined JEA as its Chief Financial Officer in August 2021. In this role, his responsibilities include oversight of Financial Services, Financial Planning and Services, Treasury Services, Risk Management Services, Supply Chain, Corporate Security, Procurement, Emergency Preparedness and Business Continuity, Facilities and Fleet Services and Technical Services. He brings with him a wealth of experience leading finance teams for public utilities.

Prior to joining JEA, Mr. Phillips worked for 10 years with Huntsville (Ala.) Utilities, leading teams in Finance/Accounting, MIS, Technical Services, Purchasing, Stores & Warehouses, Fleet and Facilities. Previously, he spent 20 years in the public sector working for the cities of Shelby and Monroe, North Carolina, Mecklenburg County, North Carolina, and the State Auditor's office in Missouri.

Mr. Phillips received a Bachelor of Science in Business Administration from Southeast Missouri State University. He has been an active member in the communities he has called home, having served on the boards of the United Way and The Schools Foundation in Huntsville, and in various United Way campaign leadership positions. He has also been a longtime pack leader for the Boy Scouts of America.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for ~~more than 17~~ almost 20 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee.

Laura Marshall Schepis, Chief External Affairs Officer. Ms. Schepis was named JEA's Chief External Affairs Officer in September 2021. She leads teams responsible for government relations, media relations, communications and environmental services.

For over two decades, Ms. Schepis has focused on improving outcomes for energy utilities and the customers and communities they serve. In leadership positions at the American Public Power Association, the Edison Electric Institute, and the National Rural Electric Cooperative Association, she directed advocacy, political, and communications campaigns on issues including energy efficiency, renewable resources, national security, telecommunications and climate change.

Ms. Schepis received her Juris ~~Doctorate~~ Doctor degree from the University of Georgia School of Law and practiced civil and criminal law in Georgia before relocating to Washington, D.C. in 2000. She has chaired and now serves on the board of the National Energy Resources Organization.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and

terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2021, JEA had 2,183 budgeted employee positions (exclusive of the Power Park (as defined in the Electric Annual Disclosure Report) employees referred to below), of which 650 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,527 were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,479 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022. JEA ~~expects to begin~~ is currently in negotiations with all five bargaining units for successor agreements ~~by April 2022.~~

Pension

Substantially all of JEA's employees participate in the City's General Employees Retirement Plan ("GERP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2019 for the City's GERP (the "2019 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2020 for the City's GERP (the "2020 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:

(<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2019 Valuation or the October 1, 2020 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2016, 2017, 2018, 2019 and 2020, JEA contributed approximately \$43,156,000, \$48,942,000, \$35,459,523, \$34,352,000 and \$38,050,000 to the GERP, respectively. JEA's minimum required contribution to the GERP for the Fiscal Year ending September 30, 2021 is \$40,401,099.

Preparation of the Actuarial Valuation as of October 1, 2021 for the City's GERP has not been completed as of the date of the Annual Disclosure Report. The following discussion is based on the 2020 Actuarial Valuation Report and the 2019 Actuarial Valuation Report, the latest two reports available.

JEA expects that its annual contributions to GERP will be at lower levels in the near term than it had been for Fiscal Year ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year ended September 30, 2017 and then it expects its annual contributions to GERP to increase over the longer-term as a result of the expected increase in the GERP's unfunded actuarial accrued liability. JEA expects that the GERP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2020, the aggregate unfunded actuarial accrued liability for the GERP was \$1,346,924,204, which represented an increase of \$68,784,054 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2019 of \$1,278,140,150. For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GERP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. JEA was informed by the City that the actuary for the GERP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2020 of \$648,120,149 (an increase of \$31,264,678 from JEA's allocated share for the Fiscal Year ended September 30, 2019) of the aggregate amount of \$1,346,924,204 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GERP reported for the Fiscal Year ended September 30, 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for the Fiscal Year ended September 30, 2018) of the aggregate amount of \$1,278,140,150. The actuarial accrued liability is an estimate by the actuary for GERP of the present value of the amount of earned benefit payments that GERP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GERP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GERP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GERP, JEA expects that its annual contributions to GERP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

See Note 12, Note 13 and pages 108-114 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

The information provided in this section relates to the City and the Jacksonville Metropolitan Statistical Area (the "Jacksonville MSA"). The service areas for the Water System and the Sewer System do not encompass all of the City or the Jacksonville MSA. For additional information regarding the service areas for the Water System and the Sewer System, see "WATER AND SEWER SYSTEM - WATER AND SEWER SYSTEM FUNCTIONS – Area Served – Water System" and "- Sewer System " herein.

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the ~~2010~~2020 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of ~~1,587,892~~1,637,666 as of July 1, ~~2020~~2021. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

Population	
Year	Jacksonville MSA
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,126,224
2010	1,348,967
2020	1,587,892
<u>2021</u>	<u>1,637,666</u>

Source: United States Census Bureau.

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years ~~2011~~2012 through ~~2020~~2021.

Year	Jacksonville MSA Labor Force			Unemployment Rate (%)	
	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
2011	697,347	629,823	9.7	10.0	8.9
2012	699,451	640,340	8.5	8.6	8.1
2013	707,489	655,861	7.3	7.5	7.4
2014	714,795	668,958	6.4	6.4	6.2
2015	722,937	683,745	5.4	5.5	5.3
2016	738,827	704,144	4.7	4.9	4.9
2017	757,280 <u>752,108</u>	726,363 <u>721,215</u>	4.1	4.2 <u>4.3</u>	4.4
2018	771,103 <u>765,710</u>	744,184 <u>738,626</u>	3.5	3.6 <u>3.7</u>	3.9
2019	784,669 <u>777,963</u>	758,894 <u>752,998</u>	3.3 <u>3.2</u>	3.3 <u>3.2</u>	3.7
2020	777,771 <u>775,863</u>	729,426 <u>723,437</u>	6.2 <u>6.8</u>	7.7 <u>8.2</u>	8.1
<u>2021</u>	<u>797,000</u>	<u>765,019</u>	<u>4.0</u>	<u>4.6</u>	<u>5.3</u>

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for calendar year ~~2020~~2021.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	153,700 <u>160,000</u>	21.8%
Education and Health Services	109,900 <u>108,900</u>	15.6
Professional and Business Services	15,300 <u>112,600</u>	15.5 <u>15.7</u>
Education and Health Services	112,600 <u>77,500</u>	15.4 <u>11.0</u>
Government	77,500 <u>73,600</u>	11.0 <u>10.4</u>
Leisure and Hospitality	200 <u>77,200</u>	11.0 <u>10.5</u>
Government	77,200 <u>68,000</u>	10.5 <u>9.7</u>
Finance	46,000 <u>47,900</u>	9.7
Construction	34,400 <u>36,300</u>	6.5
Other Services ⁽¹⁾	32,500 <u>300</u>	4.6 <u>5.0</u>
Manufacturing	32,400 <u>32,900</u>	4.4 <u>4.6</u>
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	704,500 <u>704,500</u>	100.0%

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

- ⁽¹⁾ Consists of other services, information and natural resources and mining.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,650 12,400
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
<u>Ascension</u> St. Vincent's Healthcare	Healthcare	5,380
Amazon	E-commerce Fulfillment	4,300
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900
<u>Amazon</u>	<u>E-commerce Fulfillment</u>	<u>3,000</u>

Source: Jacksonville Regional Chamber of Commerce Research Department.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,639 7,751 ⁽²⁾
St. Johns County School District	Public Education	5,298 5,893 ⁽³⁾
<u>Fleet Readiness Center</u>	<u>Maintenance / Repair Overhaul</u>	<u>5,550</u>
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	4,200
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

(1) Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

(2) City of Jacksonville Annual Budget ~~2020-21~~ 2021-22
(<https://www.coj.net/departments/finance/docs/budget/fy-20-21-budget-summary.aspx> <https://www.coj.net/departments/finance/docs/budget/fy-2021-2022-budget-summary.aspx>).

(3) St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

Indebtedness of JEA

The indebtedness of JEA relating to its Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System" herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the

account of the District Energy System. See "DISTRICT ENERGY SYSTEM - *FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM* - Debt Relating to the District Energy System" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to its Electric System, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained in this Annual Disclosure Report relating to JEA's Water and Sewer System is not relevant to the Electric System Bonds (as described in the Electric Annual Disclosure Report), the Subordinated Electric System Bonds (as described in the Electric Annual Disclosure Report), Power Park Issue Three Bonds (as described in the Electric Annual Disclosure Report), Additional Bulk Power Supply System Bonds (as described in the Electric Annual Disclosure Report) or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained in this Annual Disclosure Report relating to the District Energy System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2021, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Strategic Planning

JEA spent time in the early spring of 2021 discussing its mission and vision and solidifying its strategic direction. Each of JEA's strategic focus areas – Develop an Unbeatable Team, Deliver Business Excellence and Earn Customer Loyalty – is accomplished through the lens of JEA's core values of safety, respect, and integrity. The currently identified objectives within each strategic focus area are as follows:

1. Develop an Unbeatable Team
 - Exceptional work culture
 - Employee development
 - Employee engagement
 - Labor relations
 - Long-term workforce planning
 - Diversity, equity and inclusion

- *'Work from Wherever'* approach
- 2. Deliver Business Excellence
 - Reasonable rates
 - Sound financial decisions
 - Integrated Resource Plan
 - Resilient and reliable JEA
 - Environmental stewardship
 - Technology, tools and data
 - New business opportunities
 - Real estate portfolio
- 3. Earn Customer Loyalty
 - Economic development
 - Ease of doing business
 - Community engagement
 - Stakeholder relationships
 - JEA brand management

While the mission, vision, and values do not change, the strategic focus areas, particularly the objectives within each focus area, will continue to evolve as JEA works to serve northeast Florida. These strategic focus areas and objectives will guide the development and/or refinement of JEA's plans, programs, and targets to meet its mission of improving lives and building community to be the best utility in the nation.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and sewer service within the urban and suburban areas of the City, other than certain excluded areas described below.

The Water and Sewer System's service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City. It is JEA's policy to serve any customer requesting service within its urban and suburban service area. Investor-owned utilities must file a petition with the Public Service Commission in order to provide water or wastewater service within the City, and JEA would object to any petition for expansion of investor-owned utility service areas unless it otherwise determines that it would be in JEA's interest not to do so.

The Water System, which served an average of 373,075 customer accounts and 19,704 reuse water customers, respectively, in the Fiscal Year ended September 30, 2021, currently is composed of 38 water treatment plants and two repump facilities, ~~137~~¹³⁶ active water supply wells, approximately 4,925 miles of water distribution mains and water storage capacity of 83 million gallons (including the repump facilities). The overall peak capacity of the Water System is approximately 319 million gallons per day ("mgd"), and the Water System experienced an average daily flow of approximately 117 mgd and a maximum daily flow of approximately 174 mgd during the Fiscal Year ended September 30, 2021. Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, which provides high quality water. Total Water System sales revenues (including water capacity fees) during the Fiscal Year ended September 30, 2021 were approximately \$215,627,000 (see "WATER AND SEWER SYSTEM – FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM – Schedules of Debt Service Coverage" herein).

The Sewer System, which served an average of 293,870 customer accounts in the Fiscal Year ended September 30, 2021, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 123 mgd and a maximum daily flow capacity of approximately 247 mgd, approximately ~~1,537~~^{1,551} pumping stations, five vacuum stations, 739 low pressure sewer units and approximately 4,226 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 85 mgd and a non-coincident maximum daily flow of approximately 148 mgd during the Fiscal Year ended September 30, 2021. Total Sewer System sales revenues (including sewer capacity fees) during the Fiscal Year ended September 30, 2021 were approximately \$287,698,000 (see "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Schedules of Debt Service Coverage" herein).

Since the transfer of the Water and Sewer System from the City to JEA in 1997, JEA has acquired the assets and customers of seven privately-owned water and sewer companies and one governmentally-owned water and sewer utility. From time to time, JEA may explore other potential acquisition opportunities but presently has no plans to do so.

In July 1999, JEA entered into a 10-year interlocal agreement (the "1999 Interlocal Agreement") with St. Johns County in connection with JEA's acquisition of JCP Utility Company, a standalone water and wastewater utility located wholly within St. Johns County. In 2001, the 1999 Interlocal Agreement was extended to 30 years and amended to include JEA's acquisition of the entire utility system of United Water Florida, Inc., which included those portions of United Water Florida's water and wastewater operations located within St. Johns County (the "2001 Amendment"). In connection with the 2001 Amendment, JEA made an up-front payment in December 2001 to St. Johns County in the amount of the net present value of five percent of JEA's projected gross revenues from the retail sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in St. Johns County, calculated to be \$3,616,576. Under the terms of the 1999 Interlocal Agreement, subsequent utilities were purchased under the 1999 Interlocal Agreement, and St. Johns County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County, (b) provide water and wastewater service to additional areas in St. Johns County not currently served by either the St. Johns County Water and Sewer Department or other water and wastewater utilities and (c)

acquire, in JEA's sole discretion, other private utilities in northern St. Johns County. Under the original terms of the interlocal agreement, at the end of each 10-year anniversary of this 30-year interlocal agreement with St. Johns County, JEA will calculate a "true-up" to adjust for the net present value of the actual retail revenues realized if the revenues exceed the projected revenues during the 10-year period. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay St. Johns County the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid St. Johns County \$12,176,152 on January 11, 2012 for both components related to the first 10-year anniversary. St. Johns County disputed JEA's methodology for computing the true-up payment related to the first 10-year anniversary, and the parties entered mediation and resolved the issue, with the result that future payments will be made on an annual basis. Pursuant to the 1999 Interlocal Agreement, St. Johns County was granted a purchase option with regard to JEA facilities in St. Johns County. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to St. Johns County of its intent to enter into negotiations for purchase of the St. Johns County facilities, as provided in the 1999 Interlocal Agreement. The following cancellation of the privatization initiative, JEA determined that St. Johns County's purchase option was not triggered. Therefore, as a result, the 1999 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019.

In December 2001, JEA entered into a 30-year interlocal agreement (the "2001 Interlocal Agreement") with Nassau County in connection with JEA's acquisition of the entire utility system of United Water Florida, Inc., including those portions of United Water Florida's water and wastewater facilities located within Nassau County. JEA made an up-front payment in December 2001 to Nassau County in the amount of the net present value of five percent of JEA's projected gross revenues from the sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in Nassau County, calculated to be \$720,000. Under the terms of the 2001 Interlocal Agreement, Nassau County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within Nassau County and (b) provide water and wastewater service to additional areas in Nassau County not currently served by either Nassau County or other water and wastewater utilities. At the end of each 10-year anniversary of the 2001 Interlocal Agreement with Nassau County, JEA will calculate a "true-up" based on the actual revenues realized during the 10-year period. If the revenues exceed the projected amount, JEA will pay Nassau County the amount that would have been due based on actual revenues. Additionally, after the 10-year and 20-year anniversaries of the 2001 Interlocal Agreement, JEA agrees to pay the county the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid Nassau County \$3,480,556 on January 11, 2012 for both components related to the first 10-year anniversary. Pursuant to the 2001 Interlocal Agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. The 2001 Interlocal Agreement provided Nassau County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the Nassau County facilities. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to Nassau County of its intent to enter into negotiations for purchase of the Nassau facilities, as provided in the 2001 Interlocal Agreement. The following cancellation of the privatization initiative, JEA determined that the Nassau County purchase option was not triggered. Therefore, as a result, the 2001 Interlocal

Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019.

Area Served

Water System

The service territory of the Water System includes (a) virtually the entire City, other than the beach communities (Jacksonville Beach, Atlantic Beach and Neptune Beach), the Town of Baldwin, the active United States Navy facilities located within the City and those areas served by a community-owned water and wastewater utility that is not subject to jurisdiction of the Florida Public Service Commission ("PSC") and one investor-owned water utility and one investor-owned sewer utility that provide service within certificated territories under jurisdiction of the PSC, (b) approximately 143 square miles in St. Johns County and (c) approximately 620 square miles in Nassau County. In addition, the Water System serves a small number of customers in Clay County.

The Water System provides service in an area currently comprising approximately 497 square miles in Duval County, approximately 95 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four square miles in Clay County. In the remaining areas of the Water System's service territory not currently served by the Water System, other cities, the Navy, the community-owned utility or investor-owned utility, water service is provided through privately owned and operated wells.

Customers of the Water System are charged for water service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary based upon meter size and monthly consumption.

Sewer System

The service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is approximately 40 percent of the service territory. In the remaining areas of the Sewer System's service territory not currently served by the Sewer System, other cities, the Navy, the community-owned utility or the investor-owned utility, wastewater service is provided through privately owned and operated septic tanks.

Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary and are based upon meter size and monthly flow. The Sewer System provides wholesale bulk sewer service to the investor-owned utility mentioned above.

Existing Facilities

Water System

The Water System consists of 28 major and 10 small water treatment plants and two repump facilities and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte

Finance & Operations Committee - ADDITIONAL INFORMATION

Vedra, Ponce de Leon, Mayport and Nassau County. The major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy. The purpose of such interconnectivity is to provide sufficient water capacity at the least cost which meets JEA's desired level of customer service requirements and complies with water quality criteria while avoiding adverse impacts on the Floridan Aquifer. The Water System has ~~137~~136 active wells supplying the various water plants. Each plant consists of wells, aerators, ground storage tanks, water quality treatment and pH monitoring and chlorination facilities. Control is by computer with regular operator oversight. The rated maximum daily treatment capacity of the Water System is approximately 305 mgd for the north and south grids together and 319 mgd for the total Water System, taking into consideration maintenance factors. Treatment at the water plants currently consists of aeration and detention to oxidize hydrogen sulfide. The addition of sodium hypochlorite provides disinfection and prevents biological growth in the water distribution system. JEA also uses packed tower forced draft aeration and ozone to treat hydrogen sulfide at several facilities.

The following table shows the daily average and maximum flow capacities for the Fiscal Years ended September 30, 2017 through 2021.

Fiscal Year Ended September 30,	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)
2017	114	187
2018	112	152
2019	117	173
2020	118	170
2021	117	174

The following table shows the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2021 for each distribution grid.

Grid	Maximum Daily Treatment Capacity (mgd)
North grid	116
South grid	189
Other	14
Total	319

The water distribution system consists of approximately 4,925 miles of water distribution mains ranging from two to 36 inches in diameter. The water distribution mains are made of various materials, including polyvinyl chloride ("PVC"), galvanized steel, ductile iron, cast iron and asbestos cement. The majority of the water distribution mains are made of PVC, with less than one percent of the water distribution system being composed of asbestos cement pipe. Water quality monitoring in the areas containing asbestos cement pipe has shown all areas to be within the United States Environmental Protection Agency ([the](#) "EPA") and the Florida Department of Environmental Protection ("FDEP") regulatory limits. The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains. Virtually all new water system distribution mains are constructed of PVC.

Total finished water storage capacity of the Water System is 83 million gallons. All water storage facilities are located at the various water treatment plants, including three repump facilities. The Water System does not utilize elevated storage tanks.

Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water. The Floridan Aquifer covers most of Florida and parts of Georgia and South Carolina. The Floridan Aquifer should be capable of meeting JEA's needs well into the future; *provided* that JEA continues its three-part program and well water quality program described under "Regulation - *Public Water Supply System*" below. Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply. As of the date of this Annual Disclosure Report, water quality monitoring of JEA well fields has not detected the presence of any man-made compounds at actionable levels, and water quality impacts are limited to selected wells on the south grid from localized upwelling of trapped water from deep fissures - not the result of lateral salt water intrusion. JEA is the largest single user of water from the Floridan Aquifer in Duval County. Other major users include the paper industry and investor-owned utilities. JEA currently operates [the water systems and water plants](#) under one [potable](#) Consumptive Use of Water Permit ("CUP"). JEA expects that current permitted withdrawal allocations (2011-2031) should be sufficient to satisfy customer demands through CUP expiration in 2031, assuming average weather conditions. JEA expects that customer demands will exceed current permitted withdrawal allocations (2011-2031) during the latter part of the 2021-2041 planning period. JEA is currently implementing conservation measures through the Demand Side Management program and developing alternative water supplies to offset the shortfall.

Sewer System

The Sewer System consists of approximately 4,226 miles of gravity sewers and force mains. The gravity sewers range from six to 84 inches in diameter and the force mains range from three to 54 inches in diameter. Approximately 72 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene. Virtually all new sewer system gravity sewers and force mains are constructed of PVC, and the majority of sewer system rehabilitation (using pipe bursting technology) is constructed of high-density polyethylene.

The Sewer System has approximately ~~1,537~~^{1,551} pumping stations, five vacuum stations, 739 low pressure sewer units and 11 treatment plants ranging in rated average daily treatment capacity from 0.2 to 52.5 mgd. Each of the treatment plants provides a minimum of secondary treatment with biological nutrient removal utilized at the major treatment plants. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and palletization in preparation for beneficial use. Current sludge production averages approximately 38.9 dry tons per day ("dt/day"). The Residuals Management Facility ("RMF") is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. JEA also plans to replace the dryer with new dryers in a new building.

Finance & Operations Committee - ADDITIONAL INFORMATION

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2021 for each of JEA's wastewater treatment plants.

Wastewater Treatment Plant	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)	Rated Average Daily Treatment Capacity (mgd)⁽¹⁾	Rated Maximum Daily Treatment Capacity (mgd)⁽¹⁾
Buckman	27.18	55.00	52.50	105.00
District 2	5.76	7.73	10.00	20.00
Southwest	12.37	20.63	14.00	28.00
Arlington East	20.57	26.22	25.00	50.00
Mandarin	8.44	18.77	8.75	17.50
Julington Creek Plantation	0.92	1.14	1.00	2.00
Blacks Ford	5.34	6.62	6.00	12.00
Nassau	1.50	7.45	1.55	3.10
Monterey	2.35	3.16	3.60	7.20
Ponte Vedra	0.59	1.01	0.80	1.60
Ponce De Leon	0.08	0.74	0.24	0.48
Total	85.08	148.46	123.44	246.88

⁽¹⁾ Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system (*i.e.*, storm water and/or ground water that enters the sewer system through cracks or openings in the collection system) and inflow (*i.e.*, water that enters the sewer system through illegal or unpermitted piped connections to the collection system).

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO₂ for dechlorination prior to discharge to the St. Johns River. Design is underway to expand treatment capacity at Southwest and Nassau to 16.0 mgd and 3.5 mgd respectively. Construction is underway on the new Greenland wastewater treatment plant (4.0 mgd) to be located in the Southeast corner of Duval County.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Although effluent disposal currently is predominately surface water discharge, JEA initiated implementation of a reclaimed water reuse program in 1999 with its acquisition of the assets and customers of an investor-owned water and wastewater utility which had an existing program for reuse of reclaimed water by customers. JEA has established an expanding program to substantially increase water reclamation systems in Nassau, Duval and St. Johns Counties. JEA is actively developing additional reclaimed water capacity, and as of September 2021, the reclaimed water capacity (in mgd) was approximately:

<u>Facility</u>	<u>Capacity (mgd)</u>
Arlington East (Public Access)	8.00
Mandarin (Public Access)	8.75
Blacks Ford (Public Access)	6.00
Julington Creek Plantation (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	0.24
Total	40.84

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Customers and Sales***Water System***

During the Fiscal Year ended September 30, 2021, the Water System served an average of 373,075 customer accounts and 19,704 reuse water customers, respectively. Water System revenues, including revenues from environmental charges, sales of water, expressed in 1,000 gallons ("kgal") and the average number of Water System customer accounts, all by customer classification, for the Fiscal Year ended September 30, 2017 through 2021 are shown in the following table.

	<u>Fiscal Year Ended September 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Water Revenues (000s omitted)					
Residential	\$100,361	\$100,316	\$ 96,699	\$ 91,954	\$ 96,615
Commercial and Industrial	47,429	47,011	47,619	47,494	47,969
Irrigation	31,666	35,030	34,800	32,004	36,836
Subtotal	<u>\$179,456</u>	<u>\$182,357</u>	<u>\$179,118</u>	<u>\$171,452</u>	<u>\$181,420</u>
Reuse Water	20,643	21,097	17,909	13,659	13,216
TOTAL	<u>\$200,099</u>	<u>\$203,454</u>	<u>\$197,027</u>	<u>\$185,111</u>	<u>\$194,636</u>
Water Sales (kgals):					
Residential	18,448,336	18,839,990	17,921,588	16,932,812	17,624,952
Commercial and Industrial	13,675,041	13,540,631	13,958,000	14,023,130	13,402,094
Irrigation	<u>5,057,191</u>	<u>5,891,176</u>	<u>5,816,484</u>	<u>5,230,617</u>	<u>6,218,142</u>
Subtotal	37,180,568	38,271,797	37,696,072	36,186,559	37,245,188
Reuse Water	<u>4,463,047</u>	<u>4,426,905</u>	<u>3,884,210</u>	<u>3,119,739</u>	<u>3,290,311</u>
TOTAL	<u>41,643,615</u>	<u>42,698,702</u>	<u>41,580,282</u>	<u>39,306,298</u>	<u>40,535,499</u>
Average Number of Accounts:					
Residential	308,626	299,872	292,460	285,404	278,838
Commercial and Industrial	26,518	26,190	25,963	25,702	25,423
Irrigation	<u>37,931</u>	<u>37,535</u>	<u>37,212</u>	<u>37,053</u>	<u>36,755</u>
Subtotal	373,075	363,597	355,635	348,159	341,016
Reuse Water	<u>19,704</u>	<u>17,031</u>	<u>14,267</u>	<u>11,498</u>	<u>9,391</u>
TOTAL	<u>392,779</u>	<u>380,628</u>	<u>369,902</u>	<u>359,657</u>	<u>340,637</u>

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Sewer System

During the Fiscal Year ended September 30, 2021, the Sewer System served an average of 293,870 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2017 through 2021 are shown in the following table.

	Fiscal Year Ended September 30,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Sewer Revenues (000s omitted):					
Residential	\$152,684	\$151,893	\$146,186	\$139,174	\$143,967
Commercial and Industrial	111,255	109,682	110,724	108,126	107,446
TOTAL	<u>\$263,939</u>	<u>\$261,575</u>	<u>\$256,910</u>	<u>\$247,300</u>	<u>\$251,413</u>
Volume (kgals):					
Residential	16,148,759	16,405,359	15,717,129	14,623,682	15,225,124
Commercial and Industrial	11,990,765	11,754,843	12,009,667	11,716,940	11,487,646
TOTAL	<u>28,139,524</u>	<u>28,160,202</u>	<u>27,726,796</u>	<u>26,340,622</u>	<u>26,712,770</u>
Average Number of Accounts:					
Residential	275,022	266,460	259,308	252,531	246,187
Commercial and Industrial	18,848	18,644	18,507	18,340	18,149
TOTAL	<u>293,870</u>	<u>285,104</u>	<u>277,815</u>	<u>270,871</u>	<u>264,336</u>

Largest Customers***Water System***

The 10 highest consumption customers served by the Water System composed 5.8 percent of total Water System consumption during the Fiscal Year ended September 30, 2021. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2021.

<u>Customer Account</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	583,349	1.4
City of Jacksonville	513,425	1.2
Southern Baptist Hospital	264,822	0.6
Duval County Public Schools	230,031	0.6
The American Bottling Company	181,617	0.4
Mayo Clinic Jacksonville	166,891	0.4
Johnson & Johnson Vision Care	144,432	0.3
American Homes 4 Rent	136,026	0.3
Gate Petroleum Company	123,981	0.3
WWF Operating Company	122,740	0.3
Total	<u>2,467,314</u>	<u>5.8</u>

Sewer System

The 10 customers with the highest usage level served by the Sewer System composed 5.8 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2021. The following table sets forth the 10 customers with the highest usage level, by volume of wastewater treatment billed, during the Fiscal Year ended September 30, 2021.

<u>Customer Accounts</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	356,001	1.3
City of Jacksonville	264,161	0.9
Duval County Public Schools	162,146	0.6
Southern Baptist Hospital	150,687	0.5
Johnson & Johnson Vision Care	128,116	0.5
Mayo Clinic Jacksonville	120,161	0.4
Symrise Inc	119,856	0.4
American Homes 4 Rent	115,566	0.4
The American Bottling Company	114,004	0.4
Gate Petroleum Company	103,712	0.4
Total	1,634,410	5.8

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.15 percent of estimated gross Water and Sewer System revenues for the Fiscal Year ending September 30, 2022. Actual uncollectible accounts were 0.12 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2021.

Rates***General***

Water and Sewer System revenues are derived from two basic types of charges: (a) monthly service charges and (b) connection charges (which include capacity charges). Additionally, environmental charges collected are reflected in Water and Sewer System Revenues. The JEA Board has sole discretion to set rate levels and revenue requirements for the Water and Sewer System. JEA sets its retail rates after a public hearing.

Generally, Water System customers are charged for monthly water service based upon metered consumption, and Sewer System customers are charged for monthly sewer service based

upon water consumption during that same month, utilizing readings of the water meters. Approximately 11 percent of the customers of the Water System have separate meters for water used for irrigation purposes. In those cases, billings for monthly sewer service exclude the water used for irrigation purposes. In the case of Sewer System customers that obtain water service from a community- or investor-owned utility, monthly sewer charges are based upon readings of that utility's water meter. In the case of Sewer System customers that obtain water from privately owned wells, water meters meeting JEA's requirements are required to be installed, and monthly sewer charges are based upon readings of those meters. In addition, in some instances, non-residential customers have separate meters to measure wastewater flows, and JEA charges those customers for sewer service based upon readings of such separate meters. Further, certain non-residential Sewer System customers are subject to surcharges for wastewater discharges that exceed certain designated levels of chemical oxygen demand and suspended solids.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2021 and remain in effect as of the date of this Annual Disclosure Report.

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Rates for Monthly Service

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2021.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Water Rates

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules.

Water System
Monthly Service Availability Charge

<u>Meter Size</u>	<u>Residential</u>	<u>Residential Irrigation</u>	<u>Commercial</u>	<u>Multi-Family</u>	<u>Multi-Family Irrigation; Commercial Irrigation</u>
5/8"	\$ 12.60	\$ 12.60	\$ 12.60	\$ 18.41	\$ 12.60
3/4"	18.90	18.90	18.90	27.62	18.90
1"	31.50	31.50	31.50	46.03	31.50
1 1/2"	63.00	63.00	63.00	92.05	63.00
2"	100.80	100.80	100.80	147.28	100.80
3"	201.60	201.60	201.60	294.56	201.60
4"	-	-	315.00	460.25	315.00
6"	-	-	630.00	920.50	630.00
8"	-	-	1,008.00	1,472.80	1,008.00
10"	-	-	1,974.55	2,117.15	-
12"	-	-	3,691.55	3,958.15	-
20"	-	-	7,726.50	8,284.50	-

Water System
Unit Charge (per kgal)

<u>Non-Irrigation</u>			<u>Irrigation</u>			
<u>Residential Tiers (kgal)</u>			<u>Commercial Tier</u>		<u>Multi-Family Tier</u>	
<u>1-6</u>	<u>7-20</u>	<u>>20</u>	<u>All kgal</u>		<u>All kgal</u>	
\$0.93	\$2.60	\$5.60	\$1.49	\$1.00	\$2.60	\$5.60

Water System
Environmental Charge (per kgal)

Water	\$0.37
Irrigation	0.37

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Sewer Rates

Users of the Sewer System are charged a monthly service availability charge according to water meter size, plus a unit rate based on water consumption from JEA, community- or investor-owned utilities or private wells, as applicable and an environmental charge according to the following schedules.

Sewer System			
<u>Monthly Service Availability Charge</u>			
<u>Meter Size</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>
5/8"	\$ 14.10	\$ 24.68	\$ 21.15
3/4"	21.15	37.01	31.73
1"	35.25	61.69	52.88
1 1/2"	70.50	123.38	105.75
2"	112.80	197.40	169.20
3"	225.60	394.80	338.40
4"	-	616.88	528.75
6"	-	1,233.75	1,057.50
8"	-	1,974.00	1,692.00
10"	-	2,837.63	2,432.25
12"	-	5,305.13	4,547.25
20"	-	11,103.75	9,517.50

Sewer System		
<u>Unit Charge (per kgal)</u>		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-6	\$4.94	-
7-20	6.02	-
All	-	\$6.02

Sewer System	
<u>Environmental Charge (per kgal)</u>	
Residential: 1-20 kgal	\$0.37
Commercial; Multi-Family;	0.37
Limited Service: All kgal	

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Reclaimed Water Rates

Reclaimed (reuse) water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules.

Reclaimed System		
<u>Monthly Service Availability Charge</u>		
<u>Meter Size</u>	<u>Residential⁽¹⁾</u>	<u>Multi-Family⁽¹⁾; Commercial⁽¹⁾</u>
5/8"	\$ 12.60	\$ 12.60
3/4"	18.90	18.90
1"	31.50	31.50
1 1/2"	63.00	63.00
2"	100.80	100.80
3"	201.60	201.60
4"	-	315.00
6"	-	630.00
8"	-	1,008.00

⁽¹⁾ Non-bulk reclaimed customers will be charged an additional \$6.00 regardless of meter size to cover costs due to regulatory requirements.

Reclaimed System		
<u>Unit Charge (per kgal)</u>		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-14	\$2.60	\$3.44
> 14	5.60	3.96

Reclaimed System	
<u>Environmental Charge (per kgal)</u>	
\$0.37	

Note: Environmental charge not applicable to bulk reclaimed usage.

Connection and Capacity Charges

In addition to the monthly charges for water and wastewater service described above, JEA assesses connection and capacity charges for new Water and Sewer System customers, which charges are designed to cover some of the capital costs of providing service to new customers.

Capacity charges are included within the revenues pledged for payment of the Water and Sewer System Bonds. However, under applicable Florida law and in accordance with the provisions of the Water and Sewer System Resolution, such capacity charges may be used and applied only for the purpose of paying costs of expansion of the Water and Sewer System, or paying or providing for the payment of debt service on Water and Sewer System Bonds, Subordinated Indebtedness or other indebtedness of JEA relating to the Water and Sewer System issued for such purpose.

Finance & Operations Committee - ADDITIONAL INFORMATION

On September 17, 2021, the JEA Board approved a new rate structure for plant capacity and line extension charges to better reflect the actual expenditures for providing water with and without irrigation. These rates were effective October 1, 2021 and are scheduled to adjust through 2023. On October 15, 2021, the JEA Board Finance & Audit Committee approved deferring implementation of phase-in until the April 1, 2022 scheduled increases.

New Water System customers are assessed a one-time plant capacity charge for new connections. The minimum charge for a new water connection shall be the greater of the charge per gallon of average daily water as estimated and approved by JEA or the applicable plant capacity fee stated below, plus the line extension growth capacity charge.

Water Plant Capacity Fees for Residential and Commercial Service ⁽¹⁾

<u>Effective Date/ Meter Size</u>	<u>October 1, 2021</u>	<u>April 1, 2022</u>	<u>October 1, 2022</u>	<u>April 1, 2023</u>
	<u>Charge per Gallon</u>			
\$/gallon	\$1.90	\$2.83	\$3.76	\$4.68
	<u>Water (without irrigation)</u>			
3/4"	\$475.00	\$ 707.50	\$ 940.00	\$1,170.00
1"	570.00	849.00	1,128.00	1,404.00
1 1/2"	855.00	1,273.50	1,692.00	2,106.00
	<u>Water (with irrigation)</u>			
3/4"	\$380.00	\$566.00	\$ 752.00	\$ 936.00
1"	475.00	707.50	940.00	1,170.00
1 1/2"	570.00	849.00	1,128.00	1,404.00
	<u>Irrigation</u>			
3/4"	\$ 427.50	\$ 636.75	\$ 846.00	\$1,053.00
1"	617.50	919.75	1,222.00	1,521.00
1 1/2"	1,330.00	1,981.00	2,632.00	3,276.00

⁽¹⁾ Services greater than 1 1/2" and those that have more fixture units than allowed by meter size will be charged based on the estimated average daily flow.

The average daily flow is determined by reference to industry standards, subject to review and approval by the JEA Board. In addition, all new Water and Sewer System connections are assessed a one-time "line extension growth" capacity charge that is a minimum of \$1,695.00.

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Finance & Operations Committee - ADDITIONAL INFORMATION

The following table presents the line extension growth capacity charges for new residential and commercial Water System customers. Services that have more fixture units than allowed by meter size will be charged based on the estimated average daily flow.

**Water Line Extension Growth Capacity Charge
for Residential and Commercial Service**

<u>Meter Size</u>	<u>Residential</u>	<u>Commercial</u>
5/8"	N/A	N/A
3/4"	\$1,695	\$ 1,695
1"	2,000	2,500
1 1/2"	2,175	2,500
2"	2,350	2,500
3"	N/A	5,000
4"	N/A	5,000
6"	N/A	5,000
8"	N/A	5,000
10"	N/A	10,000
12"	N/A	10,000
20"	N/A	20,000

The following table presents the connection charges for new residential and commercial Water System customers.

**Water System Connection Charges
for Residential and Commercial Service⁽¹⁾**

<u>Meter Size</u>	<u>Tap Fee</u>	<u>Set Fee</u>
3/4"	\$1,360.00	\$ 300.00
1"	1,360.00	320.00
1 1/2"	1,770.00	1,010.00
2"	1,770.00 ⁽²⁾	1,150.00 ⁽²⁾

⁽¹⁾ Includes potable, irrigation, and reclaimed water.

⁽²⁾ Or actual installation cost, whichever is greater, for service connections larger than 2".

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Finance & Operations Committee - ADDITIONAL INFORMATION

New residential and commercial Sewer System customers also are assessed a one-time capacity charge for new connections. The minimum charge for a new sewer connection shall be the greater of the charge per gallon of average daily sewer as estimated and approved by JEA or the applicable plant capacity fee stated below. For existing sewer connections, there will be a charge per gallon of additional average daily sewer capacity as estimated and approved as stated below.

<u>Sewer Plant Capacity Fees for Residential and Commercial Service</u>				
<u>Effective Date/ Meter Size</u>	<u>October 1, 2021</u>	<u>April 1, 2022</u>	<u>October 1, 2022</u>	<u>April 1, 2023</u>
	<u>Charge per Gallon</u>			
\$/gallon	\$9.12	\$14.60	\$20.08	\$25.57
	<u>Sewer</u>			
3/4"	\$1,824.00	\$2,920.00	\$4,016.00	\$5,114.00
1"	2,280.00	3,650.00	5,020.00	6,392.50
1 1/2"	2,736.00	4,380.00	6,024.00	7,671.00

The following table presents the connection charges for new Sewer System customers:

<u>Sewer System Connection Charges</u>	
<u>Connection Size</u>	<u>Charge</u>
Up to 6"	\$8,330.00
Greater than 6"	Actual Cost

Effective on October 1, 2007, the retail reclaimed (reuse) water rate was modified to reflect (a) a separate rate for commercial customers in DRIs equal to potable, non-DRI, commercial irrigation rates and (b) a new rate class for commercial bulk reclaimed (reuse) water service.

Regulation

Water and Sewer System

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Several upcoming rules could impact the potable water system:

1. *America's Water Infrastructure Act of 2018 ("AWIA")*. AWIA will require biannual distribution of JEA's Water Quality Report; as well as a Risk and Resilience assessment that was due March 31, 2020, and must be reviewed every five years to determine if it needs to be revised. It also required JEA to prepare an emergency response plan that incorporates the findings from the risk and resiliency assessment and

submit it by September 30, 2020. Both of these items have been completed and submitted.

2. *The revised Lead and Copper Rule ("LCR").* The LCR includes (a) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, (b) a new trigger level of 10 ppb for the 90th percentile sample for optimizing corrosion control treatment ("CCT") or completing a CCT study if not currently treating, (c) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, (d) require public notification with 24 hours of an action level exceedance, (e) require utilities to test for lead in schools and child care facilities and (f) require a lead service line inventory and replacement plan. The final rule was published January 15, 2021, with an effective date of December 16, 2021. The first compliance deadlines are currently October 16, 2024, but [the](#) EPA intends to propose and promulgate further revisions, the Lead and Copper Rule Improvements (LCRI), prior to that date, which may further delay compliance dates. As described above, the rule will require additional sampling and reporting; however, the overall financial impacts are expected to be minimal.

3. *Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS").* PFAS are group of synthetic compounds widely used in consumer and commercial products, including perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"). The PFAS rule is still pending; however, it will likely not affect JEA as there is no PFOA or PFOS in our deep Floridan aquifer wells, and levels reported in wastewater effluent are below provisional screening levels.

Public Water Supply System

The St. Johns River Water Management District ("SJRWMD") regulates groundwater withdrawals and issues permits for the same. JEA was issued a 20-year CUP in May 2011 from the SJRWMD. As of the date of this Annual Disclosure Report, modeling efforts have indicated that a sustainable groundwater supply can continue to be met for the 20-year planning period out to 2031 and beyond with a three-part program that is the basis of JEA's water capital improvement plan: (a) continued expansion of the reuse system, (b) aggressive water conservation program and (c) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides. The 2021 permitted CUP allocation was 142.26 million gallons per day. Actual calendar year withdrawals through December 2021 averaged 119 million gallons per day.

JEA's groundwater withdrawals are subject to a consumptive use permit issued by the St. Johns River Water Management District. Pursuant to its CUP, JEA is required to address its share of impact to water bodies with set minimum flows and levels, which are regulatory water levels intended to prevent significant harm.

Rulemaking to set Minimum Flows and Levels ("MFLs") is currently underway for several water bodies in north Florida. The SJRWMD set MFLs for Lakes Brooklyn and Geneva on May 11, 2021. JEA and other utilities participated in an agreement with the SJRWMD to

partially fund a project to move water from Black Creek into the lakes. The Florida Department of Environmental Protection is due to set MFLs for the Lower Santa Fe and Ichetucknee Rivers in 2022. Based on preliminary information, one or more of the MFLs for these water bodies may be violated upon completion of rulemaking.

As such, JEA's costs associated with its use of groundwater could be increased or JEA may be required to implement more costly sources of water.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan. The SJRWMD and SRWMD have started a new regional water supply plan and a draft is due in late 2022.

Wastewater Treatment System

The Sewer System is regulated by [the](#) EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. [The](#) EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013, [the](#) EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State. As part of the NNC adoption process, [the](#) EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits ("Initial Credits") to the City through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Initial Credits to the City for no compensation through December 31, 2023 and intends to extend the transfer of the Initial Credits to the City every ten years as long as the Initial Credits are authorized and approved by the appropriate regulatory agency. JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2021, JEA facilities discharged 371 short tons to the river.

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows ("SSO") consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each

Fiscal Year are typically adjudicated on an annual to bi-annual basis. JEA will be assessed an estimated penalty of \$310,500 by FDEP for Fiscal Year 2021 SSOs. JEA is undertaking an extreme weather resiliency program to evaluate and implement processes or physical projects to reduce the potential for and mitigate impacts from SSOs during extreme weather events or due to effects of climate change.

Reclaimed Water System

April 21, 2021, the Florida Legislature passed Senate Bill 64, titled "Reclaimed Water" (the "Reclaimed Water Bill"), which was signed into law by the Governor on June 29, 2021. The Reclaimed Water Bill calls for the state-wide elimination of non-beneficial surface water discharges of effluent, reclaimed water or reuse water. With a few exceptions, wastewater utilities with discharges to surface water were required to submit a plan by November 1, 2021 to the FDEP outlining how they will comply with the elimination or curtailment of the discharges. FDEP must approve or deny a plan within nine months of receipt and plans must be fully implemented by January 1, 2032. In conjunction with JEA's integrated water resource planning process, JEA timely submitted a plan designed to meet the conditions required under the Reclaimed Water Bill to FDEP. The plan is currently under review by the FDEP and could result in significant costs to JEA.

Capital Program

The Water and Sewer System's projected capital program for the five-year period ending September 30, 2026 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility to 16.0 mgd, expansion of the Nassau Regional Water Reclamation Facility to 3.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 4.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility, construction of a 4.7 mgd Water Treatment Plant to serve customers in the southwestern part of JEA's service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to meeting the three-part program described in "Regulation - *Public Water Supply System*" above to maintain sustainable water supply for JEA's customers.

Water and Sewer System Capital Program (000s omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 310,000
2023	400,000
2024	396,000
2025	510,000
2026	396,000
Total	<u>\$2,012,000</u>

The total amount of the capital program for the five-year period is estimated to be approximately \$2,012 million. It is expected that the total amount of the capital program for this period will be provided from Water and Sewer System revenues (including capacity charges) and revolving credit facility advances on an interim basis, to be refinanced with additional Water and Sewer System Bonds. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "Regulation" above.

Certain Factors Affecting the Water and Sewer Utility Industry

COVID-19 Pandemic

General. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees and established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date, JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements (as defined herein) set forth in APPENDIX A attached hereto.

Financial Impact. JEA saw a 2.1 percent reduction in residential water kgal sales and a 14.2 percent reduction in irrigation customer kgal sales during the Fiscal Year ended September 30, 2021, compared to the Fiscal Year ended September 30, 2020, which were partially offset by a 1.0 percent increase in commercial and industrial kgal sales between such periods. Total water sales were down 2.9 percent in the Fiscal ended September 30, Year 2021 compared to the Fiscal Year ended September 30, 2020. For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

JEA saw a 1.6 percent reduction in residential sewer kgal demand during the Fiscal Year ended September 30, 2021, compared to the Fiscal Year ended September 30, 2020, which was partially offset by a 2.0 percent increase in commercial and industrial customer kgal demand, between such periods. Total sewer demand was down 0.1 percent in the Fiscal Year ended September 30, 2021 compared to the Fiscal Year ended September 30, 2020. For certain information regarding the impact of the COVID-19 pandemic on JEA, see JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Pending Legislation

~~{A bill was introduced in the 2022 Florida Legislature that prohibits water management districts from disbursing funds to grantees for water-related projects, if the grantee transfers revenue surplus for use by its general government. The impact on JEA is uncertain if this bill is enacted. It is uncertain, at this time, if the bill will pass.}~~

From time to time, additional federal or state legislation or regulations affecting the water and sewer utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM

Debt Relating to Water and Sewer System

Water and Sewer System Bonds

As of September 30, 2021, \$1,016,595,000 in aggregate principal amount of bonds (the "Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended, restated and supplemented, the "Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$1,009,675,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) \$142,165,000 in aggregate principal amount of variable rate Water and Sewer System Bonds and (b) \$867,510,000 in aggregate principal amount of fixed rate Water and Sewer System Bonds.

Water and Sewer System Bonds may be issued for the purposes of (a) paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Additional Water and Sewer System Bonds" in APPENDIX B attached hereto.

Pursuant to the Water and Sewer System Resolution and the laws of the State, the amount of Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Water and Sewer System Resolution.

From time to time, JEA requests Council approval of the issuance of Water and Sewer System Bonds and Subordinated Indebtedness (as defined in the Water and Sewer System Resolution). Pursuant to previous Council approvals, JEA currently is authorized to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness for the purpose of paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System in an aggregate principal amount of \$218,078,022. JEA expects that such authorization will be adequate to finance its Water and Sewer System

capital program through the Fiscal Year ending September 30, 2023 and that Council authorization will be required for the issuance of additional Water and Sewer System Bonds and Subordinated Indebtedness to finance the capital program in subsequent years. See "WATER AND SEWER SYSTEM - *WATER AND SEWER SYSTEM FUNCTIONS* - Capital Program" herein.

JEA also has received approvals from the Council for the issuance of Water and Sewer System Bonds for the purpose of refunding outstanding Water and Sewer System Bonds and Subordinated Indebtedness. JEA may issue additional Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds to refund outstanding Water and Sewer System Bonds and/or Subordinated Indebtedness from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness in order to enable it to finance its Water and Sewer System capital program.

A summary of certain provisions of the Water and Sewer System Resolution, including a description of the recent amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B (the "SBPA Supported Variable Rate Water and Sewer Bond") currently is provided by a bank pursuant to a standby bond purchase agreement between JEA and such bank. Credit and liquidity support for JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the "LOC Supported Variable Rate Water and Sewer System Bond" and, together with the SBPA Supported Variable Rate Water and Sewer System Bond, the "Senior Liquidity Supported Water and Sewer Bonds") currently is provided by a direct-pay letter of credit issued by a different bank. Any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its (a) standby bond purchase agreement between JEA and such bank or (b) letter of credit issued in connection with the reimbursement agreement between JEA and such bank, as applicable, and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit reimbursement agreement, as applicable, will constitute an "Option Bond" within the meaning of the Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement or letter of credit reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreement and such reimbursement agreement, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreement or such

letter of credit. The standby bond purchase agreement and letter of credit are subject to periodic renewal at the discretion of the respective bank. The current expiration date for the standby bond purchase agreement is May 8, 2023, and the current expiration date for the letter of credit is December 1, 2023.

Subordinated Water and Sewer System Bonds

As of September 30, 2021, \$189,680,000 in aggregate principal amount of bonds (the "Subordinated Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on May 15, 2003 and referred to therein as the "Water and Sewer System Subordinated Revenue Bond Resolution" (as supplemented, the "Subordinated Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is ~~\$187,230,000~~ in aggregate principal amount of Subordinated Water and Sewer System Bonds outstanding under the Subordinated Water and Sewer System Resolution, consisting of (a) ~~\$98,385,000~~ in aggregate principal amount of variable rate Subordinated Water and Sewer System Bonds and (b) ~~\$88,845,000~~ in aggregate principal amount of fixed rate Subordinated Water and Sewer System Bonds.

The Subordinated Water and Sewer System Bonds may be issued (a) for any lawful purpose of JEA relating to the Water and Sewer System or (b) to refund any of the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

Pursuant to the Subordinated Water and Sewer System Resolution and the laws of the State, and in accordance with the Water and Sewer System Resolution, the amount of Subordinated Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Water and Sewer System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Water and Sewer System Bonds and/or Subordinated Water and Sewer System Bonds, see subsection "*Water and Sewer System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Water and Sewer System Resolution is attached to this Annual Disclosure Report as APPENDIX C.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1, 2008 Series A-2 and 2008 Series B-1 (the "Subordinated Liquidity Supported Water and Sewer Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under the standby bond purchase agreement. Upon any such tender or deemed

tender for purchase, the Subordinated Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein.

As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2023 to March 19, 2024.

Water and Sewer System Contract Debts

"Contract Debts," a component of the Water and Sewer System's Operation and Maintenance Expenses, is defined by the Water and Sewer System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of the Revenues of the Water and Sewer System for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the Water and Sewer System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the Water and Sewer System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the Water and Sewer System, including the Water and Sewer System Bonds and Subordinated Indebtedness (including the Subordinated Water and Sewer System Bonds).

Water and Sewer System Support of the District Energy System Bonds

Effective as of October 1, 2004, JEA established the District Energy System, a separate system to provide chilled water services and other local district energy functions. JEA transferred its assets relating to chilled water production and distribution from the Electric System to the District Energy System. The Electric System received approximately \$30,000,000 from the District Energy System for the transferred assets. The District Energy System is operated as a separate system for accounting and financing purposes. See the financial statements of JEA attached hereto as APPENDIX A.

As of the date of this Annual Disclosure Report, there is ~~\$129,640,000~~ in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

Pursuant to Resolution No. 2013-2, adopted by JEA on March 19, 2013, revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the District Energy System Refunding Revenue Bonds, 2013 Series A (the "DES 2013 Series A Bonds") and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the Water and Sewer System for the Fiscal Years ended September 30, 2021 and September 30, 2020 and has been prepared in accordance with the requirements of the Resolution. Such information should be read in conjunction with JEA's audited financial statements for the Water and Sewer System and the notes thereto for the Fiscal Years ended September 30, 2021 and 2020, included as APPENDIX A to this Annual Disclosure Report.

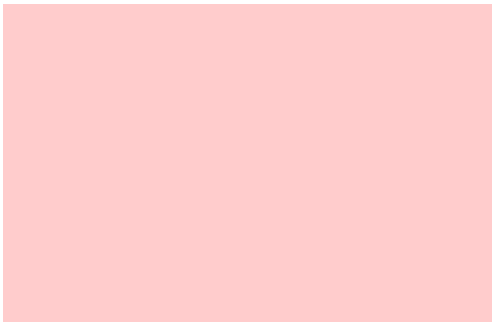
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Finance & Operations Committee - ADDITIONAL INFORMATION

**Water and Sewer System Schedules of Debt Service Coverage
(In Thousands)**

	Fiscal Year Ended September 30,	
	2021	2020
Revenues		
Water	\$ 199,829	\$ 202,848
Water capacity fees	15,798	13,083
Sewer	263,567	260,808
Sewer capacity fees	24,131	19,775
Investment income	2,578	2,879
Other ⁽¹⁾	14,123	13,941
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	18,494	32,201
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(25,198)	(25,677)
Total revenues	<u>513,322</u>	<u>519,858</u>
Operating expenses ⁽²⁾		
Maintenance and other operating expenses	165,659	175,711
State utility and franchise taxes	10,886	10,963
Total operating expenses	<u>176,545</u>	<u>186,674</u>
Net revenues	<u>\$ 336,777</u>	<u>\$ 333,184</u>
Debt Service		
Debt service on Water and Sewer System Bonds (prior to reduction of		
Build America Bonds subsidy)	\$ 48,944	\$ 62,160
Less: Build America Bonds subsidy	(2,447)	(2,455)
Debt service on Water and Sewer System Bonds	<u>\$ 46,497</u>	<u>\$ 59,705</u>
Debt service coverage on Water and Sewer System Bonds ⁽³⁾	<u>7.24x</u>	<u>5.58x</u>
Net revenues (from above)	\$ 336,777	\$ 333,184
Debt service on Water and Sewer System Bonds (from above)	\$ 46,497	\$ 59,705
Plus: debt service on Subordinated Water and Sewer System Bonds	6,700	7,418
Debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds	<u>\$ 53,197</u>	<u>\$ 67,123</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated	<u>5.58x</u>	4.47x
Debt service coverage on Water and Sewer System Bonds and Subordinated	<u>6.33x</u>	4.96x

Finance & Operations Committee - ADDITIONAL INFORMATION



- (1) Excludes the Build America Bonds subsidy.
- (2) Excludes depreciation and recognition of deferred costs and revenues, net.
- (3) Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.
- (4) Net revenues divided by debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.00x debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (excluding capacity fees) or the sum of 1.00x debt service on Water and Sewer System Bonds and 1.20x debt service on Subordinated Water and Sewer System Bonds (including capacity fees).

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⁽⁴⁾ ~~Excludes the Build America Bonds subsidy.~~

⁽⁵⁾ ~~Excludes depreciation and recognition of deferred costs and revenues, net.~~

⁽⁵⁾ ~~Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.~~

⁽⁶⁾ ~~Net revenues divided by debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.00x debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (excluding capacity fees) or the sum of 1.00x debt service on Water and Sewer System Bonds and 1.20x debt service on Subordinated Water and Sewer System Bonds (including capacity fees).~~

Management's Discussion and Analysis of Water and Sewer System Schedules of Debt Service Coverage

Revenues

Total revenues decreased \$6.5 million, or 1.3 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to lower sales volumes and a decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund offset, in part, by higher capacity fees and increased customer accounts.

Water revenues (including reuse) decreased \$3.0 million, or 1.5 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a 2.5 percent decrease in water sales offset, in part, by a 3.2 percent increase in water accounts. Sewer revenues increased \$2.8 million, or 1.1 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a 3.1 percent increase in sewer accounts offset, in part, by a 0.1 percent decrease in sewer sales.

Water sales volume, measured in thousands of gallons (kgals), decreased 1,055,087 kgals, or 2.5 percent, to 41,643,615 kgals for the Fiscal Year ended September 30, 2021 from 42,698,702 kgals for the Fiscal Year ended September 30, 2020. Sewer sales volume decreased 20,678 kgals, or 0.1 percent, to 28,139,524 kgals for the Fiscal Year ended September 30, 2021 from 28,160,202 kgals for the Fiscal Year ended September 30, 2020.

Water capacity fees increased \$2.7 million, or 20.8 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to an increase in water connections. Sewer capacity fees increased \$4.4 million, or 22.0 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to an increase in sewer connections. Water and sewer connections increased due to a 14.6 percent increase in building permits for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund decreased \$13.7 million, or 42.6 percent primarily due to debt management withdrawals which were used to retire Water and Sewer System debt, in October 2019.

Operating Expenses

Total operating expenses decreased \$10.1 million, or 5.4 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020 primarily related to lower maintenance and other operating expenses. Maintenance and other operating expenses decreased \$10.0 million, or 5.7 percent for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily due to \$6.0 million in lower professional services, a \$2.0 million decrease in interlocal payments, and a \$2.0 million decrease in maintenance expenses.

Net Revenues

Net revenues available for debt service increased \$3.6 million, or 1.1 percent, to \$336.8 million for the Fiscal Year ended September 30, 2021 from \$333.2 million for the Fiscal Year ended September 30, 2020. Total revenues decreased \$6.5 million, or 1.3 percent, and total operating expenses decreased \$10.1 million, or 5.4 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, as described above.

Debt Service on Water and Sewer System Bonds

Debt service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2021 decreased \$13.2 million, or 22.1 percent, as compared to the Fiscal Year ended September 30, 2020, primarily related to a \$10.6 million decrease in lower scheduled principal amortization and a \$2.6 million lower interest expense as a result of lower outstanding debt balances and lower interest rates.

During the Fiscal Year ended September 30, 2021, JEA issued Water and Sewer System Bonds as summarized in the following table.

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2021 Series A	Refunding ⁽¹⁾	July 2021	\$121,815,000	\$152,105,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2020, JEA issued Water and Sewer System Bonds as summarized in the following table.

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$104,000,000	\$125,055,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds

The debt service coverage ratio on Water and Sewer System Bonds increased to 7.24 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 5.58 times for the Fiscal Year ended September 30, 2020, as a result of the 1.1 percent increase in net revenues available for debt service and the 22.1 percent decrease in debt service on Water and Sewer System Bonds between such periods.

Debt Service on Subordinated Water and Sewer System Bonds

Debt service on Subordinated Water and Sewer System Bonds decreased \$0.7 million, or 9.7 percent, for the Fiscal Year ended September 30, 2021 as compared to the Fiscal Year ended September 30, 2020, primarily related to a \$0.9 million lower interest expense as a result of lower outstanding debt balances and lower interest rates offset, in part, by a \$0.2 million increase in scheduled principal amortization.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2021.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Water and Sewer System Bonds as summarized in the following table.

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$26,590,000	\$31,635,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees

The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 6.33 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 4.96 times for the Fiscal Year ended September 30, 2020, as a result of the 1.1 percent increase in net revenues available for debt service and the 20.7 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such periods.

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Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System at September 30, 2021 was 296 days, and the Days of Liquidity was 458 days. The Days of Cash on Hand for the Water and Sewer System at September 30, 2020 was 176 days, and the Days of Liquidity was 353 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

The Days of Liquidity computation is as follows:

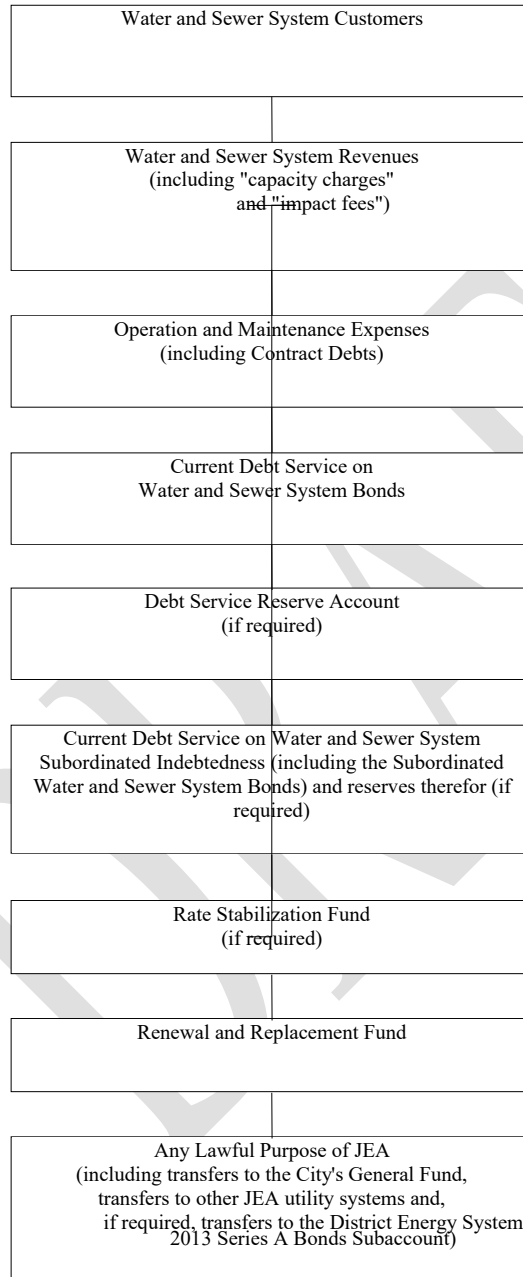
(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)*

* Allocated share of available Revolving Credit Facility at September 30, 2021 was approximately \$94.4 million and approximately \$105.2 million at September 30, 2020; however, the total balance available to the Water and Sewer System of \$500 million could have been drawn as of September 30, 2021.

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APPLICATION OF WATER AND SEWER SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Water and Sewer System Resolution.



DISTRICT ENERGY SYSTEM

DISTRICT ENERGY FUNCTIONS

General

The District Energy System provides chilled water to customers for air-conditioning. The facilities for the chilled water business consist of chilled water plants to generate chilled water and underground piping to distribute the chilled water to buildings located within the respective districts served by the plants and certain ancillary equipment. JEA's first chilled water facility became fully operational in March 2003.

The establishment of the District Energy System was approved by the Council in September 2004. Effective as of October 1, 2004, the District Energy System was established as a separate utility system for its local district energy facilities, including the chilled water activities, and any local district heating facilities JEA may develop in the future. Since its commencement of operations, JEA subsequently added three other chilled water facilities, one of which was sold on September 30, 2020.

Chilled Water Facilities

Chilled water systems air condition buildings by circulating cold water in a continuous flow to the building. A central chilled water plant provides chilled water to buildings through an underground loop, rather than the customer installing and operating its own chiller equipment. JEA has entered into agreements with the City to provide chilled water systems to the baseball park, the arena, the Duval County Courthouse, the library and other government buildings. JEA also has contracts with private entities to serve institutional buildings.

JEA's first chilled water facility, the Hogan's Creek Plant, located on East Church Street in downtown Jacksonville, became fully operational in March 2003. At this time, the plant is serving the Baseball Grounds of Jacksonville (310-ton contract demand) and the Jacksonville Veteran's Memorial Arena (2,350-ton contract demand). The facility includes three 2,100-ton chillers, two 1,600-ton cooling towers and a one-million-gallon chilled water storage tank for peak demand capacity.

A second chilled water facility located on Duval Street serves five City buildings including the Court House, State Attorney's Office, Library, City Hall Annex and a City garage for a total contract demand of 5,870 tons. The plant also serves the JEA downtown complex with a demand of 700 tons. The facility includes three 2,400-ton chillers, one 800-ton standby chiller and a 7,200-ton cooling tower.

JEA's third chilled water facility is located at 2103 Boulevard Avenue in the Springfield neighborhood. The Springfield facility currently serves eight locations on the UF Health Jacksonville complex. The total contracted demand for the facility is 6,500 tons. The facility includes six 1,500-ton chillers, an 8,100-ton cooling tower and a 3,000-ton cooling tower. The second cooling tower was added in 2018.

Customers and Sales

The District Energy System had contracts to provide 16 locations with chilled water and total District Energy System sales revenues were approximately \$8,043,000 for the Fiscal Year ended September 30, 2021. Currently and following the sale of the Riverplace Boulevard chilled water facility, the District Energy System has contracts to provide 16 locations with chilled water.

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. Customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria, or do not maintain a good payment record, are assessed a deposit which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days.

Rates

District Energy System revenues are derived from two basic types of charges: (a) a demand charge based upon the customer's estimated expected yearly cooling load requirements and (b) a consumption charge based upon the actual amount of chilled water consumed by the customer. JEA has sole discretion to set rate levels and revenue requirements for the District Energy System.

Standard rates for chilled water services are based on the customer's demand and consumption of chilled water and a standard 2,400 Equivalent Full Load Hour ("EFLH") profile. EFLH is defined as the annual ton-hours of chilled water required divided by the chiller's design capacity in tons.

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Finance & Operations Committee - ADDITIONAL INFORMATION

Starting in December 2021, the consumption rates for chilled water will adjust monthly to reflect recovery of costs due to changes in the electric rate charged to DES. The following schedule reflects the current rates for chilled water service.

<u>Contract Size</u>	<u>Charge</u>	<u>Rate Effective on January 1, 2022</u>	<u>Rate Effective on December 1, 2021</u>	<u>Rate Effective on December 1, 2016</u>	<u>Rate Effective on February 1, 2016</u>
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ ≤ 2,400 EFLH	Consumption Charge	\$0.11828/ ton-hour	\$0.11132/ ton-hour	\$0.10569/ ton-hour	\$0.10973/ ton-hour
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ > 2,400 EFLH	Consumption Charge	\$0.10128/ ton-hour	\$0.09432/ ton-hour	\$0.08869/ ton-hour	\$0.09273/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ ≤ 2,400 EFLH	Consumption Charge	\$0.20828/ ton-hour	\$0.23132/ ton-hour	\$0.19569/ ton-hour	\$0.19973/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ > 2,400 EFLH	Consumption Charge	\$0.10128/ ton-hour	\$0.09432/ ton-hour	\$0.08869/ ton-hour	\$0.09273/ ton-hour

Permits, Licenses and Approvals

All permits, licenses and approvals required for the operation of all of the District Energy System facilities have been obtained, and all of the facilities are operating in compliance with such permits, licenses and approvals.

Capital Program

The District Energy System's capital program consists of capital requirements for renewal and replacement and improvements to existing facilities and expansion of the system. The District Energy System's projected capital program for the five-year period ending September 30, 2026 is summarized below.

District Energy System Capital Program (000s omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 5,500
2023	7,000
2024	3,000
2025	4,000
2026	7,000
Total	<u>\$26,500</u>

The total amount of the capital program for the Fiscal Years 2022 through 2026 is estimated to be approximately \$26.5 million, which includes approximately \$9.0 million for Hogans Creek Chilled Water Extension, \$4.0 million for the Downtown chilled water extension, and \$3.7 million for a new backup power generator at the Springfield facility. JEA expects the

total amount required for the capital program will be derived from revenues, other available funds of the District Energy System and borrowings from the revolving credit facility. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein for additional information.

FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM

Debt Relating to the District Energy System

District Energy System Bonds

As of September 30, 2021, \$31,410,000 in aggregate principal amount of bonds (the "District Energy System Bonds") issued pursuant to the resolution of JEA adopted on June 15, 2004, as amended and supplemented (the "District Energy System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$29,640,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

District Energy System Bonds may be issued to finance any lawful purpose of JEA relating to the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION - Additional Bonds" in APPENDIX D attached hereto.

Pursuant to the District Energy System Resolution and the laws of the State, the amount of District Energy System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the District Energy System Resolution.

Pursuant to a previous Council approval, JEA currently is authorized to issue additional District Energy System Bonds for the purpose of financing the costs of additions, extensions and improvements to the District Energy System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$54,321,245. JEA expects that such authorization will be adequate to enable JEA to maintain its District Energy System capital improvement program as projected through the Fiscal Year ending September 30, 2026. See "DISTRICT ENERGY SYSTEM - *DISTRICT ENERGY FUNCTIONS* - Capital Program" herein. In the future, JEA will continue to seek authorization as needed from the Council to issue additional District Energy System Bonds in order to enable it to finance its District Energy System capital program.

JEA also has received approvals from the Council for the issuance of District Energy System Bonds for the purpose of refunding outstanding District Energy System Bonds. JEA may issue additional District Energy System Bonds to refund outstanding District Energy System Bonds from time to time as it deems economical or advantageous.

A summary of certain provisions of the District Energy System Resolution is attached to this Annual Disclosure Report as APPENDIX D.

District Energy System Contract Debts

Contract Debts, a component of the District Energy System's Operation and Maintenance Expenses, is defined by the District Energy System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the District Energy System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the District Energy System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the District Energy System, including the District Energy System Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the District Energy System for the years ended September 30, 2021 and September 30, 2020, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2021 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto.

JEA did not issue any District Energy System Bonds during the Fiscal Year ended September 30, 2021.

District Energy System Schedules of Debt Service Coverage
(000s omitted In Thousands)

	Fiscal Year ended	
	Ended	
	September 30,	
	2021	2020
Revenues		
Services revenues	\$8,042	\$8,587
Investment income	2	72
Total revenues	8,044	8,659
Operating expenses ⁽¹⁾		
Maintenance and other operating expenses	4,460	4,611
Total operating expenses	4,460	4,611
Net revenues	\$3,584	\$4,048
Debt Service		
Aggregate debt service ⁽²⁾	\$3,024	\$3,021
Debt service coverage on District Energy System Bonds ⁽³⁾	1.19x	1.34x

(1) Excludes depreciation.

(2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer Revenues an amount equal to the Aggregate DES Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.

(3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

~~(1) Excludes depreciation.~~

~~(2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer Revenues an amount equal to the Aggregate DES Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.~~

~~(3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.~~

Management's Discussion and Analysis of District Energy System Schedules of Debt Service Coverage

Revenues

Total revenues decreased \$0.6 million, or 7.1 percent, to \$8.0 million for the Fiscal Year ended September 30, 2021 from \$8.7 million for the Fiscal Year ended September 30, 2020 primarily related to a decrease of \$0.5 million, or 6.3 percent in service revenues.

Operating Expenses

Total operating expenses decreased \$0.1 million, or 3.3 percent, to \$4.5 million for the Fiscal Year ended September 30, 2021 from \$4.6 million for the Fiscal Year ended September 30, 2020.

Net Revenues

Net revenues decreased \$0.5 million, or 11.5 percent, to \$3.6 million for the Fiscal Year ended September 30, 2021 from \$4.1 million for the Fiscal Year ended September 30, 2020, primarily related to the decrease in total revenues.

Aggregate Debt Service on District Energy System Bonds

Aggregate Debt Service on District Energy System Bonds for the Fiscal Year ended September 30, 2021 remained relatively flat as compared to the Fiscal Year ended September 30, 2020.

Debt Service Coverage on District Energy System Bonds

The debt service coverage ratio on District Energy System Bonds decreased to 1.19 times for the Fiscal Year ended September 30, 2021 as compared to the debt service coverage ratio of 1.34 times for the Fiscal Year ended September 30, 2020 as a result of the 11.5 percent decrease in net revenues available for debt service.

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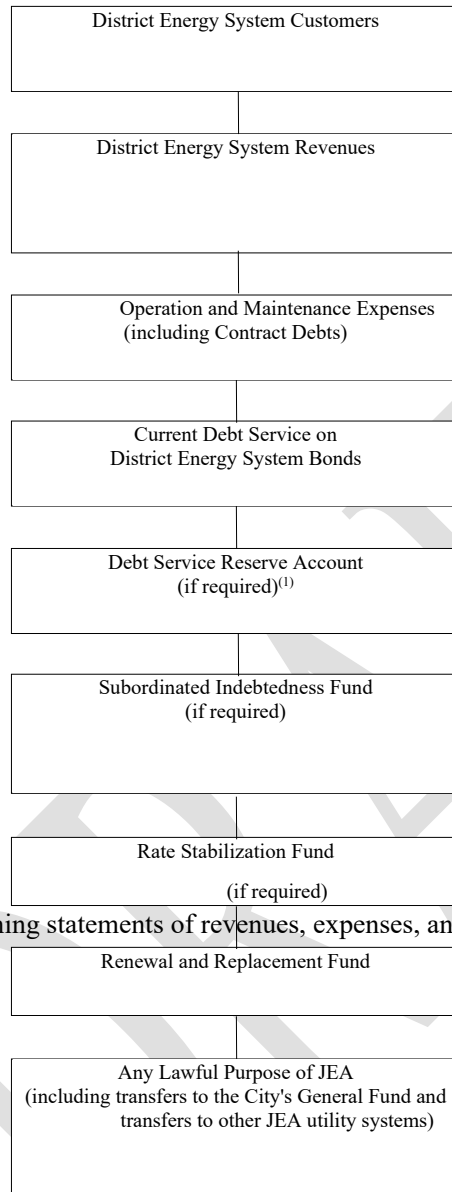
APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES

Finance & Operations Committee - ADDITIONAL INFORMATION

The following chart shows a summary of the major components of the application of revenues under the District Energy System Resolution.

OTHER FINANCIAL**INFORMATION****General**

JEA maintains records for the Water District Energy System. reporting, however, JEA financial statements that System, the Bulk Power interest in the Power Sewer System and the Set forth in APPENDIX financial statements of ended September 30, statements of net September 30, 2021 and the related statements of changes in net position years then ended and the financial statements are "JEA's 2021 Financial the report of Ernst & auditors, on such certain supplemental 2021 and September 30, ended (which consist of of net position, the combining statements of revenues, expenses, and the combining and (c) certain compliance information schedules of debt years ended September 30, 2020 for the Electric Supply System, JEA's the Water and Sewer



separate accounting and Sewer System and the For purposes of financial prepares combined include the Electric Supply System, JEA's Park⁽⁶⁾, the Water and District Energy System. A hereto are (a) the JEA for its Fiscal Year 2021 (which consist of the position of JEA as of September 30, 2020 and revenues, expenses, and and cash flows for the notes thereto; such hereinafter referred to as Statements"), together with Young LLP, independent financial statements, (b) data as of September 30, 2020 and for the years then the combining statements and changes in net position and statements of cash flows) statements of bond (which consist of service coverage for the 30, 2021 and September System, the Bulk Power interest in the Power Park, System and the District

⁽¹⁾ Revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the DES 2013 Series A Bonds and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

⁽⁶⁾ The Power Park ceased operations on January 5, 2018.

Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2021 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2021 Financial Statements include all of the assets of the Water and Sewer System, Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (e.g., interest charges, operating and maintenance expenses, fuel expenses) of the Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

Except as described under the caption "INTRODUCTION - General" herein, for financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). Accordingly, potential purchasers of the Water and Sewer System and District Energy System Bonds are advised that the information in JEA's 2021 Financial Statements relating to JEA's Electric System is not relevant to a decision to purchase the Water and Sewer System and District Energy System Bonds.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System.

Finance & Operations Committee - ADDITIONAL INFORMATION

The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall, or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ended September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Water and Sewer System has increased from approximately \$26,402,695 for the Fiscal Year ended September 30, 2021 to \$26,666,722 for the Fiscal Year ending September 30, 2022. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

~~In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House. Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.~~

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u>Fitch Ratings</u>	<u>Moody's</u>	<u>S&P</u>
Outstanding Water and Sewer System Bonds	AA (positive)	Aa3 (stable)	AA+ (stable)
Outstanding Subordinated Water and Sewer System Bonds	AA (positive)	Aa3 (stable)	AA (stable)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into a credit agreement, standby bond purchase agreements and letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Water and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$137,110,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer Bonds outstanding and \$98,385,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding. The standby bond purchase agreements and reimbursement agreements, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement or such reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, the credit agreement and each standby bond purchase agreement and reimbursement agreement, as applicable, provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which the credit agreement or such standby bond purchase agreement or such reimbursement agreement, as applicable, relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings Inc. ("Fitch"), "Baa3" by Moody's Investors Service ("Moody's") and / or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Water and Sewer System. As of September 30, 2021, JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$497,990,000, of which \$95,205,00 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG ("MLDP") for the account of the Water and Sewer System contains an automatic transfer provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or MLDP. Under certain circumstances if the rating on JEA's senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of MLDP were to fall below the double-A category, all rights and obligations of MLDP under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. ("MLCS"). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs (the "Merrill Lynch Guarantee") and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP

Finance & Operations Committee - ADDITIONAL INFORMATION

to "A+" on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2021, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$129,355,000, of which approximately \$26,603,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<u>Related Bonds</u>	<u>Counterparty</u>	<u>Initial Notional Amount</u>	<u>Notional Amount as of September 30, 2021</u>	<u>Fixed Rate of Interest</u>	<u>Variable Rate Index⁽¹⁾</u>	<u>Termination Date⁽²⁾</u>
<i>Water and Sewer System Revenue Bonds, 2006 Series B Variable Rate</i>	Morgan Stanley Capital Services, Inc.	\$38,730,000	\$9,915,000	4.06-4.09%	CPI Index	10/1/2021 to 10/1/2022
<i>Water and Sewer System Revenue Bonds, 2008 Series B</i>	Merrill Lynch Capital Services, Inc.	85,290,000	85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt"

is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were affected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

Finance & Operations Committee - ADDITIONAL INFORMATION

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Water and Sewer System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$600,000,000 in the case of interest rate swaps, (b) \$250,000,000 in the case of basis swaps and (c) \$400,000,000 in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds

are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2021, 15.9 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 6.5 years. As of September 30, 2021, the remaining 84.1 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2021, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (a) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (b) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (c) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Water and Sewer System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service on Water and Sewer System Bonds, debt service on any Subordinated Indebtedness of the Water and Sewer System (including Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement (the "Revolving Credit Facility") with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment. Effective November 1, 2018, the parties amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000. Effective May 24, 2021, the parties further amended the Revolving Credit Facility to increase the maximum principal amount of the credit facility available for the Water and Sewer System loans by \$200,000,000, for a total commitment equal to \$500,000,000. The Revolving Credit Facility

is scheduled to expire May 24, 2024. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Water and Sewer System under the Revolving Credit Facility are payable from the revenues of the Water and Sewer System, but are subordinate to the payment of JEA's Water and Sewer System (including the Water and Sewer System Bonds and the Subordinated Water and Sewer System Bonds). As of September 30, 2021, JEA had no borrowings outstanding under the Revolving Credit Facility. As of the date of this Annual Disclosure Report, JEA has \$1,000,000 in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. For information about the borrowing made subsequent to the Fiscal Year ended September 30, 2021, see Note 18 to JEA's 2021 Financial Statements set forth in APPENDIX A attached hereto.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 714.2 of the Water and Sewer System Resolution and Section 7.07 of the Subordinated Water and Sewer Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution, respectively, and if so, the nature of such default. Section 713.2 of the District Energy System Resolution requires that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the District Energy System Resolution, and if so, the nature of such default. The actual certificates provided by such accountants' state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Water and Sewer System Resolution, Subordinated Water and Sewer Resolution and the District Energy System Resolution.

LITIGATION AND OTHER MATTERS

General

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Water and Sewer System or the District Energy System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance, or the City's Risk Management fund, or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

Other Matters

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, [Aaron Zahn \("Zahn"\)](#); the former Invitation to Negotiate #127-19 for Strategic Alternatives, [\("ITN"\)](#), [providing for the sale of JEA's assets and liabilities](#); and, a [proposed](#) bonus pay plan for senior executives [established during to be funded by proceeds from the administration sale of the former CEO JEA's assets and liabilities](#). JEA ~~has~~ complied with the subpoena and provided the requested documents and records.

Subsequently, on March 2, 2022, a federal grand jury issued an indictment charging Zahn and Ryan Wannemacher ("Wannemacher"), JEA's former CFO, with one count of conspiracy and one count of wire fraud. According to the indictment, the charges stem from allegations that Zahn began planning for the ITN in efforts to effectuate the sale and privatization of JEA before he was selected as CEO of JEA. The indictment further alleges that Zahn and Wannemacher willfully engaged in a scheme to make false and fraudulent representations to the JEA Board about material facts concerning development of the proposed bonus plan and its connection to the ITN, knowing that if JEA was sold, they, along with others would be paid exorbitant sums of money from funds that would otherwise have gone to the City's General Fund.

On January 28, 2019, the JEA fired Zahn with cause. On May 8, 2020, ~~Aaron~~-Zahn filed a demand for arbitration with the American Arbitration Association seeking damages for JEA's alleged violation of the July 2019 employment agreement. JEA filed its complaint on June 5, 2020 seeking damages and injunctive relief. The complaint accuses Mr. Zahn of engaging in

fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust. Simultaneously with the complaint, JEA moved to enjoin or stay the pending arbitration. In response, Mr. Zahn moved to compel arbitration. The circuit court entered an order staying the arbitration until the court had ruled on the parties' respective motions relating to arbitration.

On October 15, 2020, the circuit court entered an Order Granting in Part and Denying in Part JEA's Motion to Enjoin or Stay Arbitration Proceeding, which compelled arbitration of all of JEA's claims ~~to be arbitrated. On November 13, 2020,~~ JEA ~~timely~~ filed a ~~notice of~~ timely appeal. ~~The matter has been fully briefed and the parties are awaiting ruling by of the circuit court's decision; and, on August 24, 2021,~~ the First District Court of Appeal affirmed the circuit court's order compelling arbitration. Resolution of the matter is currently pending.

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AUTHORIZATION

The dissemination and use of this Annual Disclosure Report have been duly authorized by the JEA Board.

JEA

By: /s/ ~~John D. Baker II~~ Robert L. Stein
Chair

By: /s/ Joseph C. Stowe III
Managing Director and Chief Executive Officer

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